FNAC DARTY

2019
UNIVERSAL REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT

CONTENTS

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

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

FNAC DARTY

2019 UNIVERSAL REGISTRATION DOCUMENT

including the Annual Financial Report

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This document has therefore been updated since the management report and financial statements of February 26, 2020, the date of publication for the financial statements and assumptions underlying Fnac Darty's objectives. Subsequent events are brought to the public's attention in sections 1.4.6 and 4.3.2 of this Universal Registration Document.

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

AUTORITÉ DES MARCHÉS FINANCIERS AMF

The Universal Registration Document was filed with the French Markets Authority (Autorité des marchés financiers – AMF) in its capacity as the competent authority under Regulation (EU) 2017/1129 on April 20, 2020, without prior approval in accordance with Article 9 of that Regulation. The Universal Registration Document may be used for the purposes of a public offer of financial securities or for admitting financial securities for trading on a regulated market if it is supplemented by a Securities Note and, if applicable, a summary and all amendments made to the Universal Registration Document. The resulting documents are then approved by the AMF in accordance with Regulation (EU) 2017/1129.

This is a free translation into English of the Universal Registration Document issued in French and it is provided solely for the convenience of English speaking users.

Quote from the Chief Executive Officer

Enrique MARTINEZ, Chief Executive Officer of Fnac Darty

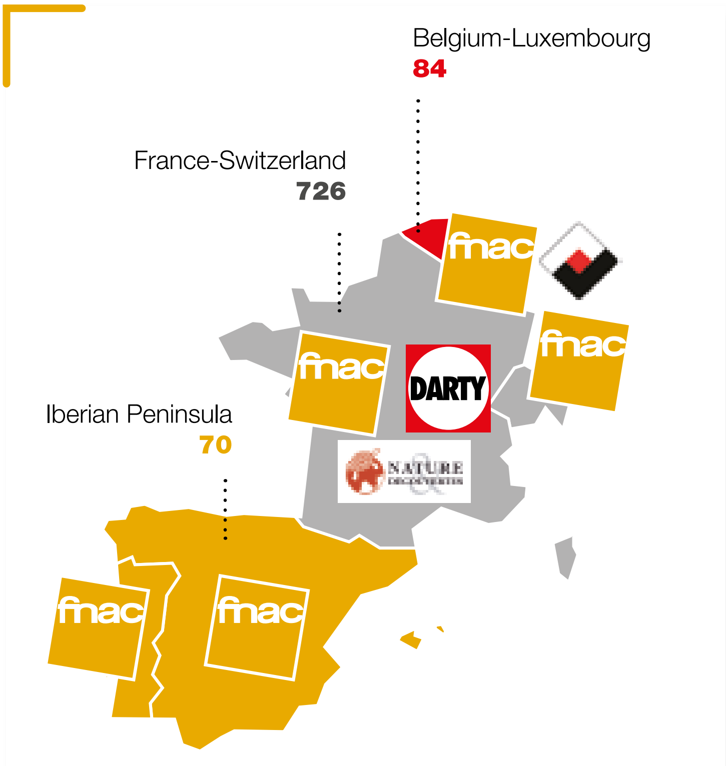
2019 was a year in which we accelerated the implementation of our strategic priorities, driven by our Confiance+ plan. We focused our efforts on our digital transformation, reinforcing our commitments to society and excellence in the execution of our projects.

The Group developed through strategic acquisitions and, in a sometimes difficult environment, successfully consolidated its positions to provide its customers with an educated choice. This was possible thanks to the commitment of its 24,000 employees.

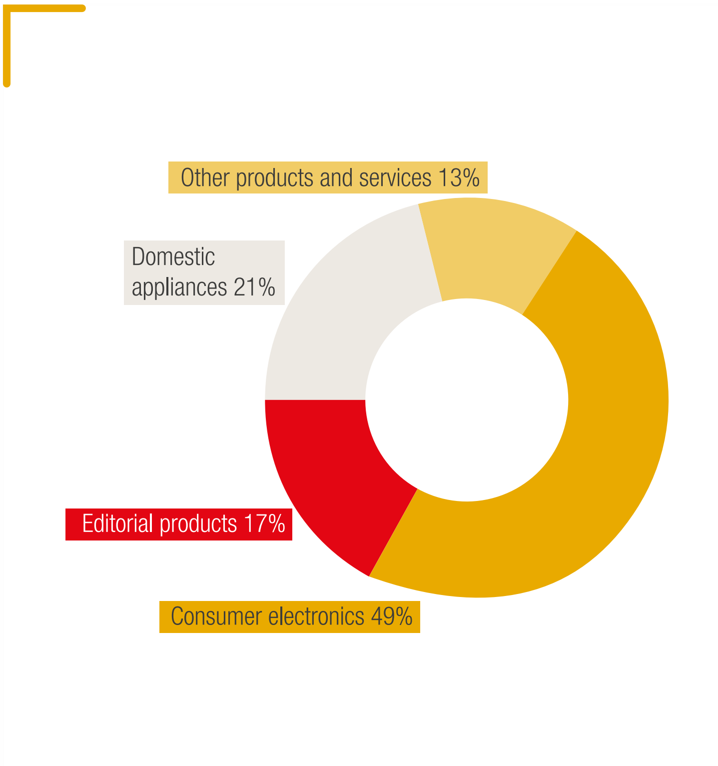
Our *raison d'être* – an educated choice – reinforces our resolution to make commitments for all our stakeholders. In that respect, Fnac Darty contributes to a more circular economy through very concrete actions that promote sustainability and product repairability. In 2020, we will continue to strengthen our omnichannel model so that our brands can excel further, thus strengthening our trusted relationships.

The Fnac Darty **network**

NUMBER OF STORES BY REGION



PRODUCT AND SERVICES OFFERING



Fnac Darty in 2019

- Group transformation with the acquisition of Nature & Découvertes and strengthening of the ticketing offer through the acquisition of Billetreduc.com and the partnership with CTS.
- Continued integration of WeFix with 42 openings this year, i.e. 96 points of sale at the end of 2019.
- Continued roll-out of the Confiance+ plan, which started in December 2017.
- Launch of Darty Max: a brand new subscription-based repair service to extend the life span of large domestic appliances.
- Expansion of the click&collect service for books, CDs, and DVDs.
- Continued expansion of our store network with the opening of 78 stores, including 55 franchises.
- Opening of 22 new points of sale dedicated to Kitchen during the year. At the end of 2019, more than 150 Kitchen points of sale, 11 of which are stores exclusively dedicated to this offering, were opened.
- Expansion of Fnac Darty's ecosystem of partnerships with Carrefour (subject to the authorization of the ADLC – French Competition Authority).
- Announcement of an active partner search for BCC.
- Strengthening the Group's commitment to societal and environmental responsibility.

Key figures

- Revenues: **€7.3 billion**
- Number of employees: **over 24,000**
- Number of stores: **880**
- **Second**-largest e-commerce retailer in France
- Weight of omnichannel sales: **49%** of online orders

1 Presentation of the Group

In February 2020, the World Health Organization declared the crisis linked to the spread of COVID-19 a pandemic, resulting in public lockdowns in many countries around the world.

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1.1 / Fnac Darty: our model

1.1.1 / A EUROPEAN LEADER IN OMNICHANNEL RETAIL

Operating in 13 countries, including France, Belgium, Spain, Portugal and, more recently, Luxembourg, Fnac Darty is a European leader in the retail of entertainment and leisure products, consumer electronics and domestic appliances. In August 2019, Fnac Darty completed its acquisition of Nature & Découvertes, a leading omnichannel retailer of natural and wellbeing products, which enabled the Group to penetrate the Wellbeing and Outdoor Activities sectors and, in doing so, accelerate its diversification.

As of the end of December 2019, the Group, which employs more than 24,000 people [(1)], has a multi-format network of 880 stores, 726 of which are in France [(2)]. It is France's second-largest e-commerce retailer in terms of audience with its three commercial websites: fnac.com, darty.com and natureetdecouvertes.com. A leading omnichannel player, Fnac Darty's revenue was €7.3 billion in 2019, 19% of which was generated by its online channel.

Its position as leader is based, in particular, on its high volume of traffic: 254 million visits to stores across the Group and a cumulative average of around 25 million unique online visitors per month in France [(3)].

1.1.2 / A GALAXY OF BRANDS ORBITING FNAC AND DARTY

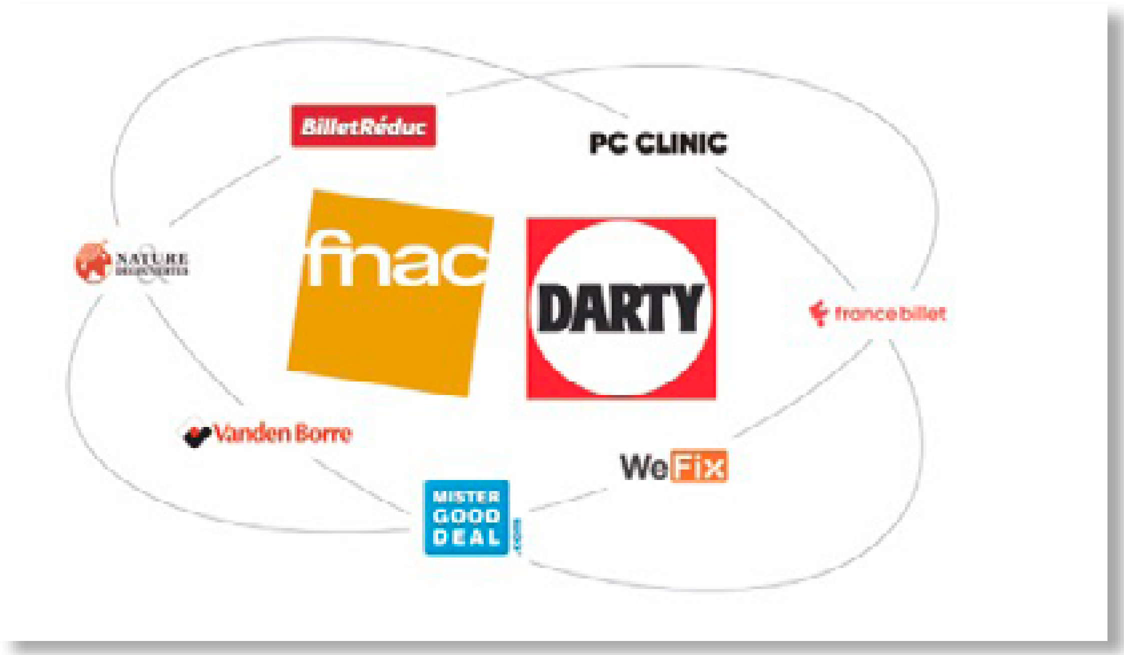
Since their creation more than 60 years ago, both Fnac and Darty have strived to embed their values and promote their deeply held convictions. In 2017, Fnac Darty was created from the merger of these well-known brands, both of which boast strong reputations and excellent consumer loyalty. These two brands have complementary positions and missions.

Three strong values make up the essence of the Fnac brand: independence, passion and the spirit of discovery. These values are reflected in its salespeople, in its recognized expertise and in its product selections, as well as in the unique place that Fnac occupies in French culture (Fnac Live, the Prix du roman Fnac book prize, the Prix Goncourt des lycéens literary prize for senior high school students, and more). Fnac is the brand of discovery, of diversity, of open-mindedness: it aims to spark people's curiosity. With a special place in the field of French retail, this strong brand has made curiosity its mission.

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

Since the merger between Fnac and Darty, the Group has expanded to include new brands to form a major specialized retail group.

(1) Excluding BCC, Nature & Découvertes and Fnac Eazier.
(2) Including 17 Fnac Darty/N&D stores in Switzerland and 22 stores abroad.
(3) Fevad: average for 2019.



The Group has recently strengthened its presence in the ticketing sector with the consolidation of Billetreduc.com and increased its offering in the express repair of electronic devices, first in France in 2018 with the acquisition of WeFix and then in Portugal in 2019 with the consolidation of PC Clinic.

The acquisition of Nature & Découvertes in 2019 represents the most significant external growth transaction since the merger of Fnac and Darty. A strong brand whose core values complement the Group's banners, Nature & Découvertes advocates for ethical and more environmentally friendly consumption. This aligns with Fnac Darty's commitment to educated customer choice and a more circular and responsible economy.

Nature & Découvertes is the embodiment of the retail of the future: humanist and respectful of the world, it takes great care to redistribute wealth intelligently around it through a responsible ecosystem. Its stores are designed to be places where customers can relax, reflect and discover nature. Each year, the Fondation Nature & Découvertes (Nature & Découvertes Foundation) receives 10% of the net profits of Nature & Découvertes, as well as one euro each time a customer joins the Nature & Découvertes Club.

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

1.1.3 / SOCIETAL COMMITMENTS AND RESPONSIBILITIES

1.1.3.1 / Context

In these times of hyperchoice, consumers are looking for trust and guidance in their everyday lives. They are more and more demanding. They want immediacy; in this era of "everything, on demand", consumers are impatient, but they also want greater transparency and to know everything about the products they buy. Finally, consumers want innovation that serves a practical purpose.

At the same time, concern for the environment and societal challenges are pushing a growing proportion of consumers toward more responsible buying habits. This increased awareness is reflected in a number of indicators: the primary concern of French people is the environment [1], 61% of French people believe that companies have the power to change the world in which we live [2], 58% of French people say that a company's corporate social responsibility policy is an important factor when deciding whether to work there [3] and, finally, 53% of consumers say that they take environmental factors into account when buying online [4].

(1) Ipsos/Sopra Steria survey – "Fractures françaises" [French Fractures] – 2019.
(2) Elabe and Institut Montaigne – "Baromètre des Territoires" [Barometer of Territories] – 2019.
(3) Ifop/RM Conseil survey – 2019.
(4) Fevad, 2019.

1.1.3.2 / *Raison d'être*

Since 2018, Fnac Darty's *raison d'être* has been: "Committed to providing educated choices".

The Group aims to achieve this through an ambitious corporate social responsibility policy, which is driven by all the Group's businesses and draws on regular consultation with its stakeholders.

The expertise and advice of its employees enables the Group to help consumers to make better choices and adopt more responsible buying practices. Bolstered by its widespread geographical coverage, with 880 stores in 13 countries, Fnac Darty is a group that is strongly rooted in its various regions, and whose main ambition is to share cultural creation, technological innovations and innovative services with as many people as possible.

Both the Fnac and Darty banners have always strived to provide independent and transparent advice. Since 1972, Labo Fnac, the Fnac technical testing laboratory, has compared the characteristics and performance of many consumer electronics products. The Group has launched a number of initiatives such as the after-sales service barometer, the environmental impact rating and the repairability index.

This year, the Group has again launched numerous innovative projects aimed at extending the life span of its products and serving the circular economy; in particular, it has pioneered the launch of:

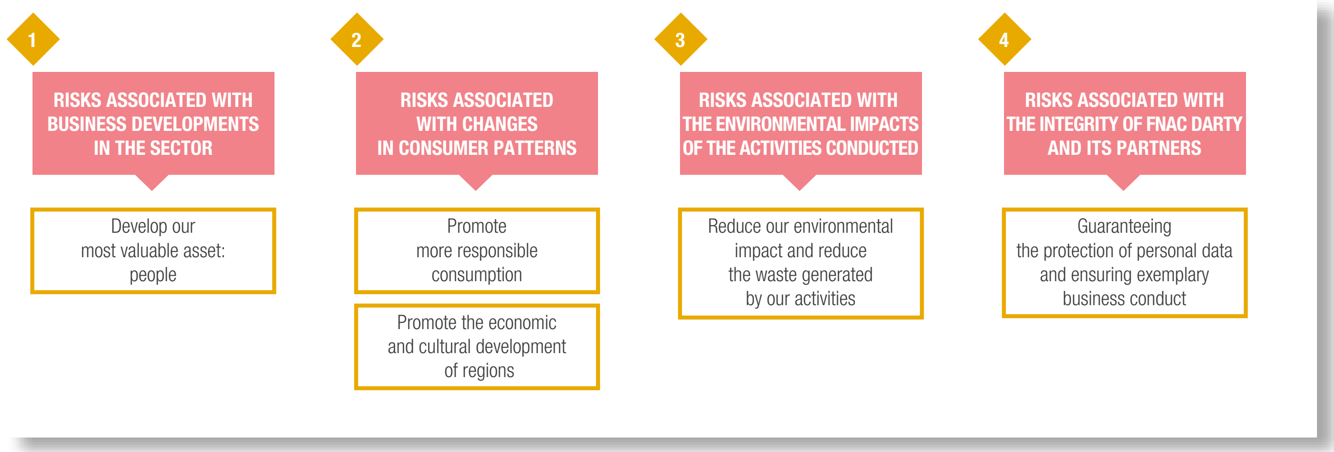
- Sustainable Choice by Darty, a benchmark that offers customers guidance based on durability and reliability and focuses on two criteria: availability of spare parts for a minimum of 10 years, and lower breakdown rates compared to other options in the product's price category (82 selected products, 59 of which are from the Large domestic appliances category and 23 of which are from the Small domestic appliances category); and
- the first repair and assistance subscription service, Darty Max, covering all large domestic appliances.

Finally, the acquisition of Nature & Découvertes in 2019 enhances the Group's positioning in terms of responsible business practices and sustainable consumption. For example, Nature & Découvertes pays 10% of its net profits to the Fondation Nature & Découvertes, which has raised more than €13 million for the protection of biodiversity and nature-based education through nearly 2,700 projects. Nature & Découvertes' commitment to responsibility is explained in greater detail at the end of chapter 2.

1.1.3.3 / Corporate social responsibility policy

With more than 24,000 employees worldwide, 880 stores and millions of loyal customers, Fnac Darty is keenly aware of its responsibilities. The Group is committed to transforming itself to meet the challenges of a changing market, while at the same time developing its people and making a positive impact on society.

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



The actions taken to address these risks are set out in chapter 2 of this document.

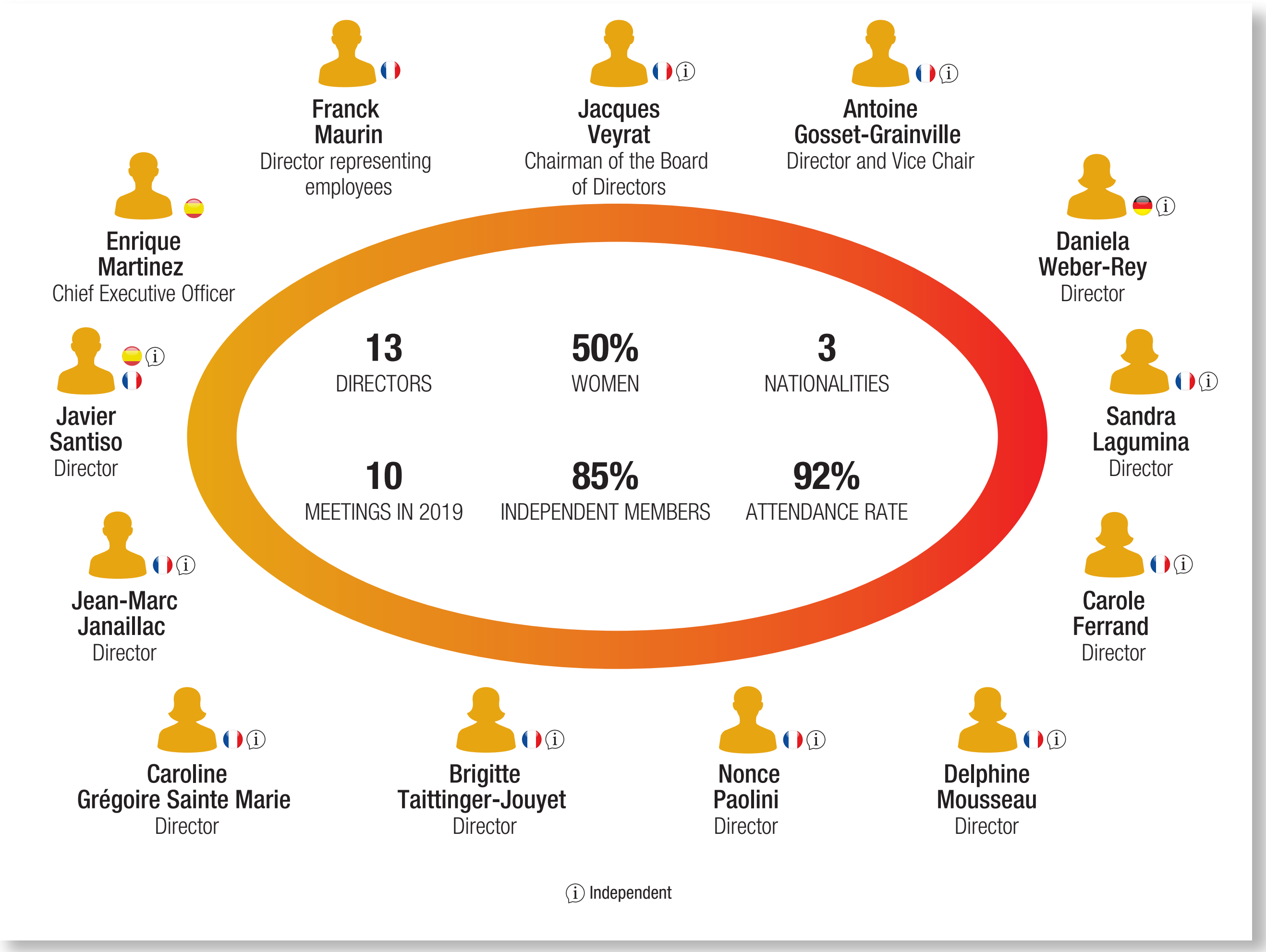
Mindful of the increasing importance of the issues associated with its corporate social responsibility, the Company is adapting its business model, like many new services launched in 2018 and 2019, in favor of a more circular economy.

The incorporation of CSR issues into the Fnac Darty business model is set out in section 1.1.5.

The strengthening of Fnac Darty's governance and CSR policy was welcomed by the ESG ratings agencies, all of which increased the Group's non-financial rating, as detailed in section 1.1.3.5.

1.1.3.4 / Solid and stable governance

Key figures and the composition of the Board of Directors



Operation of the Board of Directors

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

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

At the end of December 2019, the Board was composed of 13 Directors, 11 of whom were independent.

Four committees were chaired by Independent Directors

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

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

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

Fnac Darty's approach to corporate social responsibility has been assessed by ESG rating agencies and awarded a rating. In 2019, Fnac Darty requested a solicited sustainability rating from Vigeo Eiris (www.vigeo-eiris.com). Based on its analysis of three main criteria – environment (business ethics, environmental policy), social aspects (community engagement, respect for human rights and human resources) and governance (corporate governance) – Vigeo Eiris awarded Fnac Darty a rating of A2, i.e. 44/100, up nine points compared to 2018 and well above the average rating of 30/100 for the sector. This performance reflects Fnac Darty's environmental, ethical, social and governance commitments, which are the cornerstones of its Confiance+ strategic plan. The Group is now one of the top 20 companies rated by Vigeo Eiris worldwide, and is ranked eleventh in the world in its sector.

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

MSCI (www.msci.com) upgraded the Group from A to AA in 2019, with a retail industry-adjusted score of 7.7/10. The Group is just short of AAA, the best possible rating. Only 12% of the companies that are rated score between AA and AAA.

All of the above demonstrates Fnac Darty's solid foundations. It will continue to strive for ratings that best reflect its actions in terms of corporate social responsibility through the quality and transparency of its data.

1.1.4 / A DIVERSIFIED AND BALANCED PRODUCT OFFERING

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

The Fnac and Darty banners each market consumer electronics (49% of the Group's revenue), a sector in which growth experiences short innovation cycles. This shared offering is enhanced, on the one hand, by Fnac and Nature & Découvertes' strength in editorial products (17% of the Group's revenue) and, on the other, by Darty's leadership position in the domestic appliances market (around 21% of the Group's revenue). In 2019, the Group continued to diversify its product and services offering. The sale of other products and services (more than 13% of the Group's revenue) such as Games & Toys, Natural and Wellbeing Products, Stationery, Kitchens, After-sales Service, Warranties and Ticketing are solid levers for growth. The product offering is described in section 1.3.3 "A diversified product and services offering" of this Universal Registration Document.

1.1.5 / A UNIQUE OMNICHANNEL MODEL

With a cumulative average of around 25 million unique online visitors per month [(1)], Fnac Darty is France's second-largest e-commerce retailer in its markets. The Group also provides its customers with one website per banner and per country of operation, making for 14 e-commerce sites in total.

E-commerce activities remained strong in 2019, representing 19% of the Group's sales, which was stable compared to 2018.

The Group combines the omnichannel capacities of Fnac, Darty and Nature & Découvertes. Omnichannel sales now represent 49% of online orders. By bringing together its in-store and digital offerings, the Group can provide innovative services, such as:

- click&mag;
- click&collect; and
- express or by-appointment delivery offering.

These services guarantee seamless integration of the in-store and online purchasing experience and are described in detail in section 1.4.3.3 "First-rate operational efficiency."

(1) Fevad/Mediamétrie, 2019.

Fnac Darty, a leader in tackling societal challenges

Growth of e-commerce
- An increasingly competitive sector
- A demand for immediacy
- Consumers faced with hyperchoice

Growth of responsible consumption
- Increasing consumer interest in the provenance and composition of consumer goods
- Increasing expertise of consumers

Crisis of confidence and the search for meaning
- Employees and consumers seeking to align their work and buying habits with their values

Declining purchasing power
- Strong social tensions
- Social movements that impact the economy

Climate crisis
- Increasing regulation
- Innovation in favor of a more circular economy

Our *raison d'être*

Committed to providing an educated choice
"Our ambition is based on a more decisive, better-informed customer who is more in control of their consumption."

Our Strategy

Four key areas of focus serving two strategic priorities aimed at creating the benchmark omnichannel platform in Europe:

Our resources and strengths

Our people: our key strength
- Over 24,000 employees
- Approximately 70% of whom are customer facing
- 2,500 of whom are dedicated to repairs

An open omnichannel platform
- A network of 880 stores (including 320 franchises), 21 warehouses and 88 physical sales, e-commerce and after-sales service platforms
- 14 main websites

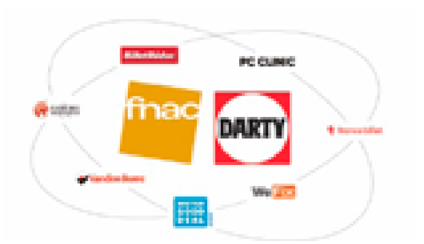
A solid financial position
- €7.3 billion in consolidated revenue in 2019 and operating profitability growth of more than 45% since the merger in 2016
- A current operating margin of 4.0% in 2019
- A healthy financial structure with an operating free cash flow of €173 million in 2019
- The most digitalized company in its sector and the leading omnichannel player in its sector

Renowned, complementary brands
- Fnac and Darty, two iconic banners
- WeFix, Nature & Découvertes, Billetreduc.com, PC Clinic: strategic acquisitions that are in line with the Group's mission

A recognized societal role
- Long-standing partnerships with key players in the social and solidarity economy
- A history of repair and recycling initiatives and strong dedication to giving our products a second life
- A major player in the entertainment sector, committed to democratizing culture

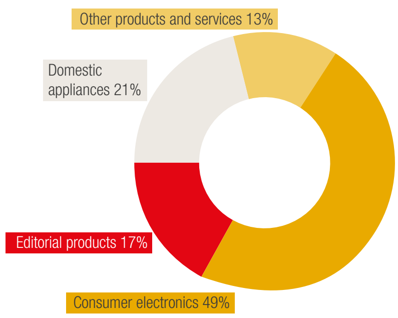
Governance of the highest standard
- A diverse range of skills and gender balance on the Board of Directors
- An Executive Committee compensation system that includes CSR criteria and long-term components

Our brands



Our products

A diverse range of products



Our services

Services that are innovative, useful and complementary to the product offering
- Darty Max
- Delivery and home installation
- After-sales service
- Loyalty programs
- Ticketing
- Kitchen design and installation
- Insurance and warranties
- Rental
- Financing solutions
- Subscriptions

Our markets

Controlled international growth
- Six European markets: France-Switzerland, Belgium-Luxembourg and Iberian Peninsula
- Franchises in Africa, the Middle East and the French overseas departments

Our 2019 achievements/results

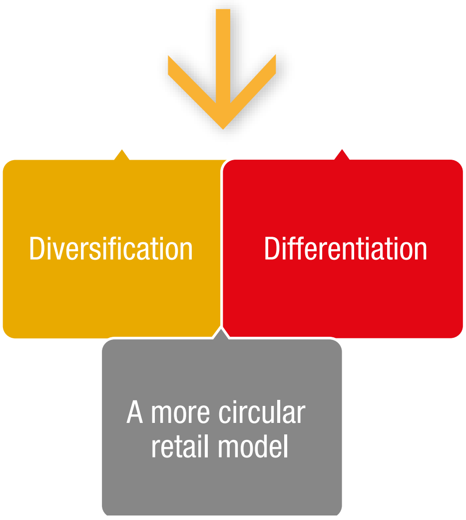
An ecosystem in transformation
- Increased acquisitions...
  - Nature & Découvertes
  - Billetreduc.com
  - PC Clinic
  - WeFix (continued consolidation)
- ... and partnerships
  - CTS
  - Carrefour
  - Google
  - Cyclofix
  - One+
  - Angell Bike
- Search for a partner for BCC

New services to support more responsible buying practices...
- Darty Max: a unique subscription-based repair service
- Sustainable Choice: highlighting the most reliable products
- Extended repairability index for smartphones: Fnac Darty, a forward-thinking player
- An initiative dedicated to giving products a "Second Life" (reconditioning and donations)

... and to adapt to new ways of buying
- Extension of "click&collect 1H" to editorial products
- Roll-out of "Pay & Go"
- Continued digitalization of stores
- Personalization of the online pathway

A more integrated CSR strategy
- A target to reduce CO_2 emissions by 50% by 2030
- Stronger governance
- A contribution that has been welcomed by ESG ratings agencies

A MORE SUSTAINABLE BUSINESS MODEL



Shared value creation

We offer our customers the power to improve their buying habits
- Services and advice for an educated choice
- An omnichannel offering and operational performance that can be adapted to each individual's needs

We guarantee our employees a good quality of working life, employability, and we involve them in the Group's development and performance
- 60% of employees received training in 2019
- Second employee stock ownership plan

We provide our investors with a solid financial structure and non-financial performance that is improving significantly
- Strong cash generation
- Significant improvement of non-financial ratings
- CDP: B (vs. D in 2018); Sustainalytics: Outperformer with a rating of 68/100 (compared to Average Performer and a rating of 61/100 in 2018); Vigeo: 44/100 (vs. 35/100 in 2018); MSCI: AA rating with a score of 7.7/10 (vs. A rating in 2018)

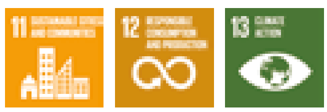
We are helping to reduce the carbon footprint of our business and our sector
- 2.6 million repair operations and 1.6 million repaired products
- More than 46,000 metric tons of WEEE collected and recycled
- Strong growth in used and donated items
- -9% CO2 emissions resulting from site energy consumption

We guarantee balanced trade relations and responsible tax practices
- Signature of the French E-Commerce Charter with SMEs
- Compliance with each country's tax regulations

We contribute to the economic, social and cultural development of regions
- 78 Fnac and Darty stores opened in 2019
- 10,403 free events at Group level, bringing together more than 323,000 people
- 1,700 free cultural events in France

Our contribution to the Sustainable Development Goals

- Through its model, strategy and mission, Fnac Darty is focusing its efforts on and contributing to Sustainable Development Goals (SDGs) 11, 12 and 13.



- Through its oversight and initiatives, Fnac Darty is also contributing to the following SDGs:

1.2 / History

1.2.1 / HISTORY OF FNAC

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2011 The banner launched a new strategic plan, called "Fnac 2015", to address the structural changes taking place in the markets and the deteriorating economic climate. This new strategic plan was based around three objectives:

- ramping up the omnichannel strategy;
- developing closer ties with customers; and
- developing levers for growth, both in terms of new products and new format stores.

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

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

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

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

1.2.2 / HISTORY OF DARTY

1957 Creation of the Darty banner.

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

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

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

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

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

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

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

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

1984 Darty created the company Dacem, ensuring the supply and management of spare parts and accessories for domestic appliances.

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

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

Darty opened its one-hundredth store.

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

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

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

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

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

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

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

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

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

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

1.2.3 / THE BIRTH OF FNAC DARTY

On July 18, 2016, the French Competition Authority announced that it had decided to authorize the Fnac Group's purchase of Darty. After several months of constructive discussions between Fnac and the Authority, the latter acknowledged that physical stores and online sales were part of the same market, a pioneering decision in Europe.

On August 1, 2016, the first closing date of the offer, Fnac held 98.50% of Darty's capital.

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

1.2.4 / HISTORY OF FNAC DARTY

2017 Launch of the Confiance+ strategic plan on December 4, 2017.

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

2019 Acquisition of Billetreduc.com, a leading player in "last-minute" event ticketing in France.

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

Acquisition of Nature & Découvertes, a leading omnichannel retailer of natural and wellbeing products.

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

1.2.5 / 2019 HIGHLIGHTS

1.2.5.1 / A year of transformation and strengthening of the Group's multi-specialist profile

The Group continued to expand its platform and enhance its ecosystem, through both partnerships and acquisitions. These initiatives demonstrate the momentum of the Fnac Darty transformation and strengthen the Group's multi-specialist profile.

Acquisition of another brand: Nature & Découvertes

In the second half of 2019, Fnac Darty finalized the acquisition of Nature & Découvertes by buying 100% of its outstanding shares. Created in 1990, Nature & Découvertes offers a unique products range with a network of 99 stores in Europe, and a website attracting more than 15 million visitors per year.

This acquisition allows Fnac Darty to continue to diversify its product offering by integrating a strong brand whose commitment to the values of curiosity, discovery and wellbeing will strengthen and enhance its strategic positioning and whose core values complement the Group's banners. Nature & Découvertes' commitment to ethical and more environmentally friendly consumption, as demonstrated by its B CORP certification, aligns with the Group's commitment to educated customer choice and a more circular and responsible economy.

A few months after the acquisition, the first Nature & Découvertes shop-in-shop opened at Fnac La Rochelle. At the end of December 2019, four Nature & Découvertes shop-in-shops were opened in Fnac stores, including one in Barcelona (Spain), representing the first establishment of the banner in this country.

Digital development and strengthening of the ticketing offer

Fnac Darty is present in the ticketing sector through its subsidiary France Billet, the leading distributor of event tickets in France, selling more than 12 million tickets in 2019.

In an environment of profound transformation, two significant transactions occurred in this sector in 2019.

The first quarter of 2019 saw the acquisition of the company Billetreduc.com, a leading retailer of "last-minute" event tickets in France, with 2.4 million visitors per month. Billetreduc.com provides France Billet with a complementary ticketing offering on the growing last-minute market, allowing it to reach a new audience, increase its attractiveness to event organizers and strengthen its work to promote cultural diversity, the discovery of new talent and access to culture for all.

In October 2019, in response to the increase in competition, particularly related to the disintermediation of the sector and the increased power of new sales segments, a strategic partnership was concluded with the CTS Eventim Group, the European leader in the ticketing sector, allowing France Billet to benefit from the technological innovation of CTS Eventim, one of the leading international providers of Ticketing and Live Entertainment. This partnership allows France Billet to accelerate the development of its digital platform and enrich its value proposition towards its customers and partners. CTS Eventim now integrates to its offer the distribution of tickets for shows in France.

This strategic partnership also involves France Billet acquiring a 100% stake in the equity of CTS Eventim France. CTS Eventim will acquire a 48% minority stake in the equity of France Billet, and this subsidiary will remain under Fnac Darty's control. CTS Eventim could increase its holding to a majority stake at the end of a four-year period. Fnac Darty plans to retain a long-term interest in France Billet, a strategic asset for the Group.

Consolidation of WeFix

The integration of WeFix, a French leader in express smartphone repair, acquired in October 2018, progressed according to plan, which aimed to double the number of repair points. The Group has positioned itself as a benchmark player in smartphone repairs and related services, while offering an enriched ecosystem to customers. It opened 42 new points of sale in 2019, 13 of which were opened in the fourth quarter of 2019. This brought the total number of points of sale to 96 at the end of 2019.

The Group continued to invest in the development of the banner's capabilities, and gradually rolled out the XForce screen protection solution to 138 stores in the Group at the end of 2019. The Group also signed strategic partnerships with Garantie Privée and Bouygues Telecom, providing customers with the opportunity to take advantage of a first-class repair experience. Finally, the integration of WeFix has enabled the Group to expand its offer in reconditioned phones, in which sales have more than tripled in comparison to 2018.

Sale of BCC in the Netherlands

In January 2020, Fnac Darty announced the launch of an active search for a partner that could result in a withdrawal from the Netherlands. Given the efforts made to improve its operational agility and a renewed focus on markets in which the Group has a critical size, the search for a more suitable partner to ensure BCC's future is now relevant and will enable BCC to better seize its market opportunities.

1.2.5.2 / Continued roll-out of the Confiance+ plan

In late 2017, the Group launched its Confiance+ strategic plan (see section 1.4 “Group Strategy: Confiance+”), which it continued to roll-out in 2018 and 2019.

In order to become the benchmark omnichannel service platform in Europe, the Group relies on five strategic priorities: the implementation of an open omnichannel platform focused on e-commerce development, the expansion of its store network, the diversification of its offering, the launch of innovative services, and finally a unique loyalty program. Implementation of these strategic initiatives is dependent on the creation of an open ecosystem of partnerships, which allows the Group to draw on specialist expertise to strengthen its service offering and customer experience.

Strengthening of the omnichannel platform

Fnac Darty is accelerating the transformation of its digital platforms with the deployment of its Digital Factory project, which aims to increase the agility of IT and business teams, in order to accelerate production launch times that will facilitate continuous improvement in the customer experience.

E-commerce accounted for 19% of revenue in 2019, an increase of 60 basis points from the previous year. The Group recorded strong momentum in all geographical areas and continued growth in Marketplaces volumes, which were up by 16% compared to 2018. Fnac Darty mobile sales are also accelerating, representing 62% of the traffic on its sites, up by six points compared to 2018. 49% of online sales are omnichannel sales.

The Group continued to strengthen its delivery offerings during the year, and generalized its click&collect offer for books, CDs and DVDs, offering its customers the option of picking up purchases in one hour. The entire Fnac integrated store network in France has rolled out this new service.

The digitalization of stores continued throughout the year with more than 270 stores digitalized at the end of 2019, enhancing the customer experience through sales via tablet and simplified payments using “Pay & Go”, an innovative solution that allows customers to pay directly in-store using their cell phones, without going to the counter.

Continued expansion of the store network

The geographical coverage of the two banners was further extended throughout the year with the opening of 78 stores, 55 of which are franchise stores. The Group opened 23 directly owned stores, including 14 Fnac, five Darty and four Nature & Découvertes stores. Fnac opened 38 stores over the year, including 26 in France, four in Portugal, one in Switzerland, one in Tunisia, one in Luxembourg, one in Belgium and four in Spain. Darty opened 35 stores in France and one in Tunisia. At the end of December 2019, Fnac Darty had a total of 880 stores, including 320 franchises. The push for expansion will continue in 2020, mainly through the opening of franchise stores. Fnac Darty is expecting to open more than 50 stores in 2020.

The Group is also continuing to consolidate WeFix, a French leader in express smartphone repair, which opened 42 new points of sale during the year, bringing the total to 96.

Since the acquisition of Nature & Découvertes on August 1, 2019, the banner has increased its points of sale, opening four new stores and four new shop-in-shops in Fnac stores, including its first abroad, in Spain (Barcelona).

In addition, Fnac Darty continued to develop its strategic partnership with the Carrefour Group and, in the fourth quarter of 2019, announced that it was in advanced discussions with the Carrefour Group regarding the roll-out of around 30 shop-in-shops, under an exclusive operating agreement, in the Carrefour hypermarket network in France under the Darty banner. The first two pilot shop-in-shops were opened in November 2018 in the Carrefour hypermarkets in Ville-du-Bois and Limoges.

The Group also closed 11 stores in 2019.

A reinforced diversification of the product offering

Diversification of the product offering continued in 2019, with the opening of spaces dedicated to small domestic appliances in Fnac stores in Spain, Portugal, Switzerland and France. By the end of 2019, nearly 90 small domestic appliance spaces had been opened across the network, under the Darty or Fnac Home banners. Finally, development of the Kitchen offering continued with the opening of 22 new points of sale throughout the year. At the end of 2019, the Group had more than 150 Kitchen points of sale, including 11 dedicated Kitchen stores.

Finally, the diversification categories continued to perform strongly, with double-digit growth throughout the year. The Games & Toys and Home & Design categories in particular recorded excellent growth.

Services: a key differentiator that helps customers to make an educated choice

Fnac Darty has also continued to develop its service offering, a major driver of value creation and differentiation. This service offering capitalizes specifically on Fnac’s advisory expertise and Darty’s after-sales service expertise. In 2019, services sales posted double-digit growth.

Fnac Darty is continuing to pursue its goal of becoming a key player in the circular economy and promoting extended product life spans. The second edition of the after-sales service barometer was launched in 2019. A new version will be published every year in order to better inform the public about the life span of domestic appliances and multimedia equipment. The Group also strengthened its commitment to product sustainability by extending the scope of the repairability index to smartphones and creating the "Sustainable Choice by Darty" label. This unique label offers customers guidance based on sustainability and reliability, and focuses on two criteria: the availability of spare parts for a minimum of 10 years, and lower breakdown rates compared to the product's price category. This label has recently been extended to small domestic appliances and now covers a total of 82 products.

In keeping with the Contract of Confidence, launched by Darty in 1973, in October 2019, the Group launched a unique subscription-based repair service that makes it possible to significantly extend the life span of large appliances. Named "Darty Max", this service offering is available at all integrated and franchised Darty stores across France. This service represents another step towards the transformation of the Fnac Darty economic model. The Group firmly believes that a more circular economy creates jobs and value, and it is more committed than ever to extending the life span of products.

Darty Max is a repair and assistance subscription service for all large domestic appliances. This service costs just €9.99 per month and covers all the large appliances in a single household, whether or not they were purchased from Darty. The subscription covers three key areas:

- advice on use and maintenance, home assistance and diagnosis for all large appliances in a household, irrespective of their age;
- 100% of repair costs covered (parts and labor) for a minimum of seven years and for as long as spare parts are available, i.e. up to 15 years; and
- reimbursement of the purchase value on a gift card if the product was purchased from Darty and cannot be repaired while spare parts are available.

In order to prolong the life span of products, the Group has also enhanced its service offering by partnering with Cyclofix to offer its customers an immediate repair service for electric scooters. Customers can request a call-out in just a few seconds using the mobile app or the Cyclofix website, and a repair technician will come to the address of their choice to fix their electric scooter or electric bike, on any day of the week, including Sundays.

Developing new partnerships

The Group's omnichannel platform has also been enhanced through new partnerships that aim to reinforce the value proposition for both customers and partners.

In 2018, Fnac Darty signed a partnership with Bouygues Telecom to market the operator's landline and mobile offerings in Fnac Connect stores. Bolstered by this partnership, Fnac Darty aims to create around 50 new Fnac Connect stores over the next five years, which will offer Bouygues Telecom services. As of the end of 2019, 18 Fnac Connect stores have been opened.

Fnac Darty also signed a partnership with Google. The Google offering is now available in dedicated spaces in all Group stores, including around fifty concessions. The partnership with Google continued to bear fruit in 2019 thanks to a stronger offering for connected devices and to the fact that the brand was promoted for several weeks through the "Google Weeks" campaign. Exclusive Google packages were also developed, particularly for the Christmas and New Year holidays.

In 2019, Fnac Darty entered into two major partnerships for white goods. The Group launched the Nespresso capsule subscription service in France in September 2019, which has been a great success. The Group also launched an exclusive two-month promotion of refrigeration appliances in Frigidaire's vintage-design range.

In 2019, Fnac Darty consolidated its position on the market for urban mobility products. Firstly, the Group strengthened its strategic partnership with Xiaomi, opening a 50 m^2 shop-in-shop within Fnac Montparnasse in Paris and announcing an exclusive distribution agreement on the release of the MI Electric Scooter Pro and the MI 9 SE smartphone. Consequently, the Xiaomi brand has contributed to the rapid growth of the urban mobility market for Fnac Darty and has benefited from the Group's omnichannel dominance through the geographical coverage of the Fnac and Darty banners. As part of an exclusive partnership with Angell Bike, Fnac Darty will also be the sole retailer of the Angell electric bicycle in some 30 Fnac stores from spring 2020.

In the fourth quarter of 2019, France Billet, France's No. 1 retailer of tickets for shows and events, and Funbooker, a leader in online reservations for leisure activities, joined forces to increase their sales of leisure activities for the whole family. This partnership will enable France Billet to expand its catalog of activities, thanks to Funbooker's 4,000 offerings, which include immersive, unusual experiences, as well as activities focused on learning and discovery.

In November 2019, following the success of the "shop-in-shops" tests in two Carrefour stores, Fnac Darty announced the continued development of this strategic partnership, and the ambition to roll out around thirty shop-in-shops under an exclusive operating contract, in Carrefour hypermarkets in France, under the Darty banner.

Finally, in partnership with Kobo Writing Life, Fnac has launched a print-on-demand service that will enable self-published digital authors to sell their books in eBook and paperback formats on fnac.com, and make them available to order in all Fnac stores. Fnac Darty has therefore consolidated its position as a leader in editorial product retailing.

1.2.5.3 / A solid performance in an increasingly complex market environment

Fnac Darty posted revenues of €7,349 million, up by 0.7% on a like-for-like basis. This solid performance was achieved in a market environment marked by exceptional events that impacted commercial activity, particularly the end-of-year strikes in France.

The gross profit rate dropped to 30.4%, down by 20 basis points compared to 2018, mainly due to the lackluster Christmas sales, which were impacted by the strikes in France, and the dilutive technical effect of the franchise development. The product/service mix effect remains slightly positive due to the favorable impact of the Nature & Découvertes integration.

Current operating income stood at €293 million, which includes a contribution from the companies acquired for slightly more than €20 million over the period. The current operating margin was 4%, down by 30 basis points compared to 2018.

The Group continued its strong generation of free cash flow from operations, at €173 million, an increase on 2018.

Finally, net income from continuing operations stood at €114 million in 2019, down by 28% compared with 2018. Net income was impacted by the non-current financial costs associated with the refinancing of senior bonds for €27 million and a deferred tax benefit of approximately €10 million in 2018.

This performance, which was adversely affected by the strikes that took place in France at the end of 2019, reflects Fnac Darty's resilience and agility, as well as the unfailing commitment of its teams.

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

1.2.5.4 / Impact of the transition to IFRS 16

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

EBITDA was €626 million in 2019. Excluding IFRS 16, EBITDA totaled €395 million, compared to €407 million the previous year.

The application of IFRS 16 adversely impacted financial costs in the income statement, in the amount of €21 million.

Finally, at the end of December, net financial debt totaled €1,034 million, compared with €18 million excluding IFRS 16.

1.2.5.5 / A diversified financing structure

In February 2020, the World Health Organization declared the crisis linked to the spread of COVID-19 a pandemic, resulting in public lockdowns in many countries around the world.

This document has therefore been updated since the management report and financial statements of February 26, 2020, the date of publication for the financial statements and assumptions underlying Fnac Darty's objectives.

Subsequent events are brought to the public's attention in sections 1.4.6 "Financial trajectory" and 4.3.2 "Recent events" of this Universal Registration Document. As such, the paragraph below should be read in conjunction with the additional information found in these sections.

The Group has a solid financial structure and a well-controlled financial policy.

As part of the Darty acquisition, the Group used a €650 million bond issue in 2016, which will mature in 2023. This first bond issue was a success, giving the Group an attractive rate with a coupon of 3.25%.

In the first half of 2018, the Group renegotiated its bank debt. This has resulted in improved conditions, and an extension of the credit facilities agreed on April 20, 2016 with its financial partners. This means that the final maturity of the term loan of €200 million was extended by two years to April 2023, and the repayment schedule amended accordingly. The maturity of the revolving credit facility of €400 million in notional value was also extended to April 2023. Beyond maturity extensions, the improvement of the Group's financial costs through this transaction reflects the strengthening of its business model as well as Fnac Darty's new scale. The success of this operation demonstrates the confidence that financial partners have in Fnac Darty's strategy.

In March 2018, Fnac Darty also put in place a NEU CP (Negotiable European Commercial Paper) program for a maximum amount of €300 million. This new approach will strengthen the Group's liquidity while giving it access to a new market – the short-term debt market.

On February 18, 2019, Fnac Darty announced the signing of a loan agreement in the amount of €100 million with the European Investment Bank (EIB). Concluded as part of the "Juncker Plan", this loan is intended to finance the Group's digital transformation investments to support the roll-out of Confiance+. This financing has a maximum maturity of nine years, under very attractive terms. The Group has 18 months to draw down this line.

On May 15, 2019, Fnac Darty completed the transaction to renegotiate its bond issue after successfully refinancing its senior bonds with a cumulative principal amount of €650 million, composed of a cumulative principal amount of €300 million in senior bonds maturing in 2024, and a cumulative principal amount of €350 million in senior bonds maturing in 2026. The 2024 bonds pay an annual coupon of 1.875% and the 2026 bonds pay an annual coupon of 2.625%. The proceeds from the issue were used to fully repay the €650 million in outstanding senior bonds at 3.25% maturing in 2023.

The Group's financial strength was also confirmed by Standard & Poor's, which raised the Group's long-term credit rating to BB+ in March 2019, having upgraded Fnac Darty's outlook to positive in April 2018. Fnac Darty also received a BBB- rating from Scope Ratings. In addition, Fnac Darty was rated Ba2 (stable outlook) by Moody's. Since January 2020, Moody's has rated Fnac Darty on an unsolicited basis.

1.2.5.6 / Governance and shareholding

In February 2020, the World Health Organization declared the crisis linked to the spread of COVID-19 a pandemic, resulting in public lockdowns in many countries around the world.

This document has therefore been updated since the management report and financial statements of February 26, 2020, the date of publication for the financial statements and assumptions underlying Fnac Darty's objectives.

Subsequent events are brought to the public's attention in sections 1.4.6 "Financial trajectory" and 4.3.2 "Recent events" of this Universal Registration Document. As such, the paragraph below should be read in conjunction with the additional information found in these sections.

Ceconomy remains the Group's reference shareholder with 24.3% of share capital. It does not hold any seats on the Board of Directors, but did participate in the cooption of three independent members: Delphine Mousseau, Daniela Weber-Rey and Caroline Grégoire Sainte Marie.

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

Fnac Darty also continues to take advantage of opportunities for shareholder returns, and the Group seized a market opportunity by conducting a share buyback program, implemented for the first time in October 2018, for up to a maximum of 535,000 shares or approximately 2% of equity for a duration of 24 months. The buyback program is being implemented at a price that may not exceed €130 per share, set by the General Meeting on May 18, 2018. These shares are intended to be canceled so as to offset the dilutive effects of performance share plans or past stock option plans. These buybacks are made under the authorizations granted by the Annual General Meeting of Shareholders, which approved a share buyback program up to a maximum of 10% of share capital, and in accordance with the description published in the 2017 Registration Document, filed on April 3, 2018. Therefore, in 2019, the Group completed the execution of this share buyback program.

In 2019, the Group also launched, for the second consecutive year, a capital increase reserved for employees, which enabled almost 5,000 employees to invest in the new corporate project and become shareholders in the Group.

Finally, buoyed by the resilience of the Group's results in a challenging climate, Fnac Darty will propose to the General Meeting of May 28, 2020 the distribution of a dividend of €1.50 per share for 2019, representing a distribution rate of approximately 35%. This dividend will be payable in cash or in shares at shareholders' discretion, with a 5% discount. The ex-dividend date will be June 4, 2020 and the dividend payment date July 3, 2020.

1.3 / Fnac Darty markets and offering

1.3.1 / DESCRIPTION OF MARKETS

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

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

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

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

	2019	Change compared to 2018		2019	Change compared to 2018
TV (Video)	2,414	(5.9%)	Books	3,423	1.5%
Sound	1,096	5.3%	Audio	349	(10.4%)
Photo	572	(12.0%)	Video	358	(9.0%)
IT	4,898	(0.3%)	Gaming	1,708	(12.8%)
Telephony	3,287	2.9%	Stationery	1,947	(1.5%)
Connected devices	168	26.1%	Large domestic appliances	5,468	3.8%
Games & Toys	2,524	(0.1%)	Small domestic appliances	3,383	5.1%

(a) Source: GfK, January 31, 2020.

1.3.2 / MARKET TRENDS

1.3.2.1 / Digitization of retail and changes in consumer behavior

The expansion of the Internet over the last fifteen years has radically changed the two banners' markets. These markets have experienced a huge boom in e-commerce, along with a change in the competitive environment and the digitalization of editorial products.

The advent of e-commerce has resulted in the emergence of new specialized online competitors, known as "pure players", who focus on competitive prices and services and an ever-expanding offering. Some of these pure players, like Amazon, have an international presence, while others, like Cdiscount or Rue du Commerce, are primarily focused on the French market. International competitors offer their customers a very high level of service (high-quality websites, logistics, transport and customer service) and are forcing click & mortar companies to meet quality standards that are at least as high as theirs.

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

The rapid development of the Internet has also led to the phenomenon of digitization, i.e. the transition from physical media to digital media, which has radically altered consumer spending patterns on editorial products as downloading and streaming have become more prevalent. Consumers increasingly prefer digital editorial products, partly because they are cheaper than their physical counterparts, but also because they save space, are more accessible, can be consumed immediately, etc. However, this digitization phenomenon affects each segment of editorial products differently. The segments that have been most affected are audio CD, DVD and Gaming with a penetration in the digital sector of 61%, 70% and 76% respectively [1]. Although the e-book market is growing in France, the rate of penetration remains low, at 3% [1] of the market in 2019.

1.3.2.2 / Competitive environment

Fnac Darty's main competitors are:

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

1.3.2.3 / Market trends

The consumer electronics market, which represented 49% of revenue in 2019, depends heavily on product innovation cycles and household ownership rates. Innovation and its impacts are inherently hard to predict.

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

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

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

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

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

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

The white-goods market, which accounts for 21% of 2019 revenue, depends primarily on the renewal of household equipment. The small domestic appliance market remains strong, especially with regard to floor care (carpet sweepers and robots). However, the innovation cycle has been weaker since 2019.

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

The editorial products market, which represented 17% of revenue in 2019, depends on the publishing schedule for new items. In reality, the slowdown of this market is a sign of the changing times and the rise of the digital economy. The CD and DVD market has been in decline in recent years, which is pushing retailers to invent new modes of consumption for this segment. This poor performance has, nevertheless, been partially offset by strong sales in vinyl.

The books market is showing more resilience, with a slight upturn.

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

- the Games & Toys market is driven by board and family games;
- the rapidly-growing Urban Mobility market is driven by manufacturers' innovation (electric bicycles, electric scooters) and by public policies that seek to cut down on the use of cars in city centers (reducing pollution, noise and traffic in city centers).

(1) Source: GfK, January 31, 2020.

1.3.3 / A DIVERSIFIED PRODUCT AND SERVICES OFFERING

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

The Fnac and Darty banners each distribute consumer electronics (49% of revenues), a sector whose growth consists of short innovation cycles. This shared offering, and the strong positioning of both banners, is further enhanced both by Fnac's strength in editorial products (17% of revenue) and by Darty's leading position in the domestic appliances market (21% of revenue). Other products and services (more than 13% of revenue) complement the Group's offering, with categories such as Games & Toys, Stationery, Fitted Kitchens, after-sales service, warranties and insurance, ticketing, and more recently, with the acquisition of Nature & Découvertes, Natural and Wellbeing products, which generate higher margins. Through its additional expertise, Fnac Darty endeavors to inform and advise its consumers to help them make the right purchasing decision.

1.3.3.1 / Consumer electronics offering

Both the Fnac and Darty banners are leaders in the retail of consumer electronics, which includes photography, TV & video, sound, micro-computing, telephony and connected devices. In 2019, the Group generated consolidated revenue of €3,605.8 million from consumer electronics sales, representing 49% of its consolidated revenue.

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

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

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

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

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

1.3.3.2 / Editorial products offering

Physical products offering

Editorial products include music, video, books and gaming products. In 2019, the Group generated consolidated revenues of €1,225.5 million from the sale of editorial products, representing almost 17% of its consolidated revenues. In France, Fnac is a trendsetter in its markets, with a rich and diverse editorial products catalog.

Fnac is the leading record store in France with a catalog of nearly 200,000 titles.

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

Fnac is the premier bookseller in France and offers the largest range in the market with more than 500,000 titles sold. In 2019, the Group sold nearly 45 million books in France.

In the gaming segment, Fnac has a catalog of 9,500 titles in France, including more than 5,000 second-hand video game titles.

Digital offerings

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

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

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

In 2019, in partnership with Kobo Writing Life, Fnac launched a print-on-demand service that will enable self-published digital authors to sell their books in eBook and paperback formats on fnac.com, and make them available to order in all Fnac stores. Fnac Darty has therefore consolidated its position as a leader in editorial product retailing.

1.3.3.3 / Domestic appliances product offering

White goods include small and large domestic appliances. Large domestic appliances include products such as refrigerators, washing machines and dishwashers. Small domestic appliances include kitchen appliances and accessories, such as microwave ovens, coffee makers and irons, in addition to beauty and health products such as hair dryers and electric razors. In 2019, the Group generated consolidated revenues of €1,554.3 million from the sale of domestic appliances, representing 21% of its consolidated revenues.

Sales of large domestic appliances are mainly to replace existing goods. The small domestic appliance market is highly competitive, as a result of a low point in the innovation cycle.

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

The Group is committed to manufacturing solid own-brand products by integrating corporate social responsibility criteria into the processes and documents that frame its supplier relations in order to guarantee the safety and satisfaction of its customers during their use of these products. In this regard, in 2019 the Group conducted 105 audits of plants that manufacture the Group's own-brand products, which are primarily based in China. All the actions put in place are outlined in section 2.4, risk no. 4 of chapter 2 "Mitigation of risks associated with sourcing from Asia and Eastern Europe" of this Universal Registration Document.

1.3.3.4 / Other products and services

The Group has also continued its efforts to enrich its products and services offering.

A / Services and subscriptions

After-sales service

Darty is the leader in France in after-sales service. The banner offers an in-store repair and support service at designated counters and workshops that provide customers with immediate repairs, rather than sending the products to a repair center. The roll-out of this innovative concept continued in 2019 with the opening of five new in-store service areas.

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

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

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

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

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

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

Financing

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

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

Subscriptions

Darty has launched many initiatives in the subscriptions market. In order to round out the sale of computers, telephones and televisions – segments in which it is present – Darty is positioning itself as an intermediary by offering Internet and telephony subscriptions (in partnership with Bouygues Telecom), and Canal+ subscriptions. The banner also offers energy plans (electricity and gas) in partnership with Engie, Total Direct Énergie and Sowee. In 2019, Darty launched Nespresso Subscriptions, which enables customers to buy a Nespresso machine for €1 and gives them a monthly credit of €19 for the purchase of capsules. Finally, the Group launched a scanning service for photos and video tapes on the darty.com website in partnership with Forever. In addition, Darty Max, a brand new subscription service from Darty, provides cover for repairs and assistance for all large domestic appliances, whether or not they were purchased from Darty, for a minimum of seven years and for as long as spare parts are available, i.e. up to 15 years.

Meanwhile, Fnac launched a pilot program in 14 stores in 2019 in conjunction with its partner Free, whereby Fnac customers can use self-serve terminals in stores to purchase cell phone contracts or set-top box subscriptions.

Rental

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

Insurance and warranty

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

B / Fees

Marketplace

Marketplaces, which are intermediary platforms linking buyers and sellers, support the Banner's online strategy by increasing the depth of the product range available on the sites and the number of items available to online shoppers. This helps increase the website's traffic and visibility and contributes to customer loyalty.

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

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

The Group is committed to selecting responsible resellers on its Marketplace. This is to ensure the security of transactions and help fight money laundering and the financing of terrorism, in accordance with the ACPR (French Prudential Supervision and Resolution Authority). All the actions put in place are outlined in section 2.4, risk no. 4 of chapter 2 "Mitigation of risks associated with the Marketplace" of this Universal Registration Document.

The Group's strategy is to triple business volumes in the medium term to benefit from this strongly growing market, by increasing the number of sellers and new products and services.

Franchise

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

The Group's goal is to grow its franchised store network in the medium term to reach 400 franchised stores. At the end of 2019, Fnac Darty had 320 stores operating as franchises. The Group's strong presence across regions, through its large network of stores, contributes to the local, social and cultural economy by creating jobs and widening access to culture for as many people as possible.

C / Customer loyalty

Membership cards

The Group's large customer base offers possibilities for cross-selling thanks to the loyalty of its customers and the two banners' loyalty programs.

Fnac has a strong customer loyalty program, with more than 9 million members, including 7 million members in France, as of the end of 2019. The number of members almost doubled in the 2010-2019 period. This membership base presents a real competitive advantage.

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

In addition to its membership card, Fnac successfully launched its new "Fnac+" loyalty card in 2016, which includes unlimited access to all delivery services and benefits of the members program.

Darty+ was launched in October 2017 offering unlimited delivery for both banners, including two-hour delivery from the nearest store, as well as priority unlimited daily technical support with the "Darty Button". Darty+ customers can also benefit from exclusive rates for breakdown service for all their devices not covered by a Darty warranty.

At the end of 2019, Fnac+ and Darty+ had almost 1.8 million members.

Since 2018, the Group has been developing a strategic alliance with Deezer, a major international player and the French market leader in music streaming. Thanks to an exclusive commercial partnership, Fnac now offers its customers the best music streaming, in addition to the Group's physical offering. As loyalty program members, or simply when buying audio and music products, Fnac and Darty customers will now benefit from preferential access offers to Deezer services. This means that anyone who purchases a high-tech product from either banner will receive a free three-month subscription to Deezer Premium.

In 2018, Fnac Darty enhanced its loyalty program with the launch of the Pass Partenaires program, allowing customers holding a Fnac, Fnac One, Fnac+ or Darty+ card and holders of a Darty Visa or Fnac Mastercard credit card to benefit from attractive discounts. In 2019, the Group continued its strategy of enhancing its loyalty programs and extended its Pass Partenaires program, which enables loyal customers of both banners to take advantage of attractive discounts from more than 70 partner banners, and can also be used in conjunction with other current promotions. The Group also enhanced its Fnac and Fnac+ programs with offers to discover cultural content, both in terms of the digital press, with access to more than 400 titles, and in terms of digital comic books via the Izneo Pass, giving access to more than 3,000 cartoon strips, comics and manga.

Finally, the Nature & Découvertes membership card, which was launched in 2007 and currently has more than a million members, provides holders with special offers, extended warranties on certain products or gift vouchers.

D / Other activities

Kitchen

In 2007, Darty opened its first in-store space dedicated to Kitchens. Darty's Kitchen offering complements its white-goods offering and allows it to capitalize on the Group's expertise and brand image. The roll-out accelerated in 2019 with the opening of 22 new spaces in France. At the end of 2019, the Group had more than 150 Kitchen points of sale, including 11 dedicated Kitchen stores.

Ticketing

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

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

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

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

Games & Toys

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

Stationery

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

Urban Mobility

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

In 2019, Fnac Darty strengthened its strategic partnership with Xiaomi, opening a 50 m² Xiaomi shop-in-shop within Fnac Montparnasse in Paris and announcing an exclusive distribution agreement on the release of the MI Electric Scooter Pro. The Group has also enhanced its service offering by partnering with Cyclofix to offer its customers an immediate repair service for electric scooters.

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

Wellbeing

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

1.3.4 / GEOGRAPHICAL BREAKDOWN

The Group benefits from the complementarity of the network of its three principal banners in France – Fnac, Darty and Nature & Découvertes – with stores in different formats based in city centers, shopping malls, retail parks outside of large cities, as well as in train stations and airports, in order to adapt to the traffic in each area served. The Group also has three Darty shop-in-shops in System U hypermarkets and one Fnac shop-in-shop within an Intermarché store, in addition to the 13 Fnac shop-in-shops in Intermarché shopping malls. Finally, in the fourth quarter of 2019, the Group announced the continued development of its strategic partnership with Carrefour and the ambition to roll out around thirty shop-in-shops under an exclusive operating contract, in Carrefour hypermarkets in France, under the Darty banner. The legal processes have begun, and the project is currently being examined by the French Competition Authority, in accordance with the planned schedule. The first two pilot shop-in-shops were opened in November 2018 in the Carrefour hypermarkets in Ville-du-Bois and Limoges.

Its international exposure stretches across 12 countries, mainly in Europe.

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

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

1.3.4.1 / Presence in France-Switzerland

In the France-Switzerland region, the Group has a network of 726 stores, 315 of which were operated as franchises at the end of 2019.

The Fnac banner has 215 stores, while Darty has 412 stores and Nature & Découvertes [1] has 99 stores. The store network expanded significantly last year with the opening of 68 stores over the period, including 55 operated as franchises (31 Darty franchises and 24 Fnac franchises in mainland France and the overseas departments and territories, including six Proximity Fnac stores, six Travel Fnac retail stores and nine Fnac Connect stores). The first Fnac Darty store was also opened in 2017. Managed from France, the Fnac banner also developed franchises in other international markets such as the Congo, Cameroon, Morocco, Ivory Coast, Tunisia and Qatar. In 2019, the Group opened two franchised stores in other countries around the world.

Across the region, the Group received 168 million visits to Fnac and Darty stores in 2019, and the Group is now the second-largest e-commerce retailer in France in terms of the average number of unique visitors per month [2]. The Fnac Switzerland subsidiary successfully launched its own e-commerce site in 2016.

Key figures	Data at end of 2019
Revenues	€6,030.7 million
Operating margin	4.3%
Current operating income	€256.7 million

1.3.4.2 / Presence in the Iberian Peninsula

At the end of December 2019, the Group had a network of 70 Fnac stores in the Iberian Peninsula and had opened four new integrated stores in Spain and four new integrated stores in Portugal.

The Group received 68 million visits in 2019. Both the Fnac Spain and Fnac Portugal subsidiaries have an e-commerce website (fnac.es and fnac.pt).

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

Key figures	Data at end of 2019
Revenues	€722.3 million
Operating margin	3.5%
Current operating income	€25.0 million

1.3.4.3 / Presence in Belgium and Luxembourg

At the end of 2019, the Group had a network of 84 stores under the Fnac and Vanden Borre banners in Belgium and Fnac in Luxembourg. The Group opened its first Fnac store in Luxembourg in November 2019.

In January, Fnac Darty announced the launch of an active search for a partner that could result in a withdrawal from the Netherlands. Given the efforts made to improve its operational agility and a renewed focus on markets in which the Group has a critical size, the search for a more suitable partner to ensure BCC's future is now relevant and will enable BCC to better seize its market opportunities.

In the region, the Group received more than 18 million visits in 2019, and each banner has its own website.

Key figures	Data at end of 2019
Revenues	€595.6 million
Operating margin	1.9%
Current operating income	€11.6 million

(1) Including three stores in Germany, four stores in Belgium, one store in Luxembourg and eight franchises in Switzerland.
(2) Fevad/Mediamétrie, 2019.

1.4 / Group strategy: Confiance+

1.4.1 / A MARKET-LEADING EUROPEAN OMNICHANNEL PLATFORM THAT MEETS CONSTANTLY EVOLVING CUSTOMER EXPECTATIONS

In a retail sector undergoing profound transformation, Fnac Darty has focused on moving to an omnichannel model to be able to offer its customers a unique purchasing experience. By anticipating new consumer behavior in a world where the two sales channels (stores and web) communicate and interact, the two banners have invested heavily in offering a unique proposition to their customers. In a sector undergoing significant changes, where the boundary between the digital and physical world is fading, the Group offers its customers a unique buying experience and a totally seamless purchasing process, by providing the highest digital standards to support their buying experience both online and in store.

In 2017, Fnac Darty launched its Confiance+ strategic plan, which aims to create the number one omnichannel service platform in Europe by drawing on two pillars: an enriched Fnac Darty ecosystem and an open omnichannel platform.

1.4.2 / AN ENRICHED CUSTOMER ECOSYSTEM

1.4.2.1 / A wide product offering at the leading edge of innovation

The Group today boasts a balanced product offering, built around product family categories with complementary growth and margin profiles, marked by a spirit of continuous innovation. The size of Fnac Darty makes it a key operator both in its markets and with regard to its suppliers, which means its customers can benefit from an unrivaled range of products both online and in-store.

All product categories combined, the Group has a 21% market share in France [(1)]. In premium segments, defined as the highest two price quartiles, the Group represents 28% of market share, reflecting its position as a key player in new, innovative and value-creating products.

In adhering to this strong positioning, the Group is developing key partnerships with its suppliers. It is now recognized as an indispensable retail platform, able to enhance the value of the innovations developed by its suppliers. This asset allows it to develop business partnerships and benefit from exclusive advantages and enhanced commercial operations. In 2017 for example, the Group signed a three-month exclusive agreement with Google to distribute its flagship product, the Google Home smart speaker, in all Fnac and Darty stores and on the Group's websites. In 2018, this commercial partnership was strengthened. This has enabled the roll-out of the Google offering in dedicated spaces across all the Group's stores, including around 50 corners. The partnership with Google continued to bear fruit in 2019 thanks to a stronger offering for connected devices.

Fnac Darty intends to continue diversifying its product offering while ramping up certain existing categories and developing new segments connected with the Group's offering. Diversification is an advantage that allows the Banner to establish its presence in response to new consumer behaviors, as well as anticipate major technological developments (urban mobility, robotics, drones, etc.).

The acquisition of Nature & Découvertes in 2019 enabled the Group to continue diversifying its product portfolio by incorporating a leading omnichannel retailer of Natural and Wellbeing products.

This diversification ambition is sustained by the development of the Group's Marketplaces and e-commerce sites. Intermediation platforms between buyers and sellers, the Marketplaces support the Group's digital strategy by expanding the choice available on websites and the number of offers available to Internet users. Their development is continuing steadily in France, as it is for Fnac Spain and Fnac Portugal. The darty.com Marketplace is also growing considerably, with the fnac.com Marketplace providing a dedicated Darty space since 2016. The Group aims to triple its business volumes over the medium term compared with the level at the end of 2016 (12%). The Banner is committed to selecting responsible resellers on its Marketplace. This is to ensure the security of transactions and help fight money laundering and the financing of terrorism, in accordance with l'Autorité de contrôle prudentiel et de résolution (French Prudential Supervision and Resolution Authority or "ACPR"). All the actions put in place are outlined in section 2.4, risk no. 4 of chapter 2 "Mitigation of risks associated with the Marketplace" of this Universal Registration Document.

(1) Source: GfK.

At the same time as building a wide, balanced product offering, Fnac Darty is also pursuing a targeted sales policy to offer competitive prices. The Group is deploying targeted promotions to retain its loyal customers.

1.4.2.2 / An unrivaled, enhanced range of services

Fnac Darty's ecosystem now boasts the widest services offering in the market, a clear distinctive competitive advantage built around the core values of the Group's three principal banners. Darty's experience is an invaluable asset in the Group's portfolio of services, featuring its celebrated Contract of Confidence launched in 1973 and built on the model of "best price, best choice, best service", which was recently improved with the October 2019 launch of the Darty Max "Nouveau Contrat de Confiance" (New Contract of Confidence), which makes it possible to significantly extend the life span of large appliances. After-sales services are a key differentiating factor which truly sets the offerings apart from others proposed by pure players, and are a strong creator of value. The Group is the leader in this area thanks to Darty's expertise. Fnac's expertise is based on the strength of its independent advice, which stems from the product testing carried out in the Labo Fnac laboratory, and the quality of its salespeople's advice. Complementing Fnac Darty's core values of curiosity, discovery and learning, the consolidation of Nature & Découvertes makes it possible for the Group to achieve its aim of offering a wide range of services.

The portfolio of services offered by Fnac Darty therefore covers the entire spectrum from pre-sales to after-sales service, and enhances the Group's product offering with offers that are unique to the market and personalized to meet and anticipate every customer's needs, while making a commitment to provide them with independent expert advice to help them make an educated choice. The range of services offered by the Group can be broken down as follows:

- pre-sale: renowned independent high-quality technical advice notably through the test laboratory created 50 years ago, allowing customers to benefit from unique expertise. In addition to the after-sales service barometer, which ranks the most reliable brands and which was extended in 2019 to include a smartphone category, Fnac Darty has established the Sustainable Choice by Darty label, which offers customers guidance based on durability and reliability. This label has been rolled out to all Darty stores and focuses on two criteria: availability of spare parts for a minimum of 10 years, and lower breakdown rates compared to the product's price category. This label has recently been extended to small domestic appliances and now covers a total of 82 products. In 2018, the Group also implemented an environmental rating for 67% of its consumer electronics products sold, thereby allowing its customers to compare the environmental impact of products in the same category. All these actions are outlined in section 2.2, risk No. 2 of chapter 2 "Information to drive an educated choice and to encourage manufacturers to switch to eco-design" of this Universal Registration Document;
- in-sale: financing solutions offered by the Fnac and Darty banners, rental solutions, including the launch, in 2018, of a unified rental offering that covers hundreds of high-tech products and a range of product buyback solutions; and
- after-sale: a unique delivery service covering all regions; protection against product breakdown; theft and damage insurance; in-store, home and remote technical support for product installation, servicing and repair; and Internet or TV content access services. Fnac Darty is committed to improving the life span of products by offering the best after-sales service in France, promoting the reuse of products, and participating in the collection and recycling of waste. This means that, in 2019, it carried out more than 2.6 million home service call-outs and 1.6 million repairs and collected and recycled more than 46,000 metric tons of waste. This year, the Group also rolled out new services to boost its commitment. The Group launched Darty Max, a unique subscription-based repair and assistance service covering all large domestic appliances, aimed at prolonging the life span of large appliances. The Group also entered into a partnership with Cyclofix, giving customers access to an immediate repair service for electric scooters and electric bikes. Finally, the Group has also continued to grow WeFix, a French leader in express smartphone repair, which it acquired in October 2018, enabling Fnac Darty to take its place as a leading player in smartphone repair and associated services, with the opening of 42 new points of sale in 2019. All these actions are outlined in section 2.2, risk No. 2 of chapter 2 "Encourage repair over replacement and promote job creation" of this Universal Registration Document.

All these initiatives are part of the Group's commitment to the circular economy. As such, Fnac Darty has received the commendation of the French Ministry for Ecological and Inclusive Transition and, in 2018, was awarded the "Entreprises et Environnement" (businesses and environment) prize by Ademe, in the Circular Economy category.

1.4.2.3 / Powerful and complementary brands leveraging the Group's loyalty programs

Recognition

The complementarity of the banners and their reputations, which have been built (over more than 60 years for Fnac and Darty and more than 30 years for Nature & Découvertes) on the values of confidence, expertise and independence, has enabled the Group to develop a unique customer base in the French and European landscape. Fnac Darty now has a base of more than 36 million customers in France, which gives it a key competitive advantage.

Founded more than 60 years ago, the Fnac brand benefits from a strong reputation as a retailer of entertainment, leisure, and consumer electronic products for the general public, both in France and its other geographic markets.

This recognition is largely due to the Banner's three core values: expertise, independence and cultural promotion.

- Expertise – Among specialty retail banners, Fnac is known for its expertise in the products it sells. The banner maintains its reputation for expertise by focusing on three main areas: laboratory testing, with more than 764 tests performed in 2019; the quality of its sales force; and its customer relations.
- Independence – Since its foundation, Fnac has sought to maintain its image as a retailer that is independent from its suppliers. This culture of independence gives credibility to the banner's recommendations to customers and enables it to develop closer ties with them. Beginning in 2013, this image was enhanced with a new environmental dimension thanks to the publication of an environmental rating.
- Cultural promotion – Fnac is a major cultural player and a company committed to artists, not just through its extensive range of cultural products, but also through the events (10,403 free events, including concerts, workshops and book signings, attended by more than 323,000 people, including 1,700 free events in France in 2019) it organizes in-store or externally:
  - in the literary field: the Prix Goncourt des lycéens book prize (for senior high school students), the Prix du roman Fnac book prize (for novels) and the Prix de la BD Fnac book prize (for graphic novels);
  - in the music field: the "Fnac Live" free music festival on the square in front of Paris City Hall;
  - in the photographic and cinema field: photo marathons, photo exhibitions in-store or out, master classes with celebrated film directors;
  - in the gaming field: gaming trophies and a presence at major trade fairs; and
  - Fnac is also contributing to cultural access and education, mainly via the charitable programs Grande Collecte and the community street market in Dijon. These two events are detailed in section 2.2 "Donations to agents in the social and solidarity economy" of this Universal Registration Document.

With regard to Darty, the banner has built its reputation on the quality of its after-sales service, especially through the promotion of its Contract of Confidence beginning in 1973, which is built on the model "best price, best choice, best service", as follows:

- best price: low prices guaranteed via the issuing of a gift card for a limited period for the difference between the price paid and the price found elsewhere;
- best choice: large choice of brands, ranges and products. The Darty philosophy is to offer its customers a very wide range of products and services to meet their specific needs; and
- best service: before, during and after the sale.

Thanks to the quality of the Darty service offering, the Group is perceived as the leader in terms of "service included" prices, value for money, and the most effective after-sales and delivery services.

The Vanden Borre banner has a very strong reputation in Belgium and is considered one of the most popular consumer electronics retailers in the country thanks to:

- its excellent price-offering positioning: a wide selection of brands and innovative products at prices that are among the lowest on the market;
- an in-store customer experience that is one of the best on the market; and
- a high-quality delivery service.

Nature & Découvertes owes its reputation to flagship stores that use ambient sounds and scents to offer an interactive and sensory experience. Its reputation is also a reflection of its commitment to initiatives that aim to protect, inform and educate about the natural world:

- Nature & Découvertes pays 10% of its net profits to the Fondation Nature & Découvertes (Nature & Découvertes Foundation), as well as €1 each time a customer joins the Nature & Découvertes Club; and
- to date, it has raised €13 million and funded more than 2,600 projects.

Loyalty programs

The Group's large customer base offers possibilities for cross-selling thanks to the loyalty of its customers and the three banners' loyalty programs.

Fnac has a strong customer loyalty program, with more than 9 million members, 7 million of which were based in France as of the end of 2019. Revenues generated by loyalty program members accounted for nearly 63% of the Fnac network revenues. The number of members almost doubled in the 2010-2019 period. This membership base presents a real competitive advantage.

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

At the same time, Darty has focused on developing its after-sales service, which is, in itself, an effective customer loyalty tool.

Darty has built a database of several million households for the purpose of personalizing customers' experience with tailored recommendations, automated offers and "One Click" solutions. Marketing campaigns may, for example, be launched to reinvigorate less frequent customers, target those who are moving to new homes, and promote certain new product categories.

In 2007, Darty launched a customer loyalty card allowing users to look up all of the products they have purchased, their warranties, instructions and a selection of associated products on darty.com. In order to strengthen customer loyalty, the Banner has improved its existing credit offer with the Darty connected Visa credit card, to bring added value beyond simply financing a purchase. Payments made with this card allow customers to earn gift cards for use with future purchases and other benefits such as free subscription to the "Darty Button" connected service offering, access to special product offerings, VIP shopping nights, flexible financing offers and credit free of charge.

Since its merger, the Group has launched loyalty programs on a shared basis to enable consumers to make an educated choice on the basis of each banner's unique delivery and after-sales expertise.

Fnac+, launched in 2016 to complement the Fnac Card, gives customers free unlimited access to all Fnac and Darty delivery services: next-business day delivery, delivery at a designated time, and two-hour Chrono delivery in more than 15 cities in France for fnac.com orders. It also gives customers access to priority in-store check-outs to streamline the buying experience. These exclusive benefits complement the benefits offered to Fnac members.

Darty+, launched in 2017 based on the Fnac+ model, also offers customers unlimited delivery for both banners, as well as unlimited daily technical support for all its products, whether these were bought from Darty or not.

The two programs, which offer unlimited deliveries from both banners, allow both brands to benefit from the resulting expansion of their customer bases and to offer customers a unique service. Both programs have a cumulative total of 1.8 million subscribers, representing growth of 20% compared to 2018.

With its unlimited subscriptions, the Group is also expanding its content offering, by offering members a unique value proposition that includes internal content with events and features reserved for members, along with external content with exclusive access to new services, such as Deezer for music streaming. In 2018, for example, this content was strengthened with the creation of the Pass Partenaires. This program allows loyal customers of both banners to take advantage of attractive discounts from more than 70 partner banners, which can also be used in conjunction with other current promotions.

Finally, Nature & Découvertes has a large membership base with more than 1 million Nature & Découvertes Club cardholders. This card offers the member several benefits such as gift vouchers, free delivery once a year, a two-year extended warranty on all products costing €50 or more and special offers.

1.4.3 / AN OPEN OMNICHANNEL PLATFORM

1.4.3.1 / Densification of the multi-format store network, reinforcing customer proximity

The Group benefits from a dense network of stores under different formats, both directly owned and franchises, located in city centers, shopping malls, retail parks outside large cities, and train stations and airports, in order to adapt to the traffic in each area served.

Its strengthened international exposure stretches across 13 countries, with a pronounced European presence, including a new location in 2019: Luxembourg.

At the end of December 2019, Fnac Darty had a network of 880 stores (726 in France) [(1)], which allows the Group to be closer to customers. The Group operates 560 directly owned stores and 320 stores under franchise. In 2019, the Group opened 78 stores (68 in France), 55 of which are franchises.

Going forward, Fnac Darty intends to continue expanding its geographical coverage to strengthen its omnichannel presence. Expansion will rely primarily on franchising. This is an asset-light model that enables the Company to benefit from the operating know-how of partners and their knowledge of the local market. For example, the Group capitalized on the respective partnerships created with Intermarché and Vindemia for the Proximity format, with Lagardère Travel Retail for the Travel retail format, and with Sedadi and Bouygues for the Fnac Connect format. Backed by all the omnichannel functionalities, these new formats (Travel, Proximity and Connect) contribute to the development of the Group's websites and help to strengthen the omnichannel strategy. Section 1.4.3.2 "Optimized and digitized multi-format stores" of this Universal Registration Document outlines each format in detail.

(1) Including 9 Fnac stores in Switzerland, 16 Nature & Découvertes stores in Germany, Switzerland, Belgium and Luxembourg and 12 stores elsewhere in the world.

In 2019, the opening of new spaces dedicated to Small Domestic appliances in Fnac stores in Spain, Portugal, Switzerland and France helped strengthen the customer offering. As a result, 90 small domestic appliance areas were opened across the network under the banner of Darty or Fnac Home as of the end of 2019. The Kitchen offering continued to expand at Darty with the opening of 22 new points of sale during the year, including eight new stores dedicated exclusively to kitchens. At the end of 2019, the Group had more than 150 Kitchen points of sale, including 11 dedicated Kitchen stores. In this market, the Group aims to double the size of its network to reach nearly 200 dedicated points of sale in the medium term.

Finally, the consolidation of Nature & Découvertes into Fnac Darty resulted in the opening of four shop-in-shops in Fnac stores in 2019, including its first store in Spain (Fnac Ternes, Fnac La Rochelle, Fnac Cannes and Fnac Barcelona).

1.4.3.2 / Optimized and digitized multi-format stores

The Group's omnichannel platform has been designed to offer customers a unique buying experience and to provide value for all Group partners. It is based on key assets: an extensive network of multi-format stores, an innovative digital platform and a logistics tool designed to the highest standards.

Some 49% of online sales are now omnichannel and therefore rely on unique digital assets and a dense network of multi-format stores.

Store network and formats

With a network of 880 stores, Fnac Darty's goal is to increase the density of its store network in different formats.

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

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

- the Travel format (railway stations, airports and duty-free areas), with 31 stores, including 29 in France, at the end of 2019. The Banner has signed a strategic partnership with Lagardère Travel Retail via Aelia and MRW to develop the Travel retail stores in France under a franchise operation;
- the Proximity format, with 75 stores at the end of 2019. In 2019 alone, the Group opened six stores in France and was able to capitalize on partnerships concluded with Intermarché and Vindemia for the proximity format; and
- the Connect format (dedicated to telephony and connected objects), with 18 stores at the end of 2019 in France and abroad. For this new concept, Fnac received the prestigious Janus Award in the Business category from the French Institute of Design. This concept will benefit from the partnership agreement signed in 2018 with Bouygues Telecom, with plans to open around 50 new Connect format stores in five years. These stores will then sell items from the Bouygues Telecom offering.

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

At the end of 2019, Fnac had 296 stores in total, including 214 stores in France[(1)]. Fnac opened 38 stores in 2019 (compared with 26 in 2018), 11 of which were outside of France.

In France, Darty stores are mostly located in very populated areas and have a strong presence within or are situated close to large cities, such as Paris, Lyon and Marseille. The other Darty stores are generally situated outside of big cities, in shopping malls and retail parks. In order to extend its presence to less populated French regions, particularly those with fewer than 100,000 inhabitants, Darty has also put a franchise network in place. This network has allowed it to expand its store network with limited investment and to reach small catchment areas where a classic large-format store would be too expensive to operate. The first franchise store opened in March 2014. Darty opened 36 stores in 2019, all in France (31 franchises and five directly owned).

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

As its geographical coverage is a major asset of its omnichannel platform, the Group intends to continue expanding it, primarily through franchises. This operating model limits investment costs while furthering the goal of rapidly increasing the Banner's visibility. The franchisee pays a fee for the use of the brand's distinctive features based on a percentage of revenues at the relevant sales point. As of the end of 2019, 320 stores were franchises, with a medium-term objective of more than 400 franchises across all the countries in which the Group operates.

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

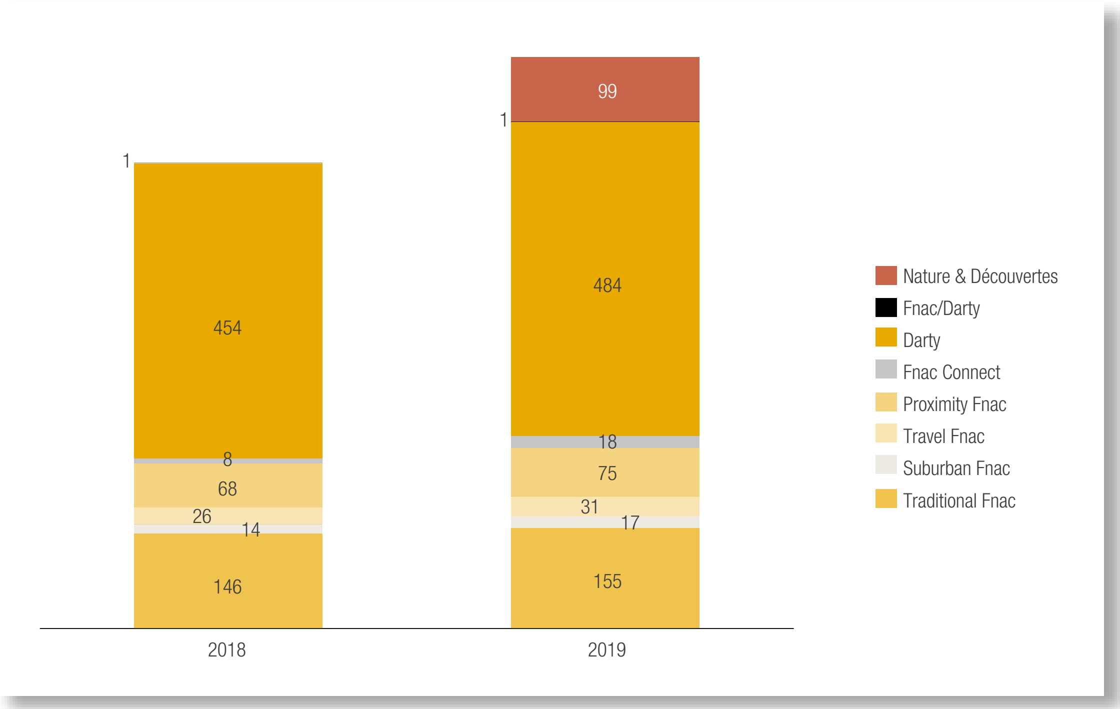
Nature & Découvertes operates across a network of 99 stores, the majority of which (83 stores) are in France. The Banner operates all of these stores, with the exception of eight Swiss stores, which are operated by Payot under a franchise agreement. In addition, Nature & Découvertes has opened four shop-in-shops in Fnac stores since it was bought by Fnac Darty, which has enabled it to expand its store network at a limited cost and to reach a new audience, particularly in Spain, which represents a new market for the banner. Nature & Découvertes will rely on the Group's existing operational capabilities to continue increasing its geographical coverage and expanding into new countries.

Finally, the Group acquired WeFix, the French leader in express smartphone repair, in October 2018. With more than 20,000 repairs per month and more than 300 employees, WeFix operates a network of 96 points of sale, all of which are in France. In 2019, WeFix opened 42 points of sale, including 29 corners in Fnac or Darty stores, enabling it to expand its store network while keeping its costs under control.

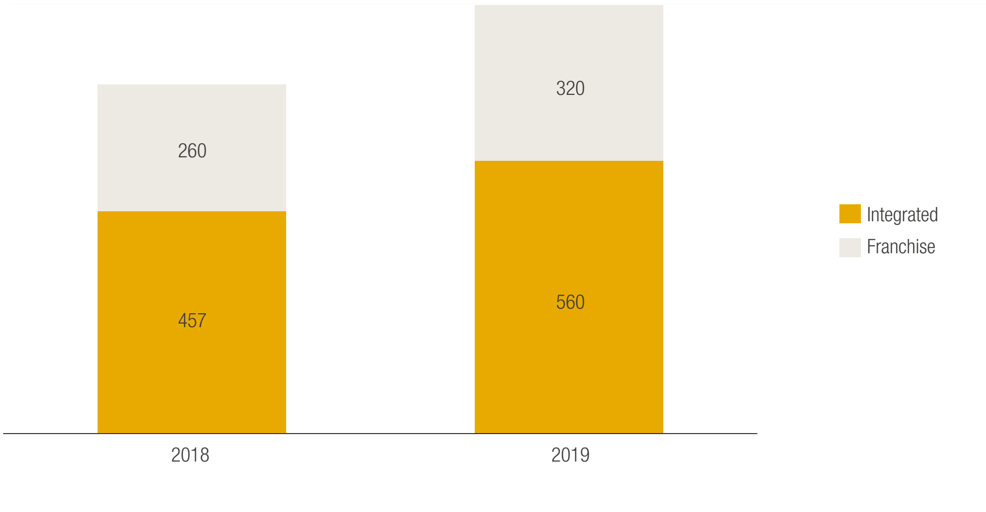
1

Format	Date of concept	Average surface area	Location	Offering	Number of stores
Fnac network					
Traditional	1974	2,400 m²	City centers – shopping districts	Entire offering	155
Suburbs	2006	2,000 m²	Suburban areas	Entire offering	17
Proximity	2012	300 to 1,000 m²	Towns and smaller cities Large cities to supplement the store network	Entire offering	75
Travel (Aelia and MRW)	2011	60 to 300 m²	Airports and railway stations	Topical editorial products Consumer electronics focused on mobility	31
Connect	2015	80 to 100 m² for dedicated stores	City centers Shop-in-shop	Telephony and connected objects	18
Darty network					
Traditional integrated	1968	1,500 m²	Proximity to large cities – shopping malls	Entire offering	292
Franchise	2014	600 m²	Proximity to medium-sized cities	Minimum range	192
Fnac Darty network					
Franchise	2017	1,400 m²	Retail parks	Large and small domestic appliances Editorial products and consumer electronics TVs	1
Nature & Découvertes network					
Traditional integrated	1990		City centers – shopping districts	Entire offering	91
Franchise	2008		City centers – shopping districts	Entire offering	8

Number of stores by format



Number of stores by mode of operation



Reinventing the in-store experience to benefit the customer

The density of the network, a real competitive advantage, is central to Fnac Darty's omnichannel platform. Some 81% of Group revenues are now generated in store. At the same time, e-commerce is taking an increasingly strategic role and strengthening the Group's omnichannel presence by offering customers flexible cross-platform shopping options through services such as "click&collect" and "click&mag". These services offer the possibility of taking full advantage of the complementarity between the Group's store network and online presence.

Therefore, to strengthen its omnichannel presence and make the in-store experience central to its development, the Group is committed to transforming its network and its retail spaces.

In 2017, the Group developed the "shop-in-shop" concept, i.e. Darty corners in Fnac stores and vice-versa, a central aspect of the integration. At the end of 2019, 90 shop-in-shops were open for business. Four Nature & Découvertes shop-in-shops were also opened in Fnac stores.

Furthermore, the partnership with Carrefour was reinforced in 2018 with the trial of two Darty shop-in-shops. Based on the Darty franchise format, these shop-in-shops sell domestic appliances and gray and brown goods (IT equipment, TVs, etc.) in hypermarkets in Limoges and La Ville-du-Bois in the Essonne region. In November 2019, Fnac Darty announced the continued development of this strategic partnership and the ambition to roll out around thirty shop-in-shops under an exclusive operating contract, in Carrefour hypermarkets in France, under the Darty banner. The legal processes have begun, and the project is currently being examined by the French Competition Authority, in accordance with the planned schedule. The roll-out of the Kitchen offering at Darty is also still accelerating, with 150 points of sale, including 11 stores dedicated exclusively to this offering, at the end of 2019. The Group intends to double the number of Kitchen points of sale, offering a wide-ranging and varied offering through different formats, such as corners or dedicated stores.

The in-store experience is also being enhanced with new services, thanks to innovative digitized solutions. The Group hopes to optimize the in-store buying experience by making it simpler and more streamlined. In the medium term, all of the Group's stores will be digitized, compared with almost 370 of its stores currently. Customers will then benefit from a fully digitized purchasing experience. More widespread use of barcode scanning will enable customers to view all the information about a particular product before they purchase and, in some cases, view a demonstration. The development of self-service check-outs also contributes to a streamlined experience.

1.4.3.3 / First-rate operational efficiency

The omnichannel transformation in which the Group has been engaged for several years has enabled it to support a profound change in consumer behavior. Logistics is one of the Group's key strengths, and is a central part of the omnichannel platform that enables consumers' new expectations to be met. In pursuing this objective, Fnac Darty has considerable advantages due to the complementarity between its two perfectly integrated banners, which offer customers a comprehensive and efficient range of services across its regions. This platform is a major advantage over e-commerce pure-players.

The Group has 14 main warehouses in France-Switzerland, totaling more than 509,000 m^2 of floor space and processing nearly 200 million orders a year. This network serves both banners' stores and customers, via the optimized processing of every product order. The logistical transformation undertaken by the Group over several years has enabled it to build a fully omnichannel multifunctional network as part of its platform. At the center of key consumer zones, the Group also has 88 delivery platforms, ensuring a home-delivery service that is one-of-a-kind in the market. The complementarity of the three main banners' expertise in this field enables the Group to make more than 1.7 million home deliveries each year. This network serves all three banners' stores and customers, via the optimized processing of every product order.

In 2019, same-day and next-day deliveries of consumer electronics represented approximately 60% of total deliveries, compared to only 30% in 2014.

Thus, the logistics network and delivery network work together to strengthen the Group's operational efficiency. It also enhances Fnac Darty's omnichannel ecosystem by enabling it to offer collection and home delivery services for a wide range of suitable products:

- Click&collect: purchases made on fnac.com, darty.com or natureetdecouvertes.com and collected in-store, free of charge, within two to four days. All fnac.com orders are available not just in Fnac stores, but also in Darty stores thanks to the business synergies initiated in 2016. At the end of 2019, 326 Darty stores allowed in-store collection of purchases made on fnac.com, and 30 Fnac stores allowed in-store collection of purchases made on darty.com. Furthermore, all Darty orders can be collected in Darty or Fnac stores that use the Relais Colis collection service (service for products that are not in stock in store);

- Click&mag: an order placed by a seller on fnac.com for a product not available in-store with delivery to the customer's chosen location. This allows every store in the Group's network, regardless of size or format, access to the full Fnac offering;
- Click&collect 1H: where the customer orders a product on fnac.com, darty.com or natureetdecouvertes.com that is in stock in a nearby retail store and collects it from that store within the hour, free of charge. This allows customers to obtain their products quickly, and at the same time ensure the product will be available before making the trip to the store. In 2019, the Group continued to strengthen its range of omnichannel delivery services with the roll-out of trials to reserve editorial products based on store inventory, having rolled-out this service for gaming products in 2018. This new service gives the Group's customers the option of collecting their purchases within the hour. In 2019, 1.5 million 1-hour pickup orders in France were recorded for this category of products;
- D+1 Delivery: next-day home delivery service to anywhere in France for orders placed before 6 pm on fnac.com, 3 pm on darty.com and 4 pm on natureetdecouvertes.com. Fnac customers in the greater Paris metropolitan area can place orders up to midnight and also benefit from this delivery offering. The Group has rolled out next-day delivery for its entire offering, including large goods (across 80% of France), with services also included (installation and removal of old appliance);
- 2H Chrono Delivery: the fastest delivery offering on the market. It gives customers the ability to order their consumer electronics online and to have them delivered to their home within the next two hours. This service is available for darty.com in the Paris metropolitan area as well as in 26 other major metropolitan areas, and in 10 metropolitan areas for fnac.com;
- Retrait Colis gratuit (free parcel collection service) supplements Fnac's Free In-Store Delivery service: customers living more than 30 km from a Fnac store can have their purchase delivered free to a Relais Colis pick-up point near their home;
- Same-day delivery: Darty same-day delivery in the Paris region and in Lyon for any domestic appliance or television order placed before 3 pm;
- Evening deliveries: Fnac same-day delivery between 7 pm and 9 pm for any order placed before 3 pm; and
- Delivery by appointment: delivery of bulky items is offered by Darty within a two-hour or five-hour time slot, seven days a week, depending on the geographical region, and by Fnac for consumer electronics (excluding TVs) and entertainment products.

The Group also benefits from a strong after-sales service network with more than 100 repair and technical centers enabling it to offer an efficient product repair and maintenance service. Last year, more than 2.6 million home service call-outs and 1.6 million repairs were carried out.

The year 2019 was marked by the continued expansion of the Group's omnichannel platform, with cross-banner operational initiatives now enabling it to offer every customer an enhanced, personalized experience. The Group's cross-banner click&collect service has been strengthened. Next-day delivery has been extended to cover all large products – for 80% of France – and includes Darty's services offering (installation and collection of old equipment). Darty's expertise and know-how in delivery and installation have also served Fnac customers buying TVs since 2017.

To achieve greater operational efficiency, warehouses have been adapted to specialize in product families and now offer a single inventory for the Fnac and Darty banners (this single inventory does not include Nature & Découvertes at this stage).

After-sales services are also reaping the full benefits of integration, with the roll-out of in-store repair services for customers. Darty now also operates an after-sales service for small domestic appliances purchased at Fnac. Following the 2018 acquisition of WeFix, a French leader in express smartphone repair, Fnac Darty partnered with Cyclofix in 2019 to offer its customers an immediate repair service for scooters and electric bikes. These offerings help to strengthen the Group's after-sales service.

1.4.3.4 / Undisputed leader in e-commerce

Key assets

With a cumulative average of around 25 million unique visitors per month, Fnac Darty is France's second-largest e-commerce retailer, with e-commerce being central to the Group's omnichannel platform. Some 49% of online sales on the Banner's websites are omnichannel, a proportion that has quadrupled in recent years.

The Group provides its customers with one website per banner and per country of operation, making for 14 websites in total. The strong development of the Group's Internet presence enables it to offer customers a robust, extensive offering with more than 30 million products online.

The Group has progressively strengthened its online offering through the launch of the following websites:

- fnac.com and darty.com in 1999 in France;
- fnac.es in 2000 in Spain;
- natureetdecouvertes.com in 2000 in France;
- fnac.pt in 2002 in Portugal;
- vandenborre.be in 2002 in Belgium;
- fnac.be in 2006 in Belgium;
- Darty's purchase of the site mistergooddeal.com, an online sales channel, with the aim of capturing the market for entry-level products and low-budget services; and
- fnac.ch in 2016 in Switzerland.

Its e-commerce offering is also enhanced by its Marketplaces. The Group positions itself as an intermediation platform between consumers and third-party vendors. Marketplaces support the Group's e-commerce strategy by increasing the choice available on the websites and the number of items available to online shoppers. This helps increase the website's traffic and visibility and contributes to customer loyalty.

It allows more than 4,000 professional sellers and several hundred thousand private sellers to be listed and to use the website as a sales interface, making the most of the Group's reputation in all the countries in which it operates.

Marketplace development continued steadily in Fnac Spain, Fnac Portugal and Fnac Belgium. The darty.com Marketplace, launched in 2016, is also growing considerably. In 2017, a Darty space was opened on the fnac.com Marketplace.

The Group is committed to selecting responsible resellers on its Marketplace. This is to ensure the security of transactions and help fight money laundering and the financing of terrorism, in accordance with the l'Autorité de contrôle prudentiel et de résolution (French Prudential Supervision and Resolution Authority or "ACPR"). All the actions put in place are outlined in section 2.4 risk No. 4 of chapter 2 "Mitigation of risks associated with the Marketplace" of this Universal Registration Document.

Innovative initiatives and an optimized user experience

The Group intends to continue developing its digital strategy over the next few years by making digital operations central to its omnichannel platform. The Group will therefore be developing all its digital assets in order to offer customers an unrivaled, streamlined user experience both online and in-store, providing unique value to its partners. The Group will therefore increase its current level of investment in digital over the next few years to be able to offer the highest standard of e-commerce and to maintain its leading position.

The increasing personalization of products and content, which Fnac and Darty have been involved in for several years, constitutes an indispensable asset, as it offers users a buying experience that is tailored to their needs. The relevance of the customer offering, which is optimized via the analysis of a set of data using innovative marketing tools, serves to steer traffic onto the Group's websites. Therefore, in 2018 Fnac Darty started to build its own personalization algorithms using Google Cloud. Ultimately, this will mean it can offer customers targeted recommendations based on their buying behavior.

The omnichannel approach is also central to customers' buying experiences. Enhanced with new services that are real competitive advantages for the Group, the buying experience has been simplified. The continued roll-out in 2019 of cross-banner click&collect, with the expansion of the number of eligible stores and reduced time frames, allows customers to benefit from a streamlined online buying experience. The Group is also continuing to digitize its after-sales service, for example by launching the "Darty Button" application in 2017. This offers customers fully digitized technical support, and in 2018 it was integrated in the Google Home ecosystem. In 2019, improvements in the customer experience were achieved mainly through the development of sales via tablet and simplified payments using "Pay & Go", an innovative solution that allows customers to pay directly in-store using their cell phones, without going to the counter.

The Group also intends to support new trends in the buying experience and is extending its digitization strategy to its entire store network.

Therefore, the customer buying experience will be enhanced by having the entire digital offering available in-store, through the use of optimized seller equipment. This will make a very wide range of products available to customers, who can also take advantage of various home or in-store delivery services.

Mobile

Support for new uses, notably the use of cell phones, now central to the buying experience, is a major focus of the Group's digital strategy. In this context, apps are valuable tools for securing customer loyalty. In a ranking of m-commerce in France performed in 2016 by Tapbuy, an expert in m-commerce, the mobile fnac.com website was ranked #1 and stood out across all categories, from product presentation to design, and received special recognition for its highly optimized delivery options and purchase process.

In 2019, cell phones accounted for 62% of traffic on our websites (+6 points vs. 2018). The conversion rate also improved in 2019 following work carried out on the Group's apps.

1.4.4 / INNOVATION, A GROUP PRIORITY

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

To achieve this, using an open innovation approach, the Group launched its French Tech *Tour de France* in 2019. This initiative aims to identify the best start-ups offering new ways of approaching the physical and digital customer experience and omnichannel services. The Group uses a Start-up Relationship Manager (SURM) tool to manage its relationships with start-ups and provide them with the best possible support.

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

The increasing personalization of products and content, which Fnac and Darty have been involved in for several years, constitutes an indispensable asset, as it offers users a buying experience that is tailored to their needs. The relevance of the customer offering, which is optimized via the analysis of a set of data using innovative marketing tools, serves to steer traffic onto the Group's websites.

In 2018, the Group built its own personalization algorithms using Google Cloud, enabling it to offer customers targeted recommendations based on their buying behavior. In 2019, every Group website benefited from this new tool.

The omnichannel approach is also central to customers' buying experiences. Enhanced with new services that are real competitive advantages for the Group, the buying experience has been simplified. In 2019, therefore, the continued roll-out of Pay & Go, an innovative solution that allows customers to pay directly in-store using their cell phones, without going to the counter, and the extension of "click&collect 1H" to editorial products in all Fnac stores in France allows customers to benefit from a streamlined omnichannel buying experience. The Group also continued to digitize its stores in 2019, with more than 370 stores digitized at the end of the year.

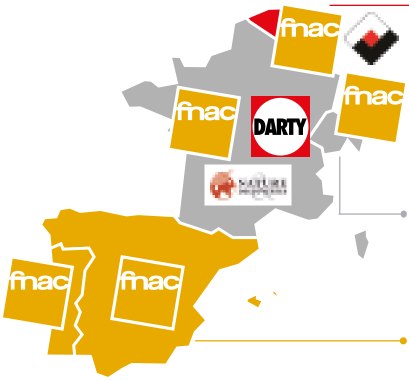
The Group also intends to support new trends in the buying experience and is extending its digitization strategy to its entire store network.

Therefore, the customer buying experience will be enhanced by having the entire digital offering available in-store, through the use of optimized seller equipment. This will make a very wide range of products available to customers, who can also take advantage of various home or in-store delivery services. The Group has partnered with Fujitsu to install book search terminals in its Fnac stores, to facilitate in-store customer searches. The roll-out of this initiative will continue next year.

The Group aims to position itself in booming innovative segments, such as the smart home segment, with the launch of dedicated connected services that will offer users and customers real support for their use of the products of tomorrow. The partnership agreement signed with Google in 2018 allowed the Group to strengthen its position in the smart speaker segment. The Group will also be among the first to trial voice-activated payment through Google Assistant. In 2019, Fnac Darty also launched a brand new concept with the Apartment of the Future, a 500 square meter apartment in the Marais district of Paris showcasing connected devices and new technologies. It aims to create an immersive experience in more than 15 rooms, introducing visitors to high-tech connected devices for the kitchen, bedroom, bathroom and even a real home cinema, and demonstrating how they can be used on a day-to-day basis. The Group was recognized for this innovative initiative, winning the LSA Innovation Award for its Apartment of the Future.

Finally, innovation is driven from the highest echelons at Fnac Darty. Set up in 2019, a monthly Innovation Committee, consisting of 40 innovation ambassadors representing all the business lines, is tasked with steering the Group's innovative approach and approving the projects to be trialed. This committee is chaired in rotation by a chair of the Executive Committee.

1.4.5 / A STRATEGY ALSO DEPLOYED OUTSIDE FRANCE



Region	A DENSE NETWORK OF DIRECTLY OWNED STORES	A GROWING FRANCHISE NETWORK	STRONG DIGITAL PLATFORMS	OMNICHANNEL & SERVICES
BELGIUM-LUXEMBOURG **8%** of revenues 2019	**84 stores:** • 12 Fnac • 72 VdB	Kitchen stores, as franchises	Fnac.be + Marketplace Vandenborre.be	Logistics platforms Click&collect After-sales service
FRANCE-SWITZERLAND **82%** of revenues 2019	**726 stores (a):** • 215 Fnac (b) • 412 Darty • 99 Nature & Découvertes	**315 stores:** • 115 Fnac (b) • 192 Darty • 8 Nature & Découvertes	Fnac.com + Marketplace Darty.com + Marketplace Fnac.ch Natureetdecouvertes.com + Marketplace	Logistics platforms After-sales service Click&collect Click&mag
IBERIAN PENINSULA **10%** of revenues 2019	**70 Fnac stores**	**5 Fnac stores**	Fnac.es + Marketplace Fnac.pt + Marketplace	Logistics platforms After-sales service Click&mag

AND OTHER REGIONS:
Ivory Coast, Morocco, Tunisia, Congo, Cameroon, Qatar

(a) Including franchised stores in Qatar, Morocco, Tunisia, Congo, Cameroon, Ivory Coast, Luxembourg, Germany and Belgium.
(b) Including a Fnac Darty store.
Store network as of 12/31/2019.

The Group operates internationally, primarily in Europe via three regions: France-Switzerland, the Iberian Peninsula and the Belgium-Luxembourg region.

The France-Switzerland region covers the Group's French and Swiss activities and represented close to 82% of sales in 2019.

The Belgium-Luxembourg region covers the activities of Fnac and Vanden Borre in Belgium and Luxembourg and represented 8% of sales in 2019.

Lastly, the Iberian Peninsula region covers Fnac activities in Spain and Portugal, and represented 10% of sales in 2019.

The Group is also developing its franchise business internationally and now has 14 stores in Africa and the Middle East. Fnac Darty opened 3 new stores abroad in 2019. Between now and 2023, Fnac Darty plans to open 8 franchised points of sale in Tunisia, 4 per banner.

In its geographic regions, the Group reproduces the strategy implemented in France, adjusted to the local context. This is mainly through a strong network of directly owned stores, as well as franchise development. The franchise network, extensively developed in France, is a key element of the Group's strategy.

The Group has five franchised stores on the Iberian Peninsula. In Belgium, the network of Vanden Borre Kitchen stores is growing via the franchise model, with four new stores opened in 2019.

Fnac Darty has solid e-commerce platforms in all its countries, with five main international websites and partnerships with specialist sites. The Marketplace is also a key factor in digital development, and its international roll-out is an integral part of Fnac Darty's targets for its Marketplace business volumes.

The Group's network remains a priority, with dynamic expansion expected to continue in Spain and with the ongoing development of the network in Belgium. Digital technology also remains a key strategic element, with the Marketplaces expected to grow strongly in almost all geographic regions. Diversification also remains a major factor in Belgium as well as in Spain, where the roll-out of concessions dedicated to small domestic appliances continued in 2019. Lastly, services and the omnichannel model are also central to its international strategy, where best practices are rolled out locally.

Along with these country-specific initiatives, the Group is rolling out a single platform for all sellers, so they can connect to the countries that are most relevant to them within the Marketplaces ecosystem.

On fnac.com, a single web front end has been deployed to harmonize the various countries' interfaces. Services have been launched relying on France's expertise and adapted to local markets, with a view to taking the best aspects of each market and extending them if local specifics permit.

1.4.6 / FINANCIAL TRAJECTORY

In February 2020, the World Health Organization declared the crisis linked to the spread of COVID-19 a pandemic, resulting in public lockdowns in many countries around the world.

This document has therefore been updated since the management report and financial statements of February 26, 2020, the date of publication for the financial statements and assumptions underlying Fnac Darty's objectives.

Subsequent events are brought to the public's attention in this section.

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Analysis of first quarter 2020 revenue

Group revenue reached €1,490 million in the first quarter of 2020, down -7.9% on a reported basis and -10.3% on like-for-like basis, following the closure of physical stores in March.

Since the beginning of 2020, the COVID-19 epidemic, which initially expanded in China, has subsequently spread to Europe and many other parts of the world.

In January and February, the Group reported revenue growth of +2.8% on a reported basis and stable on a like-for-like basis, in a consumer environment marked by prolonged strikes in France in January and a shorter promotional sales period.

In February 2020, the Group first had to deal with production delays due to disruptions in industrial bases in China. Demonstrating its ability to adapt quickly, Fnac Darty put in place mechanisms to adjust its supplies.

In close collaboration with its suppliers, the Group drew up a tactical purchasing plan of around €80 million in key product categories, which was finally partially deployed. This measure ensured a good level of availability of these products and enabled the Group to meet the high demand on e-commerce platforms during the lockdown period.

The COVID-19 epidemic, which began in February, changed from a largely supply crisis into an unprecedented global health crisis in March 2020, with a sudden impact on the Group's business.

Due to the implementation of lockdown measures in all Group countries, in-store sales first fell sharply, then came to a complete shutdown.

Indeed, on the evening of 14 March, Fnac Darty closed all its physical stores in France and Spain. The stores in Switzerland and Belgium were closed on 17 March. Finally, the Group first partially closed its stores in Portugal on 19 March, before closing all its stores in that country on 31 March. As a result, the Group's revenue for the month of March was down around 30%, on a reported and like-for-like basis.

At the same time, thanks to the support of its customers and the excellent operational execution of its teams in a very difficult context, the Group managed to double its e-commerce sales in the last two weeks of March in all its countries.

Thanks to the agility of its unique omnichannel model, Fnac Darty has rapidly reallocated resources to strengthen its digital capabilities and service activities. The Group, 2nd largest e-commerce player in France [1], has relied on its powerful e-commerce platforms, which already accounted for 20% of its revenues in 2019, and which are sized to support very high levels of demand. Indeed, Fnac Darty's significant digital capacities, which have enabled it to achieve strong growth several times during periods such as Black Friday, and the dedicated commitment of its teams, enable it to meet very high product demand, despite a difficult operational context.

The Group's supply chain has also been adapted accordingly to meet and fulfil all orders as quickly as possible, while safeguarding the health and safety of its employees. Supplies are now exclusively redirected to the Group's central stock, to give capacity to the e-commerce platforms. Incentives, such as free home delivery for any purchase over €20 made on the fnac.com and darty.com websites, have been implemented and have sustained dynamic online sales.

As a result, online sales increased by c.19% during the quarter, and by more than 100% during the last 15 days of March.

All product categories were impacted by the closure of stores from mid-March onwards and are decreasing. Online sales showed strong momentum in Technical Products driven by the IT, linked to the development of telework, Telephony and Television segments, and in the Domestic Appliances category driven notably by refrigerators, freezers and washing machines. Editorial Products recorded double-digit growth in online sales of Books and Gaming. Services were strongly negatively impacted by the closure of stores, as well as Ticketing activities.

As lockdown measures have been imposed in all countries where the Group operates, all of the Group's geographical areas have been significantly impacted. The France-Switzerland region reported a decline in sales of -8.5% on a reported basis and -11.1% on a like-for-like basis to €1,206 million. The Iberian Peninsula recorded sales of €140 million, down -7.3% on a reported basis and -9.8% on a like-for-like basis. Finally, the Belgium-Luxembourg region reported a decline in revenue of -2.6% on a reported basis and -3.5% on a like-for-like basis to €144 million.

(1) Source: FEVAD.

Gross margin trend in the first quarter 2020

The gross margin rate was up slightly in January and February, driven by a favourable product mix. The estimated gross margin rate deteriorated sharply in March due to store closures, which had a significant negative impact on the services/products mix.

Flexibility of the business model to limit the impact on profitability and cash flow

As of March 16, the Group has implemented a temporary unemployment scheme for 80% of its employees in France, and similar measures were subsequently applied in other countries as a result of the closure of its stores.

The Group is revaluing rental payments and postponing the payment of taxes and social security charges, in line with the measures introduced by the government, while adjusting its business model by optimising its current operating expenditure and capital expenditure.

Strengthening liquidity and financial flexibility

Given the sudden shutdown of the Group's in-store activities, which occurred at a normally low point in the annual cash cycle (always characterized by strong seasonality in the specialized retail sector), €400 million revolving credit facility was fully drawn down on a preventive basis in mid-March. At the end of March, the corresponding cash remained available. Fnac Darty is determined, as a matter of priority, to pursue a trusted partner relationship with its suppliers over the long term, and will continue to operate in a responsible way during the crisis.

At the same time, in an uncertain post-crisis context, the Group decided to use additional financing to secure its liquidity. Fnac Darty has put in place a €500 million Term Loan facility guaranteed by the French State with a maturity of 1 year and with a 5-year extension option.

The Group was supported by all its French banking partners, Arkea, BNP Paribas, Bred, CIC, Crédit Agricole CIB, La Banque Postale, LCL, Natixis and Société Générale. Crédit Agricole coordinated the transaction.

In addition, the Group obtained a commitment from the lenders to accept the suspension of its financial covenants for the months of June and December 2020.

The Group has once again demonstrated its agility in terms of execution by being among the first issuers in France to obtain access to this state-guaranteed credit line within a very short timeframe. The success of this operation also demonstrates the confidence of the banking partners in the Fnac Darty model.

Fnac Darty is rated by the rating agencies S&P Global and Scope Ratings on a solicited basis, and by Moody's on an unsolicited basis. Following the increased uncertainty caused by the COVID-19 pandemic, on April 7, 2020, S&P Global downgraded Fnac Darty's rating from BB+ to BB, while lowering the outlook for this rating from stable to negative. On March 27, 2020, Moody's confirmed Fnac Darty's Ba2 rating, while lowering the outlook for this rating from stable to negative.

Withdrawal of the proposed dividend for the 2019 financial year and management compensation

In view of the evolution of the COVID-19 epidemic and in accordance with the conditions imposed for the implementation of a State Guaranteed Term Loan, the Board of Directors has withdrawn the dividend proposal of €1.50 per share for 2019, and will not proceed with share buyback programs in 2020.

The long-term shareholder return policy is also suspended and will be reviewed at a later date.

Fnac Darty announced on 26 February 2020 the launch of a shareholder return policy, with a target payout ratio between 30% and 40%. For the 2019 financial year, the Group had planned to recommend to the General Shareholders Meeting on 28 May 2020, the distribution of an ordinary dividend of €1.50 per share, corresponding to a distribution rate of 35%, in line with the objectives.

In addition, the total compensation of the Chairman and Chief Executive Officer, paid in 2020, will be reduced by 25%, for the entire period during which the Group's employees are on temporary layoffs due to the COVID-19 crisis. The same measure will apply to the compensation allocated to the members of the Board of Directors paid in 2021 for 2020, and concomitantly the fixed compensation for 2020 for the members of the Executive Committee will be reduced by 15%, for the same period.

Enrique Martinez, Chief Executive Officer, has also chosen to reinvest 50% of his variable compensation for 2019, that he was paid in 2020, net of social contributions and taxes, in Group shares, once it has been submitted and approved by the shareholders at the Annual General Meeting.

Financial objectives

The loss of in-store sales will have a material negative impact on the Group's financial results in 2020.

In this context, and in view of the significant impact of the epidemic on its activities, the Group had to announce on 17 March that it was no longer in a position to confirm its 2020 objectives, i.e. a slight growth in revenue and current operating income in 2020 compared to 2019.

The evolution of the crisis linked to the spread of COVID-19 remains uncertain for the moment, and its consequences on the world economy are difficult to quantify. The magnitude of the impact on the Group's activities in 2020 will depend on the duration of the lockdown period, possible legal restrictions / operational challenges on deliveries and consumption recovery post lockdown period. To date, the Group is not in a position to update its 2020 and medium-term objectives. The Group continues to monitor and periodically re-evaluate, with the utmost attention, the evolution of the situation and its impact on its activities and results.

1.5 / Property portfolio and equipment

The following table summarizes the areas occupied by the Group (including franchises) as of December 31, 2019 in the various countries where the Group maintains operations (excluding discontinued operations). The Group's geographical locations are described more fully in section 1.3.4 "Geographical breakdown".

Stores (including franchises)	Number of sites	Customer retail area (in m²)
France [(a)] and Switzerland	726	731,000
Iberian Peninsula	70	98,000
Belgium and Luxembourg	84	84,000
TOTAL	**880**	**913,000**

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

Warehouses/offices (excluding franchises)		Number of sites	Total occupied surface area (in m²)
France and Switzerland	Warehouses	14	509,000
	Offices and others	11	56,000
Iberian Peninsula	Warehouses	3	26,000
	Offices and others	2	5,000
Belgium and Luxembourg	Warehouses	4	40,000
	Offices and others	2	4,000
TOTAL		**36**	**640,000**

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

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

Fnac Darty is committed to reducing the energy consumption of its stores and is making the necessary investments in this regard. All these actions are outlined in section 2.3, risk No. 3 of chapter 2 "Enhanced governance on the target to reduce CO_2 emissions" of this Universal Registration Document.

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

1.6 / Regulatory environment and changes

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

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

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

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

In addition, Fnac Darty is monitoring the measures it put in place in 2017 to comply with the French Sapin II law on transparency, anti-corruption and the modernization of business practices. Subject to the law on the duty of care by parent companies and major contractors, Fnac Darty has published an oversight plan since 2018 (see section 2.4 "Oversight plan" of chapter 2).

Fnac Darty is also subject to the regulations set out in the French Environmental Code, which includes the requirement to take back very small used electric and electronic devices free of charge and with no obligation to buy, if the retailer dedicates at least 400 m^2 to the sale of electric and electronic devices.

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

The regulatory environment and regulatory changes are detailed in chapter 6, section 6.3.

1.7 / Research and Development, patents and licenses

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

The Group owns a portfolio of 1,255 brands [(1)] that are registered across the world, primarily under the names "Fnac", "Darty" and "Nature & Découvertes" and the variations thereof that it uses in its commercial offerings.

The Group also owns a portfolio of over 1,525 domain names.

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

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

(1) excluding WeFix, which has nine brands.

2

Corporate Social Responsibility

The main impacts on the risks associated with the COVID-19 crisis are disclosed to the public in chapter 6 of this Universal Registration Document.

Introduction

With more than 24,000 employees worldwide, 880 stores and millions of loyal customers, Fnac Darty is keenly aware of its responsibilities. The Group is committed to transforming itself to meet the challenges of a changing market, while at the same time developing its people and making a positive impact on society.

This responsibility is a key component of the Confiance+ strategic plan and is central to the Group's *raison d'être* defined in 2019 as "Committed to providing an educated choice". The description of the Group's *raison d'être* and the integration of societal challenges in the business model can be found in chapter 1 of this document.

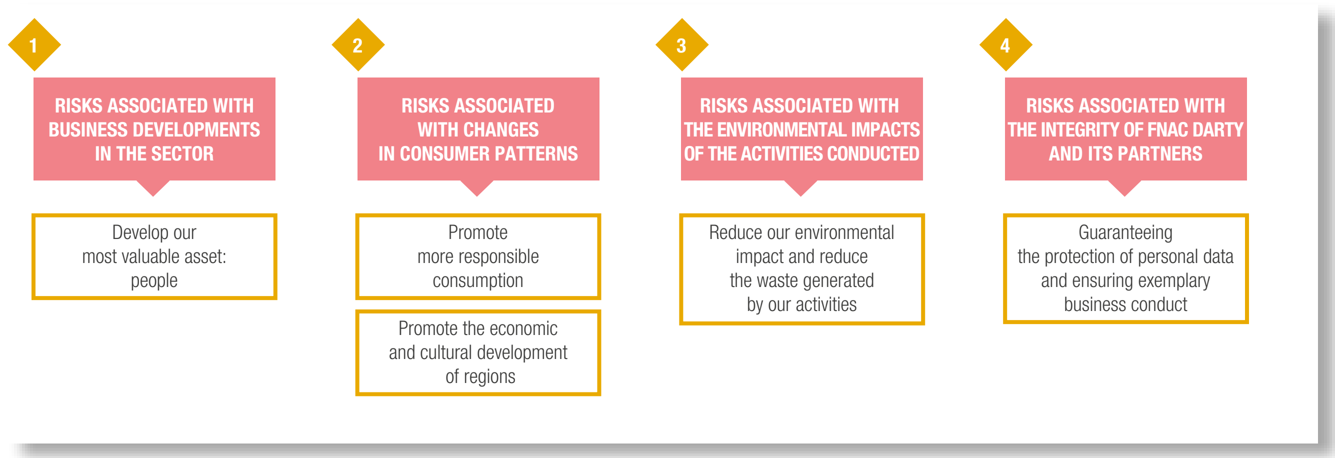
Regular dialogue with stakeholders helps to ensure that the company, both in its strategy and in the performance of its daily activities, incorporates all their concerns.

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

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

To ensure that CSR lies at the heart of its model, in 2018, the Group carried out a mapping of risks and a material analysis to identify the risks and opportunities associated with its specific societal challenges.

The CSR risk-challenge matrix resulting from this work highlights four main categories of associated risks and challenges:



The summaries given below show the key risks resulting from this matrix, their context, the Group's commitments to tackle them, and its contribution to achieving a number of Sustainable Development Goals (SDGs [1]).

1: Risks associated with business developments in the sector

The SDGs [1] associated with these challenges:

Context	Levers put in place by Fnac Darty
▪ E-commerce: +13% in Europe in 2019 (estimates from the European Ecommerce Report) ▪ Automation: 54% of employees will need to retrain or upgrade their skills (World Economic Forum) ▪ 58% of French people say that a company's CSR policy is an important factor when deciding whether to work there (Ifop/RM Conseil, 2019) ▪ "Digital" and "human" factors are the driving forces behind the growth in the professions of the future (World Economic Forum)	**Develop our most valuable asset: people** ▪ Develop skills to meet current and future needs ▪ Help change the social structure and organizations for greater efficiency and agility ▪ Develop a common culture and the commitment of employees ▪ Promote employee commitment and guarantee health and safety

(1) SDGs: UN Sustainable Development Goals.

2: Risks associated with changes in consumer patterns

The SDGs (1) associated with these challenges:

Context

- 67% of French people report changing a number of their day-to-day practices to reduce the impact of their consumption (YouGov)
- 59% of French people recover, reuse, repair products/materials (YouGov)
- In 2019, only 17% of French people trusted large companies (YouGov)
- 92% of consumers believe that the appliances and high-tech products they buy are designed not to last from the outset
- 63% of French people believe that access to culture is expensive (Observatoire Cetelem)

Levers put in place by Fnac Darty

Towards a model that promotes more responsible consumer patterns:

1. Promote a more circular economy

- Raise awareness among public authorities
- Help customers make an educated choice
- Encourage repairs
- Develop the "second-life" business
- Promote the recycling of WEEE

2. Promote economic, social and cultural development in the business territories

- Continue to develop activity in the business territories (stores, deliveries, after-sales service, etc.) and create jobs
- Facilitate access to culture for the greatest number of people
- Develop solidarity by supporting associations

3: Risks associated with the environmental impacts of the activities conducted

The SDGs (1) associated with these challenges:

Context

- In 2016, the world produced the equivalent of 4,500 Eiffel Towers' worth of electronic waste (UN)
- Freight transport accounts for up to 25% of CO_2 emissions in cities (Committee for the Strategic Analysis of the Automotive Industry)
- 83% of French people blame companies and industries for climate change (YouGov)

Levers put in place by Fnac Darty

Reduce CO_2 impacts

- Set up governance to integrate the environmental challenge at all levels
- Reduce the carbon footprint linked to transport and energy (most direct impacts)

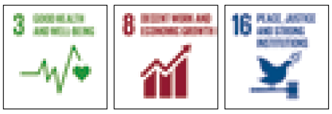
Reduce waste impacts

- Reduce the impact of packaging waste (upstream and downstream)
- Promote a circular economy

(1) SDGs: UN Sustainable Development Goals.

4: Risks associated with the integrity of Fnac Darty and its partners

The SDGs [1] associated with these challenges:



Context	Levers put in place by Fnac Darty
■ 67% of French people are worried about the protection of their personal data (Harris Poll Institute) ■ 55% of consumers have already decided against making an online purchase because of concerns over personal data protection (KPMG) ■ The Big Four tech companies (GAFA) are increasingly attacked by public authorities due to their practices of breaching user privacy by exploiting their personal data	**Ensure exemplary business conduct** ■ Fight corruption ■ Set up an oversight plan ("Plan de Vigilance") to reduce health and safety risks, human rights risks and environmental risks related to the Group's activities and those of our partners and subcontractors ■ Protect the personal data of customers and employees **Ensure responsible tax behavior**

This chapter is structured according to the four risk categories deemed the most important in terms of the Group's business activities.

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

The CSR Department is represented at the Executive Committee by the Director of HR, CSR and Governance. It benefits from links within business lines and countries, and can count on support from several multi-disciplinary committees:

- a Climate Committee, responsible for defining, deploying and respecting the Group's climate roadmap;
- an Ethics Committee, which ensures that the Group complies with regulations relating to ethical business conduct, particularly the GDPR, Duty of Care and Sapin II laws;
- a CSR France Committee and an International CSR Committee, which guide the CSR country roadmaps as part of the Group's mission and strategy; and
- a CSR Committee within the Board of Directors, described in chapter 3, which reviews the Group's CSR policy twice yearly, so as to pass on the salient points to the Board of Directors.

In addition, other committees, described in chapter 3, regularly address CSR risks:

- a Risk Committee, which incorporates the most salient CSR risks; and
- an Audit Committee, which monitors policies designed to prevent and mitigate certain CSR risks.

In addition, the variable portion of compensation of the CEO and members of the Executive Committee includes a CSR objective, set in consultation with the CSR Department. These objectives relate to the executives' respective responsibilities.

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

Scope of publication

The companies excluded from the scope of publication are as follows:

- Nature & Découvertes (acquired in 2019);
- Billetreduc.com (acquired in 2019);
- BCC (active search for a partner begun in 2019);
- Franchise stores, still included in the oversight plan ("Plan de Vigilance") and taken into account when determining the CO_2 emissions associated with the transportation of goods.

WeFix, who joined the Group in 2018, is integrated within this DPEF.

Note: Although the indicators of Nature & Découvertes are not consolidated in this DPEF, the company's CSR policy is presented at the end of this chapter.

The scopes per indicator, their definition and the calculation methodologies used are set out in each of the four parts. A more detailed methodology note is available at the end of the chapter.

(1) SDGs: UN Sustainable Development Goals.

2.1 / Risks associated with business developments in the sector

KEY CHALLENGE: DEVELOP OUR MOST VALUABLE ASSET: PEOPLE

The social data reported in this chapter relates to all Fnac Darty subsidiaries, with the exception of BCC, Billetreduc.com, Nature & Découvertes and Fnac Eazieer.

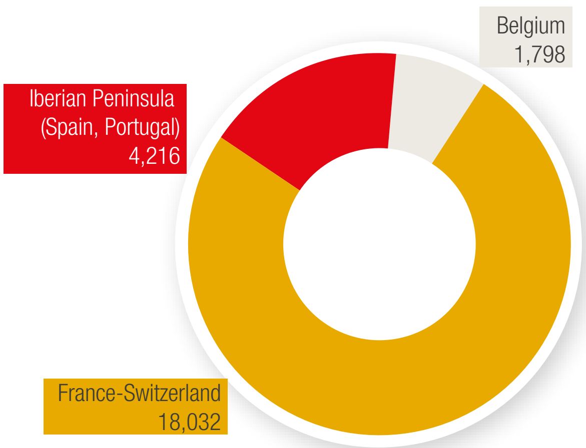
Franchises are also excluded from the scope.

Key figures

	2017	2018	2019
Employees [(a)]	25,813	24,956	24,046

(a) Excludes employees who are: shift workers, temporary workers, student interns and workers on short-term assignment abroad under "VIE" contracts.

Distribution of employees 2019



Indicators [(a)]	2017	2018	2019
Employees and organization of work			
Proportion of open-ended contracts	87.51%	88.31%	88.30%
Proportion of temporary workers [(b)] *(from fixed-term contract + open-ended contract + temporary employees)*	13.44%	15.16%	11.80%
Average seniority of employees on open-ended contracts *(number of years)*	12.10	12.72	12.75
Proportion of full-time workers *(from employees on open-ended contracts)*	80.48%	80.59%	81.90%
Proportion of managers *(from employees on open-ended contracts)*	18.80%	19.45%	22.64%
Training			
Proportion of employees trained via classroom programs	50.71%	52.34%	65.99%
Average number of training hours per employee trained	21.66 h	17.21 h	15.35 h
Absenteeism			
Absenteeism due to sickness	4.20%	4.63%	4.61%
Overall absenteeism	5.79%	6.56%	6.46%
Health and Safety			
Frequency rate of accidents with stoppage time	27.52	25.39	27.48
Severity rate of accidents with stoppage time	1.45	1.41	1.46
Number of employees trained in safety	5,567	5,639	6,000
Total number of hours of safety training	33,165	30,163	31,514

(a) *The definitions are given in the associated paragraphs when required.*

(b) *Any employee with a fixed-term contract which links him or her to a company specializing in the placement of temporary workers. In countries where temporary employment agencies do not exist, any person hired to temporarily fill a gap in staffing requirements.*

Over the last ten years, the Group has experienced major upheavals. The digitization of cultural content and emergence of e-commerce have completely transformed the company's markets.

As a direct result, employers are faced with a rapidly changing jobs environment, and anticipating and keeping pace with these changes is both a strategic challenge and a responsibility.

The Group has identified this changing environment as a significant risk. This is due to its close relationship with the Company's performance and its impact on employees, especially regarding their employability.

In this respect, the Human Resources Department has drawn up a roadmap with three objectives: develop the required skills to meet current and future needs, strengthen the Group's agility – a key element of the Confiance+ strategy – and promote employee engagement.

1 / Develop skills to meet current and future needs

The Group is investing and innovating in training to support its employees as their jobs evolve and to enable the company to remain efficient.

For Fnac Darty, this means adapting to changes in the sector and the latest customer expectations, as well as adopting a responsible policy that allows all employees to develop their skills and employability.

To this end, Fnac Darty invests in the training of its employees according to five objectives:

- develop a multimodal offer, particularly to enhance product expertise;
- develop the performance and quality of customer relations; and
- develop expertise in business, services and sales techniques;
- develop managerial skills; and
- anticipate future skill requirements.

Training-related indicators, including safety training *	2017	2018	2019
Proportion of employees receiving training in classroom over the year compared to total number of employees [(a)]	50.71%	52.33%	65.99%
Proportion of employees receiving training in classroom and/or via e-learning over the year compared to total number of employees [(a)]	not available	not available	82.90%
Average number of training hours per employee trained in classroom	21.66 h	17.21 h	15.35 h

* *Scope: Fnac Darty, excluding franchises.*
(a) *Employees (open-ended and fixed-term contracts) as of December 31, 2019.*

A multimodal training offer, particularly to enhance product expertise

In 2018, Fnac Darty set up an Academy that continued its work of pooling and internalizing training work in 2019, based on selecting the best programs and ensuring they were tailored to the business lines in question. By internalizing its training work at the Fnac Darty Academy, the Group makes gains in both expertise and agility, while reducing its teaching costs.

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

Classroom training aims to foster understanding of a product's overall use as well as its technical specifications.

E-learning training programs provide employees and franchises with access to over 550 modules, which can be accessed remotely via computer, smartphone or tablet. In 2019, 156,144 modules were taken and validated (compared with 108,877 in 2018), predominantly by salespeople.

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

Furthermore, the Group continues to rely on an innovative application, NAPS, to anchor learning in usage and reinforce knowledge of the Group's products and services. The principle of NAPS is to encourage training through play and by highlighting progress made. This application lets salespeople validate "product" and "sales technique" training, consult product news, take quizzes and chat with the sales community. In this way, other salespeople become a key part of their training. Since 2016, there have been more than 6,000 Fnac Darty NAPS users, and this figure continues to climb.

Finally, in 2019, the Academy began integrating virtual reality formats into the teaching tools used during induction days for executives, thus allowing them to visit the Group's logistics sites virtually. 340 virtual visits were carried out in the first year. The development of these innovative training tools will gather speed in 2020.

Develop performance and quality of customer relations

Strengthening customer culture is one of the key objectives of the Group's strategic plan.

To this end, in 2019 the Group deployed an 84-hour program aimed at employees in contact with customers in Fnac and Darty stores (salespeople, customer service agents, after-sales service technicians), as well as delivery personnel and call center advisors: the Excellence Client (customer excellence) program.

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

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

The course also aims to enhance mobility to other areas or to new business lines. It supports participants on their path to obtaining certification that is recognized within the inventory of the French Commission for Professional Certification, as well as by the professional branch.

Develop expertise in business, services and sales techniques

The Group endeavors to strengthen the expertise of its employees in contact with customers, whether they are salespeople, delivery personnel, technicians or call center advisors.

In addition to the "products and services" training delivered regularly to salespeople, the Fnac Darty Academy has set up two systems dedicated to highly technical areas where experts are harder to find: kitchen design and sales, and home-service technicians.

The Kitchen Academy and the Tech Academy: new skills and gateways for employees

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

Regarding after-sales services operations, in order to mitigate the impact of future technician retirements and to enhance French coverage of repair services, the Academy has developed a program to train technicians, known as the Tech Academy. This specific program is intended both for internal employees and for new recruits.

In partnership with two apprentice training centers (CFA), the Group opened four classes in 2019, welcoming 68 people in total, of which 12 employees from various spheres (sales, delivery, IT workshop).

Alongside recruitment, the technicians' skills were also enhanced, thus strengthening the strategic aspect of the Group's commercial and environmental policy, aimed at extending the life span of products. In this way, 80% of home-service technicians complete at least one of these training courses each year.

At the same time, the Fnac Darty Academy developed several training courses for delivery teams, including an e-learning course on water, gas and electricity commissioning, and a classroom-based course on the delivery and installation of built-in and wall-mounted products. In partnership with an apprentice training center, the Group opened two classes for delivery students on work-study programs, welcoming 25 people.

VAE: a diploma set to enhance employability

To complement all the systems set up to help employees enhance their skills, Fnac Darty has for several years implemented a program to validate prior experience, known as VAE.

In 2019, this program enabled 41 people to obtain a diploma (*bac pro commerce, bac pro* ARCU – customer/user relations, *bac pro* Logistics and *bac pro* MUC – management of commercial units).

Improve access to the world of work for young people through work-study programs

For several years, Fnac Darty has pursued an active policy for the professional integration of young people by promoting work-study programs. As of December 31, 2019, the Group had taken on 961 employees under professional development or apprenticeship contracts.

These work-study participants are present across all job categories: sales, customer service, logistics, after-sales service and back-office functions such as accounting, marketing, communications and human resources.

Develop managerial skills

In 2019, the Group launched the Do-It Master's program intended for a community of managers from the Operations Department and from the Registered Office. More than 700 employees chose to register for the courses offered to supervisors and local managers (116 hours) and to executives and directors (154 hours).

Backed by the Kedge Business School, the Do-It Master's program will offer a dynamic and innovative multimodal teaching style that is fully bespoke. These programs will allow new skills to be developed in order to rise to the challenges of the Confiance+ strategic plan not only in management, but also in customer excellence, value creation and sustainable development.

The two training courses will grant partial certification from Kedge Business School, at undergraduate level for local managers and at postgraduate level for executives and directors, thus helping to enhance career paths.

Always a step ahead of future needs

Development, mobility and succession plans

Development reviews are implemented each year throughout the Group to provide an overview of the results obtained by employees and their opportunities for development. These reviews lead to the formulation of development and mobility action plans.

The most promising profiles identified follow a specific program that combines collective formats (lectures from prestigious French universities, discussions with the Group's main directors) and individual actions to meet their specific needs. In particular, this process helps to identify suitable candidates for succession planning in top management.

Analysis of Strategic Workforce Planning

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

2 / Help change the social structure and organizations for greater efficiency and agility

Changes in the social structure

2019 was marked by the establishment of an Economic and Social Committee (ESC) for each legal structure and a Fnac Darty single Group Committee.

In France, workplace elections were organized to set up the first ESCs, which help to simplify the social structure by ensuring that employee representation is now handled at legal-entity level and no longer at store or site level. Local representatives were also put in place so that representatives still exist at the lowest organizational level.

This new corporate structure ensures the effectiveness of discussions with employee representatives while guaranteeing an appropriate level of proximity between operating entities and employees, thereby improving the Group's agility in the rollout of its projects.

As for the single Group Committee in France, its creation was the result of the merger of the Fnac and Darty Group committees following a collective agreement signed by eight trade union organizations. Represented by a balance of elected representatives from the ESCs of Fnac and Darty, it gives employee representatives a company-wide view of the Group's social and economic challenges.

In addition, a European Works Council, the only body that represents employees at the European level, was set up in 2018 and consists of 18 employee representatives from both banners and across their five countries. It provides information and an open exchange of views on the Group's strategy, its social, economic and financial position, as well as on issues relating to corporate social and environmental responsibility at the European level.

Rethinking organizations and working methods to make gains in consistency, efficiency and agility

Moving towards alignment of the organizational methods of Fnac and Darty

In 2019, the Group continued to align the operating activities and support departments of Fnac and Darty in order to homogenize their modes of operation and strengthen Darty's operations management. Following the organizational alignment in the Operations sector in 2017 and 2018, this approach aims to facilitate a shared Group vision. It has also helped to enhance mobility between the banners (51 inter-banner moves made in 2019).

Development of remote working at the registered office

Since 2017, employees at Fnac Darty's registered office who meet the eligibility conditions, including compatibility with their position's requirements, have been able to work remotely one day a week.

Since 2019, thanks to an agreement following mandatory annual negotiations, a second remote working day was established for employees aged over 55.

A new organizational approach for Parisian stores

After six months of negotiations with its social partners, Fnac Paris signed three agreements scheduling a full review of work organization at Fnac's Parisian stores to make them more effective while maintaining employee numbers.

With implementation scheduled to start in 2020, the project provides for the extension of salespeople's responsibilities (execution of simple payments and greater versatility on the shop floor), alongside more equitable and effective management of work on Saturdays and public holidays.

A brand new five-year training plan and personalized support measures are scheduled, along with financial compensation (monthly bonus).

A Digital Factory to enhance agility when executing projects in relation with IT

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

This pilot organization comprised 187 people at the end of 2019, 44% of which were Group employees and 20 were new recruits. To attract talent, Human Resources employed innovative recruitment techniques (job dating, co-opting, collaborative recruitment) and more modern integration pathways (onboarding, assignment of sponsors, etc.).

Based on agile operating methods, the Digital Factory is devoted to projects to develop the Group's e-commerce sites and the digital and omnichannel customer experience, by promoting co-building and expertise sharing.

This agility enables the continuous delivery of all necessary improvements in order to design effective, easy-to-use digital products for regular users of the Group's sites and applications.

3 / Promote employee commitment and guarantee health and safety

Develop a common culture and a sense of belonging

To help build closer ties between strong brands in the same Group, Fnac Darty is convinced that developing a common culture and a sense of belonging is key.

In addition to the structural changes in organizations, which promote a sense of belonging to a single Group (see paragraph 2), the implementation of employee share ownership and the definition of a Group mission allow employees to focus on a joint project.

Give employees a stake in the company's results through employee stock ownership

After an initial employee share ownership campaign in 2018, Fnac Darty renewed the program in 2019 to involve as many employees as possible in the Group's development and success.

A vehicle for sharing and commitment, this plan has given employees the opportunity to indirectly become a shareholder of Fnac Darty through a corporate investment fund (*fonds communs de placement d'entreprise*, or "FCPE"). Launched in six countries, it included a matching contribution of up to €700, and a 20% discount.

With subscriptions from some 4,500 employees (average subscription of €1,400), representing an overall subscription rate of 19%, the employee stock ownership plan increased the share capital by over 111,000 shares and represented a net matching contribution of €2,500,000.

Define the company's *raison d'être*: strengthen the links between teams and the meaning of their contribution

In 2019, the Group reflected on its *raison d'être*, with the aim of federating its teams and guiding the company in its strategic choices and its day-to-day trade-offs.

In a society where seemingly limitless choice and the ecological crisis are calling consumer patterns into question, Fnac Darty wished to examine its societal role. By looking into its contribution and responsibilities, along with its DNA and long-term vision, the Group laid the foundations for an ambitious collective project, in line with its most significant challenges.

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

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

Encourage quality of life at work and professional equality

Listen to employee difficulties and expectations: Supermood

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

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

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

This system was deployed in France in 2018, before being extended to all international subsidiaries in 2019.

By late 2019, 21,800 employees in six countries had thus been able to give their opinion on their working conditions each month. From 2020, employees at Nature & Découvertes will be able to do likewise.

In 2019, the response rate was between 40% and 50%, while in December 2019, the Company's average [(1)] recommendation score was 7 out of 10.

A professional equality and diversity policy

Convinced that diversity is a source of wealth and creativity, Fnac Darty has historically pursued a policy aimed at promoting gender equality as well as the employment and retention of people with disabilities.

This commitment is visible from the outset in recruitment, via the use of recruitment partners and channels dedicated to those potentially subject to discrimination, such as Hello Handicap, Hanploi, Cap Emploi, partners such as Aris, Job dans la ville or Ares, training organizations such as Greta AISP, LB Développement and the Stephenson Apprentice Training Center.

It is also demonstrated through payment of the apprenticeship tax in France, a portion of which is paid to specialist schools and centers (Sport dans la Ville, Fondation Agir contre l'Exclusion, École de la deuxième chance, Maison Familiale Rurale Le Village, Institut Télémaque, etc.).

Promote gender equality

In 2019, Fnac Darty published its first gender equality index, in line with Law 2018-771, known as the "Professional Future" Law of September 5, 2018, assessing the level of gender equality using five measurement indicators: pay differentials, difference in obtaining an individual raise, difference in obtaining a promotion, satisfactory award of an individual raise after maternity leave, and lastly, level of gender equality in teams.

As regards Fnac Darty France, this first consolidated index, published on the institutional website in 2019, gave the company a score of 78 out of a total of 100, based on 2018 social data.

In 2020, based on 2019 social data, the consolidated index was 90/100, a significant increase as a result of the action taken following the publication of the first index.

Details of the results by subsidiary are updated annually and can be accessed via the Group's website.

For 2019, the main indicators relating to gender equality in teams and fair treatment based on gender are as follows:

Key indicators *	December 31, 2017	December 31, 2018	December 31, 2019
Percentage of women in the total workforce	38.22%	38.59%	39.04%
Percentage of "manager"-level women in the workforce	34.01%	34.67%	35.65%
Percentage of women store managers	Unknown (21% for Fnac France, not measured for Darty France)	10.37% (23.26% for Fnac France and 5.56% for Darty France)	13.62% (22.90% for Fnac France and 7.51% for Darty France)
Percentage of women on the Board of Directors	50%	60%	50%
Percentage of women on the Executive Committee	16.67%	20%	33.33%
Percentage of women in Group leadership roles	19.57%	20.74%	24.31%
Percentage of women employees who have received a raise	not available	not available	28.9% (compared with 26.3% for men)

* *Except where specified, the scope relates to Fnac Darty, excluding franchises.*

The rate of 39% of women in the total workforce must be viewed in the context of the sector and the Group's business lines: traditionally retail, logistics and after-sales service tend to have a male bias.

In 2019, a women's leadership program was established: 19 women benefited from four days of professional development coaching.

In 2020, negotiations will be conducted on the quality of life at work and professional equality at Group level. The method agreement setting out the framework and terms for these negotiations was signed unanimously in 2019 by representative trade union organizations at Group level.

Conducting these negotiations at Group level will enable a common policy to be created and strengthen the equality of treatment between employees.

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

Promote the inclusion of people with disabilities

Key indicators *	2017	2018	2019
Percentage of people with disabilities in the total workforce as of December 31	4.43%	4.29%	4.39%
Percentage of people with disabilities newly recruited under open-ended contracts	-	1.61%	1.12%

* Scope: Fnac Darty, excluding franchises.

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

For the last five years, the Group has partnered with Greta AISP, a specialist in education and training for deaf people, to create a one-year professional development course to enable deaf people to achieve industry-recognized skills as customer service advisors or to allow them to access the editorial product sales and after-sales service businesses. In 2019, this program made it possible to incorporate 42% of deaf people who followed this course into an open-ended or fixed-term employment contract.

To further encourage the teams' commitment, each year the Group revives the competition known as the Handi'Trophée. This internal competition recognizes the entity that has implemented the best approach in promoting the employment of people with disabilities. In 2019, the prize was awarded to Fnac Logistique for its awareness-raising initiatives to integrate different profiles and for the recruitment of a deaf person to an open-ended contract and another to a fixed-term contract.

Guarantee employee health and safety

At the heart of the Fnac Darty model, the logistics and after-sales service business lines are particularly challenging, and the company ensures that the employees concerned are as safe and healthy as possible.

The key figures for logistics and after-sales service in France:

- 11 warehouses, 85 platforms;
- more than 1.8 million deliveries, approximately 500 vehicles;
- after-sales service: 29 service centers, 126 technical centers, approximately 750 vehicles; and
- 2,500 employees dedicated to after-sales service (home technicians + workshop technicians + in-store technicians).

The absenteeism rate is one of the indicators monitored by the company to measure the impact of its policy on the health/safety of its employees, particularly those most exposed to difficult tasks.

This rate was stable in 2019.

Key indicator *	2017	2018	2019
Absenteeism due to sickness [(a)]	4.20%	4.63%	4.61%

* Scope: Fnac Darty, excluding franchises.

(a) Absenteeism due to sickness: illness, prolonged illness, hospitalization. Occupational illnesses and maternity, paternity and parental leave are not included.

Key indicator *	2017	2018	2019
Overall absenteeism [(a)]	5.79%	6.56%	6.46%

* Scope: Fnac Darty, excluding franchises.

(a) Overall absenteeism: illness, maternity leave, paternity leave, workplace accident, travel accident, occupational illness, unjustified absence. Excluded: paid leave, special leave (marriage, baptism, moving house, etc.), training, unpaid leave, trade union leave and parental leave, RTT (reduction in working hours) for France.

Health and safety for the most exposed business lines: delivery drivers and logistics

Fnac Darty pays particular attention to the health and safety of its logistics employees: goods transportation and handling pose significant risks in terms of road accidents and accidents linked to physical constraints and repetitive actions.

An action plan in progress for increased road safety

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

In 2019, the French Institute for Road Safety and Research (l'Institut national de sécurité routière et de recherches or "INSERR") was commissioned to conduct an audit of the accidentology and incidence of claims (figures, causes, control procedures), and to deliver training in road hazard prevention and eco-driving.

Based on the audit findings, Fnac Darty set up a cross-functional working group to design a comprehensive four-part action plan covering prevention, training, support, suppression. As such, several actions are currently being rolled out: establishment of random regular fleet checks, formalized driving license checks once a month, training in road hazard prevention and eco-driving, more widespread post-accident interviews, and the implementation and sharing of new performance indicators.

Key indicator*	2018	2019
Number of at-fault accidents/Fnac Darty fleet [(a)]	12.15	14.21

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

This action plan is also based on pre-existing training modules: four e-learning modules and micromodules on the NAPS learning application.

Fnac Darty also uses broader actions to raise awareness. To this end, the Group partnered with the Road Safety organization to create the 2019 edition of the photo competition #OnPosePourLaPause ("pause to strike a pose"). Throughout the summer, printed messages on the Group's vehicles encouraged French motorists to take a break at least every two hours during long journeys.

Risk prevention strengthened in warehouses

During handling activities, repeated movements and bearing heavy loads are at the root of workplace accidents. For several years, a logistics risk prevention manager has implemented preventive actions and checks on the correct gestures and postures to adopt in the warehouse: training, in situ audit by operating executives and directors, prevention days, nutrition awareness, workshops, etc.

On some sites, warm-up sessions are organized in the morning by managers and osteopathic visits are offered to employees, for prevention or recovery.

In addition, the Group continues to invest to enhance workstation ergonomics every year, thus reducing musculoskeletal disorders, the leading cause of workplace accidents in the logistics sector. In 2019, soundproofing work was carried out to reduce noise levels at workstations and secure platforms were installed for high-access locations. Fnac Darty continues to equip its workstations with seats or anti-fatigue mats for stations where periods of extended standing occur. Workstation swapping is encouraged to avoid over-stressing the joints, and trolleys are fitted with rotating seats.

To enhance the health and safety of its logistics employees, Fnac Darty conducted an accidentology inventory on the Group's main logistics sites, the findings of which, expected in 2020, will allow an appropriate action plan to be deployed.

	France			Group		
Key indicators	2017	2018	2019	2017	2018	2019
Frequency rate of accidents with stoppage time (fixed-term + open-ended contracts)	35.01	32.04	32.30	27.52	25.39	27.48
Severity rate of accidents with stoppage time (fixed-term + open-ended contracts)	1.99	1.92	1.82	1.45	1.41	1.46

2.2 / Risks associated with changes in consumer patterns

KEY CHALLENGES: PROMOTE MORE RESPONSIBLE CONSUMPTION AND CONTRIBUTE TO ECONOMIC, SOCIAL AND CULTURAL DEVELOPMENT IN THE BUSINESS TERRITORIES

Since their creation, the Fnac and Darty banners have accompanied the changes in consumer patterns by adapting their business model. In recent years, as a result of heightened climate awareness, an increasing number of citizens wish to consume more appropriately. Taking this trend into account is at the heart of the Fnac Darty *raison d'être*: "Committed to providing an educated choice", described in chapter 1.

In a world of seemingly limitless choice and over-consumption, an educated choice means guaranteeing a more responsible range of products and services, giving consumers all the information they need to consume wisely, working towards product durability and repairability, as well as maintaining close links between the Group's banners and their customers, and improving access to a quality culture for all.

These commitments broadly address the Group's specific challenges and risks, directly related to its business model:

A/ to transform the linear distribution model into a circular economy model, to reduce environmental impacts and to promote more responsible consumption; and

B/ to participate in the economic and social development of territories, and to promote access to a quality culture for all.

The Group sees these challenges as genuine opportunities for development and differentiation. To do so, the Group can rely on the complementary features of its banners.

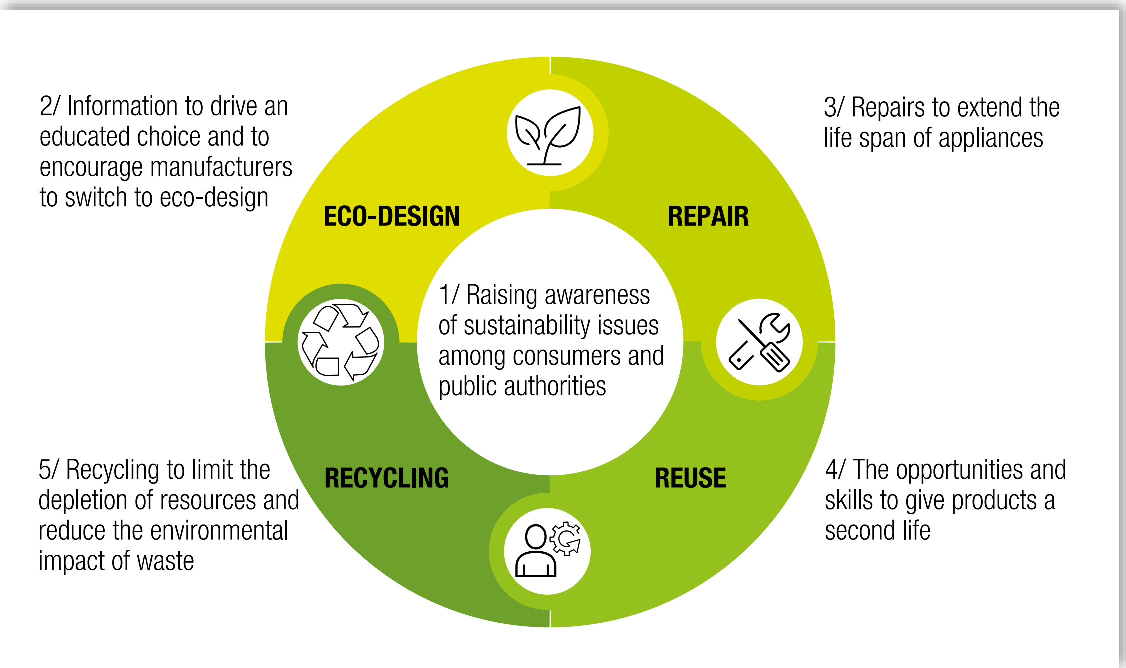
A: TO TRANSFORM THE LINEAR DISTRIBUTION MODEL INTO A CIRCULAR ECONOMY MODEL, TO REDUCE ENVIRONMENTAL IMPACTS AND TO PROMOTE MORE RESPONSIBLE CONSUMPTION

As highlighted by the surveys in France and those conducted regularly by the Group with its customers [1], consumers are increasingly aware and concerned about the ethical, environmental and social issues associated with their consumption, and accordingly are changing the way they consume. As such, "responsible consumption" has seen significant growth.

This desire to consume better comes with stringent requirements for distribution partners. Fnac Darty consults its customers every year as to their level of responsible consumption, and their expectations of the Group; the 2019 survey confirmed that they want to consume more responsibly, and expect Fnac Darty to have more information about products and more actions to extend product life spans.

(1) *Every year, Fnac Darty conducts a "responsible consumption" survey with its customers, with the aim of better understanding their consumer practices and expectations.*

Fnac Darty meets these expectations by boosting all the drivers of the circular economy:



For the Group, boosting these drivers is even more crucial since they reduce its environmental footprint, most of which is linked to the manufacturing phase of products.

1 / Fnac Darty, a willing participant in the public debate around sustainability

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

Repairability index and environmental impact rating: two initiatives monitored and taken by the public authorities

Repairability index

Ahead of the legal obligation to notify customers of the repairability of domestic appliances and technical products, the Group established a repairability index for certain products in 2018 (computers, smartphones, tablets – see also pages 63-64).

The launch of this index was the subject of numerous discussions with the French Ministry for Ecological and Inclusive Transition, NGOs such as Friends of the Earth and No to Planned Obsolescence (*Halte à l'obsolescence programmée,* or HOP), as well as manufacturers. The Fnac Darty index also played a large part in inspiring the repairability index imposed by the law on combating waste and the circular economy.

To test the repairability labeling enshrined in law, the Group also opened its stores and commercial sites to the Ministry for Ecological and Inclusive Transition and the Inter-ministerial Directorate on Public Transformation.

Environmental Impact Rating

Fnac Darty is also continuing its work to launch environmental labeling, in coordination with the Ministry for Ecological and Inclusive Transition, the Agency for the Environment and Energy Management (Ademe) and three other voluntary companies. In 2018, the logo and methodology resulting from this collaboration were rolled out on the fnac.com and darty.com websites, and across all Fnac stores (see also page 64).

The After-Sales Service Barometer: a new study to compare brands in terms of their devices' life span and reliability

While the technical features of domestic appliances and multimedia equipment tend to be similar, there is one often overlooked criterion that varies greatly from one brand to the next: reliability. In its capacity as the leading player in after-sales service in France, the Group benefits from a unique database for this purpose.

Based on this observation, after an initial 2018 edition, Fnac Darty unveiled its second "After-Sales Service Barometer" in 2019 that specifically provides information about the breakdown rates of fifteen categories, by brand. This unprecedented study was carried out in partnership with Harris Interactive and Ademe to ensure the reliability and objectivity of the results. It drew on the analysis of 600,000 repair operations and a survey of some 30,000 Darty customers before releasing its findings.

The lessons learned thanks to the Barometer, such as causes of breakdowns, availability of spare parts, or life span, help to highlight those brands that make the biggest effort to produce reliable, repairable devices.

This study helps drive the sustainability and repairability debate, and raises consumer awareness based on objective, concrete data.

Other cooperative works with public authorities and associations

Alongside committed companies such as Leroy Merlin and Michelin, Fnac Darty is an active member of the French Sustainability Club. Established and run by the No to Planned Obsolescence association *(Halte à l'obsolescence programmée),* this network of companies aims specifically to develop and share expertise in terms of sustainability, to make a genuine contribution to more responsible commerce.

Raising awareness among the general public

Thanks to its deep commitment to extending the life span of products, the Group chose to make sustainability a focal point of Darty's communication with the general public in 2019.

This position led the Group to revise Darty's famous "A contract you can trust" *(Contrat de confiance)* slogan. Over and above the three-pronged "price, advice, service" *(Prix, Conseil, Service)* approach, the "contract you can trust" *(Contrat de confiance)* slogan now includes a fourth commitment: sustainability. For the Group, the aim is to highlight how this historic commitment helps the consumer to make an environmental contribution while also saving money.

The campaign, disseminated via TV ads, posters and specific events on social networks, aims to reach all French people via targeted communication focusing on the repair and collection of electrical and electronic waste. Fnac Darty thus intends to help educate the general public in terms of sustainability issues.

2 / Information to provide an educated choice and to encourage manufacturers to switch to eco-design

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

A unique concept, Labo Fnac has accompanied the banner's customers in their purchases since 1972. Every year, its experts, equipped with a range of sophisticated measuring systems, test the technical performance of hundreds of new electronic products. The Lab's objective scientific methods are recognized by well-known brands that regularly send their prototypes to it for evaluation.

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

There is no equivalent to the Labo Fnac at any other retailer: its culture of independence sets it apart from competitors due to the credibility of its recommendations, and this enables it to develop an unrivaled relationship of trust with consumers. In 2018, the Darty Lab joined Labo Fnac to expand the product scope and strengthen its expertise.

In 2019, 764 tests were conducted on 374 products to compare them based on performance criteria that are not always easy to assess at the point of sale.

Since 2018, Labo Fnac has been actively involved in the construction of the repairability index initially launched on PCs and extended to smartphones in 2019 (see pages 60, 61 and 62).

Sustainable Choice: highlighting the most reliable brands

In keeping with the After-Sales Service Barometer, to help customers choose more reliable, more repairable products, Fnac Darty wished to highlight the most sustainable products via clear, objective labeling. The criteria used to design this label and select the products are: breakdown rates noted by Darty's after-sales service, and the commitment of the brands to provide spare parts.

The selection is reviewed every three months so as to incorporate new products. In February 2020, 82 products (59 large appliances and 23 small appliances) were highlighted in stores and on the Darty e-commerce site, under the "Sustainable Choice" label.

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

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

At a time when brands are being held accountable for their role in the planned obsolescence of their products, Fnac Darty is taking the opposing view on these practices by providing information on product reparability.

Launched in 2018, this project draws on the technical expertise of Labo Fnac, which used 10 criteria to investigate the reparability of laptops. These criteria include the availability of documents or notices containing disassembly or troubleshooting instructions, how easy a product is to disassemble, and even the availability and price of spare parts. The project was extended to smartphones in 2019.

By the end of 2019, 190 laptops and 18 smartphones had been submitted for this evaluation, and their repairability index can be found on fnac.com. The Group hopes to expand this comparative information each year, in terms of both product numbers and categories.

Fnac Darty's repairability index was awarded the Innovation Award (bronze) at the thirteenth edition of the *Grand Prix Favor'i E-commerce* event organized by Fevad, the e-commerce and remote selling federation.

The deployment of this index led some manufacturers such as Microsoft to contact the Labo Fnac teams for help in improving the design of their products. Some recently marketed products have been designed to make them more repairable.

Environmental impact rating: a Fnac initiative extended to Darty

The Group's initial work on this labeling dates back to 2013, when Fnac implemented an environmental impact rating for televisions.

Extended in 2015 to PCs, tablets and cell phones, this labeling gives customers extra criteria when choosing a product, as they know more about its impact on climate and non-renewable natural resources throughout its life span, from manufacture to waste, including transport and use.

Over the past year, 67.32% of televisions, PCs, tablets and cell phones offered for sale in Fnac stores were awarded an environmental impact rating (compared to 57% in 2018), representing 2,071 products rated.

On the fnac.com and darty.com sites, 1,122 new products were also analyzed and rated.

3 / Encourage repair over replacement and promote job creation

Repairing a product means we can avoid throwing it away and manufacturing a replacement, but it also results in local jobs and an economic equation that is increasingly favorable to the customer.

Key figures:

- 2,500 employees dedicated to after-sales service in France (home technicians + workshop technicians + in-store technicians);
- 5 repair centers;
- around 1,300,000 products repaired at home or in the workshop in France;
- around 214,000 after-sales service cases closed in-store; and
- 2.5 million calls to remote customer service centers.

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

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

Darty Max, making repairs easier

One of the lessons learned from the After-Sales Service Barometer (see page 62) is that the price of repairs (of labor and spare parts) is a major obstacle. With this in mind, in October 2019 the Group launched a new service: Darty Max.

Darty Max is a repair and assistance subscription service for all customers' large appliances, covering those they already possess and those purchased after taking out a subscription, at Darty or elsewhere.

This subscription includes:

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

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

WeFix, to extend smartphone life span

The Group greatly strengthened its repair activity with the acquisition of WeFix in late 2018. Founded in 2012, the company offers a quick repair service (20 minutes on average) for the main smartphone models. In this way, WeFix carries out over 20,000 repairs per month, which are guaranteed for one year, thanks in particular to the use of original or compatible components. In addition to repairs, the experts at WeFix conduct workshop tests and then market some 10,000 reconditioned phones every month.

The arrival of WeFix within the Group helped to speed up the banner's development: in 2019, 42 new repair corners were opened, bringing their total number in France and Belgium to 96. The opening of these new corners also created jobs: in total, 250 people were recruited and 195 people were trained as repair technicians.

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

The Xforce solution, the banner's flagship offer, provides tailor-made protection for consumer electronics, and helps to extend the life span of these fragile devices by protecting their screens with a self-curing film. In 2019, 80,000 Xforce protective coverings were installed.

The after-sales service community to encourage a DIY approach

The Group promotes DIY repair by consumers, and accompanies them by providing usage and maintenance advice through the "after-sales service community", a collaborative site launched in 2018.

This site allows customers to help each other and aims in the short term to sell spare parts required for DIY repair at home. This is where the Group will gradually publish the technical knowledge base that the Darty after-sales service has been building for over 20 years.

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

In late 2019, the website saw a rise in unique visits of nearly 230% on the previous year (comparison between December 2018 and December 2019). With more than 4 million users in total since the community launched, the site features over 20,000 questions and 700 tutorials.

Repairs create jobs

Developing the repair business also allows the Group to support employment integration and local jobs.

In the absence of a specialist repair curriculum, each year the Fnac Darty teams train new technicians in-house, specifically through apprenticeships.

To meet future requirements in terms of numbers of qualified technicians, the Group developed a specific training program in 2019, known as the Tech Academy. In partnership with two apprentice training centers, four classes of learners, comprising a total of 68 people, including 12 in-house employees, opened in 2019.

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

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

4 / The sale of reconditioned products and donations to give products a second life

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

This activity, which has registered a strong growth, is developing several recovery channels:

- resale of reconditioned products;
- resale of out-of-service products to discounters; and
- donations.

(1) Source: Ademe.

In 2019, this activity was structured so it could be extended across France and into Belgium. Twenty people now work in this business, across four sites.

Resale of products to customers or discounters

Second-hand products resold on the fnac.com and darty.com websites are in good condition:

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

The products chosen for resale to customers are certified as "Fnac Occasion" or "Darty Occasion", meaning they are guaranteed for six months and customers have 14 days to "change their minds" and return them.

In 2019, 42,408 products were resold in this way by Fnac Occasion and Darty Occasion, a figure up 17% on 2018.

The other products are resold to discounters, who sign a responsibility agreement whereby they commit to wipe all personal data. In 2019, 143,261 products thus found a new home, an activity up 14% on 2018.

Donations to agents in the social and solidarity economy

Thanks to donations in kind, Fnac Darty also strives to give a second life to its unsold products. The "Second Life" service sharply developed this activity: in 2019, 138,782 products of all kinds were donated to associations, an increase of 33% on 2018.

Alongside long-standing partner associations such as Emmaüs France, Bibliothèques sans Frontières, Envie and Secours Populaire (see page 68), Fnac Darty has broadened its donations to new associations such as Agence du don en nature, Fondation des Hôpitaux de France, Papillons du ciel, Cekedubonheur, Clocliclown and Marions.

In parallel, the Group has continued its historical social inclusion actions, each of which, in its own way, also contributes to giving a second life to products: the "Braderie solidaire" sidewalk sale in Dijon, the large-scale collection of books for Bibliothèques sans Frontières, and the partnership with Envie (these partnerships are described on page 68).

5 / Collection and recycling of waste to limit its environmental impact

Aware of the significant impact of waste electrical and electronic equipment (WEEE), the Group has historically been committed to recovering its customers' old appliances. For more than ten years, customers have been able to return their old devices to delivery personnel during home delivery of bulky equipment. The delivery personnel then take these items to the non-profit eco-organization Éco-Systèmes. This organization is an approved WEEE recycler and undertakes to extract any dangerous substances and recycle up to 89% of an appliance on average: 81% turned into secondary raw materials and 8% used in other forms (energy, ballast, etc.).

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

In France, the volume of equipment collected and handed over to this eco-organization by Fnac Darty amounted to 46,373 metric tons in 2019. This volume of recycled equipment makes the Group the principal retail contributor to Éco-Systèmes.

Elsewhere in Europe, Fnac Darty collects WEEE for suppliers who handle the recycling of this equipment. The other four countries where the Group has stores have also collected 5,116 metric tons of electrical and electronic waste.

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

As a result, in France more than 150,000 ink cartridges were handed to Ateliers du Bocage, part of the Emmaüs network, which uses recycling as a means of employment integration.

B: CONTRIBUTE TO ECONOMIC, SOCIAL AND CULTURAL DEVELOPMENT IN THE BUSINESS TERRITORIES

Fnac Darty considers its omnichannel model to be a major asset, offering its customers a unique purchasing experience by providing them with the best digital standards and expert advice from in-store salespeople.

This model is also beneficial to maximize the impact of the Group's societal actions.

Opening more stores, thereby solidifying the Group's geographical coverage, allows Fnac Darty to be closer to its customers but also to contribute to the economic activity of medium-sized cities, support the projects of local associations and improve access to culture for the greatest number of people.

At the same time, commercial sites are a great platform for sharing the Group's policy of solidarity with customers, by implementing micro-donation programs for partner associations.

1 / Contribute to local economic activity

Key figures:

- stores account for 81% of total revenue;
- 880 stores; and
- 78 stores opened in 2019.

The Group opens new stores every year, thanks to its franchise development strategy, to increase coverage of medium-sized cities.

Fnac Darty is convinced that this local presence strengthens the specific bond of trust created over time with its customers.

This strategy is also extremely beneficial to society: it contributes to the creation of local jobs and thus develops economic and social activity in the medium-sized cities where the stores open.

2 / Fnac works every day to democratize culture and cultural diversity, throughout the territory

A team of 15 employees, including seven regional representatives, makes the most of stores' geographical coverage to reinvent Fnac's historic mission: access to a quality culture for all, in every part of France.

This policy of dynamic cultural action aims to achieve three objectives:

- encourage the democratization of culture;
- promote cultural diversity and educated choices; and
- support the vitality of artistic creation.

Encourage the democratization of culture

The Group continues its mission to democratize culture by organizing free cultural events, allowing creators and their audience to meet. In 2019, 90,000 customers were able to benefit from some 1,700 events in 127 stores across France.

Some of the events organized by Fnac have become essential fixtures in the cultural calendar. For instance, the ninth edition of the Fnac Live Paris Festival brought together 100,000 people for three days of free concerts in front of the Paris City Hall in July. In September, for the fourth year running, 15,000 visitors took advantage of the Fnac Book Fair to meet 100 authors and take part in 35 conferences.

The Group continues to innovate in the field of cultural action by developing new formats that promote access to culture for young audiences. For example, 132 youth workshops were aimed at children and their families during the year: scientific workshops (with the Einstein Family of "crazy scientists"), educational workshops ("Children's Citizen Forum"), creative events ("Tell Me a Story", Pyjamasques) and reading sessions in partnership with the "Lire et faire lire" association.

Promote cultural diversity and educated choices

With so many offers and so much information made possible by the Internet, Fnac intends to take a stance against the standardization of creation and cultural practices.

The dissemination of various types of content, covering all sectors of artistic creation, helps in this regard. As such, the music scene is being opened up to young talent and urban music; contemporary authors, designers, novelists and YouTubers are regularly invited to share their passions.

The event formats proposed also bear witness to this variety: from meetings, lectures, and book signings to masterclasses, concerts, musical readings, and workshops.

This variety can also be seen in the advice and tips given to customers by our knowledgeable teams of booksellers and music staff.

Lastly, the promotion of culture is strengthened by partnerships with local cultural institutions (performance venues, concert halls, festivals, museums, operas, etc.)

Support the vitality of artistic creation

As the leading bookseller in France, Fnac strives to highlight authors and works with different types of audiences, thanks to the organization of cultural awards that are viewed as benchmarks, and considered as high points of the literary calendar.

The Prix du Roman Fnac (Fnac literary award) thus kicks off the literary awards season in early September, while the prix Goncourt des lycéens (award for high school students) closes it in November. The Prix de la BD Fnac – France Inter (award for comics) is awarded in early January, and allows new talent to flourish.

In addition, Fnac is a partner of the "Writer in Residence" chair, created by the Sciences Po institution to introduce students to the humanities and rhetoric.

To support the emergence of new authors, Fnac also gives self-published digital authors the chance to sell their books in paperback format, thanks to its print-on-demand service, and to make their work available in eBook and paper format on order from fnac.com and in all Fnac stores. Launched at the end of September 2019, this initiative, created by Fnac in partnership with Kobo Writing Life (which already offers self-published titles in eBook format), gives self-published authors better visibility, wider distribution and the opportunity to meet their readers in-store. From October to December, 54 authors used the print-on-demand service.

Also in keeping with the development of the self-published market, Kobo by Fnac joined forces with the Quais du Polar detective novel festival and Alibi magazine to launch its detective short-story competition, whose winner will be announced in April 2020. Kobo by Fnac also partnered up with the publisher Préludes and the Babelio website to launch the fourth edition of the "Tomorrow's Talent" competition in the near future. The prize will be awarded in September 2020 with the winning entry pre-published exclusively in digital format, with paper publication scheduled for February 2021.

Abroad, Fnac pursues this same ambition of supporting the creation and access to culture through awards, exhibitions, meet-and-greets, book signings and free concerts in stores. Over 7,000 events were held in 2019.

3 / Socially inclusive projects led by the Group and its customers

Stores and websites help facilitate donations in favor of associations

Since 2017, the Group has associated its customers to its commitments, by giving them the chance to make small donations when they make purchases on fnac.com or the Fnac Spectacles events site, as well as in Fnac and Darty stores since 2019.

All donations collected via these channels helped to raise the sum of €264,323 in 2019. This generosity from customers helped to support dozens of socially-inclusive projects led by partner associations.

For instance, thanks to the partnership with Common Cents, more than €94,000 was collected in favor of some fifteen associations. With "Un Rien C'est Tout", €170,300 was made via micro-donations that contributed to finance socially inclusive projects.

Historical support

At the same time, the Group continued its historical partnerships:

- a partner of Secours Populaire, for the eleventh year running, Fnac took part in the "Braderie solidaire" sidewalk sale in Dijon. This essential event brought together 6,600 visitors, who took advantage of a wide selection of new entertainment products – books, CDs, DVDs, toys, video games – at knock-down prices. In 2019, more than 100 pallets filled with products were sold, allowing the collection of €168,157. These funds allowed Secours Populaire to offer over 3,500 vacation days to disadvantaged families as part of its vacation program, "Campagne Vacances";
- a partner of Envie since 1984, Darty continued to provide the social inclusion body with large appliances, which thus gave a second life to more than 300,000 broken-down appliances in 2019; and
- a partner of Bibliothèques sans frontières ("libraries without borders"), Fnac organized its seventh large-scale book collection. Fnac works in partnership with its customers at this event, inviting them to donate their books to the association each year. In seven years, around one million books were thus collected to support programs to assist access to education and culture implemented by the NGO in areas that have suffered conflict or natural disasters.

2.3 / Risks associated with the environmental impacts of the activities conducted

KEY CHALLENGE: REDUCE THE ENVIRONMENTAL IMPACT AND WASTE GENERATED BY ACTIVITIES

Transporting goods from warehouses to stores, delivering a parcel or large appliances to the home, repairing an appliance at home to help a customer, or collecting old equipment: logistics are at the heart of the Group's activities. It is one of its key skills and one of its main strengths in this highly competitive sector.

To become Europe's benchmark omnichannel platform, each year Fnac Darty expands its range of services to seize new market opportunities and to adapt to the expectations of customers, who wish to enhance speed, simplicity and personalization.

However, Fnac Darty is fully aware of the negative impacts that its activities generate, primarily greenhouse gas emissions caused by transportation and energy consumption of its sites.

Limiting these impacts is a major challenge for the Group. In 2019, Fnac Darty significantly strengthened its governance system in terms of climate, and set a target for reducing CO_2 emissions aligned with the Paris Climate Agreement. The development of a low-carbon pathway paved the way for an integrated framework to review all the Group's activities. Restructuring of the methodology to measure the Group's carbon footprint was also begun.

At the same time, Fnac Darty continued its efforts to reduce the environmental impact of its business, both in terms of transportation and the maintenance of sites and waste management.

Transparency and the efforts of Fnac Darty recognized by the CDP

The efforts made by the Group were rewarded by CDP, a global non-profit organization that classifies thousands of companies every year based on the environmental data they voluntarily share.

An international benchmark in terms of corporate environmental transparency, the CDP raised Fnac Darty's rating from D to B, ranking the Group as above average for its sector, which has a rating of C.

1 / Enhanced governance on the target to reduce CO_2 emissions

A low-carbon pathway in line with the Paris Climate Agreement

In 2019, Fnac Darty worked to create a low-carbon pathway that complies with the global pathway defined by the Paris Climate Agreement.

With the support of a specialist company, this pathway was defined in accordance with the recommendations of the Science-Based Targets (SBT) initiative. The sector-wide approach was thus preferred, based on the tools of the Sectorial Decarbonization Approach (SDA) developed by the International Energy Agency.

The target set for Fnac Darty is a 50% reduction in CO_2 emissions by 2030 compared to 2018.

This work also helped verify the comprehensiveness and clarity of the carbon scope measured and disclosed. To ensure that the impact measurement was comprehensive and to promote the implementation of a "low-carbon strategy", the Group established a multi-level carbon governance.

A Climate Committee to incorporate this challenge at the highest levels of the company

In order to incorporate the climate challenge in the Company's strategies and to create the space for dialogue bringing together top management and the departments more directly concerned, a Climate Committee was launched in July 2019. It now meets once a quarter.

The Executive Committee is represented on this committee by the Director of Operations and the Director of Human Resources, CSR and Governance. Alongside them are the Director of CSR, the Director of Indirect Purchasing, the Director of Logistics, Transportation and Flows, the Director of After-Sales Service, the Director of the Services Policy, the Director of Delivery and the Last-Mile Network, and the Director of National Transportation.

The Climate Committee intends to discuss and approve the roadmaps and action plans required to achieve the published targets in terms of reduction.

In 2019, all members of this Committee undertook training on climate issues and measuring the carbon footprint.

In order to incorporate the low-carbon pathway within operations, managers were identified in each relevant department and in each country where Fnac Darty operates (Belgium, Switzerland, Spain and Portugal). These representatives are specifically responsible for measuring the CO_2 impacts of their activities, with the aim of making this measurement more reliable, and creating performance indicators that will allow each department to manage its own low-carbon strategy.

Overhaul of the reporting process

This strengthened governance was accompanied by an overhaul of the CO_2 emission reporting process, which is now decentralized. This redesign helped put in place various performance indicators associated with the agreed objective of reduction, aimed at encouraging the measurement of changes in the carbon intensity of the various activities.

As part of an ongoing progress, the Group intends to improve the monitoring and management of these indicators, so as to make them operational management tools that are integrated within the strategies of each department in the Company.

2 / Carbon Emissions Data: method and action plans 2019

The review of the methods used to collect and calculate the carbon footprint for transportation and energy helped the Group to make progress regarding the measurement of its impacts. Thanks to performance indicators co-built by the CSR Department and business lines, Fnac Darty can now more accurately measure the results of actions implemented and the Group's performance in achieving its reduction objectives.

This work of creating indicators will continue in 2020, with a view to obtain an ever-more-accurate view of each activity's carbon impact, and thus managing the low-carbon roadmaps to be developed during the first half of the year.

The data collected and published to date relate to:

	Scope 1	Scope 2	Scope 3
B2B – transportation of goods between warehouses and stores (activity subcontracted to carriers)			x
B2C e-commerce – shipment of parcels to customers' homes (subcontracted to courier services)			x
B2C last-mile delivery – delivery of large appliances and large televisions to customers' homes (carried out by Darty or by subcontractors)	x		x
In-home work – technicians' travel routes (carried out by Darty)	x		x
After-sales service goods flow – transportation of broken products between repair shops and stores, and transportation of spare parts (subcontracted to couriers)			x
Sites' energy consumption (electricity, gas, heating and cooling)	x	x	x

Note that the Group is not yet able to measure the carbon impact of several scope 3 items – Fnac Darty intends to work on methods to measure these items, with a view to incorporating them into its greenhouse gas emission data summary in 2020:

- business travel (scopes 1 and 3);
- international transportation;
- non-current assets;
- work commutes;
- customer journeys;
- waste; and
- manufacture of products distributed.

The Group is fully aware that the manufacture of products distributed represents the vast majority of its environmental impacts, and it acts decisively to reduce them via actions and initiatives taken to extend product life spans and to encourage customers to choose more reliable and repairable products (see section 2.2, pages 61-66).

Total carbon emissions of the measured items: transportation (excluding business travel) and site energy consumption (excluding refrigerant leaks)

(tCO_2eq)	France		Group	
	2018	2019	2018 [(a)]	2019
Scope 1 [(b)]	12,467	12,105	15,202	14,761
Scope 2 [(b)]	6,186	5,672	10,248	7,276
Scope 3 [(b)]	29,124	30,084	35,094	35,915
TOTAL	**47,778**	**47,861**	**60,545**	**57,952**

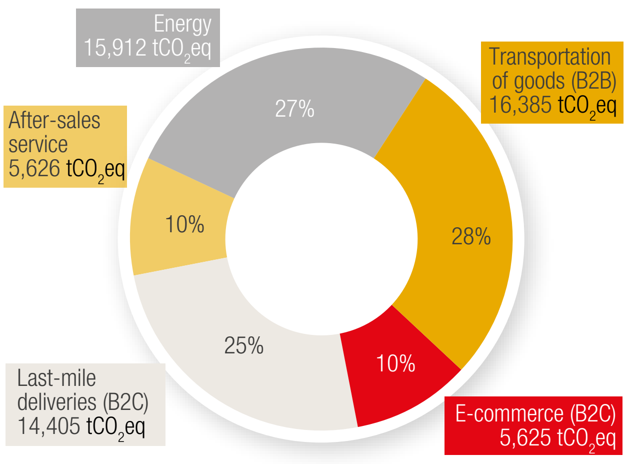
(a) Outside Switzerland, excluding goods transport (B2B) Belgium.
(b) See definition of scopes in methodology note page 90.

These emissions, in absolute terms, pertain to changes in the Fnac Darty scope and changes in the reporting scope (goods transportation from Belgium not included in 2018).

	France			Group		
	2018	2019	Change	2018 [(a)]	2019	Change
TOTAL EMISSIONS *(tCO_2eq)*	**47,778**	**47,861**	**+0.17%**	**60,545** [(a)]	**57,952**	**-4.28%**
Integrated Store Network	308	311	+0.97%	448 [(a)]	460	+2.68%

(a) Switzerland not included in summary of CO_2 emissions – thus excluded from the store network.

Breakdown of CO_2 emissions



The following paragraphs aim to accurately describe the mitigation policies implemented to limit the environmental impact of the various items measured, the actions taken in 2019 and the relevant performance, as well as high-priority areas for 2020.

Goods transportation between warehouses and stores (B2B)

This is a key skill for the Group, and Fnac Darty Logistics takes considerable strength from the complementary nature of the two banners. Every day, thousands of products pass through warehouses and stores. To serve its 781 stores (excluding Nature & Découvertes), the Group has a network of 11 warehouses (more than 350,000 m² in total) in Europe.

Mitigation policies in place

To limit the impact this road transportation has on air quality, noise pollution and global warming, the Group focuses its efforts on two drivers:

- limiting the distances traveled by products, thanks to a suitable warehouse network; and
- maximizing and optimizing truck loading.

These drivers are activated all while meeting imperatives in terms of costs/deadlines/availability, ultimately aimed at meeting customer needs – a condition that is essential to the Group's longevity.

2019 Actions

In 2019, the Group continued its efforts to optimize distance and truck loading.

The Group also approached a major manufacturer of electric and gas vehicles, as part of an inter-company working group intended to share best practices and progress on the various motorization technologies available.

2019 Performance

The slight increase in overall emissions from this stream is due to store openings, which in some countries, like Portugal and France, led to an increase in the number of miles travelled.

However, compared to the number of stores, emissions fell by 5.6% on 2018, due to improved distance optimization and truck loading.

In France, this optimization also helped to reduce the carbon intensity per pallet transported by 3%.

Measurement of the carbon footprint of these journeys depends on the weight of the vehicles or the type of fuel used. The carbon intensity of this activity is now monitored using "Average CO_2 emission per pallet" indicators in France, "average CO_2 emission per kilometer" for the rest of Europe, and "Average CO_2 emissions per store".

KPI *(kg CO_2eq)*	France 2018	France 2019
Average CO_2 emissions per pallet	7.98	7.74

KPI *(kg CO_2eq)*	Belgium, Switzerland, Spain, Portugal 2018	Belgium, Switzerland, Spain, Portugal 2019
Average CO_2 emissions per kilometer	not available	0.77

KPI *(tCO_2eq)*	France 2018	France 2019	Group 2018	Group 2019
Average CO_2 emissions per store (scope 3)	21.46	20.61	22.26	21.00

Summary *(tCO_2eq)*	France 2018	France 2019	Group 2018	Group 2019
CO_2 emissions from B2B stream (scope 3)	12,083	12,736	15,943	16,385

Priority areas for 2020

In France, a new provincial transportation pathway should help reduce emissions by increasing truck loading and reducing traction to regional hubs.

Shipment of parcels to customers' homes or collection points (B2C e-commerce)

E-commerce delivery covers parcels delivered by messengers – more than 11 million parcels shipped in 2019, of which over 10 million originate from France.

Mitigation policies in place

The Group's omnichannel model reduces the impact of this activity, since 43% of e-commerce packages are collected by customers in store via "click&mag" (in-store collection).

Some of these packages pass through store replenishment trucks [(1)], or are delivered to customers directly from in-store stock. As well as a reduction in the number of on-road vehicles, emissions have been lowered by reducing packaging, given that some products are no longer overpackaged.

(1) Methodology note: if the package follows this flow (replenishment trucks), its carbon impact is included in B2B goods transportation emissions, rather than e-commerce transportation.

As a result, Fnac Darty estimates that over 500,000 editorial products ordered using click&collect in France were delivered to customers from in-store stocks, meaning that the same number of parcels did not travel by road.

With regard to parcels delivered to customers' homes or "collection points" by couriers, the Group prioritizes "carbon neutral" service providers such as Colissimo and Chronopost (La Poste Group). La Poste is in fact committed to a process reducing its environmental footprint:

- by gradually renewing its fleet with electric vehicles (Chronopost services in Paris offer guaranteed delivery using 100% electric vehicles, and La Poste intends to make all deliveries under 100 kilometers using electric vehicles in France by 2021);
- by optimizing deliveries through bulk loading;
- by using 100% electricity of renewable origin; and
- by offsetting its residual CO_2 emissions, through certified compensation projects.

In France, around 50% of packages delivered are sent via Colissimo and Chronopost, and can be categorized as "carbon neutral" [(1)].

2019 Actions

Signed in 2019, a partnership with Stuart meant that Fnac Darty could launch a bicycle delivery service from some of its stores. Around a dozen French metropolitan areas can now benefit from this service, reducing the delivery's carbon footprint. The reduction in associated emissions was not calculated in 2019; measurement of this reduction will be studied in 2020.

In addition, experiments are in progress to launch a delivery service on foot or by public transport, thanks to a partnership with the Urbit start-up.

Also in 2019, the Group expanded its click&collect service, which reduces its carbon impact by pooling flows, and by limiting the packaging required to transport these products.

2019 Performance

The emissions associated with this activity are slightly up on 2018. This increase is largely due to the 3% rise in the emission factor associated with parcels shipped. The remainder of the increase is linked to a rise in the shipment of parcels abroad, although the share of parcels sent by air is down.

The measurement of the carbon footprint depends on the type of transport (road or air). The emission factor used to calculate packages transported by road corresponds to the average CO_2 emissions per kilogram of package weight (0.4258 kg of CO_2eq/kg of package weight) – this factor was selected because the average weight of a Fnac Darty package is 1 kg. For shipments by air, the emission factor used is that of a parcel sent internationally by La Poste.

The carbon intensity of this activity is now tracked through the "Average CO_2 emissions per package" performance indicator.

KPI *(kg CO_2eq)*	France		Group	
	2018	2019	2018	2019
Average CO_2 emissions per package	0.47	0.49	0.46	0.48

Summary *(tCO_2eq)*	France		Group	
	2018	2019	2018	2019
CO_2 emissions from e-commerce B2C (scope 3)	4,821.25	5,031.31	5,298.39	5,624.65

Priority areas for 2020

In line with its mission to enable customers to make an educated choice (see page 63), the Group has started to provide customers with new information on its websites, showing them the delivery method with the least impact. When they select their delivery method, the most responsible option is identified.

This project, which is still being tested, was launched on fnac.com in France in January 2020 and will be extended to darty.com during the course of the year. The aim will be to encourage customers to select the in-store collection option for products already in stock or which can be restocked using the store's own vehicles.

(1) *Methodology note: despite La Poste's certificate of carbon neutrality, the Group did not choose to apply a zero-emission factor when calculating emissions related to parcel transportation via Colissimo. In fact, Fnac Darty considers that offsetting projects do not allow CO_2 emissions to be limited at a specific point in time, T. The emission factor selected is identical to that used for a "non-neutral" package.*

Fnac Darty plans to measure the impact this information has on customer choices and to enhance the visibility of this information during the purchasing experience.

In addition, the Group intends to continue the switch from air freight to road freight for shipments to Europe, and to continue the development of bicycle delivery in urban areas.

Delivery of large appliances to customers' homes

Fnac Darty has the biggest network of local logistics centers in France, comprising: 86 cross-docking platforms. From these sites, the Group's teams deliver and install major appliances (large domestic appliances and TVs) at customers' homes, and collect their old appliances under the "2 for 1" recovery service (see also page 66).

Each day, the Group's delivery and installation personnel use a fleet of around 500 fully owned vehicles to make service calls to customers' homes. In 2019, Fnac Darty made more than 1.8 million deliveries.

Mitigation policies in place

In order to reduce the impact of delivery, for several years the Operations Department has been engaged in research aimed at optimizing its delivery routes and aims to reduce the return rates of its vehicles each year – failed deliveries are mainly due to the customer not being present at the time of delivery.

2019 Actions

Fnac Darty France took advantage of the need to replace its fully owned fleet to study diesel alternatives. This project has resulted in an order being finalized for 20 m^3 trucks powered by compressed natural gas: 35 trucks will be delivered in the first quarter of 2020, i.e. 8% of the French fleet. For the time being, and for reasons of availability of CNG supply sources, these trucks will be deployed in Paris, Toulouse, Strasbourg and Lyon. This project makes it possible to significantly reduce emissions of CO_2 and other pollutants, and to anticipate future restrictions on the movement of diesel-powered trucks.

The implementation of the "2 hours' notice" system, which notifies customers of a more precise delivery window than previously, has also helped significantly reduce return rates.

In addition, in France and taking a less direct approach, the training of delivery and installation personnel has been enhanced with respect to the instructions for use they give to customers: this is crucial for reducing breakdown rates, and therefore the premature replacement of domestic appliances, since 62% [(1)] of large domestic appliance failures are associated with inadequate maintenance.

2019 Performance

In France, the increase was due to the opening of 38 stores in 2019, and the aging of the vehicle fleet, replacement of which has begun (see above).

Measurement of the carbon footprint of these journeys depends on the weight of the vehicles or the type of fuel used. Changes in the carbon intensity of this activity can be tracked through the "Average CO_2 emissions per delivery" performance indicator.

KPI *(kg CO_2eq)*	**France [(a)]**		**Group**	
	2018	**2019**	**2018**	**2019**
Average CO_2 emissions per delivery	6.69	7.00	not available [(b)]	7.15

(a) In France, the calculation of this ratio for the number of subcontracted deliveries and associated emissions is extrapolated from the number of deliveries and emissions of the fully owned fleet.
(b) Data not available for Portugal and Switzerland.

Summary *(tCO_2eq)*	**France**		**Group**	
	2018	**2019**	**2018**	**2019**
CO_2 emissions from last-mile deliveries (scopes 1 and 3)	11,213	12,236	13,338	14,432

(1) Source: After-Sales Service Barometer 2019 – Study conducted by Harris Interactive/Ademe/Darty.

Priority areas for 2020

The Group intends to continue its efforts to reduce return rates following delivery failures. This will be achieved by setting up a post-purchase hotline, which will be able to improve classification of deliveries (free-standing or built-in installation, access to dwelling, etc.).

In order to optimize loading, Fnac Darty intends to expand delivery on behalf of third parties. Optimization will also be achieved by taking better account of traffic when planning delivery routes.

In addition, as part of the gradual replacement of its fleet, the Group intends to prioritize diesel-alternatives in its calls to tender, and this includes preparing for electric trucks in the future.

Home service calls

In France, approximately 650 Fnac Darty technicians carry out around 1,800 home service calls every day, to repair customers' appliances that have broken down. This service is also available in Belgium.

Mitigation policies in place

For several years, the Group has been developing remote assistance solutions to limit the number of home visits. In fact, in 40% of cases, breakdowns reported by customers are not really breakdowns, and maintenance advice is enough to solve the problem. It is increasingly easy to troubleshoot actual breakdowns remotely, thanks to the widespread availability of video, technicians' advice delivered from remote customer service centers or technology that allows for remote control of the devices (TVs to date). When necessary, the Fnac Darty teams will visit.

2019 Actions

In France, the handling of minor breakdowns directly in-store at after-sales service desks continued to be rolled-out.

At the same time, the roll-out of remote assistance solutions was stepped-up, with the use of an app that enables technicians to categorize breakdowns properly, in order to avoid unnecessary visits.

As a result, the "right the first time repair" rate increased in 2019, resulting in a reduction in the number of visits, and therefore a drop in associated CO_2 emissions.

In addition, as the fleet of vehicles dedicated to home service calls has been replaced, the Group has prioritized vehicles that are more fuel-efficient.

2019 Performance

In France, the efforts made in 2019 helped prevent 34,000 home visits and saved 123,000 liters of fuel, which represents a 9% reduction in CO_2 emissions compared to 2018.

Calculation of the carbon footprint of these journeys depends on the distance travelled or the type of fuel used. To date, Fnac Darty has excluded from these figures the energy consumed by the technical centers and service centers where the technicians are based. Changes in the carbon intensity of this activity can be tracked through the "Average CO_2 emissions per home service call" performance indicator.

KPI *(kg CO_2eq)*	**France**		**Group** [(a)]	
	2018	**2019**	**2018**	**2019**
Average CO_2 emissions per home service call [(a)]	5.77	5.49	not available [(b)]	5.76

(a) Excluding Switzerland and Spain, as they are not affected by this activity.
(b) Data not available for home service calls in Belgium.

Summary *(tCO_2eq)*	**France**		**Group**	
	2018	**2019**	**2018**	**2019**
CO_2 emissions from home service calls (scopes 1 and 3)	4,274	3,884	not available [(a)]	4,340

(a) Data not available for home service calls in Belgium.

Priority areas for 2020

The after-sales service department has started to develop an action plan to more accurately measure and, therefore, manage the reduction of the impact of these activities.

The areas for examination include: accelerating the growth of remote assistance, reducing the kilometers traveled by optimizing technicians' routes, consolidating home service calls and improving preparation for them with a view to increasing the number of right-first-time repairs to reduce visits, and replacing the fleet with cleaner vehicles.

An eco-driving training plan – crucial to reducing fuel consumption – has also been launched (see page 60).

After-sales service goods flows

There are more than 2,500 employees in the Group who work exclusively on repairs, either remotely in remote customer service centers and workshops, or directly in customers' homes. When defective products, whether they are under or out of warranty, cannot be repaired remotely and are brought back to stores, they are sent to one of the Group's four repair centers.

Mitigation policies in place

By its very nature, repair makes it possible to significantly reduce the Group's environmental impact: prolonging the life span of an appliance rather than replacing it is the most powerful way of reducing the carbon footprint of Fnac Darty's operations (see page 64).

In order to limit the transportation of defective products, the customer pathway focuses on remote solutions (see "Home service calls" above), or in-store solutions. Darty counters are able to carry out simple repairs, which do not require spare parts. When the breakdown is more serious, the products are sent as parcels or delivered by internal fleet to one of the four repair centers. This flow of goods also includes the transportation of any spare parts required to repair the products.

2019 Actions

Fnac Darty conducted a full review of transportation plans for after-sales service goods flows, with a view to optimizing loading and reducing the distances travelled.

A pilot was conducted to replace the cardboard containers in the Chronopost flow with recyclable containers – a test that was inconclusive due to the inadequate quality of the containers tested.

2019 Performance

In France, thanks to actions undertaken in 2019, more than 7,000 products did not have to be moved, representing a saving of 264 metric tons of CO_2, i.e. an 18% reduction in carbon footprint.

Calculation of the carbon footprint of these journeys depends on the distance travelled or the type of fuel used. To date, Fnac Darty has excluded from these figures the energy consumed by the technical centers, service centers and warehouses the products and spare parts pass through. The carbon intensity of this activity is now tracked through the "Average CO_2 emissions per product repaired" performance indicator.

KPI *(kg CO_2eq)*	**France**		**Group**	
	2018	**2019**	**2018**	**2019**
CO_2 emissions per product repaired	1.89	1.70	not available [a]	1.48

(a) Data not available for Spain, Portugal or Switzerland.

Summary *(tCO_2eq)*	**France**		**Group**	
	2018	**2019**	**2018**	**2019**
CO_2 emissions of after-sales service goods flows (scope 3)	1,476	1,212	not available [a]	1,285

(a) Data not available for Spain, Portugal or Switzerland.

Priority areas for 2020

As part of the action plan being developed by the after-sales service department (see above), Fnac Darty intends to continue reviewing the containers used, with the aim of reducing breakages during transportation, but also looking at the size of these containers and blocking and filling material.

The Group also plans to review flows in order to remove intermediate steps between suppliers and customers.

Finally, work will be carried out on stock adjustment in order to reduce manufacturing of spare parts.

Energy consumption of sites

With more than 1,500,000 m^2 of warehouses, stores and offices, the energy consumed by the Group's sites is a substantial source of its CO_2 emissions.

Mitigation policies in place

For several years, the Group has set up centralized technical management in its Fnac and Darty outlets, in order to save energy. In addition, projects to roll-out the use of LED strip lighting in the stores of both banners are ongoing.

2019 Actions

Direct purchase of renewable electricity

In order to reduce the carbon footprint associated with its energy consumption, in 2019 Fnac Darty signed a simplified short-term contract (Light Power Purchase Agreement) for the direct purchase of renewable electricity from a wind power producer for 2020 and 2021.

From January 2020, the electricity generated by the Fontanelles wind farm, operated by Valeco, will cover 13% of the annual consumption of the Group's sites. Located in Occitania, this output farm with a purchase obligation has six wind turbines and an installed capacity of 7.8 MW.

Solvay Energy Services, in its capacity as balance responsible entity and supplier, will manage all the electricity generated by the wind farm and guarantee continuity of supply for Fnac Darty. This two-year contract paves the way for a long-term PPA (Power Purchase Agreement) for a further renewable electricity capacity in the future.

Elsewhere in the Group, Portugal and Belgium continued their efforts to procure renewable energy. Consequently, 95% of the electricity purchased by Fnac Belgium and Vanden Borre (+178% compared to 2018), 97% of the electricity purchased by Fnac Switzerland and 60% of the electricity purchased by Fnac Portugal (+13% compared to 2018) comes from renewable sources.

Other actions taken

The Group continued to roll-out technical building management across the Darty premises, with 40 new sites now covered.

Also on the Darty premises, the Group has been conducting lighting retrofit programs, implementing LED solutions in nine stores during the pilot phase.

Three sites benefited from having their heating, ventilation and air conditioning systems (HVAC) replaced by state-of-the-art equipment with improved energy efficiency ratios.

2019 Performance

In France, based on a kWh/m²/year ratio, the network's energy consumption is down by 9%. This decrease is mainly due to the positive impact of the roll-out of centralized technical management on 60 new Darty sites.

The carbon intensity of the sites' energy consumption is now monitored using the "CO_2 emissions from sites' energy consumption per square meter" performance indicator.

	France		Group	
KPI	**2018**	**2019**	**2018**	**2019**
Energy consumption [(a)] of sites by surface area *(kWh/m²)*	149.25 [(a)]	135.34	148.28	139.10
CO_2 of energy consumption of sites by surface area *(kg CO_2eq/m²)*	11.40	10.44	12.55 [(b)]	10.19

(a) By extrapolating the consumption for heating and air conditioning for France (data not available in 2018), based on 2019 consumption.
(b) Data not available for Spain and Belgium.

	France		Group	
Summary *(tCO_2eq)*	**2018**	**2019**	**2018**	**2019**
CO_2 emissions associated with sites' energy consumption (electricity, gas, heating, air conditioning [(a)])	13,911	12,762	19,679	15,912

(a) Due to methodological challenges, emissions associated with leakage of refrigerants have been excluded to date.

Priority areas for 2020

Plans are in place to conduct statutory energy audits on the Fnac and Darty premises in 2020, with a view both to complying with the legal obligation and in order to establish a strategic plan of action to meet the requirements of the new French tertiary decree:

- -40% by 2030;
- -50% by 2040;
- -60% by 2050.

The Group intends to continue retrofitting its lighting with LED solutions and to set up technical building management in certain logistics warehouses in the years to come.

Finally, Fnac Darty intends to look at the possibility of setting up an Energy Management System with a view to obtaining ISO 50001 certification on its facilities in France.

3 / Redesigned waste management

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

In 2019, the volumes of packaging purchased were as follows:

Key indicators *	2018	2019
Volume of cardboard purchased *(in metric tons)*	3,699	3,917
Volume of cardboard purchased/Group revenue *(kg/€m)*	519	533
Volume of plastic purchased *(in metric tons)*	552	351
Volume of plastic purchased/Group revenue *(kg/€m)*	70	48

* *Scope: Group*

Although cardboard purchases are increasing as a result of the increase in e-commerce, plastic purchases are declining sharply. This is partly due to the discontinued use of plastic blocking and filling material at certain logistics sites in France.

Fnac Darty is putting in place two key strategies to limit this packaging and waste: optimization of packaging and collection/recycling of packaging.

Optimization of packaging

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

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

This automated system means the amount of cardboard used can be reduced by 26% to 30%, with savings of 15% to 20% in terms of floor space and the same amount of volume in trucks. It has been installed in one logistics site since 2018, and another warehouse has benefited from this solution since October 2019.

Collection and recycling of packaging

An exclusive Fnac Darty waste processing center in the Paris Region

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

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

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

In 2019, the Mitry-Mory processing center was able to recycle more than 770 metric tons of cardboard and 270 metric tons of expanded polystyrene.

A complete overhaul of waste management

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

In 2019, the Group tasked a specialized consultancy firm with conducting an audit of its sites in France and initiating a complete overhaul of the way it manages its waste, 90% of which is made up of recoverable materials.

There are several desired objectives:

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

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

In the rest of Europe

Fnac Darty also hopes to reduce the environmental impact of its packaging waste in the other countries where it operates. Recovery streams vary from one country to another, but in these four countries more than 1,000 metric tons of cardboard and nearly 180 metric tons of plastic were recovered in 2019 – a performance that was up by 22% for recovered cardboard and by 79% for recovered plastic.

Indicators * *(metric tons)*	**2018**	**2019**
Recovered cardboard	877	1,072
Recovered plastics	100	179

* *Scope: Switzerland, Belgium, Spain, Portugal.*

Collection and recycling of WEEE

In 2019 in France, the total volume of waste electrical and electronic equipment (WEEE) collected by Fnac Darty and recycled by the Éco-systèmes organization amounted to 46,373 metric tons, making the Group the No. 1 WEEE collector in France.

For the Group as a whole, the volume collected and handed over to companies for recycling is 51,489 metric tons.

	France		**Group**	
(metric tons)	**2018**	**2019**	**2018**	**2019**
Volume of waste electrical and electronic equipment handed over to organizations	45,188	46,373	49,961	51,489

The issues associated with this activity are developed further in the chapter “Responsible consumption – promoting the circular economy” page 61.

2.4 / Risks associated with the integrity of Fnac Darty and its partners

KEY CHALLENGE: GUARANTEEING THE PROTECTION OF PERSONAL DATA AND ENSURING EXEMPLARY BUSINESS CONDUCT

With a growth strategy based primarily on the development of partnerships – franchises, resellers on the Marketplace, partnerships with other brands, sourcing that feeds the diversification strategy – Fnac Darty has strengthened its compliance policy.

This policy is based on processes and procedures overseen by the Internal Audit Department. Its quality and relevance for the changing business environment are also assessed by an Ethics Committee.

This committee ensures the ethical conduct of the company's business, specifically in compliance with the French Sapin II anti-corruption law, the French act establishing a duty of care by parent companies and major contractors, and the General Data Protection Regulation (GDPR). The Ethics Committee approves, evaluates and improves the ethical approach in place.

Respect, fairness and transparency are at the heart of Fnac Darty's day-to-day activity. The Group places particular importance on sustaining these values in its relationships with employees, suppliers, customers, partners and shareholders. The aim of Fnac Darty's Business Code of Conduct is to reaffirm the basic principles that should govern each person's behavior in their professional life, both individually and collectively. These principles are reaffirmed through respecting people, respecting company property, respecting trade regulations, and through the Group's commitments to social and environmental responsibility.

Beyond the regulatory aspects, the Fnac Darty affirms its willingness to manage its tax compliance responsibly by vowing not to implement artificial tax arrangements.

1 / Protection of personal data

Personal data protection is at the heart of the challenges faced by Fnac Darty.

It involves ensuring greater transparency in the use of the data collected by the banners and that the data is used legitimately, proportionately and securely.

The trust of our customers – which is essential for the Group – necessarily includes strong protection of customer and employee data. Fnac Darty works to continually improve its practices for the protection of data within the Group.

In 2017, Fnac Darty appointed a DPO (Data Protection Officer) with the French data protection authority (Commission Nationale de l'Informatique et des Libertés or "CNIL") and has put in place a governance system for the protection of personal data.

In 2019, the Group continued to work actively on improving its data protection practices, in accordance with the provisions of the regulation dated April 27, 2016 (GDPR). In this regard, Fnac Darty has carried out an action plan coordinated by the DPO and representatives from each department. The actions in the GDPR program related to all areas of the company and involved all stakeholders.

The action plan has enabled the implementation of measures designed to ensure the respect of its obligations, specifically:

- governance systems for the protection of personal data: Fnac Darty continued to develop a governance system for the protection of personal data (management committees and dedicated workshops). Particular attention has been paid to improving project governance;
- keeping a register of personal data processing operations: Fnac Darty has worked on improving data processing registers for all affected companies in the Group;
- raising awareness and training Fnac Darty employees: Fnac Darty used a data protection e-learning module specifically designed for its stores to raise its employees' awareness of personal data protection;
- internal processes and procedures documentation: Fnac Darty worked on improving documentation for its data processing and formalizing internal procedures. For example, the Group has circulated its general policy for the protection of personal data to all employees;

- information for data subjects: privacy policies have also been revised to make them clearer and more transparent;
- retention of personal data for limited periods of time: Fnac Darty is responsible for implementing limited retention periods;
- security of information systems for data processing: Fnac Darty has taken action to improve the security of personal data; and
- agreements with subcontractors and joint data processors: Fnac Darty has improved the process of taking data protection issues into account in its relations with its co-contractors by ensuring its contractual policy contains the clauses required to secure personal data.

2 / Fight corruption

The Group is constantly vigilant and keen to take action under any circumstances to comply with its ethical commitments. The Business Code of Conduct and the Gifts and Benefits Charter document this commitment in detail and apply in all locations in which the Group operates. Fnac Darty ensures that all of its employees, Management Committees, Executive Committee and corporate officers share these commitments. These documents also form an integral part of the introductory handbook for new employees joining the Group. Finally, the Business Code of Conduct is appended to the contracts and agreements that formalize the Group's commercial relations with its partners.

Key principles from the Business Code of Conduct related to preventing corruption

In order to prevent corruption and other behavior that undermines business integrity, the Group:

- is committed to a zero-tolerance approach to corruption and influence peddling within the group and in its relationships with third parties;
- forbids political, trade union, cultural or charitable funding for the purposes of obtaining any direct or indirect benefits;
- ensures that charitable contributions, patronages or other sponsorship initiatives are governed by principles of integrity and made without any expectations of receiving anything in return whatsoever;
- is committed to ensuring that independence and integrity concerning various gifts or enticements from third parties are inviolable principles accepted by everyone. To this end, the Group's Gifts and Benefits Charter outlines the applicable rules;
- prohibits the remittance of any facilitating payments, regardless of whether or not these are permitted under local law;
- asks its employees to pay special attention to any transactions they feel are suspicious and may pertain to money laundering;
- is vigilant regarding conflicts of interest that may arise from situations where personal interests and the interests of the company are at odds; and
- is committed, in the acquisition of interests that may be necessary as part of its strategic development, to analyzing the integrity of the target entities with regard to the legal environment, in addition to the economic and financial assessments carried out.

Involvement of the entire Group in preventing corruption

- The Chief Executive Officer of Fnac Darty, who reports to his Executive Committee on oversight actions and obligations.
- The Group Human Resources Director through the Ethics Committee leadership, the dissemination of internal communications relating to commitments in the fight against corruption, and the development of dedicated training.
- The Group Director of Internal Audit through managing the implementation of anti-corruption measures in France and abroad.
- The Country Management Committees who ensure the successful rollout of the corruption-prevention plan.
- The Group Leadership members who ensure they themselves and their employees uphold these principles, and who all have to complete an e-learning training course.
- The employees who are encouraged to inform their managers or the ethics officers named in the Business Code of Conduct of any sensitive situations in line with the principles set out above.

A continuously improving roadmap for a robust corruption prevention plan

Risk assessment	■ Specific mapping for the risk of corruption has been put in place and is reviewed at meetings of the Ethics Committee. ■ Any action taken is led and regularly measured at meetings of the Internal Audit Committee. It is also shared and discussed with the Group Audit Committee.
Raising employees' awareness of the risk of corruption	■ An e-learning module has been developed (and translated for the other countries in the Group) and the Group ensures that all managers have had this training. ■ In 2019, it was decided to make it mandatory for all new joiners, in addition to the employees already targeted (managers). ■ The ethics warning system is in the process of being strengthened via the implementation of an outsourced solution, and the Group will ensure that a constant flow of accessible information is established and maintained for all employees.
Warning procedure	■ A warning procedure has been drafted in addition to the procedure set out in the Group's Business Code of Conduct. It will be updated in the near future to incorporate the procedures of the new system, which will come into force during the course of 2020. ■ It is available and updated on the Group's intranet site.
Checks carried out	■ The internal audit teams have enhanced their tools for assessing compliance with Group rules on corruption risks. Any recommendations made as a result of internal audits are highlighted specifically when they relate to the risk of corruption. ■ A specific audit task based on the online questionnaire issued by the AFA has been included in the 2020 audit plan. ■ For the second year, the 2019 self-assessment process included a specific questionnaire on the risk of corruption. ■ All audit tasks to be conducted in 2020 will include tests on compliance with the requirements of the French Sapin II Law. ■ Each year, the Internal Audit Department oversees a review of the segregation of duties in the SAP accounting tool. ■ A specific procedure for accounting checks has been drawn up.

3 / Oversight plan ("Plan de Vigilance")

Working with the Internal Audit Department, in 2018 the CSR Department organized a consultation with internal stakeholders in order to develop its first oversight plan ("Plan de Vigilance"). This plan was updated and strengthened in 2019, taking into account the opinions and recommendations of NGOs and other external stakeholders (Sherpa, HRE, AFEP, etc.).

The 2019 oversight plan ("Plan de Vigilance") covers the five points referred to in the legislation:

- risk mapping: see opposite;
- assessment procedures: review of the risk mapping by the Ethics Committee and annual updating of risks with the managers concerned;
- prevention and mitigation measures: see pages 83-86;
- warning mechanism: see page 86; and
- evaluation mechanisms: risks and action plans updated and monitored twice a year by the CSR Department in collaboration with the Internal Audit Department. Checkpoints will be added to the criteria Internal Audit uses to conduct its tasks.

Mapping of risks

Risk mapping has been developed based on interviews with key departments (Sourcing, Purchasing, Human Resources, Operations, Franchises, Marketplace, Sales).

These consultations made it possible to identify serious risks to human rights, health and safety and the environment associated with each of the Group's activities and those of its suppliers and subcontractors. An independent external company also reviewed the risks identified in order to check that no major risks had been omitted in terms of the risks identified by other players in the retail industry.

These risks were then addressed in accordance with the methodology used by the Internal Audit Department in its Group risk management, weighting them according to their level of occurrence and impact, then with regard to mitigation or prevention policies in place. The impact used for this weighting reflects the impact on the Group's stakeholders.

Following a review of the mapping in 2019, 31 risks have been identified and analyzed. The most significant risks are related to the following activities:

- the sourcing of own-brand products in Asia;
- Marketplace;
- the franchise network outside Europe; and
- logistics activities.

As of December 31, 2019, the Group's oversight plan ("Plan de Vigilance") covers the French scope and sourcing of own-brand products, distributed by all countries.

Prevention and mitigation actions

Mitigation of risks associated with sourcing from Asia and Eastern Europe

In order to offer its customers an economical alternative to major brand products, Fnac Darty sells products under its own retail brands. These products are supplied directly from the manufacturers, a majority of which are located in China.

Key figures relating to own-brand product sourcing in 2019:

- €165 million of purchases sourced from Asia and Europe, representing 3% of total purchases;
- 100 people including 64 in China;
- 11 own brands, 7 brands under license, approximately 1,500 products;
- 146 suppliers, 200 plants; and
- 105 plants audited in 2019.

Risks identified

The production of electrical and electronic equipment, and the countries where the plants that manufacture them are located, pose risks to:

- fundamental freedoms and human rights (freedom of association, working time, compensation, forced labor, child labor, discrimination);
- the health and safety of those employed in these plants (in the event of non-compliance of the machinery and personal protection equipment) and the end users of these products (in the event of non-compliance of the manufactured products with European standards); and
- the environment (in the event of poor environmental practices in the plants).

Risk prevention and mitigation policy

The Group has established strict rules and stringent control procedures with its suppliers in order to guarantee the safety and satisfaction of its customers during use of these products, and compliance with all applicable regulations. During testing, the products are checked in accordance with the highest standards; therefore, if French guidelines prove to be stricter than European ones, the French standards are used as the benchmark.

Moreover, the Group ensures that the suppliers selected and the associated plants respect the rights of employees and the environmental standards in force. In this regard, the Sourcing Department has integrated CSR criteria into its processes and into the documents that frame the supplier relationship, and it conducts regular audits.

- The Group Vendor Manual

  The Group Vendor Manual defines the relationship between Fnac Darty and its suppliers, and includes the Business Code of Conduct. The document sets out the standards and procedures that each party agrees to follow. In particular, it requires the supplier to provide evidence of compliance with European regulations (or local regulations if the national laws of the countries in which the products are to be distributed differ): an EC declaration of conformity, a material safety data sheet for products containing substances covered by the REACH regulations, information on products covered by the CHIP regulation. The Vendor Manual also includes a chapter devoted to the social and environmental standards with which suppliers are required to comply. Compliance with these standards is monitored through audits.

- Audits

  To ensure compliance with the Group's standards, Fnac Darty auditors perform announced and unannounced audits. The Group relies on a team of 13 people based in China to carry out these audits.

  A preliminary audit is carried out prior to entering into any contract with a new plant. If this identifies any major deficiencies, no orders will be placed. If it identifies areas for improvement, the plant is required to take corrective action before production will be initiated. Follow-up audits are scheduled to ensure the supplier is compliant.

  The plants are then audited every two years. The audits carried out cover two main areas: quality, and corporate social responsibility.

Procedures associated with audit results

Audit result	Associated procedure	Control
>85% = full compliance	None	Audit every two years
70% to 85% = average compliance	Requirement to take corrective action	Follow-up audit
60% to 70% = non-compliance	Cessation of production with the requirement to take corrective action before production recommences	Follow-up audit before production recommences
<60% = serious non-compliance	Cessation of production and termination of supplier relationship	

The Fnac Darty teams help the suppliers to prepare corrective action plans. In addition, a centralized database is used to monitor the performance and audit results of each plant.

Action plans undertaken in 2018-2019

As part of its commitment to continuous improvement, Fnac Darty added social, environmental and ethical criteria to its audit criteria in June 2018. Controls now include 93 points for checking (compared to 45 in 2017), 12 of which relate specifically to health and safety, human rights and the environment.

The Group also increased unannounced or short-notice audits.

In order to increase the quality and safety of its own-brand products, Fnac Darty strengthened its procedures in 2019:

- prior to initiating production, tests for safety and compliance with European and French standards are now outsourced to three laboratories, in order to ensure the controls are independent and the standards are monitored. At the same time, use testing (for product performance and quality) is performed in-house at Fnac Darty laboratories, in Shenzhen or at the Labo Fnac in Massy; and
- when production is launched for the first time, a certain number of products are sent to laboratories that have certified the “test” samples, in order to ensure that production is compliant. This makes it possible to isolate the product that will be considered to be the reference sample for future production once the tests have been validated. In this way, inspectors can ensure a high level of quality and monitor any “deviations” in production.

2019 Results

In 2019, 105 of the 200 plants that manufacture the Group’s own-brand products were audited using the enhanced audit criteria.

Of the 105 plants audited, 11 were found to be unsatisfactory and required the implementation of a corrective action plan. One plant failed to satisfy the Group’s minimum requirements, which led to production being halted.

	2018	2019
Proportion of plants whose audit result is deemed to be average or compliant (after corrective action)	not applicable [(a)]	98%

(a) It is not possible to compare this result with the figures of 2018, due to the use of the new audit criteria. 2019 will be used as the benchmark year for measuring the progress of this result.

All mechanisms put in place to ensure the quality of a product, and the health and safety of its user, result in particularly high-quality own-brand products, as the following indicators show:

	2018	2019
Level of demand [(a)] for branded products	3.15%	2.93%
Level of demand for own-brand products and products under license	3.09%	2.87%

(a) Demand: all post-sale exchanges.

Priority areas for 2020

The Group has made plans to enhance the training of audit inspectors. The aim is to increase the competence of inspectors as regards issues of quality and CSR.

The Group Vendor Manual will be updated in 2020 to incorporate the new procedures, which have already been implemented and notified to existing suppliers by letter.

Mitigation of risks associated with the Marketplace

The Marketplace was created to ensure greater availability of products and expand the product range. Therefore, new product categories have been added to the Group's classic catalog: toys and games since 2009, then sport, gardening, DIY and, most recently, home furnishings, which includes furniture and bedding.

2019 key figures:

- more than 4,000 sellers on the Fnac Darty Marketplace; and
- 15.5 million active items.

Risks identified

Due to the countries that manufacture the goods marketed on the Marketplace (mainly located in Asia), market place activity poses risks to:

- fundamental freedoms and human rights (working time, compensation, freedom of association, forced labor, child labor);
- the health and safety of those employed in the manufacturing plants (in the event of non-compliance of the machinery and personal protection equipment) and the health and safety of consumers (in the event of non-compliance of the manufactured products with European standards and a lack of control on their performance and conditions of use); and
- the environment (pollution in the event of mismanagement of unsold items and poor environmental practices in the plants, and climate change due to the environmental impact of international transportation).

Risk prevention and mitigation policy

- Due diligence

  Any new vendor is subject to an audit, carried out by an independent body, that looks at two areas: regulations issued by the French Prudential Supervision and Resolution Authority (Autorité de contrôle prudentiel et de résolution or "ACPR") and banking compliance. Validation of the vendor's file is required before contracts will be placed.

  Partner vendors undertake to comply with the Marketplace's General Terms and Conditions of Use, acceptance of which includes compliance with the Group's Business Code of Conduct.

- User security

  Performance indicators relating to quality and compliance with the GTCU are monitored by the managers of the Marketplace: there is a test procedure in place, in the event of non-compliance with the General Terms and Conditions of Use, which includes notification of testing, verification, and, if the problem persists, notification of termination of the relationship.

Action plans undertaken in 2018-2019

In 2019, the Group's compliance with ACPR was completed.

The Business Code of Conduct was also incorporated into the General Terms and Conditions of Sale.

2019 Results

The due diligence measures put in place by the Group make it one of the most robust marketplaces.

Post-clearance monitoring procedures (on the rate of complaints in particular) have resulted in the Group launching approximately 500 tests and removing 141 partner vendors from the approved list in 2019.

Priority areas for 2020

The Group intends to strengthen its controls to combat counterfeiting, among other things.

Mitigation of risks associated with franchises

Franchises are of strategic importance to Fnac Darty's development.

The concept – a smaller store (between 300 and 1,000 m²) with a reduced selection of products and access to the entire product range through a web channel with next-day delivery to the store – enables the Group to increase its geographical coverage by establishing itself in smaller cities. In 2019, the Group opened 31 Darty franchises and 24 Fnac franchises.

2019 key figures

	2017	2018	2019
Number of Fnac franchises	73	96	119 including 11 outside Europe
Number of Darty franchises	132	162	192 including 2 outside Europe

Risks identified

In terms of diversifying its operating methods, Fnac Darty has a multi-format network of numerous integrated and franchised stores, including in countries posing social risks.

Due to the regions in which some franchises are located (13 franchises in Africa and the Middle East), there are risks to:

- fundamental freedoms and human rights (working time, compensation, freedom of association, discrimination, forced labor, child labor);
- the health and safety of those employed in these franchises and the users of the products they market; and
- the environment, in the event of poor end-of-life management of electrical and electronic appliances.

Risk prevention and mitigation policy

Fnac Darty carries out due diligence on potential franchise partners outside Europe. Before any commercial negotiations take place, the Security and Risk Prevention Department commissions a reputation and integrity report from ADIT, the European leader in strategic intelligence. This report includes information on any ongoing legal proceedings, convictions or summonses, and also inclusion on any penalty and/or watch lists.

In France, teams from the Franchise Department conduct regular franchise visits – franchises are visited every five weeks on average. On arrival, the teams ensure, in particular, that the fixtures and fittings have no defects that could pose a risk to customer safety, and that the store has a bin to collect waste electrical and electronic equipment. As part of their checks, they also ensure that there are no unauthorized miscellaneous products.

Product recall procedures are the same as for the integrated stores.

The Group incorporates the Business Code of Conduct, which requires compliance with regulations and ethical principles, into contracts binding it with its franchise partners. Fnac Darty has also made the full range of training offered by the Fnac Darty Academy available to franchisees. This comprises several hundred modules and includes training on combating corruption and influence peddling or detecting sexist conduct.

Action plans undertaken in 2018-2019

In France, since September 1, 2019, the Group has strengthened the supervision of franchises by entrusting the coordination of the network to operations managers. This increase in visits makes it possible to support franchisees in the operational and functional development of their points of sale, but also to identify any failure to apply the Group's ethical, social and environmental principles.

Priority areas for 2020

As part of an ongoing overhaul of franchise agreements, Fnac Darty intends to strengthen the control it has over its network, and in particular to include checkpoints on identified social and environmental risks.

Mitigation of risks associated with logistics

The health/safety risks associated with the logistics and after-sales service sectors and the associated mitigation policies are described in the social portion of this chapter in section 3 of risk No. 1 on pages 59 and 60.

Warning mechanism

The Business Code of Conduct, which is binding on the Group, its employees, partners and suppliers, includes a mechanism for reporting warnings; employees can also find it on the Group's intranet.

An outsourced solution for all ethical warnings will be deployed during 2020 to make this mechanism more effective, simpler and more accessible, while ensuring the anonymity of those reporting the warnings remains secure. The Group will ensure that a constant flow of accessible information is established and maintained for all employees, and that the staff representatives are consulted during the implementation of this new mechanism.

4 / Responsible taxation

The Group is committed to paying taxes and contributions in each country where it operates and does not participate in any tax avoidance schemes.

Through its subsidiaries, Fnac Darty has a presence in nine countries.

In France, Belgium, Switzerland, Spain and Portugal, the Group has operating companies that run the stores and whose tax expense is consistent with and proportional to their contribution to the Group's earnings, which illustrates a principle of tax compliance rather than value creation. As the weight of the business activities conducted in France is particularly significant for the Group, its main support services are based in France.

In Asia, Fnac Darty has two service entities, which are design and quality-control offices for own-brand goods manufactured for the Group by third-party enterprises.

In the United Kingdom, the Group does not have an operational structure but it does maintain a holding-company presence due to local regulatory obligations.

The Group's tax department ensures compliance with each country's tax regulations, and the declaration and payment of taxes by the deadlines and in accordance with the conditions of each law, to ensure its fiscal security and limit the risk of upward adjustment of profits in the event of a tax audit.

Fnac Darty works in a transparent way with the tax authorities in the various countries in which it operates, both during regular tax inspections and in terms of its responses to the right-to-information requests it receives each year.

2.5 / Nature & Découvertes: a strategic acquisition that is in line with Fnac Darty's values

Key dates:

1990: Nature & Découvertes is founded.

1994: The Fondation Nature & Découvertes is launched.

1995: The "Réseau vert" (Green Network) is launched.

2006: ISO 14001 certification for all sites.

2015: First B Corp certification.

2019: Acquisition by Fnac Darty.

Since 1990, Nature & Découvertes has held strong environmental, social and societal values, which are exemplified every day in the commitment of its employees and in the products on sale in its 99 stores.

The incorporation of CSR issues into its business model from the outset is illustrated by the creation of the Nature & Découvertes Foundation (Fondation Nature & Découvertes), which is funded each year from 10% of the company's net profits. This Foundation has been supporting ecological charities in the fields of biodiversity and nature-related education since 1994: funding amounting to €13.2 million has been provided for nearly 2,700 projects.

Since 2015, the company has directly involved its customers in funding these projects, by means of "charitable rounding" at the checkout, which consists of rounding up the value of purchases to the next whole euro. The extra cents collected in this way are then paid back to the charities supported by the Foundation.

The environmental commitments undertaken by Nature & Découvertes go beyond the Foundation as its stores, warehouses and registered office have had ISO 14001 – Environmental Management System – certification since 2006.

The importance attached to environmental issues is also demonstrated by the "Green Network" ("Réseau vert") community, launched in 1995. Under this program, one hundred volunteer employees, ambassadors for the company's best practices, are responsible for raising awareness among their team and their customers of the company's environmental policy, and ensuring compliance with the ISO 14001 standard. This Green Network is also responsible for discussions and projects with local charities.

In 2015, Nature & Découvertes became the second French company to obtain B Corp ("Benefit Corporation") certification, which testifies to its positive impact on society and the environment and enables it to be part of a network that is now made up of around one hundred committed companies.

2.6 / Methodology note

The Non-financial Performance Declaration (Déclaration de Performance Extra-Financière or "DPEF") has been drafted and coordinated by the Group's CSR Department. The data comes from the departments concerned (Human Resources, Logistics, Maintenance, Purchasing, Marketing, Sales, etc.) in France and the other countries. The data is entered into a reporting tool, making collection, monitoring and management easier. The reporting methodology is set out in a protocol that is updated each year and sent to contributors when data collection begins.

All figures are subject to several consistency checks, both in-house (by the CSR Department), and external (by an independent third party).

Comparison of reporting scope since 2017

	2017	2018	2019
Scope	■ **Social:** all countries ■ **Environmental (excluding CO_2) and societal:** France ■ **CO_2:** France	■ **Social:** all countries ■ **Environmental (excluding CO_2) and societal:** all countries (except the Netherlands where mentioned) ■ **CO_2:** all countries except BCC and Switzerland Excluded: WeFix	■ **Social:** all countries + WeFix ■ **Environmental (excluding CO_2) and societal:** all countries ■ **CO_2:** all countries (see details below) Excluded: BCC, Billetreduc.com and Nature & Découvertes
Publication regulatory framework	Article 225 Grenelle II Law	DPEF (Non-financial Performance Declaration)	DPEF (Non-financial Performance Declaration)

In view of their independence, franchises are excluded from the scope of publication. However, they are indirectly included in the reporting of CO_2 emissions, as they benefit from freight transportation flows and other B2C flows.

It should be noted that the stores that closed in 2019 or opened after June 30, 2019 are excluded from the reporting scope. Any other exclusion from the reporting scope will be indicated and explained in the relevant section(s).

Methodological specifications for social data

Data is collected for the previous calendar year, from January 1 to December 31.

The consolidation scope corresponds to all legal companies whose employees are included in the dedicated human resources information system. Therefore, Fnac Appro Groupe, franchise stores and stores in train stations or airports are excluded.

Billetreduc.com, CTS Eventim France and Nature & Découvertes, which were acquired in 2019, and BCC, due to the partner search process begun in 2019, are also excluded for this year.

Unless specified, temporary workers are not recognized as part of the workforce.

Methodological specifications for carbon emissions data

Scope of information

As part of its process of continuous improvement, Fnac Darty's efforts to provide comprehensive data on its CO_2 emissions are ongoing. The table below shows the scope of the figures published in the DPEF (pages 71-77). "Not applicable" refers to a transportation flow or fuel that is not used; "not available" means that, to date, it has not been possible to collect the data.

	Source of emissions	Fnac France and Darty France	Fnac Belgium and Vanden Borre	Fnac Spain	Fnac Portugal	Fnac Switzerland
Sites' power	Electricity					
	Heating oil	not available	not applicable	not available	not applicable	not applicable
	Refrigerants	not available				
	Natural gas			not applicable	not applicable	not applicable
	Heating		not applicable	not applicable	not applicable	not applicable
	Air-conditioning		not applicable	not applicable	not applicable	not applicable
Logistics transportation	B2B (warehouses-stores)					
	B2C (e-commerce)					
	B2C (last-mile delivery)			not applicable		
	B2C (after-sales visits)		not applicable	not applicable	not applicable	not applicable
	B2C (after-sales goods flows)					

Definition of CO_2 scopes

The scope is used to identify the source of greenhouse gas emissions.

Type	Description	Indicators included
Scope 1	= direct emissions For transportation, this refers to the emissions associated with the combustion of fuel.	Transportation carried out by the fully owned fleet: home service calls, delivery and collection Gas, oil, leakage of refrigerants
Scope 2	= indirect emissions related to power consumption	Power (electricity, air conditioning, heating, etc.)
Scope 3	= indirect emissions associated with other stages of the product lifecycle (supply, transportation, end-of-life) and subcontractors' emissions	All indicators

The data collected reflects a calendar year from January to December. If the full-year data is not available, the reporting period may be shifted, but will cover a genuine period of 12 consecutive months, in order to take into account the seasonality of the company's activity.

There are four different methods of calculating the carbon footprint of transporting goods (B2B), deliveries, home service calls and ASS goods flows. Contributors choose the most appropriate methods:

- calculation based on the fuel consumption of trucks;
- calculation based on the distance traveled per type of truck;
- calculation based on the metric tons transported per kilometer traveled; or
- calculation based on the number of packages.

The emission factors used to calculate the carbon footprint of parcel shipments (e-commerce) are:

- for road freight, the emission factor of one kilogram of parcel sent by Colissimo;
- for air freight, the emission factor of one package sent by Colissimo; and
- other emission factors are taken from the Ademe database.

Methodological specifications for environmental (excluding CO_2) and societal data

Unless specified, the data collected reflects the calendar year, from January to December.

If the full-year data is not available, the reporting period may be shifted, but will cover a genuine period of twelve consecutive months, in order to take into account the seasonality of the company's activity.

Methodology concerning our response to the DPEF

The Non-financial Performance Declaration (DPEF) requires companies to describe their most significant non-financial risks, and set out their business model, incorporating the CSR risks and issues deemed to be priorities.

To this end, in 2018 the CSR Department engaged in extensive consultation with internal and external stakeholders to identify the key non-financial risks and related challenges. These key risks and challenges were presented to and validated by the Executive Committee, before being used as a basis for discussion with all departments concerned in order to identify the most relevant indicators to summarize the Group's non-financial performance.

The CSR Department worked closely with the Internal Audit Department for the risk analysis, and with the Finance Department for the definition of the business model.

Each year, the Group seeks to extend the reporting scope and relevance of the performance indicators it monitors. As a result, the indicators adopted in 2019 cannot always be compared with 2018, as the data is not available.

Conversely, certain indicators published in previous years were not considered sufficiently relevant to describe the Group's performance and therefore be part of this DPEF.

Key indicators will be defined in the relevant section(s).

Following the consultations conducted by Fnac Darty for its materiality analysis, some information required under the DPEF was deemed to be insignificant. Thus, the following information will not be published: "Means of combating food insecurity and waste, and promoting respect for animal welfare and responsible, equitable and sustainable food".

This document has been audited by an independent third party (ITP) whose conclusions are presented at the end of the chapter.

2.7 / Independent Third-Party Report by one of the Statutory Auditors on the Consolidated Non-financial Performance Declaration

Year ended December 31, 2019

To the General Meeting,

In our professional capacity as an independent third party (ITP) appointed as Statutory Auditor of your company (hereinafter the "entity"), accredited by Cofrac under number 3-1049 (1), we hereby present you with our report on the consolidated Non-financial Performance Declaration for the year ended December 31, 2019 (hereinafter the "Declaration"), presented in the Group's Management Report pursuant to the provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

The entity's responsibility

It is the role of the Board of Directors to draft a Declaration in accordance with the legal and regulatory provisions, including an overview of the business model, a description of the main non-financial risks, an overview of the policies in place with regard to these risks and the results of these policies, including key performance indicators.

The Declaration was drafted following company procedure (hereinafter the "Guidelines"), the key elements of which are included in the Declaration and are available from the entity's registered office on request.

Independence and quality control

Our independence is defined by the provisions contained in Article L. 822-11-3 of the French Commercial Code and the profession's Code of Ethics. We have also established a quality control system, which covers the policies and documented procedures aiming to ensure compliance with the applicable legal texts and regulations, ethical rules and professional standards.

The responsibility of the independent third party appointed as Statutory Auditor

Our role, on the basis of our work, is to deliver a justified opinion expressing a conclusion of moderate assurance on:

- the conformity of the Declaration with the provisions of Article R. 225-105 of the French Commercial Code; and
- the accuracy of the information provided pursuant to paragraph 3 of parts I and II of Article R. 225-105 of the French Commercial Code, namely the results of policies, including key performance indicators, and actions relating to the main risks, hereinafter the "Information".

However, it is not our role to express an opinion on the entity's compliance with other applicable legal and regulatory provisions, in particular with regard to the oversight plan ("Plan de Vigilance") and the fight against corruption and tax evasion, nor to comment on the conformity of products and services with applicable regulations.

Nature and extent of the work

Our work outlined below was carried out in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code and in accordance with the professional standards of the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this assignment, as well as international standard ISAE 3000 (2):

- we have been informed about the activities of all entities included within the scope of consolidation and the presentation of the main risks;
- we have assessed the appropriate nature of the Guidelines in terms of their relevance, comprehensiveness, reliability, impartiality and understandability, taking into consideration best practices within the sector, if necessary;

(1) The scope of this accreditation can be viewed on www.cofrac.fr.
(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

- we have verified that the Declaration covers each category of information pursuant to part III of Article L. 225-102-1 in terms of social and environmental factors as well as respect for human rights and the anti-corruption and tax evasion issues;
- we have verified that the Declaration presents the information provided for in section II of Article R. 225-105, where it is relevant in relation to the main risks, and includes an explanation of the reasons for the absence of the information required by the second subparagraph of section III of Article L. 225-102-1;
- we have verified that the Declaration includes the business model and the description of the main risks linked to the activity of all entities included in the scope of consolidation, including, if relevant and proportionate, the risks created by its business relations, its products or its services, as well as the policies, actions and results, including key performance indicators relating to the main risks;
- we have consulted the documentary sources and conducted interviews to:
  - assess the selection and validation process of the main risks and the consistency of the results, including the key performance indicators selected, with regard to the main risks and policies presented, and
  - corroborate the qualitative information (actions and results) that we considered the most important presented in the Appendix. For the "Integrity of Fnac Darty and its Partners" risk, our work has been carried out at the level of the consolidating entity; for other risks, work has been carried out at the level of the consolidating entity and in a selection of entities [1];
- we have verified that the Declaration covers the consolidated scope, i.e. all companies included in the scope of consolidation in accordance with Article L. 233-16, within the limits specified in the Declaration;
- we have read the internal control and risk management procedures put in place by the entity and have assessed the collection process aimed at the completeness and accuracy of the information;
- for the key performance indicators and other quantitative results we deemed most important presented in the Appendix, we implemented:
  - analytical procedures to verify the correct consolidation of data collected, as well as the consistency of developments,
  - detailed tests, based on surveys, consisting of verifying the correct application of definitions and procedures and reconciling the data in the supporting documentation. This work was carried out with selected contributing entities [1] and covers between 32% and 95% of consolidated data chosen for these tests; and
- we have assessed the overall consistency of the Declaration in relation to our knowledge of the entities included in the scope of consolidation.

We consider that the methods that we used in applying our professional judgment enable us to arrive at a conclusion of moderate assurance; a higher level of assurance would have required more verifications.

Means and resources

Our work used the skills of five people and took place between September 2019 and March 2020 over a total period of four weeks.

To aid us in the execution of our tasks, we called upon our sustainable development and corporate social responsibility specialists. We conducted some 10 interviews with the persons responsible for the preparation of the Declaration.

Conclusion

On the basis of our work, we have not identified any material anomalies likely to call into question the conformity of the consolidated Non-financial Performance Declaration with the applicable regulatory provisions or the fact that the Information, taken as a whole, is presented accurately and in accordance with the Guidelines.

Paris-La Défense, March 4, 2020

KPMG S.A.

Anne Garans
Partner
Sustainability Services

Eric Ropert
Partner

(1) Fnac Darty France and Fnac Spain.

Appendix

Qualitative information (actions and results) considered to be the most important
Employee training programs
Commitments and actions to reduce the environmental impact of activities
Measures to promote wellbeing at work
Measures to promote gender equality
Measures to reduce the production of waste
Procedures implemented in the field of good business conduct and the fight against corruption
Evaluation of suppliers, in particular in respect of human rights

Key performance indicators and other quantitative results considered the most important
Total workforce as of 12/31
Percentage of women in the workforce, among managers, and store managers
Percentage of women employees who have received a raise
Overall absenteeism
Frequency rate of workplace accidents with stoppage time
Severity of accidents at work
Average number of training hours per employee trained
Volume of packaging purchased by revenue
Electricity consumption by area of the premises
CO_2 emissions from energy consumption of the sites
CO_2 emissions from B2B (business-to-business) transport by km traveled (Group excluding France) CO_2 emissions related to B2B transport by pallet (France)
Emissions of CO_2 related to last mile delivery by delivery
Emissions of CO_2 related to the “e-commerce” flow per package
Emissions of CO_2 related to the travel of after-sales service technicians by intervention
Emissions of CO_2 related to the flow of after-sales service goods and spare parts by repaired product
Percentage of factory audits whose score is deemed to be compliant or average in the “Social Responsibility & Environment” section

3

Report on Corporate Governance

The main impacts associated with the COVID-19 crisis on the compensation of executive officers are explained in sections 1.4.6 "Financial Trajectory", 3.3 "Compensation and benefits for administrative and executive bodies", and 4.3.2 "Recent events" of this Universal Registration Document.

Pursuant to Articles L. 225-37 et seq. of the French Commercial Code, we are presenting you with the following report on corporate governance.

This entire report was approved by your Board of Directors at its meeting on February 26, 2020 as required by the provisions of the French Commercial Code.

The report was prepared by the Board Secretary in collaboration with the Human Resources Department, the Finance Department and the Internal Audit Department, and submitted to the Appointments and Compensation Committee. Various internal documents, including the bylaws, internal regulations and minutes of the meetings of the Board and its specialized committees were used to prepare this report. Current regulations, recommendations for corporate governance issued by the AMF, recommendations of the AFEP-MEDEF code, and the report of the High Committee on Corporate Governance were all taken into consideration.

3.1 / Organization of governance

The Company is a French limited company (société anonyme) with a Board of Directors. A description of the main provisions of the bylaws and internal regulations of the Board of Directors and the Board's specialized committees can be found in section 3.2 "Operation of administrative and management bodies" of this Universal Registration Document.

3.1.1 / COMPOSITION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

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

Under the bylaws, the term of office for a Director is set at four (4) years and is renewable. In order to avoid a mass renewal of members of the Board of Directors and encourage a smooth process for replacing Directors, the General Meeting of May 23, 2019 approved the amendment of Article 12 of the bylaws to provide the option of appointing Directors for a term that is less than the term of office of four (4) years in order to implement or maintain the staggering of Board members' terms of office.

Pursuant to the provisions of Article L. 225-18-1 of the French Commercial Code, the principle of a balanced representation of men and women on the Board has been taken into account in accordance with the law. Since May 23, 2019, women and men each represent 50% of the members of the Board of Directors, in accordance with the statutory rules on gender balance; the Director representing employees is not counted when calculating gender balance, in accordance with the legal provisions in force.

The Board has created four committees to assist it in performing its duties: the Audit Committee, the Appointments and Compensation Committee, the Corporate, Environmental and Social Responsibility Committee and the Strategy Committee.

As of December 31, 2019, the Board was composed of 13 Directors, one of whom was the Director representing employees and 11 of whom were independent.

A detailed breakdown of the Company's Board of Directors as of December 31, 2019 is set out in section 3.1.3 (including the number of Fnac Darty shares held by each Director and offices held in other companies, including listed companies).

The table below provides a summary presentation of the personal information and experience of the Directors, as well as their involvement in the corporate governance of Fnac Darty as of December 31, 2019.

Name	Gender	Age [a]	Office	Main position held	Start of 1st term	Expiration of current term	Years on the Board	Board Committees
Jacques Veyrat *French*	M	57	Chairman Independent Director	Chairman of Impala	2013	2022	6	Strategy Committee Chairman
Antoine Gosset-Grainville *French*	M	53	Vice-Chairman Independent Director	Founder of the law firm BDGS Associés	2013	2023	6	Appointments and Compensation Committee Chairman Strategy Committee Member
Daniela Weber-Rey *German*	F	62	Independent Director	Attorney	2017 [b]	2022	2	Audit Committee Member
Sandra Lagumina *French*	F	52	Independent Director	Managing Director, Asset Management Meridiam	2017 [b]	2021	2	Audit Committee Member
Carole Ferrand *French*	F	49	Independent Director	Chief Financial Officer, Capgemini	2013	2020	6	Audit Committee Chairman Strategy Committee Member
Delphine Mousseau *French*	F	48	Independent Director	Independent Consultant	2017 [b]	2020	2	Corporate, Environmental and Social Responsibility Committee Member
Nonce Paolini *French*	M	70	Independent Director	Corporate Director	2013	2021	6	Appointments and Compensation Committee Member
Brigitte Taittinger-Jouyet *French*	F	60	Independent Director	Corporate Director	2013	2020	6	Corporate, Environmental and Social Responsibility Committee Chair Appointments and Compensation Committee Member Strategy Committee Member
Caroline Grégoire Sainte Marie *French*	F	62	Independent Director	Corporate Director	2018	2021	2	Corporate, Environmental and Social Responsibility Committee Member
Jean-Marc Janaillac *French*	M	65	Independent Director	Chairman of Hermina SAS	2019	2022	1	Corporate, Environmental and Social Responsibility Committee Member
Javier Santiso *French and Spanish*	M	51	Independent Director	Chairman and Chief Executive Officer of Mundi Ventures	2019	2023	1	
Enrique Martinez *Spanish*	M	49	Chief Executive Officer	Chief Executive Officer of Fnac Darty	2019	2023	1	Strategy Committee Member
Franck Maurin *French*	M	64	Director representing employees	Product manager	2019	2023	1	

(a) As of December 31, 2019.
(b) Provisional appointments by the Board of Directors on December 15, 2017 to replace resigning members, ratified by the General Meeting of May 18, 2018.

Directors representing employees

At the General Meeting of May 23, 2019, the shareholders voted in favor of amending Article 12 of the bylaws of Fnac Darty in order to allow for, under the conditions prescribed by law, the appointment of one or more Directors representing employees to the Board of Directors of Fnac Darty SA. This amendment to the bylaws has brought the Company into compliance with the provisions of Article 8.1 of the AFEP-MEDEF Code as revised in January 2020, which recommends that *"Directors representing employees elected or appointed in accordance with legal requirements sit on the board of the company that declares that it refers to the provisions of this Code in its report on corporate governance"*.

The Director(s) representing employees are appointed in the following ways: when a single Director is to be appointed, the appointment is made by the trade union that has obtained the highest number of votes in the first round of the elections mentioned in Articles L. 2122-1 and L. 2122-4 of the French Labor Code in the Company and its direct or indirect subsidiaries, provided that the registered office of said trade union is on French territory. When two Directors are to be appointed, the appointment is made by each of the two trade unions that obtained the highest number of votes in the first round of these elections.

The term of office of the Director representing the employees shall be four years.

If the position of a Director representing the employees becomes vacant for any reason, the vacant position shall be filled subject to the conditions set out in Article L. 225-34 of the French Commercial Code.

If the Company is no longer obliged to appoint a Director representing employees, the term(s) of office of the employee representative(s) on the Board shall end six months after the meeting at which the Board notes that the obligation has ceased to apply.

A proposal will be put to the General Meeting of shareholders of May 28, 2020 to amend the Company's bylaws in order to change the threshold requiring the appointment of a second Director representing employees to the Board of Directors from twelve to eight Board members, in accordance with the provisions of the French "Pacte" law. In view of the fact that the number of members comprising the Board of Directors, on the date of this document, is more than eight, a second member representing the employees must be appointed within a period of six months from the General Meeting of May 28, 2020, provided that the Board is still composed of more than eight members on that date.

Compliance with obligations and recommendations regarding the composition of the Board of Directors and executive corporate officers

Subject	Legal and regulatory provisions and bylaws	Situation at Fnac Darty as of December 31, 2019
Gender balance	**Article L. 225-18-1 of the French Commercial Code:** *"The proportion of directors of each gender may not be less than 40% in companies whose shares are admitted to trading on a regulated market."*	Women make up 50% and men 50% of the members of the Board of Directors [(a)].
Independence	**Section 9.3 of the AFEP-MEDEF code:** *"The proportion of independent directors must be half the number of Board members in companies with dispersed capital and no controlling shareholders."*	92% of the members of the Board of Directors are independent.
Age	**Article L. 225-19 par. 2 of the French Commercial Code and Article 12 of the bylaws:** *"The number of directors over seventy (70) years of age may not exceed one-third of the directors in office."*	All the members of the Board of Directors are aged 70 years or under [(b)]. Average age of Directors: 57 years [(b)].
	Article L. 225-48 par. 1 of the French Commercial Code and Article 14 of the bylaws: *"No one who is over sixty-five (65) years of age may be appointed Chairman of the Board of Directors."*	The Chairman of the Board of Directors is 57 years old [(b)].
	Article L. 225-54 par. 1 of the French Commercial Code and Article 17 of the bylaws: *"No one who is over sixty-five (65) years of age may be appointed Chief Executive Officer."*	The Chief Executive Officer is 49 years old [(b)].

(a) The Director representing the employees is not taken into account in this calculation, in accordance with the legal provisions.
(b) As of December 31, 2019.

In order to meet the Company's strategic challenges and to promote quality discussions, the Board seeks to maintain balance and complementarity between the various Directors' profiles. To do so, when appointing new Directors or reappointing existing Directors, it strives to ensure a diversity of backgrounds and expertise. These appointments and reappointments take into account the results of the work undertaken by the Appointments and Compensation Committee on the annual assessment of the Board and the Committees.

In addition to seeking a balanced representation of women and men and a high proportion of Independent Directors, the Board has focused on increasing the number of Directors with international experience.

Thus, in order to take into account the request of Patricia Barbizet of Vivendi SA and of Compagnie Financière du 42 Avenue de Friedland to not to renew their directorship, the Board of Directors proposed the respective appointments of Javier Santiso, Enrique Martinez and Jean-Marc Janaillac to the General Meeting of May 23, 2019. These appointments strengthen the diversity of expertise within the Board, particularly in the field of new technologies, as well as the significance of the international dimension.

Changes in the membership of the Board of Directors and Committees in 2019

		Nature of change	Date of decision
Appointments and Compensation Committee	Brigitte Taittinger-Jouyet	Appointment as member to replace Patricia Barbizet	Board meeting of April 4, 2019
Corporate, Environmental and Social Responsibility Committee	Jean-Marc Janaillac	Conditional appointment, subject to approval by the General Meeting, as member to replace Simon Gillham	Board meeting of April 4, 2019
Strategy Committee	Jacques Veyrat	Appointment as Chairman on the basis of his role as Chairman of the Board of Directors	Board meeting of May 23, 2019
Strategy Committee	Antoine Gosset-Grainville	Appointment as member on the basis of his role as Chairman of the Appointments and Compensation Committee	Board meeting of May 23, 2019
Strategy Committee	Carole Ferrand	Appointment as a member on the basis of her role as Chair of the Audit Committee	Board meeting of May 23, 2019
Strategy Committee	Brigitte Taittinger-Jouyet	Appointment as a member on the basis of her role as Chair of the Corporate, Environmental and Social Responsibility Committee	Board meeting of May 23, 2019
Strategy Committee	Enrique Martinez	Appointment as a member as a result of his role as Executive Corporate Officer	Board meeting of May 23, 2019
Board of Directors	Jacques Veyrat	Renewal of the Director's term of office	AGM of May 23, 2019
Board of Directors	Antoine Gosset-Grainville	Renewal of the Director's term of office	AGM of May 23, 2019
Board of Directors	Daniela Weber-Rey	Renewal of the Director's term of office	AGM of May 23, 2019
Board of Directors	Enrique Martinez	Appointment as a member of the Board of Directors	AGM of May 23, 2019
Board of Directors	Javier Santiso	Appointment as a member of the Board of Directors	AGM of May 23, 2019
Board of Directors	Jean-Marc Janaillac	Appointment as a member of the Board of Directors	AGM of May 23, 2019

Diversity of expertise within the Board of Directors as of December 31, 2019

Name	Retail	International	Finance	Governance	Management /Strategy	CSR	HR
Jacques Veyrat			X	X	X	X	
Antoine Gosset-Grainville			X	X	X		
Daniela Weber-Rey		X	X	X			
Sandra Lagumina			X	X	X		
Carole Ferrand	X		X		X		
Delphine Mousseau	X	X			X		
Nonce Paolini	X			X	X		X
Brigitte Taittinger-Jouyet		X			X	X	
Caroline Grégoire Sainte Marie		X	X		X		
Jean-Marc Janaillac		X	X	X	X		
Javier Santiso		X	X		X		
Enrique Martinez	X	X			X		X
Franck Maurin	X						

3.1.2 / COMPOSITION OF THE BOARD OF DIRECTORS: PROPOSALS SUBMITTED TO THE GENERAL MEETING OF MAY 28, 2020

The composition of the Board of Directors is updated on an ongoing basis on the Company's website (http://www.fnacdarty.com/group/governance/).

The Board of Directors ensures the improvement and effectiveness of Fnac Darty's governance by regularly assessing its composition and the diversity, expertise and experience of its Directors. It also evaluates their availability, their full commitment to their duties, the percentage of Independent Directors, the balanced representation of women and men, and the candidates best suited to the Company and the organizational and administrative processes of the Board.

In accordance with the internal regulations of the Board of Directors adopted at its meeting of April 17, 2013 and last updated at its meeting of October 17, 2019, the reappointment of Directors on a periodic-rotation basis has been established.

At its meeting of February 26, 2020, the Board of Directors:

- first obtained an opinion from the Appointments and Compensation Committee in preparation for the General Meeting of the shareholders;
- reviewed the terms of office of Directors set to expire at the next General Meeting, taking into consideration the expertise of the current Directors and the need to maintain the independence rate and comply with the rules on gender balance. It paid particular attention to the experience and knowledge of the Group's businesses that each Director must have in order to participate effectively in the work of the Board and its three committees, in accordance with the diversity policy adopted by the Board; and
- noted that the terms of office of three Directors (out of a total of 12, with the exception of the Director representing the employees, who is not appointed by the General Meeting) expire at the end of the General Meeting scheduled to take place in 2020 and called to approve the financial statements for the year ended December 31, 2019.

On the recommendation of the Appointments and Compensation Committee:

- the Board of Directors proposes that the shareholders approve the renewal of Brigitte Taittinger-Jouyet's term of office as a Director, which is set to expire, for four years, i.e. until the General Meeting to be held in 2024 to approve the financial statements for the previous year;
- the Board of Directors proposes that the shareholders approve the renewal of Delphine Mousseau's term of office as a Director, which is set to expire, for four years, i.e. until the General Meeting to be held in 2024 to approve the financial statements for the previous year;
- the Board of Directors proposes that the shareholders approve the renewal of Carole Ferrand's term of office as a Director, which is set to expire, for four years, i.e. until the General Meeting to be held in 2024 to approve the financial statements for the previous year.

If these proposals for renewals and appointments are approved by the General Meeting, then the rate of independence of the Board will continue to stand at 92%, while the gender balance of the Board of Directors will remain unchanged.

Subject to the shareholders renewing their directorships, Brigitte Taittinger-Jouyet, Delphine Mousseau and Carole Ferrand will be reappointed as (i) member and Chair of the Corporate, Environmental and Social Responsibility Committee, member of the Appointments and Compensation Committee and member of the Strategy Committee, (ii) member of the Corporate, Environmental and Social Responsibility Committee, and (iii) member and Chair of the Audit Committee and member of the Strategy Committee, respectively. The composition of the Board Committees would otherwise remain unchanged.

3.1.3 / OFFICES AND POSITIONS HELD BY THE DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

Listed below are the offices and positions held by the Directors in 2019 and for the last five years. The Directors comply with the rules governing the accumulation of directorships.

Jacques Veyrat	**57 years – French nationality**

Independent Director and Chairman

Chairman of the Strategy Committee

4, rue Euler
75008 Paris, France

Date of first appointment: April 17, 2013
Term expiration date: Ordinary General Meeting called in 2022 to approve the financial statements for the previous year
Number of shares held: 250

Graduate of the École polytechnique (class of 1983) and the Collège des ingénieurs (class of 1989), engineering degree from Ponts et Chaussés (class of 1988). Mr. Veyrat was appointed to the French Treasury Department, where he served as Secretary for the Inter-ministerial Committee on Industrial Reconstruction *(Comité Interministériel de Restructuration Industrielle)* for the period 1989–1991, then as Deputy General Secretary to the Paris Club from 1991–1993. From 1993 to 1995, he was technical advisor to the Minister for Infrastructure, Transport, Tourism and the Sea. In 1995, he joined the Louis Dreyfus Group as Chief Executive Officer of Louis Dreyfus Armateurs (1995-1998), then served as Chairman and Chief Executive Officer of Louis Dreyfus Communications, which became Neuf Cegetel (1998-2008) and then Chairman and Chief Executive Officer of the Louis Dreyfus Group (2008-2011). Since 2011, he has been Chairman of Impala.

Positions and offices held at December 31, 2019 outside the Group

- **In France:** Chairman of Impala SAS, Director of HSBC, Advisory Member of Louis Dreyfus Armateurs, Director of Nexity [(a)], Advisory Member of ID Logistics [(a)]

Offices and positions held over the past five years that are no longer held

- Member of the Supervisory Board of Eurazeo [(a)]
- Director of Direct Énergie
- Director of ID Logistics Group
- Director of Imerys

(a) Listed French companies.

Antoine Gosset-Grainville

53 years – French nationality

Independent Director and Vice-Chairman of the Board

Chairman of the Appointments and Compensation Committee

Member of the Strategy Committee

51, rue François 1er
75008 Paris, France

Date of first appointment: April 17, 2013
Term expiration date: Ordinary General Meeting called in 2023 to approve the financial statements for the previous year
Number of shares held: 250

Antoine Gosset-Grainville is a graduate of the Institut d'études politiques de Paris, holds a Master's in Banking and Finance from the Université Paris-IX Dauphine and is a graduate of the École nationale d'administration (Léon Gambetta class). After being appointed to the General Inspectorate of Finance in 1993, he became Deputy General Secretary of the Economic and Financial Committee of the European Union in 1997. From 1999 to 2002, he was an economic and industrial affairs advisor for Pascal Lamy at the European Commission. Antoine Gosset-Grainville is an attorney with the Paris and Brussels Bars. In 2002, he became a partner at the law firm of Gide Loyrette Nouel. In 2007, he was appointed Deputy Director of the Office of Prime Minister François Fillon, where he was in charge of economic and financial matters. In March 2010, he became Chief Operating Officer of Caisse des Dépôts in charge of finance, strategy, investments and oversight of European and international activities, then interim Chief Executive Officer of the Caisse des Dépôts Group from February to July 2012. In April 2013, he founded the law firm BDGS Associés, where he is head of the Anti-trust and Regulatory Department.

Positions and offices held at December 31, 2019 outside the Group

- **In France:** Director of La Compagnie des Alpes [(a)], Founding partner of BDGS Associés

Offices and positions held over the past five years that are no longer held

- Member of the Supervisory Committee of Schneider Electric [(a)]

(a) Listed French companies.

Daniela Weber-Rey

62 years – German nationality

Independent Director

Member of the Audit Committee

Kronberger Strasse 49
60323 Frankfurt am Main, Germany

Date of first appointment: December 15, 2017
Term expiration date: Ordinary General Meeting called in 2022 to approve the financial statements for the previous year
Number of shares held: 250

Holding a Master's Degree in Law from Columbia University, New York, and the Franco-German University (UFA), Daniela Weber-Rey was admitted to the Frankfurt Bar in Germany in 1984 and the New York Bar in 1986. For nearly 30 years, Daniela Weber-Rey was an attorney and partner with the legal firm of Pünder Volhard & Weber, followed by Clifford Chance. She also served as Counsel to various European organizations, and served for five years on the Board of Directors of BNP Paribas. She is a member of the Governmental Commission of the German Corporate Governance Code, a member of the Board of the European Corporate Governance Institute, and a non-executive member of the Board of HSBC Trinkaus & Burkhardt AG. Between 2013 and 2016, Daniela Weber-Rey worked at Deutsche Bank AG as Chief Governance Officer and Deputy Global Head of Compliance. Daniela Weber-Rey is a member of the Economic Council of the French Embassy in Germany (Berlin). She was made a Knight of the French Legion of Honor in 2010 for her commitment to Franco-German relations.

Positions and offices held at December 31, 2019 outside the Group

- **Abroad:** Director and member of the Risk Committee and the Audit Committee of HSBC Trinkaus & Burkhardt AG (Düsseldorf), Board Member of the European Corporate Governance Institute (Brussels), Trustee of the European Corporate Governance Research Foundation (Brussels), Board Member of the Board of the Franco-German University (UFA)

Offices and positions held over the past five years that are no longer held

- Member of the Board of Directors of BNP Paribas [(a)]

(a) Listed French companies.

Sandra Lagumina

52 years – French nationality

Independent Director

Member of the Audit Committee

4, place de l'Opéra
75002 Paris, France

Date of first appointment: December 15, 2017
Term expiration date: Ordinary General Meeting called in 2021 to approve the financial statements for the previous year
Number of shares held: 250

A graduate of the École nationale d'administration (ENA) and the Institut d'études politiques de Paris (Sciences Po), Sandra Lagumina also holds a Master of Common Market Law and of Public Law. She began her professional career with the French Council of State, where she held the position of Auditor and then Master of Petitions from 1995 to 1998. Sandra Lagumina then became Technical and Legal Advisor to the President of the National Assembly. In 2000, she joined the office of the Minister of the Economy, Finance and Industry as a technical adviser in charge of legal issues, public procurement and competition law. She was then appointed Deputy Director of Public and International Law in the Legal Affairs Department of the Ministry and a Judicial Officer of the Treasury (2002-2005). In 2005, she joined the Gaz de France group, where she held several positions in the areas of strategy and law. Between 2008 and 2013, she served as General Counsel for GDF Suez. In 2013, she was appointed Chief Executive Officer of GRDF (Gaz Réseau Distribution France). In 2016, she was named Deputy Chief Executive Officer of Engie and, in 2017, became Chief Operating Officer of Asset Management at Meridiam. She is also President of the Conservatoire national de musique et de danse de Paris. She is a member of the Board of the French Competition Authority.

Positions and offices held at December 31, 2019 outside the Group

- **In France:** Director and Member of the Naval Group Strategy Committee, Director and Member of the Appointments and Compensation Committee of FNSP, Member of the Supervisory Board of FMSH, President of the Conservatoire national de musique et de danse de Paris, Member of the Board of the French Competition Authority, President of Agence France Museum

Offices and positions held over the past five years that are no longer held

- Chief Operating Officer in charge of gas infrastructure and China, Engie
- Director of GRDF
- Director of GRT GAZ
- Director of Storengy
- Director of Elengy
- Director of GTT
- Director of Engie IT
- Chief Executive Officer of GRDF
- Director and member of the CSR Committee of Abertis

Carole Ferrand

49 years – French nationality

Independent Director

Chairman of the Audit Committee

Member of the Strategy Committee

11, rue de Tilsitt
75017 Paris, France

Date of first appointment: April 17, 2013
Term expiration date: Ordinary General Meeting called in 2020 to approve the financial statements for the previous year
Number of shares held: 250

A graduate of the École des hautes études commerciales (1992), Carole Ferrand started her career at PricewaterhouseCoopers, where she was an Auditor and later a financial advisor in the Transaction Services Division. In 2000, she joined Sony France, the French subsidiary of the consumer and business electronics branch of the Sony Corporation Group, serving as Chief Financial Officer before becoming General Secretary in 2002. In 2011, she held the position of Chief Financial Officer of the Europacorp Group. Since January 2013 she has been Financing Director at Artémis Group, where she is in charge of managing strategic and financial support for certain investments. Since June 2018, she has been Chief Financial Officer of the Capgemini Group.

Positions and offices held at December 31, 2019 outside the Group

- **In France:** Honorary Chair and Director of Terra Nova (non-profit association under French Law of 1901)

Offices and positions held over the past five years that are no longer held

- Director of June 21 SAS
- Alternate for Alain de Marcellus, Capgemini Brasil SA, Brazil
- Director of Capgemini (a)
- Director of Sebdo, Le Point
- Director of Archer Obligations (formerly Artémis 21)
- Director of Éditions Tallandier
- Member of the Audit Committee of Capgemini (a)
- Director of Palazzo Grassi
- Director of the Pinault Collection – Paris

(a) Listed French companies.

Delphine Mousseau

48 years – French nationality

Independent Director

Member of the Corporate, Environmental and Social Responsibility Committee

Rönnestrasse 6
14057 Berlin, Germany

Date of first appointment: December 15, 2017
Term expiration date: Ordinary General Meeting called in 2020 to approve the financial statements for the previous year
Number of shares held: 258

A graduate of the École des hautes études commerciales (HEC) with a Master's degree in Business Administration, Delphine Mousseau began her career in 1995 as Project Head with Boston Consulting Group. In 1999, she joined Plantes-et-Jardins.com as Director of Operations. From 2007 to 2011, she served as Director of E-Commerce Europe at Tommy Hilfiger. She then worked as an independent consultant, primarily for the former Primondo Group. From 2014 to 2018, Delphine Mousseau was VP Markets at Zalando. She is currently an independent consultant.

Positions and offices held at December 31, 2019 outside the Group

- **In France:** Member of the Management Board of Modacin

Offices and positions held over the past five years that are no longer held

- VP Markets of Zalando SE

Nonce Paolini

70 years – French nationality

Independent Director

Member of the Appointments and Compensation Committee

34, rue Copernic
75116 Paris, France

Date of first appointment: April 17, 2013
Term expiration date: Ordinary General Meeting called in 2021 to approve the financial statements for the previous year
Number of shares held: 250

Nonce Paolini holds a Master of Arts and is a graduate of the Institut d'études politiques de Paris (class of 1972). He began his career with EDF-GDF, where he held operational and management positions. In 1998, he joined the Bouygues Group, where he successively held the positions of Director of Development and Director of Human Resources, before becoming Director of Communications in 1990. In 1993, he joined TF1 as Director of Human Resources, and in 1999, he was appointed Chief Operating Officer. In 2002 he was appointed Chief Operating Officer of Bouygues Telecom and then Managing Director and Board member in April 2004. In 2007, he was appointed CEO of TF1 Group, then Chairman & CEO of the group in 2008 until 2016.

Positions and offices held as of December 31, 2019

None.

Offices and positions held over the past five years that are no longer held

- Director of Bouygues Telecom
- Permanent representative of TF1, Director of Médiamétrie
- Director of TF1 Thématiques
- Chairman of NT1
- Chairman of HDI
- Chairman of TF1 Management
- Permanent representative of TF1 Management, Managing Director of La Chaîne Info
- Chairman and CEO of TF1 [(a)]
- Chairman and Director of Monte Carlo Participation
- Chairman and Director of Fondation d'entreprise TF1
- Director of Bouygues [(a)]
- Permanent representative of TF1, Director of Group AB
- Permanent representative of TF1, Director of Extension TV
- Permanent representative of TF1 Management, Managing Director of TF1 DS
- Chairman of TF1 Publicité
- Chairman of Programmes européens francophones audiovisuels spéciaux 4
- Chairman of HOP (Holding Omega Participations)
- Permanent representative of TF1, Director of TF6 Gestion
- Permanent representative of TF1, Director of GIE TF1 Acquisitions de droits
- Vice President and Director of TMC (Télé Monte Carlo)
- Permanent representative of TF1, Director of École de la Cité, du Cinéma et de la Télévision
- Member of the Supervisory Board of Compagnie du Ponant
- Member of Board of Directors of Éditions Tallandier

(a) Listed French companies.

Brigitte Taittinger-Jouyet

60 years – French nationality

Independent Director

Chair of the Corporate, Environmental and Social Responsibility Committee

Member of the Appointments and Compensation Committee

Member of the Strategy Committee

27, rue Saint-Guillaume
75007 Paris, France

Date of first appointment: April 17, 2013
Term expiration date: Ordinary General Meeting called in 2020 to approve the financial statements for the previous year
Number of shares held: 250

Brigitte Taittinger-Jouyet is a graduate of the Institut d'études politiques de Paris and holds a Master's in History from the Faculty of Human Sciences at Reims University. In 1984, she was appointed Advertising Manager at Publicis, before joining the Marketing department within the Louvre Group in 1988, where she was in charge of industrial products and the budget hotel sector. From 1991 to 2012, she was Chair of the perfume company Annick Goutal. From 2013 to 2017, she was Director of Strategy and Development at the Institut d'études politiques de Paris (Sciences Po Paris).

Positions and offices held at December 31, 2019 outside the Group

- **In France:** Director of HSBC France, Director and Member of the Appointments and Compensation Committee and CSR and Ethics Committee of SUEZ

Offices and positions held over the past five years that are no longer held

- Director of the Centre Georges Pompidou
- Director of the Festival d'Aix
- Chair of the Société des Parfums Annick Goutal

Caroline Grégoire Sainte Marie

62 years – French nationality

Independent Director

Member of the Corporate, Environmental and Social Responsibility Committee

36, Avenue Duquesne
75007 Paris, France

Date of first appointment: May 18, 2018
Term expiration date: Ordinary General Meeting called in 2021 to approve the financial statements for the previous year
Number of shares held: 250

A graduate of the Institut d'études politiques de Paris, Caroline Grégoire Sainte Marie also holds a degree in Commercial Law from Paris I University. She began her professional career in 1981 at Xerox France as Financial Controller. In 1984, she joined Hoechst pharmaceutical group, where she successively held several positions in the financial field at Roussel Uclaf SA before being appointed in 1994 as Chief Financial Officer of Albert Roussel Pharma GmbH and a member of the Executive Board. In 1996, she joined Volkswagen France before moving to Lafarge Group in 1997 as Chief Financial Officer of Lafarge Speciality Products (LMS). In 2000, she was appointed Senior Vice President Mergers & Acquisitions at the Group's Cement Division. In that position, Caroline Grégoire Sainte Marie led the financial strategy for the takeover of Blue Circle. In 2004, she became Chief Executive Officer for Germany and the Czech Republic. In 2007, she was appointed Chair and Chief Executive Officer of Tarmac France and Belgium, before becoming the Chair and Chief Executive Officer of Frans Bonhomme in 2009. Caroline Grégoire Sainte Marie was a member of the Boards of Directors of Eramet (from 2012 to 2016) and Safran (from 2011 to 2015). Since 2011, Caroline Grégoire Sainte Marie has been a member of the Boards of Directors of Groupama, Vinci, Wienerberger, and Elkem. As an investor in Calyos, she also sits on the company's Board of Directors, and she is a *Senior Advisor* at HIG European Capital Partners. She is a Knight of the French Legion of Honor.

Positions and offices held at December 31, 2019 outside the Group

- **In France:** Independent Director, Chair of the Appointments and Compensation Committee and Member of the Audit Committee of Groupama; Independent Director, Member of the Compensation Committee of Vinci (since April 2019), Independent Director and Member of the Remuneration Committee of Vinci [(a)]
- **Abroad:** Independent Director, Vice-Chair and Member of the Audit Committee and the Strategy Committee, Wienerberger (Austria), Director and Member of the Compensation Committee of Elkem (Norway)

Offices and positions held over the past five years that are no longer held

- Independent Director and Member of the Strategy Committee of Eramet [(a)]
- Non-voting Director and Member of the Audit Committee of Safran [(a)]
- Independent Director, Member of the Audit Committee and member of the Technology Committee of FLSMIDTH (Denmark)

(a) Listed French companies.

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Jean-Marc Janaillac

65 years – French nationality

Independent Director

Member of the Corporate, Environmental and Social Responsibility Committee

15 rue de Poissy
75005 Paris, France

Date of first appointment: May 23, 2019
Term expiration date: Ordinary General Meeting called in 2022 to approve the financial statements for the previous year
Number of shares held: 250

Jean-Marc Janaillac holds a degree in law (1976) and is a graduate of École des Hautes Etudes Commerciales (1975) and École Nationale d'Administration (1980). From 1980 to 1983, he was chief of staff for the prefects of Finistère and then Val-d'Oise, then became chief of staff for the Secretary of State for Tourism from 1983 to 1984.

From 1984 to 1987, he managed the French tourism services for North America in New York, before becoming Chief Executive Officer of Maison de la France, in charge of promoting French tourism abroad from 1987 to 1997. In this capacity, he was a member of the Board of Directors of Air France from 1989 to 1994. After working for AOM, first as Executive Vice-President and then as Chief Operating Officer (1997-1999), Jean-Marc Janaillac joined the Maeva Group, where he held the position of Chairman and Chief Executive Officer before becoming Chairman of the Paris Conventions and Tourism Office from 2002 to 2004. From 2004 to 2012, he was Chief Executive Officer for group development at the RATP (Paris public transport system), and Chairman and Chief Executive Officer of RATP Développement. Jean-Marc Janaillac was Chairman and Chief Executive Officer of Transdev from December 2012 to June 2016, then held the office of Chairman of UTP (public and rail transport association) from 2013 to 2015. He was Chairman and CEO of Air France KLM from 2016 to 2018. Since October 2018 he has been senior advisor at the Roland Berger strategy consultancy firm, and was elected Chairman of the *Fondation Nationale pour l'Enseignement de la Gestion des entreprises* (French Foundation for Management Education – FNEGE) in December 2018.

Positions and offices held at December 31, 2019 outside the Group

- **In France:** Chairman of SAS Hermina, Chairman of the Fondation Nationale pour l'Enseignement de la Gestion des Entreprises (FNEGE), Senior Advisor of Roland Berger, Director of the Association for the Right to Economic Initiative, Member of the Strategic Advisory Board of Tikehau Private Equity

Offices and positions held over the past five years that are no longer held

- Director, Chairman of the Board of Directors and Chief Executive Officer of Transdev Group
- Director, Chairman of the Board of Directors and Chief Executive Officer of Transdev Île-de-France
- Director, Chairman of the Board of Directors and Chief Executive Officer of Transdev
- Director and Chairman of the Board of Directors of CFTI
- Director of RATP Dev Transdev Asia
- Director and Chairman of the Board of Directors, of Thello
- Director and Chairman of the Board of Transdev Sverige, Sweden
- Director and Chairman of the Board of Transdev Northern Europe, Sweden
- Director of Transdev North America, United States
- Director of Transdev Australasia PTY Ltd, Australia
- Director Class A and Chairman of the Board of TBC Holding, Netherlands
- Chairman of the Board of Directors of Air France [(a)]
- Chairman and Chief Executive Officer of Air France KLM [(a)]

(a) Listed French company.

Javier Santiso

51 years – French and Spanish nationality

Independent Director

Calle Dalia 263
28109 Alcobendas
Madrid, Spain

Date of first appointment: May 23, 2019
Term expiration date: Ordinary General Meeting called in 2023 to approve the financial statements for the previous year
Number of shares held: 250

A graduate of the Paris Institute of Political Studies and École des Hautes Etudes Commerciales, Javier Santiso holds a doctorate in International Affairs and Economics, which he completed at the University of Oxford. He started his professional career at the investment bank Crédit Agricole Indosuez in Paris.

From 2000 to 2005 he was Managing Director and Chief Economist for Emerging Markets at BBVA, based in Madrid, then Director General and Chief Economist at the OECD Development Centre in Paris. In 2010 he joined Telefónica as Managing Director of New Ventures and, staying in Madrid, worked alongside the person who is now Chairman of the operator. Javier Santiso then moved to London, taking on the role of Head of European Investments at Khazanah, the sovereign wealth fund of Malaysia, as well as Head of Global Tech Investments. He was a member of the Khazanah Executive Committee and Investments Committee, as well as a member of the Board of Directors of Axiata Digital, the Malaysian telecoms operator. He is now CEO of Mundi Ventures, a venture capital fund that invests in new technologies and start-ups in Europe from bases in London and Madrid. Javier Santiso is a member of the Young Global Leaders of the World Economic Forum in Davos. He has French and Spanish nationality.

Positions and offices held at December 31, 2019 outside the Group

- **Abroad:** Chairman and Chief Executive Officer of Mundi Ventures (Spain)

Offices and positions held over the past five years that are no longer held

- Member of the Board of Directors of Axiata Digital, Malaysia
- Chairman of the Board of Directors of Khazanah Europe, UK
- Member of the Executive Committee and Investments Committee of Khazanah, Malaysia

Enrique Martinez

49 years – Spanish nationality

Chief Executive Officer since July 17, 2017

Director since May 23, 2019

Member of the Strategy Committee

9, rue des Bateaux-Lavoirs
94200 Ivry-sur-Seine, France

Expiration date of term as CEO: open-ended
Term expiration date: Ordinary General Meeting called in 2023 to approve the financial statements for the previous year
Number of shares held: 66,652

Enrique Martinez holds a degree in Economics from the IESE Business School in Madrid, and began his career with Toys "R" Us. In 1998, he joined Fnac Group with the duties of establishing and developing the Banner in Portugal. He then held various positions within the Group between Spain and Portugal. In 2004, he became a member of the Executive Committee as Chief Executive Officer of the Iberian region. In 2012, he was called to France to head the France and Northern Europe region (France, Belgium, Switzerland). In 19 years, Enrique Martinez has made a significant contribution to the growth of the Fnac Group. In July 2016, he was given responsibility for integrating the Fnac and Darty brands in France, which, in just a few months, led to the generation of the first synergies between the two brands. He has served as Chief Executive Officer of Fnac Darty since July 2017.

Positions and offices held at December 31, 2019 within the Group

- **In France:** Chairman-Chief Executive Officer of Fnac Darty Participations et Services SA
- **Abroad:** Director of BCC Holding BV, Director of Grandes Almacenes Fnac España, Director of Fnac Luxembourg, Director of Kesa International

Positions and offices held at December 31, 2019 outside the Group

- **Abroad:** Director of Shaker Group, company listed on the Riyadh Stock Exchange (Tadawul) (a)

Offices and positions held over the past five years that are no longer held

- Non-partner manager of Codirep
- Chairman of Relais Fnac
- Chairman of Fnac Périphérie
- Chairman of Fnac Acces
- Chairman-Chief Executive Officer of Fnac Paris
- Chairman of Fnac Direct
- Chairman of Fnac Jukebox
- Managing Director and Chairman of Fnac Belgium
- Director of Fnac Monaco
- Director and Chairman of the Board of Directors of Fnac Suisse
- Director of SwissBillet
- Director of Kesa France SA
- Director of Kesa Sourcing Ltd
- Director of Kesa Holdings Ltd
- Director of Fnac Darty Asia Ltd
- Director of Kesa International

(a) Listed company.

Franck Maurin

64 years – French nationality

Director representing employees since October 8, 2019

9, rue des Bateaux-Lavoirs
94200 Ivry-sur-Seine, France

Date of first appointment: October 8, 2019
Expiry date of the term of office: October 8, 2023
*Number of shares held: 0**

Holding a Master's degree in economics and a post-graduate diploma (DEA) in econometrics, Franck Maurin began his career at Darty in 1977 as an in-store sales assistant. He joined Charbonnages de France in 1982 as category manager of styrenic and associated products. Franck Maurin rejoined Darty as Product Manager in 1983, when its subsidiary Dacem was created. Since 2002, Franck Maurin has been involved with setting up after-sales service projects in France and Italy. He is also responsible for the centralized management of accessories sold in-store. Working in the Operations Department since 2017, he is involved with negotiating after-sales agreements and product returns.

Positions and offices held as of December 31, 2019

- n. a.

Offices and positions held over the past five years that are no longer held

- n. a.

* *No minimum shareholding requirement due to his capacity as employee representative.*

Patricia Barbizet

63 years – French nationality

Independent Director until May 23, 2019

40, rue François-I[er]
75008 Paris, France

Date of first appointment: April 17, 2013
Term expiration date: term expired on May 23, 2019
Number of shares held: 1,130

A graduate of the École supérieure de commerce de Paris, Patricia Barbizet began her career in the Renault Group as Treasurer of Renault Véhicules Industriels before becoming Chief Financial Officer of Renault Crédit International. She joined the Pinault Group in 1989 as Chief Financial Officer. In 1992, she helped found Artémis, becoming its Chief Executive Officer in that same year. In 2018, she left her position with the Artémis Group after 29 years of service. Since 2018, she has been Chair of Temaris & Associés, and a member of the Board of Total, Axa, Pernod Ricard and, up to May 23, 2019, Fnac Darty.

Positions and offices held at December 31, 2019 outside the Group

- **In France:** President of Temaris & Associés, Director of Pernod Ricard (a), Chair of the Corporate Governance and Ethics Committee of Total (a), Member of the Compensation and Strategy Committee of Total (a), Director of Total (a), Director of AXA (a), Chair of the Supervisory Committee on Future Investments/Large-Scale Investment Plan (DSGPI), Chair of the Cité de la Musique – Philharmonie de Paris, Chair of the High Committee on Corporate Governance (HCGE), Director of the Opéra de Paris

Offices and positions held over the past five years that are no longer held

- Director of PSA Peugeot Citroën (a)
- Chief Operating Officer and Director of Société Nouvelle du Théâtre Marigny
- CEO of Christie's International Plc
- Board member of Gucci Group NV
- Non-executive Director of Kering Holland NV
- Member of the Management Board of Société Civile du Vignoble du Château Latour
- Member of the Supervisory Board of Compagnie du Ponant
- Representative of Artémis on the Board of Directors of Collection Pinault-Paris
- Member of the Audit Committee of Kering (a)
- Member of the Compensation Committee of Kering (a)
- Deputy-Chair of Christie's International Plc
- Member of the Remuneration Committee of Christie's International Plc
- Director and Deputy Director of Palazzo Grassi
- Chief Executive Officer (non-executive) and Member of the Supervisory Board of Financière Pinault
- Chief Executive Officer and Director of Artémis
- Vice Chair of the Board of Directors and Director of Kering (a)
- Permanent Representative of Artémis on the Board of Directors of Agefi
- Permanent Representative of Artémis on the Board of Directors of Sebdo Le Point
- Director of Yves Saint Laurent

(a) Listed French companies.

Simon Gillham

62 years – French nationality

Permanent representative of Compagnie Financière du 42 Avenue de Friedland, Independent Director until May 23, 2019

42, avenue de Friedland
75008 Paris, France

Date of first appointment: May 24, 2016
Term expiration date: term expired on May 23, 2019
Number of shares held by Compagnie Financière du 42 Avenue de Friedland, of which Simon Gillham is the permanent representative: 250

Simon Gillham holds a Bachelor of Arts degree (Bristol and Sussex Universities). He began his career in 1981 at Thomson, where he was responsible for training. In 1985, he formed his own training and communications company. In 1991, he was appointed Vice President of Communications at Thomson Consumer Electronics. In 1994, he joined the Carnaud Metalbox Group. In early 1999, he took over as head of communications for the Valeo Group before becoming Vice President of Communications at Havas in 2001. He joined Vivendi in 2007 as Head of Communications and Sustainable Development. He is Chairman of Vivendi Village and in this capacity oversees the operations of Vivendi Ticketing, MyBestPro, Watchever, Radionomy, L'Olympia and the Théâtre de l'Œuvre. He has been a member of the Management Board of Vivendi since November 2015.

Positions and offices held at December 31, 2019 outside the Group

- **In France:** Member of the Vivendi Management Board [(a)], Chairman of Vivendi Village, Chairman of the Board of Directors of Digitick, Chairman of L'Olympia, Director of Dailymotion, Chairman of the Board of Directors of the Brive Rugby Club
- **Abroad:** Chairman of the Board of Directors of See Group Ltd (United Kingdom)

Offices and positions held over the past five years that are no longer held

- Member of the Supervisory Board of Canal+ France
- Chairman of the Board of Directors of Watchever
- Chairman of the Board of Directors of MybestPro
- Member of the Supervisory Board of StudioCanal
- Chairman of the Board of Directors of The Way Ahead Group (United Kingdom)
- Member of the Supervisory Board of Universal Music France

(a) Listed French company.

3

Stéphane Roussel

57 years – French nationality

Permanent representative of Vivendi, Independent Director until May 23, 2019

42, avenue de Friedland
75008 Paris, France

Date of first appointment: May 24, 2016
Term expiration date: term expired on May 23, 2019
Number of shares held by Vivendi, of which Stéphane Roussel is the permanent representative: 250

A graduate of École des psychologues praticiens de Paris, Stéphane Roussel began his career in the Xerox Group in 1985. Between 1997 and 2004, he held various HR positions in the Carrefour Group. Between 2004 and 2009, he was Director of Human Resources at SFR. Between 2009 and 2012, he was Director of Human Resources at Vivendi. From June 2012 to April 2013, he was Chairman and Chief Executive Officer of SFR, prior to its sale to the Altice Group. In May 2013, he joined the executive management team at the Vivendi Group. He has been a member of the Management Board of Vivendi since June 2014 and Chief Executive Officer of Vivendi since 2015.

Positions and offices held at December 31, 2019 outside the Group

- **In France:** Member of the Vivendi SA Management Board [(a)], Chairman-Chief Executive Officer of Gameloft, Member of the Supervisory Board of the Canal+ Group, Director of Dailymotion, Member of the Supervisory Board of Universal Music France, Member of the Supervisory Board of Banijay Group Holding, Director of IMS

Offices and positions held over the past five years that are no longer held

- Member of the Supervisory Board of StudioCanal
- Chairman of Vivendi Group Africa
- Director of Telecom Italia
- Member of the Supervisory Board of Banijay Group (SAS)
- Chairman of Vivendi Group Africa Benin (SAS)
- Chairman-Chief Executive Officer of SFR
- Director of GVT Participaçoes SA (Brazil)
- Permanent representative of Compagnie Financière du 42 Avenue de Friedland, Director of Numericable-SFR
- Member and Chairman of the Board of Directors of SFR Foundation
- Director of Activision Blizzard
- Chairman of the Board of Directors of Digitick
- Director of See Group Ltd (United Kingdom)
- Director of UK Ticketing Ltd (United Kingdom)
- Chairman of Arpejeh

(a) Listed French company.

3.1.4 / INDEPENDENCE OF DIRECTORS

To assess whether a Director qualifies as independent and to prevent potential risks of conflicts of interest between the Director and the management, the Company or the Group, the Board has adopted the criteria defined in the AFEP-MEDEF Code (section 9.5), which are as follows:

Criterion 1: Employee corporate officer during the previous five years	■ Is not or has not been over the previous five years: an employee or executive corporate officer of the Company; an employee, executive corporate officer or a Director of a company consolidated by the Company; or an employee, executive corporate officer or Director of the Company's parent company or a company consolidated by the parent company.
Criterion 2: Cross-directorships or offices	■ The member is not an executive corporate officer of a company in which the Company is a Director, either directly or indirectly, or in which an employee appointed as such or an executive corporate officer (currently in office or having held such office within the last five years) of the Company is a Director.
Criterion 3: Significant business relationships	■ Is not a customer, supplier, commercial banker, investment banker, or adviser that is material to the Company or its Group, or for which the Company or its Group represents a significant share of its business. An assessment of the significant or non-significant relationship with the Company or its Group is discussed by the Board, and the quantitative and qualitative criteria that result in this assessment (continuity, economic dependence, exclusivity, etc.) are explicitly stated in the annual report.
Criterion 4: Family ties	■ Is not related by close family ties to a corporate officer.
Criterion 5: Statutory Auditor	■ Has not been the Company's Statutory Auditor within the previous five years.
Criterion 6: Term of office exceeding 12 years	■ Has not been a Director of the Company for more than 12 years. Loss of the status of Independent Director occurs on the date at which this period of 12 years is reached.
Criterion 7: Status as non-executive corporate officer	■ A non-executive corporate officer may not be considered independent if he or she receives variable compensation in cash or securities or any compensation linked to the performance of the Company or Group.
Criterion 8: Status as major shareholder	■ Directors representing the major shareholders of the Company or its parent company may be considered independent provided that these shareholders do not participate in the control of the Company. However, if their holding exceeds the threshold of 10% of the Company's shares or voting rights, the Board, based on the report of the Appointments Committee, systematically examines the qualification of a Director as independent in light of the composition of the Company's capital and the existence of a potential conflict of interest.

AFEP-MEDEF Criteria for corporate governance independence

	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	Criterion 7	Criterion 8
Jacques Veyrat	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Brigitte Taittinger-Jouyet	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Delphine Mousseau	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Daniela Weber-Rey	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Sandra Lagumina	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Antoine Gosset-Grainville	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Nonce Paolini	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Caroline Grégoire Sainte Marie	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Patricia Barbizet [(a)]	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Enrique Martinez	Non-compliant	Non-compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Compagnie Financière du 42 Avenue de Friedland, represented by Simon Gillham [(a)]	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Jean-Marc Janaillac	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Vivendi SA, represented by Stéphane Roussel	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Javier Santiso	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Carole Ferrand	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Franck Maurin	Non-compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant

(a) Director until May, 23 2019.

As such, as of December 31, 2019, 11 of the 13 Directors on the Board qualify as Independent Directors. None of them has any business ties to the Company or receives variable compensation in cash or securities or any compensation tied to the performance of the Company or the Group.

3.1.5 / PROCEDURES FOR EXERCISING SENIOR MANAGEMENT

Under the terms of Article 16 of the Company's bylaws, following the departure of Alexandre Bompard from his role as Chairman and Chief Executive Officer, and on the opinion of the Appointments and Compensation Committee, the Board of Directors on July 17, 2017 decided to separate the offices of Chairman of the Board and Chief Executive Officer. In effect, the Appointments and Compensation Committee believed that such a separation of duties would enable senior management, in the period following the Darty Group acquisition, to focus on the Group's operational priorities and, in particular, to pursue the integration of Fnac and Darty, ensure the achievement of the announced synergies and contend with increased competition.

On July 17, 2017, the Board decided to appoint Enrique Martinez as Chief Executive Officer, reflecting its determination to pursue the Group's transformation initiated in recent years with the support of the management team in place, and to effectively complete the integration process launched for Fnac and Darty in 2016.

The General Meeting of May 23, 2019 appointed Enrique Martinez as a member of the Board of Directors on the recommendation of the Appointments and Compensation Committee meeting of February 4, 2019.

The powers of the Chief Executive Officer are those conferred upon him by law. He is vested with the broadest powers to act in the Company's name in all circumstances. He exercises those powers within the limits of the corporate purpose and the powers expressly assigned by law to the General Meeting and to the Board of Directors. The CEO represents the Company in its dealings with third parties. Refer to section 3.2.2.2 on the limitations placed on the powers of the Chief Executive Officer by the Board of Directors.

3.1.6 / CHAIRMAN OF THE BOARD OF DIRECTORS

At its meeting of July 17, 2017, the Board of Directors decided to appoint Jacques Veyrat as Chairman for the remainder of his term as a Director in order to give the Chief Executive Officer and management team the benefit of his experience and his contribution to the Group's strategic positioning.

With this choice, the Board expressed its conviction that managerial continuity is the best way for the Group to consolidate its market position and operational performance.

The Chairman of the Board chairs the meetings of the Board of Directors, and organizes and directs its work and meetings, on which he reports to the General Meeting. He also ensures the smooth running of the Company's governing bodies, ensuring in particular that the Directors are able to perform their duties. The Chairman of the Board also chairs the General Meetings of the shareholders.

The internal regulations updated by the Board of Directors at their meeting of January 24, 2019 set out the following specific duties of the Chairman:

- the Chairman is responsible for the relations between the Company's shareholders and the Board regarding corporate governance matters. He is also responsible for maintaining the quality of relations with the Company's strategic shareholders, in close collaboration with the Chief Executive Officer; and
- the Chairman may, without prejudice to the prerogatives of the Board of Directors and its committees, be consulted by the Chief Executive Officer on all significant events relating to the Company's strategy and major growth projects.

The Chairman has access to any document or information that he deems necessary or useful for the performance of his duties as set out above. He may consult the Board Secretary and the Company's Chief Financial Officer, and receive assistance from the Company's General Secretary for the administrative tasks resulting from these duties.

3.1.7 / EXECUTIVE COMMITTEE

The Chief Executive Officer is assisted by an Executive Committee responsible for the functional and operational departments, so that he can maintain efficiency in governance.

The Group's Executive Committee consists of the following:

- Enrique Martinez, Chief Executive Officer;
- Annabel Chaussat, Director of Marketing and E-commerce;
- Frédérique Giavarini, Director of Human Resources, Social and Environmental Responsibility and Governance of the Group;
- Tiffany Foucault, Director of Human Resources;
- Vincent Gufflet, Commercial Director, Products and Services France;
- Benoît Jaubert, Director of Operations;
- Jean-Brieuc Le Tinier, Chief Financial Officer and Corporate Secretary;
- Charles-Henri de Maleissye, Chief Executive Officer, Fnac Vanden Borre in Belgium;
- Benjamin Perret, Director of Communications and Public Affairs;
- Marcos Ruao, Chief Executive Officer, Fnac Spain, in charge of coordination for the Iberian Region;
- Olivier Theulle, Director of Operations and Information Systems; and
- Anne-Laure Feldkircher, Strategy and M&A Director.

The Group Executive Committee meets weekly to discuss the Group's operational and financial performance, strategic plans and the management of the Company.

3.1.8 / ETHICAL STANDARDS FOR DIRECTORS AND OTHER INFORMATION

Conflicts of Interest – Regulated agreements – Convictions

- To the Company's knowledge, as of the date of this Universal Registration Document, there were no family ties between the members of the Board of Directors and the Company's senior management.
- To the Company's knowledge, as of the date of this Universal Registration Document, in the last five years none of the members of the administrative, management or supervisory bodies: (i) has been convicted of fraud, (ii) has been party to a bankruptcy, receivership, liquidation, or placement of a business into administration, as a member of an administrative, management or supervisory body of said business (iii) has been the subject of an investigation and/or any official public sanction by a statutory or regulatory authority (including designated professional bodies) and (iv) has been disqualified by a court from serving as a member of an issuer's administration, management or supervisory body, or from being involved in the management or conduct of an issuer's business.
- To the Company's knowledge, as of the date of this Universal Registration Document, no potential conflict of interest has been identified in respect of the Company between the duties of any of the persons who are members of an administrative, management or supervisory body and their private interests and/or other duties.
- To the Company's knowledge, as of the date of this Universal Registration Document, there is no arrangement or agreement with the main shareholders, or with customers, suppliers or other parties under which any member of an administrative, management or supervisory body has been selected as a member of the administrative, management or supervisory bodies or as a member of senior management.

- To the Company's knowledge, as of the date of this Universal Registration Document, no benefit is provided upon termination of any service agreement binding a corporate officer to the Company or to any of its subsidiaries.
- To the Company's knowledge, as of the date of this Universal Registration Document, none of the members of the administrative, management or supervisory bodies has accepted any restrictions regarding the disposal, within a certain period of time, of the issuer's securities they hold, with the exception of the rules governing the prevention of insider trading and the rules governing the obligation of corporate officers to hold in registered form the shares fully vested under bonus share and option plans awarded to them pursuant to Articles L. 225-185 and L. 225-197-1 of the French Commercial Code.

The internal regulations updated by the Board of Directors on October 17, 2019 stipulate the following with respect to managing conflicts of interest:

Each member of the Board "has an obligation to inform the Board of any conflict of interest situation, and must state the reason or reasons why he or she has decided, where applicable, not to abstain from taking part in discussions and voting on any deliberation of the Board which would put that member in said situation."

"If the Chairman or, as the case may be, the Vice-Chairman has reasonable grounds to believe a Director or Directors are in a situation of conflict of interest, they may withhold any information or documents relating to the subject of the conflict from said Director(s), and shall inform the Board member(s) of their decision.

In the event of disagreement between the Chairman or, as the case may be, the Vice-Chairman and the Board member, the Board shall consult appropriate legal counsel on the matter concerned, independent of the Group and any group in which the Board member holds an office and/or position. This counsel shall ensure that the said Board member has timely access to all information required by his/her office as a Director, except information which, if exchanged or shared, would constitute a proven conflict of interest."

3.2 / Operation of administrative and management bodies

3.2.1 / COMMITTEES OF THE BOARD OF DIRECTORS

Pursuant to Article 15 (4) of the Company's bylaws, at its meeting of June 24, 2013, the Company's Board of Directors established committees in charge of reviewing issues submitted to them by the Board or its Chairman.

The Company's Board of Directors decided to create four committees, the composition, duties and rules of operation of which are set out below: an Audit Committee, an Appointments and Compensation Committee, a Corporate, Environmental and Social Responsibility Committee and a Strategy Committee, which the Board of Directors decided to set up at its meeting of May 23, 2019.

3.2.1.1 / Audit Committee

The Company's Board of Directors has decided to establish an Audit Committee and set the terms of its internal regulations as follows.

Composition

The Audit Committee is composed of three members, who are appointed for an indefinite period (such appointment shall terminate, in all circumstances, when they cease to be a member of the Board of Directors). When selecting members of the Audit Committee, particular consideration is given to their independence, as well as to their financial, accounting or statutory audit expertise.

Therefore, in accordance with the criteria of the AFEP-MEDEF Code, the Committee's internal regulations stipulate that Independent Directors comprise a minimum of two-thirds of the Audit Committee. The Directors comprising the Audit Committee in 2019 were all independent.

The composition of this committee was modified by the Company's Board of Directors at its meetings of October 22, 2015, May 23, 2016 and December 15, 2017: it is chaired by Carole Ferrand (Independent Director), and its two other members are Daniela Weber-Rey (Independent Director) and Sandra Lagumina (Independent Director).

All the members of the Audit Committee have recognized expertise in financial, accounting or statutory audit matters, combining their expertise in the field of the general, operational or financial management of banking institutions and companies, as evidenced by their professional backgrounds (see section 3.1.3 "Offices and positions held by the Directors and the Chief Executive Officer" of the Universal Registration Document).

Duties

The Audit Committee is responsible for monitoring the preparation and auditing of accounting and financial information, and for ensuring the effectiveness of risk-monitoring and internal control procedures to facilitate the Board's review and approval thereof.

Accordingly, the Audit Committee's internal regulations set out its main responsibilities as follows:

- *monitoring the preparation of financial information* – The Audit Committee is responsible for examining the annual or half-year parent company and consolidated financial statements prior to their presentation to the Board and, in particular, for assessing the methods chosen to account for major transactions, provisions and related adjustments and any situation that could create a material risk for the Group, as well as any financial information, any report concerning quarterly, half-yearly or annual performance, or any reports prepared for a specific transaction (such as a capital contribution, merger or market transaction). The Committee ensures the relevance, consistency, reliability and proper application of the accounting policies in force in the Company and its main subsidiaries for the preparation of the parent company and consolidated financial statements. It examines the scope of the companies consolidated and the reasons why companies may not be included, as well as major or complex transactions (significant acquisitions or disposals, restructuring, hedging transactions, existence of special-purpose entities, material provisions, etc.) that have impacted the Company's financial statements. The Committee must specifically review material transactions where a conflict of interest could have arisen. The Committee also reviews the procedures used to prepare any other financial and accounting information published or reported to shareholders or the market. The review of the financial statements must be accompanied by a presentation by senior management that describes the exposure to risks, including social and environmental risks, and the material off-balance sheet commitments of the Company and the accounting methods chosen;
- *monitoring the effectiveness of internal control, internal audit and risk management systems relating to operations and to the treatment of financial, non-financial and accounting information* – The Audit Committee is tasked with ensuring the relevance, reliability and correct implementation of the Company's internal control procedures, identification, hedging and risk management procedures relating to its business activities and the treatment of its financial, non-financial and accounting information, without compromising its independence. The Audit Committee must ensure that corrective actions are taken when significant weaknesses or material misstatements are identified. In order to do so, it is informed of the main findings of the Statutory Auditors and Internal Audit Department. The Committee also regularly examines the mapping of business risks, as well as the material off-balance sheet risks and commitments of the Company and its subsidiaries. It assesses the seriousness of the problems or weaknesses reported to it and informs the Board, where necessary. The Committee gives its opinion on the duties, organization and work plan of the Group's internal audit function, speaks with the head of Internal Audit and reviews the internal audit reports or a periodic summary of these reports;
- *monitoring the procedure for the regular evaluation of current agreements concluded under normal conditions* – In accordance with the provisions of Article L. 225-39 paragraph 2 of the French Commercial Code, the procedure for the regular evaluation of current agreements concluded under normal conditions, entered into directly or through an intermediary, between Fnac Darty SA and any of its corporate officers or shareholders holding more than 10% of the voting rights, or in which any such person has an indirect interest, or entered into between Fnac Darty SA and another company, if the Chief Executive Officer, any of the Chief Operating Officers or any of the Directors of the Company is the owner, a fully liable partner, a manager, a Director or a member of the Supervisory Board or, more generally, a person in any way involved in the management of that company, is intended to ensure that said agreements effectively fulfill these conditions. The Group's Legal and Financial Departments conduct an annual evaluation of the current agreements concluded under normal conditions, on the basis of the definitions of "current transactions" and "normal conditions" set out in the guidance on regulated and current agreements issued in 2014 by the French national auditing body (Compagnie Nationale des Commissaires aux Comptes). If necessary, they may engage the Statutory Auditors in order to identify any agreements that might be reclassified as regulated agreements. Individuals that have a direct or indirect interest in any such agreements are not involved in their evaluation. Any agreements concluded by Fnac Darty SA with companies in which Fnac Darty SA directly or indirectly holds all of the capital, minus the minimum number of shares required to comply with legal requirements, if applicable, are excluded from the scope of the evaluation procedure. The Legal and Financial Departments present this evaluation annually to the Audit Committee and the Board of Directors;

- *monitoring the statutory audit of the parent company and consolidated financial statements by the Company's Statutory Auditors* – In accordance with the law and European Regulations, the Statutory Auditors must present to the Committee its overall work program and the tests it has performed, the revisions it considers necessary to the financial statements or accounting documentation, and its observations on the valuation methods used, the irregularities and inaccuracies it has identified, the conclusions drawn from the comments and corrections made with regard to the results for the period compared to those of the previous period, and, no later than the submission date of the audit report, an additional audit report prepared in accordance with the European Regulations setting out the results of the statutory audit. The Audit Committee monitors the performance by the Statutory Auditors of their assignment, taking into account, where applicable, the findings and conclusions of the audits carried out by the supervisory authority for the audit industry (Haut Conseil du commissariat aux comptes, H3C). To this end, it must interview the auditors at meetings dealing with the review of the financial reporting process and the review of the financial statements, in order to report on the performance of their duties and the conclusions of their work. This allows the Committee to be informed of the main areas of risk or uncertainty regarding the financial statements, as identified by the Statutory Auditors, their audit approach and any difficulties encountered in their work. The Statutory Auditors must also inform the Audit Committee of any material internal control weaknesses identified during their work with regard to the procedures used to prepare and process the accounting and financial information;
- *monitoring the rules regarding the independence and objectivity of the Statutory Auditors* – The Audit Committee must, along with the Statutory Auditors, examine the risks affecting their independence and the safeguards enacted to mitigate these risks. When the Statutory Auditors are appointed, the Audit Committee must manage the procedure for selecting the Statutory Auditors and submit a recommendation to the Board of Directors on the Statutory Auditors proposed for appointment by the General Meeting. Except in cases where the Statutory Auditors are up for reappointment, this recommendation must be made following an invitation to tender, must be substantiated and include at least two choices, and must give reasons for the preferred choice. In cases where the Statutory Auditors are up for reappointment, the Committee shall recommend the selection procedure to the Board, including, in particular, if there are grounds for issuing an invitation to tender. It oversees the invitation to tender and approves the specifications and selection of firms consulted, ensuring the "best bidder" is selected rather than the "lowest bidder". In particular, every year, the Statutory Auditors must submit to the Audit Committee the declaration of independence referred to in Article 6 of the European Regulations, and inform it of the total amount of fees paid to the network of Statutory Auditors by the companies controlled by the Company or the entity controlling it for services other than certification of the financial statements, as well as the nature of these services. The Audit Committee must also approve in advance the provision of services other than audit services, after analyzing the risks affecting the independence of the Statutory Auditor and the safeguards applied by that Auditor. In this regard, the firm responsible for the statutory audit may perform services other than audit services which are not prohibited by the European Regulations and by the code of ethics of Statutory Auditors. In that case, the fees must not exceed 70% of the average fees invoiced in the last three years for the statutory audit of the financial statements. The Audit Committee makes its decision, in this regard, in accordance with the Audit Committee Charter. The Committee must also ensure that the amount of fees paid by the Company and its Group, or the proportion they represent in the revenues of the firms and networks, are not likely to adversely affect the independence of the Statutory Auditors. For example, when the total fees paid by the Company to one of its Statutory Auditors during each of the previous three consecutive years represent more than 15% of the total fees received by that Statutory Auditor in that period, the Committee must examine whether the auditing assignment should be subject to quality control by another auditor. If the fees received by that Statutory Auditor continue to exceed 15% of the total fees received, the Audit Committee will determine, based on objective criteria, whether the Statutory Auditor may continue to carry out its assignment for an additional period, which may not, in any case, exceed two years; and
- *financing review* – As part of its duties, the Audit Committee conducts a detailed review of the financing strategy, liquidity, hedging, maturity, counterparties and, more generally, any questions relating to the Group's financial risks. The Audit Committee then drafts its comments and passes them on to the Board of Directors.

Practices

A meeting of the Audit Committee is valid when there is a quorum of two members in attendance. The Audit Committee's proposals are adopted by a simple majority of those attending the meeting, each member having one vote. The Audit Committee meets at least four times a year and as many times as it deems necessary. Audit Committee meetings are held before a meeting of the Board of Directors and, where the agenda of the Audit Committee concerns the examination of the half-year and annual financial statements prior to their examination by the Board, generally at least two days before the Board meeting.

In the exercise of its duties, it hears from and may question the Statutory Auditors, the Group's Chief Financial Officer and those in charge of internal audit, internal control and financing. The Committee is informed of the main issues identified by the Internal Audit Department.

It reports regularly to the Board of Directors and submits opinions and recommendations to the Board for matters within its sphere of expertise. Written minutes of the Committee's meetings are produced and approved.

The Committee may call on experts from outside the Company and interview anyone it chooses.

It reviews the fees for the Statutory Auditors every year and assesses their independence.

3.2.1.2 / Appointments and Compensation Committee

The Company's Board of Directors has established an Appointments and Compensation Committee and set the terms of its internal regulations as follows.

Composition

The Appointments and Compensation Committee is composed of three members, none of whom holds a management position within the Company, and at least two of whom are independent as regards the criteria adopted by the Company, in accordance with the AFEP-MEDEF Code.

The members are appointed for an indefinite period (such appointment shall terminate, in all circumstances, when they cease to be a member of the Board of Directors). When selecting members of the Committee, particular consideration is given to their independence and to their expertise in the selection and compensation of corporate officers of listed companies.

The Chairman of the Appointments and Compensation Committee is appointed by the Board of Directors from among the Independent Directors.

The composition of this committee was changed in 2019: it is chaired by Antoine Gosset-Grainville (Independent Director), whose directorship was renewed by the Ordinary General Meeting of May 23, 2019, and its other two members are Patricia Barbizet (Independent Director), until her term of office as a member of the Board of Directors expired on May 23, 2019, followed by Brigitte Taittinger-Jouyet (Independent Director) from the end of the General Meeting of that date, and Nonce Paolini (Independent Director).

Duties

The Appointments and Compensation Committee is a specialized committee of the Board of Directors whose main duties are as follows:

- to assist the Board in appointing members of the governing bodies of the Company and its Group; and
- to assist it in determining and regularly assessing the overall compensation and benefits awarded to the executive corporate officers and senior executives of the Group, including any deferred benefits and/or post-employment benefits, whether due to voluntary or forced departure from the Group.

Accordingly, it performs the following duties:

- *proposing the appointment of members of the Board of Directors, senior management and Board committees* – The Appointments and Compensation Committee is responsible for making recommendations to the Board of Directors with regard to the appointment of its members (by the General Meeting or by co-option), and of the Chairman of the Board, the Chief Executive Officer and, where appropriate, the Chief Operating Officers, as well as the members and chairs of each of the other Board committees.

  For this purpose, it sends reasoned proposals to the Board of Directors. These are made in the interests of shareholders and the Company. In general, the Committee should strive to reflect a diversity of experience and points of view, while ensuring a high level of expertise, internal and external credibility and stability of the Company's corporate bodies. In addition, it draws up and updates a succession plan for executive corporate officers so that it is in a position to quickly propose succession solutions to the Board of Directors in the event of an unforeseen vacancy.

  With particular regard to the appointment of the members of the Board of Directors, the Committee specifically takes the following criteria into account: (i) the desirable balance of the composition of the Board of Directors, specifically in terms of diversity (nationalities, ages, etc.) and in view of the composition and the evolution of the Company's shareholders, (ii) the desirable number of independent members, (iii) the proportion of men and women required by the regulations in force, (iv) the opportunity for renewal of terms and (v) the integrity, competence, experience and independence of each candidate. In this context, the Committee proposes a diversity policy which is applied to the members of the Board of Directors. The Appointments and Compensation Committee must also establish a procedure for selecting future independent members and conduct its own research concerning potential candidates before they are approached.

  With regard to the appointment of the Chief Operating Officers, the Committee proposes to the Board of Directors a selection process that guarantees the presence of at least one person of each gender among the candidates until the end of the selection process. These nomination proposals endeavor to seek a balanced representation of women and men.

  When it makes its recommendations, the Appointments and Compensation Committee must ensure that the independent members of the Board of Directors and its specialized committees, including the Audit Committee and the Appointments and Compensation Committee, have at least the minimum number of independent members required by the corporate governance principles to which the Company adheres;

- *conducting an annual assessment of the independence of the Board members* – Each year, before the publication of the Company's Corporate Governance Report, the Appointments and Compensation Committee assesses whether each Board member meets the Company's independence criteria and submits an opinion to the Board for its consideration on the situation of each individual in relation to these criteria;
- *evaluating the functioning of the Board of Directors* – The Appointments and Compensation Committee prepares an annual report for the Board of Directors to enable the Board to discuss its practices, to ensure that important issues are properly prepared and discussed within the Board, and to measure the effective contribution of each member to the Board's work. It also prepares a report to enable the Board of Directors to evaluate the practices of its permanent Committees under the same conditions and with the same frequency;
- *examining and making proposals to the Board of Directors concerning all aspects and terms and conditions of the compensation of the Group's main executives and senior management as well as the Chairman and, where applicable, the Vice-Chairman of the Board of Directors* – The Appointments and Compensation Committee draws up proposals that include fixed and variable compensation, as well as, where applicable, stock options, performance share allotments, pension and provident insurance plans, hiring bonuses, termination packages and non-compete allowances, benefits in kind or other specific benefits, and any other direct or indirect compensation (including long-term benefits) that may constitute compensation for members of the senior management, under the conditions provided by the regulations. It is informed of these aspects of the compensation of the Group's senior executives and the relevant compensation policies that have been implemented within the Group. The Committee also drafts proposals about the compensation of the Chairman of the Board of Directors, and, where applicable, that of the Vice-Chairman under the conditions required by regulations. When preparing its proposals and work, the Appointments and Compensation Committee takes into account the corporate governance standards to which the Company adheres;
- *examining and making proposals to the Board of Directors concerning the budget and distribution method for Directors' fees* – The Appointments and Compensation Committee makes proposals to the Board regarding the budget and distribution of Directors' fees and the individual payments to be made to members of the Board of Directors, taking into account their attendance at Board and Committee meetings, their responsibilities and the time they are required to devote to their duties;
- *exceptional duties* – The Committee is consulted to make recommendations to the Board of Directors on all exceptional compensation relating to exceptional duties that may be assigned, where applicable, by the Board of Directors to some of its members; and
- *reviewing any negative vote on the compensation of executive corporate officers and providing advice on the matter to the Board of Directors* – When the Ordinary General Meeting issues a negative vote on the compensation paid or allotted for the year ended to the executive corporate officers, the Committee gives its opinion to the Board in order to enable it to discuss this subject at a later meeting.

Practices

A meeting of the Appointments and Compensation Committee is valid when there is a quorum of two members in attendance. The proposals of the Appointments and Compensation Committee are adopted by a simple majority of those attending the meeting, each member having one vote.

The Appointments and Compensation Committee may meet as many times as it deems necessary, but must meet at least once a year, prior to the meeting in which the Board of Directors assesses whether its members meet the Company's independence criteria (for more information on the concept of "independence" see section 3.1.4 "Independence of Directors" in this Universal Registration Document), and, in any event, prior to any Board meeting deciding on the compensation of senior management or the distribution of Directors' fees.

3.2.1.3 / Corporate, Environmental and Social Responsibility Committee

The Company's Board of Directors has established a Corporate, Environmental and Social Responsibility Committee and set the terms of its internal regulations as follows.

Composition

The Corporate, Environmental and Social Responsibility Committee is composed of four members, who are appointed for an indefinite period (such appointment shall terminate, in all circumstances, when they cease to be a member of the Board of Directors). When selecting members of the Committee, particular consideration is given to their independence, as well as to their expertise in assessing issues relating to corporate, environmental and social responsibility.

The composition of this committee was amended by the Company's Board of Directors at its meeting of April 4, 2019: it is chaired by Brigitte Taittinger-Jouyet (Independent Director), and its other three members are Delphine Mousseau (Independent Director), Jean-Marc Janaillac (Independent Director) and Caroline Grégoire Sainte Marie (Independent Director).

Duties

The duties of the Corporate, Environmental and Social Responsibility Committee focus on the three components of sustainable development identified by the Company: corporate responsibility, environmental responsibility and social responsibility.

This committee reviews the actions and results of the previous year and presents Fnac Darty's strategic priorities for the current year.

It covers such topics as social dialogue, equal treatment, gender equality, employment of young people and older workers, diversity, environmental impact management, cultural initiatives and social inclusion, and sourcing in Asia, particularly for Darty-branded products or products licensed under the Darty banner.

The Committee also ensures that the disclosures in chapter 2 "Corporate Social Responsibility" of this document have been verified by a third-party independent body to certify their compliance with Article L. 225-102-1 par. 5 and 6.

Accordingly, the Corporate, Environmental and Social Responsibility Committee's internal regulations define its main duties as follows:

- *examining the corporate, environmental and social policies enacted by the Company* – The Committee conducts the annual examination of the corporate, environmental and social policies enacted by the Company, the targets set and the results obtained in these areas. The Committee assesses these areas in light of the business activities of the Company and of its subsidiaries, and any information it may have on suppliers and their subcontractors. To this end, it also reviews the Group's Business Code of Conduct, which is distributed to employees, suppliers, partners and subcontractors of the Group, and the Fnac Darty CSR Charter and, where applicable, suggests improvements to the Charter.

  Once a year, the Committee also examines a summary of ratings awarded to the Company and its subsidiaries by the non-financial rating agencies.

  In addition, the Committee examines the quality of social dialogue within the Company and reviews any opinion surveys that may have been conducted.

  Lastly, the Committee annually identifies the priority areas for corporate, environmental and social policies, proposes objectives and defines actions to achieve them;
- *examining the main corporate, environmental and social risks and opportunities for the Company* – Each year, the Committee prepares a presentation mapping any risks related to the corporate, environmental and social responsibilities of the Company in light of specific challenges in the Company's business activities. It examines the risks identified, reviews the procedures for protecting against those risks and monitors their development;
- *examining the Company's publications in the areas of corporate, environmental and social responsibility* – Each year, the Committee reviews all information published by the Company that relates to issues of corporate, environmental and social responsibility. In this respect, the Committee reviews the reporting, assessment and control systems annually, to enable the Group to produce reliable information for these areas;
- *examining issues relating to the promotion of diversity, equity and equality* – Each year, the Committee examines all issues relating to the promotion of diversity, equity and equality in the Company. Where necessary, it summarizes its observations as recommendations and submits them to the Board of Directors. It also monitors and distributes the recommendations adopted by the Board of Directors;
- *examining of the impact of the Banner's business on the environment* – Each year, the Committee examines the impact of the Company's business on the environment. It prioritizes questions concerning energy consumption, carbon dioxide emissions arising directly or indirectly from the Company's activities, and initiatives promoting the collection and recycling of end-of-life products. Where necessary, it summarizes its observations as recommendations and submits them to the Board of Directors. It also monitors and distributes the recommendations adopted by the Board of Directors;
- *involving the Banners in a sustainable societal approach* – The Committee pays particular attention to changes in societal trends strongly linked to the activities of Group, such as the fight against cultural exclusion, freedom of expression, the rise of digital technology and automation, and the development of a more responsible approach to consumption.

  It supports initiatives to promote these values among the general public, inviting people to become involved with initiatives undertaken by the Company (such as offering to act as partners with non-profit associations, a solidarity sign-up program, collecting entertainment products for redistribution to those most in need of them, etc.);
- *involving employees in the Banners' corporate, environmental and social policies* – Each year, the Committee draws up proposals to strengthen employees' involvement in the Company's corporate, environmental and social policies. In this respect, it identifies how best to communicate the key messages to the greatest number of people, to further employees' awareness of these messages, and to provide training on its key corporate, environmental and social policies. It also reviews changes to proposals that have previously been adopted and implemented and, where necessary, proposes additional changes and/or further actions to be taken; and

- *examining fair practices in light of the Group's ethical principles set out in the Fnac Darty Business Code of Conduct* – In this context, the Committee examines and makes proposals to the Board specifically on issues relating to the prevention and detection of corruption and influence peddling.

Practices

- A meeting of the Corporate, Environmental and Social Responsibility Committee is valid when there is a quorum of two members in attendance. The Corporate, Environmental and Social Responsibility Committee's proposals are adopted by a simple majority of those attending the meeting, each member having one vote. The Committee meets as many times as it deems necessary, and at least once a year, prior to the Board meeting to convene the Company's Annual General Meeting.

3.2.1.4 / Strategy Committee

In 2019, the Company's Board of Directors decided to establish a Strategy Committee and set the terms of its internal regulations as follows.

Composition

The Committee is composed of (i) the Chairman of the Board of Directors, (ii) the Executive Corporate Officer (if this role is not combined with that of the Chairman of the Board), (iii) the Chair of the Audit Committee, (iv) the Chairman of the Appointments and Compensation Committee, and (v) the Chair of the Corporate, Environmental and Social Responsibility Committee, i.e. a minimum of three members in the case of accumulation of directorships as indicated above and a maximum of five members if no accumulation of directorships as indicated above.

The Executive Corporate Officer (if not a Director) and the Group's Chief Financial Officer attend the meetings of the Strategy Committee.

The Committee is chaired by the Chairman of the Board of Directors, unless this role is combined with that of CEO.

The Chairman of the Committee may invite certain Directors who are not members of the Committee to attend the meetings.

This Committee is therefore composed as follows: it is chaired by Jacques Veyrat (Chairman of the Board of Directors and Independent Director) and its other four members are Antoine Gosset-Grainville (Chairman of the Appointments and Compensation Committee and Independent Director), Carole Ferrand (Chair of the Audit Committee and Independent Director), Brigitte Taittinger-Jouyet (Chair of the Corporate, Environmental and Social Responsibility Committee and Independent Director) and Enrique Martinez (CEO and Director).

Duties

The Strategy Committee has two main tasks:

a) general role: the general role of the Committee is to consider the broad strategic priorities of the Group that may be implemented by the executives, specifically in the fields of business, investment, partnerships or any other matter considered central to the Group's future and, where appropriate, make recommendations to the Board of Directors in this regard; and

b) specific role: at the request of the Chairman, the Executive Corporate Officer or the Board of Directors, the Committee may also be required to provide an opinion on planned investments or divestments, including the acquisition, sale or exchange of shareholdings in any existing companies or companies to be created, which must be subject to prior authorization by the Board of Directors.

If necessary, the Committee may delegate the task of formulating any opinion on a particular subject to the Chairman, one of its members or any sub-committee composed of several of its members.

In this context, the Strategy Committee carries out the following main tasks:

- the Committee may speak with the Executive Corporate Officer (if not a Director) and, if necessary, interview the managers of any operational or functional entities that may be relevant to the execution of its tasks. The Chairman shall give advance notification thereof to the Executive Corporate Officer, unless they are a member of the Committee. In particular, the Committee is entitled to interview the Director of Strategy and M&A or any person designated by them; and
- the Committee may request external expert studies on matters falling within its competence at the Company's expense, subject to reporting back to the Board on these matters.

Practices

- A meeting of the Strategy Committee is valid when there is a quorum of two members in attendance. The Strategy Committee's proposals are adopted by a simple majority of those attending the meeting, each member having one vote. The Strategy Committee meets at least four times a year and as many times as it deems necessary.

3.2.2 / CONDITIONS FOR THE PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD OF DIRECTORS

3.2.2.1 / Internal regulations of the Board and the Market Ethics Charter

The Board of Directors assumes the duties and exercises the powers granted to it by law and the Company's bylaws.

It establishes and assesses the direction, objectives and performance of the Company and ensures that they are implemented in accordance with the corporate interest, taking into account the social and environmental challenges of its business. Subject to the powers expressly attributed to the General Meetings and within the limits of the corporate purpose, it handles all issues affecting the Company's operations and regulates the Company's affairs by its deliberations.

The Board carries out the audits and verifications it deems necessary.

The conditions for the preparation and organization of the work of the Board of Directors are defined by law, the Company's bylaws, the Board's internal regulations and the work of the Board of Directors' specialized committees. The Board has drawn up internal regulations for each of the committees.

In accordance with the law and its internal regulations, the Board of Directors meets at least four times per year. To enable the Directors to prepare as well as possible for the issues that are to be reviewed in meetings, a comprehensive dossier that includes the necessary information for each subject on the agenda is sent to them in a timely manner ahead of the meeting.

The internal regulations define the frequency and conditions for Board meetings and provide for the possibility of participating by videoconference and/or teleconference.

They also establish the principle of regular evaluation of the Board's functioning and define the procedures for distributing Directors' fees.

The internal regulations impose an obligation on the Directors to inform the Chairman of the Board of Directors of any conflict of interest, including potential conflicts of interest, between their duties to the Company and their private interests and/or other duties. Directors are not allowed to vote on any item that concerns them directly or indirectly.

A Market Ethics Charter, updated at the meeting of October 17, 2019, has been adopted by the Board of Directors reiterating the regulatory obligations of corporate officers, persons exercising responsibilities, executives and insiders, in particular those relating to the prevention of insider trading. It also defines rules regarding restrictions on trading in the Company's shares or, more generally, the Group's shares, by stipulating "blackout periods" and designating an ethics officer responsible for answering insiders' potential questions and concerns with regard to the Charter.

3.2.2.2 / Limitations imposed by the Board of Directors on the powers of the Chief Executive Officer

Under the law, the Chief Executive Officer is vested with the broadest powers to act in the name of the Company in all circumstances. He exercises those powers within the limits of the corporate purpose and the powers expressly assigned by law to the General Meeting and to the Board of Directors.

As regards the Board of Directors' statutory duty to set the strategic priorities for the Company's business and ensure their implementation, and without prejudice to the legal provisions concerning authorizations that must be granted by the Board, the internal regulations of the Board of Directors require certain decisions made by the Chief Executive Officer to be submitted to the Board of Directors for prior approval, due to the type of decision or its material nature.

In its decision of July 17, 2017, the Board of Directors maintained the limitations of powers stipulated by the internal regulations of the Board of Directors on January 26, 2017 in Article 3.3, which are as follows:

"The Chief Executive Officer must obtain the Board's prior consent for any of the following transactions:

a) issues and transactions that materially affect the Group's strategy, financial structure or scope of business;

b) the following transactions conducted by the Company or any entity controlled by the Company if they exceed the threshold set by the Board of Directors:

(i) any investment or divestment, including an acquisition or sale or exchange of interests in any companies currently existing or to be created, insofar as such transactions exceed an amount defined by the Board and valid for the duration set by the Board in its decision,

(ii) any surety, endorsement or guarantee of any kind, insofar as such transactions exceed an amount defined by the Board and valid for the duration set by the Board in its decision, and

(iii) any borrowing (or series of borrowings) or loans, of any type, or the prepayment of a loan, insofar as such transactions exceed an amount defined by the Board and valid for the duration set by the Board in its decision.

The Board also ensures that, if a strategic or significant transaction falls outside the strategy announced by the Company, sufficient information is provided to enable such a translation to be authorized by the Board of Directors."

In this context and at its meeting of July 25, 2019, the Board of Directors decided to submit for prior authorizations any transactions which exceed the following thresholds:

- any surety, endorsement or guarantee issued up to an annual overall limit of €50 million;
- any investment or divestment, including an acquisition or sale or exchange of interests in any companies currently existing or to be created, that exceeds €30 million; and
- any borrowing (or series of borrowings) or lending of money of any kind or prepayment of a loan that exceeds €50 million.

At this meeting, the Board decided that these authorizations and thresholds should be set for a period of two years expiring on July 31, 2021.

Furthermore, the Board is regularly notified of the financial position, the cash position and the commitments of the Company and the Group. In fact, the Group's Chief Financial Officer attends all Board meetings (with the exception of those held in the absence of the Chief Executive Officer) during which he can highlight, where appropriate, any facts or significant events relating to these matters.

3.2.2.3 / Work of the Board and its specialized committees

Assessment of the Board of Directors and the specialized committees

Pursuant to the provisions of the Board's internal regulations and the AFEP-MEDEF Corporate Governance Code, once a year the Board of Directors devotes one item on the agenda to a review of the composition, organization and functioning of the Board and its Committees and evaluating the effective contribution of the Directors to the Board's work.

At its meeting on February 26, 2020, the Board read the report evaluating its functioning and work compiled by an external audit firm that interviewed all the Directors after distributing an interview guide and an evaluation questionnaire. On the basis of these elements, the Board conducted an annual evaluation of its operation and committees for 2019.

The Board noted a very positive assessment of the Directors regarding the profile of the members, the operation of the Board, the efficiency with which the Chairman leads and coordinates the work, as well as the practice of dissociated governance, and did not note any point of interest on the effective contribution of each Director.

The Board noted a number of recommendations including:

- organizing a half-day to a full day dedicated to the strategy, which could also be an opportunity to develop the relationships between the Directors;
- improving the Director integration pathway; and
- receiving information packs in advance, at least four days before Board meetings and ideally with a weekend in between, in order to encourage room for debate rather than simply presenting matters.

Board of Directors

Work of the Board of Directors in 2019

The Board met seven times in 2019, with an average attendance rate of 92%. All meetings were chaired by the Chairman of the Board of Directors. Individual attendance figures for Directors at meetings of the Board of Directors are given at the end of this chapter (3.2.2.3).

At its meeting of January 24, 2019, the Board of Directors: Attendance rate: 83%

- reviewed the business performance in the fourth quarter of 2018 as well as budget priorities for 2019;
- reviewed the work of the Audit Committee meeting of December 7, 2018; and
- conducted the annual review of regulated agreements.

At its meeting of February 20, 2019, the Board of Directors: Attendance rate: 83%

- approved the annual financial statements and reports for 2017, after taking into account the work undertaken by the Audit Committee in 2018, the 2019 audit plan and the 2018 risk mapping;
- reviewed and approved the 2019 budget;
- reviewed the work of the Appointments and Compensation Committee, which met on February 15, 2019, and approved the 2018 variable compensation for the Chief Executive Officer, as well as the amount and terms of the 2019 fixed and variable compensation for the Chairman and the Chief Executive Officer. The Chief Executive Officer and the Chairman of the Board were not in attendance when this decision was made by the Directors;
- established the distribution of Directors' fees (formerly "attendance fees") for 2018;
- reviewed the work of the Corporate, Environmental and Social Responsibility Committee, which met February 19, 2019, and approved the corporate and environmental information to be published in the Management Report; and
- approved the report on Corporate Governance.

At its meeting of April 4, 2019, the Board of Directors: Attendance rate: 83%

- agreed the draft resolutions put forward to the Annual Combined General Meeting of May 23, 2019 and the explanatory memorandum; and
- discussed the composition of the Board of Directors and proposed the appointment of a new Director.

At its meeting prior to the General Meeting of May 23, 2019, the Board of Directors: Attendance rate: 100%

- approved the implementation of the stock buyback program, subject to approval of this program by the Combined General Meeting of May 23, 2019;
- decided to establish a Strategy Committee and adopted its internal regulations;
- approved the long-term incentive plan for certain senior executives of the Group; and
- prepared for the Combined General Meeting of May 23, 2019.

At its meeting following the General Meeting of May 23, 2019, the Board of Directors: Attendance rate: 100%

- ratified its decision to proceed with a capital increase reserved for employees.

At its meeting of July 25, 2019, the Board of Directors: Attendance rate: 100%

- reviewed the work of the Audit Committee meeting of July 23, 2019 on the approval of the half-year financial statement;
- examined and approved the half-year financial statements as of June 30, 2019; and
- renewed the thresholds for transactions requiring prior authorization of the Board of Directors and granted an annual budget to the Chief Executive Officer to issue sureties, endorsements and guarantees.

At its meeting of October 17, 2019, the Board of Directors: Attendance rate: 92%

- reviewed the business performance in the third quarter of 2019;
- approved the Company's management planning documents; and
- adopted a procedure for evaluating agreements relating to current transactions concluded under normal conditions.

At the end of this meeting, the Board of Directors met in the absence of the Chief Executive Officer.

Work of the Board of Directors from January 1 to February 26, 2020

At its meeting of January 16, 2020, the Board of Directors: Attendance rate: 92%

- discussed issues of current interest; and
- made an initial assessment of the previous year.

At its meeting of January 28, 2020, the Board of Directors: Attendance rate: 100%

- reviewed the business performance in the fourth quarter of 2019 as well as budget priorities for 2020;
- reviewed the work of the Audit Committee meeting of December 6, 2019; and
- conducted an annual review of the regulated agreements and read the report on the evaluation of agreements relating to current transactions concluded under normal conditions.

At its meeting of February 26, 2020, the Board of Directors: Attendance rate: 100%

- reviewed the work of the Audit Committee meeting of February 26, 2020, for 2019, the 2020 audit plan approved by the Audit Committee, and the 2019 risk mapping examined by the Audit Committee, and approved the financial statements and reports for 2019;
- reviewed and approved the 2020 budget;
- reviewed the work of the Appointments and Compensation Committee, which met on February 24, 2020, and approved the variable compensation for 2019 of the Chief Executive Officer and the amount and terms of the Chief Executive Officer's fixed and variable compensation for 2020. The Chief Executive Officer was not in attendance when this decision was made by the Directors;
- established the distribution of Directors' fees (formerly "attendance fees") for 2019;
- reviewed the work of the Corporate, Environmental and Social Responsibility Committee, which met on February 21, 2020, and approved the corporate and environmental information to be published in the Management Report; and
- approved the report on Corporate Governance, the Board's Management Report, and the Board's Draft Resolutions Report and the draft resolutions of the Annual Combined General Meeting.

Audit Committee

Work of the Audit Committee in 2019 and up to February 24, 2020

Work of the Audit Committee in 2019

In 2019, the Audit Committee met five times, with an average attendance rate of 100%.

The first meeting was held on February 18, 2019 and mainly focused on: Attendance rate: 100%

- the presentation of Fnac Darty financial results as of December 31, 2018;
- the review of the work to close the parent company and consolidated financial statements and their notes for Fnac Darty as of December 31, 2018;
- a review of the independence and objectivity of the Statutory Auditors, the amount of fees paid to them and the report on the services provided that are directly related to their duties as Statutory Auditors;
- the review of the Statutory Auditor's supplementary report;
- the review of the summary statement of services other than the certification of the financial statements for the year 2018;
- the review of the draft 2018 Registration Document, specifically those chapters relating to the financial statements, the management report, corporate governance and risk factors and internal control; and
- the review of the draft press release on the 2018 annual results.

The Committee meeting of April 18, 2019 mainly focused on: Attendance rate: 100%

- the examination of the draft press release on the Group's revenues for the first quarter of 2019; and
- the review of the Group's financing.

The Committee meeting of July 23, 2019 mainly focused on: Attendance rate: 100%

- the presentation of the Fnac Darty financial statements as of June 30, 2019 and a review of the half-year financial report;
- the review of the work to close the half-year financial statements for the period ended June 30, 2019;
- the hearing held with the Statutory Auditors on their limited review of the half-year financial statements;
- the review of the internal audit work for the first half of 2019;
- the review of the draft press release on the half-year results; and
- the review of the remedial action taken to counter cyber risk.

The Committee meeting of October 17, 2019 mainly focused on: Attendance rate: 100%

- the review of follow-up work on the 2019 audit plan;
- the review of the main legal, tax and social security disputes and audits underway within the Group's scope of consolidation; and
- the review of the follow-up work on services other than the certification of the financial statements, as of October 17, 2019.

The Committee meeting of December 11, 2019 mainly focused on: Attendance rate: 100%

- the review of the 2020 Fnac Darty risk mapping;
- the review of the follow-up work on services other than the certification of the financial statements, as of December 11, 2019;
- the proposed 2020 audit plan;
- the review of the Group's long-term financing strategy; and
- the review of the approach and methodology used for impairment tests.

The Committee meeting of February 24, 2020 mainly focused on: Attendance rate: 100%

- the presentation of Fnac Darty financial results as of December 31, 2019;
- the review of the work to close the parent company and consolidated financial statements and their notes for Fnac Darty as of December 31, 2019;
- the review of the independence and objectivity of the Statutory Auditors, the amount of fees paid to them, the total amount of fees paid for services other than the certification of the financial statements, as well as the nature of those services provided that are directly related to their duties as Statutory Auditors;
- the review of the Statutory Auditor's supplementary report;
- the report on the evaluation of agreements relating to current transactions concluded under normal conditions;
- the review of the summary statement of services other than the certification of the financial statements for the year 2019;

- the review of the draft 2019 Universal Registration Document, specifically those chapters relating to the financial statements, the management report, corporate governance and risk factors and internal control; and
- the review of the draft press release on the 2019 annual results.

The Audit Committee reported on its work and made recommendations to the Board of Directors.

Appointments and Compensation Committee

Work of the Appointments and Compensation Committee in 2019 and up to February 24, 2020

Work of the Appointments and Compensation Committee in 2019

In 2019, the Appointments and Compensation Committee met four times, with an average attendance rate of 100%.

The first meeting was held on February 4, 2019 and mainly focused on: **Attendance rate: 100%**

- the review of succession plans for the executive corporate officers and main executives;
- the composition of the Board of Directors and the specialized committees:
  - an update on the proportion of men and women on the Board of Directors and the diversity thereof,
  - a proposal for renewing and appointing new Directors,
  - the review of the independence criteria for Directors and the issuing of an opinion on the independence of each Director. Directors who sit on the Appointments and Compensation Committee did not take part in the decisions concerning their own independence, and
  - Audit Committee: review of the specific financial, accounting or statutory audit expertise of the members of the Audit Committee;
- an assessment of the work of the Board and the specialized committees;
- the review of the components of the 2018 variable compensation for the Chief Executive Officer, using calculated provisional amounts;
- the assessment of a structure for the 2019 fixed and variable compensation of the Chief Executive Officer;
- the proposal of a 2019 compensation for the Chairman of the Board;
- the proposal concerning the conditions and components of compensation for the Group's main executives;
- the ex-ante and ex-post Say on Pay proposal to be submitted to the vote of the 2019 General Meeting;
- the proposal on resolutions authorizing the Board to allocate bonus shares and stock options to be submitted to a vote at the 2019 General Meeting;
- the proposal to implement an employee stock ownership plan in 2019; and
- the review of the distribution of Directors' fees, previously called "attendance fees", for 2018 and the definition of the method for distributing Directors' fees for 2019.

The Committee meeting of February 15, 2019 mainly focused on: **Attendance rate: 100%**

- the assessment of the components of 2018 variable compensation for the Chief Executive Officer, using calculated definitive amounts;
- the assessment and proposal of a structure for the 2019 fixed and variable compensation of the Chief Executive Officer; and
- the review of the draft report on corporate governance.

The Committee meeting of April 4, 2019 mainly focused on: **Attendance rate: 100%**

- the review of the composition of the Board of Directors and the specialized committees:
  - the proposal to appoint Javier Santiso to the Board to replace Patricia Barbizet, and
  - the proposed appointments to the specialized committees;
- the review of the draft resolutions authorizing the Board of Directors to award bonus shares and stock subscription options to be submitted to a vote at the 2019 General Meeting;
- the review of the draft resolution authorizing the Board of Directors to conduct capital increases for the benefit of the members of a Company savings plan to be submitted to a vote at the 2019 General Meeting; and
- the opinion concerning the appointment of Enrique Martinez to the Board of Directors of Shaker Group as a non-executive member.

The Committee meeting of May 20, 2019 mainly focused on: **Attendance rate: 100%**

- the review and proposal of a long-term incentive plan; and
- the obligation to hold shares received from bonus share allotments and the exercise of stock options.

The work of the Appointments and Compensation Committee in 2020 up to February 24

The Committee meeting of February 24, 2020 mainly focused on: Attendance rate: 100%

- the review of succession plans for the executive corporate officers;
- the composition of the Board of Directors and the specialized committees:
  - an update on the proportion of men and women on the Board of Directors and the diversity thereof,
  - a proposal for renewing and appointing new Directors,
  - the review of the independence criteria for Directors and the issuing of an opinion on the independence of each Director. Directors who sit on the Appointments and Compensation Committee did not take part in the decisions concerning their own independence, and
  - Audit Committee: review of the specific financial, accounting or statutory audit expertise of the members of the Audit Committee;
- an assessment of the work of the Board and the specialized committees;
- the review of the components of the 2019 variable compensation for the Chief Executive Officer;
- the assessment of a structure for the 2020 fixed and variable compensation of the Chief Executive Officer;
- the proposal of a 2020 fixed compensation for the Chairman of the Board;
- the proposal concerning the conditions and components of compensation for the Group's main executives;
- the annual review of the Company's policy on diversity and professional gender equality and equal pay;
- the ex-ante and ex-post Say on Pay proposal to be submitted to the vote of the 2020 General Meeting;
- the review of the distribution of Directors' fees, previously called "attendance fees", for 2019 and the definition of the method for distributing Directors' fees for 2020; and
- the review of the draft report on corporate governance.

The Appointments and Compensation Committee reported on its work and made recommendations to the Board of Directors.

Corporate, Environmental and Social Responsibility Committee

Work of the Corporate, Environmental and Social Responsibility Committee in 2019 and up to February 21, 2020

The Corporate, Environmental and Social Responsibility Committee met twice in 2019, with all members of the committee in attendance.

On February 19, 2019, the Committee reviewed: Attendance rate: 75%

- the actions carried out during 2018 and the Group's compliance with the obligations of the Non-financial performance declaration. It also reviewed how Fnac Darty performed in terms of ethical business behavior and its compliance with the laws on due diligence, the Sapin II Law and the GDPR.

On September 20, 2019, the Committee reviewed: Attendance rate: 100%

- the Group's climate policy.

On February 21, 2020, the Committee reviewed: Attendance rate: 100%

- the actions carried out during 2019 and the Group's compliance with the obligations of the Non-financial performance declaration. It also considered the Group's social policy in greater depth.

All information relating to the Group's CSR policies and performance is disclosed in Chapter 2 "Corporate Social Responsibility" of this document.

Strategy Committee

Work of the Strategy Committee in 2019

In 2019, the Strategy Committee met once with an average attendance rate of 100% in order to review an external growth project.

Attendance of Directors at meetings of the Board of Directors and specialized committees

Director	Board of Directors	Audit Committee	Appointments and Compensation Committee	Corporate, Environmental and Social Responsibility Committee	Strategy Committee
Jacques Veyrat	7/7	X	X	X	1/1
Brigitte Taittinger-Jouyet	7/7	X	X	2/2	1/1
Delphine Mousseau	7/7	X	X	2/2	
Daniela Weber-Rey	7/7	5/5	X	X	
Sandra Lagumina	5/7	5/5	X	X	
Antoine Gosset-Grainville	7/7	X	4/4	X	1/1
Nonce Paolini	7/7	X	4/4	X	
Caroline Grégoire Sainte Marie	5/7	X	X	2/2	
Patricia Barbizet	3/4	X	4/4	X	
Simon Gillham	2/4	X	X	0/1 [(a)]	
Stéphane Roussel	3/4	X	X	X	
Carole Ferrand	7/7	5/5	X	X	1/1
Enrique Martinez	3/3	X	X	X	1/1
Javier Santiso	3/3	X			
Jean-Marc Janaillac	3/3	X		1/1 [(b)]	
Franck Maurin	1/1	X			

(a) Member up to the Annual General Meeting held on May 23, 2019.
(b) Member since the Annual General Meeting held on May 23, 2019.

3.2.2.4 / Procedure for the regular evaluation of current agreements concluded on normal terms

In accordance with the provisions of Article L. 225-39, paragraph 2 of the French Commercial Code, at its meeting of October 17, 2019, the Board of Directors implemented a procedure to evaluate, on a regular basis, whether agreements relating to current transactions concluded under normal conditions, entered into directly or through an intermediary, between Fnac Darty SA and any of its corporate officers or shareholders holding more than 10% of the voting rights, or in which any such person has an indirect interest, or entered into between Fnac Darty SA and another company, if the Chief Executive Officer, any of the Chief Operating Officers or any of the Directors of the Company is the owner, a fully liable partner, a manager, a Director or a member of the Supervisory Board or, more generally, a person in any way involved in the management of that company, fulfill these conditions.

The procedure stipulates that the Group's Legal and Financial Departments conduct an annual evaluation of the current agreements concluded under normal conditions, on the basis of the definitions of "current transactions" and "normal conditions" set out in the guidance on regulated and current agreements issued in 2014 by the French national auditing body (Compagnie Nationale des Commissaires aux Comptes). If necessary, they may engage the Statutory Auditors in order to identify any agreements that might be reclassified as regulated agreements.

Individuals that have a direct or indirect interest in any such agreements are not involved in their evaluation.

Any agreements concluded by Fnac Darty SA with companies in which Fnac Darty SA directly or indirectly holds all of the capital, minus the minimum number of shares required to comply with legal requirements, if applicable, are excluded from the scope of the evaluation procedure.

The Legal and Financial Departments report their evaluation annually to the Audit Committee and the Board of Directors, which may request to hear from representatives of the Legal and Financial Departments as part of the process of approving the results of this evaluation.

The report on the evaluation of agreements relating to current transactions concluded under normal conditions in 2019 was brought to the attention of the Board of Directors' meeting of January 28, 2020 and the Audit Committee meeting of February 24, 2020.

3.2.3 / STATEMENT ON CORPORATE GOVERNANCE

The Company refers to the recommendations of the AFEP-MEDEF Corporate Governance Code for listed companies (the "AFEP-MEDEF Code"), updated in January 2020.

The AFEP-MEDEF Code to which the Company refers may be consulted online [(1)]. The Company makes copies of this Code available to members of its corporate bodies.

Except as stated below, the Company unreservedly complies with all its recommendations:

AFEP-MEDEF Code recommendation	Explanation of exceptions
Presentation of the Compensation of Directors in table form (Article 25.2 "Annual Information")	The Company considers that the information provided in sections 3.3.2 accurately and fully reflects the components of compensation paid to Jacques Veyrat and Enrique Martinez. Consequently, the presentation of executive compensation in the form of standardized tables does not seem necessary for this information to be understood.

3.2.4 / SHARE TRANSACTIONS BY DIRECTORS

The transactions mentioned in Article L. 621-18-2 of the French Monetary and Financial Code carried out during the 2019 period until March 3, 2020 and notified to the Company were as follows:

Enrique MARTINEZ, Chief Executive Officer and Director

Sale of shares (September 18, 2019)	
Total amount	€712,152.04
Number of shares	11,873
Unit price	€59.9808

Enrique MARTINEZ, Chief Executive Officer and Director

Acquisition of units in employee shareholding plan (July 17, 2019)	
Total amount	€5,000
Number of shares	100.14
Unit price	€49.9275

(1) https://afep.com/wp-content/uploads/2020/01/Code-Afep_Medef-r%C3 %A9vision-janvier-2020_-002.

Enrique MARTINEZ, Chief Executive Officer and Director

Acquisition of performance shares (May 1, 2019)	
Total amount	€0
Number of shares	2,475
Unit price	€0

Enrique MARTINEZ, Chief Executive Officer and Director

Sale of shares (April 30, 2019)	
Total amount	€714,801.5
Number of shares	9,170
Unit price	€77.95

Enrique MARTINEZ, Chief Executive Officer and Director

Acquisition of shares (April 30, 2019)	
Total amount	€404,397
Number of shares	9,170
Unit price	€44.10

Enrique MARTINEZ, Chief Executive Officer and Director

Acquisition of performance shares (March 2, 2020)	
Total amount	€0
Number of shares	9,576
Unit price	€0

3.3 / Compensation and benefits for administrative and executive bodies

3.3.1 / COMPENSATION POLICY FOR CORPORATE OFFICERS: CHAIRMAN OF THE BOARD OF DIRECTORS, CHIEF EXECUTIVE OFFICER (AND/OR ANY EXECUTIVE CORPORATE OFFICER), MEMBERS OF THE BOARD OF DIRECTORS

The total compensation of the Chairman and Chief Executive Officer, paid in 2020, will be reduced by 25%, for the entire period during which the Group's employees are on temporary layoffs due to the COVID-19 crisis. The same measure will apply to the compensation allocated to the members of the Board of Directors paid in 2021 for 2020, and concomitantly the fixed compensation for 2020 for the members of the Executive Committee will be reduced by 15%, for the same period.

Enrique Martinez, Chief Executive Officer, has also chosen to reinvest 50% of his variable compensation for 2019 to be paid in 2020, net of social contributions and taxes, in Group shares, once it has been submitted and approved by the shareholders at the Annual General Meeting.

General prior notice

The term of office of the Directors is specified in section 3.1 of this document

3.3.1.1 / Compensation policy

On the recommendation of the Appointments and Compensation Committee, and taking into account the recommendations of the AFEP-MEDEF Code, the Board of Directors has established a compensation policy for each of the Company's corporate officers in accordance with its corporate interest, contributing to its sustainability and forming part of its business strategy as presented in chapter 1 of this document.

It is defined in such a way as to be both competitive in order to attract and retain high-performance executives and proportionate to the scope of the duties and responsibilities entrusted to each of the Chairman, executive corporate officers and Board members in order to align with the corporate interests of the Company.

The Chairman's compensation may consist of fixed compensation, compensation in respect of Directors' duties and benefits adapted to his role within the Company. In accordance with the recommendations of the AFEP-MEDEF Code, there is no provision for variable compensation.

The compensation of the Chief Executive Officer and/or any other executive corporate officer is assessed in a comprehensive and exhaustive manner and is structured so as to have a balance between fixed annual compensation, short-term variable compensation and long-term compensation in order to adapt to the various challenges faced by the Company. The executive corporate officer also receives benefits tailored to his role within the Company. Where applicable, and under very specific circumstances, exceptional compensation may be submitted to the vote of the General Meeting. If he is a Director, he may receive compensation in respect of these functions.

The fixed portion of the compensation is determined in accordance with market practices.

The variable portion of the compensation, whether annual or long-term, is subject to the achievement of objectives established in accordance with criteria based on the Company's strategic priorities. These criteria are reviewed on a regular basis although long-term stability is favored. The objectives to be achieved for each criterion are determined annually in order that they may be adapted to the Company's goals and to the expected timeframe for each system (short-term for the annual variables, long-term for stock purchase options and performance shares).

With regard to annual variable compensation, the economic and financial criteria are paramount.

The maximum potential compensation for remunerating and encouraging outperformance is determined with regard to market practices.

No element of compensation, of any type whatsoever, can be determined, allocated or paid by the Company, and no commitment made by the Company if it does not comply with the approved compensation policy or, in the absence thereof, with the compensation or practices existing within the Company.

The determination, review and implementation of the compensation policy of each of the corporate officers are conducted by the Board of Directors on the recommendation of the Appointments and Compensation Committee. It is specified that neither the Chairman of the Board, nor the Chief Executive Officer, nor any other executive corporate officer shall participate in the deliberations or votes of the Board on these matters, specifically with regard to themselves.

As part of the decision-making process used for determining and reviewing the compensation policy, the compensation and employment conditions of the Company's employees are taken into account by the Appointments and Compensation Committee and the Board, which also examines the conditions and compensation elements of the Group's main executives on an annual basis. The Board thus ensures alignment and consistency between the principles of compensation of the corporate officers and Group executives with the Company's priority objectives, regarding both the structure of their compensation and the short- and long-term variable compensation performance criteria.

3.3.1.2 / Compensation policy of the Chairman of the Board of Directors

The compensation policy submitted to the vote of the next General Meeting is set by the Board of Directors on the recommendation of the Appointments and Compensation Committee.

The elements comprising the total compensation and benefits of any kind that may be granted to the Chairman of the Board in respect of the office concerned are as follows:

Fixed compensation

The fixed annual compensation for the Chairman must be determined in accordance with market practices.

This analysis takes into account the key aspects of the Company and the scope of the executive's field of action, such as:

- revenues, budget, staff;
- the context in which the duties are performed, with the assessment of strategic challenges, and short- and long-term growth prospects; and
- the level and the complexity of responsibilities.

The Board of Directors reviews the fixed compensation of the Chairman of the Board annually with the objective of revising it only at relatively long intervals, in accordance with the recommendations of the AFEP-MEDEF Code.

It is specified that, for information purposes, at its meeting of February 26, 2020, on the recommendation of the Appointments and Compensation Committee, the Board of Directors decided to maintain the fixed compensation of its Chairman for 2020 at €200,000.

Annual variable and long-term compensation, stock options and performance shares

Pursuant to the AMF recommendations, the Board of Directors is not planning to grant variable compensation, long-term compensation, stock options or allot bonus performance shares to the Chairman of the Board.

Directors' fees (previously called "attendance fees")

The Chairman may receive compensation for his role as a Director, the amount of which is set, distributed and allotted according to rules applicable to all members of the Board.

The rules for the allotment of Directors' fees are currently as follows:

- subject to the approval by the General Meeting of May 28, 2020 of the increase of the fixed annual amount to be allocated to the Board of Directors from €450,000 to €500,000 in order to take account of the appointment of two Directors representing the employees during the 2019 and 2020 periods in accordance with the applicable legal provisions, 64% of the total annual amount of this compensation is allocated to the members of the Board of Directors, i.e. a sum of €320,000, or, in the event of rejection of the proposed increase of the annual fixed amount to be allocated to the Board, 60% of the total annual amount of this compensation is assigned to the members of the Board of Directors, i.e. €270,000;
- this amount is comprised 30% of a fixed component and 70% of a variable component, which reflects Directors' attendance at Board meetings;
- the balance, of an unchanged amount, i.e. €180,000, is allocated to the members of the specialized committees and distributed as follows: €90,000 to the Audit Committee, €54,000 to the Appointments and Compensation Committee and €36,000 to the Corporate, Environmental and Social Responsibility Committee. These portions, for which the amounts are unchanged, are allocated based on attendance at committee meetings;
- the Chairman of the Board of Directors and the committee chairs receive a 50% higher fee for their attendance at each meeting; and
- no specific compensation is allocated to the members of the Strategy Committee, as they are also members of the Board of Directors and (with the exception of the Executive Corporate Officer) serve as Chairman of the Board or chairs of the specialized committees.

For information purposes, it is specified that, in accordance with the decision of the Board of Directors of July 17, 2017, Jacques Veyrat no longer receives any compensation for his role as Director, since he was appointed Chairman of the Board of Directors on that date.

Other benefits

The Chairman of the Board may have a company car consistent with the Company's current vehicle policy and market practices; for information purposes, it is specified that Jacques Veyrat has never had one.

3.3.1.3 / Compensation policy of the Chief Executive Officer and/or any other executive corporate officer

The compensation policy submitted to the vote of the next General Meeting is set by the Board of Directors on the recommendation of the Appointments and Compensation Committee.

The elements comprising the total compensation and benefits of any kind that may be granted to the Chief Executive Officer and/or any other executive corporate officer in respect of the mandate concerned are as follows:

Fixed compensation

The fixed annual compensation for the executive corporate officers must be determined in accordance with market practices.

This analysis takes into account the key aspects of the Company and the scope of the executive's field of action, such as:

- revenues, budget, staff;
- the context in which the duties are performed, with the assessment of strategic challenges, and short- and long-term growth prospects; and
- the level and the complexity of responsibilities.

The Board of Directors reviews the fixed compensation of the executive corporate officer(s) annually with the objective of revising it only at relatively long intervals, in accordance with the recommendations of the AFEP-MEDEF Code.

For information purposes, it is specified that the gross annual fixed compensation of Enrique Martinez is €750,000 and has not changed since 2019.

Annual variable compensation

The annual variable compensation of executive corporate officers is determined by the Board of Directors which, every year, sets the quantitative targets and qualitative goals along with their relative weighting for the variable portion of compensation. Variable compensation is proportional and may currently represent between 0% (no objective achieved) and 100% of fixed annual compensation if objectives are achieved. This variable compensation may reach a maximum of 150% of annual fixed compensation if the objectives are exceeded.

Business and financial criteria are the predominant considerations when structuring annual variable compensation. It is broken down as follows: 70% on business and financial targets, 10% on objectives relating to corporate, social and environmental responsibility and 20% on qualitative goals.

The criteria are determined in accordance with the Company's strategic priorities and are regularly reviewed. However, long-term stability is favored. The current economic and financial criteria have therefore not changed since 2013.

Currently, the business and financial targets set by the Board of Directors for the variable portion are as follows:

- Group current operating income (COI) corresponding to 35% of the total bonus for a level of achievement of 100% of the target, with a maximum of 150% in the event of outperformance;
- Group free cash flow (FCF) corresponding to 15% of the total bonus for a level of achievement of 100% of the target, with a maximum of 150% in the event of outperformance;
- Group revenues accounts for 15% of the total target for an achievement level of 100%, with a maximum of 150% in the case of overperformance; and
- evolution of Group market shares corresponding to 5% of the total bonus for a level of achievement of 100% of the target, with a maximum of 150% in the event of outperformance.

Currently, the objectives related to the Company's corporate, social and environmental responsibility set by the Board of Directors for the variable portion are as follows:

- the Group's non-financial rating corresponding to 5% of the total bonus for a level of achievement of 100% of the target, with a maximum of 150% in the event of outperformance; and
- commitment of the Group's employees accounts for 5% of the total objective for an achievement level of 100%, with a maximum of 150% in the case of overperformance.

The expected achievement level of each of the business and financial targets, as well as for the objectives relating to corporate, social and environmental responsibility set for the executive corporate officers, are pre-determined each year by the Board of Directors using a specific methodology, but are not published for confidentiality reasons.

Every business and financial target and corporate, social and environmental responsibility objective is subject to:

- a trigger threshold below which no compensation is payable for the target concerned; and
- an achievement level above which the compensation is capped at 150% for the objective concerned.

For each economic or financial target, and every corporate social and environmental responsibility goal, when the result reported is between the trigger threshold and the target set, the variable compensation percentage for the target or goal concerned is determined on a straight-line basis between the two (0% and 100%). The same applies when the result reported falls between the target or goal set and the cap (100% and 150%).

In terms of qualitative goals, the Board of Directors has decided to maintain the objectives related to quality of management, social climate, quality of financial communication, quality of shareholder reporting, and relations with Directors. Two objectives linked to the execution of key strategic transformation levers are also added. The nature of these qualitative goals is pre-determined by the Board of Directors using a specific methodology, which is not divulged due to confidentiality reasons.

These variable compensation criteria contribute to the objectives of the company's commercial policy.

The weighting of revenues and market share growth reflects the Company's commercial goals as set out in its Confiance+ strategic plan, which targets the creation of Europe's leading omnichannel services platform. The size of Fnac Darty makes it a key operator both in its markets and with regard to its suppliers, which means its customers can benefit from an unrivaled range of products both online and in-store. The Group intends to strengthen its presence in its markets, whether by developing its omnichannel operations, offering a wider and more comprehensive range of products and services, opening new points of sale or developing leading brands.

The profitability objectives with current operating income and cash-flow generation seek to bolster the Company's financial strength, allow it to continue its development and ensure its continuity.

The integration from 2019 of social and environmental responsibility criteria provides for alignment with the mission of the Group, which is committed to helping customers make an educated choice, providing points of differentiation and being a vector for creating value. Consideration of the Group's non-financial rating reflects Fnac Darty's ambition to be recognized as a responsible retailer. These ratings are established by independent agencies that measure performance in a comprehensive manner, covering environmental issues as well as social and governance aspects. Furthermore, the monitoring of employee commitment, the Company's main asset, particularly within a context of major transformation, demonstrates the importance of human capital for the Group, whose employees strive to guide consumers in order to enable them to make the best choice, an educated choice, thereby marking significant competitive differentiation.

Finally, the qualitative goals, reviewed each year, encourage high-quality operational performance and the rapid and effective roll-out of key projects for the Company's transformation, which create value.

At its meeting called to approve the annual financial statements, the Board of Directors measures each of the economic, financial and social and environmental responsibility criteria, based on the performance for the entirety of the year in question. The qualitative criteria are assessed at the same meeting on the basis of the Appointments and Compensation Committee's evaluation.

Long-term compensation, stock options and performance shares

The executive corporate officers are eligible for the long-term incentive plans that the Board of Directors awards to the other members of the Executive Committee. The plans granted to the executive corporate officers may take the form of stock option plans, bonus shares subject to performance conditions, or plans paid in cash, also subject to performance conditions. The purpose of these plans is to align the interests of the executive corporate officers more closely with the interests of shareholders.

In accordance with the recommendations of the AFEP-MEDEF Code, the grant value of such plans within the IFRS 2 framework is proportionate to the annual fixed and variable components. The Board of Directors also ensures that it is consistent with market practices.

Thus, the value of the long-term compensation at the time of its initial allocation may represent a maximum of 50% of the total compensation (this total is equal to the sum of the annual fixed compensation, the maximum variable compensation and the long-term compensation).

These plans do not include a vesting period less than three years.

Vesting in these plans is subject to a condition of employment at expiration, except in exceptional circumstances laid out by the plan rules, for example in the event of death, disability or a change in control of the Company, and several performance conditions set by the Board of Directors, including at least one tied to the Company's share price.

The performance criteria, which are identical to those used for Executive Committee member plans, are stringent. They only permit vesting once a trigger threshold is reached and are measured over a period covering the years referenced by the plans.

The performance conditions will be assessed at the end of each plan in accordance with the procedures set out in the plan regulations in order to allow the Board, or the executive corporate officer by virtue of the sub-delegation by the Board of Directors, to record the fulfilment of the acquisition criteria for the long-term compensation (performance conditions and presence conditions).

Pursuant to Articles L. 225-185 and L. 225-197-1 of the French Commercial Code, the Board decided that:

- the executive corporate officers must hold, in registered form, until the end of their term of office, a minimum number of shares corresponding to 25% of their fully vested shares (net of fees and taxes and the disposals necessary to exercise options) on each of the bonus share and option plans allotted to them by the Board on or after the date of their appointment; it is specified that the plans from which they may have benefited earlier as employees are not included in this requirement; and
- this percentage would be lowered to 5% once the number of shares held by the executive corporate officers from bonus share allotments and options exercised in all plans represents an amount equal to twice their gross annual fixed compensation, which is the minimum number of shares that the executive corporate officers must hold in registered form until the end of their term of office, as recommended in paragraph 23 of the AFEP-MEDEF Code.

In accordance with the recommendations of the AFEP-MEDEF Code, the executive corporate officers who receive share options and/or performance shares formally commit not to hedge their risk on the options, the shares resulting from the exercise of options, or the performance shares, until the end of the share lock-up period set by the Board of Directors.

By aligning the long-term interests of the executives and shareholders, establishing performance conditions based on market performance, but also on economic, financial or social and environmental responsibility criteria based on the Group's strategic priorities, the variable long-term compensation contributes to the objectives of the compensation policy. Furthermore, by stipulating, in accordance with Articles L. 225-185 and L. 225-197-1 of the French Commercial Code, rules for retaining the shares fully vested under each of the bonus share and option plans in registered form, this method of compensation supports the continuity of the Company.

Exceptional compensation

In accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors does not intend to award exceptional compensation to the executive corporate officers except in very special circumstances. The payment of such compensation must be able to be justified by an event such as the achievement of a major transaction for the Company or specific substantial outperformance that is not measured as part of the annual variable compensation. The value of exceptional compensation awarded may represent up to 100% of the annual fixed compensation and the maximum annual variable compensation.

Directors' fees

If they are Directors of the Company, executive corporate officers may receive compensation in respect of their directorships, which is determined, distributed and allocated to the executive officers according to the rules applicable to all members of the Board.

The rules for the allotment of Directors' fees are currently as follows:

- subject to the approval by the General Meeting of May 28, 2020 of the increase of the fixed annual amount to be allocated to the Board of Directors from €450,000 to €500,000 in order to take account of the appointment of two Directors representing the employees during the 2019 and 2020 periods in accordance with the applicable legal provisions, 64% of the total annual amount of this compensation is allocated to the members of the Board of Directors, i.e. a sum of €320,000, or, in the event of rejection of the proposed increase of the annual fixed amount to be allocated to the Board, 60% of the total annual amount of this compensation is assigned to the members of the Board of Directors, i.e. €270,000;
- this amount is comprised 30% of a fixed component and 70% of a variable component, which reflects Directors' attendance at Board meetings;
- the balance, of an unchanged amount, i.e. €180,000, is allocated to the members of the specialized committees and distributed as follows: €90,000 to the Audit Committee, €54,000 to the Appointments and Compensation Committee and €36,000 to the Corporate, Environmental and Social Responsibility Committee. These portions, for which the amounts are unchanged, are allocated based on attendance at committee meetings;
- the Chairman of the Board of Directors and the committee chairs receive a 50% higher fee for their attendance at each meeting; and

- no specific compensation is allocated to the members of the Strategy Committee, as they are also members of the Board of Directors and (with the exception of the Executive Corporate Officer) serve as Chairman of the Board or chairs of the specialized committees.

For information purposes, it is specified that, in accordance with the decision of the Board of Directors of February 20, 2019, Enrique Martinez does not receive any compensation for his office as Director.

Other benefits

In the absence of an employment contract with the Company, executive corporate officers benefit from an unemployment insurance plan specifically for non-salaried corporate officers, to compensate, to some extent, for the lack of unemployment insurance similar to that provided for employees.

Executive corporate officers have company cars consistent with the Company's current vehicle policy and market practices.

In accordance with the provisions of Article L. 225-100 III of the French Commercial Code, the payment of any components of variable and, where applicable, exceptional compensation awarded to executive corporate officers for the previous year is subject to the approval by an Ordinary General Meeting of the components of that person's compensation under the conditions set out in the said article.

Commitments

Severance package

Executive corporate officers may receive a severance package upon termination of their appointment, which will be subject to compliance with criteria of a financial and, where applicable, non-financial nature that contribute to the objectives of the compensation policy. If such a commitment were to be implemented by the Board of Directors, it would comply with the recommendations of the AFEP-MEDEF Code concerning the cap of two years' compensation (annual fixed + variable) on the package.

Enrique Martinez does not benefit from such a commitment, whether as Chief Executive Officer or under the terms of his employment contract, which was suspended when he took office in July 2017.

In the event of termination of the employment contract, three months' notice shall be provided. If the termination is at the initiative of the Chief Executive Officer, no severance pay is due. If the termination is at the initiative of the Company, legal or conventional compensation shall be provided.

Non-compete agreement

Executive corporate officers may be subject to a non-compete agreement limited to a period of two years from the end of their term of office, in return for which they may receive, in installments over the duration of the agreement, a gross allowance of up to 80% of their fixed monthly compensation, with the Board of Directors having the option to waive implementation of this clause.

The non-compete agreement falls within the recommendations of the AFEP-MEDEF Code, which provides a cap of two years' compensation (annual fixed + variable), together with any severance pay.

In addition, the payment of compensation under the non-compete agreement is precluded as soon as the executive exercises his or her pension rights. In any event, no such compensation may be paid when the recipient is older than 65 years of age.

In this context, Enrique Martinez is subject to a non-compete agreement in the specialty retail market for entertainment and electronic products and domestic appliances for the consumer market in the countries where the Group operates. This non-compete agreement is limited to two years starting at the end of his term of office. In consideration for this agreement, Enrique Martinez will receive, in installments for its duration, a gross allowance representing 70% of his fixed monthly compensation, for a period of two years from the effective end of his term of office. The Board of Directors is entitled to waive implementation of this clause.

This commitment was approved by the General Meeting of May 18, 2018 in its fifth resolution and was the subject of an amendment approved by the General Meeting of May 23, 2019 to bring it into line with the recommendations of the AFEP MEDEF Code. During its annual review of regulated agreements at its meeting of January 28, 2020, the Board reviewed and approved the continuation of this commitment.

Supplementary pension plan

The executive corporate officers may benefit from a supplementary defined-contribution pension plan.

Accordingly, Enrique Martinez is a member of the supplementary defined-contribution pension plan recognized under Article 83 of the French General Tax Code, which also includes all executives of Fnac Darty companies in France, all on the same terms.

This commitment was approved by the Shareholders' Meeting held on May 18, 2018 as part of resolution five. During its annual review of regulated agreements at its meeting of January 28, 2020, the Board reviewed and approved the continuation of this commitment.

Provident insurance plan

Executive corporate officers may benefit from participation in a provident insurance plan.

Accordingly, Enrique Martinez is a member of the provident insurance plan (medical expenses, incapacity and disability, death benefits) covering all employees of Fnac Darty companies in France included in this policy, all on the same terms.

This agreement was approved by the Shareholders' Meeting held on May 18, 2018 as part of resolution five. During its annual review of regulated agreements at its meeting of January 28, 2020, the Board approved the continuation of this commitment.

Finally, it is specified that, in the event of the appointment of Chief Operating Officers, they would be able to benefit from an employment contract under the conditions provided for by the regulations.

3.3.1.4 / Compensation policy of members of the Board of Directors

Compensation allocated to members of the Board of Directors

The General Meeting determines the total amount of compensation allocated to the members of the Board of Directors.

Based on the recommendations of the Appointments and Compensation Committee, the Board of Directors has established the compensation policy of the members of the Board of Directors, which, in accordance with the regulations, is subject to the vote of the next General Meeting. This policy involves the distribution of Directors' fees according to the actual attendance of members at meetings of the Board and the specialized committees held during the year concerned.

The criteria for distributing the annual fixed amount allocated by the General Meeting to the members of the Board have been set by the Board on the proposal of the Appointments and Compensation Committee and are as follows:

- subject to the approval by the General Meeting of May 28, 2020 of the increase of the fixed annual amount to be allocated to the Board of Directors from €450,000 to €500,000 in order to take account of the appointment of two Directors representing the employees during the 2019 and 2020 periods in accordance with the applicable legal provisions, 64% of the total annual amount of this compensation is allocated to the members of the Board of Directors, i.e. a sum of €320,000, or, in the event of rejection of the proposed increase of the annual fixed amount to be allocated to the Board, 60% of the total annual amount of this compensation is assigned to the members of the Board of Directors, i.e. €270,000;
- this amount is comprised 30% of a fixed component and 70% of a variable component, which reflects Directors' attendance at Board meetings;
- the balance, of an unchanged amount, i.e. €180,000, is allocated to the members of the specialized committees and distributed as follows: €90,000 to the Audit Committee, €54,000 to the Appointments and Compensation Committee and €36,000 to the Corporate, Environmental and Social Responsibility Committee. These portions, for which the amounts are unchanged, are allocated based on attendance at committee meetings;
- the Chairman of the Board of Directors and the committee chairs receive a 50% higher fee for their attendance at each meeting; and
- no specific compensation is allocated to the members of the Strategy Committee, as they are also members of the Board of Directors and (with the exception of the Executive Corporate Officer) serve as Chairman of the Board or chairs of the specialized committees.

The portion of the compensation calculated but not paid to Directors who elect not to receive their compensation is not reallocated to the other Directors.

In accordance with Article 6 of its internal regulations, the Board of Directors may allocate exceptional compensation to some of its members for missions or mandates entrusted to them and which will therefore be subject to the regulated agreements regime.

Furthermore, it is specified that certain Directors may receive compensation under an employment contract under the conditions prescribed by the regulations, in particular the Directors representing the employees.

3.3.2 / INFORMATION REFERRED TO IN I OF ARTICLE L. 225-37-3 OF THE FRENCH COMMERCIAL CODE FOR EACH CORPORATE OFFICER OF THE COMPANY

The total compensation of the Chairman and Chief Executive Officer, paid in 2020, will be reduced by 25%, for the entire period during which the Group's employees are on temporary layoffs due to the COVID-19 crisis. The same measure will apply to the compensation allocated to the members of the Board of Directors paid in 2021 for 2020, and concomitantly the fixed compensation for 2020 for the members of the Executive Committee will be reduced by 15%, for the same period.

Enrique Martinez, Chief Executive Officer, has also chosen to reinvest 50% of his variable compensation for 2019 to be paid in 2020, net of social contributions and taxes, in Group shares, once it has been submitted and approved by the shareholders at the Annual General Meeting.

It is specified that the total compensation of the Chairman and the Chief Executive Officer complies with the compensation policy approved by the General Meeting of May 23, 2019 in its resolutions 10 and 11.

The information referred to in I of Article L. 225-37-3 of the French Commercial Code and indicated below for each corporate officer shall be submitted to the vote of the next General Meeting in the context of a general resolution. In addition, the compensation items paid during the 2019 period or allocated in respect of the 2019 period to the Chairman of the Board of Directors and the Chief Executive Officer referred to below shall each be the subject of a specific resolution submitted to the vote of the General Meeting in accordance with Article L. 225-100 III of the French Commercial Code.

3.3.2.1 / Compensation and benefits paid to the Chairman of the Board of Directors

The Company is a French limited company with a Board of Directors. The duties of the Chairman of the Board of Directors and the Chief Executive Officer are separated and have been exercised by Jacques Veyrat and Enrique Martinez, respectively, since July 17, 2017.

Jacques Veyrat does not have an employment contract.

At its meeting of February 20, 2019, on the recommendation of the Appointments and Compensation Committee, the Board of Directors considered and decided on the elements of the compensation package for its Chairman, Jacques Veyrat.

The stated amounts payable correspond to all compensation awarded to Jacques Veyrat during each of the years mentioned, irrespective of the date of payment. The amounts paid correspond to all compensation received by Jacques Veyrat during each of the years mentioned.

These components were determined in accordance with the compensation principles and criteria approved by the General Meeting of May 23, 2019 in its tenth resolution.

Fixed compensation

The Chairman's 2019 gross annual fixed compensation was set at €200,000 and has not changed since 2017. The gross amount due and paid for 2019 was €200,000.

For reference, in 2018, the gross amount payable and paid for that year was €200,000.

Directors' fees (previously called "attendance fees")

At its meeting of July 17, 2017, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, resolved that, as Jacques Veyrat would now receive fixed annual compensation as Chairman, he would no longer be entitled to compensation for his directorship after his appointment. Jacques Veyrat did not receive any compensation for his directorship for 2019.

3.3.2.2 / Compensation and benefits paid to the Chief Executive Officer

Given Enrique Martinez's length of service in the Group as of 2017 (19 years) and his status as an inpatriate, the Board of Directors decided, at its July 17, 2017 meeting, on the recommendation of the Appointments and Compensation Committee, to suspend Enrique Martinez's employment contract for the duration of his term as Chief Executive Officer.

At its meeting of February 20, 2019, on the recommendation of the Appointments and Compensation Committee, the Board of Directors considered and decided on the elements of the annual fixed and variable compensation of its Chief Executive Officer, Enrique Martinez.

The stated amounts payable correspond to all compensation awarded to the Chief Executive Officer during each of the years mentioned, irrespective of the date of payment. The amounts paid correspond to all compensation received by the Chief Executive Officer during each of the years mentioned.

These components were determined in accordance with the compensation principles and criteria approved by the General Meeting of May 23, 2019 in its eleventh resolution.

This section presents the compensation and benefits paid or allocated to Enrique Martinez as Chief Executive Officer.

Fixed compensation

At its meeting of February 20, 2019, the Board of Directors duly noted:

- the excellent results achieved by Enrique Martinez since assuming his position as Chief Executive Officer, which have been demonstrated by: the consolidation and successful integration of Darty and the achievement of the expected level of synergies one year ahead of schedule; the excellent operational execution of the strategic plan in its first year; and the achievement of a level of current operating income that is growing in terms of value and rate compared with the previous year, all in a highly competitive market and a challenging economic environment; and
- the significant difference between his compensation and that of chief executive officers of other companies of a comparable size, complexity and governance to Fnac Darty. The Board highlighted a compensation study that was carried out by Korn Ferry, a specialist consultancy firm, and, on the recommendation of the Appointments and Compensation Committee, decided to increase the gross annual fixed compensation of the Chief Executive Officer to €750,000. This new compensation will apply for the duration of his directorship and will, therefore, not be amended, unless exceptional circumstances apply.

The gross amount allocated and paid for 2019 was €750,000.

For reference, in 2018, the gross amount allocated and paid for that year was €550,000.

Annual variable compensation

At its meeting of February 20, 2019, on the recommendation of the Appointments and Compensation Committee, the Board of Directors decided to increase the maximum annual variable compensation for exceeded objectives to 150% of fixed compensation for 2019, in order to take better account of outperformance. The maximum percentage has been determined in accordance with market practices based on the work done by Korn Ferry, using a panel of companies whose characteristics in terms of size, complexity and governance are comparable with those of Fnac Darty.

For 2019, the Chief Executive Officer's annual variable compensation may range from 0% if no objective is reached to 100% of his annual fixed compensation if the objectives are achieved. This variable compensation may reach a maximum of 150% of annual fixed compensation if the objectives are exceeded.

Business and financial criteria are the predominant considerations when structuring annual variable compensation. It is broken down as follows: 70% on business and financial targets, 10% on objectives relating to corporate, social and environmental responsibility (incorporated in accordance with the recommendations of the AFEP-MEDEF Code) and 20% on qualitative goals.

The 2019 financial targets set for the variable portion were as follows:

- Group current operating income (COI) corresponding to 35% of the total bonus for a level of achievement of 100% of the target, with a maximum of 150% in the event of outperformance;
- Group free cash flow (FCF) corresponding to 15% of the total bonus for a level of achievement of 100% of the target, with a maximum of 150% in the event of outperformance;
- Group revenues accounts for 15% of the total target for an achievement level of 100%, with a maximum of 150% in the case of overperformance; and
- evolution of Group market shares corresponding to 5% of the total bonus for a level of achievement of 100% of the target, with a maximum of 150% in the event of outperformance.

The objectives related to the Company's corporate, social and environmental responsibility for 2019 set for the variable portion are as follows:

- the Group's non-financial rating accounts for 5% of the total objective for an achievement level of 100%, with a maximum of 150% in the case of overperformance; and
- employee commitment corresponding to 5% of the total bonus for a level of achievement of 100% of the target, with a maximum of 150% in the event of outperformance.

The level of attainment of the above criteria has been precisely established for each one. Every business and financial target and corporate, social and environmental responsibility objective is subject to:

- a trigger threshold below which no compensation is payable for the target concerned; and
- an achievement level above which the compensation is capped at 150% for the objective concerned.

For every business or financial target and corporate, social and environmental responsibility objective where the result reported falls between the trigger threshold and the objective set, the percentage of the variable compensation for the objective concerned is determined on a straight-line basis between the two (0% and 100%). The same applies when the result reported falls between the target or objective set and the cap (100% and 150%).

At its meeting called to approve the annual financial statements, the Board of Directors measures each of the economic, financial and social and environmental responsibility criteria, based on the performance for the whole of 2019. The qualitative criteria are assessed at the same meeting on the basis of the Appointments and Compensation Committee's evaluation.

The current operating income target in 2019 was partially achieved. The result falls between the trigger threshold and the target set. Thus the variable compensation on this criterion is 86.53%, or a variable rate of 30.29% for a target potential of 35% and a maximum of 52.5%.

The free cash flow target in 2019 was exceeded. The result falls between the target set and the cap. Thus the variable compensation on this criterion is 120.40%, or a variable rate of 18.06% for a target potential of 15% and a maximum of 22.5%.

Impacted heavily by social unrest in France, the 2019 revenue target was partially achieved. The result falls between the trigger threshold and the target set. Thus the variable compensation on this criterion is 25.96%, or a variable rate of 3.89% for a target potential of 15% and a maximum of 22.5%.

The objective of increasing market share was not achieved in the various key geographical regions. The result falls just below the trigger threshold. Thus the variable compensation on this criterion is 0%, or a variable rate of 0% for a target potential of 5% and a maximum of 7.5%.

The social and environmental responsibility objective as measured by the Group's non-financial rating was exceeded, with a significant improvement in the social and environmental responsibility rating in 2019. Close to the cap, the result lies between the target set and the cap. Thus the variable compensation on this criterion is 145%, or a variable rate of 7.25% for a target potential of 5% and a maximum of 7.5%.

The objective related to employee commitment was exceeded, with a significant increase in the indicator measured among employees, conducted through the analysis of monthly results and the concrete actions it allows. Close to the cap, the result lies between the target set and the cap. Thus the variable compensation on this criterion is 135%, or a variable rate of 6.75% for a target potential of 5% and a maximum of 7.5%.

The qualitative goals were assessed by the Board. The 2019 qualitative goals set for the variable portion were as follows:

- quality of management, social climate, quality of financial communication, quality of shareholder reporting, relations with Directors;
- speed and quality of Confiance+ roll-out; and
- speed of execution and quality of deployment of Client+.

The Board also recognizes the excellent results delivered by the Chief Executive Officer within a particularly difficult economic environment. Thus the variable compensation rate on these criteria is 125%, or a variable rate of 25% for a target potential of 20% and a maximum of 30%.

The Board appreciated the excellent performance of Enrique Martinez, who was able to implement numerous initiatives during a complex year that was significantly impacted by social unrest in France, enabled the Company to strengthen its work around the corporate mission and make it a vehicle for differentiation with, for example, the launch of Darty Max or the Sustainable Choice label, and successfully completed a major external growth transaction with the acquisition of Nature & Découvertes.

The total achievement rate of the 2019 variable portion was 60.83% of the maximum, and the gross amount allocated for 2019 is €684,299.

Pursuant to Article L. 225-100 III of the French Commercial Code, the payment of this annual variable compensation is subject to the approval of the elements of the compensation and benefits of any kind paid in 2019 or awarded for 2019 to Enrique Martinez by the General Meeting on May 28, 2020.

As a reminder, the total achievement rate of the 2018 variable portion was 81.84% of the maximum, and the gross amount allocated for the service of the Chief Executive Officer in 2018 was €540,177. This amount was paid in May 2019, after the General Meeting of May 23, 2019, in accordance with the provisions of Article L. 225-37-2 of the French Commercial Code.

Long-term compensation, stock options and performance shares

The Chief Executive Officer is eligible for the long-term incentive plans granted by the Board of Directors, which may take the form of stock option plans, bonus shares subject to performance conditions, or plans paid in cash.

In accordance with the recommendations of the AFEP-MEDEF Code, the grant value of these plans as adopted under IFRS 2 is proportionate to the annual fixed and variable portions and is capped in accordance with the compensation principles and criteria approved by the General Meeting of May 23, 2019 in its sixteenth resolution. It is determined by the Board of Directors in light of market practices in accordance with the principles and criteria approved by the General Meeting.

At its meeting of May 23, 2019, on the recommendation of the Appointments and Compensation Committee, the Board of Directors decided to implement a long-term variable compensation plan comprised of bonus shares settled with equity instruments.

These shares will be vested on expiry of a single three-year vesting period (May 23, 2019 to May 22, 2022), subject to the beneficiary's continued employment within the Group at the end of the vesting period and subject to the achievement of performance conditions. The vesting of these shares will be subject to a Fnac Darty share performance condition based on the Company's Total Shareholder Return (TSR) compared to that of the companies in the SBF120, as measured in 2022 for the 2019-2021 period for the entire period, and to performance conditions associated with achieving a level of Free Cash Flow assessed in 2022 upon publication of the Group's annual results for 2021, taking into account the cashflow generated by the Group during the years 2019, 2020 and 2021 for the entire period, as well as to the Company's corporate, social and environmental responsibility assessed by taking into account the Group's non-financial ratings for 2019, 2020 and 2021 for the entire period.

On May 23, 2022, when the vesting period ends, 31,752 shares may be vested under this plan.

The valuation of the gross amounts at the grant date and according to IFRS 2 rules, before apportionment of expenses over the vesting period of the equivalent in bonus shares granted in 2019, was €1,599,983. This valuation, for market items, was calculated using the Black & Scholes method based on the following parameters: a reference share price equal to €67.60 per share (price on the first day of vesting, May 23, 2019), volatility of 25% and the Euribor Swap risk-free interest rate. For non-market items, the valuation was calculated based on the best estimate of the achievement of future performance conditions.

Each performance condition is measured at the end of the plan, taking into account the performance over the entire period. Each performance criterion has a trigger threshold below which no shares linked to this criterion may be vested.

For reference, in 2018, Enrique Martinez was awarded 6,655 bonus shares due to vest fully on May 18, 2020 and 3,328 bonus shares due to vest fully on May 18, 2021.

The full vesting of each tranche of these bonus shares is subject to a Fnac Darty share performance condition based on the Company's Total Shareholder Return (TSR) compared to that of the companies in the SBF120 and subject to a performance condition associated with a current operating income target. The TSR will be measured annually, in 2019 for 2018 and in 2020 for the 2018-2019 period for the first vesting period, and in 2021 for the 2018-2020 period for the second vesting period. The current operating income to be achieved will be assessed in 2019 after the publication of the Group's 2018 annual results and in 2020 after the publication of the Group's 2019 annual results for the first vesting period, and in 2021 after the publication of the Group's 2020 annual results for the second vesting period.

The full vesting of each tranche of these bonus shares is also subject to a two-year service condition (May 18, 2018 to May 17, 2020) for the first period and a three-year service condition (May 18, 2018 to May 17, 2021) for the second period.

Bonus shares allotted in 2018 were valued at the allotment date in accordance with IFRS 2, before apportionment of expenses over the vesting period, at a gross amount of €399,966 for the May 18, 2020 maturity date and a gross amount of €200,013 for the May 18, 2021 maturity date. This valuation, for market items, was calculated using the Black & Scholes method based on the following parameters: a reference share price equal to €93.30 per share (price on the first day of vesting, May 18, 2018), volatility of 25% and the Euribor Swap risk-free interest rate. For non-market items, the valuation was calculated based on the best estimate of the achievement of future performance conditions.

Each performance condition is measured annually. For each year, each performance criterion has a trigger threshold below which no shares linked to this criterion may be vested. Shares lost in one year are not available the following year.

As a reminder, in 2017, 15,391 bonus shares were allotted to Enrique Martinez. The maturity date for this plan was March 2, 2020.

The full vesting of bonus shares was subject to a Fnac Darty share performance condition based on the Company's Total Shareholder Return (TSR) compared to that of companies in the SBF120, and subject to a performance condition linked to the achievement of synergies in the merger of the Fnac and Darty Groups, and a current operating income target. The TSR was measured annually in 2019 and 2020. The level of synergies and the current operating income were assessed in 2019 after the publication of the Group's 2018 annual results, and in 2020 after the publication of the Group's 2019 annual results.

Vesting of these bonus shares was also subject to a condition of continuous service for two years (December 15, 2017 to December 14, 2019).

Each performance criterion, for each year, had a trigger threshold below which no share related to this criterion was vested, the shares lost one year not being brought back into play the following year. All of these criteria were pre-established before the start of the plan.

In view of the performance conditions measured, Enrique Martinez acquired 62.2% of the bonus shares initially allocated in 2017, i.e. 9,576 shares with a gross acquisition value of €378,252, valued at €39.50 per share, the Fnac Darty opening share price of March 3, 2020.

For reference, in 2018, Enrique Martinez was awarded 20,883 options due to vest fully on May 18, 2020 and 20,883 options due to vest fully on May 18, 2021.

The full vesting of each tranche of these options is subject to a Fnac Darty share performance condition based on the Company's Total Shareholder Return (TSR) compared to that of the companies in the SBF120 and to a performance condition associated with a current operating income target. The TSR will be measured annually, in 2019 for 2018 and in 2020 for the 2018-2019 period for the first vesting period, and in 2021 for the 2018-2020 period for the second vesting period. The current operating income to be achieved will be assessed in 2019 after the publication of the Group's 2018 annual results and in 2020 after the publication of the Group's 2019 annual results for the first vesting period, and in 2021 after the publication of the Group's 2020 annual results for the second vesting period.

The full vesting of each tranche of these options is also subject to a two-year service condition (May 18, 2018 to May 17, 2020) for the first period and a three-year service condition (May 18, 2018 to May 17, 2021) for the second period.

Performance options allotted in 2018 were valued at the allotment date in accordance with IFRS 2, before apportionment of expenses over the vesting period, at a gross amount of €300,089 for the May 18, 2020 maturity date and a gross amount of €300,089 for the May 18, 2021 maturity date. This valuation, for market items, was calculated using the Black & Scholes method based on the following parameters: a reference share price equal to €93.30 per share (price on the first day of vesting, May 18, 2018), volatility of 25% and the Euribor Swap risk-free interest rate. For non-market items, the valuation was calculated based on the best estimate of the achievement of future performance conditions.

Each performance condition is measured annually. For each year, each performance criterion has a trigger threshold below which no options linked to this criterion may be vested. Options lost in one year are not available the following year.

Furthermore, stock options, by their nature, require an absolute increase in the share price in order to be exercised and, for this specific plan, a price higher than the exercise price set at €89.43.

In addition, pursuant to Articles L. 225-185 and L. 225-197-1 of the French Commercial Code, the Board decided at its meeting of April 28, 2017 that:

- the executive corporate officers must hold, in registered form, until the end of their term of office, a minimum number of shares corresponding to 25% of their fully vested shares (net of fees and taxes and the disposals necessary to exercise options) on each of the bonus share and option plans allotted to them by the Board on or after the date of their appointment; it is specified that the plans from which they may have benefited earlier as employees are not included in this requirement; and
- this percentage would be lowered to 5% once the number of shares held by the executive corporate officers from bonus share allotments and options exercised in all plans represents an amount equal to twice their gross annual fixed compensation, which is the minimum number of shares that the executive corporate officers must hold in registered form until the end of their term of office, as recommended in paragraph 23 of the AFEP-MEDEF Code.

Lastly, in accordance with the recommendations of the AFEP-MEDEF Code, Enrique Martinez has formally committed not to hedge his risk on the options or shares resulting from the exercise of options, or on the performance shares, until the end of the share lock-up period set by the Board of Directors.

It should also be noted that, to the Company's knowledge, no hedging instruments have been put in place by Enrique Martinez for the options or shares resulting from the exercise of options, or the performance shares, and that this shall be the case until the end of the share lock-up period set by the Board of Directors.

In-kind benefits and other benefits

Enrique Martinez is provided with a company car in accordance with the Company's current vehicle policy and market practices, which in 2019 represented an in-kind benefit of €4,010 (accounting valuation). This benefit amounted to €3,158 in 2018.

Enrique Martinez also benefits from an unemployment insurance plan for non-employee corporate officers, for which contributions were paid in the amount of €13,148 for 2019. These contributions are subject to social security and employer taxes and are therefore treated as benefits in kind. In 2018, the contributions paid for unemployment insurance amounted to €12,891.

Supplementary pension plan

The Board of Directors authorized Enrique Martinez's participation in the supplementary defined-contribution pension plan (Article 83 of the French General Tax Code) which benefits all executives of Fnac Darty's French companies included in this policy.

Premiums in 2019 and 2018 amounted to €11,156 and €10,938 respectively. During its annual review of regulated agreements at its meeting of January 28, 2020, the Board reviewed and approved the continuation of this commitment.

Provident insurance plan

On July 17, 2017, the Board of Directors authorized Enrique Martinez's participation in the provident insurance plan that benefits all employees of Fnac Darty's French companies included in this policy.

Contributions paid by the Company in 2019 and 2018 amounted to €9,543 and €9,357, respectively. During its annual review of regulated agreements at its meeting of January 28, 2020, the Board reviewed and approved the continuation of this commitment.

Directors' fees (previously called "attendance fees")

At its meeting of February 20, 2019, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, decided that Enrique Martinez would not receive any attendance fees in respect of his term of office as a Director, if his appointment to the Board was approved by the General Meeting of May 23, 2019. Enrique Martinez did not receive any compensation for his Directorship for 2019.

Total compensation

The amounts paid in 2019 and 2018 in total compensation and its components, as detailed above, totaled €1,328,034 and €835,662, respectively, broken down as follows, respectively: fixed compensation of €750,000 and €550,000; annual variable compensation of €540,177 and €248,617; in-kind benefits and other benefits of €17,158 and €16,750; supplementary pension plan contributions of €11,156 and €10,938; and, finally, Company provident insurance plan contributions of €9,543 and €9,357. In addition, the amount allocated for 2019 and paid in 2020 as annual variable compensation was €684,299.

Pursuant to Article L. 225-100 III of the French Commercial Code, the payment of the annual variable compensation allocated in respect of 2019 is subject to the approval of the elements of the compensation and benefits of any kind paid in 2019 or awarded for 2019 to Enrique Martinez by the General Meeting of May 28, 2020.

Non-compete agreement

The Board of Directors has approved a non-compete agreement with Enrique Martinez in the specialty retail market for entertainment and electronic products and domestic appliances for the consumer market in the countries where the Group operates. This non-compete agreement is limited to two years starting at the end of his term of office. In consideration for this commitment, Enrique Martinez will receive a gross allowance representing 70% of his fixed monthly compensation for a period of two years from the effective end of his term of office. The Board of Directors is entitled to waive implementation of this clause.

No amount was due for either 2019 or 2018. This commitment was implemented by the Board of Directors on July 17, 2017 and was approved by the General Meeting of May 18, 2018. It was amended by the Board of Directors on February 20, 2019, so that it complied with the new June 2018 recommendations of the AFEP MEDEF Code. This amendment was approved by the General Meeting of May 23, 2019.

3.3.2.3 / Compensation of Corporate Officers

Compensation paid to members of the Board of Directors

Compensation (previously called "attendance fees") paid in 2019 for 2018

The General Meeting determines the total amount of compensation to be paid to the members of the Board of Directors.

Based on recommendations from the Appointments and Compensation Committee, the Board of Directors determines the distribution of Directors' fees according to the actual attendance of members at meetings of the Board and the specialized committees held during the year concerned.

The General Meeting of May 18, 2018 set this amount at €450,000 for 2018, to be maintained until decided otherwise.

Based on recommendations from the Appointments and Compensation Committee, on February 20, 2019 the Board of Directors decided on the distribution of the compensation allocated to members of the Board and specialized committees who attended meetings held in 2018.

Of this amount, 60% was allocated to members of the Board of Directors, 30% of which is fixed and 70% of which is variable and reflects Directors' attendance at Board meetings.

The balance, i.e., 40% of this amount, was divided in the following way: 20% (i.e. 50% of the budget allocated to the committees) for the Audit Committee, 12% (i.e. 30% of the overall budget allocated to the committees) for the Appointments and Compensation Committee and 8% (i.e. 20% of the overall budget allocated to the committees) for the Corporate, Environmental and Social Responsibility Committee. This amount is allocated based on members' attendance at committee meetings.

The Chairman of the Board of Directors and the committee chairs receive a 50% higher fee for their attendance at each meeting.

Of the €450,000 total annual allocation for Directors' fees for 2018, a total amount of €387,937 was paid in 2019, broken down as follows:

Name	Amounts paid in 2018 for 2017 (€)	Amounts paid in 2019 for 2018 (€)	Amounts allocated in 2019 (to be paid in 2020) (€)
Patricia Barbizet	29,839	37,299	25,766
Alexandre Bompard	26,920	0	0
Carole Ferrand	38,067	60,441	60,441
Antoine Gosset-Grainville	25,544	45,013	45,013
Alban Gréget	17,848	0	0
Héloïse Temple Boyer	11,448	0	0
Nonce Paolini	31,382	37,299	37,299
Arthur Sadoun	10,238	8,430	0
Brigitte Taittinger-Jouyet	24,677	32,190	33,870
Jacques Veyrat	25,622	0	0
Marie Cheval	37,118	0	0
Stéphane Roussel (Permanent representative of Vivendi)	12,658	15,150	10,337
Simon Gillham (permanent representative of Compagnie Financière du 42 Avenue de Friedland)	16,286	26,510	8,177
Delphine Mousseau	0	29,870	29,870
Caroline Grégoire Sainte Marie	0	15,790	25,550
Daniela Weber-Rey	0	42,544	47,584
Sandra Lagumina	0	37,401	43,264
Enrique Martinez			0
Jean-Marc Janaillac			13,373
Javier Santiso			9,373
Franck Maurin			3,124
TOTAL	**307,646**	**387,937**	**393,041**

The total amount allocated for Directors' fees for 2019 was €393,041. Directors do not receive any other compensation, with the exception of:

- Jacques Veyrat, Chairman of the Board of Directors, who no longer receives any compensation for his directorship since his appointment as Chairman, as indicated in section 3.3.2.1 of the Universal Registration Document;
- Enrique Martinez, Chief Executive Officer, who does not receive any compensation for his directorship, as indicated in section 3.3.2.2 of the Universal Registration Document; and
- Franck Maurin, Director representing employees, who receives compensation under the terms of his employment contract.

In 2019, the amounts paid to Franck Maurin amounted to €104,509, including a fixed compensation of €79,884, annual variable compensation of €17,464, supplementary pension plan contributions (Article 83 of the French General Tax Code, which benefits all executives of Fnac Darty's French companies included in this policy under the same conditions and regulations as those above) of €2,559, Company provident insurance plan contributions of €2,897 and finally €1,705 in profit-sharing and incentive bonuses.

In addition, the amount allocated in 2019 and paid in 2020 as part of the annual variable compensation is not yet determined on the date of publication of this document.

Compensation to be paid in 2020 for 2019

Of the total amount of €450,000 Directors fees allocated in 2020 for 2019, on February 20, 2019 the Board of Directors allocated 60% to the Board members and 40% to the members of the specialized committees.

Of the 60% allocated to the Board of Directors, 30% was fixed and 70% was variable. The variable portion was allocated based on members' attendance at Board of Directors' meetings.

The 40% allocated to the specialized committees was distributed as follows: 20% to the Audit Committee, 12% to the Appointments and Compensation Committee and 8% to the Corporate, Environmental and Social Responsibility Committee. These portions are allotted strictly on the basis of members' attendance at committee meetings.

No specific compensation has been allocated to the members of the Strategy Committee, as they are also members of the Board of Directors and, with the exception of the Executive Corporate Officer, serve as Chairman of the Board or chairs of the specialized committees.

The portion of the compensation calculated but not paid to the Chairman of the Board and the Chief Executive Officer has not been reallocated to the other Directors.

The Chairman of the Board of Directors and the committee chairs receive a 50% higher fee for their attendance at each meeting.

The Board of Directors meeting of February 26, 2020 allocated a total of €393,041 to members of the Board of Directors and its committees to be paid in 2020 for 2019.

3.3.2.4 / Comparison of the level of compensation of corporate officers and that of employees of the Company, and of the Company's performance

In accordance with Article L. 225-37-3 of the French Commercial Code, the tables below present the level of compensation owed or allocated in respect of one year to each of the executive corporate officers, set against the average and median compensation owed or allocated in respect of the same year to the employees of the Company other than the corporate officers on a full-time equivalent basis and changes in this ratio over the last five years.

The scope contemplated in the first table is that of the listed company, Fnac Darty SA. The scope contemplated in the second table is that of the registered office functions, including the listed company. The latter scope covers a wide variety of functions carried out within the Group, in particular with the teams responsible for trading, purchasing, marketing & digital, support functions and corporate functions. The ratios relating to a broader Group scope could not be calculated over the last five years due to the merger between Fnac and Darty during this period.

	2015		2016		2017		2018		2019	
Comparison of ratios	**Average**	**Median**	**Average**	**Median**	**Average**	**Median**	**Average**	**Median**	**Average**	**Median**
Chairman, Chief Executive Officer	7.83	8.68	7.34	8.19	5.64	6.09				
Chief Executive Officer					2.94	3.17	3.69	3.42	4.70	4.20
Chairman					0.29	0.31	0.32	0.30	0.31	0.28

	2015		2016		2017		2018		2019	
Comparison of ratios	**Average**	**Median**	**Average**	**Median**	**Average**	**Median**	**Average**	**Median**	**Average**	**Median**
Chairman, Chief Executive Officer	53.52	66.81	52.98	65.51	63.48	79.21				
Chief Executive Officer					33.06	41.25	35.72	43.47	47.04	57.78
Chairman					3.23	4.04	3.10	3.77	3.13	3.84

The duties of Chairman and Chief Executive Officer were separated in July 2017 following Alexandre Bompard's departure from the Company. Compensation in 2017 was calculated on a full-time equivalent basis.

For each year, the employees taken into account were those who were present throughout the year.

In accordance with the AFEP's guidelines on multiple compensation, the items owed or allocated for an accounting period take into account, for both the corporate officers and the employees:

- fixed portion;
- the annual variable portion owed in respect of the year and therefore paid the following year. As it was not definitively set as of the date of publication of this document, the variable compensation to be paid in 2020 in respect of 2019 was estimated for employees;
- the compensation related to the office of Director, where it has been paid to the executive, in respect of the year and the office;
- the long-term compensation (stock options, performance shares, other long-term compensation instruments and multi-year variable compensation), allocated in respect of the year, valued at IFRS value; and
- benefits in kind.

In accordance with Article L. 225-37-3 of the French Commercial Code, the table below presents the annual change in compensation, the performance of the Company, the average compensation on a full-time equivalent basis for employees of the Company other than executives and equity ratios, over the last five years.

	Change 2016/2015	Change 2017/2016	Change 2017/2015	Change 2018/2017	Change 2018/2015	Change 2019/2018	Change 2019/2015
Free cash flow from operations	78%	32%	135%	-23%	80%	13%	104%
Current Operating Income/Revenues	36%	20%	64%	11%	82%	0%	82%
TSR ranking vs. SBF120 (2014 base)	-6	-4	-10	-2	-12	-20	-32
Total Net Income	-100%	18,650%	-22%	300%	210%	-31%	115%
Chairman and Chief Executive Officer compensation	-1%	17%	16%				
Chief Executive Officer compensation		-39%	-40%	13%	-32%	32%	-10%
Average compensation for employees of Fnac Darty SA	6%	52%	61%	-10%	45%	4%	50%
Average compensation for employees of registered office functions	0%	-2%	-2%	4%	2%	-1%	1%
FOR FNAC DARTY SA							
Average ratio – Chairman and Chief Executive Officer	-6%	-23%	-28%				
Median ratio – Chairman and Chief Executive Officer	-6%	-26%	-30%				
Average ratio – Chief Executive Officer		-60%	-63%	26%	-53%	27%	-40%
Median ratio – Chief Executive Officer		-61%	-63%	8%	-61%	23%	-52%
Average ratio – Chairman				11%		-4%	
Median ratio – Chairman				-5%		-7%	
FOR REGISTERED OFFICE FUNCTIONS							
Average ratio – Chairman and Chief Executive Officer	-1%	20%	19%				
Median ratio – Chairman and Chief Executive Officer	-2%	21%	19%				
Average ratio – Chief Executive Officer		-38%	-38%	8%	-33%	32%	-12%
Median ratio – Chief Executive Officer		-37%	-38%	5%	-35%	33%	-14%
Average ratio – Chairman				-4%		0%	
Median ratio – Chairman				-7%		0%	

Through the performance criteria presented above, Fnac Darty demonstrates its ability to deliver solid results over time.

The cash generation essential to ensure the development and sustainability of the Group is regular and significant. The growth of free cash flow from operations was steady and doubled in volume over the period from €84.7 million in 2015 to €172.9 million in 2019. The Group's profitability is in line with its objectives despite difficult market conditions. The current operating income/revenues rate is stable at 4% between 2018 and 2019 despite a 2019 strongly impacted by social unrest. Across the entire period, with a rate increasing from 2.2% in 2015 to 4% in 2018 and 2019, the Group has been able to demonstrate its ability to seize profitable growth opportunities through the evolution of its economic model, the successful integration of Darty and its strong resilience over recent years.

The Company's TSR is measured by comparing the Company's stock market performance each year with the market performance of the SBF120 companies from 2014, the reference year preceding the five-year period presented. With an increase in the average annual closing price of 61.6% between 2014 and 2015, Fnac Darty achieved the second best performance of these SBF120 securities. At the end of the period, with a 91% increase in the average annual closing price between 2014 and 2019, Fnac Darty posted the thirty-fourth best performance of the index over the period, illustrating the Company's strong market performance over the long term, well positioned in the second quartile of the index, including during periods in which retail companies experienced downward trends.

The net income of the Consolidated Group has fluctuated significantly from one year to the next, due in particular to the impact of changes in scope (acquisition of Darty in 2016 and Nature & Découvertes in 2019, disposal of the Brazilian subsidiary in 2017) as well as the corresponding integration and restructuring costs. The net income was also impacted over the period by the costs associated with the restructuring of the Group's debt. In addition to their impact on net income, these various events are also a marker of the Group's agility.

The compensation policy structured with a short-term compensation portion and a long-term compensation portion supports this performance. The economic and financial indicators used to measure short-term performance during these years (revenues, change in market share, free cash flow generation, current operating income) allowed the Group to regularly achieve these ambitious objectives. Long-term compensation, initially subject to the achievement of market performance conditions following Fnac's flotation in 2013, and subsequently also conditional upon the achievement of non-market performance conditions, in line with the Company's long-term profitability and cash-flow objectives, promotes the search for sustainable performance. The introduction of a criterion linked to the Group's social and environmental responsibility in 2019 reflects the desire to put Fnac Darty's mission at the heart of its strategy and the actions of its employees.

In this context, changes in the compensation of executives and in particular the executive corporate officers are marked by the change in governance in 2017. Following Alexandre Bompard's departure from the Company, the Board of Directors wished to separate the duties of Chairman and Chief Executive Officer by appointing, respectively, Jacques Veyrat and Enrique Martinez. In effect, the Appointments and Compensation Committee believed that such a separation of duties would enable senior management, in the period following the Darty Group acquisition, to focus on the Group's operational priorities and, in particular, to pursue the integration of Fnac and Darty. In order to safeguard the interests of the Company and its shareholders and to stimulate performance, the Board had wished to award compensation below the market rate to Enrique Martinez when he took office. Following a few months of Enrique Martinez's successful assumption of his office, which resulted in the strong performance achieved, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, decided to reassess both his fixed compensation and maximum potential variable compensation. In doing so, the Board kept his compensation at a level lower than that of senior executives of comparable companies, in order to give itself the time and hindsight necessary to fully evaluate Enrique Martinez's performance as Chief Executive Officer.

In 2019, the Board recognized and reaffirmed Enrique Martinez's success in his position as Chief Executive Officer, which has been demonstrated by: the consolidation and successful integration of Darty and the achievement of the expected level of synergies one year ahead of schedule; the excellent operational execution of the strategic plan in its first year; and the achievement of a level of current operating income that is growing in terms of value and rate compared with the previous year, all in a highly competitive market and a challenging economic environment. After contracting the execution of a compensation study to a specialist consultancy firm, which created a panel of SBF120 and specialized retail companies whose size, complexity and governance characteristics are comparable to those of Fnac Darty, and noting a significant discrepancy both in the Chief Executive Officer's fixed compensation and in the maximum potential variable compensation that could be awarded to reward the outperformance of his objectives, the Board of Directors decided to set the compensation of Enrique Martinez at its current level. This new compensation is set for his term of office as Director.

Although the Group doubled in size over the period and delivered solid results, the compensation of the executive corporate officer in 2019 was in line with that of 2015.

The change in average compensation in 2017 for Fnac Darty SA is linked to the merger with Darty and the resulting structural changes. Furthermore, excluding the noria effect, the average growth in the compensation of registered office employees present over the entire period between 2015 and 2019 was 14%.

3.4 / Profit-sharing, collective incentive plans and long-term incentive plans

3.4.1 / PROFIT-SHARING AGREEMENTS AND INCENTIVE PLANS

3.4.1.1 / Profit-sharing agreements in France

For companies with at least 50 employees and taxable income of more than 5% of its shareholders' equity, implementation of a profit-sharing agreement in accordance with Articles L. 3322-2 and L. 3324-1 of the French Labor Code is mandatory.

Fnac Darty companies have profit-sharing agreements in place.

3.4.1.2 / Collective incentive plans in France

Collective incentives are optional plans whose purpose is to enable the Company to involve employees more closely (by means of a calculation formula) in the running of the Company and, more particularly, in its results and performance by paying bonuses that are available immediately, in accordance with Article L. 3312-1 of the French Labor Code. Incentive plan agreements have been concluded for a number of the Group's French entities. Each agreement includes its own formula for calculating the incentive bonus.

3.4.1.3 / Group savings plans

Companies that have implemented a profit-sharing agreement must implement a Company savings plan in accordance with Article L. 3332-3 of the French Labor Code.

An amendment to the regulations governing the Fnac Darty Group savings plans concluded on March 15, 2018 instituted a Group employee savings plan for all Fnac Darty entities in France. All Group employees in France may now immediately allocate all the sums paid to them under the profit-sharing and incentive plan to the same corporate mutual funds (*fonds communs de placement d'entreprise* or "FCPE") and benefit from the services of the same administrative manager. One of the options offered to employees through this Group savings plan is to invest in units of the dedicated "Fnac Darty Employees" FCPE, which is invested in listed securities of the Company.

3.4.1.4 / Employee stock ownership plan

In 2018, an employee share ownership plan was implemented in six Group countries. It integrated seamlessly into the Confiance+ strategic plan. A vehicle to promote profit-sharing and commitment, this plan has made it possible to involve employees more closely in the Group's new opportunities, by giving them the opportunity to indirectly become a Fnac Darty shareholder through a corporate mutual fund.

This program was renewed in 2019, with the same geographical scope, in order to continue involving as many employees as possible in Fnac Darty's expansion and success. Once again this year, the plan provided for an employer matching contribution of up to €700 and a discount of 20%. With subscriptions from some 4,500 employees (average subscription of €1,400), representing an overall subscription rate of 19%, the Employee Stock Ownership Plan increased the share capital by over 111,000 shares and represented a net matching contribution of €2,500,000.

3.4.2 / LONG-TERM INCENTIVES

The main executives of the Group benefit from annual long-term variable compensation, the first plans of which were implemented in 2013. The different vesting periods of the plans run until May 23, 2022.

In 2019, at the recommendation of the Appointments and Compensation Committee, the Board of Directors meeting of May 23, 2019 decided to award bonus performance shares to some employees of the Group (210 beneficiaries), with the exception of the Executive Corporate Officer, in order to strengthen their loyalty while aligning their interests with those of the Company and its shareholders.

The duration of this plan is three years (May 23, 2019 – May 22, 2022). These shares will only be vested gradually, by tranche, at the end of two successive vesting periods (May 23, 2019 to May 22, 2021 and May 23, 2019 to May 22, 2022), subject to the beneficiary's continued employment within the Group at the end of each vesting period and the achievement of performance conditions. The vesting of these shares will be subject to a Fnac Darty share performance condition based on the Company's Total Shareholder Return (TSR) compared to that of the companies in the SBF120, as measured in 2021 for 2019-2020 in respect of the first period and in 2022 for 2019-2021 in respect of the second period; to performance conditions associated with achieving a level of Free Cash Flow assessed in 2021 upon publication of the Group's annual results for 2020, taking into account the cashflow generated by the Group during the years 2019 and 2020 for the first period, and in 2022 upon publication of the Group's annual results for 2021, taking into account the cashflow generated by the Group during the years 2019, 2020 and 2021 for the second period; as well as to the Company's corporate, social and environmental responsibility assessed by taking into account the Group's non-financial ratings for 2019 and 2020 for the first period, and by taking into account the Group's non-financial ratings for 2019, 2020 and 2021 for the second period.

Each performance condition is measured at the end of each period, taking into account the performance over the period. For each period, each performance criterion has a trigger threshold below which no shares linked to this criterion may be vested. Shares lost in one period are not available the following period.

In 2019, at the recommendation of the Appointments and Compensation Committee, the Board of Directors meeting of May 23, 2019 decided to award bonus performance shares to the Executive Corporate Officer, in order to involve him in the Company's performance through the appreciation of its share price.

The duration of this plan is three years (May 23, 2019 – May 22, 2022). These shares will be vested on expiry of a single vesting period (May 23, 2019 to May 22, 2022), subject to the beneficiary's continued employment within the Group at the end of the vesting period and subject to the achievement of performance conditions. The vesting of these shares will be subject to a Fnac Darty share performance condition based on the Company's Total Shareholder Return (TSR) compared to that of the companies in the SBF120, as measured in 2022 for the 2019-2021 period for the entire period, and to performance conditions associated with achieving a level of Free Cash Flow assessed in 2022 upon publication of the Group's annual results for 2021, taking into account the cashflow generated by the Group during the years 2019, 2020 and 2021 for the entire period, as well as to the Company's corporate, social and environmental responsibility assessed by taking into account the Group's non-financial ratings for 2019, 2020 and 2021 for the entire period.

Each performance condition is measured at the end of the plan, taking into account the performance over the entire period. Each performance criterion has a trigger threshold below which no shares linked to this criterion may be vested.

This 2019 bonus share plan (detailed in section 7.2.4 of this Universal Registration Document), as with the 2015, 2016, 2017 and 2018 bonus share plans, provides for the early vesting of shares in the following cases: a change of control of the Company; a public tender offer for the Company's shares; a public exchange offer for the Company's shares; a merger or demerger; or a public withdrawal offer.

The 2017 and 2018 stock options plans (also detailed in section 7.2.4 of this Universal Registration Document) each provide for the early vesting of shares in the following cases: a change of control of the Company; a public tender offer for the Company's shares; a public exchange offer for the Company's shares; a merger or demerger; or a public withdrawal offer.

3.5 / Factors that could have an impact during a public offering period

Pursuant to Article L. 225-37-5 of the French Commercial Code, we are presenting the following factors that could have an impact on a public offering:

- the ownership structure as well as the direct and indirect holdings known to the Company and all relevant information are described in sections 7.1.2.6 and 7.3.1;
- there are no restrictions in the bylaws on the exercise of voting rights, with the exception of the deprivation of voting rights that may be requested by one or more shareholders holding at least 3% of the Company's share capital or voting rights, if the 3% threshold or any multiple of 1% above 3% is not declared (Article 9 of the bylaws) – see section 7.1.2.6;
- there is no restriction in the bylaws on the transfer of shares;
- to the Company's knowledge, there are no shareholders' agreements or other commitments signed by shareholders;
- there is no security carrying special control rights;
- the voting rights attached to the Fnac Darty shares held by employees through the FCPE Actions fund are exercised by a representative appointed by the FCPE Supervisory Board to represent it at the General Meeting;
- the rules for appointing and dismissing members of the Board of Directors are the legal rules and bylaws provided for in Articles 12, 17 and 18 of the bylaws described in section 7.1.2.3;
- with respect to the powers of the Board of Directors, the current delegations are described in this report in section 7.2.3.1 (share buyback program) and in the table of capital increase delegations set forth in section 7.2.1; the authorization for share buybacks and delegations to conduct capital increases are suspended during a public tender offer, with the exception of a delegation to employees participating in a Company savings plan (PEE);
- the bylaws of our Company are amended in accordance with the laws and regulations;
- the agreements signed by the Company, which are amended or ended if control of the Company changes, are as follows: the Loan Agreement and the High Yield bond described in section 6.4 include a clause under which the creditors of Fnac Darty could request full or partial early repayment of the loans in the event of a change of control; and
- there are no specific agreements providing for compensation in the event of termination of the duties of members of the Board of Directors or employees, if they resign or are dismissed without real and serious cause or if their employment is terminated as a result of a public tender or exchange offer.

3.6 / Other information

The procedures for shareholders to participate in General Meetings are provided in section 7.1.2.6.

The table of financial delegations for capital increases is given in section 7.2.1.

3.7 / Special Auditors' Report on Related-Party Agreements

General Meeting called to approve the financial statements for the year ended December 31, 2019

To the General Meeting of Fnac Darty,

As the Statutory Auditors of your company, we are presenting our report on regulated agreements.

On the basis of the information provided to us, it is our responsibility to inform you of the characteristics, principal terms and conditions and reasons justifying the interest for the Company of the agreements of which we have been informed or which we may have discovered during our assignment. We are not required to express an opinion as to their utility or suitability, nor to investigate whether other agreements exist. Under Article R. 225-31 of the French Commercial Code, it is your responsibility to assess the appropriateness of entering into these agreements for the purpose of approving them.

In addition, it is our responsibility, as applicable, to communicate to you the information stipulated in Article R. 225-31 of the French Commercial Code regarding the previous year's performance of the agreements already approved by the General Meeting.

We have applied the procedures we considered necessary pursuant to the professional standards of the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this assignment. These procedures consisted of checking the consistency of the data we were given against the documents from which the data were taken.

Agreements subject to approval by the General Meeting

Agreements authorized and concluded during the last year

We hereby notify you that we have not been given notice of any agreement authorized and concluded during the last year to be submitted for approval of the General Meeting pursuant to the provisions of Article L. 225-38 of the French Commercial Code.

Agreements already approved by the General Meeting

Agreements approved in previous periods which continued to be executed during the last year

We hereby inform you that we have not been advised of any agreement already approved by the General Meeting which continued to be executed during the last year.

In addition, as requested, we hereby draw your attention to the following agreements concerning Enrique Martinez, Chief Executive Officer of Fnac Darty S.A., which were treated as regulated agreements under Article L. 225-90-1 of the French Commercial Code up until Decree No. 2019-1234 of November 27, 2019:

Membership in a supplementary defined-contribution pension plan

Nature and purpose

In its decision of July 17, 2017, your Company's Board of Directors previously authorized the continued participation of Enrique Martinez in the supplementary defined-contribution pension plan for all executives of the French companies of the Group included in the policy.

Terms

The amount of contributions in respect of this participation stands at €11,156.16 for 2019.

Participation in a provident insurance policy

Nature and purpose

In its decision of July 17, 2017, your Company's Board of Directors previously authorized the participation of Enrique Martinez in the provident insurance plan to which all employees of Fnac Darty are entitled for the reimbursement of health costs and in the event of death or permanent and total disability of the insured party.

Terms

The amount of contributions in respect of this participation stands at €9,543.48 for 2019.

Non-compete agreement for the Chief Executive Officer

Nature and purpose

In a decision dated July 17, 2017, your Company's Board of Directors previously authorized a non-compete agreement signed by your Company and its Chief Executive Officer, Enrique Martinez. The Board of Directors decided on February 20, 2019 to amend this agreement, to take into account the additional information provided by the Afep-Medef Corporate Governance Code for listed companies, which was revised in June 2018. This amendment was approved by the Combined General Meeting of May 23, 2019 on the basis of the special auditors' report of March 15, 2019.

Terms

This agreement covers the specialty retail market for entertainment and electronic products and domestic appliances for the consumer market in the countries where the Group operates. It is limited to a period of two years from the end of the Chief Executive Officer's term of office.

In consideration for this agreement, Enrique Martinez will receive a gross allowance representing 70% of his fixed monthly compensation for a period of two years from the effective end of his term of office, with the understanding that the Board of Directors may waive implementation of this clause. This allowance will now be paid in installments over the term of the agreement, and payments will stop once the Chief Executive Officer decides to retire; in any event, no compensation will be paid after he reaches the age of 65.

This agreement was not executed during the previous year.

Paris La Défense, March 13, 2020

Statutory Auditors

KPMG Audit	Deloitte & Associés
A department of KPMG S.A.	
Éric ROPERT	Stéphane RIMBEUF
Partner	*Partner*

4

Comments on the period

In February 2020, the World Health Organization declared the crisis linked to the spread of COVID-19 a pandemic, resulting in public lockdowns in many countries around the world.

This document has therefore been updated since the management report and financial statements of February 26, 2020, the date of publication for the financial statements and assumptions underlying Fnac Darty's objectives. Subsequent events are brought to the public's attention in sections 1.4.6 "Financial Trajectory" and 4.3.2 "Recent events" of this Universal Registration Document.

As such, this chapter should be read in conjunction with the additional information found in these sections.

4.1 / Analysis of business activities and consolidated results

Definitions and alternative performance indicators

Definition of revenue

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

The Group uses the following notions of change in revenue:

1. Change in revenues at constant exchange rates:

   Change in revenues 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 from period N-1 using the exchange rates used for period N.

2. Change in revenues at comparable scope of consolidation:

   The change in revenues at comparable scope of consolidation means that the impact of changes in scope of consolidation is corrected to not take account of modifications (acquisition, sale of subsidiary). Revenues of subsidiaries acquired or sold since January 1 of period N-1 are, therefore, excluded when calculating said change.

3. Change in revenues on a same-store basis:

   The change in revenues on a same-store basis means that the impact of directly owned store openings and closures is excluded. Revenues of stores opened or closed since January 1 of period N-1 are excluded from calculations of the change.

Definition of current operating income

The total operating income of Fnac Darty includes all the income and costs directly related to Group operations, whether the income and expense are recurrent or whether they result from one-off operations or decisions.

"Other non-current operating income and expense" reflects the unusual and material items for the consolidated entity that could disrupt tracking of the Group's economic performance.

As a result, and in order to monitor the Group's operating performances, Fnac Darty uses current operating income as the main management balance. This is defined as the difference between the total operating income and the "Other non-current operating income and expense".

Current operating income is an intermediate line item intended to facilitate the understanding of the entity's operating performance that can be used as a way to estimate recurring performance. This indicator is presented on a like-for-like basis in accordance with the principles of continuity and relevance for financial reporting.

Definition of EBITDA

In addition to the results published, the Group presents the EBITDA performance indicator, which excludes Interest, Taxes, Depreciation, Amortization and provisions on operational fixed assets from current operating income. The Group believes that this information assists investors in their analysis of the Group's performance. EBITDA is not an indicator stipulated by IFRS and does not appear in the Group consolidated financial statements. EBITDA has no standard definition and, therefore, the definition used by the Group may not match the definition of this term used by other companies. Since January 1, 2019, the Group has applied IFRS 16 in accordance with the modified retrospective method. The application of this standard significantly modifies the Group's EBITDA. EBITDA excluding IFRS 16 is used in the context of the applicable financial covenants under the Loan Agreement.

EBITDA = Current operating income before depreciation, amortization and provisions on fixed operational assets.

Definition of free cash flow from operations

The Group also uses an intermediate line item to track its financial performance described as free cash flow from operations. This financial indicator measures net operating cash flow and gross operating investment flow (defined as acquisitions and disposals of property, plant and equipment and intangible assets, and the change in trade payables for non-current assets). Since January 1, 2019, the 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 flows related to 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 on 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.

Initial 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 new standard, which is mandatory for annual periods beginning on or after January 1, 2019, requires the recognition of an asset (the right of use) and a liability (leasing debt) on the basis of discounted in-substance fixed lease payments.

The Group has applied IFRS 16 since January 1, 2019 in a modified retrospective manner. In order to ensure the transition between IAS 17 and IFRS 16, all lease and service agreements falling within the scope of IFRS 16 have been analyzed.

The impact of IFRS 16 application on the opening balance sheet as of January 1, 2019 resulted in a leasing debt of €987.2 million being recorded, as well as an increase in non-current assets due to the recording of a right of use for an equivalent amount.

To monitor its financial performance, the Group publishes indicators that exclude the application of IFRS 16. These indicators are EBITDA excluding IFRS 16, free cash flow from operations excluding IFRS 16, and net financial debt excluding IFRS 16.

EBITDA		**EBITDA excluding IFRS 16**
Current operating income before depreciation, amortization and provisions on fixed operational assets	**+ rents within the scope of IFRS 16 =**	EBITDA including rental expenses within the scope of IFRS 16

Free cash flow from operations		**Free cash flow from operations, excluding IFRS 16**
Net cash provided by operating activities less net operating investments	**+ disbursement of rents within the scope of IFRS 16 =**	Free cash flow from operations including cash impacts relating to rents within the scope of IFRS 16

Net financial debt		**Net financial debt excluding IFRS 16**
Gross financial debt less gross cash and cash equivalents	**- rental debt =**	Net financial debt less rental debt

Net financial income	**- financial interest on rental debt =**	**Financial result excluding IFRS 16**

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.

4.1.1 / KEY FINANCIAL INFORMATION

The reported financial information presented below is derived from the consolidated financial statements for the periods ended December 31, 2018 and 2019, prepared in accordance with IFRS as adopted by the European Union, set forth in section 5.1 “Group consolidated financial statements as of December 31, 2019 and 2018” in this Universal Registration Document.

The financial data shown below should be read in conjunction with (i) the consolidated financial statements for the periods ended December 31, 2018 and 2019 presented in section 5.1 “Group consolidated financial statements as of December 31, 2019 and 2018” in this Universal Registration Document; (ii) the analysis of the Group’s cash and equity provided in section 4.2 “Group debt and equity” in this Universal Registration Document; and (iii) the information on trends and targets presented in section 4.3 “Recent events and outlook” in this Universal Registration Document.

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

- for 2019, the audited IFRS consolidated financial statements of Fnac Darty for the period ended December 31, 2019 incorporating 12 months of operating activity of the Fnac Darty banner, restated for the reclassification of BCC to discontinued operations, and five months of operating activity of the Nature & Découvertes banner since August 1, 2019; and
- for 2018, comparative information relating to the period ended December 31, 2018, restated for the reclassification of BCC to discontinued operations, as included in the audited consolidated financial statements of Fnac Darty for the period ended December 31, 2018, and corresponding to the operating activity of the Fnac Darty banner in 2018.

Key figures from the Group income statement

(€ million)	2019	2018 restated *	Change
Revenue	7,348.6	7,131.9	3.0%
Gross margin	2,235.4	2,182.5	2.4%
Current operating income	293.3	304.1	(3.6%)
Operating income	264.7	265.3	(0.2%)
Net income from continuing operations	114.1	157.7	(27.6%)
Net income from continuing operations, Group share	115.1	157.3	(26.8%)
(as % of revenues)			
Gross margin rate	30.4%	30.6%	(0.2)pt
Current operating margin	4.0%	4.3%	(0.3)pt
Data not derived from the financial statements			
EBITDA [(a)]	625.6	406.9	53.8%
EBITDA excluding IFRS 16 [(b)]	394.9	406.9	(2.9%)

* *Restated for the reclassification of BCC to discontinued operations.*

(a) *EBITDA is defined as current operating income plus net expense for depreciation, amortization and provisions on non-current operating assets recognized in current operating income.*

(b) *EBITDA excluding IFRS 16 corresponds to EBITDA restated for lease payments that fall within the scope of the application of IFRS 16.*

Selected segment information

	2019		2018 restated *	
	(€ million)	*(as % of the total)*	*(€ million)*	*(as % of the total)*
Revenue				
France-Switzerland	6,030.7	82.1%	5,835.2	81.8%
Iberian Peninsula	722.3	9.8%	703.1	9.9%
Benelux	595.6	8.1%	593.6	8.3%
TOTAL	**7,348.6**	**100.0%**	**7,131.9**	**100.0%**
Current operating income				
France-Switzerland	256.7	87.5%	263.6	86.7%
Iberian Peninsula	25.0	8.5%	25.4	8.4%
Benelux	11.6	4.0%	15.1	5.0%
TOTAL	**293.3**	**100.0%**	**304.1**	**100.0%**

* *Restated for the reclassification of BCC to discontinued operations.*

Key balance sheet data for the Group

(€ million)	2019	2018 restated *	Change
Non-current assets	3,938.4	2,766.8	1,171.6
of which non-current assets related to IFRS 16	*1,026.3*	*0.0*	*1,026.3*
Current assets	2,733.4	2,743.8	(10.4)
Shareholders' equity	1,398.3	1,261.0	137.3
Non-current liabilities	2,306.6	1,397.8	908.8
of which non-current liabilities related to IFRS 16	*800.8*	*0.0*	*800.8*
Current liabilities	3,032.4	2,850.5	181.9
of which current liabilities related to IFRS 16	*215.1*	*0.0*	*215.1*
Financial debt excluding IFRS 16	*1,013.4*	*911.2*	*102.2*
Cash and cash equivalents	*995.5*	*918.6*	*76.9*
Net financial debt excluding IFRS 16	17.9	(7.4)	25.3
Financial debt related to IFRS 16	*1,015.9*	*0.0*	*1,015.9*
Net financial debt	1,033.8	(7.4)	1,041.2

* *Restated for the reclassification of BCC to discontinued operations.*

Key data from the Group cash flow statement

(€ million)	2019	2018 restated *	Change
Cash flow before tax, dividends and interest	570.4	350.7	219.7
Change in working capital requirement	51.8	(7.3)	59.1
Net cash flows from operating activities	551.8	271.6	280.2
Net cash flows from operating investment activities	(145.0)	(113.8)	(31.2)
Net cash flows from financial investment activities	(108.1)	(13.5)	(94.6)
Net cash flows from financing activities excluding IFRS 16	(63.3)	(43.8)	(19.5)
Net flows related to the application of IFRS 16	(233.9)	0.0	(233.9)
Net financial debt excluding IFRS 16	17.9	(7.4)	25.3

* *Restated for the reclassification of BCC to discontinued operations.*

4.1.2 / GENERAL PRESENTATION

4.1.2.1 / Introduction

The following table provides a breakdown of the Group's 2019 revenue by geographical region and by category of products and services.

	2019									
	Consumer electronics		Editorial products		Domestic appliances		Other products and services		Total	
	(€ million)	*(as a % of the region's revenue)*	*(€ million)*	*(as a % of the region's revenue)*	*(€ million)*	*(as a % of the region's revenue)*	*(€ million)*	*(as a % of the region's revenue)*	*(€ million)*	*(as a % of the region's revenue)*
France-Switzerland	2,873.0	47.6%	960.0	15.9%	1,357.1	22.5%	840.6	13.9%	6,030.7	82.1%
Iberian Peninsula	426.7	59.1%	214.0	29.6%	0.0	0.0%	81.6	11.3%	722.3	9.8%
Benelux	306.1	51.4%	51.4	8.6%	197.2	33.1%	40.9	6.9%	595.6	8.1%
TOTAL	**3,605.8**	**49.1%**	**1,225.4**	**16.7%**	**1,554.3**	**21.2%**	**963.1**	**13.1%**	**7,348.6**	**100.0%**

The Group manages its operations on the basis of the following geographical segments:

- **France-Switzerland** *(82.1% of Group revenue in 2019, 87.5% of Group current operating income in 2019)*. The France-Switzerland region is the leading region in terms of contribution to Group revenue, with €6,030.7 million of revenue in 2019, and was bolstered by the acquisition of Nature & Découvertes from August 1, 2019.

Nature & Découvertes and its subsidiaries are managed from France. At the end of 2019, there were 91 directly operated Nature & Découvertes stores (including 3 stores in Germany, 4 stores in Belgium and 1 store in Luxembourg), plus a network of 8 franchises in Switzerland.

The Group's activity in France and Switzerland at the end of 2019 was thus driven by the network of directly operated stores (402 in France and nine in Switzerland), the 315 stores operated under franchise in France (including the Nature & Découvertes stores in Switzerland, and the stores in Morocco, Tunisia, Qatar, Ivory Coast, Congo and Cameroon) and its websites, primarily fnac.com, darty.com, fnac.ch and natureetdecouvertes.com;

- **Iberian Peninsula** *(9.8% of Group revenue in 2019, and 8.5% of Group current operating income in 2019)*. The Iberian Peninsula region covers the Group's operations in Spain and Portugal and posted revenues of €722.3 million in 2019. The Group conducts its business in the Iberian Peninsula through networks of directly operated stores (33 in Spain and 32 in Portugal at the end of 2019), franchise stores (4 in Spain and 1 in Portugal) and through the fnac.es and fnac.pt websites;
- **Benelux** *(8.1% of Group revenue in 2019, 4.0% of Group current operating income in 2019).* The Benelux region covers the Group's activities managed from Belgium and recorded revenue of €595.6 million in 2019. At year-end 2019, Fnac Darty operated 83 directly owned stores in Belgium and one in Luxembourg.

Product and service categories

In each geographical region where it operates, the Group analyzes its sales by category of products and services. This analysis is divided into four main segments:

- **consumer electronics** *(49.1% of Group revenues in 2019).* The consumer electronics category generated revenue of €3,605.8 million in 2019. It includes two sub-categories of products:
  - *"Microcomputing"* represents sales of the following products: desktop computers, laptops, tablets, software, printers, e-readers, telephones and office products and accessories, as well as all connected products,
  - *"Retail Electronics"* includes sales of the following products: cameras and photography accessories, televisions and video accessories such as DVD players, Blu-Ray players and other accessories (home cinema), and audio items and accessories (MP3 players, headphones, docking stations and related accessories);
- **editorial products** *(16.7% of Group revenues in 2019).* The editorial products category generated revenue of €1,225.4 million in 2019. It includes two sub-categories of products:
  - *"Books"* covers hard copy and digital books,
  - *"Discs and Gaming"* includes discs comprising music (CDs) and video (DVDs and Blu-Ray discs); gaming, comprising video games (new and used) and games consoles; and tie-in products (gadgets, t-shirts, musical instruments and others);
- **domestic appliances** *(21.2% of Group revenues in 2019).* The domestic appliances category generated €1,554.3 million in revenue in 2019. It includes two sub-categories of products:
  - *"Large domestic appliances"* are refrigerators/freezers, cooking equipment, dishwashers and washing machines/dryers,
  - *"Small domestic appliances"* include vacuum cleaners, body care and water/air treatment appliances;
- **other products and services** *(13.1% of Group revenues in 2019).* This category represents two sub-categories: first, products in the development phase, which generated revenue of €361.9 million, including kitchen units, Home & Design products, Games & Toys, Urban Mobility, Stationery, Wellbeing and Food & Drink products; and second, "services" and "other income" items, both of which generated €601.2 million in revenue in 2019 and include the following items:
  - services related to goods sold, such as the sale of warranty extensions, product insurance sales, after-sales service and deliveries and installations,
  - rental services for consumer electronics and delivery services,
  - ticketing and gift boxes,
  - sales of membership cards for the Group's loyalty program,
  - invoicing of shipping costs to online customers,
  - commissions received through Marketplace, and partnerships with suppliers, and
  - royalties from stores operated under franchise.

Number of stores as of December 31, 2019

The following table shows the growth in the number of stores over the period:

	2019			2018		
Number of stores *	Owned	Franchise	Total	Owned	Franchise	Total
France-Switzerland	411	315	726	316	255	571
Iberian Peninsula	65	5	70	58	5	63
Benelux	84	0	84	83	0	83
TOTAL	**560**	**320**	**880**	**457**	**260**	**717**

* *Excluding BCC banner stores.*

The Group opened 23 directly owned stores and 55 stores under franchise in 2019. At the same time, the Group closed 8 directly owned stores and 3 franchise stores. The Nature & Découvertes store network was integrated over the period. This includes 91 directly owned stores and eight franchise stores.

The financial results of directly owned stores are fully consolidated in the Group's financial statements. The Group analyzes the change in its revenue over a given period on a basis which includes all stores, as well as on a same-store basis, i.e. the revenue generated by stores that, as of January 1 of year N, were in operation for the full 12 months of year N-1.

In regards to stores operated under franchise, the goods sold to franchised stores are recognized under Group product revenue, while franchise fees on revenue generated by the franchises through business with their customers are recognized under Group services revenue.

Unless otherwise indicated, all financial data in this chapter include the full scope of consolidation and are presented on a current exchange rate basis.

Traffic, average checkout value, checkout transactions and number of loyalty program members

The Group's revenue is a function of the number of checkout transactions and average checkout values. Checkout transactions depend on customer traffic (visits to a store or website) and the sales conversion rate.

The number of Group loyalty program members rose by 16.4% to total 9.2 million at the end of 2019.

Seasonality

The Group's business is highly seasonal and is characterized by a substantial increase in store traffic and website traffic towards the end of the year, from Black Friday in late November to the Christmas and New Year holidays (see section 6.2 "Operational risks" of this Universal Registration Document). In 2019, the Group generated 34.6% of its consolidated revenue for the year during the fourth quarter, a slight increase compared to 2018.

Fluctuations in foreign exchange rates

The impact of fluctuations in foreign exchange rates is limited and primarily consists of the impact of exchange rate fluctuations on the income statements resulting from the translation of the local-currency results of the Group's subsidiaries in Switzerland into euros.

In 2019, the Group recorded growth of 3.0% in reported revenue. At a constant exchange rate, the change in revenues is also 3.0%.

The foreign exchange risk incurred on purchases made by the Group is relatively low as the Group's subsidiaries make the vast bulk of their sales and generate the vast bulk of their costs in the local currency, i.e. primarily in euros.

4.1.2.2 / Significant events during the fiscal year

In February 2020, the World Health Organization declared the crisis linked to the spread of COVID-19 a pandemic, resulting in public lockdowns in many countries around the world.

This document has therefore been updated since the management report and financial statements of February 26, 2020, the date of publication for the financial statements and assumptions underlying Fnac Darty's objectives.

Subsequent events are brought to the public's attention in sections 1.4.6 "Financial trajectory" and 4.3.2 "Recent events" of this Universal Registration Document. As such, the paragraph below should be read in conjunction with the additional information found in these sections.

2019 revenue growth in a complex market environment

Fnac Darty posted **revenue** of €7,349 million, up by +0.7% [1] on a like-for-like basis. This performance was achieved in a market environment affected by exceptional events which repeated impacts on business activity, particularly in France: the ongoing "Yellow Vest" movements in the first quarter of 2019 and the social movements at the end of the year.

The additional revenue related to the scope of consolidation amounted to €159 million in 2019, from continuing operations.

Gross margin rate was 30.4%, down by 20 basis points compared to 2018, mainly due to the lower weight of Christmas sales, impacted by the social movements in France, and the dilutive technical effect of the franchise development. The product/service mix effect remained slightly positive due to the favorable impact of the Nature & Découvertes consolidation.

Current operating income from continuing operations reached €293 million. It includes a contribution of slightly over €20 million from acquired companies in 2019. Thanks to cost-control, the **current operating margin** remained solid at 4%.

The **net income from continuing operations** is €114 million in 2019 compared to €158 million in 2018. The decrease is mainly due to the increased financial expenses, impacted by €27 million one-off costs related to the renegotiation of the bond issue in 2019, and a deferred tax benefit of approximately €10 million accounted in 2018.

Fnac Darty continued to generate a strong **free cash flow from operations**, excluding IFRS 16, amounting to €173 million, up €15 million compared to 2018 [2].

Based on the resilience of its results in a complex environment, Fnac Darty will propose, at the General Shareholders Meeting held on May 28, 2020, the **distribution of an ordinary dividend of €1.50 per share,** representing a payout ratio of around 35%. This dividend will be payable in cash or in shares, with a 5% discount, at the discretion of the shareholder. The ex-dividend date will be June 4, 2020 and the dividend payment date July 3, 2020.

Analysis of the impact of the transition to IFRS 16

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

The **EBITDA** reached €626 million, up €219 million compared to 2018. The impact associated with the application of IFRS 16 was €231 million in 2019. Excluding IFRS 16, EBITDA is €395 million, compared to €407 million in 2018 [2].

The application of IFRS 16 adversely impacted **financial costs** in the income statement, for €21 million.

Finally, at the end of 2019, the **net debt position** was €18 million, excluding IFRS 16, compared with -€7 million in 2018.

Strengthened commitment to social and environmental responsibility

In 2019, the Group continued its initiatives to become a major player in the circular economy and to promote the extended life span of its products. Hence, Fnac Darty launched, at the end of October 2019, a new subscription-based repair service to extend the life span of large domestic appliances. This service, known as Darty Max, is available in all Darty stores. Darty Max represents the continuation of the Group's historical commitment to responsible consumption. The Group also continued its initiatives in helping customers to make an "educated choice", and in June created the "Sustainable Choice by Darty" – a label that helps consumers to easily identify, both in stores and online, the most sustainable products, based on the availability of spare parts and the breakdown rate. This label has recently been extended to small domestic appliances and now covers a total of 82 products. Finally, the scope of the repairability index was extended to smartphones, and the second "after-sales service barometer" was launched and will be renewed each year, in order to better inform the public about the life span of domestic appliances and multimedia equipment.

In this context, Fnac Darty saw a significant improvement in its extra-financial ratings, reflecting the progress made in its commitments to social and environmental responsibility. In 2019, the Group obtained a rating of A2 from Vigeo Eiris (with a score of 44/100 compared to 35/100 in 2018), joined the "Outperformer" ranking of Sustainalytics (with a score of 68/100 compared to 61/100 in 2018) and had its rating improved to AA by MSCI (compared to A in the past three years). Finally, the CDP (Carbon Disclosure Project), which provides an international benchmark for corporate environmental transparency, upgraded Fnac Darty's rating to B (from D in 2018), ranking the Group above the average of its sector. In addition, the Group has also affirmed its environmental strategy by setting a quantified objective of reducing its CO_2 consumption in France by 50% by 2030, compared to the 2018 level. In order to incorporate the climate criterion into the Company's strategies, a Climate Committee was set up in 2019 to discuss and validate the roadmaps and action plans undertaken to achieve the stated reduction target.

(1) Like-for-like data: excluding effect of changes in foreign exchange rates, changes in scope, and the openings and closures of stores.
(2) Restated for the reclassification of BCC to discontinued operations.

A year of transformation and strengthening of the multi-specialist profile

In 2019, Fnac Darty continued to diversify and strengthen its multi-specialist profile.

Acquisition of Nature & Découvertes

During the second half of 2019, Fnac Darty completed the acquisition of Nature & Découvertes, a leading omnichannel retailer of products in the natural and wellbeing sector. Created in 1990, Nature & Découvertes offers a unique products range with a network of 99 stores in Europe, and a website attracting more than 15 million visitors per year.

This acquisition allows Fnac Darty to continue to diversify its product offering by integrating a strong brand whose commitment to the values of curiosity, discovery and wellbeing will strengthen and enhance the Group's strategic positioning. Nature & Découvertes' commitment to ethical, eco-friendly consumption – highlighted by its B CORP certification – converges with Fnac Darty's commitment to provide an educated choice to customers, as well as its commitment to a more circular and responsible economy.

The rapid integration of Nature & Découvertes is in line with the initial plan. The first Nature & Découvertes shop-in-shop opened in Fnac La Rochelle in September 2019. At the end of 2019, four Nature & Découvertes shop-in-shops were opened in Fnac stores, including one in Barcelona (Spain), representing the first establishment of the brand in the Iberian Peninsula. The ambition is to continue to expand the brand's presence in this region in 2020. In addition, Nature & Découvertes' range of products and its Marketplace have begun to be integrated into the fnac.com product offering.

Digital development and strengthening of the ticketing offer

Fnac Darty is present in the ticketing sector through its subsidiary France Billet, the leading distributor of event tickets in France, selling more than 12 million tickets in 2019.

Against the background of major transformation, two significant transactions were carried out in this sector in 2019.

The first quarter saw the acquisition of the company Billetreduc.com, a leading retailer of "last-minute" event tickets in France, with 2.4 million visitors per month. Billetreduc.com provides France Billet with a complementary ticketing offer in the growing last-minute market, allowing it to attract new audiences, become more attractive to event organizers and boost its ability to promote cultural diversity, discover new talents and offer consumers broader access to culture for all audiences.

In October 2019, in response to the increase in competition, particularly related to the disintermediation of the sector and the increased power of new sales segments, a strategic partnership was concluded with the CTS Eventim Group, the European leader in the ticketing sector, allowing France Billet to benefit from the technological innovation of CTS Eventim, one of the leading international providers of Ticketing and Live Entertainment. This partnership allows France Billet to accelerate the development of its digital platform and enrich its value proposition towards its customers and partners. CTS Eventim will incorporate the retail of tickets for events and shows in France within its offering.

As part of the strategic partnership, CTS Eventim acquired a 48% stake in France Billet's share capital.

Consolidation of WeFix

The integration of WeFix, a French leader in express smartphone repair, acquired in October 2018, progressed according to plan, which aims to double the number of repair points. The Group has now become a key provider of smartphone repair and associated services. WeFix opened 42 stores in 2019, including 13 during the fourth quarter of the year. This brought the total number of points of sale to 96 at the end of 2019.

Fnac Darty continued to invest in developing the banner's capacities, specifically including the roll-out of the screen protection solution XForce in 138 stores in 2019. Strategic partnerships have also been signed with Garantie Privée and Bouygues Telecom, to provide common customers with a first-class repair experience. Finally, the integration of WeFix has enabled the Group to expand its offer in reconditioned phones, in which sales have more than tripled in comparison to 2018.

Continuation of the Confiance+ plan

In 2019, the strategic plan Confiance+ continued to be rolled out.

Strengthening of the omnichannel platform

First-rate digital and logistical capabilities

Fnac Darty continued with initiatives to reinforce its omnichannel footprint, primarily by accelerating the transformation of its digital platforms with the deployment of its Digital Factory project, which has improved the agility and speed of development of its e-commerce sites. The websites' search engines were optimized and the speed of the teams was increased in 2019.

E-commerce activities account for nearly 19% of revenue, and the performances of our e-commerce platforms in the fourth quarter were solid, with notably double-digit growth internationally. In 2019, the development of online sales was marked by strong international growth and the continued development of Marketplaces.

The Group continued to strengthen its delivery offerings in 2019, and generalized its Click&collect offer for books, CDs and DVDs, offering the option of picking up purchases in one hour. The entire Fnac integrated store network in France has rolled out this new service. In 2019, 1.5 million 1-hour pickup orders in France were recorded for this category of products.

Finally, in-store omnichannel initiatives continued, with over 270 stores digitalized at the end of 2019. “Pay & Go”, an innovative solution allowing customers to pay their purchases via their smartphone without going through the checkout, was also rolled out in all Fnac’s integrated stores in France. Fnac Darty was also rewarded for this disruptive innovation, and received the Gold Trophy at the CX Awards in the Innovation category.

The share of omnichannel sales accounted for 49% of online orders in 2019.

Continued expansion of the store network

The pace of store network expansion remained very strong in 2019, with a total of 78 openings, including one in a new country – Luxembourg. Fnac opened 38 stores in 2019 (26 in France, one in Tunisia, one in Luxembourg, one in Switzerland, four in Spain, four in Portugal and one in Belgium); 24 of these are franchises. Darty opened 36 stores in 2019 (35 in France and one in Tunisia); 31 of these are franchises.

Nature & Découvertes opened four new integrated stores in 2019, bringing the total number of stores under the banner to 99 (83 in France, three in Germany, four in Belgium, one in Luxembourg and eight in Switzerland); 91 of these are integrated stores, and eight are franchises.

Fnac Darty had a total of 880 stores at the end of 2019, including Nature & Découvertes.

An enhanced customer experience

Increased diversification of the product offering

Diversification of the products and services offers continued in 2019, with the opening of dedicated small domestic appliance areas in Fnac stores in Spain, Portugal, Switzerland and France. By the end of 2019, 90 small domestic appliance areas were opened across the network under the banner of Darty or Fnac Home.

The Kitchen offering continued to expand with the opening of 22 new points of sale during the year, including eight new stores dedicated exclusively to kitchens. At the end of 2019, the Group had more than 150 Kitchen points of sale, including 11 stores dedicated exclusively to this offering.

The acquisition of Nature & Découvertes in 2019 allowed the Group to diversify its product offerings by integrated a leading brand in the omnichannel distribution of Natural and Wellbeing products.

Finally, Fnac Darty continued to streamline its stores in 2019, redistributing the in-store sales areas to diversification categories that have continued to grow significantly, with double-digit growth over the year, and very strong performance in the Toys & Games and Urban Mobility categories.

New service offerings

Fnac Darty also continued to develop its service offering, a major vector in differentiation and value creation, capitalizing in particular on Fnac’s expertise in customer advice and Darty’s after-sales service know-how.

Services continued to record growth in 2019, driven by the integration of WeFix and advertising businesses.

At the same time, the normalization of cell phone/multimedia insurance commissions and the gradual ramp-up of new offerings had a negative impact on revenue and gross margin growth from the second quarter of 2019. These effects are expected to continue in the first half of 2020.

Enhanced content for members

Loyalty programs continued to expand in 2019. Fnac+ and Darty+ together have around 1.8 million subscribers, and, since the launch of Darty+, provide a first joint approach to loyalty. Customers holding only one of these cards can benefit from premium, free delivery within the two banners.

At the end of 2019, Fnac boasted a significant membership base comprising a total of almost 9 million members, including 7 million in France.

The Group continued to pursue its strategy of enhancing its loyalty programs, by the Fnac and Fnac+ programs with offers to discover cultural content, both in terms of the digital press, with access to more than 400 titles, and in terms of digital comic books via the Izneo Pass, giving access to more than 3,000 cartoon strips, comics and manga. The Pass Partenaires network has also been extended, allowing loyal customers of both banners to benefit from attractive discounts at more than 70 partners.

Finally, in 2019, Fnac Darty offered targeted cross-banner promotions, encouraging the Group’s customers to buy both from Fnac and Darty.

Expansion of Fnac Darty’s ecosystem of partnerships

The omnichannel platform has also been enriched through new partnerships with the aim of strengthening the value proposition for both customers and partners.

In 2019, the Group entered into an exclusive distribution agreement with Xiaomi to market its latest smartphone and electric scooter. A first 50-sqm corner dedicated to Xiaomi products has also opened within the Fnac Montparnasse store. In addition, an exclusive partnership was signed at the end of the year with Angell Bike for the distribution of the Angell electric-assisted bike in some 30 Fnac stores from spring 2020. The partnership with Google continued to bear fruit in 2019 thanks to a stronger offering for connected devices. The Google offer is now available in dedicated areas in all of the Group's stores, including around fifty corners.

Finally, the Group launched the Nespresso capsule subscription program in France in September 2019, with a strong success.

In November 2019, following the success of the "shop-in-shops" tests in Carrefour stores, Fnac Darty announced the continued development of this strategic partnership, and the ambition to roll out around thirty shop-in-shops under an exclusive operating contract, in Carrefour hypermarkets in France, under the Darty banner. The relevant legal procedures are underway and the project is currently being reviewed by the French Competition Authority, in accordance with the planned schedule. The Group also has three Darty shop-in-shops in Système U hypermarkets and one Fnac shop-in-shop in an Intermarché store, in addition to the 13 Fnac shop-in-shops in Intermarché's shopping malls.

Search for a partner for operations in the Netherlands

In January 2020, Fnac Darty announced the launch of an active search for a partner that could result in a withdrawal from the Netherlands. Given the efforts made to improve its operational agility and a renewed focus on markets in which the Group has a critical size, the search for a more suitable partner to ensure BCC's future is now relevant and will enable BCC to better seize its market opportunities.

4.1.3 / COMPARISON OF THE GROUP'S ANNUAL RESULTS FOR 2018 AND 2019

The table below shows the Group's consolidated income statement for the periods ended December 31, 2018 and December 31, 2019, in millions of euros and as a percentage of consolidated revenue for the periods in question.

	2019		2018 restated *		
	(€ million)	*(as % of revenue)*	*(€ million)*	*(as % of revenue)*	**Change**
Revenue	**7,348.6**	**100.0%**	**7,131.9**	**100.0%**	**3.0%**
Gross margin	**2,235.4**	**30.4%**	**2,182.5**	**30.6%**	**2.4%**
Personnel expenses	(1,096.0)	(14.9%)	(1,053.8)	(14.8%)	(4.0%)
Other current operating income and expense	(847.9)	(11.5%)	(826.3)	(11.6%)	(2.6%)
Share of profit from equity associates	1.8	0.0%	1.7	0.0%	5.9%
Current operating income	**293.3**	**4.0%**	**304.1**	**4.3%**	**(3.6%)**
Other non-current operating income and expense	(28.6)	(0.4%)	(38.8)	(0.5%)	26.3%
Operating income	**264.7**	**3.6%**	**265.3**	**3.7%**	**(0.2%)**
(Net) financial expense	(79.1)	(1.1%)	(42.6)	(0.6%)	(85.7%)
Income tax	(71.5)	(1.0%)	(65.0)	(0.9%)	(10.0%)
Net income from continuing operations	**114.1**	**1.6%**	**157.7**	**2.2%**	**(27.6%)**
Net income from discontinued operations	(10.2)	(0.1%)	(7.8)	(0.1%)	(30.8%)
Consolidated net income	**103.9**	**1.4%**	**149.9**	**2.1%**	**(30.7%)**
Group share	*104.9*	*1.4%*	*149.5*	*2.1%*	*(29.8%)*
share attributable to non-controlling interests	*(1.0)*	*0.0%*	*0.4*	*0.0%*	*(350.0%)*

* *Restated for the reclassification of BCC to discontinued operations.*

4.1.3.1 / Revenues

The Group recorded an increase in its revenue in 2019: +3.0% in the reported data.

The impact of foreign exchange rates on revenue was negligible. On a same-store basis and at a comparable scope of consolidation, the Group's revenue was up by +0.7%.

An analysis of the distribution of revenue among the Group's principal countries shows a mature market in France-Switzerland and the Benelux region. Growth is more dynamic in the Iberian Peninsula.

The table below provides a breakdown of revenue for the periods ended December 31, 2018 and December 31, 2019 by geographical region.

	2019		2018 restated *					
	(€ million)	*(as % of the total)*	*(€ million)*	*(as % of the total)*	Change at current exchange rate	Change at comparable scope of consolidation	Change at constant foreign exchange rates and comparable scope of consolidation	Change at constant foreign exchange rates, comparable scope of consolidation and on a same-store basis
France-Switzerland	6,030.7	82.1%	5,835.2	81.8%	3.4%	0.8%	0.7%	0.7%
Iberian Peninsula	722.3	9.8%	703.1	9.9%	2.7%	2.6%	2.6%	1.0%
Benelux	595.6	8.1%	593.6	8.3%	0.3%	0.3%	0.3%	(0.4%)
TOTAL	**7,348.6**	**100.0%**	**7,131.9**	**100.0%**	**3.0%**	**0.9%**	**0.9%**	**0.7%**

* *Restated for the reclassification of BCC to discontinued operations.*

	2019		2018 restated *					
	(€ million)	*(as % of the total)*	*(€ million)*	*(as % of the total)*	Change at current exchange rate	Change at comparable scope of consolidation	Change at constant foreign exchange rates and comparable scope of consolidation	Change at constant foreign exchange rates, comparable scope of consolidation and on a same-store basis
Consumer electronics	3,605.8	49.1%	3,595.8	50.4%	0.3%	0.3%	0.2%	(0.0%)
Editorial products	1,225.4	16.7%	1,249.1	17.5%	(1.9%)	(3.3%)	(3.4%)	(4.4%)
Domestic appliances	1,554.3	21.2%	1,520.6	21.3%	2.2%	2.2%	2.2%	2.8%
Other products and services	963.1	13.1%	766.4	10.7%	25.7%	8.4%	8.3%	8.3%
TOTAL	**7,348.6**	**100.0%**	**7,131.9**	**100.0%**	**3.0%**	**0.9%**	**0.9%**	**0.7%**

* *Restated for the reclassification of BCC to discontinued operations.*

The change in revenue from consumer electronics resulted in particular from lower sales following a historic high for televisions (2018 FIFA World Cup) and the reduction in the Photography market, which has been impacted by increased competition from smartphones. The Sound segment gained further momentum with an increase in sales. Similarly, sales of cell phones and IT products were up.

Revenue from editorial products was down compared to the previous year. This was impacted by a decline in Gaming and the natural decline in video and audio (a consequence of digitalization). Books, boosted by a more supportive editorial environment in 2019, were up.

The slight increase in revenue from domestic appliances resulted primarily from the growth of large appliances.

The increase in revenue from other products and services benefitted from the growth of the Home & Design, Urban Mobility and Games & Toys sectors, the growth of services and the integration of Nature & Découvertes within the Group.

Online transactions now account for 18.8% of Group sales, driven by the development of the omnichannel strategy, Marketplaces and mobile traffic.

4.1.3.2 / Gross margin and gross margin rate

The Group's gross margin came to €2,235.4 million for 2019, an increase from the total of €2,182.5 million in 2018.

This resulted in a profit margin of 30.4% in 2019, compared to 30.6% in 2018.

The gross margin rate was 30.4% in 2019, down by 20 basis points compared to 2018, mainly due to the influence of the Christmas sales, which were negatively impacted by the strikes in France, and the technical dilutive effect caused by the growth of franchise stores. The product/service mix effect remained slightly positive due to the favorable impact of the Nature & Découvertes consolidation.

4.1.3.3 / Personnel expenses

Personnel expenses amounted to €1,096.0 million (14.9% of revenue) for 2019, compared with €1,053.8 million (14.8% of revenue) for 2018, meaning that the personnel expenses/revenue ratio was maintained despite the higher expenses resulting from the change in scope following the recent acquisitions (Nature & Découvertes and WeFix in particular).

4.1.3.4 / Other current operating income and expense

Other current operating income and expense amounted to €847.9 million (11.5% of revenue) for 2019, compared to €826.3 million (11.6% of revenue) for 2018, a 0.1% improvement in the Other current operating income and expense/revenue ratio, primarily due to good overall cost management despite the impact of the change in scope.

4.1.3.5 / Current operating income

Current operating income amounted to €293.3 million for 2019, compared with €304.1 million in 2018, a decrease of 3.6%.

"Current operating profitability" was 4.0% in 2019 compared to 4.3% in 2018.

	2019		2018 restated *	
	(€ million)	*(as % of the total)*	*(€ million)*	*(as % of the total)*
France-Switzerland	256.7	87.5%	263.6	86.7%
Iberian Peninsula	25.0	8.5%	25.4	8.4%
Benelux	11.6	4.0%	15.1	5.0%
CURRENT OPERATING INCOME	**293.3**	**100.0%**	**304.1**	**100.0%**

* *Restated for the reclassification of BCC to discontinued operations.*

4.1.3.6 / EBITDA

The following table shows the trend in EBITDA over the period.

	2019		2018 restated *		
	(€ million)	*(as % of revenue)*	*(€ million)*	*(as % of revenue)*	Change
Current operating income	**293.3**	**4.0%**	**304.1**	**4.3%**	**(3.6%)**
Net depreciation, amortization and provisions [(a)]	332.3	4.5%	102.8	1.4%	223.3%
EBITDA	**625.6**	**8.5%**	**406.9**	**5.7%**	**53.8%**
IFRS 16 impact on EBITDA	230.7	3.1%	0.0	0.0%	-
EBITDA EXCLUDING IFRS 16	**394.9**	**5.4%**	**406.9**	**5.7%**	**(2.9%)**

* *Restated for the reclassification of BCC to discontinued operations.*

(a) *Net depreciation, amortization and provisions correspond to net allocations for depreciation and amortization and provisions on non-current operational assets recognized as current operating income.*

In 2019, EBITDA included the impact of applying IFRS 16, which amounted to €230.7 million. Excluding IFRS 16, Group EBITDA totaled €394.9 million.

4.1.3.7 / Other non-current operating income and expense

In 2019, other non-current income and expenses represented a net expense of €28.6 million. In 2018, other non-current income and expenses represented a net expense of €38.8 million.

The following table shows the breakdown of this item in 2019 and 2018.

(€ million)	2019	2018 restated *
Fnac Darty restructuring costs	(14.3)	(9.7)
Exceptional bonus for purchasing power	(4.8)	0.0
Other restructuring costs	(4.5)	(6.4)
Costs related to the new business acquisitions	(3.2)	(2.4)
Fine from French Competition Authority	0.0	(20.0)
Other risks	(1.8)	(0.3)
TOTAL	**(28.6)**	**(38.8)**

* *Restated for the reclassification of BCC to discontinued operations.*

Other non-current operating income and expenses for the Group comprises unusual and material items that could affect the ability to track the Group's economic performance.

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

- €14.3 million in restructuring costs, related to the implementation of the Group's reorganization. These expenses were primarily linked to planned changes to the organization of Darty subsidiaries, and to the reorganization of the logistics functions of Fnac Darty;
- €4.8 million in expenses relating to the exceptional bonus for purchasing power granted to all Group employees in France with a gross annual compensation of €30,000 or less. This bonus was paid to some 14,000 employees;
- €4.5 million in restructuring costs for employee and structural adaptation plans in France and abroad;
- €3.2 million incurred in connection with new business acquisitions, mainly linked to Nature & Découvertes; and
- other non-current income and expenses representing a net expense of €1.8 million resulting from various one-off lawsuits.

As of December 31, 2018, they represented a net expense of €38.8 million composed of:

- €9.7 million in restructuring costs, related mainly to the implementation of the Group's new organizational structure. In 2018, these expenses were mainly attributable to the remote customer service restructuring plan aimed at streamlining the industrial processes of this activity and refocus on technical expertise, the core business of Darty's sales staff;
- €6.4 million for employee and structural adaptation plans in France and abroad not directly related to the acquisition and consolidation of Darty. These costs also include the termination of the Fnac Tourisme business;
- €2.4 million in expenses incurred in connection with new business acquisitions, including €1.0 million for WeFix; and
- €20.0 million in expenses related to the fine imposed by the French Competition Authority in connection with the store disposal process.

4.1.3.8 / Operating income

As of December 31, 2019, the Group's operating income came to €264.7 million, compared with income of €265.3 million for 2018.

4.1.3.9 / Net financial expense

In 2019, net financial income comprised a financial expense of €79.1 million, compared with a financial expense of €42.6 million in 2018.

The breakdown of the Group's net financial expense in 2019 and 2018 is as follows:

	2019	2018 restated *	Change
	(€ million)	*(€ million)*	*(%)*
Costs related to Group debt	(51.4)	(36.0)	(42.7%)
Interest on rental debt	(21.2)	0.0	-
Other financial income and expense	(6.5)	(6.6)	1.5%
Net financial expense	**(79.1)**	**(42.6)**	**(85.7%)**

* *Restated for the reclassification of BCC to discontinued operations.*

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

In addition, on May 15, 2019, Fnac Darty completed the refinancing transaction of its bond issue after successfully placing its senior bonds with a cumulative principal amount of €650 million, composed of a cumulative principal amount of €300 million in senior bonds maturing in 2024, and a cumulative principal amount of €350 million in senior bonds maturing in 2026. The 2024 bonds will pay an annual coupon of 1.875%. The 2026 bonds will pay an annual coupon of 2.625%. The proceeds from the issue were used to fully repay the €650 million in outstanding senior bonds at 3.25% maturing in 2023.

The cost of net financial debt for the Group mainly comprised the financial interest for the €650 million bond, the €200 million medium-term credit facility and the €100 million loan agreement concluded with the European Investment Bank. It also included a non-recurring expense of €18.7 million related to the early redemption premium for the former bond issue, as well as a non-recurring expense of €8.3 million related to the deduction of remaining costs associated with the former bond issue.

An expense linked to the interest on rental payables of €21.2 million was recognized, following the application of IFRS 16 as of January 1, 2019.

The other financial income and expenses primarily reflect the cost of consumer credit and the financial effects from employee post-employment benefits.

4.1.3.10 / Income tax

Income tax includes the tax expense paid, or for which a provision is recorded for the period, together with any potential tax reassessments paid or provisioned during the period. For 2019, the Group recognized a total income tax expense of €71.5 million, compared to €65.0 million for 2018, an increase of €6.1 million.

The increase in the tax expense in 2019 is mainly linked to the favorable effect of the fall in the French deferred tax rate in 2018, the adverse tax effect of the abolition of the CICE (French tax credit for employment and competitiveness) in 2019, and the taxation of the capital gain on the sale of 48% of the France Billet subsidiary in 2019.

(€ million)	2019	2018 restated *
Pre-tax income	**185.6**	**222.7**
Current tax expense	(57.4)	(55.0)
Current tax expense related to corporate value-added tax (CVAE)	(21.9)	(20.2)
Deferred tax income/(expense)	7.8	10.2
TOTAL TAX EXPENSE	**(71.5)**	**(65.0)**
Effective tax rate	**38.52%**	**29.19%**

* *Restated for the reclassification of BCC to discontinued operations.*

4.1.3.11 / Net income from continuing operations

Net income from continuing operations recorded a profit of €114.1 million for 2019, versus a profit of €157.7 million for 2018.

4.1.3.12 / Net earnings per share

The weighted average number of ordinary shares of the Group used to calculate net earnings per share was 26,559,047 for 2019 versus 26,721,890 in 2018, a decrease of 162,843 shares.

As of December 31, 2019, Group net earnings per share amounted to €3.96. It came to €5.60 the previous year.

Group net earnings per share for continuing operations came to €4.34 per share as of December 31, 2019, compared with €5.90 as of December 31, 2018.

4.1.4 / ANALYSIS OF REVENUE AND CURRENT OPERATING INCOME BY GEOGRAPHICAL REGION FOR 2018 AND 2019

4.1.4.1 / Comparison of results for 2018 and 2019 for the France-Switzerland segment

The following table shows the key items in the income statement for the France-Switzerland segment for the periods ended December 31, 2018 and December 31, 2019.

(€ million)	2019	2018 restated *	Change
Revenue	6,030.7	5,835.2	3.4%
Current operating income	256.7	263.6	(2.6%)
Operating profitability	4.3%	4.5%	(0.2)pt

* *Restated for the reclassification of BCC to discontinued operations.*

Revenues of the France-Switzerland segment

Revenue amounted to €6,030.7 million for 2019 compared to €5,835.2 million for 2018, an increase of 3.4%. In 2019, the France-Switzerland segment opened 13 directly operated stores (including four Nature & Découvertes stores), closed six stores (including one Nature & Découvertes store) and integrated 88 Nature & Découvertes stores. In 2018, the France-Switzerland segment opened eight directly owned stores. At constant exchange rates and on a same-store basis, the increase in revenue was +0.7%, against a backdrop of major social unrest in France in December.

The growth of franchise stores (led operationally by France) continued, with 55 new stores opened in 2019 (including 31 Darty stores in mainland France, the French overseas departments and territories and Tunisia, 6 Fnac proximity format stores, 1 traditional store, 6 Fnac Travel retail stores, 9 Fnac Connect stores, 1 in the French overseas departments and territories and 1 in Tunisia).

The number of Fnac loyalty club members in France increased by 16.9% in 2019, from 5.9 million at the end of 2018 to 6.9 million at the end of 2019.

The distribution of revenue by product category is broken down in note 4.1 "Information by operating segment" of the notes to the consolidated financial statements, in section 5.2 of this Universal Registration Document.

The change in revenue from consumer electronics resulted in particular from lower sales following a historic high for televisions (2018 FIFA World Cup) and the lower sales momentum in the Photography market, which was impacted by increased competition from smartphones. This trend was partially offset by the strong momentum of the Sound segment, as well as by the growth of the Telephony and IT segments.

Editorial products were down, due in particular to the natural decline of CDs and DVDs. The Book segment, showed good signs of resilience despite the impact of the social movements on store traffic in December 2019. Gaming was impacted by consumers' wait-and-see approach ahead of the new console releases planned for the end of 2020.

The slight increase in revenue from domestic appliances resulted primarily from the growth of Large domestic appliances, while Small domestic appliances suffered from a lackluster innovation cycle.

The strong growth in revenue from other products and services resulted from the positive momentum in the Urban Mobility, Games & Toys and Kitchen segments, and the integration of Nature & Découvertes. Services are experiencing a sharp slowdown due to the impact of cell phone insurance. The new "Darty Max" offering, launched at the end of October 2019, is performing in line with expectations and will contribute to the transformation of the Group's service offering. The franchise expansion continues at a sustained pace, with 55 new franchise stores opened during the year.

Online activities continued to grow, representing 19.4% of Group sales in France and Switzerland in 2019 (up +0.4 points compared with 2018).

Current operating income in the France-Switzerland segment

Current operating income for the France-Switzerland segment totaled €256.7 million in 2019 (compared with €263.6 million in 2018) impacted by the loss of revenue due to the social movements in France, which structurally had a higher level of margins in December, an unfavorable product mix effect and the decline in telephony insurance, partially offset by the accretive effect of the consolidation of Nature & Découvertes' results from August 2019 onward.

Current operating profitability was 4.3% in 2019, down 0.3 percentage points over 2018.

4.1.4.2 / Comparison of results for 2018 and 2019 in the Iberian Peninsula

The following table shows the key items in the income statement for the Iberian Peninsula for the periods ended December 31, 2018 and December 31, 2019.

(€ million)	2019	2018 restated *	Change
Revenue	722.3	703.1	2.7%
Current operating income	25.0	25.4	(1.6%)
Operating profitability	3.5%	3.6%	(0.1)pt

* *Restated for the reclassification of BCC to discontinued operations.*

Revenue for the Iberian Peninsula

Revenue recorded in the Iberian Peninsula amounted to €722.3 million in 2019 versus €703.1 million in 2018, an increase of +2.7%.

In Spain, the Group posted an increase in sales owing to good operational performance despite the fierce competition from both physical and e-commerce players. In Portugal, the sales momentum remained solid throughout the year.

In 2019, the Iberian Peninsula opened 8 new integrated stores (4 in Spain and 4 in Portugal) and closed 1 store in Spain. In 2018, the Group had opened 3 new stores in Spain (2 integrated and 1 franchise) and closed 1 store in Spain. On a same-store basis, revenues rose 1.0% over 2019.

The distribution of revenue by product category is broken down in note 4.1 "Information by operating segment" of the notes to the consolidated financial statements, in section 5.2 of this Universal Registration Document.

Revenue from consumer electronics was up, thanks in particular to the Sound department and the strong growth in Telephony sales.

Revenue from editorial products was down compared to the previous period, impacted by the decline in gaming and the natural decline in video and audio (a consequence of digitalization). Revenue from Books was relatively stable.

The growth in revenue from other products and services benefited, on the one hand, from the growth of diversification categories, which has been driven by Games & Toys and Urban Mobility, and, on the other hand, from the development of services in Portugal.

Online activities represented 14.2% of sales in the Iberian Peninsula in 2019, up 1.6 percentage points from 2018.

Current operating income in the Iberian Peninsula

Current operating income in the Iberian Peninsula came to €25.0 million in 2019 compared to €25.4 million in 2018, with the fall in operational performance in Spain offset by solid performance in Portugal.

Current operating profitability reached 3.5%, down slightly by 0.1 percentage points from 2018.

4.1.4.3 / Comparison of results for 2018 and 2019 for the Benelux segment

The following table shows the key items in the income statement for the Benelux segment for the periods ended December 31, 2018 and December 31, 2019.

(€ million)	2019	2018 restated *	Change
Revenue	595.6	593.6	0.3%
Current operating income	11.6	15.1	(23.2%)
Operating profitability	1.9%	2.5%	(0.6)pt

* *Restated for the reclassification of BCC to discontinued operations.*

Revenue from the Benelux segment

The revenue generated in the Benelux segment amounted to €595.6 million for the 2019 period compared with €593.6 million for the 2018 period, an increase of +0.3%.

The Group opened 2 new directly operated stores (including 1 in Luxembourg) and closed 1 store. On a same-store basis, revenue declined by -0.4% in 2019.

Despite continued competitive pressure, revenue in Belgium showed good resistance, driven in particular by the growth of large appliances and the strong momentum of the online channel. The transformation plan launched for the Fnac banner in 2019 to boost in-store agility continued to be implemented.

The distribution of revenue by product category is broken down in note 4.1 “Information by operating segment” of the notes to the consolidated financial statements, in section 5.2 of this Universal Registration Document.

Revenue from consumer electronics fell slightly, impacted by the fall in sales in the TV and IT segments.

Revenue from editorial products was down compared to the previous year, affected by the natural decline in video and audio as well as by a sluggish Books segment.

The increase in revenue from white goods was driven by the growth of large appliances.

As in other geographical regions, the growth in revenue from other products and services benefited from the strong performance of diversification categories as well as the growth in services.

Online activities continued to grow, representing 18.3% of sales in the Benelux region in 2019, a 1.6 percentage point increase from 2018.

Current operating income for the Benelux segment

Current operating income for the Benelux segment was €11.6 million in 2019 (compared with €15.1 million for the 2018 period), having suffered from increasing competitive pressure in Belgium.

Current operating profitability reached 1.9%, down 0.6 percentage points from 2018.

4.1.5 / ACCOUNTING PRINCIPLES AFFECTED BY IFRS

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 expense, and information disclosed in the notes to the financial statements. The Group’s management reviews these estimates and assumptions on a regular basis in order to ensure their appropriateness in view of past experience and the current economic environment. Amounts in future financial statements could differ from the current estimates as a result of changes in these assumptions. The impact of changes in accounting estimates is recognized in the period when the change occurs and in all the future periods affected.

The main estimates made by management in preparing the financial statements concern the valuation and useful lives of operating assets; property, plant and equipment, intangible assets and goodwill; the amount of the provisions for contingencies and other provisions relating to the Group’s business, primarily in relation to inventory and income from ordinary activities; as well as the assumptions used to calculate the obligations relating to employee benefits, share-based payments and deferred tax. In particular, the Group uses discount rate assumptions, based on market data, in order to estimate its long-term assets and liabilities.

For a description of the assumptions used by the Group in the preparation of its financial statements, see note 2.3.2 “Use of estimations and assumptions” to the annual financial statements included in section 5.2 “Notes to the consolidated financial statements for the year ended December 31, 2019” in this Universal Registration Document.

4.2 / Group debt and equity

4.2.1 / GENERAL PRESENTATION

Fnac Darty's main cash requirements stem from its working capital requirements and operating investments. In 2016, the Group used a €650 million bond issue maturing in 2023 to finance the Darty acquisition. This bond issue was fully refinanced in 2019 by a new bond issue comprising a cumulative principal amount of €300 million in senior bonds maturing in 2024 and a cumulative principal amount of €350 million in senior bonds maturing in 2026. In 2019, the initiatives aimed at improving working capital requirements and consolidation scope effects generated a free cash flow of €172.9 million excluding IFRS 16 compared with a free cash flow of €157.8 million in 2018 (restated for the reclassification of BCC to discontinued operations). Net financial debt excluding IFRS 16 amounted to €17.9 million.

4.2.2 / FINANCIAL RESOURCES

4.2.2.1 / Overview

In 2019, the Group had the following financing sources:

- *cash* – Cash and cash equivalents amounted to €995.5 million as of December 31, 2019 (€918.6 million as of December 31, 2018);
- *free cash flow* – Operating and investment activities generated positive net flows of €172.9 million as of December 31, 2019 (€157.8 million as of December 31, 2018, restated for the reclassification of BCC to discontinued operations); and
- *financial debt* – The amount of the Group's financial debt at December 31, 2019 was €1,013.4 million. It consists primarily of senior bonds with a cumulative principal amount of €650 million, a €200 million medium-term credit facility, a €100 million loan from the European Investment Bank and €50 million in negotiable debt instruments.

On May 15, 2019, Fnac Darty completed the transaction to renegotiate its bond issue after successfully refinancing its senior bonds with a cumulative principal amount of €650 million, composed of a cumulative principal amount of €300 million in senior bonds maturing in 2024, and a cumulative principal amount of €350 million in senior bonds maturing in 2026. The 2024 bonds will pay an annual coupon of 1.875%, and the 2026 bonds will pay an annual coupon of 2.625%. The proceeds from the issue were used to fully repay the €650 million in outstanding senior bonds at 3.25% maturing in 2023.

Group net financial debt can be analyzed as follows:

(€ million)	**2019**	**2018**
Gross financial debt	1,013.4	911.2
Cash and cash equivalents	(995.5)	(918.6)
Net financial debt excluding IFRS 16	**17.9**	**(7.4)**
Leasing debt	1,015.9	0.0
Net financial debt with IFRS 16	**1,033.8**	**(7.4)**

4.2.2.2 / Financial debt

Financial debt as of December 31, 2019

The Group's gross financial debt as of December 31, 2019 stood at €1,013.4 million. It amounted to €2,029.3 million including the lease liabilities relating to the application of IFRS 16.

(€ million)	2019	2018
2026 Bond and capitalized interest	350.7	0.0
2024 Bond and capitalized interest	300.6	0.0
2023 Bond and capitalized interest	0.0	655.3
Medium-term credit facility	200.0	200.0
European Investment Bank loan	100.0	0.0
Negotiable debt instruments	50.0	50.0
Other financial debt	12.1	2.6
TOTAL FINANCIAL DEBT EXCLUDING IFRS 16	**1,013.4**	**911.2**
Leasing debt IFRS 16	1,015.9	0.0
TOTAL FINANCIAL DEBT WITH IFRS 16	**2,029.3**	**911.2**

The table below sets out the Group's gross debt by currency as of December 31, 2019.

(€ million)	2019	2018
Euro	1,013.4	911.2
TOTAL FINANCIAL DEBT EXCLUDING IFRS 16	**1,013.4**	**911.2**
Euro	992.0	0.0
Swiss franc	23.1	0.0
Other	0.8	0.0
TOTAL FINANCIAL DEBT WITH IFRS 16	**2,029.3**	**911.2**

The table below sets out the maturities of the Group's financial debt as of December 31, 2019.

	2019						
(€ million)	**Total**	**N+1**	**N+2**	**N+3**	**N+4**	**N+5**	**N+6 and beyond**
Long-term borrowings and financial debt	**936.4**	**0.0**	**53.5**	**81.7**	**67.6**	**316.9**	**416.7**
2026 bond	350.0						350.0
2024 bond	300.0					300.0	
European Investment Bank loan	100.0				16.7	16.7	66.6
Medium-term credit facility	180.0		50.0	80.0	50.0		
Other financial debt	6.4		3.5	1.7	0.9	0.2	0.1
Short-term borrowings and financial debt	**77.0**	**77.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Medium-term credit facility	20.0	20.0					
Capitalized interest on bond issues	1.3	1.3					
Negotiable debt instruments	50.0	50.0					
Other financial debt	5.7	5.7					
TOTAL FINANCIAL DEBT EXCLUDING IFRS 16	**1,013.4**	**77.0**	**53.5**	**81.7**	**67.6**	**316.9**	**416.7**
%		**7.6%**	**5.3%**	**8.1%**	**6.7%**	**31.3%**	**41.1%**
Leasing debt IFRS 16	**1,015.9**	**215.1**	**180.6**	**156.7**	**112.4**	**92.3**	**258.8**
Long-term leasing debt IFRS 16	800.8		180.6	156.7	112.4	92.3	258.8
Short-term leasing debt IFRS 16	215.1	215.1					
TOTAL FINANCIAL DEBT WITH IFRS 16	**2,029.3**	**292.1**	**234.1**	**238.4**	**180.0**	**409.2**	**675.5**

Group financing tied to the Darty acquisition transaction

The Group has solid sources of financing, originally implemented as part of the acquisition of Darty in 2016 and renegotiated in 2019.

Senior Credit Facility

The Senior Credit Facility totaling €600 million matures five years from the date it was signed, April 20, 2016. This term has been extended by two years to April 2023 following the renegotiation in the first half of 2018. The Facility is comprised of two lines:

- a medium-term loan (Senior Term Loan Facility) in the amount of €200 million, amortizable as of the 54th month; and
- a revolving credit facility in the amount of €400 million to finance fluctuations in cash flows related to the seasonal nature of its business.

The drawdowns under the Senior Credit Facility are made in euros and bear interest at a rate equal to the sum of the Euribor reference rate for the period and a margin that can be revised based on the Group's rating.

As of December 31, 2019, the Senior Term Loan Facility was drawn down in full. The revolving credit facility was not used.

The Senior Credit Facility is guaranteed by certain subsidiaries of the Group; the guarantor companies are the same as those guaranteeing the High Yield bonds.

The Senior Credit Facility includes two financial covenants which are tested on a half-yearly basis and exclude the impact of IFRS 16:

- an adjusted leverage ratio:

  This ratio is defined as "total adjusted debt" (i.e. net debt plus five times the amount of the rent as shown in the latest consolidated financial statements of the Group) divided by "consolidated EBITDAR" (i.e. the Group's current operating income plus net changes to depreciation, amortization and provisions on non-current operating assets and rent as shown in the latest consolidated financial statements of the Group); and

- an adjusted rate hedging ratio:

  This ratio is defined as "consolidated EBITDAR" (see definition above) divided by "financial expense (net)" plus rent as shown in the latest consolidated financial statements of the Group.

As of December 31, 2019, the Senior Credit Facility covenants were complied with.

The Senior Credit Facility also includes general restrictive covenants that are customary for this kind of agreement, including certain restrictions related to the granting of pledges or guarantees, the disposal or acquisition of assets, the execution of merger or restructuring transactions, to debt or to dividend distribution (see section 7.5 "Dividend distribution policy").

2024 and 2026 Senior Notes

On May 15, 2019, Fnac Darty completed the transaction to renegotiate its bond issue after successfully refinancing its senior bonds with a cumulative principal amount of €650 million, composed of a cumulative principal amount of €300 million in senior bonds maturing in 2024, and a cumulative principal amount of €350 million in senior bonds maturing in 2026. The 2024 bonds will pay an annual coupon of 1.875%, and the 2026 bonds will pay an annual coupon of 2.625%. The proceeds from the issue were used to fully repay the €650 million in outstanding senior bonds at 3.25% maturing in 2023.

These bonds rank pari passu with the Senior Credit Facility. Interest is payable half-yearly.

The High Yield Bonds are listed for trading on the Global Exchange Market of the Irish Stock Exchange.

These bonds are redeemable in whole or in part at any time until May 30, 2021 for the 2024 bonds and until May 30, 2022 for the 2026 bonds at a price equal to the amount of nominal value plus an early repayment premium and accrued interest not yet due. From May 30, 2021 for the bonds maturing in 2024 and from May 30, 2022 for the bonds maturing in 2026, these bonds may be redeemed in whole or in part for the values shown in the table below:

2024 Bonds

Redemption period commencing:	Redemption price *(as % of the principal)*
May 30, 2021	100.9375%
May 30, 2022	100.4688%
May 30, 2023 and beyond	100.0000%

2026 Bonds

Redemption period commencing:	Redemption price *(as % of the principal)*
May 30, 2022	101.3125%
May 30, 2023	100.6563%
May 30, 2024 and beyond	100.0000%

These bonds have the same guarantees as the Senior Credit Facility.

The agreement for the High Yield Bond issue contains customary clauses that specifically restrict the Group's ability to incur additional debt, pay dividends or make any other distribution, grant pledges and guarantees, dispose of assets, execute transactions with affiliated companies or merge or consolidate with other entities.

The offering memorandum is available on the Irish Stock Exchange website.

Fnac Darty also implemented a program of short-term negotiable debt instruments ("NEU CP") in 2018, designed to replace the drawdowns on the revolving credit facility for the Group's seasonal financing needs. This program, with a ceiling of €300 million, consists of issues made on the short-term debt market, with a maximum maturity of one year. As of December 31, 2019, €50 million of this program had been used: the minimum outstanding threshold maintained throughout the year to support the program on its market.

The program documentation is available on the Banque de France website.

Loan agreement with the European Investment Bank

On February 18, 2019, Fnac Darty announced the signing of a loan agreement in the amount of €100 million with the European Investment Bank (EIB). Concluded as part of the "Juncker Plan", this loan is intended to finance the Group's digital transformation investments to support the roll-out of Confiance+. This financing has a maximum maturity of nine years, under very attractive terms. As of December 31, 2019, €100 million of the EIB credit line was used.

4.2.3 / ANALYSIS OF CASH FLOWS

(€ million)	2019	2018 restated *
Net cash flows from operating activities	551.8	271.6
Net cash flows from operating investment activities	(145.0)	(113.8)
Free cash flow from operations	**406.8**	**157.8**
Net cash flows from financial investing activities	(108.1)	(13.5)
Net cash flows from financing activities	(297.2)	(43.8)
Net cash flows from discontinued operations	(27.6)	(6.5)
Impact of changes in foreign exchange rates	0.8	(0.5)
CHANGE IN NET FINANCIAL DEBT	**(25.3)**	**93.5**

* *Restated for the reclassification of BCC to discontinued operations.*

4.2.3.1 / Net cash flows related to operating activities and investments

(€ million)	2019	2018 restated *
Cash flow before tax, dividends and interest	570.4	350.7
Change in working capital requirement	51.8	(7.3)
Income tax paid	(70.4)	(71.8)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**551.8**	**271.6**
Operating investments	(152.4)	(118.7)
Change in debt and receivables relating to non-current assets	5.4	4.6
Operating divestments	2.0	0.3
NET CASH FLOWS FROM OPERATING INVESTMENT ACTIVITIES	**(145.0)**	**(113.8)**
FREE CASH FLOW FROM OPERATIONS	**406.8**	**157.8**

* *Restated for the reclassification of BCC to discontinued operations.*

(€ million)	2019	2018 restated *
Free cash flow from operations	**406.8**	**157.8**
Repayment of leasing debt and interest	*(233.9)*	*0.0*
FREE CASH FLOW FROM OPERATIONS, EXCLUDING IFRS 16	**172.9**	**157.8**

* *Restated for the reclassification of BCC to discontinued operations.*

Cash flows from operating activities and operating investments in 2019 amounted to €172.9 million, compared to €157.8 million in 2018, impacted by a €20 million fine from the French Competition Authority (ADLC).

Operating investments in 2019

In 2019, the Group's gross operating investments increased to €152.4 million, compared to €118.7 million in 2018. Investments were made specifically to open new stores (in France, Switzerland, Spain, Portugal, Belgium and Luxembourg), automate logistics warehouses, install Kitchen spaces in the Darty network, develop the Group's websites, increase IT costs to modernize infrastructure within the Group, and digitize existing stores in order to improve the customer experience.

Generally, investments are made in order to support the Group's strategy ("Confiance+"), particularly the complementary features of the Fnac and Darty banners, the omnichannel platform and the digital segment.

The table below shows gross operating investments by geographical area for 2019 and 2018:

(€ million)	France-Switzerland	Iberian Peninsula	Benelux	Total
December 31, 2019				
Sub-total for investments in stores and websites	113.9	14.4	7.7	136.0
Sub-total for operating investments excluding points of sale	14.9	0.8	0.7	16.4
TOTAL OPERATING INVESTMENTS	**128.8**	**15.2**	**8.4**	**152.4**
December 31, 2018 *				
Sub-total for investments in stores and websites	93.1	8.5	4.0	105.6
Sub-total for operating investments excluding points of sale	9.6	1.6	1.9	13.1
TOTAL OPERATING INVESTMENTS	**102.7**	**10.1**	**5.9**	**118.7**

* *Restated for the reclassification of BCC to discontinued operations.*

4.2.3.2 / Net cash flows from financial investment activities

(€ million)	2019	2018 restated *
Acquisitions and disposals of subsidiaries net of debt	(106.7)	(11.2)
Acquisitions of other financial assets	(1.4)	(2.3)
Cash flows from financial investing activities	**(108.1)**	**(13.5)**

* *Restated for the reclassification of BCC to discontinued operations.*

The Group's net financial investments represented an outflow of €108.1 million in 2019 versus an outflow of €13.5 million in 2018.

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

Acquisitions of other financial assets include the two calls for funds from Daphni Purple in 2019 for a total of €1.4 million. The Group also agreed to underwrite the remaining 29% of Daphni units for €2.0 million.

In 2018, acquisitions of subsidiaries net of cash acquired represented the acquisition of a 51% stake in WeFix. Furthermore, the Group is committed to purchasing minority interests in WeFix via a shareholders' agreement governing the conditions of this acquisition.

Acquisitions of other financial assets included a €1.4 million investment in the Daphni Purple Fund.

4.2.3.3 / Net cash flows from financing activities

(€ million)	2019	2018 restated *
Capital increase/(decrease)	7.1	6.8
Other transactions with shareholders	0.0	0.0
Purchases or sales of treasury stock	(21.0)	(14.4)
Repayment of leasing debt	(212.8)	0.0
Interest paid on leasing debt	(21.1)	0.0
Interest and equivalent payments	(45.8)	(31.7)
Financing of the Comet pension fund	(4.6)	(4.5)
Other changes	1.0	0.0
Net cash flows from financing activities	**(297.2)**	**(43.8)**

* *Restated for the reclassification of BCC to discontinued operations.*

In 2019, net cash flows from financing activities included the effect of the application of IFRS 16 for an amount of €233.9 million. Excluding IFRS 16, net cash flows from financing activities amounted to an expense of €63.3 million in 2019 compared to an expense of €43.8 million in 2018.

In 2019:

- the capital increase of €7.1 million primarily represents the creation of 110,937 shares to support the Group's Employee Stock Ownership plan implemented for employees in Belgium, Spain, France, the Netherlands, Portugal and Switzerland;
- outflows for the purchase of treasury stocks include €20.3 million in respect of the second, third and fourth tranches of the treasury share buyback program. In total, 296,750 shares were redeemed and then cancelled during 2019. This item also includes a payment of €0.7 million related to the acquisition and sale of Fnac Darty shares made under the liquidity agreement. As of December 31, 2019, the Group held 78,750 treasury stocks;
- the interest and equivalent payments represent the financial interest of the instruments set up to finance the Group and include a non-recurring expense of €27.0 million following the renegotiation of the bond issue;
- the financing of British Comet pension fund, which was integrated in the Darty acquisition, represents the cash paid by the Group under the pension commitments for former Comet employees in the United Kingdom. From July 2017, the financing of the Comet pension fund amounted to £4.0 million per year. It was renegotiated in 2019 and payments were suspended from January 2020.

In 2018:

- the capital increase of €6.8 million represented the creation of 90,558 shares to support the Group's Employee Stock Ownership plan implemented for employees in Belgium, Spain, France, the Netherlands, Portugal and Switzerland;
- disbursements for the purchase of treasury stock included €11.2 million in respect of the first tranche of the treasury share buyback program. This item also included a net payment of €3.2 million related to the acquisition and sale of Fnac Darty shares carried out under the liquidity agreement. As of December 31, 2018, the Group held 61,000 treasury stocks; and
- the interest and equivalent payments represented the financial interests of the instruments set up to finance the Group and included a non-recurring expense of €5.9 million following the renegotiation of the term loan.

4.2.3.4 / Change in net financial debt

The change in net debt in 2019 and 2018 was as follows:

(€ million)	2019	2018 restated *
Free cash flow from operations	172.9	157.8
Acquisitions and disposals of subsidiaries net of cash acquired or transferred	(106.7)	(11.2)
Purchases and sales of other financial assets (net)	(1.4)	(2.3)
Interest paid net of interest and dividends received	(45.8)	(31.7)
Capital increase/(decrease)	7.1	6.8
Purchases or sales of treasury stock	(21.0)	(14.4)
Financing of the Comet pension fund	(4.6)	(4.5)
Other changes	1.0	0.0
Net cash flows from discontinued operations	(27.6)	(6.5)
Impact of changes in exchange rates	0.8	(0.5)
Change in net financial debt excluding IFRS 16	**(25.3)**	**93.5**
Net financial debt excluding IFRS 16 at January 1	**(7.4)**	**86.1**
Net financial debt excluding IFRS 16 at end of period	**17.9**	**(7.4)**

* *Restated for the reclassification of BCC to discontinued operations.*

4.3 / Recent events and outlook

4.3.1 / GROUP OBJECTIVES

In February 2020, the World Health Organization declared the crisis linked to the spread of COVID-19 a pandemic, resulting in public lockdowns in many countries around the world.

This document has therefore been updated since the management report and financial statements of February 26, 2020, the date of publication for the financial statements and assumptions underlying Fnac Darty's objectives.

Subsequent events are brought to the public's attention in sections 1.4.6 "Financial trajectory" and 4.3.2 "Recent events" of this Universal Registration Document; taking into account recent events, the objectives described below are no longer current.

In a still uncertain social and economic climate, Fnac Darty remains cautious about the performance of its markets in 2020, but confirms its ability to outperform their growth through agile commercial execution, and tight costs control. Efforts will continue to be focused on further integrating the Group's recent acquisitions, improving customer experience, ramping up the digital transition, strengthening its position in the circular economy, and providing customers with an educated choice, that sets the Group apart from its competitors. Finally, expansion will continue this year, mainly through the opening of franchised stores. The Group plans to open nearly 50 points of sale.

As a result, the Group targets a slight growth in revenue and current operating income in 2020.

Fnac Darty confirms its mid-term objectives and aims to achieve higher growth than its markets and a current operating margin between 4.5% and 5%. These objectives take account of the application of IFRS 16.

4.3.2 / RECENT EVENTS

In February 2020, the World Health Organization declared the crisis linked to the spread of COVID-19 a pandemic, resulting in public lockdowns in many countries around the world.

This document has therefore been updated since the management report and financial statements of February 26, 2020, the date of publication for the financial statements and assumptions underlying Fnac Darty's objectives.

Subsequent events are brought to the public's attention in this section.

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Analysis of first quarter 2020 revenue

Group revenue reached €1,490 million in the first quarter of 2020, down -7.9% on a reported basis and -10.3% on like-for-like basis, following the closure of physical stores in March.

Since the beginning of 2020, the COVID-19 epidemic, which initially expanded in China, has subsequently spread to Europe and many other parts of the world.

In January and February, the Group reported revenue growth of +2.8% on a reported basis and stable on a like-for-like basis, in a consumer environment marked by prolonged strikes in France in January and a shorter promotional sales period.

In February 2020, the Group first had to deal with production delays due to disruptions in industrial bases in China. Demonstrating its ability to adapt quickly, Fnac Darty put in place mechanisms to adjust its supplies.

In close collaboration with its suppliers, the Group drew up a tactical purchasing plan of around €80 million in key product categories, which was finally partially deployed. This measure ensured a good level of availability of these products and enabled the Group to meet the high demand on e-commerce platforms during the lockdown period.

The COVID-19 epidemic, which began in February, changed from a largely supply crisis into an unprecedented global health crisis in March 2020, with a sudden impact on the Group's business.

Due to the implementation of lockdown measures in all Group countries, in-store sales first fell sharply, then came to a complete shutdown.

Indeed, on the evening of 14 March, Fnac Darty closed all its physical stores in France and Spain. The stores in Switzerland and Belgium were closed on 17 March. Finally, the Group first partially closed its stores in Portugal on 19 March, before closing all its stores in that country on 31 March. As a result, the Group's revenue for the month of March was down around 30%, on a reported and like-for-like basis.

At the same time, thanks to the support of its customers and the excellent operational execution of its teams in a very difficult context, the Group managed to double its e-commerce sales in the last two weeks of March in all its countries.

Thanks to the agility of its unique omnichannel model, Fnac Darty has rapidly reallocated resources to strengthen its digital capabilities and service activities. The Group, 2nd largest e-commerce player in France [(1)], has relied on its powerful e-commerce platforms, which already accounted for 20% of its revenues in 2019, and which are sized to support very high levels of demand. Indeed, Fnac Darty's significant digital capacities, which have enabled it to achieve strong growth several times during periods such as Black Friday, and the dedicated commitment of its teams, enable it to meet very high product demand, despite a difficult operational context.

The Group's supply chain has also been adapted accordingly to meet and fulfil all orders as quickly as possible, while safeguarding the health and safety of its employees. Supplies are now exclusively redirected to the Group's central stock, to give capacity to the e-commerce platforms. Incentives, such as free home delivery for any purchase over €20 made on the fnac.com and darty.com websites, have been implemented and have sustained dynamic online sales.

As a result, online sales increased by c.19% during the quarter, and by more than 100% during the last 15 days of March.

All product categories were impacted by the closure of stores from mid-March onwards and are decreasing. Online sales showed strong momentum in Technical Products driven by the IT, linked to the development of telework, Telephony and Television segments, and in the Domestic Appliances category driven notably by refrigerators, freezers and washing machines. Editorial Products recorded double-digit growth in online sales of Books and Gaming. Services were strongly negatively impacted by the closure of stores, as well as Ticketing activities.

As lockdown measures have been imposed in all countries where the Group operates, all of the Group's geographical areas have been significantly impacted. The France-Switzerland region reported a decline in sales of -8.5% on a reported basis and -11.1% on a like-for-like basis to €1,206 million. The Iberian Peninsula recorded sales of €140 million, down -7.3% on a reported basis and -9.8% on a like-for-like basis. Finally, the Belgium-Luxembourg region reported a decline in revenue of -2.6% on a reported basis and -3.5% on a like-for-like basis to €144 million.

(1) Source: FEVAD

Gross margin trend in the first quarter 2020

The gross margin rate was up slightly in January and February, driven by a favourable product mix. The estimated gross margin rate deteriorated sharply in March due to store closures, which had a significant negative impact on the services/products mix.

Flexibility of the business model to limit the impact on profitability and cash flow

As of March 16, the Group has implemented a temporary unemployment scheme for 80% of its employees in France, and similar measures were subsequently applied in other countries as a result of the closure of its stores.

The Group is revaluing rental payments and postponing the payment of taxes and social security charges, in line with the measures introduced by the government, while adjusting its business model by optimising its current operating expenditure and capital expenditure.

Strengthening liquidity and financial flexibility

Given the sudden shutdown of the Group's in-store activities, which occurred at a normally low point in the annual cash cycle (always characterized by strong seasonality in the specialized retail sector), €400 million revolving credit facility was fully drawn down on a preventive basis in mid-March. At the end of March, the corresponding cash remained available. Fnac Darty is determined, as a matter of priority, to pursue a trusted partner relationship with its suppliers over the long term, and will continue to operate in a responsible way during the crisis.

At the same time, in an uncertain post-crisis context, the Group decided to use additional financing to secure its liquidity. Fnac Darty has put in place a €500 million Term Loan facility guaranteed by the French State with a maturity of 1 year and with a 5-year extension option.

The Group was supported by all its French banking partners, Arkea, BNP Paribas, Bred, CIC, Crédit Agricole CIB, La Banque Postale, LCL, Natixis and Société Générale. Crédit Agricole coordinated the transaction.

In addition, the Group obtained a commitment from the lenders to accept the suspension of its financial covenants for the months of June and December 2020.

The Group has once again demonstrated its agility in terms of execution by being among the first issuers in France to obtain access to this state-guaranteed credit line within a very short timeframe. The success of this operation also demonstrates the confidence of the banking partners in the Fnac Darty model.

Fnac Darty is rated by the rating agencies S&P Global and Scope Ratings on a solicited basis, and by Moody's on an unsolicited basis. Following the increased uncertainty caused by the COVID-19 pandemic, on April 7, 2020, S&P Global downgraded Fnac Darty's rating from BB+ to BB, while lowering the outlook for this rating from stable to negative. On March 27, 2020, Moody's confirmed Fnac Darty's Ba2 rating, while lowering the outlook for this rating from stable to negative.

Withdrawal of the proposed dividend for the 2019 financial year and management compensation

In view of the evolution of the COVID-19 epidemic and in accordance with the conditions imposed for the implementation of a State Guaranteed Term Loan, the Board of Directors has withdrawn the dividend proposal of €1.50 per share for 2019, and will not proceed with share buyback programs in 2020.

The long-term shareholder return policy is also suspended and will be reviewed at a later date.

Fnac Darty announced on 26 February 2020 the launch of a shareholder return policy, with a target payout ratio between 30% and 40%. For the 2019 financial year, the Group had planned to recommend to the General Shareholders Meeting on 28 May 2020, the distribution of an ordinary dividend of €1.50 per share, corresponding to a distribution rate of 35%, in line with the objectives.

In addition, the total compensation of the Chairman and Chief Executive Officer, paid in 2020, will be reduced by 25%, for the entire period during which the Group's employees are on temporary layoffs due to the COVID-19 crisis. The same measure will apply to the compensation allocated to the members of the Board of Directors paid in 2021 for 2020, and concomitantly the fixed compensation for 2020 for the members of the Executive Committee will be reduced by 15%, for the same period.

Enrique Martinez, Chief Executive Officer, has also chosen to reinvest 50% of his variable compensation for 2019, that he was paid in 2020, net of social contributions and taxes, in Group shares, once it has been submitted and approved by the shareholders at the Annual General Meeting.

Financial objectives

The loss of in-store sales will have a material negative impact on the Group's financial results in 2020.

In this context, and in view of the significant impact of the epidemic on its activities, the Group had to announce on 17 March that it was no longer in a position to confirm its 2020 objectives, i.e. a slight growth in revenue and current operating income in 2020 compared to 2019.

The evolution of the crisis linked to the spread of COVID-19 remains uncertain for the moment, and its consequences on the world economy are difficult to quantify. The magnitude of the impact on the Group's activities in 2020 will depend on the duration of the lockdown period, possible legal restrictions / operational challenges on deliveries and consumption recovery post lockdown period. To date, the Group is not in a position to update its 2020 and medium-term objectives. The Group continues to monitor and periodically re-evaluate, with the utmost attention, the evolution of the situation and its impact on its activities and results.

5

Financial statements

In February 2020, the World Health Organization declared the crisis linked to the spread of COVID-19 a pandemic, resulting in public lockdowns in many countries around the world.

This document has therefore been updated since the management report and financial statements of February 26, 2020, the date of publication for the financial statements and assumptions underlying Fnac Darty's objectives. Subsequent events are brought to the public's attention in sections 1.4.6 "Financial trajectory" and 4.3.2 "Recent events" of this Universal Registration Document.

As such, this chapter should be read in conjunction with the additional information provided in these sections.

5.1 / Group consolidated financial statements as of December 31, 2019 and 2018

Consolidated income statement for the years ended December 31, 2019 and 2018

(€ million)	Notes	12/31/2019	12/31/2018 restated *
INCOME FROM ORDINARY ACTIVITIES	4-5	**7,348.6**	**7,131.9**
Cost of sales		(5,113.2)	(4,949.4)
GROSS MARGIN		**2,235.4**	**2,182.5**
Personnel expenses	6-7	(1,096.0)	(1,053.8)
Other current operating income and expense		(847.9)	(826.3)
Share of profit from equity associates	8	1.8	1.7
CURRENT OPERATING INCOME	9	**293.3**	**304.1**
Other non-current operating income and expense	10	(28.6)	(38.8)
OPERATING INCOME		**264.7**	**265.3**
(Net) financial expense	11	(79.1)	(42.6)
PRE-TAX INCOME		**185.6**	**222.7**
Income tax	12	(71.5)	(65.0)
NET INCOME FROM CONTINUING OPERATIONS		**114.1**	**157.7**
Group share		*115.1*	*157.3*
share attributable to non-controlling interests		*(1.0)*	*0.4*
NET INCOME FROM DISCONTINUED OPERATIONS	33	**(10.2)**	**(7.8)**
Group share		*(10.2)*	*(7.8)*
share attributable to non-controlling interests		*0.0*	*0.0*
CONSOLIDATED NET INCOME		**103.9**	**149.9**
Group share		*104.9*	*149.5*
share attributable to non-controlling interests		*(1.0)*	*0.4*
NET INCOME, GROUP SHARE		**104.9**	**149.5**
Earnings per share *(€)*	13	3.96	5.60
Diluted earnings per share *(€)*	13	3.92	5.57
NET INCOME FROM CONTINUING OPERATIONS, GROUP SHARE		**115.1**	**157.3**
Earnings per share *(€)*	13	4.34	5.90
Diluted earnings per share *(€)*	13	4.30	5.86

* *Restated for the reclassification of BCC to discontinued operations.*

Consolidated comprehensive income statement

(€ million)	Notes	12/31/2019	12/31/2018 restated *
NET INCOME		**103.9**	**149.9**
Translation differences		(1.3)	0.7
Fair value of hedging instruments		(0.8)	1.5
Items that may be reclassified subsequently to profit or loss	14	(2.1)	2.2
Revaluation of net liabilities for defined benefit plans		(15.9)	12.9
Items that may not be reclassified subsequently to profit or loss	14	(15.9)	12.9
OTHER ITEMS OF COMPREHENSIVE INCOME, AFTER TAX	14	**(18.0)**	**15.1**
TOTAL COMPREHENSIVE INCOME		**85.9**	**165.0**
Group share		*86.9*	*164.6*
share attributable to non-controlling interests		*(1.0)*	*0.4*

* *Restated for the reclassification of BCC to discontinued operations.*

Consolidated statement of financial position for the periods ended December 31, 2019 and 2018

Assets

(€ million)	Notes	As of December 31, 2019	As of December 31, 2018
Goodwill	15	1,654.1	1,559.5
Intangible assets	16	511.0	480.0
Property, plant & equipment	17	614.9	620.2
Rights of use relating to lease agreements	18	1,026.3	0.0
Investments in associates	8	21.4	19.7
Non-current financial assets	20	27.9	20.6
Deferred tax assets	12.2.2	82.7	66.8
Other non-current assets		0.1	0.0
NON-CURRENT ASSETS		**3,938.4**	**2,766.8**
Inventory	21	1,079.4	1,091.8
Trade receivables	22	274.8	271.8
Tax receivables due	12.2.1	2.8	41.8
Other current financial assets	23.1	11.6	14.2
Other current assets	23.1	369.3	405.6
Cash and cash equivalents	27	995.5	918.6
CURRENT ASSETS		**2,733.4**	**2,743.8**
ASSETS HELD FOR SALE	33	**200.6**	**0.0**
TOTAL ASSETS		**6,872.4**	**5,510.6**

Liabilities

(€ million)	Notes	As of December 31, 2019	As of December 31, 2018
Share capital	24	26.5	26.6
Equity-related reserves		971.3	984.4
Translation reserves		(5.8)	(4.5)
Other reserves and net income		395.9	247.0
SHAREHOLDERS' EQUITY, GROUP SHARE	24	**1,387.9**	**1,253.5**
Shareholders' equity – Share attributable to non-controlling interests		10.4	7.5
SHAREHOLDERS' EQUITY		**1,398.3**	**1,261.0**
Long-term borrowings and financial debt	28.1	936.4	855.1
Long-term leasing debt	28.2	800.8	0.0
Provisions for pensions and other equivalent benefits	25	176.7	161.5
Other non-current liabilities	23.2	189.5	191.3
Deferred tax liabilities	12.2.2	203.2	189.9
NON-CURRENT LIABILITIES		**2,306.6**	**1,397.8**
Short-term borrowings and financial debt	28.1	77.0	56.1
Short-term leasing debt	28.2	215.1	0.0
Other current financial liabilities	23.1	18.2	15.9
Trade payables	23.1	1,888.7	1,876.7
Provisions	26	39.0	51.9
Tax liabilities payable	12.2.1	9.4	44.4
Other current liabilities	23.1	785.0	805.5
CURRENT LIABILITIES		**3,032.4**	**2,850.5**
LIABILITIES RELATING TO ASSETS HELD FOR SALE	33	**135.1**	**1.3**
TOTAL LIABILITIES		**6,872.4**	**5,510.6**

Consolidated cash flow statement as of December 31, 2019 and 2018

(€ million)	Notes	12/31/2019	12/31/2018 restated *
NET INCOME FROM CONTINUING OPERATIONS		**114.1**	**157.7**
Income and expense with no impact on cash		304.0	81.2
CASH FLOW	32.1	**418.1**	**238.9**
Financial interest income and expense		72.9	36.5
Dividends received		0.0	0.0
Net tax expense payable	12.1	79.4	75.3
CASH FLOW BEFORE TAX, DIVIDENDS AND INTEREST		**570.4**	**350.7**
Change in working capital requirement	23	51.8	(7.3)
Income tax paid		(70.4)	(71.8)
NET CASH FLOWS FROM OPERATING ACTIVITIES	32.1	**551.8**	**271.6**
Acquisitions of intangible assets, property, plant & equipment		(147.0)	(114.1)
Disposals of intangible assets, property, plant & equipment		2.0	0.3
Acquisitions and disposals of subsidiaries net of cash acquired and transferred		(92.5)	(11.2)
Acquisitions of other financial assets		(1.4)	(2.3)
NET CASH FLOWS FROM INVESTING ACTIVITIES	32.2	**(238.9)**	**(127.3)**
Capital increase/(decrease)		7.1	6.8
Other transactions with shareholders		0.0	0.0
Purchases or sales of treasury stock		(21.0)	(14.4)
Dividends paid to shareholders		0.0	0.0
Bonds issued		650.0	0.0
Bonds repaid		(650.0)	0.0
Repayment of leasing debt	28.2	(212.8)	0.0
Interest paid on leasing debt	28.2	(21.1)	0.0
Increase in other financial debt		100.0	50.2
Redemption of other financial debt		(10.4)	0.0
Interest and equivalent payments		(45.8)	(31.7)
Financing of the Comet pension fund	32.4	(4.6)	(4.5)
NET CASH FLOWS FROM FINANCING ACTIVITIES	32.3	**(208.6)**	**6.4**
Net cash flows from discontinued operations	33	(27.6)	(6.5)
Impact of changes in exchange rates		0.2	(0.5)
NET CHANGE IN CASH		**76.9**	**143.7**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	32	**918.6**	**774.9**
CASH AND CASH EQUIVALENTS AT PERIOD-END	32	**995.5**	**918.6**

* *Restated for the reclassification of BCC to discontinued operations.*

Change in consolidated shareholders' equity as of December 31, 2019 and 2018

						Shareholders' equity		
(€ million)	Number of shares outstanding [(a)]	Share capital	Equity-related reserves	Translation reserves	Other reserves and net income	Group share	Non-controlling interests	Total
AS OF DECEMBER 31, 2017	**26,658,135**	**26.7**	**988.8**	**(5.2)**	**85.7**	**1,096.0**	**7.0**	**1,103.0**
Total comprehensive income				**0.7**	**163.9**	**164.6**	**0.4**	**165.0**
Capital increase/(decrease)	(52,696)	(0.1)	(4.4)			(4.5)		(4.5)
Change in scope						0.0		0.0
Treasury stock					(5.8)	(5.8)		(5.8)
Valuation of share-based payments					6.9	6.9		6.9
Impact of first application of IFRS 9 *					(4.1)	(4.1)		(4.1)
Impact of first application of IFRS 15					0.4	0.4		0.4
Other movements						0.0	0.1	0.1
AS OF DECEMBER 31, 2018	**26,605,439**	**26.6**	**984.4**	**(4.5)**	**247.0**	**1,253.5**	**7.5**	**1,261.0**
Total comprehensive income				**(1.3)**	**88.2**	**86.9**	**(1.0)**	**85.9**
Capital increase/(decrease)	(89,867)	(0.1)	(13.1)			(13.2)		(13.2)
Treasury stock					(0.6)	(0.6)		(0.6)
Valuation of share-based payments					7.7	7.7		7.7
Impact of first application of IFRS 16					(0.4)	(0.4)		(0.4)
Change in scope					55.7	55.7	3.7	59.4
Other movements					(1.7)	(1.7)	0.2	(1.5)
AS OF DECEMBER 31, 2019 [(a) (b)]	**26,515,572**	**26.5**	**971.3**	**(5.8)**	**395.9**	**1,387.9**	**10.4**	**1,398.3**

* *Impairment of financial assets of Ménafinance joint venture.*

(a) *€1 par value of shares.*

(b) *Number of shares in capital as of December 31, 2019: 26,515,572.*

5.2 / Notes to the consolidated financial statements for the year ended December 31, 2019

NOTE 1 GENERAL INFORMATION

1.1 / General information

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

The consolidated financial statements as of December 31, 2019 reflect the financial position of Fnac Darty and its subsidiaries, as well as its interests in associates and joint ventures.

On February 26, 2020, the Board of Directors approved the consolidated financial statements for the year ended December 31, 2019. These statements are not final until after ratification by the General Meeting of shareholders.

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

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

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

NOTE 2 ACCOUNTING PRINCIPLES AND POLICIES

2.1 / General principles and statement of compliance

Pursuant to European Regulation No. 1606/2002 of July 19, 2002, the Group's consolidated financial statements for 2019 have been prepared in accordance with international accounting standards as adopted by the European Union on the date these financial statements were established. These standards were mandatory at that date, and are presented with the comparative data for 2018, prepared on the same basis. Over the periods presented, the standards and interpretations adopted by the European Union are similar to the mandatory standards and interpretations published by the IASB (International Accounting Standards Board). Therefore, the Group's financial statements have been prepared in compliance with the standards and interpretations as published by the IASB.

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

The consolidated financial statements presented do not take into account any standards and interpretations that, at period-end, were still at the exposure draft stage with the IASB and IFRIC, or standards whose application was not mandatory in 2019.

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

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

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

2.2 / IFRS guidelines applied

2.2.1 Standards, amendments and interpretations that have been adopted by the European Union but are not mandatory for reporting periods beginning on or after January 1, 2019, and were not adopted early by the Group

- Amendments to IAS 1 and IAS 8 – Definition of the term "material".
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform (IBOR) – Stage 1.

2.2.2 Standards, amendments and interpretations adopted by the European Union and mandatory for reporting periods beginning on or after January 1, 2019

- On January 13, 2016, the IASB published **IFRS 16 – Leases.** IFRS 16 replaces the IAS 17 standard and its interpretations. This new standard, which is mandatory for annual periods beginning on or after January 1, 2019, requires the recognition of an asset (the right of use) and a liability (leasing debt) on the basis of discounted in-substance fixed lease payments.

  The Group has applied IFRS 16 since January 1, 2019 using the modified retrospective method. The 2018 financial statements have not been restated.

  The accounting principles under IFRS 16 that have been applied are described in note 2.8.

  In order to ensure the transition between IAS 17 and IFRS 16, all lease and service agreements falling within the scope of IFRS 16 have been analyzed.

  In 2018, the Group collected the necessary data on lease agreements falling within the scope of the standard in preparation for the transition to IFRS 16. The Group has adopted the exemptions provided under the standard for all lease agreements shorter than or equal to 12 months or having an underlying asset replacement value of less than USD 5,000. The Group did not apply the reduction allowing companies to exclude contracts with a residual maturity of less than 12 months on the transition date, nor did it apply any reduction other than the practical reduction for impairment.

  As of January 1, 2019, the Group had 3,645 lease agreements that fell within the scope of IFRS 16, of which 616 were property lease agreements and the rest were almost all equipment lease agreements (primarily vehicles, lifting equipment, printers and computer servers).

To determine the enforceable term to be taken into account for each contract, a double approach has been adopted:

- contractual, based on analysis of the contracts; and
- economic, based on the categorization of the underlying assets leased, depending on criteria relating to location, performance and commercial interest.

As of the transition date and in 2019, the enforceable term identified for each agreement corresponds to the maximum period for which the lessee is entitled to benefit from the right to use the asset. It corresponds to the period during which the agreement cannot be terminated by the lessor, and to all renewal options available solely to the lessee. This period is defined in accordance with the ANC's position in its statement of conclusion of February 16, 2018.

Within this enforceable term, the lease period used may be limited by the consideration, or not, of options to terminate lease agreements early based on economic criteria relating to the leased assets, in order to determine the lease periods that can be reasonably assured for each agreement. The economic criteria used to assess the exercise of lease renewal or early termination options by type of asset take into account the quality of the locations (premium or standard), the strategic nature of the store and its profitability. Generally, the assessment criteria are based on the quality of the asset and the specific characteristics of the market and contracts.

Specifically:

- 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; and
- 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.

In addition, on December 16, 2019, the IFRS Interpretations Committee published its decision on the determination of the enforceable period of certain lease agreements.

This decision stipulates that an economic approach must be used to determine the enforceable term to be applied to lease agreements under IFRS 16, and gives details about the consistency between this enforceable term and the amortization period for any non-removable leasehold improvements relating to the underlying asset leased.

Consequently, all facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease (or not to exercise the option to terminate the lease) must be considered in order to determine the enforceable term of the lease (IFRS 16.19), and all penalties in the event of termination. The concept of penalties (within the meaning of the IFRIC decision) covers the net accounting value of non-removable fixtures, fittings or equipment that are not fully amortized at the end of the lease, as well as other risks such as loss of customers or additional rental costs. Consequently, while retaining the principles of the decision tree detailed above and used to determine the term of a lease, the Group will also analyze the existence of material non-removable investments that are not amortized and which may constitute an incentive for renewal, on a contract-by-contract basis. The following items should be analyzed in each case:

- whether the residual net book value of the non-removable assets is sufficiently material so as to prevent a potential termination;
- whether the investments can be reused at another site (in which case no penalty is to be recorded);
- whether it is appropriate to reassess the amortization period in order to reconcile the useful life of amortized investments with the remaining term of the lease; and
- whether other penalties should be considered, such as loss of customers or additional rental costs.

This analysis will allow a decision to be reached regarding any change in the terms of lease agreements under IFRS 16, in particular for French 3/6/9 type leases. For these types of leases, an approach that complies with the ANC's statement of conclusion of February 16, 2018 on commercial leases had been favored. The economic approach established by the IFRS IC may have an impact on the period of IFRS 16 to be used for these contracts.

Given the delayed publication of this decision by the IFRS Interpretations Committee and the large number of contracts to be reviewed, the Group has not had sufficient time to calculate the impact as of December 31, 2019. In order to implement such a review, an action plan will be implemented during the first half of 2020 to determine the effects as of June 30, 2020.

In order to determine the total rent amount to be taken into account under IFRS 16, the Group used the minimum guaranteed rents after taking into account changes in real estate price indices for the year. The variable portion of rents, usually indexed to the change in revenue, was excluded in accordance with the recommendations of the standard.

For short-term lease agreements (less than or equal to 12 months) and lease agreements for low-value assets, the Group has chosen to apply the exception permitted under the standard and to recognize a lease expense. This expense is set out in "Other current operating income and expenses" in the consolidated income statement. The amount of lease expenses relating to short-term leases amounted to €0.6 million at December 31, 2019. In addition, the total amount of leasing commitments for short-term lease agreements amounted to €0.2 million. With regard to the exemption for agreements with low-value underlying assets (less than USD 5,000), rental expenses amounted to €1.0 million at December 31, 2019. In accordance with IFRS 16, the variable portion of the rents paid has not been included in the calculation of the debt. As of December 31, 2019, these variable expenses amounted to €1.8 million.

As of the transition date, the Group has set the discount rates on the basis of a marginal borrowing rate that reflects the specific characteristics of the entities that take out the lease agreements. This has made it possible to establish a rate schedule for each country. The discount rates by currency are calculated using a Midswap index, by currency and by maturity, to which is added a spread (spread applied to the most recent Group borrowings + country risk premium + subsidiary rating). The maturity of the rate used depends on the duration of each lease agreement, which in turn depends on the payment profile. The maturity of the rates depends on the residual term of the contract up to its expiration, as from the date of the event. Therefore, on the date of initial application, the maturity of the rates applied depends on the time remaining between January 1, 2019 and the expiry of the contract.

In addition, finance lease agreements under IAS 17 that were entered into or amended before January 1, 2019 were not restated on the transition date. A reclassification was carried out on December 31, 2019 in order to link the finance leasing debt to the leasing debt and the finance leasing assets to the right-of-use asset. As of December 31, 2019, the Group recognizes non-current assets and a debt relating to finance lease agreements for €1.3 million and €1.0 million respectively.

With regard to property sublease agreements, the Group has four finance lease agreements (expiration identical to the main agreement) subject to restatement under IFRS 16. As a result, a sublease receivable of €2.2 million was recognized at December 31, 2019, offset against a €2.6 million reduction in the right-of-use asset and a €0.4 million reduction in shareholders' equity. The sublease income relating to these contracts amounts to €0.7 million for 2019.

The impact of IFRS 16 application on the opening balance sheet as of January 1, 2019 resulted in a lease debt of €987.2 million being recorded, as well as an increase in non-current assets due to the recording of a right-of-use asset. The assets associated with the right of use include the initial valuation of the leasing debt, which takes into account rents paid on and after the effective date, prepayments and the initial direct costs. They are then valued at their initial cost less depreciation and amortization and impairment. In accordance with IFRS 16, the outstanding apportionments of lessor's benefits pursuant to IAS 17 as of December 31, 2018 (recognized as deferred income) were offset against the right-of-use asset. With regard to the new lease discounts from the transition date, these were incorporated into the cash flow calculations to determine the amount of the debt and the right-of-use asset. In addition, leasehold rights were considered to be a residual value of the right-of-use assets and as such were reclassified under rights of use.

The difference noted between the amount of the IFRS 16 debt on the date of initial application and the off-balance sheet commitments related to lease agreements (€519.8 million at the end of December 2018) can be explained by the different methods used:

- no flow discounting for the calculation of rental off-balance sheet commitments; and
- period chosen for the calculation of the rental off-balance sheet commitments limited to the first exit option of the lease.

(€ million)	
Off-balance sheet commitments given in respect of operating leases as of December 31, 2018	**519.8**
Impact related to the contract maturity date used	508.7
Impact of discounting	(41.3)
IFRS 16 leasing debt recorded at January 1, 2019	**987.2**

The accounting impacts on the main line items used by the Group at December 31, 2019 are as follows:

- €230.7 million increase in EBITDA;
- €21.2 million increase in financial expenses;
- recognition of deferred tax income in accordance with historical practice regarding finance lease agreements under IAS 17;
- discontinuous change in net income with no impact over the total period of the agreement;
- in the cash flow statement, impact on changes related to financing activities for €233.9 million;
- recognition of an asset (the right of use) and a liability on the basis of discounted rents, for €1,026.3 million and €1,015.9 million respectively;
- offsetting of outstanding apportionments of lessor's benefits at January 1, 2019 (lessor and franchise stake) against the right-of-use asset;
- reclassification of leasehold rights to the right-of-use asset for €47.2 million;
- for financial sublease agreements, recognition of a sublease receivable in the amount of €2.2 million, primarily via offsetting against the right-of-use asset, and for the difference in shareholders' equity and net income; and
- no impact regarding finance lease agreements, which continue to be treated as before under IAS 17. However, a reclassification was carried out on December 31, 2019 in order to link the finance leasing debt to the leasing debt and the finance leasing assets to the right-of-use asset, for €1.0 million and €1.3 million respectively.

The application of the standard had no impact on the Group's financial covenants, as they are determined outside the scope of IFRS 16.

To enable the calculation of the impact and operational monitoring of leases, Fnac Darty acquired an IT solution designed to:

- centralize all lease agreements;
- update information in real time;
- generate accounting items;
- manage forecast data; and
- analyze financial impacts both at the Group level and for controlling areas.

Roll-out of this tool was completed in the second half of 2018. The data relating to the lease agreements is updated in the tool each month from the date of initial application, and the accounting restatements are carried out on a monthly basis.

- **IFRIC 23 – Uncertainty over Income Tax Treatments.** IFRIC 23 clarifies the application of the provisions of IAS 12 – Income Taxes relating to recognition and evaluation when there is uncertainty regarding the treatment of income tax. To this end, the IFRIC 23 interpretation sets out a single uniform method for recognizing tax risks. In 2019, the Group standardized its tax risk recognition process, implementing standardized procedures for communication between the subsidiaries of all tax jurisdictions and the Group's Tax Department. Under the new process, if an uncertain tax position is likely not to be accepted by the tax authorities, this situation will be reflected in the financial statements in tax payable or deferred taxes. On the transition date and as of December 31, 2019, uncertain tax positions were assessed in accordance with the new standards and, at the end of this assessment, no new risks were detected. From the transition date onward, all uncertain tax positions are presented as tax expenses in the income statement, and as taxes payable or deferred on the balance sheet.
- **Amendments to IFRS 9 – Early repayment clause with negative compensation.**
- **Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures, applicable as of January 1, 2019.**
- **Amendments to IAS 19 – Plan amendment, curtailment or settlement.**
- **Annual Improvements to IFRS Standards 2015-2017 Cycle – Sundry provisions.**

The application of these four amendments has no material impact on the Group's consolidated financial statements.

2.2.3 Standards, amendments and interpretations not yet adopted by the European Union and mandatory for post-2019 reporting periods

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

- **amendments to IFRS 3 – Definition of a Business;**
- **IFRS 17 – Insurance Contracts; and**
- **amendment to references to the conceptual framework for the IFRS standards.**

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

2.3.1 Bases for evaluation

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

- certain financial assets and liabilities, which were valued at fair value;
- defined benefit plan assets, which were valued at fair value;
- the proportion of securities held by a subsidiary or associate, which was valued at fair value at the moment of loss of control or significant influence; and
- non-current assets held for sale, which were valued and recognized at the lower of their net book value and their fair value minus disposal costs as soon as their sale is considered highly probable. These assets cease to be amortized from the date of their qualification as assets (or group of assets) held for sale.

2.3.2 Use of estimations and assumptions

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

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

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

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

Estimate		Nature of the estimate
Notes 2.8, 18 and 28.2	Lease agreements	Assumption regarding the lease term used: To determine the lease period to be taken into account for each contract, a double approach has been adopted: ■ contractual, based on analysis of the contracts; and ■ economic, based on the categorization of the underlying assets leased, depending on criteria relating to location, performance and commercial interest. Specifically: ■ 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; and ■ 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. Assumption regarding discount rates: a rate schedule by maturity has been drawn up for each country. The discount rates are calculated using a Midswap index, by currency and by maturity, to which is added a spread (spread applied to the most recent Group borrowings + country risk premium + subsidiary rating). The maturity of the rate used depends on the duration of each lease agreement, which in turn depends on the payment profile. The maturity of the rates depends on the residual term of the contract up to its expiration, as from the date of the event
Notes 2.9 and 21	Inventory	Inventory run-down forecasts for impairment calculations
Notes 2.10 and 19	Impairment tests on non-financial assets	Level of cash generating unit combination for impairment test Main assumptions used for the construction of value-in-use (discount rates, growth rates in perpetuity, anticipated cash flow) Assessment of the economic and financial context of the countries in which the Group operates
Note 2.11.3	Fair value of hedging derivatives	Fnac Darty measures the fair value of derivatives by using the valuations provided by financial institutions
Note 20	Non-current financial assets	Estimation of their realizable value, either according to calculation formulas based on market data or on the basis of private quotations
Notes 2.13 and 12	Tax	Assumptions used to recognize deferred tax assets related to tax loss carry-forwards and timing differences, as well as deferred tax rate assumptions
Notes 2.15 and 26	Provisions	Underlying assumptions for assessing the legal position and risk valuation
Notes 2.16 and 25	Employee benefits and similar payments	Discount rate and wage growth rate. The wage growth rate is based on historical observation and is in line with the euro zone's long-term inflation targets
Notes 2.18 and 5	Income from ordinary activities	Spread of revenues related to sales of loyalty cards and sales of warranty extensions over the term for which services are rendered reflecting the schedule of benefits offered Recognition of income from ordinary activities in gross sales or commissions according to the analysis of the Group's involvement as principal or agent The main indicators for assessing the agent/principal classification are: ■ primary responsibility for performance of the agreement; ■ exposure to inventory risk; and ■ determination of the selling price
Note 2.19	Cost of merchandise sales	At period-end, a valuation of discounts and commercial services to be collected is conducted based on the contracts signed with suppliers. This valuation is based on the amount of the annual purchases, the quantities of articles purchased or other contract conditions, such as the reaching of thresholds or the growth in purchasing volume for discounts and the performance of services rendered to suppliers for commercial cooperation
Note 7	Performance-based compensation plans	Assumptions used to assess the fair value of allotted instruments (expected volatility, dividend yield, discount rate, expected turnover of beneficiaries), estimates of achievement of future performance conditions
Note 33.3	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

2.3.3 Cash flow statement

The Fnac Darty cash flow statement has been prepared in accordance with IAS 7 using the indirect method based on the net income of the consolidated entity, and can be broken down into three categories:

- cash flow from operating activities (including tax-related flows);
- cash flow from investing activities (in particular, acquisitions and disposals of equity interests and non-current assets, excluding lease agreements); and
- cash flow from financing activities (in particular, the issuance and redemption of borrowings, share buybacks, dividend payments) and the repayment of leasing debt and associated interest related to the application of IFRS 16.

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

2.4 / Principles of consolidation

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

2.4.1 Subsidiaries

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

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

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

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

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

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

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

2.4.2 Equity associates

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

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

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

2.4.3 Business combinations

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

Business combinations are recognized using the purchase method:

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

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

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

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

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

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

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

2.5 / Translation of foreign currencies

2.5.1 Functional currency and reporting currency

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

2.5.2 Recognition of transactions in foreign currencies

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

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

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

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

2.5.3 Translation of the financial statements of foreign entities

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

- items on the statement of financial position are translated into euros on the basis of the applicable exchange rates at the period-end date;
- items on the income statement are translated into euros using the average exchange rate over the reporting period provided this is not called into question by significant fluctuations in the rates; and

- any difference between the translation of the statement of financial position at the closing rate and the translation of the income statement at the average exchange rate over the period is recognized in other items of comprehensive income, which may be reclassified subsequently to profit or loss on the translation differences line.

2.5.4 Net investment in a foreign entity

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

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

2.6 / Goodwill

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

As of the acquisition date, goodwill is allocated to cash generating units defined by the Group. After initial recognition, goodwill is not amortized. The cash generating units to which the goodwill is allocated are subject to an annual impairment test in the second half of the year and whenever events or circumstances indicate that a loss of value may occur. The impairment test for the period is described in section 5.2, note 19.

Impairment is recognized under “Other non-current operating income and expense” on the income statement and is included in the Group’s operating income.

2.7 / Intangible assets

Intangible assets are primarily composed of brands. The entry value of all Group brands was determined using the Relief From Royalty method, which consists of evaluating the discounted amount of the royalty savings (net of maintenance costs and taxes) the brands generate and corresponds to the fair value of the brands on the acquisition date. To the extent that the Group’s brands constitute non-current assets with an indefinite life span, they are not amortized but are systematically tested for impairment each year and when there is evidence of impairment.

The brands entered on the Group’s balance sheet are: Darty and Vanden Borre, valued following the purchase of Darty; the WeFix brand, valued following the purchase of the subsidiary WeFix; the Billetreduc.com brand, valued in February 2019 following the acquisition of the subsidiary 123Billets, and the Nature & Découvertes brand, valued in August 2019 following the acquisition of the subsidiary Nature & Découvertes.

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

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

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

2.8 / Property, plant and equipment

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

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

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

Processing of lease agreements under IFRS 16

The Group applied IFRS 16 – Leases (published by the IASB in January 2016) this year for the first time.

IFRS 16 introduces new requirements for recognizing lease agreements for lessees. It establishes significant changes to the lessee's accounts by eliminating the distinction between operating lease agreements and finance lease agreements, establishing the recognition of a right-of-use asset and a leasing debt upon implementation of each lease agreement, with the possible exception of short-term lease agreements (with a term of less than or equal to 12 months) and lease agreements for low-value assets. Lease agreements are thus recognized in the balance sheet from the start of the lease at the discounted value of future payments. These agreements are recorded under liabilities as "Short-term leasing debt" and "Long-term leasing debt", and under assets as "right-of-use assets relating to lease agreements". They are amortized over the term of the lease, which generally corresponds to the enforceable term of the contract unless there is a known intent to renew or terminate the contract. The enforceable term identified for each agreement corresponds to the maximum period for which the lessee is entitled to benefit from the right to use the asset. It corresponds to the period during which the agreement cannot be terminated by the lessor, and to all renewal options available solely to the lessee. Within this enforceable term, the lease period used may be limited by the consideration, or not, of options to terminate lease agreements early based on economic criteria relating to the leased assets, in order to determine the lease periods that can be reasonably assured for each agreement. The economic criteria used to assess the exercise of lease renewal or early termination options by type of asset take into account the quality of the locations (premium or standard), the strategic nature of the store and its profitability. Generally, the assessment criteria are based on the quality of the asset and the specific characteristics of the market and contracts.

Specifically:

- 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; and
- 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.

As of December 31, 2019, the Group does not have any non-rental contracts.

In the income statement, amortization expenses are recognized in operating income and interest expenses in net financial income. As of December 31, 2019, interest expenses relating to leasing debt amounted to €21.1 million. As of December 31, 2019, BCC's right-of-use assets and leasing debt were reclassified as assets and liabilities held for sale in accordance with IFRS 5.

The initial date of application of IFRS 16 for the Group is January 1, 2019. The 2018 financial statements have not been restated.

The Group applied IFRS 16 using the modified retrospective method.

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

Impact of the new definition of a lease agreement

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

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

Impact on the accounting of the Group as a lessee

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

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

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

Exemptions and reductions

For short-term lease agreements (less than or equal to 12 months) and lease agreements for low-value assets, the Group has chosen to apply the exception permitted under the standard and to recognize a lease expense. This expense is set out in "Other current operating income and expenses" in the consolidated income statement. The amount of lease expenses relating to short-term leases amounted to €0.6 million at December 31, 2019. In addition, the total amount of leasing commitments for short-term lease agreements amounted to €0.2 million. With regard to the exemption for agreements with low-value underlying assets (less than USD 5,000), rental expenses amounted to €1.0 million at December 31, 2019.

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 on December 31, 2019 in order to link the finance leasing debt to the leasing debt and the finance leasing assets to the right-of-use asset. At December 31, 2019, the Group recognizes non-current assets and a debt relating to finance lease agreements for €1.3 million and €1.0 million respectively.

In accordance with IFRS 16 directives, the amount of the leasehold rights on the balance sheet of €47.2 million was reclassified under right-of-use assets at December 31, 2019.

The Group has four finance lease agreements (expiration identical to the main agreement) subject to restatement under IFRS 16. As a result, a sublease receivable of €2.2 million was recognized at December 31, 2019, offset against a €2.6 million reduction in the right-of-use asset and a €0.4 million reduction in shareholders' equity. The sublease income relating to these contracts amounts to €0.7 million for 2019.

In the case of leaseback transactions carried out at fair value, the Group's processing will be as follows:

- derecognition of the underlying asset;
- recognition of the sale at fair value;
- recognition of the income relating to the rights transferred to the buyer-lessor;
- recognition of an asset (right of use) for an amount equivalent to the previous book value of the underlying asset share retained; and
- recognition of a leasing debt.

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

Methods applied

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

The Group has set the discount rates on the basis of a marginal borrowing rate that reflects the specific characteristics of the entities that take out the lease agreements. This has made it possible to establish a rate schedule for each country. The discount rates by currency are calculated using a Midswap index, by currency and by maturity, to which is added a spread (spread applied to the most recent Group borrowings + country risk premium + subsidiary rating). The maturity of the rate used depends on the duration of each lease agreement, which in turn depends on the payment profile. The maturity of the rates depends on the residual term of the contract up to its expiration, as from the date of the event. Therefore, on the date of initial application, the maturity of the rates applied depends on the time remaining between January 1, 2019 and the expiry of the contract.

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

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

In accordance with IFRS 16, the variable portion of the rents paid has not been included in the calculation of the debt. As of December 31, 2019, these variable expenses amounted to €1.8 million.

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

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

- the term of the lease agreement has been changed or there has been a change in the estimate of the exercise of an option, in which case the leasing debt is revalued by discounting the revised lease payments at the updated discount rate; and

- rents change as a result of a change in an index or interest rate, following a change to the planned payment, or following the revaluation of the residual value guarantees. In such cases, the leasing debt is revalued by discounting the revised rents from the lease agreement at the initial discount rate (unless the change in rent payments is due to an interest rate change, in which case a revised discount rate is used).

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

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

The right of use is amortized over the term of the contract.

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

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

Variable rents that do not depend on an index or interest rate are not included in the valuation of the leasing debt or the right of use. The corresponding payments are recognized over the period and are included under operating expenses in the income statement.

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

The main estimates and assumptions applied by the Group with respect to IFRS 16 are detailed in section 2.3.2 "Use of estimations and assumptions". These relate to the determination of the lease term and the determination of the discount rates.

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

2.9 / Inventory

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

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

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

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

The Group may need to record an impairment on inventories:

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

2.10 / Impairment of non-financial assets

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

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

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

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

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

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

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

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

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

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

Consideration of the application of IFRS 16 in impairment tests

The recoverability of the right-of-use asset is tested as soon as events or environmental modifications on the market indicate an impairment risk for the asset. The provisions for the implementation of the impairment tests are identical to those for intangible assets and property, plant and equipment as described in notes 2.6, 2.7 and 2.8. For the impairment tests as of December 31, 2019, the Group chose to apply the practical reduction in which the value to be tested includes the right-of-use assets deducted from the lease liabilities. The business plan projections, the terminal value and the discount rate are determined in accordance with the position before the application of IFRS 16. The business plan projections, the terminal value and the discount rate do not account for the application of IFRS 16.

2.11 / Financial assets and liabilities

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

All these instruments are disclosed in section 5.2, note 30.

2.11.1 Financial assets

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

- financial assets valued at fair value on the income statement:

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

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

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

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

  Financial assets recognized at fair value are:

  - debt instruments that are not measured at amortized cost or at fair value through other items of comprehensive income,
  - equity instruments that are held on a speculative basis, or
  - equity instruments for which the option of fair value recognition through other items of comprehensive income has not been selected by the company;

- financial assets at amortized cost:

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

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

These assets are subject to impairment in the manner described in note 2.2.2.

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

- financial assets are held as part of a management model designed to collect contractual cash flows, and
- the contractual cash flows consist only of interest and principal repayment flows (SPPI criterion);

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

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

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

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

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

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

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

2.11.2 Financial liabilities

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

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

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

Loan agreement with the European Investment Bank: On February 18, 2019, Fnac Darty announced the signing of a loan agreement in the amount of €100 million with the European Investment Bank (EIB). Issued under the "Juncker Plan", this loan will be used to finance the Group's digital transformation investments to support the deployment of Confiance+. This financing has a maximum maturity of nine years, under very attractive terms. As of December 31, 2019, €100 million of the EIB credit line was used.

Refinancing of the bond loan: on May 15, 2019, Fnac Darty completed the transaction to renegotiate its bond issue after successfully refinancing its senior bonds with a cumulative principal amount of €650 million, composed of a cumulative principal amount of €300 million in senior bonds maturing in 2024, and a cumulative principal amount of €350 million in senior bonds maturing in 2026. The bonds maturing in 2024 will pay an annual coupon of 1.875%. The bonds maturing in 2026 will pay an annual coupon of 2.625%. The proceeds from the issue were used to fully repay the €650 million in outstanding senior bonds at 3.25% maturing in 2023. As this transaction met the debt settlement criteria set out in IFRS 9, the former debt was derecognized and the resulting loss was recognized in net financial income for €27.0 million.

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

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

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

2.11.3 Derivative instruments

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

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

Derivative instruments that are designated as hedging instruments are classified by category of hedge according to the nature of the hedged risks. As of December 31, 2019, Fnac Darty only had cash flow hedging derivatives in its portfolio. These derivatives are used to hedge the risk of changes in cash flows associated with recognized assets or liabilities or a highly probable planned transaction that could affect the consolidated income statement.

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

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

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

As of December 31, 2019, the only derivatives Fnac Darty had in its portfolio were forward currency derivatives used to hedge commercial transactions, which qualified as cash flow hedges:

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

2.11.4 Cash and cash equivalents

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

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

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

2.11.5 Net financial debt

The Group’s net financial debt includes:

- cash and cash equivalents (see 2.11.4);
- short-term and long-term loans, and bank overdrafts: this item essentially includes the bonds maturing in 2024 and 2026 and the medium-term credit facility (section 5.2, note 28); and
- since January 1, 2019 following the application of IFRS 16, net financial debt includes leasing debt related to operating lease agreements.

2.12 / Share-based payments

Share-based transactions payable in cash

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

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

Share-based transactions paid in equity instruments

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

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

2.13 / Income tax

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

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

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

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

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

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

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

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

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

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

2.14 / Treasury stock and other equity instruments

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

The amount of cash used in connection with this contract is specified in note 27.1.

The liquidity agreement and the share buyback program launched in 2018 do not provide for any obligation to buy back treasury stock at the end of the period.

2.15 / Provisions

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

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

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

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

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

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

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

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

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

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

2.17 / Non-current assets (or group of assets) held for sale

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

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

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

2.18 / Recognition of income from ordinary activities

Income from ordinary activities consists of pre-tax revenue and other revenues.

Pre-tax revenue corresponds to revenue generated in stores, on e-commerce sites (sales to end customers) and in warehouses (sales to franchises).

Other revenues consist of ticketing activities, the sale of gift boxes, certain warranty extensions and internet sales generated on behalf of suppliers (Marketplace).

Recognition of revenue and other revenues

Revenue from in-store sales, which represents the bulk of the Group's revenue, is recognized at the time of customers' checkout transactions in accordance with IFRS 15. Transfer of control occurs when the goods and services are transferred to the customers. Sales do not include any other performance obligations that have not been fulfilled at that date. When in-store sales are accompanied by a right of return, the conditions for exercising this right are limited to certain categories of products and are time-limited in accordance with the regulations of the countries concerned and/or in accordance with the Group's general terms and conditions of sale. In this case, a provision for return of merchandise is recorded.

E-commerce sales consist both of revenue from sales made on the Group's e-commerce sites (direct sales) and of commissions received for e-commerce sales made by the Group on behalf of third parties (Marketplaces). The Group acts as the principal for sales it makes on its own behalf on the Group's e-commerce sites (direct sales). Revenue from direct sales is recognized when delivery has taken place (date of transfer of control of the goods sold).

As with in-store sales of goods, direct e-commerce sales are subject to a right of return, the exercise of which is time-limited.

For sales in Marketplaces, the Group acts as an agent; the revenues recognized correspond to fees invoiced to suppliers for the sales made.

Revenue from sales to the franchises is recognized when delivery has taken place (date of transfer of control of the goods sold).

The accounting treatment of franchise fees is governed by the specific provisions of IFRS 15 on licenses of intellectual property (right of access license).

Recognition of customer loyalty programs

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

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

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

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

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

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

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

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

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

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

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

2.19 / Operating income

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

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

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

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

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

2.20 / Earnings per share

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

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

For non-current items, net income excluding non-current items per share is calculated by correcting the net income, Group share for non-current items in the amount of those items, net of tax and non-controlling interests. The non-current items used for this calculation correspond to items under "Other non-current operating income and expense" on the income statement.

2.21 / Operating segments

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

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

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

- France-Switzerland: this segment is composed of the Group's activities managed from France. These activities are carried out in France and French territories, Switzerland and Monaco. This segment also includes the franchises in Morocco, Qatar, Ivory Coast, Luxembourg, Cameroon and the Congo. The France-Switzerland segment includes the 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; and
- Benelux: this segment consists of Group activities managed from Belgium and grouped in Belgium and Luxembourg.

The new operating segments reflect the Group's structure.

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

NOTE 3 HIGHLIGHTS

3.1 / Changes in the scope of consolidation

On February 28, 2019, Fnac Darty acquired 100% of the equity of 123Billets, a key player in the sale of last-minute event tickets in France. Thanks to this acquisition, Fnac Darty now offers a wider and more diversified range of tickets. The website Billetreduc.com, which was created in 2000, was acquired by Lagardère Active in December 2012. Today it is owned by 123Billets, which was part of the business combination. 123Billets has been consolidated using the full consolidation method since March 1, 2019.

The Group acquired 100% of the capital of PC Clinic on July 1, 2019. PC Clinic is a Portuguese company specializing in the provision of support and repair services for electronic equipment.

On July 31, 2019, the Group finalized the acquisition of Nature & Découvertes, a leading omnichannel retailer of natural and wellbeing products, after obtaining the necessary authorizations from the competent authorities. The Group thus bought back 100% of the outstanding securities.

On October 31, 2019, the Group finalized the exclusive negotiations for a strategic partnership with the CTS Eventim Group, the European leader in the ticketing sector. This strategic partnership is strengthened by equity investments:

- France Billet purchased 100% of the equity of CTS Eventim France; and
- CTS Eventim acquired a 48% minority stake in France Billet, which remains under Fnac Darty's control. In 2023, CTS Eventim may increase its shares to a majority stake by exercise of a call option.

As part of a push to improve its operational agility and to refocus on markets where the Group has critical mass, Fnac Darty launched the search for a partner for its business in the Netherlands to help its Dutch banner BCC to seize the opportunities in its markets. The Fnac Darty 2019 financial statements present the Dutch branch under discontinued operations, in accordance with IFRS 5.

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

- for 2019, the audited IFRS consolidated financial statements of Fnac Darty for the period ended December 31, 2019, incorporating 12 months of operating activity of the Fnac Darty brand, restated for the reclassification of BCC to discontinued operations, 10 months of operating activity of Billetreduc.com from March 1, 2019, and five months of operating activity of the Nature & Découvertes brand from August 1, 2019; and
- for 2018, comparative information relating to the period ended December 31, 2018, restated for the reclassification of BCC to discontinued operations, as included in the audited consolidated financial statements of Fnac Darty for the period ended December 31, 2018, and corresponding to the operating activity of the Fnac Darty banner in 2018.

3.2 / Other significant events

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

On April 25, 2019, Fnac Darty announced that it had successfully refinanced its senior bonds with a cumulative principal amount of €650 million, composed of a cumulative principal amount of €300 million in senior bonds maturing in 2024, and a cumulative principal amount of €350 million in senior bonds maturing in 2026.

The 2024 bonds will pay an annual coupon of 1.875%. The 2026 bonds will pay an annual coupon of 2.625%.

Fnac Darty used the income from the offering and the available cash to repay in full its outstanding senior bonds of €650 million at 3.25%, maturing in 2023, and to pay the associated premiums, costs, fees and expenses.

In accordance with IFRS 9, the analysis carried out concluded that the repaid debt had been settled, leading to the derecognition of the former debt. The impacts are as follows:

- derecognition of the former debt with an impact on income from premiums, discounts or original charges that were not fully amortized;
- registration of the new debt; and
- spread of the new charges attributable to the new debt.

This transaction also entails the recognition of a financial expense of €18.7 million corresponding to the early redemption premium for the former bond issue, as well as a financial expense of €8.3 million related to the deduction of remaining costs associated with the former bond issue.

In 2019, Fnac Darty's second Employee Stock Ownership Plan was rolled out for employees in Belgium, Spain, France, the

Netherlands, Portugal and Switzerland. Just over 4,500 employees chose to buy Fnac Darty shares on preferential terms. The subscription price per share as part of this transaction was set at €56.24. This was equal to the average opening price of Fnac Darty shares on the Euronext Paris market for the 20 trading days prior to the allotment decision, less a 20% discount. All subscribers to the Offer benefited from a matching contribution made by the Company up to a limit of €700 gross. The Offer resulted in a total gross capital increase of €110,937 through the issuance of 110,937 new shares at a subscription price per unit of €1, on July 17, 2019. 4,522 employees in the six countries concerned, representing 19% of the Group's workforce as of June 30, 2019, chose to subscribe to the Offer. The shares were issued on July 17, 2019. The new shares issued as part of the Offer are ordinary shares of the Company. They were admitted to trading on the Euronext Paris market immediately after their issue, on the same listing line as existing shares. The shares issued will bear immediate rights and will be fully assimilated upon issue to existing shares. The total matching contribution was expensed as personnel expenses and amounted to €2.7 million net of social security expenses. Charges relating to the implementation of the plan were recorded as a deduction on the issue premium. This transaction had no material dilutive impact.

On October 19, 2018, Fnac Darty implemented a treasury stock buyback program, in the amount of 535,000 shares, or approximately 2% of its capital. This program has a maximum term of 24 months and the unit price of each share will be capped at €130. The shares purchased were canceled so as to offset the dilutive effects of performance share plans or past stock option plans. In 2019, the number of shares purchased and cancelled stood at 296,750 shares for an amount of €20.3 million. In total, 495,000 shares have been purchased and then cancelled since the program launched on October 19, 2018. As of December 31, 2019, the mandate has not been renewed.

On December 27, 2019, Fnac Darty signed a firm and irrevocable letter of intent for the sale to Crédit Agricole Consumer Finance of all the shares of the Ménafinance joint venture held by Fnac Darty, i.e. 50% of the shares of Ménafinance. This sale remains conditional upon obtaining prior authorization from the ACPR (French Prudential Supervision and Resolution Authority) of Banque de France, which is expected in the first half of 2020.

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, inventory, trade receivables, customer loans and other current assets. Segment liabilities consist of the financing for customer loans, trade payables and other current liabilities.

The operating segments break down as follows:

- France-Switzerland: this segment is composed of the Group's activities managed from France. These activities are carried out in France and French territories, Switzerland and Monaco. This segment also includes the franchises in Morocco, Qatar, Ivory Coast, Luxembourg, Cameroon and the Congo. The France-Switzerland segment includes the 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; and
- Benelux: this segment consists of Group activities managed from Belgium and grouped in Belgium and Luxembourg.

The new operating segments reflect the Group's structure.

4.1 / Information by operating segment

(€ million)	France-Switzerland	Iberian Peninsula	Benelux	Total
DECEMBER 31, 2019				
INCOME FROM ORDINARY ACTIVITIES	**6,030.7**	**722.3**	**595.6**	**7,348.6**
Consumer electronics	2,873.0	426.7	306.1	**3,605.8**
Editorial products	960.0	214.0	51.4	**1,225.4**
Domestic appliances	1,357.1	0.0	197.2	**1,554.3**
Other products and services	840.6	81.6	40.9	**963.1**
OPERATING INCOME	**231.0**	**24.0**	**9.7**	**264.7**
Income and expense with no impact on cash [(a)]	244.1	35.3	24.6	**304.0**
Acquisitions of intangible assets, property, plant & equipment [(b)]	130.9	9.3	6.8	**147.0**
SEGMENT ASSETS	**4,799.5**	**305.7**	**424.7**	**5,529.9**
SEGMENT LIABILITIES	**2,344.0**	**318.3**	**200.9**	**2,863.2**

(€ million)	France-Switzerland	Iberian Peninsula	Benelux	Total
DECEMBER 31, 2018 *				
INCOME FROM ORDINARY ACTIVITIES	**5,835.2**	**703.1**	**593.6**	**7,131.9**
Consumer electronics	2,881.4	406.8	307.6	**3,595.8**
Editorial products	973.7	220.1	55.3	**1,249.1**
Domestic appliances	1,326.4	0.0	194.2	**1,520.6**
Other products and services	653.7	76.2	36.5	**766.4**
OPERATING INCOME	**226.4**	**24.7**	**14.2**	**265.3**
Income and expense with no impact on cash [(a)]	64.3	10.3	6.6	**81.2**
Acquisitions of intangible assets, property, plant & equipment [(b)]	97.4	10.6	6.1	**114.1**
SEGMENT ASSETS	**3,811.6**	**196.4**	**420.9**	**4,428.9**
SEGMENT LIABILITIES	**2,322.1**	**302.4**	**249.0**	**2,873.5**

* *Restated for the reclassification of BCC to discontinued operations.*

(a) *Income and expenses with no impact on cash include:*
- *current and non-current amortization, depreciation and impairment, as well as impairment of non-current assets;*
- *current & non-current allocations and reversals of provisions for contingencies and expenses;*
- *provisions, reversals and discounting of provisions for pensions and other equivalent benefits;*
- *non-cash income and expenses related to stock options and similar items;*
- *proceeds from disposal of operating and financial assets; and*
- *allocations and reversals of deferred taxes.*

(b) *Purchases of intangible assets and property, plant and equipment, including change in receivables and payables on assets.*

4.2 / Reconciliation of segment assets and liabilities

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

(€ million)	**2019**	**2018**
Goodwill	1,654.1	1,559.5
Intangible assets	511.0	480.0
Property, plant & equipment	614.9	620.2
Rights of use relating to lease agreements	1,026.3	0.0
Other non-current assets	0.1	0.0
Non-current segment assets	**3,806.4**	**2,659.7**
Inventory	1,079.4	1,091.8
Trade receivables	274.8	271.8
Other current assets	369.3	405.6
SEGMENT ASSETS	**5,529.9**	**4,428.9**
Non-current financial assets	27.9	20.6
Investments in associates	21.4	19.7
Deferred tax assets	82.7	66.8
Tax receivables due	2.8	41.8
Other current financial assets	11.6	14.2
Cash and cash equivalents	995.5	918.6
Assets held for sale	200.6	0.0
TOTAL ASSETS	**6,872.4**	**5,510.6**

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

(€ million)	**2019**	**2018**
Trade payables	1,888.7	1,876.7
Other current liabilities	785.0	805.5
Other non-current liabilities	189.5	191.3
SEGMENT LIABILITIES	**2,863.2**	**2,873.5**
Shareholders' equity – Group share	1,387.9	1,253.5
Shareholders' equity – Share attributable to non-controlling interests	10.4	7.5
Long-term borrowings and financial debt	936.4	855.1
Long-term leasing debt	800.8	0.0
Deferred tax liabilities	203.2	189.9
Provisions for pensions and other equivalent benefits	176.7	161.5
Short-term borrowings and financial debt	77.0	56.1
Short-term leasing debt	215.1	0.0
Other current financial liabilities	18.2	15.9
Provisions	39.0	51.9
Tax liabilities payable	9.4	44.4
Liabilities relating to assets held for sale	135.1	1.3
TOTAL LIABILITIES	**6,872.4**	**5,510.6**

NOTE 5 INCOME FROM ORDINARY ACTIVITIES

(€ million)	2019	2018 restated *
Net sales of goods	6,385.5	6,365.5
Net sales of other Products and Services	963.1	766.4
INCOME FROM ORDINARY ACTIVITIES	**7,348.6**	**7,131.9**

* *Restated for the reclassification of BCC to discontinued operations.*

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

Sales of other products include products in the development phase, including kitchen units, home & design products, toys and games, urban mobility products, stationery, wellbeing products and food & beverage products. In 2019, sales in this category benefited from the acquisition of Nature & Découvertes.

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

Products related to the sale of Darty Max subscriptions are recognized in service sales.

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

NOTE 6 PERSONNEL EXPENSES

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

(€ million)	2019	2018 restated *
France-Switzerland	(938.6)	(900.5)
Iberian Peninsula	(74.4)	(70.0)
Benelux	(83.0)	(83.4)
TOTAL PERSONNEL EXPENSE	**(1,096.0)**	**(1,053.8)**

* *Restated for the reclassification of BCC to discontinued operations.*

Personnel expenses amounted to €1,096.0 million (14.9% of revenue) in 2019, compared with €1,053.8 million (14.8% of revenue) in 2018, meaning that the personnel expenses/revenue ratio was maintained despite the higher expenses resulting from the change in scope following the recent acquisitions (Nature & Découvertes and WeFix in particular).

In 2019, personnel expenses included an expense of €8.7 million related to the application of IFRS 2 for all share-based transactions involving Group shares. In 2018, the expense related to the application of IFRS 2 was €9.1 million.

In 2019 the IFRS 2 expense of €8.7 million is allocated between an IFRS 2 expense of €0.2 million related to the Employee Stock Ownership Plan and €8.5 million related to performance-based compensation plans.

In 2019, Fnac Darty's second Employee Stock Ownership Plan was rolled out for employees in Belgium, Spain, France, the Netherlands, Portugal and Switzerland. Just over 4,500 employees chose to buy Fnac Darty shares on preferential terms. The subscription price per share as part of this transaction was set at €56.24. This was equal to the average opening price of Fnac Darty shares on the Euronext Paris market for the twenty trading days prior to the allotment decision, less a 20% discount. All subscribers to the Offer benefited from a matching contribution made by the Company up to a limit of €700 gross. The matching contribution was split into three tranches, which together amount to the maximum contribution of €700 gross: a 150% employer matching contribution for a personal contribution of up to €200, plus a 100% employer matching contribution for a personal contribution of between €200 and €500, plus a 50% employer matching contribution for a personal contribution of between €500 and €700. The Offer resulted in a capital increase in the total gross amount of €110,937 through the issuance of 110,937 new shares at a subscription price per unit of €1, on July 17, 2019. 4,522 employees in the six countries concerned, representing 19% of the Group's workforce as of June 30, 2019, chose to subscribe to the Offer. The shares were issued on July 17, 2019. The new shares issued as part of the Offer are ordinary shares of the Company. They were admitted to trading on the Euronext Paris market immediately after their issue, on the same listing line as existing shares. The shares issued will bear immediate rights and will be fully assimilated upon issue to existing shares. The total matching contribution was expensed as personnel expenses and amounted to €2.7 million including social security charges. As such, the total net impact of the Employee Stock Ownership Plan (IFRS 2 expense included) in personnel expenses is €2.9 million.

Charges relating to the implementation of the plan were recorded as a deduction on the issue premium. This transaction had no material dilutive impact.

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

	2019	2018 restated *
France-Switzerland	17,644	16,205
Iberian Peninsula	3,007	2,836
Benelux	1,572	1,656
TOTAL AVERAGE PAID WORKFORCE	**22,223**	**22,004**

* *Restated for the reclassification of BCC to discontinued operations.*

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

	2019	2018 restated *
France-Switzerland	19,267	17,985
Iberian Peninsula	4,396	4,017
Benelux	1,935	1,838
TOTAL REGISTERED WORKFORCE	**25,598**	**25,147**

* *Restated for the reclassification of BCC to discontinued operations.*

NOTE 7 PERFORMANCE-BASED COMPENSATION PLANS

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

7.1 / Performance option plans

The total IFRS 2 expense recognized as of December 31, 2019 for the performance option plans awarded in 2017 and 2018 amounted to €0.6 million.

2018 plan

The total IFRS 2 expense recognized as of December 31, 2019 for the 2018 performance option plan amounted to €0.3 million.

The main features are summarized below:

Main features	2018-2021 performance option plan
Date of Board of Directors' meeting	May 18, 2018
Vesting period	2 years/3 years
Exercise price	€89.43
Number of beneficiaries at inception	11
Number of beneficiaries as of December 31, 2019	11
Performance condition	Yes

Number of stock options	2018-2021 performance option plan
Allotted	97,438
Being vested as of January 1, 2019	**97,438**
Vested in 2019	0
Canceled in 2019	0
Being vested as of December 31, 2019	**97,438**

2017 plan

The first tranche of the 2017 performance share plan was vested on May 1, 2019. Given the performance of the Fnac Darty share price and the achievement of the synergy goals, 75% of the options in the first tranche were vested for the beneficiaries in service on May 1, 2019. These options may be exercised between May 2, 2019 and May 1, 2020.

The total IFRS 2 expense recognized as of December 31, 2019 for the 2017 performance option plan amounted to €0.3 million.

The main features are summarized below:

Main features	2017-2020 performance option plan
Date of Board of Directors' meeting	April 28, 2017
Vesting period	2 years/3 years
Exercise price	€66.23
Number of beneficiaries at inception	15
Number of beneficiaries as of December 31, 2019	7
Performance condition	Yes

Number of stock options	2017-2020 performance option plan
Allotted	300,000
Being vested as of January 1, 2019	**87,304**
Vested in 2019	32,748
Canceled in 2019	10,904
Being vested as of December 31, 2019	**43,652**

7.2 / Bonus share plan

The total IFRS 2 expense recognized as of December 31, 2019 for the bonus share plans granted in 2015, 2016, 2017, 2018 and 2019 amounted to €7.9 million.

2019 plans

On the recommendation of the Appointments and Compensation Committee, on May 23, 2019 the Board of Directors decided to award bonus shares to certain Group employees (210 beneficiaries), excluding the Executive Corporate Officer, in order to make them partners in the Company's performance through an increase in the value of its stock. Settlement will be in equity instruments.

The duration of this plan is three years (May 23, 2019 – May 22, 2022). These shares will only be vested gradually, by tranche, at the end of two successive vesting periods (May 23, 2019 to May 22, 2021 and May 23, 2019 to May 22, 2022), subject to the beneficiary's continued employment within the Group at the end of each vesting period. The vesting of these shares will be subject to a Fnac Darty share performance condition based on the Company's Total Shareholder Return (TSR) compared to that of the companies in the SBF120, as measured in 2021 for 2019-2020 in respect of the first period and in 2022 for 2019-2021 in respect of the second period; to performance conditions associated with achieving a target level of free cash flow assessed in 2021 upon publication of the Group's annual results for 2020, taking into account the cashflow generated by the Group during the years 2019 and 2020 for the first period, and in 2022 upon publication of the Group's annual results for 2021, taking into account the cashflow generated by the Group during the years 2019, 2020 and 2021 for the second period. The Company's performance in the area of corporate, environmental and social responsibility will be assessed by taking into account the Group's non-financial ratings for 2019 and 2020 for the first period, and by taking into account the Group's non-financial ratings for 2019, 2020 and 2021 for the second period.

The total IFRS 2 expense recognized as of December 31, 2019 for the 2019 bonus share plan (excluding the Executive Corporate Officer) amounted to €3.1 million.

On the recommendation of the Appointments and Compensation Committee, the Board of Directors meeting of May 23, 2019 decided to award bonus shares to the Executive Corporate Officer, in order to involve him in the Company's performance through the appreciation of its share price. Settlement will be in equity instruments.

The duration of this plan is three years (May 23, 2019 – May 22, 2022). These shares will be vested on expiry of a single vesting period (May 23, 2019 to May 22, 2022), subject to the beneficiary's continued employment within the Group at the end of the vesting period. The vesting of these shares will be subject to a Fnac Darty share performance condition based on the Company's Total Shareholder Return (TSR) compared to that of the companies in the SBF120, as measured in 2022 for the 2019-2021 period in respect of the entire period, and to performance conditions associated with achieving a target level of free cash flow assessed in 2022 upon publication of the Group's annual results for 2021, taking into account the cashflow generated by the Group during the years 2019, 2020 and 2021 for the entire period as well as to performance conditions associated with the Company's corporate, social and environmental responsibility assessed by taking into account the Group's non-financial ratings for 2019, 2020 and 2021 for the entire period.

The total IFRS 2 expense recognized as of December 31, 2019 for the 2019 bonus share plan of the Executive Corporate Officer amounted to €0.5 million.

The main features are summarized below:

Main features	2019-2022 bonus share plan
Date of Board of Directors' meeting	May 23, 2019
Vesting period	2 years/3 years (May 23, 2019 to May 22, 2021 for the first period and May 23, 2019 to May 22, 2022 for the second period)
Number of beneficiaries at inception	210
Number of beneficiaries as of December 31, 2019	206
Performance condition	Yes

Number of bonus shares	2019-2022 bonus share plan
Allotted	214,449
Vested in 2019	0
Canceled in 2019	4,741
Being vested as of December 31, 2019	**209,708**

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

Number of bonus shares	2019-2022 bonus share plan
Allotted	31,752
Vested in 2019	0
Canceled in 2019	0
Being vested as of December 31, 2019	**31,752**

2018 plan

The total IFRS 2 expense recognized as of December 31, 2019 for the 2018 bonus share plan amounted to €2.1 million.

The main features are summarized below:

Main features	2018-2021 bonus share plan
Date of Board of Directors' meeting	May 18, 2018
Vesting period	2 years/3 years (May 18, 2018 to May 17, 2020 for the first period and May 18, 2018 to May 17, 2021 for the second period)
Number of beneficiaries at inception	167
Number of beneficiaries as of December 31, 2019	153
Performance condition	Yes

Number of bonus shares	2018-2021 bonus share plan
Allotted	109,817
Being vested as of January 1, 2019	**108,944**
Vested in 2019	0
Canceled in 2019	6,766
Being vested as of December 31, 2019	**102,178**

2017 plans

The total IFRS 2 expense recognized as of December 31, 2019 for the December 2017 bonus share plan amounted to €1.7 million.

The main features are summarized below:

Main features	2017-2019 bonus share plan
Date of Board of Directors' meeting	December 15, 2017
Vesting period	More than 2 years (December 15, 2017 – March 2, 2020)
Number of beneficiaries at inception	39
Number of beneficiaries as of December 31, 2019	35
Performance condition	Yes

Number of bonus shares	2017-2019 bonus share plan
Allotted	92,500
Being vested as of January 1, 2019	**84,573**
Vested in 2019	0
Canceled in 2019	3,404
Being vested as of December 31, 2019	**81,169**

The 2017 bonus share plan expired on May 1, 2019 for French residents. Given the performance of the Fnac Darty share price and the achievement of the synergy goals, 87.5% of the shares were vested for the beneficiaries in service on May 1, 2019. These shares may be sold at the end of a two-year holding period.

The total IFRS 2 expense recognized as of December 31, 2019 for the 2017 bonus share plan amounted to €0.4 million.

The main features are summarized below:

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

Number of bonus shares	2017-2021 bonus share plan
Allotted	122,000
Being vested as of January 1, 2019	**85,530**
Vested in 2019	58,587
Canceled in 2019	14,077
Being vested as of December 31, 2019	**12,866**

2016 plan

The total IFRS 2 expense recognized as of December 31, 2019 for the 2016 bonus share plan amounted to €0.1 million.

The main features are summarized below:

Main features	2016-2020 bonus share plan
Date of Board of Directors' meeting	April 4, 2016
Vesting period	
French residents	2 years (June 17, 2016 – June 16, 2018)
Non-French residents	4 years (June 17, 2016 – June 16, 2020)
Holding period	
French residents	2 years (June 17, 2018 – June 16, 2020)
Number of beneficiaries at inception	125
Number of beneficiaries as of December 31, 2019	29
Performance condition	Yes

Number of bonus shares	2016-2020 bonus share plan
Allotted	96,525
Being vested as of January 1, 2019	**9,492**
Vested in 2019	0
Canceled in 2019	0
Being vested as of December 31, 2019	**9,492**

2015 plan

The 2015 bonus share plan expired on February 28, 2019 for non-French residents. Based on the average closing price of the Fnac Darty share in February 2017 and the performance conditions, 100% of the shares were vested for the beneficiaries in service on February 28, 2019.

The total IFRS 2 expense recognized as of December 31, 2019 for the 2015 bonus share plan amounted to €0.0 million.

The main features are summarized below:

Main features	2015-2019 bonus share plan
Date of Board of Directors' meeting	February 26, 2015
Vesting period	
French residents	2 years (March 2015 – February 2017)
Non-French residents	4 years (March 2015 – February 2019)
Holding period	
French residents	2 years (March 2017 – February 2019)
Number of beneficiaries at inception	132
Number of beneficiaries as of December 31, 2019	0
Performance condition	Yes

Number of bonus shares	2015-2019 bonus share plan
Allotted	82,494
Being vested as of January 1, 2019	**10,347**
Vested in 2019	10,347
Canceled in 2019	0
Being vested as of December 31, 2019	**0**

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

As of December 31, 2019, changes in the fair value of the commitment to plans in respect of non-market performance conditions (current operating income, synergies, free cash flow, social and environmental responsibility) are assessed according to actual performance based on criteria that may be measured, and the best estimate of the execution of future performance conditions for the others.

The fair value of the commitment of the plans in respect of market performance conditions is measured using the Black & Scholes method assuming 25% price volatility of Fnac Darty shares.

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

NOTE 8 ASSOCIATES

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

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

8.1 / Share of profit from equity associates

(€ million)	**2019**	**2018 restated ***
France-Switzerland	2.0	1.9
Iberian Peninsula	0.0	0.0
Benelux	(0.2)	(0.2)
SHARE OF PROFIT FROM EQUITY ASSOCIATES	**1.8**	**1.7**

* *Restated for the reclassification of BCC to discontinued operations.*

Profit from equity associates primarily represents the income of the company Ménafinance, in which the Group has a 50% stake.

(€ million)	**2019**	**2018 restated ***
Ménafinance	2.4	2.0
Izneo	(0.4)	(0.1)
Vanden Borre Kitchen	(0.2)	(0.2)
SHARE OF PROFIT FROM ASSOCIATES	**1.8**	**1.7**

* *Restated for the reclassification of BCC to discontinued operations.*

Ménafinance is a financial company held by the Group jointly with Crédit Agricole Consumer Finance. It offers credit solutions for the Group's customers in France.

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

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

8.2 / Investments in associates

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

(€ million)	Associates	Ménafinance	Izneo	Vanden Borre Kitchen
INVESTMENTS IN ASSOCIATES AS OF DECEMBER 31, 2018	**19.7**	**19.0**	**1.1**	**(0.5)**
Profit from associates	**1.8**	2.4	(0.4)	(0.2)
Dividends paid	**0.0**			
Change to scope of consolidation	**0.0**			
Other changes	**0.0**			
Translation differences	**0.0**			
INVESTMENTS IN ASSOCIATES AS OF DECEMBER 31, 2019	**21.4**	**21.4**	**0.7**	**(0.7)**

8.3 / Data on investments in associates

The data below is presented at 100% under IFRS:

	2019
(€ million)	Ménafinance
Assets:	
Interbank transactions and similar	2.3
Transactions with customers	312.7
Accruals and other assets	7.8
Liabilities:	
Interbank transactions and similar	262.5
Other liabilities excluding shareholders' equity	28.2
Net banking income	28.0
Operating income	6.8
Net income	4.6

	2019	
(€ million)	Izneo	Vanden Borre Kitchen
Non-current assets	2.0	0.0
Current assets	1.1	0.4
Non-current liabilities	0.8	0.0
Current liabilities	1.7	1.8
Revenue	2.6	1.4
Operating income	(0.3)	(0.2)
Net income	(0.8)	(0.2)

NOTE 9 CURRENT OPERATING INCOME

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

(€ million)	**2019**	**2018 restated ***
France-Switzerland	256.7	263.6
Iberian Peninsula	25.0	25.4
Benelux	11.6	15.1
CURRENT OPERATING INCOME	**293.3**	**304.1**

* *Restated for the reclassification of BCC to discontinued operations.*

Current operating income was €293.3 million in 2019 (compared to €304.1 million in 2018). Pursuant to the application of IFRS 16, 2019 current income no longer includes fixed rental expenses but includes depreciation of the right-of-use asset.

Current operating income corresponds:

- for 2019, to the audited IFRS consolidated financial statements of Fnac Darty for the period ended December 31, 2019, incorporating 12 months of operating activity of the Fnac Darty banner, restated for the reclassification of BCC to discontinued operations, 10 months of operating activity of Billetreduc.com from March 1, 2019, and five months of operating activity of the Nature & Découvertes brand from August 1, 2019; and
- for 2018, comparative information relating to the period ended December 31, 2018, restated for the reclassification of BCC to discontinued operations, as included in the audited consolidated financial statements of Fnac Darty for the period ended December 31, 2018, and corresponding to the operating activity of the Fnac Darty banner in 2018.

NOTE 10 OTHER NON-CURRENT OPERATING INCOME AND EXPENSE

(€ million)	**2019**	**2018 restated ***
Fnac Darty restructuring costs	(14.3)	(9.7)
Exceptional bonus for purchasing power	(4.8)	0.0
Other restructuring costs	(4.5)	(6.4)
Costs related to the new business acquisitions	(3.2)	(2.4)
Other risks	(1.8)	(0.3)
Fine from the French Competition Authority	0.0	(20.0)
TOTAL	**(28.6)**	**(38.8)**

* *Restated for the reclassification of BCC to discontinued operations.*

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.

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

- €14.3 million in restructuring costs, related to the implementation of the Group's reorganization. These expenses were primarily linked to planned changes to the organization of Darty subsidiaries, and to the reorganization of the Group's logistics functions;
- €4.8 million in expenses relating to the exceptional bonus for purchasing power granted to all Group employees in France with gross annual compensation of €30,000 or less. This bonus was paid to some 14,000 employees;
- €4.5 million in restructuring costs for employee and structural adaptation plans in France and abroad;
- €3.2 million incurred in connection with new business acquisitions, mainly linked to Nature & Découvertes; and
- other non-current income and expenses representing a net expense of €1.8 million resulting from various one-off lawsuits.

As of December 31, 2018, they represented a net expense of €38.8 million composed of:

- €9.7 million in restructuring costs, related mainly to the implementation of the Group's new organizational structure. In 2018, these expenses were mainly attributable to the Remote Customer Service restructuring plan to streamline the industrial processes of this activity and refocus on technical expertise, the core business of Darty's sales staff;
- €6.4 million for employee and structural adaptation plans in France and abroad not directly related to the acquisition and consolidation of Darty. These costs also include the termination of the Fnac Tourisme business;
- €2.4 million in expenses incurred in connection with new business acquisitions, including €1.0 million for WeFix; and
- €20.0 million in expenses related to the fine levied by the French Competition Authority in connection with the store disposal process.

NOTE 11 (NET) FINANCIAL EXPENSE

Net financial expenses break down as follows:

(€ million)	**2019**	**2018 restated ***
Costs related to Group debt	(51.4)	(36.0)
Interest on rental debt	(21.2)	0.0
Cost of consumer credit	(4.8)	(4.9)
Other net financial expenses	(1.7)	(1.7)
TOTAL	**(79.1)**	**(42.6)**

* *Restated for the reclassification of BCC to discontinued operations.*

In 2019, net financial income comprised a financial expense of €79.1 million, compared with a financial expense of €42.6 million in 2018.

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

In addition, on May 15, 2019, Fnac Darty completed the refinancing transaction of its bond issue after successfully placing its senior bonds with a cumulative principal amount of €650 million, composed of a cumulative principal amount of €300 million in senior bonds maturing in 2024, and a cumulative principal amount of €350 million in senior bonds maturing in 2026. The 2024 bonds will pay an annual coupon of 1.875%. The 2026 bonds will pay an annual coupon of 2.625%. The proceeds from the issue were used to fully repay the €650 million in outstanding senior bonds at 3.25% maturing in 2023.

The cost of net financial debt for the Group mainly comprised the financial interest for the €650 million bond, the €200 million medium-term credit facility and the €100 million loan agreement concluded with the European Investment Bank. It also includes an expense of €18.7 million related to the early redemption premium for the former bond issue, as well as an expense of €8.3 million related to the deduction of remaining costs associated with the former bond issue.

An expense related to interest on leasing debt was recorded following the application of IFRS 16 as of January 1, 2019 in the amount of €21.2 million.

Other financial income and expense primarily includes the financial costs related to post-employment benefits for employees and, to a lesser extent, the impairment of financial assets.

NOTE 12 TAX

12.1 / Analysis of the tax expense on continuing operations

12.1.1 Tax expense

(€ million)	**2019**	**2018 restated ***
PRE-TAX INCOME	**185.6**	**222.7**
Current tax expense excluding corporate value-added tax (CVAE)	(57.4)	(55.0)
Current tax expense related to corporate value-added tax (CVAE)	(21.9)	(20.2)
Deferred tax income/(expense)	7.8	10.2
TOTAL TAX EXPENSE	**(71.5)**	**(65.0)**
EFFECTIVE TAX RATE	**38.52%**	**29.19%**

* *Restated for the reclassification of BCC to discontinued operations.*

Income tax includes any tax paid or for which a provision is recorded for the period, together with any potential tax reassessments paid or provisioned during the period. For 2019, the Group recognized a total income tax expense of €71.5 million, compared to €65.0 million for 2018, an increase of €6.5 million. The increase in the tax expense in 2019 is mainly linked to the favorable effect of the fall in the French deferred tax rate in 2018, the adverse tax effect of the abolition of the CICE (French tax credit for employment and competitiveness) in 2019, and the taxation of the capital gain on the sale of 48% of the France Billet subsidiary in 2019.

12.1.2 Streamlining of the income tax rate

(as % of pre-tax income)	2019	2018 restated *
TAX RATE APPLICABLE IN FRANCE	**34.43%**	**34.43%**
Impact of the taxation of foreign subsidiaries	(0.94%)	(1.65%)
THEORETICAL TAX RATE	**33.49%**	**32.78%**
Impact of items taxed at a lower rate	0.00%	0.00%
Impact of permanent differences	3.66%	1.15%
Impact of unrecognized timing differences	0.00%	(0.02%)
Impact of unrecognized tax-loss carry-forwards	1.84%	0.21%
Impact of corporate value-added tax (CVAE)	7.84%	6.33%
Impact of the tax rate reduction in France	0.00%	(10.09%)
Impact of the tax rate reduction in Belgium and Switzerland	(1.36%)	0.00%
Impact of tax reassessments	0.00%	0.00%
Other exceptional taxes	(6.95%)	(1.17%)
EFFECTIVE TAX RATE	**38.52%**	**29.19%**

* *Restated for the reclassification of BCC to discontinued operations.*

The tax rate applicable in France is equal to the basic rate of 33.33% plus the 3.3% social security contribution for French companies, bringing it to 34.43%. The 2020 finance law includes a gradual reduction of the normal corporate tax rate from 33.3% to 31.0% by 2020, 27.5% by 2021 and 25.0% by 2022. The Group net tax expense takes these reductions into consideration.

12.2 / Change in balance sheet items

12.2.1 Tax due

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

(€ million)	2017	Income	Change in working capital requirement	Changes in scope	Changes in foreign exchange rates	2018
Tax receivables due	50.2					41.8
Tax liabilities payable	(47.3)					(44.4)
TAXES PAYABLE	**2.9**	**(75.2)**	**69.8**	**(0.1)**	**0.0**	**(2.6)**

12.2.2 Deferred tax

(€ million)	2018	Income	Items recognized in shareholders' equity	Changes in scope	Changes in foreign exchange rates	2019
Deferred tax assets	66.8	7.6	5.4	2.9		82.7
Deferred tax liabilities	(189.9)	0.2		(13.5)		(203.2)
NET DEFERRED TAXES	**(123.1)**	**7.8**	**5.4**	**(10.6)**	**0.0**	**(120.5)**

(€ million)	2018	Income	Items recognized in shareholders' equity	Changes in scope	Changes in foreign exchange rates	2019
Provisions for pensions and other equivalent benefits	38.8	(1.0)	5.0	0.7		43.5
Tax losses and tax credits recognized	0.2					0.2
Brands	(92.5)	2.0		(10.9)		(101.4)
Other assets & liabilities	(69.6)	6.8	0.4	(0.4)		(62.8)
NET DEFERRED TAX ASSETS (LIABILITIES)	**(123.1)**	**7.8**	**5.4**	**(10.6)**	**0.0**	**(120.5)**

(€ million)	2017	Income	Items recognized in shareholders' equity	Changes in scope	Changes in foreign exchange rates	2018
Deferred tax assets	59.9	7.2	(0.5)	0.2		66.8
Deferred tax liabilities	(192.7)	2.9		(0.1)		(189.9)
NET DEFERRED TAXES	**(132.8)**	**10.2**	**(0.5)**	**0.1**	**0.0**	**(123.1)**

(€ million)	2017	Income	Items recognized in shareholders' equity	Changes in scope	Changes in foreign exchange rates	2018
Provisions for pensions and other equivalent benefits	39.9	(0.4)	(0.7)			38.8
Tax losses and tax credits recognized	10.7	(10.7)		0.2		0.2
Brands	(94.4)	2.2		(0.3)		(92.5)
Other assets & liabilities	(89.0)	19.1	0.2	0.2		(69.6)
NET DEFERRED TAX ASSETS (LIABILITIES)	**(132.8)**	**10.2**	**(0.5)**	**0.1**	**0.0**	**(123.1)**

12.3 / Deferred tax not recognized

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

(€ million)	2019	2018 restated *
Unrecognized tax losses	150.6	135.1
Unrecognized timing differences	0.0	0.0
TOTAL UNRECOGNIZED TAX BASES	**150.6**	**135.1**

* *Restated for the reclassification of BCC to discontinued operations.*

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

12.4 / Tax loss changes and schedule

(€ million)	Total	of which non-capitalized	of which capitalized
AS OF DECEMBER 31, 2018 *	**135.1**	**135.1**	**0.0**
Deficits generated during the period	10.0	10.0	
Losses charged and time-barred during the period	(0.3)	(0.3)	
Changes in scope			0.0
Changes in foreign exchange rates	5.8	5.8	
AS OF DECEMBER 31, 2019	**150.6**	**150.6**	**0.0**
Tax-loss carry-forwards with a maturity of	0.0	0.0	0.0
Less than 5 years	0.0		
More than 5 years	0.0		
Indefinite tax-loss carryforwards	150.6	150.6	0.0
TOTAL	**150.6**	**150.6**	**0.0**

* *Restated for the reclassification of BCC to discontinued operations.*

NOTE 13 EARNINGS PER SHARE

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

In 2019, the Group held an average of 50,934 treasury stocks through Natixis ODDO BHF, with which a liquidity agreement was signed. This agreement is designed to promote transaction liquidity and consistency in the Group's share price.

As of December 31, 2019, the Group held 78,750 treasury stocks.

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

The instruments issued by the Group had a diluting effect of 268,353 shares over 2019.

The number of shares that could potentially become diluting during a subsequent year is 319,902.

Earnings per share as of December 31, 2019

(€ million)	Group share: Consolidated Group	Continuing operations	Discontinued operations
NET INCOME ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	**104.9**	**115.1**	**(10.2)**
Weighted average number of ordinary shares issued	26,559,047	26,559,047	26,559,047
Weighted average number of treasury stocks	(50,934)	(50,934)	(50,934)
Weighted average number of ordinary shares	**26,508,113**	**26,508,113**	**26,508,113**
BASIC EARNINGS PER SHARE *(€)*	**3.96**	**4.34**	**(0.38)**

(€ million)	Group share: Consolidated Group	Continuing operations	Discontinued operations
NET INCOME ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	**104.9**	**115.1**	**(10.2)**
Convertible and exchangeable instruments			
DILUTED NET INCOME, GROUP SHARE	**104.9**	**115.1**	**(10.2)**
Weighted average number of ordinary shares	26,508,113	26,508,113	26,508,113
Potentially dilutive ordinary shares	268,353	268,353	268,353
Weighted average number of diluted ordinary shares	**26,776,466**	**26,776,466**	**26,776,466**
DILUTED EARNINGS PER SHARE *(€)*	**3.92**	**4.30**	**(0.38)**

Earnings per share as of December 31, 2018 [(1)]

(€ million)	Group share: Consolidated Group	Continuing operations	Discontinued operations
NET INCOME ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	**149.5**	**157.3**	**(7.8)**
Weighted average number of ordinary shares issued	26,721,890	26,721,890	26,721,890
Weighted average number of treasury stocks	(48,584)	(48,584)	(48,584)
Weighted average number of ordinary shares	**26,673,306**	**26,673,306**	**26,673,306**
BASIC EARNINGS PER SHARE *(€)*	**5.60**	**5.90**	**(0.29)**

(€ million)	Group share: Consolidated Group	Continuing operations	Discontinued operations
NET INCOME ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	**149.5**	**157.3**	**(7.8)**
Convertible and exchangeable instruments			
DILUTED NET INCOME, GROUP SHARE	**149.5**	**157.3**	**(7.8)**
Weighted average number of ordinary shares	26,673,306	26,673,306	26,673,306
Potentially dilutive ordinary shares	173,681	173,681	173,681
Weighted average number of diluted ordinary shares	**26,846,987**	**26,846,987**	**26,846,987**
DILUTED EARNINGS PER SHARE *(€)*	**5.57**	**5.86**	**(0.29)**

(1) Restated for the reclassification of BCC to discontinued operations.

NOTE 14 OTHER COMPREHENSIVE INCOME ITEMS

Other comprehensive income items mainly represent:

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

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

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

(€ million)	Gross	Tax	Net
Translation differences	0.7		0.7
Effective portion of the change in fair value of instruments designated as cash flow hedges	1.3	0.2	1.5
Change in fair value as a result of the change in own credit risk on a liability financial instrument recognized at fair value through profit or loss	0.0	0.0	0.0
Change in fair value of asset debt instruments recognized at fair value through other comprehensive income	0.0	0.0	0.0
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	**2.0**	**0.2**	**2.2**
Revaluation of net liabilities for defined benefit plans	13.6	(0.7)	12.9
Change in fair value of equity instruments recognized using the fair value option through other items of comprehensive income	0.0	0.0	0.0
Items that may not be reclassified subsequently to profit or loss	**13.6**	**(0.7)**	**12.9**
OTHER ITEMS OF COMPREHENSIVE INCOME AS OF DECEMBER 31, 2018	**15.6**	**(0.5)**	**15.1**

NOTE 15 GOODWILL AND BUSINESS COMBINATIONS

15.1 / Goodwill

(€ million)	Gross	Impairment	Net
GOODWILL AS OF JANUARY 1, 2018	**1,616.7**	**(75.4)**	**1,541.4**
From acquisitions	18.2		18.2
GOODWILL AS OF DECEMBER 31, 2018	**1,634.9**	**(75.4)**	**1,559.6**
From acquisitions	95.3		95.3
Disposals and withdrawals	(0.7)		(0.7)
GOODWILL AS OF DECEMBER 31, 2019	**1,729.5**	**(75.4)**	**1,654.1**

The €94.6 million net increase in goodwill in 2019 was linked to the stakes acquired in the companies Nature & Découvertes, Billetreduc.com, CTS Eventim France and PC Clinic.

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

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

As of December 31, 2019, there was no evidence of impairment. Pursuant to the IFRS standards, annual impairment tests were conducted on the assets. These impairment tests show a value-in-use greater than the value of the net assets for each of the cash generating units tested. No additional impairment of goodwill was therefore necessary. See note 19 for more information.

Goodwill was allocated as follows:

(€ million)	2019	2018
France	1,512.7	1,420.4
Belgium	139.2	139.2
Portugal	2.2	0.0
TOTAL	**1,654.1**	**1,559.5**

15.2 / Allocation of the acquisition price

15.2.1 Allocation of the acquisition price of French acquisitions

The increase in goodwill in France is linked to the acquisition of the companies Nature & Découvertes, Billetreduc.com and CTS Eventim France, and an adjustment in the goodwill of the company WeFix. This adjustment took place within the twelve months following the acquisition of WeFix.

The following table shows:

- the consideration for the acquisitions of the companies Nature & Découvertes, Billetreduc.com and CTS Eventim France;
- the identifiable assets acquired less the liabilities assumed, recognized after remeasurement at fair value on the acquisition date in the amount of €88.6 million; and
- definitive goodwill of €92.7 million corresponding to the difference between the consideration transferred and the fair value of the net assets acquired of the companies Nature & Découvertes, Billetreduc.com and CTS Eventim France.

(€ million)	Total consideration	Fair value of acquisitions 2019	WeFix fair value adjustment
TOTAL CONSIDERATION	**181.3**		
NET ASSETS ACQUIRED AT FAIR VALUE		**88.6**	**(0.4)**
Valuation of the Nature & Découvertes brand		26.0	
Valuation of the Billetreduc.com brand		11.3	
Right of Use IFRS 16		107.5	
Leasing debt		(107.5)	
Leasehold rights		22.0	
Valuation of franchise relations		3.8	
Other property, plant and equipment and intangible assets		30.0	
Financial assets		4.2	
Working capital requirement		12.3	(0.4)
Other net liabilities		(21.0)	
GOODWILL		**92.7**	**0.4**

The share of turnover from all the companies acquired in 2019 and their respective contributions to the consolidated Group financial statements amounted to €134.0 million.

Due to the non-material nature at Group level of the 2019 acquisitions, the Group did not prepare 2018 and 2019 pro forma financial statements.

15.2.2 Allocation of the acquisition price of Iberian acquisitions

PC Clinic was consolidated in the Group's financial statements as of July 1, 2019.

The following table shows:

- the consideration for PC Clinic France of €800,000;
- the identifiable assets acquired less the liabilities assumed, recognized after remeasurement at fair value on the acquisition date in the amount of -€1.5 million; and
- definitive goodwill of €2.2 million corresponding to the difference between the consideration transferred and the fair value of net assets acquired.

(€ million)	Total consideration	Fair Value
TOTAL CONSIDERATION	**0.8**	
NET ASSETS ACQUIRED AT FAIR VALUE		**(1.5)**
Right of Use IFRS 16		0.6
Working capital requirement		(0.7)
Net Financial Debt		(0.9)
Leasing debt		(0.6)
GOODWILL		**2.2**

For the period from July 1, 2019 to December 31, 2019, the contribution of PC Clinic to the Group's consolidated revenue was €1.0 million.

Due to the non-material nature at Group level of the PC Clinic acquisition, the Group did not prepare 2018 and 2019 pro forma financial statements.

NOTE 16 INTANGIBLE ASSETS

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

(€ million)	Brands	Software	Other intangible assets	Total
GROSS VALUE AS OF DECEMBER 31, 2017	**337.0**	**625.6**	**67.3**	**1,029.9**
Amortization, depreciation and impairment	0.0	(533.0)	(23.8)	(556.8)
NET VALUE AS OF DECEMBER 31, 2017	**337.0**	**92.6**	**43.5**	**473.1**
Acquisitions		22.3	20.7	43.0
Disposals				0.0
Amortization, depreciation and impairment		(34.7)	(1.3)	(36.0)
Change in scope	1.1		0.2	1.3
Change in foreign exchange rates				0.0
Other changes		15.2	(16.6)	(1.4)
Assets held for sale				0.0
NET VALUE AS OF DECEMBER 31, 2018	**338.1**	**95.4**	**46.5**	**480.0**

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

Group brands consist of the following:

(€ million)	2019	2018
Darty brand	301.7	301.7
Vanden Borre brand	35.3	35.3
WeFix brand	1.1	1.1
Billetreduc.com brand	11.3	0.0
Nature & Découvertes brand	26.0	0.0
TOTAL BRANDS	**375.4**	**338.1**

NOTE 17 PROPERTY, PLANT & EQUIPMENT

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

(€ million)	Land & buildings	Fixtures, fittings and commercial facilities	Technical and telephony equipment	Other property, plant and equipment	Total
GROSS VALUE AS OF DECEMBER 31, 2017	**456.8**	**1,163.6**	**167.7**	**46.3**	**1,834.4**
Amortization, depreciation and impairment	(104.2)	(954.2)	(144.7)	(20.1)	(1,223.2)
NET VALUE AS OF DECEMBER 31, 2017	**352.6**	**209.4**	**23.0**	**26.2**	**611.2**
Acquisitions	3.4	51.1	11.4	13.6	79.5
Disposals					0.0
Amortization, depreciation and impairment	(10.5)	(50.8)	(10.3)	(3.5)	(75.0)
Change in scope		0.9	0.1	0.2	1.3
Change in foreign exchange rates		0.1		0.1	0.2
Other changes	(27.6)	16.0	9.5	5.1	3.0
Assets held for sale					0.0
NET VALUE AS OF DECEMBER 31, 2018	**318.0**	**226.8**	**33.8**	**41.7**	**620.2**

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

NOTE 18 RIGHT-OF-USE RELATING TO LEASE AGREEMENTS

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

(€ million)	Stores	Offices	Platforms	Other	Total
NET VALUE AS OF DECEMBER 31, 2018	0.0	0.0	0.0	0.0	0.0
Initial application of IFRS 16	797.8	39.7	82.3	36.5	956.3
Increase (inflows and revaluation of assets)	316.7	16.9	11.5	29.0	374.1
Decrease (amortization, depreciation, terminations)	(229.9)	(14.4)	(17.5)	(22.1)	(283.9)
Impairment					0.0
Change in foreign exchange rates	0.5				0.5
Other changes	47.2			1.3	48.5
Assets and liabilities held for sale	(65.0)			(4.2)	(69.2)
NET VALUE AS OF DECEMBER 31, 2019	**867.3**	**42.2**	**76.3**	**40.5**	**1,026.3**

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

NOTE 19 IMPAIRMENT TESTS ON NON-FINANCIAL ASSETS

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

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

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

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

19.1 / Assumptions used for impairment tests

The perpetual growth rates and discount rates, after tax, that are applied to the projected cash flows under the economic assumptions and estimated operating conditions used by the Group for the brands and for those cash generating units that recorded goodwill as of December 31, 2019 are as follows:

	Discount [(a)]		Perpetual growth	
	2019	2018	2019	2018
Cash Generating Unit France	8.3%	8.2%	1.0%	1.0%
Cash Generating Unit Belgium	8.2%	8.1%	1.0%	1.0%
Darty brand	9.3%	9.2%	1.0%	1.0%
Vanden Borre brand	9.3%	9.1%	1.0%	1.0%

(a) Weighted average cost of capital.

The projected cash flows were established during the second half of the year, for a period of three years, on the basis of budgets and medium-term plans. These tie in with the Group's "Confiance+" strategic plan, which was launched in 2017, and reflect the strength of the two banners and the solid progress of their consolidation. The medium-term plans and budgets that were used as the basis for the cash flow projections do not include Nature & Découvertes. Similarly, the Billetreduc.com and Nature & Découvertes brands have not been subject to impairment tests pursuant to their recent acquisitions.

19.2 / Impairment tests of principal values

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

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

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

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

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

19.2.2 Assets and brands to be tested

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

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

The brands are subject to a specific impairment test.

Pursuant to IAS 36, property, plant and equipment and intangible assets are tested for impairment when there is evidence of impairment, and at least once a year for assets with an indefinite life span (goodwill and brands). The assets subject to impairment tests are grouped within cash generating units, the use of which generates independent cash flows.

When the recoverable value of a cash generating unit is lower than its net book value, an impairment is recognized in operating income.

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

With regard to the IFRS 16 right-of-use assets to be tested as of December 31, 2019, the Group chose to apply a simplified approach in which the value to be tested includes the right-of-use assets deducted from lease liabilities. The business plan projections, the terminal value and the discount rate are determined in accordance with the position before the application of IFRS 16.

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

19.2.3 Sensitivity analyses

Sensitivity analyses performed as of December 31, 2019, in the event of a reasonable change in base assumptions and, in particular, in the event of a change of plus or minus 0.5 percentage points in the discount rate and plus or minus 0.5 percentage points in the perpetuity growth rate, did not result in any additional impairment on the Group's cash generating units or brands.

19.3 / Impairment recognized during the period

Asset impairment tests did not lead the Group to recognize impairment on any of the Group's cash generating units.

NOTE 20 NON-CURRENT FINANCIAL ASSETS

Non-current financial assets consist of the following items:

(€ million)	2019	2018
Equity investments	0.0	0.0
Debt instruments at fair value through profit or loss	7.4	4.6
Financial assets available for sale	0.0	0.0
Deposits and guarantees	20.2	15.8
Other	0.3	0.2
TOTAL	**27.9**	**20.6**

Debt instruments at fair value represent the investment in the Daphni Purple fund. The change is related to two calls for funds for a total amount of €1.4 million and the revaluation of the units held at net asset value for €1.4 million.

Deposits and guarantees represent the real estate lease guarantees. The €4.4 million increase is mainly linked to the integration of Nature & Découvertes.

NOTE 21 INVENTORY

(€ million)	2018	Change in working capital requirement	Change in scope	Change in foreign exchange rates	Assets and liabilities held for sale	2019
Gross sales inventory	1,118.4	14.6	39.9	0.9	(67.3)	1,106.5
Inventory impairment	(26.6)	2.7	(4.5)	(0.1)	1.4	(27.1)
NET INVENTORY VALUE	**1,091.8**	**17.3**	**35.4**	**0.8**	**(65.9)**	**1,079.4**

The Group may need to record an impairment on inventories:

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

The changes in scope are mainly linked to the integration of Nature & Découvertes.

Change in impairment *(€ million)*	2019	2018
AS OF JANUARY 1	**(26.6)**	**(33.7)**
(Additions)/reversals	2.7	7.1
Change in scope	(4.5)	0.0
Change in foreign exchange rates	(0.1)	0.0
Assets and liabilities held for sale	1.4	0.0
AS OF DECEMBER 31	**(27.1)**	**(26.6)**

NOTE 22 TRADE RECEIVABLES

(€ million)	2018	Change in working capital requirement	Change in scope	Change in foreign exchange rates	Assets and liabilities held for sale	2019
Gross trade receivables	280.9	(0.2)	4.7	(0.1)	0.2	285.4
Impairment of trade receivables	(9.1)	(0.9)	(0.6)			(10.6)
NET VALUE	**271.8**	**(1.2)**	**4.1**	**(0.1)**	**0.2**	**274.8**

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

The changes in scope are mainly linked to the integration of Nature & Découvertes and Billetreduc.com.

Change in impairment *(€ million)*	2019	2018
AS OF JANUARY 1	**(9.1)**	**(5.2)**
(Additions)/reversals	(0.9)	(3.9)
Change in scope	(0.6)	0.0
Change in foreign exchange rates	0.0	0.0
Assets and liabilities held for sale	0.0	0.0
AS OF DECEMBER 31	**(10.6)**	**(9.1)**

NOTE 23 CURRENT ASSETS AND LIABILITIES AND OTHER NON-CURRENT LIABILITIES

23.1 / Current assets and liabilities

(€ million)	2018	Change in working capital requirement	Change in scope	Change in foreign exchange rates	Assets and liabilities held for sale	2019
Inventories (1)	1,091.8	17.3	35.4	0.8	(65.9)	1,079.4
Trade receivables due (2)	271.8	(1.2)	4.1	(0.1)	0.2	274.8
Trade receivables payable (3)	(74.4)	16.5	(5.7)	(0.1)		(63.6)
NET TRADE RECEIVABLES (4)=(2)+(3)	**197.4**	**15.4**	**(1.6)**	**(0.2)**	**0.2**	**211.2**
Trade payables due (5)	(1,877.0)	(40.0)	(18.0)	(0.7)	47.0	(1,888.7)
Trade payables receivable and provisions (6)	252.4	(32.0)	0.9			221.4
NET TRADE PAYABLES (7)=(5)+(6)	**(1,624.6)**	**(72.0)**	**(17.0)**	**(0.6)**	**47.0**	**(1,667.3)**
Payroll liabilities (8)	(255.2)	18.0	(10.0)		9.3	(237.9)
Tax payables and receivables (excluding income tax) (9)	(76.7)	(16.6)	(0.1)			(93.4)
Other operating payables and receivables (10)	(227.7)	30.0	1.3	(1.7)	(14.5)	(212.8)
OTHER OPERATING WCR (Σ 8 TO 10)	**(559.7)**	**31.4**	**(8.8)**	**(1.8)**	**(5.2)**	**(544.1)**
OPERATING WCR (Σ 1 TO 10)	**(895.2)**	**(7.8)**	**7.9**	**(1.8)**	**(24.0)**	**(920.9)**
Other current financial assets and liabilities	(1.7)	(10.1)	5.2			(6.6)
Payables and receivables on non-current operating assets	(18.3)	(9.3)	(1.7)			(29.3)
Tax receivables and payables due	(2.6)	(5.1)	1.0			(6.6)
CURRENT ASSETS AND LIABILITIES [(a)]	**(917.7)**	**(32.3)**	**12.5**	**(1.8)**	**(24.0)**	**(963.4)**

(a) Excluding current provisions, borrowings and short-term financial debt, and cash and cash equivalents.

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

Trade payables due primarily reflects the debts contracted with Group suppliers. They include, where applicable, those the Group's suppliers sold to a financial institution as part of a reverse factoring program. The accounting policy in relation to these transactions depends on whether or not the characteristics of the payables concerned have been modified. When the trade payables are not substantially modified (term and maturity, consideration, face value), they are retained in trade payables. Thus the Group has entered into reverse factoring agreements with a financial institution in order to allow certain suppliers to receive early payment of their receivables in the normal course of purchases made. In 2019, the amount of the Group's reverse factoring program is not material.

The changes in scope are mainly linked to the integration of Nature & Découvertes and Billetreduc.com.

23.2 / Other non-current liabilities

As of December 31, 2019, other non-current liabilities stand at €189.5 million, €162.8 million of which represents the portion of income from Darty warranty extensions of one year or more. As of December 31, 2019, this item also includes the valuation of the commitment to purchase minority interests in WeFix for €8.7 million, the valuation of the €17.5 million performance-based earn-out payment to Nature & Découvertes, and the valuation of the €0.5 million performance-based earn-out payment to PC Clinic. As of December 31, 2018, non-current liabilities stood at €191.3 million, corresponding to the portion of income from Darty warranty extensions in excess of one year, which amounted to €182.6 million, and the valuation of the commitment to purchase minority interests in WeFix for €8.7 million.

NOTE 24 SHAREHOLDERS' EQUITY

24.1 / Share capital

As of December 31, 2019, share capital was €26,515,572, consisting of 26,515,572 fully paid-up shares with a par value of €1. Compared with 2018, share capital saw a net reduction of 89,867 shares, representing a value of €13.2 million, including issue premium. In 2019, the net decrease in the share capital is related firstly to capital increases arising from the Employee Stock Ownership Plan (110,397 shares) and the settlement of performance stock option plans (95,946 shares), and secondly to a reduction following the cancellation of 296,750 shares as part of the treasury stock buyback program announced by the Group as of October 19, 2018.

24.2 / Appropriation of earnings

No dividend was paid in 2019 for 2018.

NOTE 25 EMPLOYEE BENEFITS AND SIMILAR PAYMENTS

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

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

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

Retirement benefits and long-service awards in France

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

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

Mandatory supplementary pension plans (LPP) in Switzerland

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

The Group has no obligations with respect to medical costs.

UK pension fund

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

Supplementary pension plans

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

25.1 / Changes during the period

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

(€ million)	**2019**	**2018**
DISCOUNTED VALUE OF THE COMMITMENT AS OF JANUARY 1	**739.7**	**798.0**
Cost of services provided during the period	9.7	10.5
Contributions paid by the members	0.5	0.5
Financial interest expense	2.4	2.7
Cost of past services	0.0	0.6
Revaluation of liabilities	92.5	(32.4)
Reductions	(8.5)	(8.4)
Benefits paid	(26.7)	(28.0)
Change in scope	2.4	0.0
Change in foreign exchange rates	30.9	(3.8)
Liabilities held for sale	(0.2)	0.0
DISCOUNTED VALUE OF THE COMMITMENT AS OF DECEMBER 31	**842.7**	**739.7**

The increase in the commitment in 2019 is primarily related to the revaluation of liabilities, as explained by the fall in discount rates. The benefits paid (Group total of €26.7 million, including €18.7 million for the British pension fund of the company Comet), was down slightly from 2018 (€28.0 million).

The breakdown of the discounted value of the commitment by type of plan and by country as of December 31, 2019 is as follows:

(€ million)	**2019**	**2018**
Pension funds – United Kingdom	637.6	554.9
Retirement benefits – France	182.3	159.5
Supplementary pension plans (LPP) – Switzerland	12.6	12.3
Supplementary pension plans – France	3.5	4.9
Long-service awards – France	6.6	7.8
Other	0.1	0.3
DISCOUNTED VALUE OF THE COMMITMENT AS OF DECEMBER 31	**842.7**	**739.7**

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

(€ million)	2019	2018
FAIR VALUE OF THE DEFINED BENEFIT PLAN ASSETS AS OF JANUARY 1	**578.2**	**618.2**
Employer contributions	5.4	5.7
Contributions paid by the members	2.2	0.5
Financial interest on assets	0.3	0.4
Benefits paid	(22.0)	(23.3)
Actual return on assets	71.6	(19.0)
Other changes	0.0	(0.1)
Change in scope	0.0	0.0
Change in foreign exchange rates	30.3	(4.2)
FAIR VALUE OF THE DEFINED BENEFIT PLAN ASSETS AS OF DECEMBER 31	**666.0**	**578.2**

For all plans, the payments of expected benefits in 2020 are estimated at €25.4 million.

As of December 31, 2019, 40.1% of funded defined benefit plans were invested in debt instruments.

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

1. investment funds structured on the return; and
2. guarantee funds with limited risk.

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

(€ million)	2019	2018	2017	2016	2015
Discounted value of the commitment	842.7	739.7	798.0	816.3	88.3
Fair value of the defined benefit plan assets	(666.0)	(578.2)	(618.2)	(630.0)	(10.9)
DEFICIT/(SURPLUS)	**176.7**	**161.5**	**179.8**	**186.3**	**77.4**
NET PROVISIONS RECOGNIZED UNDER LIABILITIES ON THE BALANCE SHEET	**176.7**	**161.5**	**179.8**	**186.3**	**77.4**
including provisions – continuing operations	*176.7*	*161.5*	*179.8*	*186.3*	*77.4*
including provisions – discontinued operations	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*

(€ million)	2019	2018
Pension funds – United Kingdom	0.0	3.4
Retirement benefits – France	162.8	140.5
Supplementary pension plans (LPP) – Switzerland	3.7	4.6
Supplementary pension plans – France	3.4	4.9
Long-service awards – France	6.7	7.8
Other	0.1	0.3
NET PROVISIONS RECOGNIZED UNDER LIABILITIES ON THE BALANCE SHEET	**176.7**	**161.5**

25.2 / Expenses recognized

The total expense of €3.5 million in 2019 (versus €5.2 million in 2018) recognized for defined benefit plans breaks down as follows:

(€ million)		2019	2018
Cost of services provided		9.8	10.5
Other costs		0.1	0.1
Net financial cost		2.1	2.4
Cost of past services taken to income		0.0	0.6
Decreases and payments		(8.5)	(8.4)
TOTAL EXPENSE		**3.5**	**5.2**
Recognized as	*operating expenses*	*1.4*	*2.8*
	net financial expense	*2.1*	*2.4*
	discontinued operations	*0.0*	*0.0*

The decrease in the 2019 expense (€3.5 million) compared to the 2018 expense (€5.2 million) is mainly due to the recognition of experience effects and demographic assumptions related to long-service awards on the income statement.

25.3 / Actuarial assumptions

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

	2019	2018
Discount rate	2.1% (United Kingdom) – 0.25% (Switzerland) – 0.80% (France)	2.9% (United Kingdom) – 1% (Switzerland) – 1.65% (France)
Expected rate of increase in salaries	1.50%	1.50%

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

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

(€ million)	Retirement benefits	Long-service awards – France	Supplementary pension plans (LPP) – Switzerland	Supplementary pension plans – France	Pension funds – UK	Other	Total
Discount rate -50 basis points	194.2	6.7	13.8	3.5	705.1	0.0	**923.3**
Discounted value of the 2019 commitment	182.3	6.6	12.6	3.5	637.6	0.1	**842.7**
Discount rate +50 basis points	171.4	6.5	11.6	3.4	576.5	0.0	**769.4**

NOTE 26 PROVISIONS

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

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

(€ million)	2017	Additions	Reversal used	Reversal not used	Change in scope	Change in foreign exchange rates	Other changes	2018
Provisions for restructuring	41.0	8.5	(21.3)	(0.7)				27.5
Provisions for litigation and disputes	26.8	5.8	(5.4)	(6.6)			(0.7)	19.9
Other provisions	4.7	1.8		(2.0)				4.5
CURRENT PROVISIONS	**72.5**	**16.1**	**(26.7)**	**(9.3)**	**0.0**	**0.0**	**(0.7)**	**51.9**
TOTAL	**72.5**	**16.1**	**(26.7)**	**(9.3)**	**0.0**	**0.0**	**(0.7)**	**51.9**
IMPACT ON OPERATING INCOME		**(16.0)**		**9.3**				**(6.8)**
■ Current operating income		(5.9)		3.9				(2.0)
■ Other non-current operating income and expense		(10.2)		5.4				(4.8)

In 2018, the decrease in provisions was mainly linked to the reversal of restructuring provisions related to the implementation of the Group's new organizational structure following the acquisition of Darty.

NOTE 27 CASH AND CASH EQUIVALENTS

27.1 / Analysis by cash category

This item breaks down as follows:

(€ million)	2019	2018
Cash	995.5	916.0
Cash equivalents	0.0	2.6
TOTAL	**995.5**	**918.6**

As of December 31, 2019, cash equivalents consisted of €2.2 million allocated in the context of the establishment of the liquidity agreement. This contract is designed to promote transaction liquidity and consistency in the Group share price. As of December 31, 2018, cash equivalents relating to this liquidity agreement stood at €2.6 million, invested in Sicav funds.

In 2019, the net increase in Cash and cash equivalents of €76.9 million was due in part to the change in net cash flows relating to operating activities and net operating investment flows representing a total of €172.9 million excluding IFRS 16 (€406.8 million including IFRS 16).

The items recognized by the Group as "Cash and cash equivalents" meet the criteria set out in the ANC's response of November 27, 2018 to the AMF concerning the accounting treatment of approved money market funds under the MMF Regulation. In particular, investments are regularly reviewed in compliance with Group procedures and in strict compliance with the qualification criteria defined under IAS 7 and the ANC's response. As of December 31, 2019, these analyses did not lead to changes in the accounting classification already adopted.

27.2 / Analysis by currency

(€ million)	2019	%	2018	%
Euro	975.2	98.0%	902.7	98.3%
Swiss franc	10.4	1.0%	7.3	0.8%
US dollar	9.7	1.0%	8.4	0.9%
Other currencies	0.2	0.0%	0.2	0.0%
TOTAL	**995.5**	**100.0%**	**918.6**	**100.0%**

NOTE 28 FINANCIAL DEBT

28.1 / Analysis of debt by maturity schedule

(€ million)	2019	N+1	N+2	N+3	N+4	N+5	Beyond
LONG-TERM BORROWINGS AND FINANCIAL DEBT	**936.4**	**0.0**	**53.5**	**81.7**	**67.6**	**316.9**	**416.7**
2026 bond	350.0						350.0
2024 bond	300.0					300.0	
European Investment Bank loan	100.0				16.7	16.7	66.6
Medium-term credit facility	180.0		50.0	80.0	50.0		
Other financial debt	6.4		3.5	1.7	0.9	0.2	0.1
SHORT-TERM BORROWINGS AND FINANCIAL DEBT	**77.0**	**77.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Medium-term credit facility	20.0	20.0					
Capitalized interest on bond issues	1.3	1.3					
Negotiable debt instruments	50.0	50.0					
Other financial debt	5.7	5.7					
TOTAL FINANCIAL DEBT EXCLUDING IFRS 16	**1,013.4**	**77.0**	**53.5**	**81.7**	**67.6**	**316.9**	**416.7**
%		**7.6%**	**5.3%**	**8.1%**	**6.7%**	**31.3%**	**41.1%**
LEASING DEBT IFRS 16	**1,015.9**	**215.1**	**180.6**	**156.7**	**112.4**	**92.3**	**258.8**
Long-term leasing debt IFRS 16	800.8		180.6	156.7	112.4	92.3	258.8
Short-term leasing debt IFRS 16 [(a)]	215.1	215.1					
TOTAL FINANCIAL DEBT WITH IFRS 16	**2,029.3**	**292.1**	**234.1**	**238.4**	**180.0**	**409.2**	**675.5**

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

As of December 31, 2019, gross financial debt consisted mainly of the bond issues maturing in 2024 and 2026 for a total of €650 million, the €200 million medium-term credit facility and the €100 million European Investment Bank loan.

On February 18, 2019, Fnac Darty announced the signing of a loan agreement in the amount of €100 million with the European Investment Bank (EIB). Issued under the "Juncker Plan", this loan will be used to finance the Group's digital transformation investments to support the deployment of Confiance+. This financing has a maximum maturity of nine years, under very attractive terms. As of December 31, 2019, €100 million of the EIB credit line was used.

On May 15, 2019, Fnac Darty completed the transaction to renegotiate its bond issue after successfully refinancing its senior bonds with a cumulative principal amount of €650 million, composed of a cumulative principal amount of €300 million in senior bonds maturing in 2024, and a cumulative principal amount of €350 million in senior bonds maturing in 2026. The bonds maturing in 2024 will pay an annual coupon of 1.875%. The bonds maturing in 2026 will pay an annual coupon of 2.625%. The proceeds from the issue were used to fully repay the €650 million in outstanding senior bonds at 3.25% maturing in 2023.

In accordance with IFRS 9, the analysis carried out concluded that the repaid debt had been settled, leading to the derecognition of the former debt. The main conclusions of the analysis were as follows:

- that the early repayment was provided for in the initial contract;
- that no preferential treatment was granted to investors in the former debt; and
- that the new debt issue was made available to all potential eligible investors on the market.

Fnac Darty had also implemented a program of short-term negotiable debt instruments ("NEU CP") in 2018, designed to replace the drawdowns on the revolving credit facility for the Group's seasonal financing needs. This program, which has a ceiling of €300 million, consists of issues that are executed on the short-term debt market and have a maximum maturity of one year.

As of December 31, 2019, €50 million of this program had been used: the minimum outstanding threshold maintained throughout the year to support the program on its market.

2019 financial debt includes leasing debt related to the application of IFRS 16. The analysis of leasing debt is outlined in note 28.2.

(€ million)	2018	N+1	N+2	N+3	N+4	N+5	Beyond
LONG-TERM BORROWINGS AND FINANCIAL DEBT	**855.1**	**0.0**	**22.0**	**51.0**	**80.9**	**700.2**	**1.0**
2023 Bond	650.0					650.0	
Medium-term credit facility	200.0		20.0	50.0	80.0	50.0	
Other financial debt	2.6		0.1	0.4	0.9	0.2	1.0
Finance lease agreement payables	2.5		1.9	0.6			
SHORT-TERM BORROWINGS AND FINANCIAL DEBT	**56.1**	**56.1**					
Capitalized interest on 2023 bond	5.3	5.3					
Negotiable debt instruments	50.0	50.0					
Finance lease agreement payables	0.8	0.8					
TOTAL	**911.2**	**56.1**	**22.0**	**51.0**	**80.9**	**700.2**	**1.0**
%		**6.2%**	**2.4%**	**5.6%**	**8.9%**	**76.8%**	**0.1%**

28.2 / Leasing debt

Leasing debts are broken down as follows:

(€ million)	As of December 31, 2018	Initial application of IFRS 16	New agreements and revaluations	Devaluations	Redemptions	Change in foreign exchange rates	Reclassification	Other changes	Liabilities held for sale	As of December 31, 2019
Leasing debt with a maturity of less than one year	0.0	211.6	55.2	(13.1)	(224.8)	0.2	194.1	0.7	(8.8)	215.1
Leasing debt with a maturity of more than one year	0.0	775.5	319.6	(40.0)	0.0	0.9	(194.1)	0.3	(61.4)	800.8
LEASING DEBT	**0.0**	**987.1**	**374.8**	**(53.1)**	**(224.8)**	**1.1**	**0.0**	**1.0**	**(70.2)**	**1,015.9**

The schedule for leasing debt is broken down as follows:

(€ million)	2019
N+1	215.1
N+2	180.6
N+3	156.7
N+4	112.4
N+5	92.3
More than 5 years	258.8
TOTAL	**1,015.9**

28.3 / Analysis by repayment currency

(€ million)	2019	Long-term borrowings and financial debt	Short-term borrowings and financial debt	%	2018	%
Euro	2,005.4	1,717.9	287.5	98.8%	911.2	100.0%
Swiss franc	23.1	18.9	4.2	1.1%	0.0	0.0%
Other	0.8	0.4	0.4	0.0%	0.0	0.0%
TOTAL	**2,029.3**	**1,737.2**	**292.1**		**911.2**	

28.4 / Gross debt by category

The Group's gross debt is as follows:

(€ million)	2019	2018
2026 bond	350.7	0.0
2024 bond	300.6	0.0
2023 Bond	0.0	655.3
Medium-term credit facility	200.0	200.0
European Investment Bank loan	100.0	0.0
Finance lease agreement payables	0.0	3.3
Negotiable debt instruments	50.0	50.0
Other financial debt	12.1	2.6
TOTAL FINANCIAL DEBT EXCLUDING IFRS 16	**1,013.4**	**911.2**
Leasing debt IFRS 16	**1,015.9**	**0.0**
Long-term leasing debt IFRS 16	800.8	0.0
Short-term leasing debt IFRS 16	215.1	0.0
TOTAL FINANCIAL DEBT WITH IFRS 16	**2,029.3**	**911.2**

* *Discounted value of payment due in the next twelve months.*

NOTE 29 EXPOSURE TO MARKET RISK, INTEREST RATE RISK, CURRENCY RISK AND SHARE PRICE FLUCTUATIONS

As of December 31, 2019, exposure to various market risks was as follows:

29.1 / Exposure to interest rate risks

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

		Maturity for 2019		
(€ million)	**2019**	**Less than one year**	**One to five years**	**More than five years**
Investment securities and cash	740.3	740.3		
FLOATING-RATE FINANCIAL ASSETS	**740.3**	**740.3**	**0.0**	**0.0**
Other financial debt	203.3	22.0	181.3	
FLOATING-RATE FINANCIAL LIABILITIES	**203.3**	**22.0**	**181.3**	**0.0**

		Maturity for 2018		
(€ million)	**2018**	**Less than one year**	**One to five years**	**More than five years**
Investment securities and cash	718.5	718.5		
FLOATING-RATE FINANCIAL ASSETS	**718.5**	**718.5**	**0.0**	**0.0**
Other financial debt	200.0		200.0	
FLOATING-RATE FINANCIAL LIABILITIES	**200.0**	**0.0**	**200.0**	**0.0**

Interest rate risk sensitivity analysis

The Group’s debt consists primarily of fixed-rate financing (in particular the €650 million bond issue and the €100 million European Investment Bank loan). A change in interest rates would therefore primarily relate to the medium-term variable rate credit line of €200 million indexed on the Euribor.

Consequently, as of December 31, 2019 and on the basis of the items presented above, an interest rate change of plus or minus 50 basis points would not have a material impact on the Group’s pre-tax income over a full year.

(€ million)	**Impact on income**
As of December 31, 2019	
Increase of +50 basis points	0.0
Decrease of -50 basis points	0.0

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

29.2 / Exposure to currency risks

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

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

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

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

As of December 31, 2019 and December 31, 2018, these derivative instruments mainly comprised a currency hedge contract in dollars.

(€ million)	**2019**	**US dollar**
HEDGING DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS	**59.0**	**59.0**
Forwards & forward swaps	59.0	59.0

(€ million)	**2018**	**US dollar**
HEDGING DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS	**43.7**	**43.7**
Forwards & forward swaps	43.7	43.7

The Group's balance sheet exposure to non-euro currencies as of December 31, 2019 was as follows:

(€ million)	**2019**	**US dollar**	**Swiss franc**	**Hong Kong dollar**
Exposed trade receivables	2.7	2.4	0.3	
Other exposed financial assets	20.3	9.7	10.4	0.2
Exposed trade payables	27.4	8.7	18.7	
Exposed financial debt	0.0			
GROSS BALANCE SHEET EXPOSURE	**(4.4)**	**3.4**	**(8.0)**	**0.2**
Hedging instruments	3.4	3.4		
GROSS EXPOSURE AFTER MANAGEMENT	**(7.8)**	**0.0**	**(8.0)**	**0.2**

(€ million)	**2019**	**US dollar**	**Swiss franc**	**Hong Kong dollar**
Monetary assets	23.0	12.1	10.7	0.2
Monetary liabilities	27.4	8.7	18.7	0.0
GROSS BALANCE SHEET EXPOSURE	**(4.4)**	**3.4**	**(8.0)**	**0.2**
Hedging instruments	3.4	3.4		
GROSS EXPOSURE AFTER MANAGEMENT	**(7.8)**	**0.0**	**(8.0)**	**0.2**

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

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

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

Currency risk sensitivity analysis

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

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

29.3 / Exposure to risks of share price fluctuations

In the context of its current operations, the Group trades the shares issued by the Group. As of December 31, 2019, no derivative instrument was used to hedge equity risk in the sense of IFRS 9.

29.4 / Other market risks – Credit risks

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

29.5 / Liquidity risk

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

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

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

Cash flow relating to currency derivatives is not material.

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

	2018				
(€ million)	**Book value**	**Cash flows**	**Less than one year**	**One to five years**	**More than five years**
Other financial debt	911.2	(911.2)	(56.1)	(854.1)	(1.0)
Trade payables	1,865.2	(1,865.2)	(1,865.2)		
TOTAL	**2,776.4**	**(2,776.4)**	**(1,921.3)**	**(854.1)**	**(1.0)**

NOTE 30 ACCOUNTING CLASSIFICATION AND MARKET VALUE OF FINANCIAL INSTRUMENTS

	2019	Breakdown by accounting classification					2018
(€ million)	Market value	Balance sheet value	Fair value through profit or loss	Fair value through equity	Amortized cost	Valuation level	Balance sheet value
NON-CURRENT ASSETS							
Non-current financial assets	27.9	27.9	7.4		20.5		20.6
Debt instruments at fair value	*7.4*	*7.4*	*7.4*			*Level 2*	*4.6*
Deposits and guarantees	*20.2*	*20.2*			*20.2*		*15.8*
Other non-current financial assets	*0.3*	*0.3*			*0.3*		*0.2*
CURRENT ASSETS							
Trade receivables	274.8	274.8			274.8		271.8
Other current financial assets	11.6	11.6			11.6		14.2
Derivative instrument assets with hedge accounting	*0.9*	*0.9*		*0.9*		*Level 2*	*0.5*
Other current financial assets	*10.7*	*10.7*	*10.7*				*13.7*
Cash and cash equivalents	995.5	995.5	995.5			Level 1	918.6
NON-CURRENT LIABILITIES							
Long-term borrowings and financial debt	1,765.7	1,737.2			1,737.2		852.6
2026 bond	*367.9*	*350.0*			*350.0*	*Level 1*	*0.0*
2024 bond	*310.6*	*300.0*			*300.0*	*Level 1*	*0.0*
2023 Bond	*0.0*	*0.0*			*0.0*	*Level 1*	*650.0*
Long-term leasing debt	*800.8*	*800.8*			*800.8*		*0.0*
European Investment Bank loan	*100.0*	*100.0*			*100.0*		
Medium-term credit facility	*180.0*	*180.0*			*180.0*		*200.0*
Other financial debt	*6.4*	*6.4*			*6.4*		*2.6*
CURRENT LIABILITIES							
Short-term borrowings and financial debt	292.1	292.1			292.1		55.3
Capitalized interest on bond issues	*1.3*	*1.3*			*1.3*		*5.3*
Short-term leasing debt	*215.1*	*215.1*			*215.1*		*0.0*
Medium-term credit facility	*20.0*	*20.0*			*20.0*		*0.0*
Negotiable debt instruments	*50.0*	*50.0*			*50.0*		*50.0*
Other financial debt	*5.7*	*5.7*			*5.7*		*0.0*
Other current financial liabilities	18.2	18.2			18.2		15.9
Derivative instrument liabilities with hedge accounting						*Level 2*	
Other current financial liabilities	*18.2*	*18.2*			*18.2*		*15.9*
Trade payables	1,888.7	1,888.7			1,888.7		1,876.7

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

- **level 1 category:** financial instruments quoted on an active market;
- **level 2 category:** financial instruments for which valuation at fair value uses valuation techniques based on observable market parameters; and
- **level 3 category:** financial instruments for which valuation at fair value uses valuation techniques based on unobservable parameters (parameters whose value is produced by assumptions that are not based on observable transaction prices on the markets on the same instrument, or on observable market data available at period-end) or on parameters that are only partially observable.

NOTE 31 NET FINANCIAL DEBT

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

(€ million)	**2019**	**2018**
Gross financial debt	1,013.4	911.2
Cash and cash equivalents	(995.5)	(918.6)
NET FINANCIAL DEBT EXCLUDING IFRS 16	**17.9**	**(7.4)**
Leasing debt	1,015.9	0.0
NET FINANCIAL DEBT WITH IFRS 16	**1,033.8**	**(7.4)**

NOTE 32 CASH FLOW STATEMENT

Net cash from bank overdrafts stood at €995.5 million as of December 31, 2019 and corresponds to the cash and cash equivalents presented in the cash flow statement.

(€ million)	**2019**	**2018**
CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET	**995.5**	**918.6**
Bank overdrafts	0.0	0.0
CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT	**995.5**	**918.6**

The change in cash and cash equivalents between December 31, 2018 and December 31, 2019 represented an increase of €76.9 million.

(€ million)	2019	2018 restated *
Net cash flows from operating activities	551.8	271.6
Net cash flows from investing activities	(238.9)	(127.3)
Net cash flows from financing activities	(208.6)	6.4
Net cash flows from discontinued operations	(27.6)	(6.5)
Impact of changes in foreign exchange rates	0.2	(0.5)
NET CHANGE IN CASH	**76.9**	**143.7**

* *Restated for the reclassification of BCC to discontinued operations.*

32.1 / 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)	2019	2018 restated *
Cash flow before tax, dividends and interest	570.4	350.7
Change in working capital requirement	51.8	(7.3)
Income tax paid	(70.4)	(71.8)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**551.8**	**271.6**

* *Restated for the reclassification of BCC to discontinued operations.*

In 2019, net cash flows from operating activities generated a resource of €551.8 million. This increase relates primarily to the application of IFRS 16 from January 1, 2019.

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

(€ million)	2019	2018 restated *
Net income from continuing operations	**114.1**	**157.7**
Current and non-current additions and reversals on non-current assets and provisions for contingencies and expenses	311.7	95.1
Current proceeds from the disposal of operating assets	(0.2)	(4.9)
Non-current proceeds from the disposal of operating assets	4.6	0.0
Deferred tax income and expense	(7.8)	(10.2)
Discounting of provisions for pensions & other similar benefits	(2.9)	2.4
Financial additions and reversals on non-current financial assets	(1.4)	(1.2)
Other items with no impact on cash	0.0	0.0
Income and expense with no impact on cash	**304.0**	**81.2**
CASH FLOW	**418.1**	**238.9**
Financial interest income and expense	72.9	36.5
Dividends received	0.0	0.0
Net tax expense payable	79.4	75.3
CASH FLOW BEFORE TAX, DIVIDENDS AND INTEREST	**570.4**	**350.7**

* *Restated for the reclassification of BCC to discontinued operations.*

The increase in current and non-current additions and reversals on non-current assets and provisions for contingencies and expenses includes the depreciation of the right-of-use asset pursuant to the application of IFRS 16 from January 1, 2019.

32.2 / Net cash flows from investing activities

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

The operating and financial investments made by the Group in 2019 amounted to €238.9 million. Over 2018, they represented an expenditure of €127.3 million.

(€ million)	**2019**	**2018 restated ***
Net operating investments	(145.0)	(113.8)
Net financial investments	(93.9)	(13.5)
CASH FLOWS FROM INVESTING ACTIVITIES	**(238.9)**	**(127.3)**

* *Restated for the reclassification of BCC to discontinued operations.*

The net operating investments made by the Group in 2019 amounted to €145.0 million. Investments were made specifically to open new stores (in France, Switzerland, Spain, Portugal, Belgium and Luxembourg), automate logistics warehouses, install Kitchen spaces in the Darty network, develop the Group's websites, increase IT costs to modernize infrastructure within the Group, and digitize existing stores in order to improve the customer experience.

Generally, investments are intended to support the Group's strategy ("Confiance+"), particularly the complementary features of the Fnac and Darty banners, the omnichannel platform and the digital segment.

(€ million)	**2019**	**2018 restated ***
Acquisitions of intangible assets	(52.1)	(43.0)
Acquisitions of property, plant & equipment	(100.3)	(75.7)
Change in advances & installments on non-current assets	0.0	0.0
Change in payables on non-current assets	5.4	4.6
TOTAL ASSET ACQUISITIONS	**(147.0)**	**(114.1)**
Disposals of non-current assets	2.0	0.3
TOTAL ASSET ACQUISITIONS AND DISPOSALS	**(145.0)**	**(113.8)**

* *Restated for the reclassification of BCC to discontinued operations.*

The Group's net financial investments represented an outflow of €93.9 million in 2019 versus an outflow of €13.5 million in 2018.

(€ million)	**2019**	**2018 restated ***
Acquisitions and disposals of subsidiaries net of cash acquired and transferred	(92.5)	(11.2)
Acquisitions of other financial assets	(1.4)	(2.3)
Sales of other financial assets	0.0	0.0
Interest and dividends received	0.0	0.0
(NET) FINANCIAL INVESTMENTS	**(93.9)**	**(13.5)**

* *Restated for the reclassification of BCC to discontinued operations.*

In 2019, acquisitions and disposals of subsidiaries net of cash acquired and transferred represented a net outflow €92.5 million for the acquisition of Nature & Découvertes, Billetreduc.com, CTS Eventim France and PC Clinic, as well as the sale of a 48% stake in France Billet to CTS Eventim in the context of the strategic partnership established between the two groups.

Acquisitions of other financial assets included a €1.4 million investment in the Daphni Purple Fund. The Group also agreed to underwrite the remaining 29% of Daphni shares for €2.0 million.

In 2018, acquisitions of subsidiaries net of cash acquired consisted of the outflow relating to the acquisition of a 51% stake in WeFix. Furthermore, the Group committed to purchasing minority interests in WeFix via a shareholders' agreement governing the conditions of this acquisition.

Acquisitions of other financial assets primarily include the two calls for funds from Daphni Purple in the amount of €1.4 million.

32.3 / Net cash flows from financing activities

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

(€ million)	**2019**	**2018 restated ***
Capital increase/(decrease)	7.1	6.8
Other transactions with shareholders	0.0	0.0
Purchases or sales of treasury shares	(21.0)	(14.4)
Dividends paid to shareholders	0.0	0.0
Bonds issued	650.0	0.0
Bonds repaid	(650.0)	0.0
Repayment of leasing debt	(212.8)	0.0
Interest paid on leasing debt	(21.1)	0.0
Increase in other financial debt	100.0	50.2
Redemption of other financial debt	(10.4)	0.0
Interest and equivalent payments	(45.8)	(31.7)
Financing of the Comet pension fund	(4.6)	(4.5)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(208.6)**	**6.4**

* *Restated for the reclassification of BCC to discontinued operations.*

Net cash flows from financing activities amounted to an outflow of €208.6 million in 2019 compared to a resource of €6.4 million in 2018.

In 2019:

- the capital increase of €7.1 million primarily represents the creation of 110,937 shares to support the Group's Employee Stock Ownership Plan implemented for employees in Belgium, Spain, France, the Netherlands, Portugal and Switzerland;
- outflows for the purchase of treasury stocks include €20.3 million in respect of the second, third and fourth tranches of the treasury share buyback program. In total, 296,750 shares were redeemed and then cancelled during 2019. This item also includes a net payment of €0.7 million related to the acquisition and sale of Fnac Darty shares carried out under the liquidity agreement. As of December 31, 2019, the Group held 78,750 treasury shares;

- the bond issue corresponds to the placement of senior bonds with a cumulative principal amount of €650 million, composed of a cumulative principal amount of €300 million in senior bonds maturing in 2024, and a cumulative principal amount of €350 million in senior bonds maturing in 2026. The 2024 bonds will pay an annual coupon of 1.875%. The 2026 bonds will pay an annual coupon of 2.625%;
- after the abovementioned offering had closed, Fnac Darty used the income from the offering and the available cash to repay in full its outstanding senior bonds of €650 million at 3.25%, maturing in 2023, and to pay the associated premiums, costs, fees and expenses.

  In accordance with IFRS 9, the analysis carried out concluded that the repaid debt had been settled, leading to the derecognition of the former debt. The impacts are as follows:

  - derecognition of the former debt with an impact on income from premiums, discounts or original charges that were not fully amortized,
  - registration of the new debt, and
  - spread of the new charges attributable to the new debt;
- repayments of leasing debt and interest paid on leasing debt correspond to rental payments that fall within the scope of application of IFRS 16;
- the €100 million net increase in other financial debt is linked to the signing of the loan agreement with the European Investment Bank (EIB); and
- the interest and equivalent payments represent the financial interest of the instruments set up for Group financing and a non-recurring expense of €27.0 million in 2019 following the renegotiation of the bond issue.

In 2018:

- the capital increase of €6.8 million represents the creation of 90,558 shares to support the Group's Employee Stock Ownership Plan implemented for employees in Belgium, Spain, France, the Netherlands, Portugal and Switzerland;
- disbursements of €14.4 million for the purchase of treasury stock include €11.2 million in respect of the first tranche of the treasury stock buyback program. This item also includes a net payment of €3.2 million related to the acquisition and sale of Fnac Darty shares made under the liquidity agreement. As of December 31, 2018, the Group held 61,000 treasury shares;
- the €50.2 million net increase in financial debt includes the issuance of short-term negotiable debt instruments (NEU CP) for €50 million net of repayments. In 2018, Fnac Darty issued short-term negotiable debt instruments to fund its operations; and
- the interest and equivalent payments represent the financial interest on the instruments set up to finance the new Group.

32.4 / Financing of the Comet pension fund

The financing of the British Comet pension fund, which was integrated in the Darty acquisition, represents the cash paid by the Group under the pension commitments for former Comet employees in the United Kingdom. From July 2017, the financing of the Comet pension fund amounted to £4.0 million per year. This financing was renegotiated in 2019 and payments were suspended in January 2020 with the balance of funds even.

NOTE 33 DISCONTINUED OPERATIONS

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

In the fourth quarter of 2019, the Group launched a process to find a partner for its Dutch subsidiary BCC, with a view to withdrawing completely from the country. An investment bank has been instructed to identify potential partners and conduct discussions.

In accordance with IFRS 5, BCC was subject to specific reporting in the consolidated financial statements of December 31, 2019, and a restatement of the December 31, 2018 reporting. In 2019, BCC's assets and liabilities appear on a separate line on the Group's balance sheet, with no restatement for past periods. Over the reported periods, the income from BCC's activities is presented on a separate line in the income statement, under "Discontinued operations", and is restated in the cash flow statement.

33.1 / Net income from discontinued operations

(€ million)	2019	2018 restated *
INCOME FROM ORDINARY ACTIVITIES	**416.6**	**342.9**
Cost of sales	(317.3)	(260.3)
GROSS MARGIN	**99.3**	**82.6**
Personnel expenses	(53.7)	(51.3)
Other current operating income and expense	(51.9)	(39.4)
CURRENT OPERATING INCOME	**(6.3)**	**(8.1)**
Other non-current operating income and expense	(0.2)	0.3
OPERATING INCOME	**(6.5)**	**(7.8)**
(Net) financial expense	(3.7)	0.0
PRE-TAX INCOME	**(10.2)**	**(7.8)**
Income tax	0.0	0.0
NET INCOME	**(10.2)**	**(7.8)**

* *Restated for the reclassification of BCC to discontinued operations.*

Net income from discontinued operations includes BCC's activities, which amounted to a net loss of €10.0 million in 2019 and a net loss of €8.1 million in 2018.

It also includes a net expense of €0.2 million in 2019, corresponding primarily to expenses related to the Group's historical discontinued operations. In 2018, net income from discontinued operations included net income of €0.3 million in respect of the Group's discontinued operations in Italy.

The €3.7 million financial expense is comprised of interest on BCC's leasing debt calculated pursuant to IFRS 16.

33.2 / Net cash flows from discontinued operations

(€ million)	2019	2018 restated *
Net cash flows from operating activities	0.0	(1.9)
Net cash flows from investing activities	(4.4)	(3.8)
Net cash flows from financing activities	(12.2)	(0.8)
NET CASH FLOWS FROM DISCONTINUED OPERATIONS	**(16.6)**	**(6.5)**
Reclassification of cash from discontinued operations to assets held for sale	(11.0)	
NET CASH FLOWS FROM DISCONTINUED OPERATIONS	**(27.6)**	**(6.5)**

* *Restated for the reclassification of BCC to discontinued operations.*

Net cash flows from discontinued operations primarily include BCC's activities, which recorded a net flow of -€16.0 million in 2019 and a net flow of -€5.9 million in 2018.

33.3 / Assets held for sale and payables associated with assets held for sale

(€ million)	2019	2018
Assets held for sale	**200.6**	**0.0**
Intangible assets	*4.1*	*0.0*
Property, plant & equipment	*23.4*	*0.0*
Rights of use relating to lease agreements	*69.2*	*0.0*
Inventory	*72.2*	*0.0*
Other current assets	*20.8*	*0.0*
Cash and cash equivalents	*10.9*	*0.0*
Payables associated with assets held for sale	**135.1**	**1.3**
Leasing debt with a maturity of more than one year	*61.4*	*0.0*
Provisions for pensions and other equivalent benefits	*0.3*	*0.0*
Leasing debt with a maturity of less than one year	*8.8*	*0.0*
Other current financial liabilities	*0.3*	*0.0*
Trade payables	*51.6*	*0.0*
Other current liabilities	*12.7*	*0.0*
Liabilities relating to stores being sold	*0.0*	*1.3*

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

NOTE 34 CONTINGENT LIABILITIES, UNRECOGNIZED CONTRACTUAL COMMITMENTS AND CONTINGENT RISKS

34.1 / Contractual obligations

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

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

	Payments due according to maturity			
(€ million)	Less than one year	One to five years	More than five years	2018
Operating lease agreements	211.0	260.8	48.0	519.8
Irrevocable purchase obligations	27.0	7.0	0.0	34.0
TOTAL COMMITMENTS GIVEN	**238.0**	**267.8**	**48.0**	**553.8**

Following the application of IFRS 16, operating leases are now presented on the balance sheet as a right-of-use asset on the assets side, and as leasing debt on the liabilities side.

The difference noted between the amount of leasing debt on the date of initial application of IFRS 16 and the off-balance sheet commitments related to lease agreements (€519.8 million at the end of December 2018) can be explained by the different methods used:

- no flow discounting for the calculation of rental off-balance sheet commitments; and
- period chosen for the calculation of the rental off-balance sheet commitments limited to the first exit option of the lease.

(€ million)	
Off-balance sheet commitments given in respect of operating leases as of December 31, 2018	**519.8**
Impact related to the contract maturity date used	508.7
Impact of discounting	(41.3)
IFRS 16 leasing debt recorded as of January 1, 2019	**987.2**

The impact of the periods chosen for IFRS 16 leasing debt represents a €508.7 million increase in the commitment. The impact of the discounting on the IFRS 16 leasing debt calculation represents a €41.3 million decrease in the commitment.

34.2 / Pledges and guarantees

In the context of the Darty acquisition, the Group established new sources of financing intended to fund the cash component of the acquisition and to refinance all existing borrowings and bank lines in each of the two companies.

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

- a medium-term loan (Senior Term Loan Facility) in the amount of €200 million, amortizable from the fifty-fourth month, compared to the thirtieth month initially, following the renegotiation conducted in 2018; and
- a revolving credit facility in the amount of €400 million to finance fluctuations in cash flows related to the seasonal nature of its business.

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

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

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

34.3 / Other commitments

Other commitments are as follows:

	Payments due according to maturity				
(€ million)	Less than one year	One to five years	More than five years	2019	2018
Amount of credit facility not used at period-end	6.0	403.6	0.0	409.6	400.0
Other guarantees received	45.0	20.4	27.1	92.5	67.5
TOTAL COMMITMENTS RECEIVED	**51.0**	**424.0**	**27.1**	**502.1**	**467.5**
Rent guarantees and real estate guarantees	6.1	15.5	21.9	43.5	41.8
Other commitments	100.4	34.2	88.0	222.6	205.6
TOTAL COMMITMENTS GIVEN	**106.5**	**49.7**	**109.9**	**266.1**	**247.4**

The revolving credit facility in the amount of €400 million was not drawn as of December 31, 2019 and thus represents an off-balance sheet commitment received. The amount of this line has increased, as it includes the accessible revolving lines of credit of the company Nature & Découvertes.

As part of the strategic partnership with the CTS Eventim group, the company FDPS contracted a first-demand guarantee in favor of its subsidiary France Billet in return for the continuation of cash pooling with the Group for an amount of €20 million. As of December 31, 2019, this guarantee has not been used, and therefore constitutes an off-balance sheet commitment received by France Billet and a commitment given by the company FDPS.

The increase in other guarantees received is mainly due to the first-demand guarantee in favor of France Billet as part of the strategic partnership with the CTS Eventim Group, and the sharp increase in guarantees linked to new franchise agreements (up €8.0 million).

The €17.0 million increase in other commitments is mainly linked to the first-demand guarantee set up by the company FDPS in favor of France Billet, partially offset by a fall in the amount of the guarantee in favor of the company Apple.

In addition, the other commitments given include two guarantees for a total amount of £83 million (equivalent to €97.6 million):

- a guarantee of £23 million given by Darty in 2012, during the disposal of Comet, and extended on January 31, 2020 until May 2026; and
- an additional guarantee of £60 million, for a term of 20 years, given on June 23, 2017 by the Group to cover its obligations in respect of Comet's British pension fund.

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

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

34.4 / Group dependence on patents, licenses or supply contracts

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

34.5 / Proceedings and litigation

The Group's companies and businesses 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.

Further to the press coverage of February 1, 2020, Fnac Darty confirms 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 is taking appropriate measures to protect its interests.

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

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

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

NOTE 35 RELATED PARTY TRANSACTIONS

Related party having control over Fnac Darty

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

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

Until May 23, 2019, the date of the last General Meeting, the Vivendi Universal group had two independent members on the Board of Directors of Fnac Darty, although it is not a shareholder. On this date, their directorships expired and were not renewed. Therefore, the Vivendi group is no longer a related party.

As a reminder, as of December 31, 2018, the Ceconomy Retail International group held 24.3% of the share capital and 24.3% of the voting rights of Fnac Darty. There were no transactions between Fnac Darty consolidated companies and the Ceconomy Retail International group.

As of December 31, 2018, the SFAM company held 11.4% of the share capital and 11.4% of the voting rights of Fnac Darty. There were no transactions between Fnac Darty consolidated companies and the SFAM company.

NOTE 36 COMPENSATION OF EXECUTIVE OFFICERS

Short-term benefits

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

(€ million)	**2019 (a)**	**2018 (a)**
Short-term benefits	8.5	6.4
Severance packages	0.0	0.2

(a) Amounts including employee social security expenses.

Long-term benefits

In 2019, three multi-year variable compensation plans based on performance options and bonus shares expired in whole or in part.

In line with IFRS 2, the number of instruments expiring, canceled and allotted during the year was updated. The volatility rate of the Fnac Darty share price was maintained at 25%. The expense measured in accordance with IFRS 2 of these multi-year compensation plans amounted to €3.5 million expensed in 2019 and €3.6 million in 2018. Final vesting of these multi-year plans is subject to performance and continued employment conditions. All these plans are listed in chapter 5, note 7.

The 2015 bonus share plan expired on February 28, 2019 for non-French residents. Based on the average closing price of the Fnac Darty share in February 2017 and the performance conditions, 100% of the shares were vested for the beneficiaries in service on February 28, 2019.

The 2017 bonus share plan expired on May 1, 2019 for French residents. Given the performance of the Fnac Darty share price and the achievement of the synergy goals, 87.5% of the shares were vested for the beneficiaries in service on May 1, 2019. These shares may be sold at the end of a two-year holding period.

The first tranche of the 2017 performance share plan was vested on May 1, 2019. Given the performance of the Fnac Darty share price and the achievement of the synergy goals, 75% of the options in the first tranche were vested for the beneficiaries in service on May 1, 2019. These options may be exercised between May 2, 2019 and May 1, 2020 at an exercise price of €66.23.

NOTE 37 STATUTORY AUDITORS' FEES

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

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

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

	2018							
	Deloitte & Associés				KPMG			
	Statutory Auditors		Network		Statutory Auditors		Network	
(€ million)	Amount	%	Amount	%	Amount	%	Amount	%
Certification and limited half-year review of parent company and consolidated financial statements								
■ Issuer	0.3	46%			0.3	44%		
■ Fully-consolidated subsidiaries	0.3	54%	0.2	76%	0.3	51%	0.2	53%
SUBTOTAL	**0.6**	**99%**	**0.2**	**76%**	**0.6**	**95%**	**0.2**	**53%**
Services other than certification of financial statements								
■ Issuer	0.0	0%			0.0	5%		
■ Fully-consolidated subsidiaries	0.0	1%	0.1	24%	0.0	0%	0.2	47%
SUBTOTAL	**0.0**	**1%**	**0.1**	**24%**	**0.0**	**5%**	**0.2**	**47%**
TOTAL	**0.6**	**100%**	**0.3**	**100%**	**0.6**	**100%**	**0.3**	**100%**

NOTE 38 POST-BALANCE SHEET EVENTS

Based on its solid business model, Fnac Darty will launch a shareholder return policy this year, with a target payout ratio between 30% and 40%. A recommendation will be made at the General Meeting on May 28, 2020 for the distribution of an ordinary dividend of €1.50 per share for 2019, corresponding to a distribution rate of 35%, in line with the objectives. This dividend will be payable in cash or in shares, with a 5% discount, at the discretion of the shareholder. The ex-dividend date will be June 4, 2020 and the dividend payment date July 3, 2020.

During February 2020, an epidemic occurred on a global scale linked to the spread of COVID-19.

The Group noted production delays as a result of disturbances to industrial bases in China. In this context, Fnac Darty is exercising its agility to the best of its ability and is able to focus on implementing mechanisms for adjusting its supplies. Since February 2020, Fnac Darty has established a working group specifically for managing these unusual circumstances.

With regard to the supply of supplier brands representing around 97% of its total purchase volume, Fnac Darty has very large inventory coverage, averaging between 70 and 80 days. As a result, the Group is able to deal with these small delays in certain product categories. In close collaboration with its suppliers, the Group has also drawn up a tactical purchasing plan of approximately €80 million for key product categories, which, in the event of supply or manufacturing difficulties, will make it possible to have significant inventory levels in these categories and to limit the risk of in-store stock shortages.

With regard to the supply of own and licensed brands, which represent 3% of the total purchase volume, the Group has observed little delay, as manufacturing in Chinese factories has almost returned to normal.

However, this epidemic could have negative consequences for economic growth and household consumption. These events could have material consequences for Fnac Darty's financial performance and business. However, as of the submission date of this Universal Registration Document, the Group does not foresee any material impacts on its activities that would require its objectives for 2020 and for the medium term to be revised, and no specific or certain information relating to the consequences of COVID-19 can be disclosed to the public.

The Group very closely monitors any changes in the situation associated with the spread of COVID-19, and the consequences for its business. Any visible and definite indicators that have an impact on the Group's objectives would lead it to issue a press release on the matter.

NOTE 39 LIST OF SUBSIDIARIES CONSOLIDATED AS OF DECEMBER 31, 2019

The Group's subsidiaries are as follows:

- Fully consolidated: F
- Consolidated under the equity method: E

Company	% interest 12/31/2019		% interest 12/31/2018	
Fnac Darty (Parent company)				
FNAC BANNER				
France				
Alize – SFL	F	100.00	F	100.00
Codirep	F	100.00	F	100.00
Eazieer	Disposed as of 01/01/2019		F	100.00
Fnac Darty Participations et Services	F	100.00	F	100.00
Fnac Accès	F	100.00	F	100.00
Fnac Appro Groupe	F	100.00	F	100.00
Fnac Direct	F	100.00	F	100.00
Fnac Jukebox			UTH* as of 05/01/2018	
Fnac Logistique	F	100.00	F	100.00
Fnac Paris	F	100.00	F	100.00
Fnac Périphérie	F	100.00	F	100.00
Fnac Tourisme	F	100.00	F	100.00
Fourty	E	50.00	E	50.00
France Billet	F	52.00	F	100.00
Izneo	E	50.00	E	50.00
MSS	F	100.00	F	100.00
Relais Fnac	F	100.00	F	100.00
Tick & Live	F	26.00	F	50.00
WeFix (France)	F	51.00	F	51.00
WeFix Immo	F	51.00	F	51.00
123Billets (Billetreduc.com)	F	52.00		
CTS Eventim France	F	52.00		
Belgium				
Belgium Ticket	F	39.00	F	75.00
Fnac Belgium	F	100.00	F	100.00
WeFix (Belgium)	F	51.00	F	51.00
Luxembourg				
Fnac Luxembourg	F	100.00		
Spain				
Fnac España	F	100.00	F	100.00
Monaco				
Fnac Monaco	F	100.00	F	100.00

Company	% interest 12/31/2019		% interest 12/31/2018	
Portugal				
Fnac Portugal	F	100.00	F	100.00
PC Clinic	UTH * as of 12/31/2019			
Switzerland				
Fnac Suisse	F	100.00	F	100.00
Swissbillet	F	100.00	F	100.00
Germany				
WeFix (Germany)	F	51.00	F	51.00
DARTY BANNER				
United Kingdom				
Darty Limited	F	100.00	F	100.00
Kesa Holdings Limited	F	100.00	F	100.00
Kesa International Limited			UTH* as of 04/30/2018	
Kesa Sourcing Limited	F	100.00	F	100.00
Kesa Turkey Limited			dissolved 08/28/2018	
France				
Kesa Electricals SAS			UTH* as of 04/30/2018	
Darty Holdings SAS	F	100.00	F	100.00
Kesa France SA	F	99.70	F	99.70
Participations Distribution Services SNC	F	100.00	F	100.00
Ménafinance SA	E	50.00	E	50.00
Darty Développement SAS	F	100.00	F	100.00
A2I Darty Ouest SNC	F	100.00	F	100.00
A2I Darty Rhône Alpes SNC	F	100.00	F	100.00
A2I Île-de-France SNC	F	100.00	F	100.00
Compagnie Européenne de Commerce et de Distribution SAS "C.E.C.D"	F	100.00	F	100.00
Établissements Darty & Fils SAS	F	100.00	F	100.00
Darty Grand Ouest SNC	F	100.00	F	100.00
Darty Grand Est SNC	F	100.00	F	100.00
Netherlands				
BCC Holding BV	F	100.00	F	100.00
BCC Elektro-Speciaalzaken BV	F	100.00	F	100.00
BCC Holding Amstelveen BV	F	100.00	F	100.00
BCC Vastgoed Holding BV	F	100.00	F	100.00
Bouwerij Amstelveen BV	F	100.00	F	100.00
Bouwerij Amstelveen OG BV	F	100.00	F	100.00
Oude Haagweg Holding BV	F	100.00	F	100.00
Oude Haagweg OG BV	F	100.00	F	100.00
Polectro BV	F	100.00	F	100.00
Polectro Plaza BV	F	100.00	F	100.00
Rivieradreef Holding BV	F	100.00	F	100.00
Rivieradreef OG BV	F	100.00	F	100.00

Company	% interest 12/31/2019		% interest 12/31/2018	
Belgium				
New Vanden Borre	F	100.00	F	100.00
New Vanden Borre Transport	F	100.00	F	100.00
Vanden Borre Kitchen	E	50.00	E	50.00
Other countries				
Darty Asia Consulting Limited (CH)	F	100.00	F	100.00
Fnac Darty Asia Limited (HK)	F	100.00	F	100.00
NATURE & DÉCOUVERTES BANNER				
France				
Nature & Découvertes	F	100.00		
Terre d'Oc évolution	F	100.00		
Belgium				
Nimmer Dor Belgie	F	100.00		
Luxembourg				
Nimmer Dor Luxembourg	F	100.00		
Germany				
Nature & Découvertes Deutschland	F	100.00		

* *UTH = Universal Transfer of Holdings.*

NOTE 40 EXCHANGE RATES USED FOR THE TRANSLATION OF COMPANIES WORKING WITH FOREIGN CURRENCY

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

for €1	2019 Closing rate	2019 Average rate	2018 Closing rate	2018 Average rate
Pound sterling	0.85	0.88	0.89	0.88
Swiss franc	1.09	1.11	1.13	1.15

5.3 / Parent company financial statements

Balance sheet assets

(€ million)	Notes	Gross value	Amortization, depreciation, provisions	As of December 31, 2019 Net value	As of December 31, 2018 Net value
NON-CURRENT ASSETS					
Equity investments		1,955.2	0.0	1,955.2	1,955.2
Other non-current financial assets		9.0	0.0	9.0	3.6
TOTAL NON-CURRENT FINANCIAL ASSETS	3	**1,964.2**	**0.0**	**1,964.2**	**1,958.8**
Property, plant and equipment and intangible assets	4	0.0	0.0	0.0	0.0
TOTAL NON-CURRENT ASSETS		**1,964.2**	**0.0**	**1,964.2**	**1,958.8**
CURRENT ASSETS					
Receivables	5	382.4	0.0	382.4	317.8
Investment securities	6	0.0	0.0	0.0	5.9
Cash and cash equivalents	6	2.5	0.0	2.5	0.0
TOTAL CURRENT ASSETS		**384.9**	**0.0**	**384.9**	**323.7**
TOTAL ASSETS		**2,349.1**	**0.0**	**2,349.1**	**2,282.5**

Balance sheet liabilities

(€ million)	Notes	As of December 31, 2019	As of December 31, 2018
Shareholders' equity			
Share capital		26.5	26.6
Additional paid-in capital		971.3	984.4
Reserves		2.6	2.6
Retained earnings		311.4	328.9
Regulatory provisions		19.9	14.5
Net profit (loss) for the period		(9.0)	(17.4)
TOTAL SHAREHOLDERS' EQUITY	7	**1,322.7**	**1,339.6**
Provisions		**0.0**	**0.0**
Debts			
Bond	8	651.3	655.3
Other financial debt	8	350.0	250.0
Other debts	9	25.1	37.6
TOTAL LIABILITIES		**2,349.1**	**2,282.5**

Income statement

(€ million)	Notes	2019	2018
Operating income		18.7	18.7
Operating expenses		(22.8)	(21.7)
OPERATING INCOME (LOSS)	11	**(4.1)**	**(3.0)**
Charges and interest on debt owed to non-Group entities		(40.0)	(25.5)
Additions/reversals of impairment provisions		0.0	0.0
Other financial income and expense		0.3	(2.5)
NET FINANCIAL INCOME (LOSS)	12	**(39.7)**	**(28.0)**
CURRENT INCOME (LOSS) BEFORE TAX		**(43.8)**	**(31.0)**
Non-recurring income	13	(7.0)	(29.5)
Employee profit-sharing		0.0	0.0
Income tax	14	41.8	43.2
NET INCOME (LOSS) FOR THE PERIOD		**(9.0)**	**(17.4)**

Cash flow statement

(€ million)	Notes	2019	2018
Net income		(9.0)	(17.4)
Income and expense with no impact on cash		5.3	5.4
CASH FLOW		**(3.7)**	**(12.0)**
Change in working capital requirements		(82.9)	(41.0)
CHANGE IN CASH FLOW FROM OPERATING ACTIVITIES	15	**(86.6)**	**(53.0)**
(Acquisitions)/Disposals of non-current operating assets		(0.0)	0.0
Change in non-current financial assets		(5.4)	(1.4)
CHANGE IN CASH FLOW FROM INVESTING ACTIVITIES	15	**(5.4)**	**(1.4)**
Net change in financial debt		101.8	56.4
Change in shareholders' equity		(13.2)	(4.5)
Dividends paid		0.0	0.0
CHANGE IN CASH FLOW FROM FINANCING ACTIVITIES	15	**88.6**	**51.9**
CHANGE IN CASH POSITION		**(3.4)**	**(2.5)**
CASH AT BEGINNING OF PERIOD		**5.9**	**8.4**
CASH AT END OF PERIOD		**2.5**	**5.9**

Change in shareholders' equity and other capital

€ million (before appropriation of earnings)	Number of shares outstanding	Share capital	Additional paid-in capital and other shareholders' equity	Reserves and retained earnings	Net profit (loss) for the period	Shareholders' equity
AS OF DECEMBER 31, 2017	**26,658,135**	**26.7**	**988.8**	**350.6**	**(10.0)**	**1,356.1**
Appropriation of 2017 earnings				(10.0)	10.0	0.0
Capital increase	(52,696)	(0.1)	(4.4)			(4.5)
Regulatory provisions				5.4		5.4
2018 Profit/Loss					(17.4)	(17.4)
AS OF DECEMBER 31, 2018 [(a)]	**26,605,439**	**26.6**	**984.4**	**346.0**	**(17.4)**	**1,339.6**
Appropriation of 2018 earnings				(17.4)	17.4	0.0
Capital increase	(89,867)	(0.1)	(13.1)			(13.2)
Regulatory provisions				5.3		5.3
2019 Profit/Loss					(9.0)	(9.0)
AS OF DECEMBER 31, 2019 [(a)]	**26,515,572**	**26.5**	**971.3**	**333.9**	**(9.0)**	**1,322.7**

(a) €1 par value of shares.

5.4 / Notes

NOTE 1 HIGHLIGHTS OF THE PERIOD

Loan agreement with the European Investment Bank

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

Refinancing of the bond loan

On April 25, 2019, Fnac Darty announced that it had successfully refinanced its senior bonds with a cumulative principal amount of €650 million, composed of a cumulative principal amount of €300 million in senior bonds maturing in 2024, and a cumulative principal amount of €350 million in senior bonds maturing in 2026.

The 2024 bonds will pay an annual coupon of 1.875%. The 2026 bonds will pay an annual coupon of 2.625%. The offering closed and the bonds were issued on May 14, 2019.

After the offering had closed, Fnac Darty used the income from the offering and the available cash to repay in full its outstanding senior bonds of €650 million at 3.25%, maturing in 2023, and to pay the associated premiums, costs, fees and expenses.

The impacts are as follows:

- derecognition of the former debt with an impact on income from premiums, discounts or original charges that were not fully amortized;
- registration of the new debt; and
- spread of the new charges attributable to the new debt.

This transaction also entails the recognition of an expense of €18.7 million corresponding to the early redemption premium for the former bond issue, as well as an expense of €8.3 million related to the deduction of remaining costs associated with the former bond issue.

Employee Stock Ownership Plan

In 2019, Fnac Darty's first Employee Stock Ownership Plan was rolled out for employees in Belgium, Spain, France, the Netherlands, Portugal and Switzerland. Just over 4,500 employees chose to buy Fnac Darty shares on preferential terms. The subscription price per share as part of this transaction was set at €56.24. This was equal to the average opening price of Fnac Darty shares on the Euronext Paris market for the 20 trading days prior to the allotment decision, less a 20% discount. All subscribers to the Offer benefited from a matching contribution made by the Company up to a limit of €700 gross. The Offer resulted in a total gross capital increase of €110,937 through the issuance of 110,937 new shares at a subscription price per unit of €1, on July 17, 2019. 4,522 employees in the six countries concerned, representing 19% of the Group's workforce as of June 30, 2019, chose to subscribe to the Offer. The shares were issued on July 17, 2019. The new shares issued as part of the Offer are ordinary shares of the Company. They were admitted to trading on the Euronext Paris market immediately after their issue, on the same listing line as existing shares. The shares issued will bear immediate rights and will be fully assimilated upon issue to existing shares. The total matching contribution in the consolidated financial statements was expensed as personnel expenses and amounted to €2.7 million net of social security charges. Charges relating to the implementation of the plan were recorded as a deduction on the issue premium. This transaction had no material dilutive impact.

Performance stock option plan

The first tranche of the 2017 performance share plan was vested on May 1, 2019. Given the performance of the Fnac Darty share price and the achievement of the synergy goals, 75% of the options in the first tranche were vested for the beneficiaries in service on May 1, 2019. These options may be exercised between May 2, 2019 and May 1, 2020 at an exercise price of €66.23.

Bonus share plan

On the recommendation of the Appointments and Compensation Committee, on May 23, 2019 the Board of Directors decided to award bonus shares to certain Group employees (210 beneficiaries), excluding the executive corporate officer, in order to make them partners in the Company's performance through an increase in the value of its stock. Settlement will be in equity instruments.

The duration of this plan is three years (May 23, 2019 – May 22, 2022). These shares will only be vested gradually, by tranche, at the end of two successive vesting periods (May 23, 2019 to May 22, 2021 and May 23, 2019 to May 22, 2022), subject to the beneficiary's continued employment within the Group at the end of each vesting period. The vesting of these shares will be subject to a Fnac Darty share performance condition based on the Company's Total Shareholder Return (TSR) compared to that of the companies in the SBF120, as measured in 2021 for 2019-2020 in respect of the first period and in 2022 for 2019-2021 in respect of the second period; to performance conditions associated with achieving a target level of free cash flow assessed in 2021 upon publication of the Group's annual results for 2020, taking into account the cashflow generated by the Group during the years 2019 and 2020 for the first period, and in 2022 upon publication of the Group's annual results for 2021, taking into account the cashflow generated by the Group during the years 2019, 2020 and 2021 for the second period. The Company's performance in the area of corporate, environmental and social responsibility will be assessed by taking into account the Group's non-financial ratings for 2019 and 2020 for the first period, and by taking into account the Group's non-financial ratings for 2019, 2020 and 2021 for the second period.

On the recommendation of the Appointments and Compensation Committee, the Board of Directors meeting of May 23, 2019 decided to award bonus shares to the Executive Corporate Officer, in order to involve him in the Company's performance through the appreciation of its share price. Settlement will be in equity instruments.

The duration of this plan is three years (May 23, 2019 – May 22, 2022). These shares will be vested on expiry of a single vesting period (May 23, 2019 to May 22, 2022), subject to the beneficiary's continued employment within the Group at the end of the vesting period. The vesting of these shares will be subject to a Fnac Darty share performance condition based on the Company's Total Shareholder Return (TSR) compared to that of the companies in the SBF120, as measured in 2022 for the 2019-2021 period in respect of the entire period, and to performance conditions associated with achieving a target level of free cash flow assessed in 2022 upon publication of the Group's annual results for 2021, taking into account the cashflow generated by the Group during the years 2019, 2020 and 2021 for the entire period as well as to performance conditions associated with the Company's corporate, social and environmental responsibility assessed by taking into account the Group's non-financial ratings for 2019, 2020 and 2021 for the entire period.

The 2015 bonus share plan expired on February 28, 2019 for non-French residents. Based on the average closing price of the Fnac Darty share in February 2017 and the performance conditions, 100% of the shares were vested for the beneficiaries in service on February 28, 2019.

The 2017 bonus share plan expired on May 1, 2019 for French residents. Given the performance of the Fnac Darty share price and the achievement of the synergy goals, 87.5% of the shares were vested for the beneficiaries in service on May 1, 2019. These shares may be sold at the end of a two-year holding period.

Treasury stock buyback program

On October 19, 2018, Fnac Darty implemented a treasury stock buyback program, in the amount of 535,000 shares, or approximately 2% of its capital. This program has a maximum term of 24 months and the unit price of each share will be capped at €130. The shares purchased were canceled so as to offset the dilutive effects of performance share plans or past stock option plans. In 2019, the number of shares purchased and cancelled stood at 296,750 shares for an amount of €20.3 million. In total, 495,000 shares have been purchased and then cancelled since the program launched on October 19, 2018. As of December 31, 2019, the mandate has not been renewed.

NOTE 2 ACCOUNTING PRINCIPLES AND POLICIES

The annual financial statements for 2019 were drawn up in accordance with the provisions of ANC regulation 2016-07 on the French General Accounting Plan, established by the French accounting standards authority on November 4, 2016 and approved by the Ministerial Order of December 26, 2016 (Official Journal of December 28, 2016, updated for all regulations amending it thereafter).

General accounting conventions were applied with respect to the principle of prudence and in accordance with basic assumptions (going concern, consistency of accounting policies from one period to the next, independence of periods) and in accordance with the general rules of preparation and presentation of annual financial statements.

These financial statements are presented in euros, Fnac Darty's functional currency. All figures shown are rounded to the nearest thousand.

The basic method used to value the items recognized in the accounts is the historical cost method. The principal methods used are as follows:

2.1 / Non-current financial assets

Equity investments

Securities are classified as “Equity investments” when their ownership is deemed useful to the Company’s operations, particularly because it enables influence or control over the issuing company.

On the entry date, equity investments are recognized at the acquisition cost, including transfer taxes, fees, commissions and legal costs. The Company opted for including the acquisition costs in the entry cost of the shares (opinion of the CNC Emergency Committee of June 15, 2007).

At period-end, the Company values its equity investments in Fnac Darty Participations et Services (FDPS) and Darty Limited at their value-in-use. The value-in-use is determined on the basis of the observed average market capitalization of the Fnac Darty share during a given period, weighted by the objective of the analysts’ consensus. By applying economic criteria, this value-in-use can be allocated between the two subsidiaries. This valuation takes the Company’s debt into account. When this value is lower than the book value, an impairment is recorded for the amount of this difference.

Treasury stock

Treasury stock acquired under a liquidity agreement is recorded in other non-current financial assets. Treasury stock is recognized on the delivery date at acquisition price excluding transaction fees. At the time of sale, the cost price of the shares transferred was established using the First-In-First-Out (FIFO) method.

As of December 31, 2019, Fnac Darty holds 78,750 treasury shares.

2.2 / Receivables and payables

Receivables and payables are recognized at nominal value. Where appropriate, receivables are provisioned to take into account any potential recovery difficulties.

2.3 / Investment securities and cash and cash equivalents

Investment securities are recognized in the balance sheet at their acquisition price.

Acquisition costs of investment securities are expensed in accordance with the option provided by Article 321-10 of the French General Accounting Plan applicable to marketable securities.

Potential impairment provisions are determined by comparing this value with the probable trading value or average share price from the previous month for listed securities.

Sicav

Sicav shares are recognized at their acquisition cost. They are estimated at period-end at their net asset value. Any unrealized capital loss is provisioned for impairment. Any unrealized capital gain is not taken into account.

2.4 / Tax consolidation

Fnac Darty notified the French tax authorities in writing on March 15, 2013 that the company and all of its subsidiaries were opting for the tax consolidation rules for groups implemented by Article 68 of the 1988 finance law. The tax consolidation agreement took effect on January 1, 2013.

The tax consolidation agreement entered into on July 1, 2013 between Fnac Darty and its subsidiaries and second-tier subsidiaries is effective from January 1, 2013. As of December 31, 2019, it covered 24 companies.

Under these rules, Fnac Darty acts as a corporate tax collector for the subsidiaries and is solely responsible for paying this tax to the Public Treasury.

Conditions for distribution of the corporate income tax are as follows:

- the tax paid by each subsidiary is the same as the tax the subsidiary would have incurred if it had not been consolidated for tax purposes; and
- Fnac Darty immediately takes into account the tax savings or expense resulting from the difference between the sum of the tax that would have been paid by each of the companies had they paid their own tax and the tax payable on the total taxable income.

2.5 / Operating income (loss)

Operating income results from income and expense related to the Company’s current operations.

2.6 / Net financial income (loss)

Net financial income (loss) results from the income and expense related to the Company’s financing and cash management.

2.7 / Non-recurring income

Non-recurring income includes income and expense that, by their nature, occurrence or material character, do not fall within the Company’s ordinary operating activities.

2.8 / Performance-based compensation plans

The Company applies the french General Accounting Plan (PCG) Article 642-1 et seq. relating to the accounting treatment of stock options and bonus share allotment plans granted to employees. This regulation stipulates that whenever it is probable that the Company will deliver existing shares to plan beneficiaries, a liability should be recognized on the basis of the probable outflow of resources.

NOTE 3 NET NON-CURRENT FINANCIAL ASSETS

(€ million)	As of December 31, 2018	Increase	Decrease	As of December 31, 2019
Gross value				
Equity investments	**1,955.2**			**1,955.2**
Other non-current financial assets				
Daphni stake	3.6	1.4		5.0
Treasury stock		4.0		4.0
GROSS VALUE	**1,958.8**	**5.4**	**0.0**	**1,964.2**
Impairment				
Equity investments	0.0			0.0
IMPAIRMENT	**0.0**	**0.0**	**0.0**	**0.0**
NET VALUES	**1,958.8**	**5.4**	**0.0**	**1,964.2**

Equity investments

As of December 31, 2019, Fnac Darty held:

- 46,421,807 shares of FDPS (Fnac Darty Participations et Services) out of 46,421,808 shares for a gross value of €838.4 million;
- 31,000 shares of Fnac Luxembourg, out of a total of 31,000 shares, for a gross value of €0.031 million; and
- 529,553,216 shares of Darty Limited out of 529,553,216 shares for a gross value of €1,116.8 million.

At period-end, the Company values its equity investments in Fnac Darty Participations et Services (FDPS) and Darty Limited at their value-in-use. The value-in-use is determined on the basis of the observed market capitalization of the Fnac Darty share over a given period, weighted by the objective of the analysts' consensus. By applying economic criteria, this value-in-use can be allocated between the two subsidiaries. This valuation takes the Company's debt into account. When this value is lower than the book value, an impairment is recorded for the amount of this difference.

These equity investments are consolidated.

Other non-current financial assets

As of December 31, 2019, other non-current financial assets consisted of an equity interest in the Daphni Purple investment fund for €5.0 million, corresponding to a first drawdown of 71% out of a total commitment of €7.0 million. Fnac Darty has agreed to subscribe for the remaining 29% of shares for €2.0 million by 2026.

Treasury stock, historically recorded under investment securities, is now recorded as non-current financial assets and represents an asset of €4.0 million as of December 31, 2019, compared to €3.3 million as of December 31, 2018. In 2019, under the liquidity agreement, 607,677 shares were purchased at an average price of €62.49 for a total amount of €37,972,578, and 589,927 shares were sold at an average price of €63.58 for a total of €37,510,240.

NOTE 4 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

As of December 31, 2019, Fnac Darty had no property, plant and equipment or intangible assets.

NOTE 5 RECEIVABLES

(€ million)	As of December 31, 2019	As of December 31, 2018
Current accounts of subsidiary	354.8	293.4
State – income tax	13.3	0.0
Group customers	7.1	9.9
Other receivables	2.0	4.0
Deferred expenses	5.2	10.5
TOTAL	**382.4**	**317.8**

The negative current account balance of €354.8 million corresponds to a current account debt to the subsidiary Fnac Darty Participations et Services.

The €13.3 million tax receivable arises primarily from the corporate income tax receivable. For the financial year 2019, the company is in excess of payments for €12.1 million.

Receivables from the Group, which amount to €7.1 million, consist of receivables from the subsidiary Fnac Darty Participations et Services and from Group companies internationally.

As of December 31, 2019, the other receivables of €2.0 million relate to the equity interest in the Daphni Purple investment fund.

Prepaid expenses in the amount of €5.2 million primarily reflect the fees and commissions paid in connection with the refinancing of the bond loan and the credit facilities granted for Group financing. The sharp decline compared to 2018 corresponds to the reversal of prior spreads following the refinancing of the bond loan.

NOTE 6 INVESTMENT SECURITIES AND CASH AND CASH EQUIVALENTS

(€ million)	As of December 31, 2019	As of December 31, 2018
Treasury stock	0.0	3.3
Sicav	0.0	2.6
Investment securities	**0.0**	**5.9**
Bank deposits and fund transfers	2.5	0.0
Cash and cash equivalents	**2.5**	**0.0**
CASH DEBT	**2.5**	**5.9**

In 2019, investment securities and cash and cash equivalents were comprised solely of bank deposits and fund transfers in the amount of €2.5 million, including €2.2 million in cash linked to the liquidity agreement.

Treasury stock is now recorded under other non-current financial assets and represents an asset of €4.0 million as of December 31, 2019.

NOTE 7 SHAREHOLDERS' EQUITY

(€ million)	As of December 31, 2019	As of December 31, 2018
Share capital	26.5	26.6
Additional paid-in capital	971.3	984.4
TOTAL SHARE CAPITAL AND PREMIUMS	**997.8**	**1,011.0**
Legal reserve	2.6	2.6
Regulated reserves	0.0	0.0
Other reserves	0.0	0.0
TOTAL RESERVES	**2.6**	**2.6**
Retained earnings	311.4	328.9
Regulatory provisions	19.9	14.5
Net profit (loss) for the period	(9.0)	(17.4)
TOTAL SHAREHOLDERS' EQUITY	**1,322.7**	**1,339.6**

Over the course of 2019, a number of transactions have affected the share capital:

- a share capital decrease of €0.3 million corresponding to the cancellation of 296,750 shares under the share buyback program;
- a share capital increase of €0.1 million linked to the creation of 110,937 shares under the stock ownership plan for employees; and
- a share capital increase of €0.1 million corresponding to the allotments of bonus shares and performance options.

The net decrease of €13.1 million in additional paid-in capital corresponds to the decrease in capital linked to the share buyback program for €20.0 million, offset by the €5.7 million increase linked to the stock ownership plan for employees (net of issue fees) and by the €1.2 million increase corresponding to the allotments of bonus shares and performance options.

The change in reserves and retained earnings corresponds to the appropriation of Fnac Darty's 2018 earnings.

The regulatory provisions represent the exceptional fiscal amortization of the costs for the Darty acquisition, for a total of €19.9 million as of December 31, 2018.

NOTE 8 FINANCIAL DEBT

As of December 31, 2019, Fnac Darty's financial debt was comprised of four components:

- **bond loans:** on May 15, 2019, Fnac Darty completed the transaction to renegotiate its bond issue after successfully refinancing its senior bonds with a cumulative principal amount of €650 million, composed of a cumulative principal amount of €300 million in senior bonds maturing in 2024, and a cumulative principal amount of €350 million in senior bonds maturing in 2026. The proceeds from the issue were used to fully repay the €650 million in outstanding senior bonds at 3.25% maturing in 2023;
- **medium-term loan:** a drawdown of €200 million on a medium-term loan (Senior Term Loan Facility) was made in 2016 and appears on the Fnac Darty balance sheet. Though it had originally been repayable from the thirtieth month after it was drawn, the repayment schedule was postponed by two years following a renegotiation that was finalized on April 18, 2018;

- **loan agreement with the European Investment Bank:** on February 18, 2019, Fnac Darty announced the signing of a loan agreement in the amount of €100 million with the European Investment Bank (EIB). Concluded as part of the "Juncker Plan", this loan is intended to finance the Group's digital transformation investments to support the roll-out of Confiance+. This financing has a maximum maturity of nine years, under very attractive terms. As of December 31, 2019, €100 million of the EIB credit line was used; and
- **negotiable debt instruments:** Fnac Darty also implemented a program of short-term negotiable debt instruments in 2018, designed to replace the drawdowns on the revolving credit facility for the Group's seasonal financing needs. This program, with a ceiling of €300 million, consists of issues made on the short-term debt market, with a maximum maturity of one year. As of December 31, 2019, €50 million of this program had been used: the minimum outstanding threshold maintained throughout the year to support the program on its market.

	As of December 31, 2019			
(€ million)	**Total**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**
Bond	651.3	1.3	300.0	350.0
Medium-term credit facility	200.0	20.0	180.0	
European Investment Bank loan	100.0		33.4	66.6
Negotiable debt instruments	50.0	50.0		
FINANCIAL DEBT	**1,001.3**	**71.3**	**513.4**	**416.6**

The drawdowns under the Loan Agreement (Senior Term Loan Facility) bear interest at a rate equal to the sum of the Euribor reference rate for the period and a margin that can be adjusted based on the Group's rating. Based on the BB/Ba2 rating obtained by the Group in September 2016, the applicable margin is 1.70% for the medium-term loan.

The bonds bear annual interest at 1.875% and 2.625% and are redeemable in 2024 and 2026 respectively (High Yield Bonds). Interest is payable half-yearly. The High Yield Bonds are listed for trading on the Global Exchange Market of the Irish Stock Exchange.

These bonds are redeemable in whole or in part at any time until May 30, 2021 for the 2024 bonds and until May 30, 2022 for the 2026 bonds, at a price equal to the amount of the nominal value plus an early repayment premium and accrued interest not yet due. From May 30, 2021 for the 2024 bonds and May 30, 2022 for the 2026 bonds, they will be redeemed in whole or in part for the values shown in the table below:

2024 Bonds

Redemption period commencing:	**Redemption price** *(as % of the principal)*
May 30, 2021	100.9375%
May 30, 2022	100.4688%
May 30, 2023 and beyond	100.0000%

2026 Bonds

Redemption period commencing:	**Redemption price** *(as % of the principal)*
May 30, 2022	101.3125%
May 30, 2023	100.6563%
May 30, 2024 and beyond	100.0000%

The redemption premiums will be amortized over the life of the loan as applicable.

NOTE 9 OTHER DEBTS

(€ million)	As of December 31, 2019	As of December 31, 2018
Tax consolidation current accounts	8.3	0.0
Tax and social security liabilities	4.9	22.6
Other liabilities	11.9	15.0
TOTAL	**25.1**	**37.6**

The tax consolidation current account credit balance of €8.3 million corresponds to the excess of payments made by the subsidiaries in respect of tax consolidation.

The change in tax and social security liabilities is due to the integration of Darty Holdings into the tax consolidation scope in 2018.

As of December 31, 2019, the other liabilities consist of Group royalties invoiced by FDPS, suppliers' general expenses, Fnac Darty's commitment of €2.0 million in the context of its stake in the Daphni Purple fund and interest not yet due on lines of credit in the amount of €2.0 million.

NOTE 10 OFF-BALANCE SHEET COMMITMENTS

Retirement benefits

The Company applies the option provided by ANC Recommendation 2013-02 to recognize all retirement and similar commitments as off-balance sheet commitments. The amount of the retirement benefits was €1.4 million as of December 31, 2019, and €0.9 million as of December 31, 2018.

The main actuarial assumptions used to estimate the retirement commitments of Fnac Darty are as follows:

	2019	2018
Discount rate	0.80%	1.65%
Expected rate of increase in salaries	1.50%	1.50%

Other commitments

In the context of the Darty acquisition, the Group established new sources of financing intended to fund the cash component of the acquisition and to refinance all existing borrowings and bank lines in each of the two companies.

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

- a medium-term loan (Senior Term Loan Facility) in the amount of €200 million, amortizable from the fifty-fourth month, compared to the thirtieth month initially, following the renegotiation conducted in 2018;
- a revolving credit facility in the amount of €400 million to finance fluctuations in cash flows related to the seasonal nature of its business.

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

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

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

It should also be noted that the revolving credit facility for €400 million was not drawn as of December 31, 2019 and thus represents an off-balance sheet commitment received.

NOTE 11 OPERATING INCOME

(€ million)	2019	2018
Group royalties	13.4	13.7
Other reinvoicings	5.2	4.4
Payroll expenses	(6.7)	(6.3)
Purchasing, external costs, and income and other taxes	(16.1)	(15.4)
Net amortization and depreciation and provisions	0.0	0.0
Other income and expense	0.1	0.6
TOTAL	**(4.1)**	**(3.0)**

In 2019, purchasing, external costs, and income and other taxes were primarily comprised of bond borrowing costs of €9.5 million, Group registered office costs of €3.2 million and miscellaneous fees of €1.8 million.

NOTE 12 NET FINANCIAL INCOME

(€ million)	2019	2018
Charges and interest on debt	(40.0)	(25.5)
Additions/reversals of impairment provisions	0.0	0.0
Other financial income and expense	0.3	(2.5)
TOTAL	**(39.7)**	**(28.0)**

In 2019, net financial income principally reflects the financial interest expense on the bond and the medium-term loan. It also includes an €18.7 million expense related to the early redemption premium for the former bond issue. In 2018, net financial income principally reflected the financial interest expense on the bond and the medium-term loan.

The change in other financial income and expense can be largely explained by the capital gain on the disposal of treasury shares in the amount of €0.3 million, carried out under the liquidity agreement, compared with a €2.5 million loss in 2018.

NOTE 13 NON-RECURRING INCOME

(€ million)	2019	2018
Exceptional amortization	(5.3)	(5.4)
Fine from the French Competition Authority	0.0	(20.0)
Other	(1.7)	(4.1)
TOTAL	**(7.0)**	**(29.5)**

In 2019, non-recurring income consisted primarily of exceptional amortization of €5.3 million related to the fiscal amortization of the costs of the Darty acquisition. The other item for €1.7 million consists primarily of costs and fees related to recent acquisitions.

In 2018, non-recurring income was an expense of €29.5 million and consisted primarily of the €20.0 million fine imposed by the French Competition Authority and of exceptional amortization of €5.4 million related to the fiscal amortization of the costs of the Darty acquisition. The other item consists primarily of costs and fees associated with the consolidation of Darty and other costs and fees associated with litigation.

NOTE 14 INCOME TAX

(€ million)	2019	2018
Tax consolidation gain/loss	41.8	43.2
TOTAL	**41.8**	**43.2**

In 2019, net profit from tax consolidation amounted to €41.8 million against a fiscal profit of €43.2 million in 2018.

The cumulative total of Fnac Darty tax deficit carry forwards as of December 31, 2019 was €198.5 million.

NOTE 15 CASH FLOW STATEMENT

In 2019, the net change in the cash position represented a decline of €3.4 million. This decline is primarily linked to:

- the decline in the change in cash position resulting from operating activities in the amount of €86.6 million, which is primarily associated with the €85.9 million increase in the current account receivable to the subsidiary Fnac Darty Participations et Services;
- the decline in the change in cash position resulting from investing activities in the amount of €5.4 million, which is associated with the two Daphni Purple calls for €1.4 million, and the reclassification of treasury stock under non-current financial assets in the amount of €4.0 million; and
- the improvement in the change in cash position resulting from financing activities in the amount of €88.6 million is primarily associated with the provisioning of funds under the €100 million loan agreement concluded with the European Investment Bank. The €13.2 million net decrease in shareholders' equity is linked to the cancellation of 296,750 shares as part of the treasury share buyback program carried out by the Group in 2019 for a total of €20.3 million, partially offset by capital increases resulting from the Employee Stock Ownership Plan for €5.8 million and the settlement of performance stock option plans for €1.3 million.

In 2018, the net change in the cash position represented a decline of €2.5 million. This decline was primarily linked to:

- the decline in the change in cash position resulting from operating activities in the amount of €53.0 million, which is primarily associated with the €50.0 million increase in the current account receivable to the subsidiary Fnac Darty Participations et Services;
- the decline in the change in cash position resulting from investing activities in the amount of €1.4 million, associated with the two calls for funds from Daphni Purple; and
- the improvement in the change in cash position resulting from financing activities in the amount of €51.9 million, primarily associated with the use of €50.0 million of the short-term negotiable debt instrument program implemented in 2018, which was intended to replace the drawdowns on the revolving credit facility. The change in cash flow from financing activities also includes the effects on cash flow of the Employee Stock Ownership Plan and the stock buyback program.

NOTE 16 OTHER INFORMATION

16.1 / Compensation paid to the Chairman of the Board of Directors

In 2019, the gross amount paid to Jacques Veyrat, Chairman of the Board of Directors, for his duties during 2019 amounted to €200,000.

This payment consists of fixed annual compensation only, as the Chairman of the Board stopped receiving compensation in respect of his directorship as of the date of his appointment as Chairman.

16.2 / Compensation paid to the Chief Executive Officer

In 2019, the gross amount paid to Enrique Martinez, Chief Executive Officer, for his current duties, including benefits in kind, other benefits and supplementary pension scheme contributions, amounted to €1,328,034, of which €750,000 represented his fixed annual compensation, €540,177 represented his 2018 variable annual remuneration following approval by the General Meeting of May 23, 2019, €17,158 represented benefits in kind and other benefits, €11,156 represented supplementary pension scheme contributions and €9,543 represented provident insurance plan contributions.

The Chief Executive Officer does not receive any compensation in respect of his directorship.

16.3 / Average number of employees

In 2019, the average number of employees of Fnac Darty was nine.

16.4 / Related-party transactions

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

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

Until May 23, 2019, the date of the last General Meeting, the Vivendi Universal Group had two independent members on the Board of Directors of Fnac Darty, although it is not a shareholder. On this date, their directorships expired and were not renewed. Therefore, the Vivendi group is no longer a related party.

As a reminder, as of December 31, 2018, the Ceconomy Retail International group held 24.3% of the share capital and 24.3% of the voting rights of Fnac Darty. There were no transactions between Fnac Darty consolidated companies and the Ceconomy Retail International group.

As of December 31, 2018, the SFAM company held 11.4% of the share capital and 11.4% of the voting rights of Fnac Darty. There were no transactions between Fnac Darty consolidated companies and the SFAM company.

16.5 / Supplier and customer payment schedules

(€ million)	Invoices received, not paid and due at period-end							Invoices issued, not paid and due at period-end						
	Invoices not yet due	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total 1 day and over	Invoices not yet due	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total 1 day and over
A) Late payment tranches														
Number of invoices concerned	40	0					0	13	0					0
Total inc. tax of invoices concerned	3.9	0.0	0.0	0.0	0.0	0.0	0.0	7.1	0.0	0.0	0.0	0.0	0.0	0.0
Fnac Darty	*3.9*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*7.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Percentage of total inc. tax for purchases for the period	22.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%							
Percentage of revenues inc. tax for the period								33.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
B) Invoices excluded from A) for disputed or unrecognized payables and receivables														
Number of invoices excluded	18							None						
Total inc. tax of invoices excluded Invoices not arrived	3.4							None						
C) Reference payment deadlines used (contractual or legal period – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)														
Payment deadlines used to calculate late payments	Contractual deadlines: general expenses = 45 days end of month Contractual deadlines: Group invoices = 25th of the following month Legal deadlines: 60 days from invoice date							Contractual deadlines: Group invoices = 25th of the following month Legal deadlines: 60 days from invoice date						

NOTE 17 INFORMATION ON POST-BALANCE SHEET EVENTS

Based on its solid business model, Fnac Darty will launch a shareholder return policy this year, with a target payout ratio between 30% and 40%. A recommendation will be made at the General Meeting on May 28, 2020 for the distribution of an ordinary dividend of €1.50 per share for 2019, corresponding to a distribution rate of 35%, in line with the objectives. This dividend will be payable in cash or in shares, with a 5% discount, at the discretion of the shareholder. The ex-dividend date will be June 4, 2020 and the dividend payment date July 3, 2020.

NOTE 18 TABLE OF SUBSIDIARIES AND SHAREHOLDINGS

(€ million)	Share capital	Shareholders' equity excluding capital & income	Share of capital held	Book value of securities held: Gross	Book value of securities held: Net	Loans made by Fnac Darty not yet repaid	Guarantees and endorsements given by Fnac Darty	Revenues before tax of previous period	Profit or (loss) for last period ended	Dividends received by Fnac Darty during the period
Subsidiaries owned at +50%										
Fnac Darty Participations et Services	325.0	232.2	99.99%	838.4	838.4	354.9	0.0	3,832.3	134.3	0.0
Darty Limited	155.6	8.6	100%	1,116.8	1,116.8	0.0	0.0	0.0	(1.3)	0.0
FNAC Luxembourg SA	0.03	0.0	100%	0.0	0.0	0.0	0.0	1.8	(0.5)	0.0

NOTE 19 FIVE-YEAR RESULTS

Five-year results	2019	2018	2017	2016	2015
CAPITAL AT PERIOD-END					
Share capital *(€)*	26,515,572.0	26,605,439.0	26,658,135.0	26,122,771.0	16,687,774.0
Number of ordinary shares outstanding	26,515,572	26,605,439	26,658,135	26,122,771	16,687,774
Transactions and results for the period *(€ thousand)*					
Income from ordinary operating activities	18,626.7	18,117.8	16,873.2	20,311.4	28,896.0
Earnings before tax, employee profit-sharing, amortization, depreciation and provisions	(45,482.6)	(55,170.5)	(31,883.5)	(54,961.5)	(15,409.5)
Employee profit-sharing payable for the period	(5.3)	(16.1)	(13.3)	(10.0)	(13.1)
Income tax (expense)/credit	41,826.7	43,193.2	27,369.0	33,162.1	26,108.2
Earnings after tax, employee profit-sharing, and amortization, depreciation and provisions	(8,992.9)	(17,422.9)	(10,053.8)	138,832.0	174,684.5
Distributed earnings	0.0	0.0	0.0	0.0	0.0
DATA PER SHARE *(€)*					
Earnings after tax, employee profit-sharing, and before amortization, depreciation and provisions	(0.14)	(0.45)	(0.17)	(0.83)	0.64
Earnings after tax, employee profit-sharing, and amortization, depreciation and provisions	(0.34)	(0.65)	(0.38)	5.31	10.47
Dividend:					
net dividend per share	0.0	0.0	0.0	0.0	0.0
EMPLOYEES					
Average number of employees during the period	9.0	10.0	11.0	11.0	10.0
Total payroll for the year *(€ thousand)*	4,653.4	3,793.2	8,737.3	14,879.5	21,753.9
Amount paid for employee benefits for the period *(€ thousand)*	2,065.3	2,507.3	3,416.5	4,002.2	5,193.3

5.5 / Material change in financial or commercial positions

To the best of Fnac Darty's knowledge, no event likely to have a material influence on Fnac Darty's activity, financial position and net assets has occurred since December 31, 2019.

5.6 / Auditors' Report on the consolidated financial statements

Year ended December 31, 2019

To the Fnac Darty General Meeting,

Opinion

In execution of the mission assigned to us by the General Meetings, we have audited the Fnac Darty consolidated financial statements for the year ended December 31, 2019, as attached to this report.

We hereby certify that the consolidated financial statements present a true and fair view of the results of the operations for the past year and of the financial position and net assets at period-end of the group formed by the persons and entities included in the consolidation in accordance with IFRS guidelines as adopted in the European Union.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis of the opinion

Audit standards

We conducted our audit in accordance with professional standards applicable in France. We believe the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our responsibilities under these standards are set forth in the section "Responsibilities of the Auditor for auditing the consolidated financial statements" contained in this report.

Independence

We conducted our audit in compliance with the applicable rules on independence over the period from January 1, 2019 to the date we issued our report, and specifically we provided no services prohibited by Article 5, Section 1 of Regulation (EU) 537/2014 or by the Code of Ethics of the auditing profession.

Observation

In due respect of the opinion expressed above, we wish to draw your attention to note 2.2.2 "Standards, amendments and interpretations adopted by the European Union and mandatory for reporting periods beginning on or after January 1, 2019" of the Notes to the consolidated financial statements, which sets out the procedures used and the implications of the first application of IFRS 16 "Leases" as of January 1, 2019.

Justification of the assessments – Key points of the audit

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code regarding the justification of our assessments, we are hereby informing you of the key points of the audit relating to material risks of anomalies which, in our professional judgment, were the most important for the audit of the consolidated financial statements for the year, and our responses to these risks.

The assessments made are part of our process of auditing the consolidated financial statements as a whole and thus contributed to our opinion as expressed above. We are expressing no opinion on elements of these consolidated financial statements taken in isolation.

Valuation and recognition of discounts and commercial cooperation received and to be received from suppliers

(Notes 2.3.2 and 2.19 of the Notes to the consolidated financial statements)

Risk identified	Audit response provided
Within the Group, there is a large number of purchasing contracts and agreements with suppliers that stipulate: ■ commercial discounts given to the Group based on quantities purchased or other contractual conditions, such as reaching thresholds or growth in purchasing volumes ("discounts"); ■ amounts paid to the Group in respect of services rendered to suppliers ("commercial cooperation"). Discounts and commercial cooperation received and to be received by the Group from its suppliers are valued on the basis of contracts signed with suppliers. These are recognized as a reduction in the cost of sales. Given the large number of contracts and the features specific to each supplier, the correct valuation and recognition of discounts and commercial cooperation to be received with respect to contractual provisions and annual purchasing volumes constitute a key point of the audit.	We were informed of the internal control process and key controls established by the Group concerning the process to value and recognize discounts and commercial cooperation, and tested their effectiveness on a sampling of contracts. Our other work, involving surveys, consisted of: ■ reconciling the commercial terms used in the calculation of discounts and commercial cooperation with the conditions stipulated in the purchasing contracts and agreements with suppliers; ■ comparing the estimates made of discount and commercial cooperation amounts for the previous year with the corresponding actual data in order to assess the reliability of the estimation process; ■ corroborating the volumes of business chosen with the volumes of business recorded in the Group's purchasing information systems to calculate the expected amount of discounts; ■ obtaining evidence of the completion of the services rendered as of December 31, 2019; ■ obtaining evidence of payment for amounts already collected as of December 31, 2019.

Valuation of the Darty and Vanden Borre brands

(Notes 2.3.2, 2.7, 2.10, 16 and 19 of the Notes to the consolidated financial statements)

Risk identified	Audit response provided
The Darty and Vanden Borre brands are recognized for a net amount of €301.7 million and €35.3 million, respectively. They were valued using the relief from royalty method *(for royalties received from franchisees for use of the brand)* by an independent expert, for the purpose of allocating the Darty purchase price in 2016. During each fiscal year, when events or circumstances indicate that impairment is likely to occur, management ensures that the net book value of these brands is not greater than their recoverable value. The recoverable value of the brands is their fair value minus exit costs or their value-in-use, whichever is higher. The recoverable value of the brands was determined on the basis of their value-in-use, which is calculated by discounting the royalty savings generated by and received from the franchisees for the use of the brand (net of maintenance costs and taxes). Royalty savings projections were made in the second half of the year, for a three-year period, based on budgets and medium-term plans. To calculate recoverable value, a terminal value equal to capitalization in perpetuity of a normative saving is added to the value of the expected future savings. In this context, we considered the measurement of the recoverable value and specifically the calculation of the recoverable value of the Darty and Vanden Borre brands to be a key point of the audit because of their particularly material amount on the balance sheet assets as of December 31, 2019, uncertainties related to the probability of achieving the budgets and medium-term plans used as the basis for projections of flows of future royalty savings used in the measurement of their recoverable value, and sensitivity to changes in the data and assumptions on which the estimates were based.	We were informed of the process implemented by management in order to determine the value-in-use of the Darty and Vanden Borre brands. Our work consisted of: ■ assessing the relevance of the principles and method for determining values-in-use in terms of market practices used to value brands; ■ assessing the consistency of the projected revenue growth rates with available outside analyses; ■ assessing the royalty rates applied to the brands in calculating value based on future revenues; ■ assessing the reasonable nature of the discount rates applied to the estimated royalty flows, specifically by verifying that the various parameters comprising the weighted average cost of capital for each brand approaches the rate of return expected by market participants for similar activities. We also assessed the appropriateness of the information presented in note 19 of the Notes to the consolidated financial statements.

Assessment of goodwill allocated to the France cash generating unit (CGU)

(Notes 2.3.2, 2.6, 2.10, 15 and 19 of the Notes to the consolidated financial statements)

Risk identified	Audit response provided
CGUs containing goodwill are subject to a systematic annual impairment test in the second half of the year and whenever events or circumstances indicate that a loss of value may occur. If the recoverable value of a CGU is lower than its net book value, an impairment is recognized. The recoverable value of a CGU is its fair value less exit costs or its value-in-use, whichever is higher. Value-in-use is determined in relation to projections of the expected future cash flows of a CGU, taking into account the time value and specific risks related to the CGU. Cash flow projections were made during the second half of the year, for a period of three years, based on budgets and medium-term plans. For the value-in-use calculation, a terminal value equal to capitalization in perpetuity of a normative annual cash flow is added to the value of expected future cash flows. As of December 31, 2019, the net book value of the goodwill allocated to the France CGU was €1,512.7 million. We considered the measurement of the recoverable value of the goodwill allocated to the France CGU to be a key point of the audit because of its weight in total assets as of December 31, 2019, uncertainties related to the probability of achieving the projected future cash flows used in the measurement of the value-in-use, and sensitivity to changes in the financial data and assumptions used.	We were informed of the process implemented by management to determine the recoverable value of the goodwill allocated to the France CGU. Our work consisted of: ■ verifying the items comprising the net asset value of the France CGU to which the goodwill is attached; ■ ensuring that the principles and methods for determining the recoverable value of the France CGU are consistent with IAS 36; ■ assessing the reasonableness of the cash flow projections for the France CGU in terms of management’s assumptions and the economic environment in which the Group operates in France; ■ assessing the consistency of the growth rate used for projected flows for calculating the terminal value with information from available outside analyses; ■ assessing the reasonableness of the discount rate applied to the estimated cash flows by specifically verifying that the various parameters comprising the weighted average cost of capital of the France CGU approaches the rate of return expected by market participants for similar activities; ■ comparing the accounting estimates of cash flow projections from previous periods with the corresponding actual data in order to assess reliability. We also assessed the appropriateness of the information presented in notes 15 and 19 to the consolidated financial statements.

Appraisal of rights of use and lease liabilities recognized at the beginning of the financial year for the first application of IFRS 16 "Leases"

(Notes 2.2.2, 2.3.2, 2.8, 18 and 28.2 of the Notes to the consolidated financial statements)

Risk identified	Audit response provided
The Group has applied the new IFRS 16 standard on lease agreements since January 1, 2019. According to this standard, a contract is a lease agreement or contains a lease component if it grants the right to control the use of an identified asset for a certain period in exchange for payment. The lessee recognizes assets meeting this definition in the statement of consolidated financial position, with a right of use in assets and a lease liability for lease payments to be made in liabilities. The Group followed the so-called "modified retrospective" approach for its first application of the standard. Under this method, the 2018 financial statements were not restated and the impact of the first application was recognized in the statement of consolidated financial position consolidated as of January 1, 2019. The first application of IFRS 16 led to the recognition on January 1, 2019 of rights of use of €956.3 million and lease liabilities of €987.1 million. The Group determined the lease debt on the transition date by taking into account the residual lease term and the marginal borrowing rate for each agreement as of January 1, 2019. As stated in note 2.2 of the Notes to the financial statements, when the Group prepared its consolidated financial statements as of December 31, 2019, it did not apply the IFRS IC decision of December 16, 2019 on the determination of the lease term and the link between lease terms and the period of depreciation of non-removable leasehold improvements. This was because it had insufficient time to carry out the analyses that will allow the precise effects to be determined. The first application of IFRS 16 "Leases" is one of the key points of our audit because the impact estimates to be recognized on the transition date involve the application by management of material judgments and estimates in various areas. These include the determination of the duration of lease agreements and the discount rate to be used.	We have read the procedure and familiarized ourselves with the information systems and the key controls set up by the Group in relation to the process of collating and accounting for lease agreements, to assess whether the transition procedure can identify and list all the agreements that may include a lease component. We spot-tested the design and operational efficiency of the general IT and operational controls in place. Our work also consisted of: ■ corroborating, by sampling, the information used to calculate rights of use and lease obligations with the underlying contractual documents; ■ evaluating the relevance of the criteria and assumptions considered by the Group in determining the duration of the lease, based on a sample of contracts; ■ evaluating the reasonableness of the methodology used and the main assumptions made; we also ascertained, by sampling, that they were used correctly in calculating the rights of use and the lease liabilities; ■ recalculating the rights of use and the lease liabilities on all contracts, based on information extracted from the IT tool used by the Group. We also assessed the appropriateness of the information presented in notes 2.8, 18 and 28.2 to the consolidated financial statements.

Specific verifications

Consistently with professional standards applicable in France, we also performed the specific verifications required by the legal and regulatory requirements of information relating to the Group, provided in the Board of Directors' Management Report.

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

We certify that the declaration on the consolidated non-financial performance provided for by Article L. 225-102-1 of the French Commercial Code is included in the information relating to the Group given in the Management Report, on the understanding that, pursuant to the provisions of Article L. 823-10 of the said Code, we have not verified the fairness or consistency of the information contained in this report with the consolidated financial statements, and that it must be the subject of a report by an independent third party.

Information arising out of other legal and regulatory requirements

Appointment of the Auditors

Deloitte & Associés was appointed auditor of Fnac Darty by the General Meeting of June 22, 1993, and KPMG Audit, a division of KPMG S.A., was appointed at the General Meeting of April 17, 2013.

As of December 31, 2019, the two firms were in the seventh year of their appointment since the Company's shares were admitted to trading on a regulated market. Deloitte & Associés is in the twenty-seventh year of its appointment without interruption, and KPMG S.A. in its seventh year.

Responsibilities of management and the individuals comprising corporate governance for the consolidated financial statements

It is the responsibility of management to prepare consolidated financial statements that present a fair image, in accordance with IFRS guidelines as adopted in the European Union, and to implement the internal controls it believes necessary for the preparation of consolidated financial statements containing no material anomalies, whether as a result of fraud or error.

During preparation of the consolidated financial statements, it is management's responsibility to assess the Company's ability to continue operations, to present in these statements any information concerning operating as a going concern, and to apply the going concern accounting principle, unless it is planned to liquidate the Company or cease operations.

It is the responsibility of the Audit Committee to monitor the process of preparing the financial information and to monitor the effectiveness of the internal control and risk management systems and, if applicable, the internal audit system, with regard to the procedures for preparing and processing the accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the Auditor for auditing the consolidated financial statements

Audit purpose and approach

It is our responsibility to prepare a report on the consolidated financial statements. Our goal is to obtain reasonable assurance that the consolidated financial statements, considered in their entirety, contain no material anomalies. Reasonable assurance corresponds to a high level of assurance without, however, guaranteeing that an audit conducted in accordance with professional standards will systematically detect any material anomaly. Anomalies may result from fraud or error and are considered material when one can reasonably expect that, individually or together, they could influence the economic decisions made by users of the financial statements based on those statements.

As specified by Article L. 823-10-1 of the French Commercial Code, our mission to certify the financial statements does not consist of guaranteeing the viability or quality of your Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the auditor exercises professional judgment throughout the audit. Moreover:

- the auditor identifies and measures the risks that the consolidated financial statements contain material anomalies, whether as a result of fraud or error, defines and implements audit procedures in light of these risks, and collects information deemed sufficient and appropriate on which to base an opinion. The risk of failure to detect a material anomaly resulting from fraud is greater than the risk of failure to detect a material anomaly resulting from error, because fraud may involve collusion, falsification, voluntary omissions, false statements or bypassing of internal controls;
- the auditor reviews the internal controls relevant to the audit in order to define appropriate audit procedures under the circumstances, and not in order to express an opinion on the effectiveness of the internal controls;

- the auditor assesses the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as information on these elements provided in the consolidated financial statements;
- the auditor assesses the appropriateness of management's application of the going concern accounting convention and, based on information collected, the existence or absence of material uncertainty related to events or circumstances that could call into question the Company's ability to continue operations. This assessment is based on information collected up to the date of the auditor's report; it is, however, noted that subsequent circumstances or events could call into question the Company operating as a going concern. If the auditor concludes that a material uncertainty exists, he calls the attention of readers of the audit report to information provided in the consolidated financial statements concerning this uncertainty or, if this information is not provided or is not pertinent, the auditor certifies with reservations or refuses to certify the financial statements;
- the auditor assesses the overall presentation of the consolidated financial statements and evaluates whether they reflect and provide a fair picture of the underlying transactions and events;
- for financial information on persons or entities included within the scope of consolidation, the auditor collects information believed to be sufficient and appropriate in order to express an opinion on the consolidated financial statements. The auditor is responsible for the management, supervision and completion of the audit of the consolidated financial statements and for the opinion on those statements.

Report to the Audit Committee

We are submitting a report to the Audit Committee specifically describing the scope of the audit work and the work conducted, as well as the conclusions arising from our work. We are also informing the Committee of any significant weaknesses in the internal controls we have identified in the procedures for preparing and processing the accounting and financial information.

The elements communicated in the report to the Audit Committee include the risks of material anomalies which we believe were the most important for the audit of the annual consolidated financial statements and which therefore constitute the key points of the audit which it is our responsibility to describe in this report.

We are also providing the Audit Committee with the declaration stipulated by Article 6 of Regulation (EU) 537/2014 confirming our independence, under the rules applicable in France specifically as established by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics for the auditing profession. As necessary, we discuss with the Audit Committee any risks impacting our independence and the safeguards taken.

Paris La Défense, March 13, 2020

Statutory Auditors

Deloitte & Associés	KPMG Audit
	A department of KPMG S.A.
Stéphane Rimbeuf	Éric Ropert
Partner	*Partner*

5.7 / Auditors' Report on the annual financial statements

Year ended December 31, 2019

To the Fnac Darty General Meeting,

Opinion

In execution of the mission assigned to us by the General Meetings, we have audited the Fnac Darty annual financial statements for the year ended December 31, 2019, as attached to this report.

We hereby certify that the annual financial statements present a true and fair view of the results of the operations for the past year and of the financial position and net assets of the Company at year-end in accordance with French accounting rules and principles.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis of the opinion

Audit standards

We conducted our audit in accordance with professional standards applicable in France. We believe the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our responsibilities under these standards are set forth in the section "Responsibilities of the Auditor for auditing the annual financial statements" contained in this report.

Independence

We conducted our audit in compliance with the applicable rules on independence over the period from January 1, 2019 to the date we issued our report, and specifically we provided no services prohibited by Article 5, Section 1 of Regulation (EU) 537/2014 or by the Code of Ethics of the auditing profession.

Justification of the assessments – Key points of the audit

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code regarding the justification of our assessments, we are hereby informing you of the key points of the audit relating to material risks of anomalies which, in our professional judgment, were the most important for the audit of the annual financial statements, and our responses to these risks.

The assessments made are part of our process of auditing the annual financial statements as a whole and thus contributed to our opinion as expressed above. We are expressing no opinion on elements of these annual financial statements taken in isolation.

Valuation of equity investments

(Notes 2.1 "Non-current financial assets", 3 "Net non-current financial assets" and 18 "Table of subsidiaries and shareholdings" in the Notes to the annual financial statements)

Risk identified	Audit response provided
As of December 31, 2019, equity investments are recorded on the balance sheet at a net book value of €1,955.2 million, or 83.23% of total assets, including Fnac Darty Participations et Services securities for €838.4 million and Darty Limited securities for €1,116.8 million. On the entry date, they are recognized at acquisition cost, including related costs and fees. At period-end, the gross value of equity investments is compared to their value-in-use. The value-in-use of the equity investments of Fnac Darty Participations et Services and Darty Limited is determined on the basis of observation of Fnac Darty's market capitalization over a given period, weighted by the consensus target price agreed by analysts. This valuation takes the Company's debt into account. By applying economic criteria, this value-in-use can be allocated between the two subsidiaries. When this value is lower than the acquisition cost of the securities, an impairment is recorded for the amount of this difference. Estimating the value-in-use of equity investments requires a substantial amount of judgment on the part of management, in particular to determine and allocate this value-in-use between the two subsidiaries. In view of the weight of equity investments on the balance sheet and in the valuation model used, we considered accurate appraisal of the equity investments to be a key point of our audit.	In order to assess the reasonableness of the estimated value-in-use of the equity investments and their allocation between the subsidiaries of Fnac Darty Participations et Services and Darty Limited, based on the information provided to us, our work consisted primarily of: ■ verifying that the estimate of the value-in-use determined by management is based on an appropriate justification of the valuation method and the data used; ■ recalculating this value-in-use by our valuation experts; ■ verifying the consistency and arithmetical control of how the chosen allocation criteria were distributed between the equity investments of the subsidiaries of Fnac Darty Participations et Services and Darty Limited.

Specific verifications

Consistently with professional standards applicable in France, we also performed the specific verifications required by the legal and regulatory requirements.

Information provided in the Management Report and other documents on financial position and the annual financial statements sent to shareholders

We have no observations to make as to the fair presentation and consistency with the annual financial statements of the information provided in the Board of Directors' Management Report, the documents on the financial position, and the annual financial statements sent to shareholders.

We certify the fairness and consistency with the financial statements of the information regarding the payment periods outlined in Article D. 441-4 of the French Commercial Code.

Information on corporate governance

We certify the existence of the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code in the section of the Board of Directors' Management Report on corporate governance.

As regards the information provided pursuant to Article L. 225-37-3 of the French Commercial Code on compensation and benefits paid or awarded to corporate officers and the commitments made to them, we have verified that it is consistent with the financial statements or with the data used to prepare these statements and, as applicable, with the evidence gathered by your Company from companies controlled by your Company that are within the scope of consolidation. On the basis of this work, we certify the accuracy and fairness of this information.

With respect to information on the items which your Company believes could have an impact in the event of a public tender or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code, we verified its consistency with the documents from which the information was drawn and which were provided to us. On the basis of this work, we have no comment to make about this information.

Other information

As required by law, we have made certain that various information on the acquisition of interests and control and the identity of shareholders and voting rights has been provided to you in the Management Report.

Information arising out of other legal and regulatory requirements

Appointment of the Auditors

Deloitte & Associés was appointed auditor of Fnac Darty by the General Meeting of June 22, 1993, and KPMG Audit, a division of KPMG S.A., was appointed at the General Meeting of April 17, 2013.

As of December 31, 2019, the two firms were in the seventh year of their appointment since the Company's shares were admitted to trading on a regulated market. Deloitte & Associés is in the twenty-seventh year of its appointment without interruption, and KPMG S.A. in its seventh year.

Responsibilities of management and the individuals comprising corporate governance for the annual financial statements

It is the responsibility of management to prepare annual financial statements that present a fair image, in accordance with French accounting rules and principles, and to implement the internal controls it believes necessary for the preparation of annual financial statements containing no material anomalies, whether as a result of fraud or error.

During preparation of the annual financial statements, it is management's responsibility to assess the Company's ability to continue operations, to present in these statements any information concerning operating as a going concern, and to apply the going concern accounting principle, unless it is planned to liquidate the Company or cease operations.

It is the responsibility of the Audit Committee to monitor the process of preparing the financial information and to monitor the effectiveness of the internal control and risk management systems and, if applicable, the internal audit system, with regard to the procedures for preparing and processing the accounting and financial information.

The annual financial statements have been approved by the Board of Directors.

Responsibilities of the Auditor for auditing the annual financial statements

Audit purpose and approach

It is our responsibility to prepare a report on the annual financial statements. Our goal is to obtain reasonable assurance that the annual financial statements, considered in their entirety, contain no material anomalies. Reasonable assurance corresponds to a high level of assurance without, however, guaranteeing that an audit conducted in accordance with professional standards will systematically detect any material anomaly. Anomalies may result from fraud or error and are considered material when one can reasonably expect that, individually or together, they could influence the economic decisions made by users of the financial statements based on those statements.

As specified by Article L. 823-10-1 of the French Commercial Code, our mission to certify the financial statements does not consist of guaranteeing the viability or quality of your Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the auditor exercises professional judgment throughout the audit. Moreover:

- the auditor identifies and measures the risks that the annual financial statements contain material anomalies, whether as a result of fraud or error, defines and implements audit procedures in light of these risks, and collects information deemed sufficient and appropriate on which to base an opinion. The risk of failure to detect a material anomaly resulting from fraud is greater than the risk of failure to detect a material anomaly resulting from error, because fraud may involve collusion, falsification, voluntary omissions, false statements or bypassing of internal controls;
- the auditor reviews the internal controls relevant to the audit in order to define appropriate audit procedures under the circumstances, and not in order to express an opinion on the effectiveness of the internal controls;
- the auditor assesses the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as information on these elements provided in the annual financial statements;
- the auditor assesses the appropriateness of management's application of the going concern accounting convention and, based on information collected, the existence or absence of material uncertainty related to events or circumstances that could call into question the Company's ability to continue operations. This assessment is based on information collected up to the date of the auditor's report; it is, however, noted that subsequent circumstances or events could call into question the Company operating as a going concern. If the auditor concludes that a material uncertainty exists, he calls the attention of readers of the audit report to information provided in the annual financial statements concerning this uncertainty or, if this information is not provided or is not pertinent, the auditor certifies with reservations or refuses to certify the financial statements;
- the auditor assesses the overall presentation of the annual financial statements and evaluates whether they reflect and provide a fair picture of the underlying transactions and events.

Report to the Audit Committee

We are submitting a report to the Audit Committee specifically describing the scope of the audit work and the work conducted, as well as the conclusions arising from our work. We are also informing the Committee of any significant weaknesses in the internal controls we have identified in the procedures for preparing and processing the accounting and financial information.

The elements communicated in the report to the Audit Committee include the risks of material anomalies which we believe were the most important for the audit of the annual financial statements and which therefore constitute the key points of the audit which it is our responsibility to describe in this report.

We are also providing the Audit Committee with the declaration stipulated by Article 6 of Regulation (EU) 537/2014 confirming our independence, under the rules applicable in France specifically as established by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics for the auditing profession. As necessary, we discuss with the Audit Committee any risks impacting our independence and the safeguards taken.

Paris La Défense, March 13, 2020

Statutory Auditors

Deloitte & Associés	**KPMG Audit**
	A department of KPMG S.A.
Stéphane Rimbeuf	Éric Ropert
Partner	*Partner*

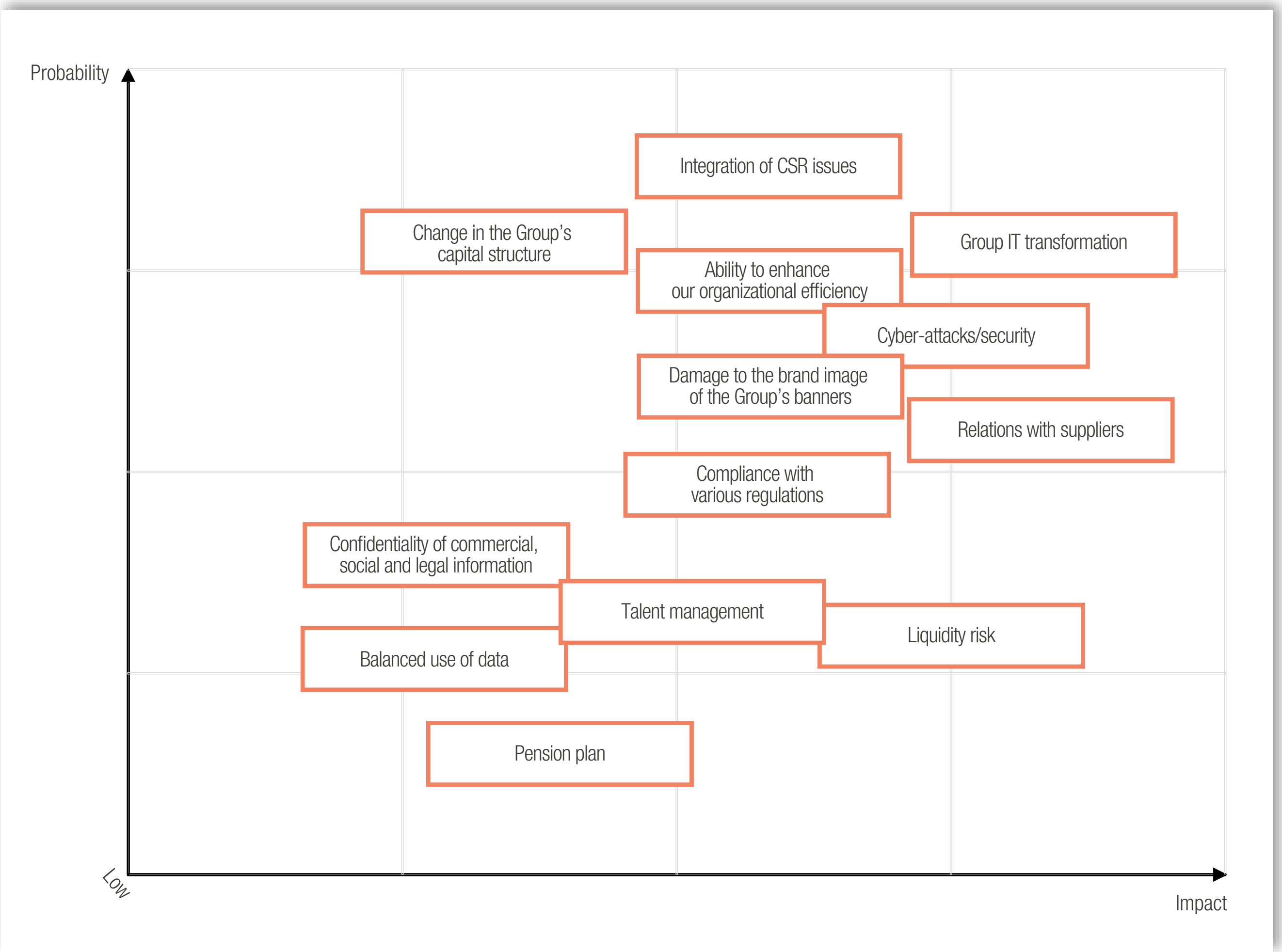
6

Risk factors and internal control

The main risks associated with the COVID-19 crisis are discussed at the end of chapter 6 on page 332 of this Universal Registration Document.

The Group conducts its operations in a constantly changing environment and is therefore exposed to both external and internal risks while developing its activities relating to its Confiance+ strategic plan. Moreover, the Group has conducted a review and assessment of the risks that could potentially have a material adverse impact on its activities, its financial position, its net assets, its income, its ability to achieve its objectives, its image and its reputation. This chapter set outs the main risks identified to which the Group considers itself to be exposed, as well as the internal control and risk management procedures implemented to prevent, manage and mitigate these risks. The risk mapping was presented and approved at the Audit Committee meeting in December.

Main risks identified to which the Group considers itself to be exposed


Probability
Integration of CSR issues
Change in the Group's capital structure
Group IT transformation
Ability to enhance our organizational efficiency
Cyber-attacks/security
Damage to the brand image of the Group's banners
Relations with suppliers
Compliance with various regulations
Confidentiality of commercial, social and legal information
Talent management
Liquidity risk
Balanced use of data
Pension plan
Low
Impact

6.1 / Strategic and economic risks

Strategic and economic risks – Integration of social and environmental responsibility issues

Risk identification	Risk management
The profound environmental crisis that is facing our societies is gradually calling into question the production and consumption methods of the last 50 years. Against this backdrop, public authorities are expanding the legislative mechanisms they can use to compel companies to reduce their environmental impact. The number of consumers seeking to consume better, or consume less, is steadily increasing. Young workers are increasingly conscious of CSR commitments, and many investors are investing in companies that are rated highly by non-financial rating agencies. The Group must incorporate this growing dimension and develop its business model to prevent contradictions or inconsistencies that, in some extreme cases, could lead to smear campaigns on social networks or demonstrations outside head offices, stores or warehouses. Failure to incorporate these environmental issues would expose the Group to multiple risks, such as: ■ damage to the Group's reputation; ■ decline in popularity; ■ loss of business.	Aside from these risks, Fnac Darty believes that the incorporation of environmental issues into its business model represents an opportunity to enhance the strong and historic assets of the Group's brands (responsible image, after-sales service, technical laboratory, sales expertise, store network, etc.). The Group is capable of making its model more sustainable and positioning itself as the leader in responsible retail. In this regard, the Group has implemented three major initiatives: **1/** definition of a corporate mission statement that incorporates environmental issues within the context of consumer hyperchoice: "Committed to providing educated choices". This mission statement guides the company in its strategic decisions and its day-to-day activity and management; **2/** strengthening governance: social and environmental responsibility is driven by the Executive Committee. A CSR objective has been incorporated into the variable compensation of the Chief Executive Officer, the members of the Executive Committee and senior management. A Climate Committee is driving the objective of reducing the Group's CO_2 emissions in transport and energy; **3/** the development of services and advice that promote a more circular economy: launch of a repairability index, a subscription-based repair service (Darty Max), a repair assistance platform, etc. All the actions taken to address this risk are detailed in chapter 2.

Strategic and economic risks – Damage to the brand image of Group banners

Risk identification	Risk management
The success of our banners relies in part on the strong reputation and consumers' high opinion of our Fnac and Darty brands. In the context of the growth of its network of franchises and of Marketplace, the development of external partnerships, increasingly fierce competition and the development of social media that encourage the rapid dissemination of opinions, comments and reviews, the Group's ability to maintain the reputation and distinctive character of its brands, and to retain the membership of its customer loyalty programs, are key factors for longevity. Moreover, our banners' brand image could be affected by exceptional events such as liability incurred for marketing faulty products or non-compliance with applicable regulations.	In order to reduce the aforementioned risks, a permanent monitoring mechanism flags any event likely to affect the Group's image and reputation. This system relies on the coordination of various departments, in particular the Marketing Department, Internal Communications and the Risk Prevention Department. Moreover, regular internal communications are issued to remind operations teams about the crisis management processes and procedures. Fnac Darty's Business Code of Conduct, which was updated at the end of 2019, is available on the company's internal network and appended to our contracts and agreements with third parties; it sets out the ethical commitments undertaken by the Group and the behaviors required. Furthermore, the IT Charter sets out the rules governing the use of the IT tools available to employees in compliance with the Group's ethical rules.

Strategic risks – Change in the Group's capital structure

Risk identification	Risk management
Upon completion of Ceconomy's purchase of the shares held by Kering, Ceconomy International Group held 24.25% of the share capital and voting rights of the Company. In early February 2018, SFAM bought 11.38% of Fnac Darty shares from the Knight Vinke investment fund. Currently, no shareholder can influence the adoption or rejection of resolutions submitted for approval by Company shareholders at Ordinary and/or at Extraordinary General Meetings, in particular with respect to the appointment or removal of members of the Board of Directors, approval of the annual accounts, dividend distributions, authorizations related to capital increases, mergers, contributions, or any other decision requiring approval from Company shareholders. However, these recent changes demonstrate that the Group is potentially exposed to the risk of a change in shareholding structure that may hinder the execution of its strategic roadmap.	The company's bylaws stipulate that shareholders must inform the company when they pass the 3% capital holding threshold, and any multiple of 1% above this threshold. Any shareholder holding more than 5% of the capital must also make a declaration of intent providing the information specified in Paragraph VII of Article L. 233-7 of the French Commercial Code, including a declaration regarding any intention to take control of the company or to continue purchasing securities. This declaration is renewable every six months. Together with the performance of shareholder identification studies several times per year, these mechanisms ensure that the company is well informed about the various participants that have a stake in its capital. The Group also adheres to a strict policy ensuring that its governing bodies remain independent in the event of potential conflicts of interest with an existing shareholder. Accordingly, following the acquisition by Ceconomy of its equity stake in the Group, the latter entered into a dialog with Ceconomy in order to determine the best way for it to be represented in the company's governance without hindering the proper functioning of operations or impeding execution of the Group's strategy. As such, no Director representing Ceconomy is present on the Board of Directors, but the Ceconomy group did participate in the selection of three Independent Directors. None of the 12 Directors on the Board are linked to the company SFAM, a service provider for the Group, and it therefore has no influence on the Group's decisions.

6.2 / Operational risks

Operational risks – IT capacity to support Group's transformation

Risk identification	Risk management
Fnac Darty's ambition, as expressed through its Confiance+ plan and the multiplication of the Group's growth drivers (development of the franchise, partnerships, Marketplace, its online platforms, etc.), requires the successful transformation of its information systems to enable them to support the Group's transformation and be agile in its various projects. In fact, certain applications used by the Group need to be updated and there is a lack of consistency among the applications used by the different Group entities. Moreover, the Group may fail to deliver this transformation successfully, both in terms of its capacity and its speed of execution.	The governance for a three-year master plan was set up in 2018. This master plan is sponsored at Executive Committee level in close collaboration with the business lines and its main measures include: ▪ the monitoring of key issues and investment strategies at Executive Committee level; ▪ the creation of a digital factory to ensure that IT developments are implemented using agile methodologies; the creation of combined IT and business teams to help improve the efficiency of production launches; ▪ the insourcing of key IT resources, which contributes to the success of this plan; ▪ the strengthening of the service continuity system for the most critical applications in place; and ▪ the modularization the Group's X-Commerce platform, which also represents a key action plan for the success of this digital transformation.

Operational risks – Cyber-attacks and security

Risk identification	Risk management
Most of the Group's operations rely on information systems developed or administered by internal resources or outside contractors. Any fragility or failure of these systems could disrupt business operations and potentially have major repercussions on the Group's sales and financial results, particularly with regard to websites and ordering and payment systems, and especially during peak business activity, such as at the end of the year. Our Group's commercial websites could be subject to cyber-attacks and our databases might be corrupted. Our Group could also be the subject of internal malicious actions through privilege escalation, particularly due to inadequate security of our digital access controls and network. Our employees and customers could be subject to phishing scams (wrongful use of the Fnac Darty identity) resulting in unlawful data capture.	Fnac Darty's Information Systems Department ensures that all IT applications are consistent throughout the Group through a coordinated strategy that aims to anticipate operational incidents, particularly in the context of sharing tools due to the consolidation of the two banners, and to arrange emergency plans. The Group aims to ensure the security of the information systems and the data they contain. This is achieved through appropriate governance, technical solutions, shared standards, a common policy and the distribution of the IT Charter to employees, the management of digital identities, cyber resilience and the strengthening of the security audits of external service providers. Verifying external IT service providers by obtaining contractual guarantees ensures the confidentiality and security of the data processed (PCI-DSS compliance of service providers processing banking data). Furthermore, the Group works continuously to raise its employees' awareness of cyber security. Increasingly stringent security solutions are in place on our commercial websites, messaging services, and outflows. Every year, specialist external consultants carry out anti-intrusion audits and, where necessary, draw up immediate action plans.

Operational risks – Relations with suppliers

Risk identification	Risk management
Fnac Darty offers a wide range of products and is supplied by a large number of suppliers. In France, in particular, purchases from the top twenty suppliers represented around 50% of the total purchases made in 2019. A major portion of the Group's operations depends on its capacity to negotiate under good conditions and maintain contracts and long-term business relations with its suppliers, especially those for whose products there is no substitute as far as customers are concerned (e.g. Samsung, Apple, Microsoft, Sony, etc.). Any deterioration in the banners' relationships with their main suppliers, the imposition of stricter conditions by suppliers, or the non-renewal or early termination of their main supply or service agreements may have a material adverse effect on the Group's image, operations, earnings, financial position and outlook. The concentration of suppliers on the white goods markets in particular exacerbates the risk of dependence for the Group. Any significant failure, deterioration, sudden termination or non-renewal of the Group's contractual relationships with its partners and contractors could have a material adverse effect on the Group's image, operations, earnings, financial position and outlook.	The Group's sales policy is designed to develop strategic partnerships with suppliers, partners and contractors in its primary markets. ■ Agreements with suppliers are periodically negotiated in accordance with local laws and regulations. ■ Ad-hoc structures with a specific governance system have been implemented with the aim of rebalancing our relations with our suppliers. ■ Audits are carried out on the proper execution of partnerships, and the training of in-store sales staff has been reinforced to ensure the proper execution of partnerships. ■ Mystery customer visits contribute to monitoring the proper execution of partnerships.

Operational risks – Ability to enhance our organizational efficiency

Risk identification	Risk management
The simplest, most impactful, and most readily implementable cost-saving plans have already been accomplished through the synergies announced at the time of the Fnac Darty integration. The Group must nevertheless continually seek out further cost-saving plans to ensure that its operational efficiency and earnings do not deteriorate due to the normal inflation of costs, particularly logistical costs. As such, the Group may not be able to implement sufficient cost-saving plans to offset the impact of inflation.	The performance culture is central to the Group's strategy, to ensure that all departments contribute to the search for potential cost savings while maintaining operational efficiency. Action plans to support its staff have been put in place, primarily through a matrix structure that permits decision-making without hampering Group-wide development and pays special attention to any potential human resource impacts in its entities.

Operational risks – Talent management

Risk identification	Risk management
The Group could be faced with a talent drain, which would prevent it from capitalizing on the experience of employees and could therefore restrict its operational efficiency. The Group could also experience recruitment difficulties in new and evolving business lines, particularly in terms of digital skills.	The Group has implemented: ■ face-to-face communication, particularly with regard to the roll-out of the Confiance+ strategic plan; ■ an employee shareholding plan, launched over the last two years; ■ development reviews, carried out in order to identify talent and support these individuals in their professional career path within the Group; ■ employees are asked to give their opinion on various themes every month by answering three questions. This mechanism is also an opportunity for employees to freely express their expectations, which facilitates the creation of concrete action plans. Monitoring committees have been set up for this purpose; ■ the Group has developed its structure and work environment in order to facilitate a collaborative approach and agility within digital business lines. In addition, the use of dedicated tools and resources, the development of links with specialized schools, the use of sponsorship and the recruitment of staff (especially in the context of work-study programs) with digital skills are intended to foster employee retention in these areas within the Group.

6.3 / Legal and regulatory risks

Legal risks – Compliance with various regulations

Risk identification	Risk management
Because of its in-store and online retail activities, the Group is exposed to changes in the legal and regulatory environment in the countries in which it operates. In particular, the Group's activities are subject to controls, investigations and regulations relating to consumer protection, competition, e-commerce, intermediation in consumer credit and insurance, personal data protection, information technology, digital and physical book prices, contractual warranties for customers, and store safety and accessibility. The Sapin 2 Law and the law establishing a duty of care places a heavier obligation on our Group to put in place an annual declaration on interest representation activities, as well as measures to combat corruption and influence-peddling in all our geographic regions. The Group's business is also affected by environmental regulations, which may have an adverse impact on the Group or increase the restrictions that apply to the products our banners distribute (such as obligations to dispose of or recycle consumer electronics and domestic appliances), to the organization of after-sales services, to the methods and cost of transporting products distributed, or to the costs our Banners incur for the rental of retail space. Moreover, financial penalties and/or the requirement to publish such penalties may be imposed on the Group if its compliance is considered to be insufficiently robust, impacting the Group's earnings and image.	Legal and regulatory requirements are monitored and incorporated at the country level by the local Finance and Legal Department with the support of the Group's advisory network, under the supervision of the Group's Legal, Finance and Tax Departments. The Group's Business Code of Conduct reaffirms our commitments to compliance with legal and regulatory obligations towards Group employees and the third parties with which we enter into contracts. This system is supplemented by letters of representation signed in-house by key employees. Employees are reminded of our obligations through internal training courses carried out in a classroom or via e-learning modules. The Group participates in discussions that may affect its environment, by presenting its actions and innovations to the public authorities, by participating alongside the authorities in discussions prior to the drafting of legislative and regulatory texts, and by defending its positions and proposals during hearings with the government, parliamentarians, local elected representatives, or independent authorities. The Group aims to support political objectives in terms of a commitment to a more circular economy, consumer protection, and equal treatment of economic operators, while preserving the interests of the companies concerned. The Group provides technical expertise useful for political decision-making in a fully transparent manner. As part of a constructive approach with the public authorities, the Group is able to promote innovative proposals thanks to its operational experience, but also to warn about the economic, social and environmental risks to which certain measures might expose the sector's stakeholders. In the latter case, the Group is responsible for working proactively on compromise solutions that are satisfactory and acceptable to all stakeholders. Its approach to interest representation alternates between its own commitments and participation within groups of stakeholders under the aegis of the professional federations – national or local – of which it is a member.

Legal risks – Managing the confidentiality of key strategic, commercial, social and legal information

Risk identification	Risk management
In the context of its current operations and strategic development, the Group processes and stores key information that could be used for malicious purposes. The Group must, at all times, ensure the controlled management of any confidential information upon which the market success of the year's major commercial operations depends.	The Group ensures the confidentiality of its key information by means of: ■ an internal authorization and rights policy for the various shared tools and networks; ■ a reminder of the best practices to adopt when using tools and managing information, provided in the Group's IT Charter; ■ the monitoring of key employees' inboxes for suspicious emails; ■ the encryption of sensitive information; ■ the management of key commercial information in a siloed, restricted manner and in accordance with a "just-in-time" data approach.

Legal risks – Balanced use of data

Risk identification	Risk management
As part of its ongoing activities and strategic development, the Group processes and maintains significant volumes of personal data in a complex and innovative technological environment. As such, the Group could be exposed to malicious external uses or attacks. In an aggressive competitive environment, the Group also ensures, within the context of its activities, a balance between using personal data for commercial purposes and protecting the privacy of its customers.	In 2017, Fnac Darty appointed a Group Data Protection Officer (DPO) with the CNIL (Commission Nationale de l'Informatique et des Libertés – French data protection authority). Specific governance of personal data protection has been implemented across the entire scope of the business. As part of a continuous improvement process, an action plan is carried out in particular with regard to (see section 2.4.1 "Protection of personal data"): ■ dedicated governance led by a management committee at the Executive Committee level and "data protection" champions in each management committee; ■ keeping a register of personal data processing operations; ■ awareness and training; ■ documentation and procedures; ■ informing data subjects; ■ conservation for limited periods; ■ security of information systems; ■ updating of contracts.

6.4 / Financial risks

Financial risks – Liquidity risk

Risk identification	Risk management
The Group's activity is seasonal and is marked by a significant spike in its activity at the end of the year with the Black Friday period at the end of November and the Christmas celebrations in December. Group revenues and EBITDA are significantly higher in the fourth quarter than in the other quarters of the year. The Group's working capital requirements fluctuate during the year and are normally highest in the third quarter of each year, leading to significant liquidity needs. As of December 31, 2019, the Group's gross debt was €1,013.9 million (excluding IFRS 16), consisting mainly of: ■ a €200 million bank term loan maturing in April 2023; ■ €650 million in senior bonds maturing in April 2024 and April 2026 with capitalized interest; ■ €100 million in loans from the EIB; and ■ €50 million in NEU CP drawn throughout the year with a view to facilitating the program. Free cash flow from operations amounted to €173 million as of December 31, 2019. The Loan Agreement and the bond issue contain clauses customary for these types of financing, namely financial commitments, general restrictive covenants and early repayment clauses. As of December 31, 2019, all of the financial covenants relating to the Loan Agreement were being complied with (see section 4.2.2.2. "Financial debt" of this Universal Registration Document). The Company conducts a specific periodic review of its liquidity risk. The terms and conditions of the Group's financing lines are detailed in section 4.2.2.2 "Financial debt" of this Universal Registration Document.	Liquidity risk for the Group and each of its subsidiaries is closely and regularly evaluated by the Group through periodic financial reporting. In order to manage liquidity requirements, the Group has diversified its sources of financing, set up a €300 million NEU CP program in the first quarter of 2018, and has access to an unused €400 million revolving line of credit maturing in April 2023. In addition, the process of diversifying financing and renegotiating the Group's financial instruments, which started at the beginning of 2018 and contributes to risk management and mitigation, continued in 2019 with the refinancing of the 2016 debenture loan for a total of €650 million, in two tranches of €300 million and €350 million maturing in 2024 and 2026. Finally, the Group has raised €100 million of financing from the European Investment Bank, which is repayable over a nine-year period. **Centralized cash management** Fnac Darty Participations et Services has entered into centralized cash management agreements for an unlimited term with its French and non-French subsidiaries. The purpose of these agreements is to centralize the Group's cash management ("cash pool") in order to encourage coordination and optimization in using cash surpluses or in covering aggregate cash requirements at Group level. Pursuant to the agreements, these subsidiaries deposit any cash surpluses they do not use to finance their operation and their capital expenditure program with Fnac Darty Participations et Services, in exchange for which Fnac Darty Participations et Services finances their working capital requirements and capital expenditure program.

Financial risks – Pension plan

Risk identification	Risk management
The pension plan, known as the "Comet pension plan," which is funded by Darty in the United Kingdom, has been taken over as part of the Fnac Darty consolidation. Fnac Darty's financing obligations depend on the future performance of the assets, the level of interest rates used to measure future commitments, actuarial projections and experience of changes in pension plans and the applicable regulations. Due to the many variables that determine the pension financing obligations, which are hard to predict, as well as any statutory changes, the future financing obligations for this pension plan in terms of cash could be larger than the amounts estimated as of December 31, 2019. In this case, these financing obligations could have a negative impact on the Group's financial position.	The monitoring of commitments under this pension fund is lead jointly by the Financial Control Department and the Investor Relations and Financing Department. Commitments are reassessed jointly every three years by the Group and the Comet Board of Trustees. Following the three-year renegotiation that took place in 2019, it was decided that contributions to the fund would be suspended for the next three years. The Group is a member of the Comet pension fund Board, which meets approximately once per quarter. The monitoring of disbursements made for the 2019 period is described in section 5.2 note 32.4 of the consolidated financial statements.

6.5 / Insurance

General overview

The Group took out its insurance policies under conditions that were tailored to the scale and type of the Group's risks.

The Group's insurance approach is coordinated by its Legal Department, which is responsible, with the support of the other departments, for identifying risks, quantifying their consequences and reducing them by:

- recommending preventive measures for risks that can be eliminated or reduced by these means; and
- establishing financing arrangements, including the transfer to insurance companies of risks of an exceptional nature where the potential impact is high and the frequency is low.

This requires each Group subsidiary to provide the Group Legal Department with the information required to identify and quantify risks, and to implement appropriate resources to ensure business continuity in the event of an incident. Based on this information, the Group Legal Department negotiates with the major players in the insurance and reinsurance industry in order to find the cover best suited to the Group's risk coverage requirements.

Risk prevention policy

The risk prevention, precaution and protection policy is managed at Group level by the Risk Committee, which brings together multiple departments involved in risk management. Its role is to identify, assess and reduce exposure to risk and the occurrence and severity of claims, through:

- audits of the main operational sites;
- adherence to the recommendations of security professionals;
- internal control procedures;
- staff training;
- the dissemination of risk management best practices; and
- the implementation of appropriate emergency plans.

The Group's insurance policy

The Group's policy of transferring material risks to insurance companies is primarily determined by:

- the best economic balance between risk cover, premiums and deductibles; and
- the offer and constraints in the insurance market, and local regulations.

Under its insurance policy, the Group favors the "all risks with exceptions" approach, which is determined by assessing the financial consequences for the Group of potential claims, specifically in terms of:

- property damage resulting from fire, explosion, water damage, theft, natural events causing damage to the Group's own property (buildings, furniture, equipment, merchandise or computer systems), riots, terrorism, war or other causes;
- operating losses following direct damage;
- third-party liability: personal injury or damage to property caused to third parties due to products, installations and equipment;
- cyber-attacks;
- transport of merchandise; and
- vehicle fleet.

For the franchises, the Group has adopted the principle of absorbing claims that are small in terms of cost (especially for All-Risks and Third-party Liability). This contributes to setting up preventive actions to reduce the incidence of claims.

The setting up of insurance coverage is based on determining the level of coverage required to cope with the reasonably estimated occurrence of the risks that the Group wishes to transfer to the insurance market for each facility and company concerned. This appraisal takes into account the assessments made by brokers and insurers, as insurance professionals and underwriters of the Group's risks.

Uninsured risks are those for which no coverage is offered on the insurance market or where insurance is offered at a cost that is disproportionate to the potential benefits of such insurance. The Group's insurance requirements are reviewed regularly by the Risk Committee in order to verify their suitability with regard to developments within the Group and the insurance market.

The main insurance programs taken out by the Group cover all of its subsidiaries. This coverage is underwritten by international insurance brokers that specialize in the coverage of major risks with reputable insurers.

Main insurance programs

The main insurance programs taken out by the Group to cover the risks it faces in its operations are described below. Where necessary, they may be supplemented by local programs specific to the country in question:

Damage and operating losses: The principal purpose of this policy is to insure the Group against damage resulting from fire, explosions, water damage, theft, natural disasters affecting property (buildings, furniture, equipment, merchandise, or computer systems) and those for which the Group is liable, and against resulting operating losses, for an estimated period required for resumption of normal business. The total amount of the damage covered under these policies varies according to the risk and the geographical area under consideration. The cover limit is €400 million and €20 million per claim for direct damages and operating loss combined, for the Group over the insurance term expiring January 1, 2021.

Third-party liability: This policy chiefly covers operating risks and post-delivery or post-service risks of physical injury or material damage caused to third parties due to the activity of any of the Group's subsidiaries or products sold by the Group. The amount of damage covered in this respect is capped for the Group for an insured period expiring April 30, 2021. The cover limit is €75 million per claim per year for the Group.

Cyber risk: This policy covers the risks of loss of confidentiality, integrity and availability of the Group's information systems. Aware of the challenges that a major cyber-attack could pose to its business, the Group increased the Cyber cover limit in 2019 to €30 million per claim and per insurance period, and is considering a further increase at the next maturity date of April 30, 2020.

Transport of merchandise: This policy covers the Group's goods while they are in transit against the risk of damage, theft, loss or major events that may occur during transportation. The cover limit for this policy, which is renewed on April 30, 2020, is €3 million per claim.

Vehicle fleet: This policy covers our fleet of around 2,000 vehicles against the risks of liability and damage that may arise during the circulation of our vehicles. Foreign subsidiaries have local cover.

Insurance expenses borne by the Group: The cost to the Group of all insurance policies for the period ended is approximately €5 million.

6.6 / Risk management

The AMF defines risk as the possibility of an event whose consequences are likely to impact the persons, assets, environment and objectives of the Company, its image or its reputation.

Risk management includes areas that encompass far more than just financial risks: strategic, operational, market, corruption, image, reputation or compliance risks. Risk management is a management tool that contributes to:

- creating and protecting the Company's value, assets, image and reputation;
- preserving the longevity of the Company's short-, medium- and long-term activities;
- securing the Company's decision-making process and other processes to achieve its objectives;
- encouraging consistency between the Company's actions and its values; and
- mobilizing the Company's workforce around a shared vision of the main risks.

The Group closely associates risk management with internal control. The Group's risk management and internal control systems rely on a series of resources, procedures and actions aimed at ensuring that proper measures are taken to identify, analyze and control:

- risks that could have a significant impact on the Company's assets or the achievement of its objectives, whether operational, financial or related to compliance with laws and regulations; and
- the activities, efficiency of its operations and efficient use of resources.

6.6.1 / THE RISK MANAGEMENT SYSTEM

The implementation of the risk management system in the Group is based on an organizational framework, a three-step risk management procedure and ongoing oversight.

6.6.1.1 / Risk management structure and coordination with internal control

Organizational framework

The organizational framework includes:

- a structure that defines the roles and responsibilities of those concerned, establishes clear and consistent procedures and standards within the system; and
- a risk management policy that formalizes the system objectives.

Organization of risk management at country level

Managing the exposure to decentralized risks is the responsibility of the country CEO and local managers, who are closest to the risks associated with the activities they exercise or supervise:

- monthly performance reviews help to detect the appearance or occurrence of risks;
- country Security Departments are responsible for the security of the Company's physical and intangible assets and for the security and safety of all persons present at all the Group's sites; they implement all human, organizational and technical means to handle risks of an accidental or intentional nature; and
- the Support Services Departments, in their role of securing and driving progress, may identify risks and propose an action plan to the reporting line for their containment.

Organization of risk management at Group level

The Internal Audit Department organizes, for management, the process of mapping the Group's major internal and external risks based on a formalized approach for identifying and assessing risks.

The Security and Risk Prevention Department circulates a set of rules and best practices to control the risks within its remit. The network of individual country Security Directors also rely on these rules and best practices. Its objectives at Group level are to harmonize procedures, reduce risks and optimize safety costs by promoting synergies and raising the awareness of all personnel within the Group's banners.

The Legal Department identifies and analyzes the Group's material legal risks and the insurable risks to be included in the Group's financial statements.

Preparation of the strategic plan by the Strategy Department provides the opportunity to assess the major external risks and update the mapping of the Group's major risks. In accordance with the guidelines, this is sent to the Internal Audit Department.

Risk management policy

The Group instituted its risk management policy based on the COSO II Framework in 2011 and updated it in 2015. This document categorizes the steps and methods to be used as part of the ongoing risk management procedures, or when performing annual risk analyses.

A three-step risk management process

- Risk identification: the Group treats risk identification as an ongoing business process. Risk identification helps to categorize and centralize major risks either with the Security and Risk Prevention Department or with the Internal Audit Department, depending on the type of risk.
- Risk assessment: in terms of the Group's activities, this approach is documented at least once a year during a risk self-assessment process headed by the Internal Audit Department. The risk management policy sets out the criteria and procedures for these assessments. The aim is to review potential consequences of the main risks (consequences that may be of a financial, HR, legal, image-related or reputational nature) and assess the likelihood of their occurrence, as well as the level of risk management.
- Handling risk: the last step of the risk management process includes identifying the action plan(s) best suited to the Company.

Managing risk management procedures

The risk management system is subject to regular monitoring and review, which allows it to be continually improved.

The Audit Committee meets at least once a year to review the risk mapping prepared by the Internal Audit Department for the Group's Senior Management and monitors the progress of dedicated action plans.

The Group also conducts regular internal audits in France and abroad to assess and improve the effectiveness of its risk management systems.

Links between risk management and internal control

The risk management and internal control systems are complementary to the management of the Group's activities:

- the risk management system aims to identify and analyze the main risks. Such risks are addressed and are the subject of action plans. These plans may propose a change to the organization, the implementation of projects and the introduction of controls. Any such controls to be implemented come within the internal control system and may be reviewed in light of the risk mapping;
- the internal control system relies on the risk management system to identify the main risks to be contained; and
- the audit plan relies mainly on risk mapping to test the assessment of the level of control of identified risks.

The coordination and balance between the two systems depend on their shared underlying control environment, and, more specifically, the Company's specific risk and control culture, and the ethical values specified in the Group's Business Code of Conduct.

6.6.1.2 / General internal control principles

Internal control definition and objectives

The internal control system within the Group encompasses a number of tailored resources, policies, practices, procedures and initiatives, the purpose of which is to ensure that the required measures are taken to control:

- the Group's activities, efficiency of operations and efficient use of resources; and
- the risks likely to have a material impact on the Company's assets or its ability to meet its objectives, whether of an operational, financial or compliance nature.

Internal control is defined as a process conducted by senior management under the control of the Board of Directors, and implemented by the Directors and all employees. Irrespective of the quality and scope of internal control, it cannot entirely guarantee that the objectives in the following areas will be achieved:

- compliance with applicable laws and regulations;
- application of instructions and strategy adopted by senior management;
- proper functioning of internal processes, including those contributing to the protection of the Company's assets; and
- reliability of financial information.

Internal control limits

The following limitations inherent in any internal control system affect the probability that the Company will achieve its established objectives, in particular:

- human errors or malfunctions that occur when decisions are made or implemented;
- deliberate collusion between several persons, making it possible to elude the control system in place;
- deliberate fraud by management;
- where the implementation, or even maintenance, of a control would be more burdensome than the risk which it is supposed to alleviate; and
- when, in endeavoring to achieve the above-mentioned objectives, companies are confronted with events and hazards that are outside of their control (unforeseen changes in markets and competition, unforeseen change in the geopolitical situation, errors in forecasting or estimating the impact of such changes on the organization, etc.).

Internal control components

The quality of the internal control system depends on the following components:

- a control environment based on rules of conduct and integrity that are upheld by the management and communicated to all employees;
- the existence of clearly and appropriately defined roles and responsibilities;
- a system for categorizing, analyzing and managing the main risks; and
- ongoing monitoring of the internal control system, and regular review of its performance.

The Group's internal control environment

This environment is structured around the principles and values that are detailed in the Group's internal codes and charters and govern the behavior and ethics of all employees. It relies on the management of human resources to ensure the competence, ethics and involvement of employees.

Principles and values

- The Business Code of Conduct was updated in 2019. It sets forth the ethical principles and the main rules of conduct, in accordance with applicable regulations, and the behavior expected of Fnac Darty employees and partners.
- A "Gifts and Benefits Charter" updated in 2017 sets out in more detail the rules governing the various gifts and enticements from suppliers, third parties, and partners.
- The key unifying values of the Fnac and Darty banners are Commitment, Passion, Respect, Innovation, Solidarity, Exemplary Performance, Spirit of Service, and Operational Excellence. These shared underlying values are reiterated in the updated Business Code of Conduct.
- An Internal Control Charter was updated and supplemented in 2013. It defines the role, as set forth by the AMF framework, of each individual involved in internal control. Darty also has internal control guidelines that are regularly updated and sent to employees.
- An Ethics Charter for Securities Trading, updated in 2017, in compliance with AMF instructions, defines the obligations incumbent on persons holding privileged information.
- A Charter relating to the appropriate use of information systems was updated in 2018 to raise awareness and increase user responsibility among Fnac Darty employees in respect of the rights and duties incumbent on them.

These codes and charters have been validated by the Group's Executive Committee. They are available to all employees for reference on the intranet sites of the Group's banners.

"Fnac Darty's Essential Rules," updated in 2017, set forth the 14 main operational and administrative cycles of the Group's activities and the key internal control rules to follow in respect of legal or regulatory compliance, and in respect of efficiently allocating resources in order to achieve these objectives. In addition to these rules, there is a "Store Best Practices" corpus and a "Risk Prevention in management" glossary.

Human resources policy

The human resources policy contributes to internal control, in particular via the delegation of power and responsibilities, descriptions of functions, an employee assessment system and investments in training.

- Given the size of the Group and its workforce, the diversity of its activities, and the geographical dispersion of its different entities, it is necessary to delegate powers and responsibilities for the business to operate effectively. Responsibilities are delegated to appropriate people and entities, along with all the powers and resources they need to carry them out, in compliance with applicable regulations. Official job descriptions exist for key functions. The descriptions refer to the necessary controls for the supervision of the activity and also serve as a framework for the individual assessment system. The identification and description of key skills (managerial and business-specific) for the Group allows for the gradual implementation of a shared system for managing skills.
- Training, a component of annual plans, is focused on business-specific skills, combining specialist know-how and management expertise. It is provided from the time new recruits first join the Group and continues throughout their careers, ensuring their individual development.
- All Group managers and employees benefit from an annual performance and skills appraisal and a professional interview designed to identify their training and professional development needs. Group Human Resources is responsible for the Group's senior executives (recruitment, international mobility, career management and training). Succession plans are in place for the principal Group management positions.
- Since January 2018, employees have been asked to give their opinion on various themes every month by answering three questions. This mechanism is also an opportunity for them to freely express their expectations, which facilitates the creation of concrete action plans. Monitoring committees have been set up for this purpose.
- Compensation policies are managed and controlled by Group Human Resources for the principal management functions and at country level for other functions, in accordance with the main defined goals.

Organization

The structure of the Group's internal control involves persons throughout the chain of command, from the Executive Committee to all employees and supervisory and assessment bodies, including the Board of Directors, the Audit Committee, the Appointments and Compensation Committee, the Corporate, Environmental and Social Responsibility Committee and the Statutory Auditors.

The allocation of responsibilities and application of the rule on the division of functions ensures control and provides the basis on which the respective roles of the various decision-making bodies are built.

The Executive Committee

The Executive Committee determines the Group's main strategic policies and their impact on the major financial and management goals. It reviews the development of the business and decides which directions to take and which action plans to follow.

It is chaired by the Chief Executive Officer of Fnac Darty and, in 2019, also included the CEO of Fnac Vanden Borre in Belgium, the Group Director of Human Resources, CSR and Governance, the Fnac Darty Commercial Director, the Fnac Darty Director of Operations and Information Systems, the Fnac Darty Chief Operating Officer, the Group Chief Financial Officer, the Chief Executive Officer of Fnac Spain in charge of coordination for the Iberia Region, the Fnac Darty Director of Marketing and e-Commerce, and the Group Director of Communications and Public Affairs.

The Strategy and M&A Director at Fnac Darty leads and coordinates all Executive Committee projects.

Investment Committees

Since 2008, the Group Investment Committee has examined and authorized all investment decisions on major projects and projects related to:

- the creation of directly owned or franchised stores; and
- the acquisition or disposal of companies or businesses.

The Group Investment Committee is chaired by the Group's Chief Executive Officer. Its permanent members are the Group Chief Financial Officer and the Financial Control Director. Country projects are presented by the country CEO, assisted by his or her Chief Financial Officer and the experts involved in the projects (e.g. the Property Department for a real estate project).

The IT Investment Committee has examined and authorized all investment decisions on major IT projects since 2012.

The IT Investment Committee is chaired by the Group's Chief Financial Officer, and its permanent members are the Group Director of Operations and Information Systems and the Group Financial Control Director. Country projects are presented by the country CEO, assisted by his or her Chief Financial Officer.

Operational managers and employees

Management is the operational agent for internal control and relies on it for the achievement of its targets; the exercise of appropriate controls is therefore one of the prime responsibilities of every Group manager. This responsibility begins at the first level of supervision. Awareness of these controls among the main participants is formalized by the signing of delegations of powers and responsibilities.

As part of their delegated powers and formalized responsibilities, each Director and manager defines, implements and manages the internal control system. In particular, store, subsidiary and entity Directors are responsible for maintaining a satisfactory level of internal control over the assets and cash flows of the unit or company they manage.

Employees must be aware of the internal control systems for the objectives assigned to them, and must comply with the control principles and rules. They may help to improve and detect malfunctions. They are informed of the existing measures when they sign their employment contracts and by the internal regulations of the legal entities to which they report.

Other internal control participants

- The Group Legal Department advises and assists the operational departments and subsidiaries on major legal questions.
- The Group Tax Department advises and assists the operational departments and subsidiaries on major tax issues.
- The Group Financial Control Department is in charge of implementing and ensuring compliance with the procedures for reporting and preparing the consolidated financial statements.
- The Group Human Resources Department advises on and ensures compliance of internal practices with labor laws and regulations.
- The Group Security and Risk Prevention Department conducts specific risk analyses and proposes action plans on security, safety and the environment.

Supervisory and internal control assessment bodies

- The Board of Directors contributes to the general control environment through the skills of its members. It is regularly informed of major internal control and risk management methodologies and describes them in its Activity Report.
- Part of the Audit Committee's responsibility is "to ensure the implementation and relevance of internal control procedures and to identify and hedge Company risks, in particular risks relating to its financial or commercial assets (whether physical or intangible) as well as any type of contingent risk relating to employees, customers or third parties arising from the activities of the Company and/or its subsidiaries".
- Part of the Appointments and Compensation Committee's responsibility is "to evaluate the independence of the members of the Board of Directors, propose the appointment of its members, senior management and the specialized committees, and to examine and propose to the Board all elements and conditions for the compensation of members of senior management and the Group's main Directors".
- Part of the Corporate, Environmental and Social Responsibility Committee's responsibility is "to examine the principal risks and opportunities for the Group in corporate, social and environmental matters".
- In January 2018, the Group's Ethics Committee was set up. It is chaired by the Group's Director of Human Resources, CSR and Governance and its permanent members are the Legal Director, the Security and Risk Prevention Director, the Internal Audit Director and the Director of Environmental and Social Responsibility. This Committee's primary responsibilities are to ensure that the Group's codes, charters and policies are kept up to date, to monitor the effectiveness of risk reduction plans when mapping specific risks involving corruption and duty of care, and to prepare an annual report of its work for the Executive Committee.
- A Personal Data Management Committee was set up in 2017 to oversee compliance and adherence with the European General Data Protection Regulation (GDPR) of May 25, 2018. This Committee is chaired by the Data Protection Officer (DPO) appointed by the Group for France, who coordinates the DPOs appointed for other countries. The main objectives of this Committee, which meets every six weeks, are explained in chapter 2 of this Universal Registration Document, in particular in section 2.4.1 "Protection of personal data".
- The Group Internal Audit Department, which contributes to the assessment of the internal control system through its missions, draws up recommendations for the improvement of its operations. The Internal Audit Department is in charge of managing and coordinating risk management, in particular through annual risk mapping and monitoring of action plans. It is also in charge of the central administration and analysis of internal control pursuant to the Financial Security Law and the AMF's reference framework set out in the section below, "Oversight of the system". The Fnac Darty Internal Audit Department, which reports to Fnac Darty's Human Resources, CSR and Governance Department, reports the main results of its assessments to executive management and the Audit Committee.

- The Statutory Auditor takes note of the elements of internal control that are pertinent for the audit in order to take into consideration those factors that may generate risks of material anomalies in the financial statements, and not for the purpose of formulating an opinion on the efficacy of the internal control.

  At the time it deems appropriate, the Statutory Auditor communicates to management, at the appropriate level of responsibility, those weaknesses in the internal control system identified during the audit that it believes to be of sufficient importance to merit attention, unless the auditor believes that this approach would be inappropriate under the circumstances. The Statutory Auditor submits this communication in writing when it details weaknesses believed to be significant. The Statutory Auditor communicates the significant internal control weaknesses in writing to the bodies cited in Article L. 823-16 of the French Commercial Code, at the time it deems appropriate.

Oversight of the system

The ongoing oversight of the internal control system and the regular review of its functioning entail three types of tasks: annual self-assessment exercises, internal audits and observations made by the Statutory Auditors, as indicated in the previous paragraph.

Self-assessment

Those in charge are asked to apply the internal control system in order to assess the level of internal control achieved through the use of controls that are essential to the proper functioning of their activities.

This approach helps to:

- raise awareness among operational and functional managers of the internal control procedures for which they are responsible;
- provide a structured and objective framework for analyzing risks and sharing internal control best practices; and
- launch action plans and, if necessary, improvement plans.

The internal control analysis strategy is based on the following principles:

- an annual self-assessment of Fnac Darty's essential rules, through questionnaires filled in by key operational staff in each Group country organization. In 2019, 14 cycles were self-assessed and a specific self-assessment mechanism was established for regulatory risks. The questionnaire for the "Finance, Accounting and Management" cycle sent to country Chief Financial Officers takes into account the AMF's reference framework and, in particular, its application guide.

  These questionnaires help operational staff to assess the quality of the internal control procedures for which they are responsible. They standardize the level of internal control across all activities and allow operational staff to benefit from best practices. They enable the launch of improvement action plans based on the results obtained; and
- an annual self-assessment of "Essential" Fnac in-store controls, which is based on the "Store Best Practices" corpus, is managed and coordinated by the finance network of country organizations. In 2019, all stores in the French and international network had been self-assessed.

Internal audit

In 2019, the Internal Audit Department continued to strengthen its system for assessing the organizations' internal control and risk management. The main actions undertaken concern:

- Internal Control Committees for all French and international subsidiaries. The purpose of these committees includes:
  - formalizing feedback from operational managers concerning identified and/or proven risks, and
  - ensuring that control activities are implemented and that they cover the subsidiary's risks.

  These Internal Control Committees met between January and December with the country and subsidiary CEOs and CFOs, and the Legal Department, Tax Department, Financial Control Department and Internal Audit Department; and
- the carrying out of on-site audit missions, both in France and abroad, including audits of store operational cycles and audits of the cycles of the main support functions at the head offices of subsidiaries (HR, marketing, indirect purchasing, etc.).

Statutory Auditors

Within the framework of their assignment to certify the financial statements, the Statutory Auditors make observations. At the time it deems appropriate, the Statutory Auditor communicates to management, at the appropriate level of responsibility, those weaknesses in the internal control system identified during the audit that it believes to be of sufficient importance to merit attention, unless the auditor believes that this approach would be inappropriate under the circumstances. The Statutory Auditor submits this communication in writing when it details weaknesses believed to be significant. The Statutory Auditor communicates the significant internal control weaknesses in writing to the bodies cited in Article L. 823-16 of the French Commercial Code, at the time it deems appropriate.

6.6.1.3 / Internal control procedures relating to the preparation of financial information

General principles relating to the organization of accounting and financial internal control

Definition and objectives

Accounting and financial internal control includes the processes that provide accounting data: the financial information production process, account-closing process and the communications process.

The accounting and financial internal control system aims to ensure:

- compliance with accounting regulations and proper implementation of the principles on the basis of which the financial statements are prepared;
- implementation of senior management's instructions on financial reporting;
- the preservation of assets;
- the quality of information reported for the preparation of published financial statements and the reliability of their centralized processing for Group consolidation, with a view to the distribution and use of that information for management purposes; and
- the control of production of financial, accounting and management items.

Scope

The scope of application of internal control procedures relating to the preparation and handling of financial and accounting information comprises the parent company and all subsidiaries included in the consolidated financial statements.

Organization and management process of the accounting and finance function

Organization

Group financial and accounting information is prepared by the Group Finance Department.

In 2019, the Group Finance Department supervised the Financial Control Department, the Tax Department, the Investor Relations and Financing Department, the Security and Risk Prevention Department, the Real Estate Department, and the France Finance Department, to which the Cash Management Department and the Management Control Department are attached.

Standards

Accounting standards

The Group has a body of accounting rules and policies which must be applied to all consolidated subsidiaries.

These accounting rules, which are regularly updated, take into account changes in accounting regulations and standards.

The accounting standards establish the principles required for the consistent processing of transactions. They specify, in particular, the recording methods pursuant to International Financial Reporting Standards (IFRS).

The budgetary and closure procedures ensure consistency in the processing of data.

Management standards

Management standards not only specify the rules applying to the valuation of certain major account balance sheets and income statements, but also the controls and validations applying to key processes.

The Financial Control Department is responsible for updating these rules and improving the quality of their formalization.

Management process

The production and analysis of financial and accounting information is based on a set of management procedures, such as:

- the medium-term plan, which measures the consequences of the strategic directions on the Group's major financial and management goals. The plan is also used annually by the Group to assess the value-in-use of assets relating to the various Cash Generating Units;
- the annual budget, compiled after discussions with Country and Group operational departments and general management: this budget, which identifies the major financial goals and operational action plans, is prepared in the fourth quarter of the year and is definitively adopted in the following first quarter after any intervening events are taken into account;
- the annual budget is updated at least twice a year to ascertain whether the budgetary targets have been met and, if necessary, to revise said targets in light of the results to date and any changes in the internal and external environment. In addition, a rolling monthly forecast is provided as part of the monthly budget update, with the entities sending in their revised monthly earnings and cash flow forecasts based on their business activity estimates;

- the reporting that is carried out each month on the basis of monthly result closures performed by all entities dependent on the Group allows rapid reporting of financial information and regular monitoring of operational performance. The Financial Control Department, on the basis of the controls delegated to country or subsidiary Chief Financial Officers, makes sure that this reporting is consistent and complies with the applied accounting treatments.

  The Group's CEO, its Chief Financial Officer, and the regional, country or subsidiary CEOs meet regularly with the managers of the various activities to assess the development of the business, based on financial and operational aspects; and
- the Financial Control Department regularly monitors, for annual and semi-annual closures, the off-balance sheet commitments of consolidated legal entities, including as part of the statutory consolidation processes, which require them to list all their commercial or financial commitments and monitor them over the years.

Information systems

The purpose of the financial and accounting information systems implemented in the Group is to meet the requirements in terms of compliance, security, reliability, availability and traceability of information.

- Financial management and accounting data are managed with a single SAP information system in all Fnac banner activities to ensure consistent processing, comparison and control of accounting and financial information. Financial management and accounting data are managed using a different SAP information system for Darty France, using software developed in-house for Vanden Borre (Darty Belgium) and using the IT system Microsoft Dynamics Nav for BCC (Darty Netherlands).
- Financial reporting data and budget construction and tracking data are managed using a single information system across all Group activities. This SAP BPC tool interfaces with the various accounting information systems.
- Consolidation data are collected in a single consolidation tool known as BPC Consolidation, which interfaces with Fnac Darty's BPC V2 consolidated reporting system.

To reinforce internal control of systems, the Organization and Information Systems Department has strengthened the system used for the division of functions and has improved right of access controls through a formalized annual review across the entire Group.

Preparation of accounting and financial information

Operational bookkeeping processes

All bookkeeping processes, including sales, purchases and inventory management, fixed assets, payroll and cash are the subject of specific monitoring procedures and accounting validation and authorization rules.

Consolidation of accounts

The statutory consolidation of accounts is performed monthly using a single consolidation tool that allows the consolidated subsidiaries' financial information to be transmitted in real time after a comprehensive validation process of the consolidation files by their Statutory Auditors, CEOs and CFOs, who sign a representation letter every six months, thus ensuring the quality of the financial information transmitted.

The Financial Control Department conducts the consolidation process.

Financial communication

The Investor Relations and Financing Department, which reports to the Group Chief Financial Officer, is responsible for preparing a precise timetable for releasing the latest financial information on the Group's activities to the financial markets.

This timetable complies with the requirements of the market authorities. Managers verify, with help from the Legal Department, that the information is released within the required time and in compliance with the laws and regulations that it monitors on an ongoing basis.

All material information communicated to the financial community accurately and transparently reflects the situation of the Group's activity, and is released in accordance with the principle of equality of information between shareholders.

Statutory Auditors

As part of their ongoing assignment, the Statutory Auditors audit the annual and interim accounts and financial statements of consolidated entities. The Group's annual consolidated financial statements are prepared under the supervision of the Financial Control Department under the responsibility of the Group Chief Financial Officer after validation by the entities' Finance Departments. The Chief Executive Officer and the Group Chief Financial Officer certify that the consolidated financial statements are true and present a fair view by signing a representation letter addressed to the Statutory Auditors.

6.6.2 / RISK MAPPING

Under its risk management and internal control procedures, the Group maps the principal risks to which it is exposed. The Group assesses the potential impact of each risk that is identified. The risk maps are updated regularly and allow the Group to define and monitor the various action plans that are implemented to reduce or manage these risks. The risks identified in the most recent Group risk mapping are described in the previous sections of chapter 6 "Risk factors and internal control". Additionally, in order to meet new regulatory requirements, risk mapping specifically for anti-corruption risks and risk mapping relating to the French law establishing a duty of care that must be exercised by parent companies and ordering companies have been carried out.

6.6.2.1 / Mapping of Group business risks

The key business risks identified are mapped at Group level with contributions from the Group's countries and main operational departments. This mapping is initially approved by the Executive Committee and then reviewed and approved by the members of the Audit Committee in December of every year.

Audit Committee members are updated on a regular basis on the progress of any risk mitigation plans.

6.6.2.2 / Specific mapping of Group corruption risks

In accordance with the Sapin 2 Law promulgated in December 2016, which came into effect in June 2017, the Group has established a corruption risk mapping process. Developed from interviews with the Group's various departments, it takes into account the geographical location of our activities, our interactions with third parties, the various business lines within the Group, our human resources policy, and existing procedures. The action plans defined in this regard have helped to strengthen our business ethics system (see chapter 2, section 2, risk No. 4 "Fight corruption").

6.6.2.3 / Specific mapping of Group risks relating to duty of care

In consideration of the French law establishing a duty of care that must be exercised by parent companies and ordering companies, the Group, in conjunction with the Company's stakeholders, has mapped the specific risks relating to fundamental human rights and freedoms, personal health and safety, ethics and the environment that directly or indirectly result from its business activities. This work has helped us to define a robust oversight plan that includes appropriate mitigation measures (see chapter 2, section 3, risk No. 4 of "Oversight plan").

Specific risks associated with the COVID-19 epidemic

This information is not part of the management report adopted by the Board of Directors on February 26, 2020.

In addition to the Group's specific risks listed in the materiality matrix, the main risks of the COVID-19 crisis are as follows:

- the epidemic may continue to significantly affect the Group's business, income, financial position, objectives and outlook if the lockdown measures are extended and if the Group's physical stores remain closed;
- the epidemic may affect the health of the Group's employees, customers and service providers, despite its implementation of all the public authorities' recommendations;
- disruptions to industrial supply chains for products from countries affected by the epidemic may cause stock-outs in certain product categories;
- lockdown measures may have an impact on the logistics chain for freight transport and on the supply of a number of Group products;
- the Group's ability to continue its home-delivery service will depend on the ability of its partner carriers to continue their business. In spite of all the measures that have been taken, the introduction of minimum service requirements by the Group's partner carriers may lead to delivery delays;
- the rate at which consumer spending recovers once lockdown ends may be slow and gradual, leading to a continued loss of business. Customers may no longer feel safe in stores, which would be detrimental to the Group's footfall and revenue.

This list is not exhaustive and may be subject to material change, depending on changes in the situation associated with the health crisis.

The measures put in place to manage this crisis are also set out in section 1.4.6 "Financial trajectory" and 4.3.2 "Recent events" of this Universal Registration Document.

The course of the health crisis linked to the spread of COVID-19 remains uncertain at this time, and its impact on the global economy is difficult to quantify. The magnitude of its impact on the Group's business in 2020 will depend on how long the lockdown period lasts, the Group's ability to continue home delivery, and the rate at which consumption resumes after the lockdown period ends. The Group is continuing to monitor and periodically re-assess, with the utmost attention, any changes in the situation and its impact on business and earnings.

7

Information on the Company, capital and shareholders

In February 2020, the World Health Organization declared the crisis linked to the spread of COVID-19 a pandemic, resulting in public lockdowns in many countries around the world.

This document has therefore been updated since the management report and financial statements of February 26, 2020, the date of publication for the financial statements and assumptions underlying Fnac Darty's objectives. Subsequent events are brought to the public's attention in sections 1.4.6 and 4.3.2 of this Universal Registration Document.

7.1 / The Company

7.1.1 / INFORMATION REGARDING THE COMPANY

7.1.1.1 / Corporate name

The name of the Company is "Fnac Darty".

7.1.1.2 / Place of registration, registration number and Legal Entity Identifier (LEI)

The Company is registered under No. 055 800 296 with the Créteil Trade and Companies Registry.

The Legal Entity Identifier (LEI) of the Company is 96950091FL62XSLPHO35.

7.1.1.3 / Date of incorporation and term

Date of incorporation

The Company was incorporated on December 15, 1917.

Term of the Company

The term of the Company is set at January 1, 2100, unless it is dissolved early or extended.

7.1.1.4 / Registered office, legal form and applicable legislation

Registered office

Fnac Darty's registered office is located at 9, rue des Bateaux-Lavoirs, ZAC Port d'Ivry, 94200 Ivry-sur-Seine, France (telephone: +33 1 55 21 57 93).

Legal form and applicable legislation

Fnac Darty is a French limited company *(société anonyme)* specifically governed by the provisions of Book II of the French Commercial Code.

Previous corporate form

The Company was initially incorporated as a limited company. It was transformed into a simplified joint stock company by a unanimous resolution of the shareholders on June 4, 2002. On September 26, 2012, the Company's partners approved the transformation of the Company into a limited company with a Board of Directors.

7.1.2 / ARTICLES OF INCORPORATION AND BYLAWS

The Company's bylaws were written pursuant to the laws and regulations governing French limited companies with a Board of Directors. The principal stipulations described below are taken from the Company's bylaws, as adopted by the Company's Ordinary and Extraordinary General Meeting of April 17, 2013.

7.1.2.1 / Corporate purpose

Article 2 of the Company's bylaws provides that its purpose is to:

- create, operate and develop commercial or industrial establishments in the sectors of the distribution of cultural, educational, musical, leisure, electronic and computer products and services, services for individuals and companies, or personal, home and office equipment, directly or indirectly by setting up subsidiaries or acquiring interests worldwide;
- acquire, administer and sell financial securities or interests of any type in any entity with a lawful purpose, irrespective of the legal form, including unincorporated entities, throughout the world and for any length of time or duration, and carry out any transaction on these financial securities or interests, directly or indirectly by setting up subsidiaries or acquiring interests;
- carry out any transactions, including financial, investment or real estate transactions that directly or indirectly relate to, are necessary or useful in any way for, or are incidental or ancillary to the above.

To this end, the Company may act, directly or indirectly, on its own behalf or on behalf of third parties, either alone or in a partnership, association or company with any other company, individual or enterprise and carry out any transaction that comes within the scope of its purpose.

7.1.2.2 / Fiscal year

From January 1 to December 31 of each year.

7.1.2.3 / Administrative, management, supervisory and senior management bodies

Board of Directors

Composition of the Board of Directors (Article 12 of the Bylaws and Article 1 of the Board's internal regulations)

The Board is composed of at least three and no more than eighteen members, subject to exceptions allowed by law, including in the case of a merger.

The Directors are appointed for a term of four years by the General Meeting under the conditions set forth by law. The Directors are eligible for re-appointment and may be dismissed at any time by a General Meeting. If one or more directorships are vacant, the Board may, under the conditions set forth by law, make provisional appointments, which will be subject to ratification at the next General Meeting. A Director appointed under these conditions to replace another Director remains in office for the remaining period of his or her predecessor's term of office. The General Meeting of May 23, 2019 amended Article 12 of the bylaws to provide the option of appointing Directors for a term that is less than the term of office in order to implement or maintain the staggering of Board members' terms of office. This will enable the Board members' terms of office to be organized in such a way that allows for the renewal of members as regularly as possible.

Senior management

Chief Executive Officer (Article 17 of the Bylaws)

If the Board of Directors chooses to separate the functions of Chairman and Chief Executive Officer (CEO), it will appoint the CEO from among or outside its members, and will set the term of office, compensation and, as applicable, the limits to his or her powers. At no time may the CEO be more than 65 years of age.

Chief Operating Officers (Article 18 of the Bylaws)

Upon the CEO's recommendation, whether this position is held by the Chairman of the Board or by another person, the Board may appoint one or more natural persons responsible for assisting the CEO with the title of Chief Operating Officer (COO). The maximum number of Chief Operating Officers is set at five. At no time may a Chief Operating Officer be more than 65 years of age.

Should the CEO cease to exercise or be prevented from exercising his or her duties, the Chief Operating Officer(s) will keep their positions and assignments until the new CEO is appointed, unless otherwise decided by the Board of Directors.

7.1.2.4 / General Meetings

Convening General Meetings

The Company's General Meetings are convened under the conditions and according to the procedures and timetables set forth by the regulations in force and the Company's bylaws. They are held at the registered office or in any other place stated in the notice of meeting.

Attendance and voting at General Meetings

All shareholders may participate in General Meetings, in person or through a proxy, under the conditions defined by the regulations in force. They will need to prove their identity and their ownership of the securities through registration in their name (or in the name of the intermediary registered on the shareholder's behalf when Company shares are listed for trading on a regulated market, pursuant to the regulations in force). This must occur no later than midnight (Paris time) on the second business day preceding the Meeting, either in the registered securities accounts kept by the Company or in bearer share accounts kept by any authorized intermediary, when the Company's shares are listed for trading on a regulated market. Proof of shareholder status can be provided electronically, under the conditions set by the applicable regulations.

Shareholders who participate in the Meeting by video-conferencing or by any means of telecommunication, including online, which allow for their identification under the conditions provided by the regulations in force are deemed to be present for the purposes of calculating the quorum and majority pursuant to the Board of Directors' decision published in the Notice of Meeting that such forms of telecommunication are permitted.

Any shareholder may vote remotely or by proxy, in accordance with the regulations in force, by completing a form provided by the Company and returned to it, in accordance with the regulations in force, including electronically or by remote transmission, pursuant to the Board of Directors' decision. To be accepted, this form must be received by the Company under the conditions provided by the regulations in force.

By prior decision of the Company's Board of Directors, electronic forms may be completed and signed using a reliable identification process that meets the conditions required by regulations, which may consist of a user name and password, or any other means consistent with applicable regulations. Any proxy or vote issued electronically before the Meeting, as well as the confirmation of receipt issued, shall be considered as irrevocable written instructions enforceable against all parties. If ownership of securities is transferred before midnight (Paris time) on the second business day prior to the Meeting, the Company shall invalidate or accordingly modify the proxy or vote, as applicable, issued before that date and time.

Fnac Darty has implemented Votaccess, a service offering the option to vote online at the General Meeting and to receive the Meeting invitation in electronic form.

Conduct of General Meetings

The meetings are chaired by the Chairman of the Board of Directors, or, in his or her absence, by a Board member specially delegated for that purpose by the Board. Otherwise, the Meeting shall elect its own Chairman.

The minutes of Meetings are prepared and copies are certified and issued in accordance with the regulations in force.

7.1.2.5 / Provisions of the bylaws that could have an impact on a change of control of the Company

The Company's bylaws do not contain any provisions that would, to the Company's knowledge, have the effect of delaying, deferring or preventing a change of its control.

7.1.2.6 / Shareholding thresholds and identification of shareholders (Article 9 of the Bylaws)

Shareholding thresholds

While the Company's shares are admitted for trading on a regulated market, any individual or corporate entity acting alone or collectively who directly or indirectly comes to hold or ceases to hold 3% or more – or any multiple of 1% above 3% – of the Company's capital or voting rights must notify the Company thereof by registered letter with acknowledgment of receipt within the time limit stated in Article R. 233-1 of the French Commercial Code (at the time of writing, no later than the close of trading on the fourth trading day following the date that the shareholding threshold is crossed). This is in addition to the legal obligation to notify the Company of the holding of certain percentages of capital. The provisions of paragraph VI bis of Article L. 233-7 of the French Commercial Code and of the AMF General Regulations apply *mutatis mutandis* to the thresholds referred to in this paragraph.

If not declared in accordance with the preceding paragraph, shares exceeding the percentage that should have been declared shall be stripped of their voting rights in General Meetings if the absence of a declaration has been noted at a Meeting and if one or more shareholders holding at least 3% of the Company's capital or voting rights so requests at said Meeting. This removal of voting rights applies to all General Meetings held until the expiration of a two-year period following the date on which the declaration is regularized.

Furthermore, any person who solely or jointly comes to hold a number of shares representing more than one-twentieth of the Company's capital or voting rights must include the information referred to in paragraph VII of Article L. 233-7 of the French Commercial Code in their declaration to the Company, as specified in the AMF General Regulations. This is applicable while the Company's shares are admitted to trading on a regulated market and is in addition to the thresholds provided by the regulations in force.

At the end of each six-month period following their first declaration, any shareholders who continue to hold a number of shares or voting rights greater than or equal to the fraction referred to in the previous paragraph must renew their declaration of intent for each subsequent six-month period, in accordance with the terms mentioned above.

The Company reserves the right to notify the public and shareholders of any information of which it has been advised or of any failure to comply with the abovementioned obligation by the person concerned.

The ownership percentages are determined using the shares and voting rights referred to in Articles L. 233-7 et seq. of the French Commercial Code and the provisions of Articles 233-11 et seq. of the General Regulations of the AMF.

Identification of shareholders

While the Company's shares are listed for trading on a regulated market, the Company is authorized to use the methods pursuant to the regulations in force to identify the holders of securities that grant immediate or future voting rights at the Company's Shareholders' Meetings.

7.2 / Share capital

7.2.1 / SHARE CAPITAL ISSUED AND SHARE CAPITAL AUTHORIZED BUT NOT ISSUED

The Company's share capital as of December 31, 2019 was €26,515,572, and as of March 2, 2020 was €26,566,152, divided into the equivalent number of shares with a par value of one (1) euro, fully subscribed and paid up and all of the same class. This represents the same number of theoretical voting rights and 26,436,822 actual voting rights as of December 31, 2019 and 26,566,152 actual voting rights as of March 2, 2020. The difference between the number of theoretical voting rights and the number of actual voting rights corresponds to the treasury shares, to which no voting right is attached.

The table below shows the financial resolutions approved by the Company's Combined General Meeting on May 23, 2019.

Subject of resolution	Maximum amount	Validity authorization [a]	Use of the authorization during the year
Share buybacks and share capital reduction			
Authorization to trade in the Company's shares [g]	10% of share capital Maximum price per share: €100 Maximum amount of the transaction: €266,054,300	18 months [a]	See 7.2.3.1
Authorization to reduce capital by canceling treasury shares	10% of share capital per 24 months	26 months [a]	See 7.2.3.2
Issuance of securities			
Issue of ordinary shares, with preemptive subscription rights, giving access to ordinary shares or to the allotment of Company debt instruments and/or investment securities giving access to ordinary shares, as applicable [g]	€13m [b]	26 months [a]	This authorization has not been used
Issue of ordinary shares giving access, as applicable, to ordinary shares or to the allotment of debt instruments and/or investment securities giving access to ordinary shares, in the form of a public tender offer and/or as payment in a public exchange offer, with preemptive subscription rights waived and with a mandatory priority period [g]	€2.60m [c]	26 months [a]	This authorization has not been used
Issue of ordinary shares giving access, as applicable, to ordinary shares or to the allotment of Company debt instruments and/or investment securities giving access to ordinary shares, with preemptive subscription rights waived, in the form of a private placement [g]	€2.60m [d]	26 months [a]	This authorization has not been used
Issue of shares or investment securities giving access to capital in consideration for contributions in kind [g]	10% of share capital on the day of the AGM [d]	26 months [a]	This authorization has not been used
Authorization granted to the Board of Directors, in the event of an issue without preemptive subscription rights, to set the issue price up to a limit of 10% of the share capital [g]	10% of share capital per year	26 months [a]	This authorization has not been used
Capital increase through the capitalization of reserves, profits [g] and/or premiums	€13m [e]	26 months [a]	This authorization has not been used
Increase in the number of shares to be issued in the event of a capital increase with or without preemptive subscription rights [g]	As limited by applicable regulations (currently 15% of the initial issue) and the caps set by the General Meeting	26 months [a]	This authorization has not been used

Subject of resolution	Maximum amount	Validity authorization [a]	Use of the authorization during the year
Capital increase, through the issue of ordinary shares or investment securities giving access to capital, reserved for members of employee share savings plans, with preemptive subscription rights waived in favor of the latter	€1.3m [e]	26 months [a]	This authorization has not been used
Issue reserved for employees and Directors			
Award of stock subscription or purchase options, with preemptive subscription rights waived	5% of share capital on the allotment date [f]	38 months [a]	This authorization has not been used
Bonus allotments of existing shares or shares to be issued to some or all Group employees and corporate officers, with preemptive subscription rights waived	5% of share capital on the allotment date [f]	38 months [a]	This authorization has not been used

(a) From May 23, 2019.
(b) All other authorizations to increase capital (with the exception of stock options and allotment of bonus shares) count towards this overall cap.
(c) Shared cap totaling €2.60 million towards which the caps referred to in (d) count and which counts towards the overall cap referred to in (b).
(d) Included in the shared cap referred to in (c).
(e) Included in the overall cap referred to in (b).
(f) Shared cap for authorizations relating to stock options and the allotment of bonus shares which count towards the overall cap referred to in (b). Shared sub-cap for authorizations relating to stock options and the allotment of bonus shares to executive officers: 1% of the share capital within the shared cap.
(g) Suspension during a public tender offer.
€m: millions of euros.

The Company acted on the resolutions authorizing the purchase or sale of Company shares and the reduction of the Company's capital through the cancellation of treasury shares as described in section 7.2.3 below.

7.2.2 / SECURITIES NOT REPRESENTING SHARE CAPITAL

Since September 22, 2016, the Group has had at its disposal Senior bonds in the amount of €650 million, bearing 3.25% annual interest, maturing in 2023 (High Yield Bonds) as described in section 4.2.2.2 "Financial debt".

With a view to extending the average maturity of its financing, and to make the most of the favorable conditions offered by the high-yield bond market, Fnac Darty refinanced the bonds maturing in 2023 via the issuance (i) of a bond issue represented by bonds with a maturity of five years, paying an annual coupon of 1.875% and a nominal amount equal to €300 million and (ii) a bond issue represented by bonds with a maturity of seven years, paying an annual coupon of 2.625% and a nominal amount equal to €350 million.

7.2.3 / SHARES CONTROLLED BY THE COMPANY, TREASURY SHARES AND THE COMPANY'S ACQUISITION AND CANCELLATION OF ITS OWN SHARES

7.2.3.1 / Share buyback program in force on the Universal Registration Document preparation date

On May 23, 2019, the Ordinary General Meeting of the Company authorized the Company's Board of Directors to implement a buyback program for Company shares for a period of 18 months from the date of the Meeting, in accordance with the provisions of Article L. 225-209 of the French Commercial Code and pursuant to the AMF General Regulations, under the following conditions:

Transaction concerned	Duration of authorization	Maximum purchase price per share	Maximum amount	Maximum number of shares
Share buyback program authorized by the AGM of May 23, 2019	18 months	€100 (excluding acquisition costs)	€266,054,300	10% of the Company's capital

On May 23, 2019, the Ordinary General Meeting of the Company authorized, under the same conditions, the Company's Board of Directors to reduce the share capital, on one or more occasions through the cancellation of any amount of treasury shares in the proportions and at the times as it may decide. This authorization is for a period of 26 months from the date of the Meeting, within the limits authorized by law and in accordance with the following conditions:

Transaction concerned	Duration of authorization	Maximum term of the share cancellation period	Maximum number of shares canceled
Share buyback program	26 months	24 months	10% of the Company's capital

Authorized purposes

Acquisitions may be made for the following purposes:

a) to stimulate the secondary market or liquidity for Fnac Darty shares via a liquidity agreement with an investment services provider in accordance with the practice permitted by the regulations, it being understood that the number of shares used to calculate the aforementioned limit is the number of shares purchased minus the number of shares sold;

b) to hold the purchased shares for future sale as exchange or payment in the context of external growth transactions;

c) to cover stock purchase options and/or bonus share allocation (or similar) plans for the benefit of Group employees and/or corporate officers as well as allocations of shares in connection with a Company or Group savings plan (or similar), Company profit-sharing plan and/or any other form of share allocations to Group employees and/or corporate officers;

d) to cover investment securities that establish the right to allotment of Company shares, as required by applicable regulations; and

e) to potentially cancel the purchased shares, in accordance with the authorization granted or to be granted by an Extraordinary General Meeting.

This program is also intended to enable the Company to trade in its shares using any means and for any other authorized purpose or using any market practice permitted now or subsequently by applicable laws and regulations or those accepted by the French Financial Markets Authority, the AMF. If the Company undertakes any transactions outside the purposes mentioned above, it will inform its shareholders by means of a press release.

Buyback mechanism

Acquisitions, sales, trades and transfers may be arranged by any means, including by acquiring blocks of shares, and the Company reserves the right to use options or derivative instruments subject to applicable regulations.

If a third party files a public tender offer for the Company's shares, the Board of Directors may not use this delegation for the duration of the offer period, unless it receives prior authorization to do so from the General Meeting.

Implementation

On October 18, 2018, the Company informed the market of the implementation of a treasury share buyback program, in the amount of 535,000 shares, or approximately 2% of its capital, over a 24-month period. This buyback is carried out at a price that may not exceed the ceiling of €130 per share, set by the General Meeting.

These shares are intended to be canceled so as to offset the dilutive effects of performance share plans or past stock option plans.

For the purpose of implementing this program, the Group granted a mandate to an independent investment services provider.

As of December 31, 2019, 495,000 shares had been redeemed under this mandate at an average price of €63.31 (brokerage fees amounting to €31,338 were paid in this respect). These shares, representing around 2% of capital before cancellation, were canceled.

Redemptions under the liquidity agreement

From September 26, 2018, and for a term of one year renewable by tacit agreement, Fnac Darty entrusted the implementation of a market surveillance and liquidity agreement covering its ordinary shares to Oddo BHF and Natixis, in accordance with the practice permitted by regulations.

For the implementation of this contract, the following resources were allotted to the liquidity account:

- 97,750 Fnac Darty shares; and
- €360,967.54.

An amendment to the liquidity agreement was also signed in March 2019.

In 2019, under the liquidity agreement, 738,440 shares were purchased at an average price of €61.34 for a total amount of €45,300,243, and 594,178 shares were sold at an average price of €63.58 for a total of €37,778,511. Under this liquidity agreement, the following resources were in the liquidity account on December 31, 2019: 78,750 shares and €2,235,053.86.

On March 4, 2020, the Company held 108,000 shares.

7.2.3.2 / Description of the share buyback program submitted to the General Meeting of May 28, 2020 for authorization

In consideration of the development of the COVID-19 pandemic and in accordance with the conditions imposed by the establishment of the Loan Guarantee by the French government, the Board of Directors will not proceed with the share buyback programs in 2020, except as part of the current liquidity agreement.

Presentation of the program submitted to the next General Meeting

A new authorization is being submitted for the approval of the Combined Meeting of May 28, 2020 called to approve the financial statements for the year ended December 31, 2019. This authorization seeks authority for the Board of Directors to implement a new Company share buyback program pursuant to the provisions of Article L. 225-209 of the French Commercial Code and the AMF General Regulations, under the following conditions:

Transaction concerned	Duration of authorization	Maximum purchase price per share	Maximum amount	Maximum number of shares
Share buyback program	18 months	€80	€212,124,576	10% of the Company's capital

Acquisitions may be made for the following purposes:

- to stimulate the secondary market or liquidity for Fnac Darty shares via a liquidity agreement with an investment services provider in accordance with the practice permitted by the regulations, it being understood that the number of shares used to calculate the aforementioned limit is the number of shares purchased minus the number of shares sold;
- to hold the purchased shares for future sale as exchange or payment in the context of external growth transactions;
- to cover stock purchase options and/or bonus share allocation (or similar) plans for the benefit of Group employees and/or corporate officers as well as allocations of shares in connection with a Company or Group savings plan (or similar), Company profit-sharing plan and/or any other form of share allocations to Group employees and/or corporate officers;
- to cover investment securities that establish the right to allotment of Company shares, as required by applicable regulations; and
- to potentially cancel the purchased shares, in accordance with the authorization granted or to be granted by an Extraordinary General Meeting.

This program is also intended to enable the Company to trade in its shares using any means and for any other authorized purpose or using any market practice permitted now or subsequently by applicable laws and regulations or those accepted by the French Financial Markets Authority, the AMF. If the Company undertakes any transactions outside the purposes mentioned above, it will inform its shareholders by means of a press release.

Acquisitions, sales, trades and transfers may be arranged by any means, including by acquiring blocks of shares, and the Company reserves the right to use options or derivative instruments subject to applicable regulations.

If a third party files a public tender offer for the Company's shares, the Board of Directors may not use this delegation for the duration of the offer period, unless it receives prior authorization to do so from the General Meeting.

7.2.4 / OTHER RIGHTS OR SECURITIES GIVING ACCESS TO CAPITAL

As of December 31, 2019, the potential capital consists of 141,090 stock subscription options and 447,165 bonus shares in the process of vesting, as described below. It is specified that as of the date of this Universal Registration Document, given the full vesting of 50,580 allotted bonus shares on March 2, 2020, the potential capital now consists of 365,996 bonus shares allotted during the vesting period and 141,090 stock subscription options.

The mechanism for the allotment of performance shares described in section 3.4.2 "Long-term incentives" is achieved partially through stock subscription options and partially through bonus share allotments.

The principles and implementation of a long-term incentive plan for the Group's main Directors (excluding the executive corporate officer) were approved by the Board of Directors' meetings of October 22, 2013, February 26, 2014, February 26, 2015, and April 4, 2016 on the recommendation of the Appointments and Compensation Committee. This was in accordance with the authorizations granted by the General Meeting of April 17, 2013 in its thirtieth resolution on stock subscription options and its thirty-first resolution on bonus share allotment and by the General Meeting of June 17, 2016 in its fourteenth resolution on bonus share allotment.

These plans consist of an allotment of stock subscription options to those Directors who are not corporate officers, and an allotment of bonus shares to the main Directors, Group leadership Directors, and high-potential Directors and managers, in order to link them to the Company's performance through the appreciation of its share price.

The options issued through the stock subscription option plans will vest gradually to the beneficiaries, in tranches, at the end of successive vesting periods, subject to the beneficiary's continued employment in the Group at the end of the relevant period, and will be subject to a Fnac Darty share performance condition defined for each vesting period.

The principles and implementation of a long-term incentive plan for the Group's main Directors (including the executive corporate officer) were approved by the Board of Directors meetings on April 28, 2017, December 15, 2017, May 18, 2018 and May 23, 2019 on the recommendation of the Appointments and Compensation Committee. This was in accordance with the authorization granted by the General Meeting of June 17, 2016 in its thirteenth and fourteenth resolutions.

These plans consist of an allotment of stock subscription options to the executive corporate officer and main Directors, and an allotment of bonus shares to the executive corporate officer, main Directors, Group leadership Directors and high-potential Directors and managers, in order to link them to the Company's performance through the appreciation of its share price.

Stock options

The options issued through the stock subscription option plan will vest gradually to the beneficiaries, in tranches, at the end of successive vesting periods, subject to the beneficiary's continued employment in the Group at the end of the relevant period. They will be subject to a Fnac Darty share performance condition, a performance condition associated with the achievement of specific synergy targets with regard to the merging of Fnac and Darty, and a current operating income target, defined for each vesting period.

The exercise price of the allotted stock subscription options is set without a discount. It is equal to the average of the 20 closing prices of the Group's share prior to the date of the decision of the Board of Directors regarding the allotment of the plan.

The plan established by the Board of Directors on April 28, 2017 stipulates two vesting periods: May 2, 2017 to May 1, 2019, and May 2, 2017 to May 1, 2020.

The plan established by the Board of Directors on May 18, 2018 stipulates two vesting periods: May 18, 2018 to May 17, 2020, and May 18, 2018 to May 17, 2021.

Main features	2017 plan	2018 plan
Date of the authorization of the General Meeting	June 17, 2016	June 17, 2016
Date of Board of Directors' meeting	April 28, 2017	May 18, 2018
Exercise price	€66.23	€89.43
Performance conditions	Share price increase Achievement of synergy targets	TSR Achievement of current operating income target
Date of full vesting	May 1, 2019: for 50% May 1, 2020: for 50%	May 17, 2020: for 50% May 17, 2021: for 50%
Plans' expiration date	May 1, 2020: for 50% May 1, 2021: for 50%	May 17, 2021: for 50% May 17, 2022: for 50%
Number of stock subscription options initially allotted	300,000	97,438
Alexandre BOMPARD, Chairman and CEO until 07/17/2017	150,000	
Enrique MARTINEZ, CEO since 07/17/2017		41,766
Number of beneficiaries as of December 31, 2019	7	11
Being vested as of December 31, 2019	43,652	97,438
Canceled or expired as of December 31, 2019	223,600	0
Vested as of December 31, 2019	32,748 (1st tranche vested as of May 1, 2019)	0
Vested and exercised as of December 31, 2019	5,463 (1st tranche vested as of May 1, 2019)	0
TOTAL NUMBER OF OPTIONS BEING VESTED AS OF DECEMBER 31, 2019		**141,090**

Stock subscription or purchase options granted to the first ten non-executive corporate officer employees and the options exercised by these beneficiaries	Total number of options allocated/ shares subscribed or purchased	Weighted average price	Plan No 1	Plan No 2
Options granted during the period by the issuer and any company included within the scope of allotment of options, to the ten employees of the issuer and any company included within this scope, of which the number of options granted is the highest. (Global information)	0	n. a.	n. a.	n. a.
Options held on the issuer and the companies referred to above, exercised during the period by the ten employees of the issuer and these companies, of which the number of options thus purchased or subscribed is the highest. (Global information)	27,012	€48.58	€44.10	€66.23

Allotment of bonus shares

The plan established by the Board of Directors on February 26, 2015 stipulates a duration of four years: two vesting years (March 2015 to February 2017), therefore now vested, and two holding years for French residents, and four vesting years (March 2015 to February 2019) for non-French residents. The performance condition is assessed on the average closing price of the Fnac Darty share at the end of February 2017.

The plan established by the Board of Directors on April 4, 2016 stipulates a duration of four years: two vesting years (June 17, 2016 to June 16, 2018) and two holding years for French residents, and four vesting years (June 17, 2016 to June 16, 2020) for non-French residents. The performance condition is assessed on the average closing price of the Fnac Darty share for the 20 days preceding June 16, 2018.

The plan established by the Board of Directors on April 28, 2017 stipulates a duration of four years: two vesting years (May 2, 2017 to May 1, 2019) and two holding years for French residents, and four vesting years (May 2, 2017 to May 1, 2021) for non-French residents. The Fnac Darty share performance condition was assessed annually, in April 2018 and April 2019, based on the share's average closing price over the 20 trading days preceding May 1, 2018 and May 1, 2019 respectively. The performance condition relating to the achievement of synergies in the merger of Fnac and Darty were assessed in 2018 after publication of the Group's 2017 annual results, and in 2019 after the publication of the Group's 2018 annual results.

The plan established by the Board of Directors on December 15, 2017 stipulates a vesting period of more than two years (December 15, 2017 until the third trading day following the publication of the 2019 annual results). The Fnac Darty share performance condition was assessed annually, in 2019 and 2020, based on the Company's Total Shareholder Return (TSR) compared to that of the companies in the SBF120. The performance conditions relating to the achievement of synergies in the merger of Fnac and Darty and to the level of Current Operating Income (COI) were assessed in 2019 after the publication of the Group's 2018 annual results, and in 2020 after the publication of the Group's 2019 annual results.

The plan established by the Board of Directors on May 18, 2018 stipulates a term of three years (May 18, 2018 to May 17, 2021) with two successive vesting periods: a first period of two years (May 18, 2018 to May 17, 2020) and a second period of three years (May 18, 2018 to May 17, 2021). The Fnac Darty share performance condition based on the Company's Total Shareholder Return (TSR) compared to that of the companies in the SBF120 is measured annually: for the first period, in 2019 for 2018, and in 2020 for 2018-2019; and for the second period, in 2021 for 2018-2020. It will also be subject to a performance condition tied to a target level of current operating income that will be set: for the first period in 2019, after the publication of the Group's 2018 annual results, and in 2020, after publication of the Group's 2019 annual results; and for the second period in 2021, after the publication of the Group's 2020 annual results.

The plan (excluding the executive corporate officer) established by the Board of Directors on May 23, 2019 provides for a term of three years (May 23, 2019 to May 22, 2022) with two successive vesting periods: a first period of two years (May 23, 2019 to May 22, 2021) and a second period of three years (May 23, 2019 to May 22, 2022). The performance condition relating to the Fnac Darty share price based on the Company's Total Shareholder Return (TSR) compared to that of SBF120 companies is measured in respect of 2019-2020 for the first period, and in respect of 2019-2021 for the second period. The performance conditions associated with achieving a target level of free cash flow will be assessed in 2021 upon publication of the Group's annual results for 2020, taking into account the cashflow generated by the Group during the financial years 2019 and 2020 for the first period, and in 2022 upon publication of the Group's annual results for 2021, taking into account the cashflow generated by the Group during the financial years 2019, 2020 and 2021 for the second period. The Company's performance in the area of corporate, environmental and social responsibility will be assessed by taking into account the Group's non-financial ratings for 2019 and 2020 for the first period, and by taking into account the Group's non-financial ratings for 2019, 2020 and 2021 for the second period.

The plan in respect of the executive corporate officer established by the Board of Directors on May 23, 2019 provides for a term of three years (May 23, 2019 to May 22, 2022) with a single vesting period (May 23, 2019 to May 22, 2022). The performance condition relating to the Fnac Darty share price based on the Company's Total Shareholder Return (TSR) compared to that of SBF120 companies is measured in respect of 2019-2021 for the entire period. The performance conditions associated with achieving a target level of free cash flow will be assessed in 2022 upon publication of the Group's annual results for 2021, taking into account the cashflow generated by the Group during the financial years 2019, 2020 and 2021 for the entire period. The Company's performance in the area of corporate, environmental and social responsibility is assessed by taking into account the Group's non-financial ratings for 2019, 2020 and 2021 for the entire period.

Vesting of the bonus shares is subject to a continuous service condition and Fnac Darty performance conditions.

Main features	2015 plan	2016 plan	2017 plan	2017 plan	2018 plan	2019 plan	2019 plan
Date of the authorization of the General Meeting	April 17, 2013	June 17, 2016	June 17, 2016	June 17, 2016	June 17, 2016	June 17, 2016	June 17, 2016
Date of Board of Directors' meeting	February 26, 2015	April 4, 2016	April 28, 2017	December 15, 2017	May 18, 2018	May 23, 2019	May 23, 2019
Allotment price	€44.10	€50.86	€66.23	€86.82	€89.43	€74.69	€74.69
Performance conditions	Share price increase	Share price increase	Share price increase Achievement of synergy targets	TSR Achievement of synergy targets Achievement of current operating income target	TSR Achievement of current operating income target	TSR Achievement of free cash flow target CSR	TSR Achievement of free cash flow target CSR
Date of full vesting	For French residents: February 28, 2017 + a two-year lock-up period until February 28, 2019 For non-French residents: February 28, 2019	For French residents: June 16, 2018 + a two-year lock-up period until June 16, 2020 For non-French residents: June 16, 2020	For French residents: May 1, 2019 + a two-year lock-up period until May 1, 2021 For non-French residents: May 1, 2021	In 2020, the third trading day following the publication of the 2019 annual results	May 17, 2020: for 66.67% May 17, 2021: for 33.33%	May 22, 2021: for 33.33% May 22, 2022: for 66.67%	May 22, 2022: for 100%

Main features	2015 plan	2016 plan	2017 plan	2017 plan	2018 plan	2019 plan	2019 plan
Number of bonus shares initially allotted	60,839	67,529	122,000	92,500	109,817	214,449	31,752
Alexandre BOMPARD, Chairman and CEO until 07/17/2017			20,333				
Enrique MARTINEZ, CEO since 07/17/2017				15,391	9,983		31,752
Number of beneficiaries as of December 31, 2019	0	29	23	35	153	206	1
Being vested as of December 31, 2019	0	9,492	12,866	81,169	102,178	209,708	31,752
Canceled or expired as of December 31, 2019	11,602	13,792	50,547	11,331	7,639	4,741	0
Vested as of December 31, 2019	49,237	44,245	58,587	0	0	0	0
TOTAL BONUS SHARES BEING VESTED AT DECEMBER 31, 2019							**447,165**

No companies affiliated with Fnac Darty under the conditions laid down in Article L. 225-197-2 of the French Commercial Code or controlled by it as defined by Article L. 233-16 of the French Commercial Code have issued any stock purchase or subscription option plans.

Dilutive effect

As of December 31, 2019, the Company had 447,165 bonus shares in the process of vesting as well as 141,090 subscription options in the process of vesting, conferring the right to subscribe to 141,090 Company shares. As of December 31, 2019, there were 26,515,572 Company shares. On that date, if all subscription options had been exercised and all bonus shares vested through the issue of new shares, 588,255 shares would have been created, representing a dilution of 2.22%.

7.2.5 / TERMS GOVERNING ANY VESTING RIGHT AND/OR ANY OBLIGATION ATTACHED TO THE CAPITAL AUTHORIZED BUT NOT ISSUED

None.

7.2.6 / SHARE CAPITAL OF ANY GROUP COMPANY THAT IS SUBJECT TO AN OPTION OR AN AGREEMENT TO GRANT AN OPTION

Except as described in section 7.3 "Shareholders" of this Universal Registration Document, the Company is not aware of any options to acquire all or part of the capital of any company in the Group or any conditional or unconditional agreement to grant an option over all or part of the capital of any Group company.

7.2.7 / HISTORY OF THE SHARE CAPITAL OVER THE LAST FIVE YEARS

The table below presents the evolution of the Company's share capital over the last five full financial years.

Date	Nature of the transaction	Capital prior to the transaction (€)	Issue premium (€)	Number of shares prior to the transaction	Number of shares after the transaction	Par value after the transaction (€)	Capital after the transaction (€)
05/29/2015	Increase in the number of shares following the exercise of stock subscription options	16,595,610	1,776,921.92	16,595,610	16,687,774	1.00	16,687,774
05/24/2016	Increase of capital reserved for Vivendi	16,687,774	156,079,753	16,687,774	19,632,675	1.00	19,632,675
07/29/2016	Capital increase as payment for the Darty shares tendered as securities for the Darty plc acquisition offer	19,632,675	n. a.	19,632,675	26,103,758	1.00	26,103,758
09/15/2016	Capital increase as payment for the Darty shares tendered as securities for the Darty plc acquisition offer following the forced disposal notifications	26,103,758	n. a.	26,103,758	26,122,771	1.00	26,122,771
01/09/2017	Increase in the number of shares following the exercise of stock subscription options	26,122,771	3,749,880.60	26,122,771	26,299,576	1.00	26,299,576
03/01/2017	Increase in the number of shares resulting from the full vesting of bonus shares	26,299,576	(38,890)	26,299,576	26,338,466	1.00	26,338,466
12/15/2017	Increase in the number of shares following the exercise of stock subscription options	26,338,466	7,614,068.08	26,338,466	26,658,135	1.00	26,658,135
06/18/2018	Increase in the number of shares resulting from the full vesting of bonus shares	26,658,135	44,245	26,658,135	26,702,380	1.00	26,702,380
07/16/2018	Capital increase reserved for employees, corporate officers and eligible former employees subscribing to the Group Savings Plan	26,702,380	6,585,377.76	26,702,380	26,792,938	1.00	26,792,938
12/28/2018	Increase in the number of shares following the exercise of stock subscription options	26,792,938	463,368.1	26,792,938	26,803,689	1.00	26,803,689
12/28/2018	Capital reduction through the cancellation of shares	26,803,689	n. a.	26,803,689	26,605,439	1.00	26,605,439

Date	Nature of the transaction	Capital prior to the transaction (€)	Issue premium (€)	Number of shares prior to the transaction	Number of shares after the transaction	Par value after the transaction (€)	Capital after the transaction (€)
03/07/2019	Increase in the number of shares resulting from the full vesting of bonus shares and following the exercise of stock subscription options	26,605,439	138,307.9	26,605,439	26,618,995	1.00	26,618,995
03/07/2019	Capital reduction through the cancellation of shares	26,618,995	n. a.	26,618,995	26,567,245	1.00	26,567,245
05/20/2019	Increase in the number of shares resulting from the full vesting of bonus shares and following the exercise of stock subscription options	26,567,245	752,353.60	26,567,245	26,643,288	1.00	26,643,288
05/20/2019	Capital reduction through the cancellation of shares	26,643,288	n. a.	26,643,288	26,498,288	1.00	26,498,288
06/07/2019	Increase in the number of shares following the exercise of stock subscription options	26,498,288	394,451.9	26,498,288	26,504,635	1.00	26,504,635
07/17/2019	Capital increase reserved for employees, corporate officers and eligible former employees subscribing to the Group Savings Plan	26,504,635	6,128,159.88	26,504,635	26,615,572	1.00	26,615,572
09/13/2019	Capital reduction through the cancellation of shares	26,615,572	n. a.	26,615,572	26,515,572	1.00	26,515,572

The following major transactions involving the Company's share capital were completed between May 29, 2015 and the preparation date of this Universal Registration Document:

- the Board of Directors at its meeting of May 29, 2015 noted the capital increase of €92,164 with an issue premium of €1,776,921.92, through the exercise of 92,164 stock subscription options; the share capital was therefore raised from €16,595,610 to €16,687,774 (divided into 16,687,774 shares with a par value of €1).

In accordance with the right to sub-delegate granted by the Board of Directors:

- the Chairman and Chief Executive Officer, in a decision dated May 25, 2016, noted the capital increase of €159,024,654 with an issue premium of €156,079,753 reserved for Vivendi, through the issue of 2,944,901 new shares; the share capital was therefore raised from €16,687,774 to €19,632,675 (divided into 19,632,675 shares with a par value of €1);
- the Chairman and Chief Executive Officer, in a decision dated July 29, 2016, noted the capital increase of €6,471,083 through the issue of 6,471,083 new shares with a par value of €1, as payment for the Darty shares tendered as securities for the buyback offer; the share capital was therefore raised from €19,632,675 to €26,103,758 (divided into 26,103,758 shares with a par value of €1);
- the Chairman and Chief Executive Officer, in a decision dated September 15, 2016, noted the capital increase of €19,013 through the issue of 19,013 new shares with a par value of €1, as payment for the Darty shares tendered as securities for the buyback offer; the share capital was therefore raised from €26,103,758 to €26,122,771 (divided into 26,122,771 shares with a par value of €1);

- the Chairman and Chief Executive Officer, in a decision dated January 9, 2017, noted the capital increase of €176,805 through the issue of 176,805 new shares with a par value of €1, following the exercise of stock subscription options in 2016; the share capital was therefore raised from €26,122,771 to €26,299,576 (divided into 26,299,576 shares with a par value of €1);
- the Chairman and Chief Executive Officer, in a decision dated March 1, 2017, noted the capital increase of €38,890 through the issue of 38,890 new shares with a par value of €1, following the allotment of bonus shares fully vested by the beneficiaries; the share capital was therefore raised from €26,299,576 to €26,338,466 (divided into 26,338,466 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated December 15, 2017, noted the capital increase of €319,669 through the issue of 319,669 new shares with a par value of €1, following the exercise of stock subscription options in 2017, not recognized as of March 1, 2017; the share capital was therefore raised from €26,338,466 to €26,658,135 (divided into 26,658,135 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated June 18, 2018, noted the capital increase of €44,245 through the issue of 44,245 new shares with a par value of €1, following the full vesting of bonus shares fully vested by the beneficiaries; the share capital was therefore raised from €26,658,135 to €26,702,380 (divided into 26,702,380 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated July 16, 2018, noted the capital increase of 90,558 new shares with a par value of €1 following the subscription of shares by employees, and eligible corporate officers and former employees subscribing to the Group Savings Plan for Fnac Darty's French companies, and to the International Group Savings Plan for Fnac Darty's non-French companies; the share capital was therefore raised from €26,702,380 to €26,792,938 (divided into 26,792,938 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated December 28, 2018, noted the capital increase of 10,751 new shares with a par value of €1 following the exercise of stock subscription options since October 1, 2018; the share capital was therefore raised from €26,792,938 to €26,803,689 (divided into 26,803,689 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated December 28, 2018, noted the capital reduction of 198,250 shares with a par value of €1 following the redemption of shares under the share buyback program implemented by the Company's Board of Directors; the share capital was therefore reduced from €26,803,689 to €26,605,439 (divided into 26,605,439 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated March 7, 2019, noted the capital increase of 13,556 shares with a par value of €1 following the full vesting of 10,347 bonus shares and the exercise of 3,209 stock subscription options, followed by a reduction of 51,750 shares with a par value of €1 following the redemption of shares under the share buyback program implemented by the Company's Board of Directors; the share capital was therefore reduced from €26,605,439 to €26,567,245 (divided into 26,567,245 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated May 20, 2019, noted the capital increase of 76,043 shares with par value of €1 following the full vesting of 58,587 bonus shares and the exercise of 17,456 stock subscription options, followed by a reduction of 145,000 shares with a par value of €1 following the redemption of shares under the share buyback program implemented by the Company's Board of Directors; the share capital was therefore reduced from €26,567,245 to €26,498,288 (divided into 26,498,288 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated June 7, 2019, noted the capital increase of 6,347 shares with a par value of €1 following the exercise of 6,347 stock subscription options; the share capital was therefore raised from €26,498,288 to €26,504,635 (divided into 26,504,635 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated July 17, 2019, noted the capital increase of 110,937 new shares with a par value of €1 following the subscription of shares by employees, and eligible corporate officers and former employees subscribing to the Group Savings Plan for Fnac Darty's French companies, and to the International Group Savings Plan for Fnac Darty's non-French companies; the share capital was therefore raised from €26,504,635 to €26,615,572 (divided into 26,615,572 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated September 13, 2019, noted the capital reduction of 100,000 shares with a par value of €1 following the redemption of shares under the share buyback program implemented by the Company's Board of Directors; the share capital was therefore reduced from €26,615,572 to €26,515,572 (divided into 26,515,572 shares with a par value of €1); and
- the Chief Executive Officer, in a decision dated March 2, 2020, noted the capital increase of €50,850 through the issue of 50,580 new shares with a par value of €1, following the full vesting of bonus shares fully vested by the beneficiaries; the share capital was therefore raised from €26,515,572 to €26,566,152 (divided into 26,566,152 shares with a par value of €1).

7.3 / Shareholders

7.3.1 / SHAREHOLDING

To the Company's knowledge, as of December 31, 2019, the Company's share capital and voting rights were distributed as follows:

	Position as of December 31, 2019			Position as of 12/31/2018			Position as of December 31, 2017		
Shareholders [(a)]	Number of shares	% of share capital	% of theoretical voting rights	Number of shares	% of share capital	% of theoretical voting rights	Number of shares	% of share capital	% of theoretical voting rights
Ceconomy Retail International	6,451,845	24.33%	24.33%	6,451,845	24.25%	24.25%	6,451,845	24.20%	24.20%
SFAM Group	3,026,422	11.41%	11.41%	3,026,422	11.38%	11.38%			
Moneta Asset Management	825,000	3.11%	3.11%						
Amundi	797,261	3.01%	3.01%						
Dorval Asset Management	1,318,438	4.97%	4.97%	1,334,996	5.02%	5.02%			
DNCA	774,466	2.92%	2.92%	1,054,335	3.96%	3.96%	1,396,082	5.24%	5.24%
Vivendi Universal							2,944,901	11.05%	11.05%
Knight Vinke Asset Management							2,735,458	10.26%	10.26%
Employee share ownership	306,479	1.16%	1.16%	140,314	0.53%	0.53%			
Treasury shares	78,750	0.30%	0.30%	61,000	0.23%	0.23%			
Public	12,936,911	48.79%	48.79%	14,536,527	54.64%	54.64%	13,129,849	49.25%	49.25%
TOTAL	**26,515,572**	**100.00%**	**100.00%**	**26,605,439**	**100.00%**	**100.00%**	**26,658,135**	**100.00%**	**100.00%**

(a) This table shows the shareholders that declared having exceeded thresholds, with the exception of Group employee shareholders.

As of December 31, 2019, the date of the decision of the TPI, the Company had almost 1,500 registered shareholders and almost 700 bearer shareholders according to the Euroclear statement of bearer shares and according to the register of registered shares. Approximately 42% of shareholders at that date were residents.

To the Company's knowledge, no other shareholder directly or indirectly, solely or jointly, holds more than 5% of the share capital or voting rights.

To the Company's knowledge, there has been no significant change in the ownership structure since the end of the year.

The main shareholder movements between 2017 and 2019 were as follows:

- 2017: disposal of the Artémis shareholding from the capital of Fnac Darty (6,451,845 shares, i.e. 24.3% of the capital) for the benefit of the companies Ceconomy AG and Metro Vierzehnte, under the terms of a forward disposal agreement for Fnac Darty shares, concluded on July 26, 2017;
- 2018: Ceconomy remains the Group's reference shareholder with 24.3%. On February 6, 2018, the French insurance broker SFAM purchased Knight Vinke's 11.4% stake in Fnac Darty, thus becoming the Group's second-largest shareholder. On July 2, 2018, Vivendi exercised the right it secured at the start of the year to exit its 11% interest in Fnac Darty;
- 2019: Ceconomy remains the Group's reference shareholder with 24.3%, followed by SFAM with 11.4% of the capital.

Shareholding thresholds

The following major holding notifications were submitted by registered intermediaries or fund managers to the AMF and/or the Company in relation to the year 2019:

- In a letter sent on January 9, 2019, Amundi reported that it had exceeded the statutory threshold of 3% of Fnac Darty's share capital and voting rights and held 839,430 Fnac Darty shares representing the same number of voting rights, i.e. 3.15% of the capital and voting rights.
- In letters received on January 11, 2019, the limited company Dorval Asset Management, acting on behalf of the funds it manages, reported that on January 4, 2019 it had exceeded the threshold of 5% of Fnac Darty's share capital and voting rights and held, on that date and at the time of writing, on behalf of the said funds, 1,335,296 Fnac Darty shares representing the same number of voting rights, i.e. 5.02% of the capital and voting rights of this company *(AMF Notice: 219C0081).*
- In a letter received on January 21, 2019, the limited company Dorval Asset Management, acting on behalf of the funds it manages, reported that on January 16, 2019 it had dropped below the thresholds of 5% of the capital and voting rights of the company Fnac Darty and held, on behalf of the said funds, 1,318,438 Fnac Darty shares representing the same number of voting rights, i.e. 4.96% of the capital and voting rights of this company *(AMF Notice 219C0137).*
- In a letter sent on February 20, 2019, Amundi reported that it had dropped below the 3% threshold of the share capital and voting rights of Fnac Darty and held 789,042 Fnac Darty shares representing the same number of voting rights, i.e. 2.96% of the capital and voting rights.
- In a letter dated February 22, 2019, Ceconomy reported that its subsidiary Ceconomy Retail International GmbH still directly and indirectly held 6,451,845 shares, representing 24.33% of Fnac Darty shares and voting rights making, and that, as of August 24, 2017, it had exceeded all 1% thresholds between 3% and 24%, and in particular the statutory thresholds of 5%, 10%, 15% and 20%.

  In the same letter, Ceconomy stated, on its own behalf and on behalf of Ceconomy Retail International (and reiterated in its letter dated August 22, 2019), that its intentions were as follows:

  - *"The acquisition of 6,541,845 Fnac Darty shares was financed by the issue of promissory notes and commercial paper;*
  - *Ceconomy controls Ceconomy Retail International and these companies do not act jointly with any third party in respect of Fnac Darty;*
  - *Ceconomy and Ceconomy Retail International will consider the acquisition of additional Fnac Darty shares depending on market opportunities, but will not exceed the threshold of 30% of the share capital and voting rights of Fnac Darty;*
  - *Ceconomy and Ceconomy Retail International do not intend to take control of Fnac Darty;*
  - *Ceconomy and Ceconomy Retail International support the strategy implemented by Fnac Darty and its management team; therefore, none of the measures listed in section 6 of Article 223-17-I of the AMF General Regulations need to be implemented;*
  - *Ceconomy and Ceconomy Retail International are not party to any agreement or financial instrument referred to in sections 4 or 4 bis of Article L. 233-9-I of the French Commercial Code or any temporary sales agreement relating to the shares or voting rights of Fnac Darty; and*
  - *Apart from the three Independent Directors put forward by Ceconomy, Ceconomy and Ceconomy Retail International do not intend to seek to be appointed to the Fnac Darty Board of Directors."*
- In a letter sent on March 7, 2019, Amundi reported that it had exceeded the statutory threshold of 3% of Fnac Darty's share capital and voting rights and held 807,259 Fnac Darty shares representing the same number of voting rights, i.e. 3.03% of the capital and voting rights.
- In a letter sent on March 11, 2019, Amundi reported that its holdings had dropped below the threshold of 3% of Fnac Darty's share capital and voting rights and that it held 796,732 Fnac Darty shares representing the same number of voting rights, i.e. 2.99% of the capital and voting rights.
- In a letter sent on June 12, 2019, SFAM Développement stated that it continued to hold 3,026,422 Fnac Darty shares. In the same letter, SFAM Développement specifically stated that, for a period of 6 months, which was renewed on December 12, 2019:

  - *"It would not acquire or sell Fnac Darty securities giving access to the capital or voting rights of Fnac Darty, since its last statement;*
  - *it would not act in concert with a third party;*
  - *it intends to acquire additional shares as market opportunities arise;*
  - *it has no intention of taking control of Fnac Darty;*
  - *it supports the strategy announced by the management team; therefore, none of the measures listed in section 6 of Article 223-17 of the AMF General Regulations need to be implemented;*

- *it is not party to any agreement or financial instrument referred to in sections 4 and 4 bis of Article L. 233-9 of the French Commercial Code;*
- *it is not party to any temporary sale agreement involving shares or voting rights in Fnac Darty; and*
- *it does not intend to request representation on the Board of Directors."*

- In a letter received May 22, 2019, DNCA Investments, acting on behalf of the funds that it manages and acting jointly with DNCA Finance Luxembourg, reported that, as of May 17, 2019, its holdings had dropped below the 3% threshold in relation to the holding of Fnac Darty capital and voting rights and that it jointly held on behalf of those funds 774,466 Fnac Darty shares in respect of their UCIs under management.
- In a letter dated June 26, 2019, Moneta Asset Management, acting on behalf of the funds that it manages, reported that, as of June 24, 2019, it had exceeded the statutory threshold of 3% in relation to the holding of Fnac Darty share capital and voting rights and held 796,583 Fnac Darty shares representing the same number of voting rights, i.e. 3.01% of the capital and voting rights.
- In a letter dated July 26, 2019, Moneta Asset Management, acting on behalf of the funds that it manages, reported that, as of July 24, 2019, its holdings had dropped below the statutory threshold of 3% in relation to the holding of Fnac Darty share capital and voting rights and that it held 786,568 Fnac Darty shares representing the same number of voting rights, i.e. 2.97% of the capital and voting rights.
- In a letter dated July 31, 2019, Moneta Asset Management, acting on behalf of the funds that it manages, reported that, as of July 30, 2019, it had exceeded the statutory threshold of 3% in relation to the holding of Fnac Darty share capital and voting rights and held 805,000 Fnac Darty shares representing the same number of voting rights, i.e. 3.04% of the capital and voting rights.
- In a letter sent on September 26, 2019, Amundi reported that it had exceeded the statutory threshold of 3% in relation to the holding of Fnac Darty share capital and voting rights and held 804,663 Fnac Darty shares representing the same number of voting rights, i.e. 3.02% of the capital and voting rights.
- In a letter sent on October 9, 2019, Amundi reported that its holdings had dropped below the statutory threshold of 3% in relation to the holding of Fnac Darty share capital and voting rights and that it held 785,689 Fnac Darty shares representing the same number of voting rights, i.e. 2.95% of the capital and voting rights.
- In a letter dated December 5, 2019, Moneta Asset Management, acting on behalf of the funds that it manages, reported that, as of December 3, 2019, it had exceeded the statutory threshold of 3% in relation to the holding of Fnac Darty share capital and voting rights and held 825,000 Fnac Darty shares representing the same number of voting rights, i.e. 3.11% of the capital and voting rights.
- In a letter sent on December 6, 2019, Amundi reported that it had exceeded the statutory threshold of 3% in relation to the holding of Fnac Darty share capital and voting rights and held 810,040 Fnac Darty shares representing the same number of voting rights, i.e. 3.05% of the capital and voting rights.
- In a letter sent on December 19, 2019, Amundi reported that its holdings had dropped below the statutory threshold of 3% in relation to the holding of Fnac Darty share capital and voting rights and that it held 789,985 Fnac Darty shares representing the same number of voting rights, i.e. 2.97% of the capital and voting rights.
- In a letter sent on December 23, 2019, Amundi reported that it had exceeded the statutory threshold of 3% in relation to the holding of Fnac Darty share capital and voting rights and held 797,261 Fnac Darty shares representing the same number of voting rights, i.e. 3.00% of the capital and voting rights.
- In a letter sent on February 4, 2020, Moneta Asset Management, acting on behalf of the funds that it manages, reported that its holdings had dropped below the statutory threshold of 3% in relation to the holding of Fnac Darty share capital and voting rights, and that it held 777,964 Fnac Darty shares representing the same number of voting rights, i.e. 2.93% of the capital and voting rights.
- In a letter sent on February 7, 2020, BDL Capital Management reported that it had exceeded the statutory threshold of 3% in relation to the holding of Fnac Darty share capital and voting rights, and that it held 812,305 Fnac Darty shares representing the same number of voting rights, i.e. 3.06% of the capital and voting rights.
- In a letter sent on February 13, 2020, Amundi reported that its holdings had dropped below the statutory threshold of 3% in relation to the holding of Fnac Darty share capital and voting rights, and that it held 790,702 Fnac Darty shares representing the same number of voting rights, i.e. 2.98% of the capital and voting rights.
- In a letter dated February 21, 2020, Ceconomy reported that its subsidiary Ceconomy Retail International GmbH still directly and indirectly held 6,451,845 shares, representing 24.33% of shares and theoretical voting rights making up the share capital of Fnac Darty, and that, as of August 24, 2017, it had exceeded all 1% thresholds between 3% and 24%, and in particular the statutory thresholds of 5%, 10%, 15% and 20%.

  In the same letter, Ceconomy stated, on its own behalf and on behalf of Ceconomy Retail International (and reiterated in its letters dated August 22, 2018 and February 22, 2019), that its intentions were as follows:

  - *"The acquisition of 6,541,845 Fnac Darty shares was financed by the issue of promissory notes and commercial paper;*
  - *Ceconomy controls Ceconomy Retail International, and these companies do not act jointly with any third party in respect of Fnac Darty;*

- *Ceconomy and Ceconomy Retail International will consider the acquisition of additional Fnac Darty shares depending on market opportunities, but will not exceed the threshold of 30% of the share capital and voting rights of Fnac Darty;*
- *Ceconomy and Ceconomy Retail International do not intend to take control of Fnac Darty;*
- *Ceconomy and Ceconomy Retail International support the strategy implemented by Fnac Darty and its management team; therefore, none of the measures listed in section 6 of Article 223-17-I of the AM General Regulations need to be implemented;*
- *Ceconomy and Ceconomy Retail International are not party to any agreement or financial instrument referred to in sections 4 or 4 bis of Article L. 233-9-I of the French Commercial Code or any temporary sales agreement relating to the shares or voting rights of Fnac Darty; and*
- *Apart from the three Independent Directors put forward by Ceconomy, Ceconomy and Ceconomy Retail International do not intend to seek to be appointed to the Fnac Darty Board of Directors."*

- In a letter sent on March 17, 2020, Norges Bank reported that its holdings had dropped below the statutory threshold of 3% in relation to the holding of Fnac Darty share capital and voting rights, and that it held 746,021 Fnac Darty shares representing the same number of voting rights, i.e. 2.80% of the capital and voting rights.

7.3.2 / SHAREHOLDERS' VOTING RIGHTS

Each share of the Company entitles its holder to one voting right. The Company has not granted any double voting rights. The voting rights of Fnac Darty's main shareholders do not differ from those of its other shareholders.

7.3.3 / CONTROL STRUCTURE

No shareholder controls Fnac Darty.

Ceconomy holds 24.33% of the Company's share capital and voting rights but is not represented on the Company's Board of Directors or Board committees. Three Independent Directors, Daniela Weber-Rey, Delphine Mousseau and Caroline Grégoire Sainte Marie were appointed on the recommendation of Ceconomy (see section 3.1.1 "Composition of the Board of Directors and its committees" of this Universal Registration Document).

7.3.4 / AGREEMENTS THAT COULD RESULT IN A CHANGE OF CONTROL OF THE COMPANY

None.

7.4 / Stock market information

7.4.1 / EQUITIES MARKET

Fnac Darty shares have been listed on Euronext Paris since June 20, 2013.

Codes and classification of Fnac Darty shares

ISIN code: FR0011476928

Mnemo: Fnac

Where listed: Euronext Paris

Compartment: A

Indices: SBF120

7.4.2 / FNAC DARTY SHARE PRICE AND TRADING VOLUMES (ISIN CODE FR0011476928)

At the time of the IPO, the reference price for Fnac Darty shares was €22.00. On the first day of trading (June 20, 2013), the opening share price was €20.03 and the closing share price was €19.00.

At the end of December 2019, the closing price for Fnac Darty shares was €52.80. In addition, Fnac Darty market capitalization reached €1,400 million.

(€)	Average closing price	High	Low	Number of shares traded on all platforms
January 2019	60.68	65.50	55.00	1,983,544
February 2019	67.93	75.75	60.95	4,337,465
March 2019	70.06	75.60	65.15	2,017,798
April 2019	72.02	78.50	66.30	1,976,053
May 2019	71.96	78.75	65.55	1,800,618
June 2019	66.56	71.35	61.45	1,918,443
July 2019	68.27	74.60	62.25	2,355,317
August 2019	60.22	65.75	55.65	1,988,936
September 2019	59.14	62.20	55.15	1,542,391
October 2019	54.44	60.75	49.74	3,145,060
November 2019	50.21	52.75	47.52	1,865,570
December 2019	51.80	53.80	49.80	1,975,370
January 2020	48.34	53.85	41.60	4,161,733
February 2020	43.06	45.64	38.60	2,738,272

(Source: Bloomberg for the share prices and for the number of shares traded on all platforms).

7.4.3 / FINANCIAL SERVICES ESTABLISHMENT

The securities are managed by:

CACEIS Corporate Trust
Investor Relations
14, rue Rouget-de-Lisle
92862 Issy-les-Moulineaux Cedex 9, France

Tel.: +33 (0)1 57 78 34 44
Fax: +33 (0)1 57 78 32 19
Email: ct-contact@caceis.com

7.5 / Dividend distribution policy

In line with the objectives stated when the Fnac-Darty merger was announced, the Group's priority was to generate synergies, continue its capital investment, and maximize free cash flow with the aim of reducing debt and improving the Group's financial flexibility.

On February 26, 2020, Fnac Darty announced the launch of a shareholder return policy, with a target distribution rate of 30% to 40%. The Group originally intended to recommend, at the General Meeting of shareholders on May 28, 2020, the distribution of an ordinary dividend of €1.50 per share for 2019, corresponding to a distribution rate of 35%, in line with the objectives.

Given how the COVID-19 epidemic is developing, and in line with the conditions required for the implementation of state-guaranteed loans, the Board of Directors withdrew the dividend proposal of €1.50 per share for 2019.

The medium-term shareholder return policy has also been suspended and will be reviewed at a later date.

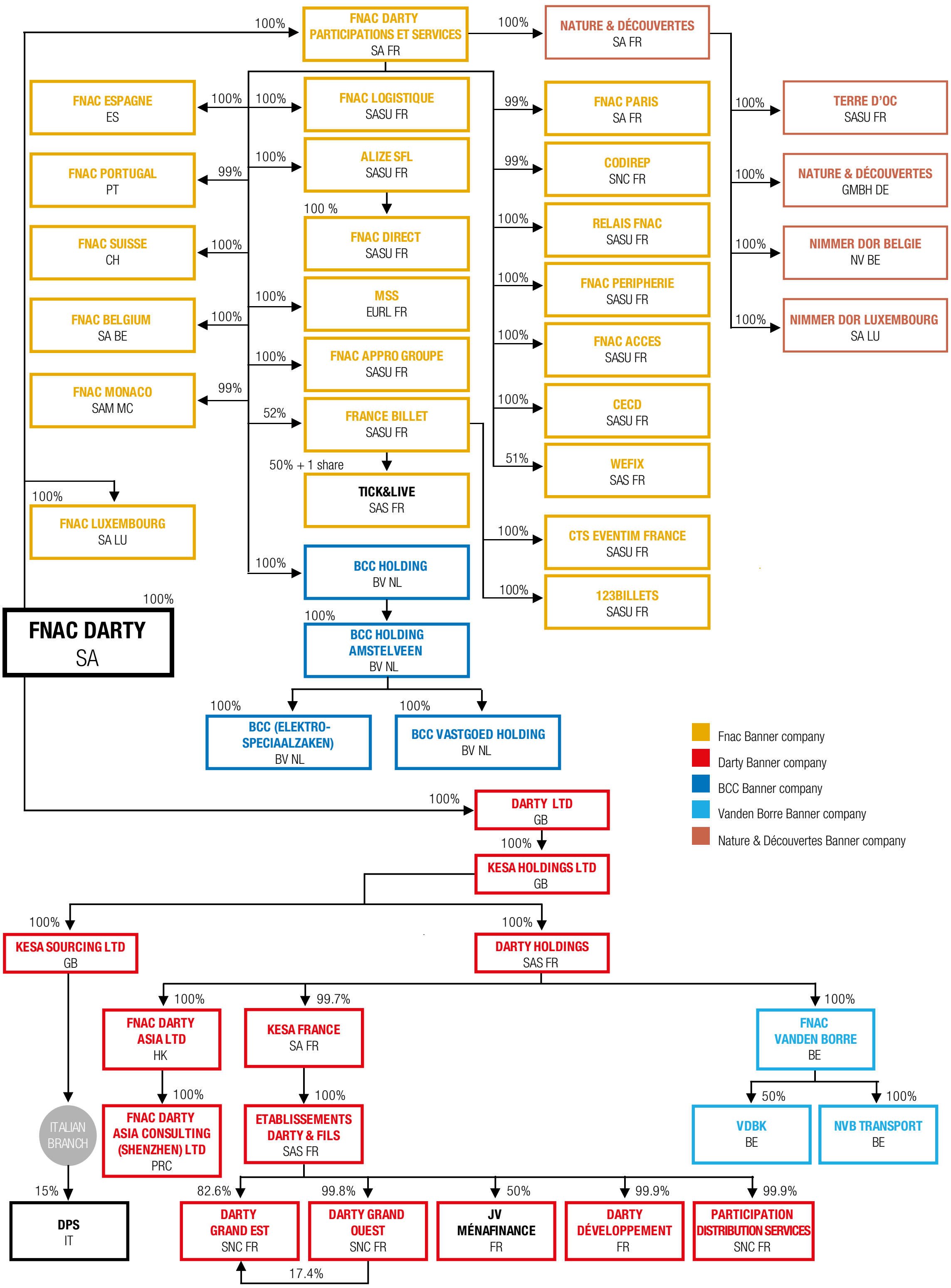
In addition, under the Loan Agreement, the Company may only make dividend distributions or other types of distributions related to its share capital in the following circumstances: (A) if such a distribution and/or payment does not exceed, in one year, 50% of the distributable profits for the previous year; and (B) as long as none of the default events provided for in the Loan Agreement have occurred or are likely to be triggered by such a distribution (see section 4.2.2.2 on financing under the Loan Agreement of this Universal Registration Document).

It should be noted that no dividends have been paid out over the past five years.

7.6 / Organization of the Group

7.6.1 / SIMPLIFIED GROUP ORGANIZATIONAL CHART

The following simplified organizational chart shows the legal structure of the Group's main subsidiaries as of December 31, 2019.



7.6.2 / MAIN SUBSIDIARIES AND EQUITY ASSOCIATES

7.6.2.1 / General Overview

Fnac Darty is the parent company of a group of companies including, as of December 31, 2019, 68 consolidated subsidiaries (35 in France, one in Monaco and 32 in other countries). The Company also heads a tax consolidation group consisting of 24 French subsidiaries.

The Company is a holding company with no operating activities in its own right. Its principal asset is nearly 100% of the shares of Fnac Darty Participations et Services SA and Darty Ltd. The simplified organizational chart provided in section 7.6.1 "Simplified Group organizational chart" includes the main subsidiaries and all direct and indirect holdings of the Company as of December 31, 2019. The consolidated subsidiaries are also listed in note 39 "List of subsidiaries consolidated as of December 31, 2019" of the Company's 2018 consolidated financial statements in section 5.2.

For a description of the main transactions occurring within the Group, see section 7.7.3 "Major intra-group transactions" of this Universal Registration Document.

7.6.2.2 / Main subsidiaries

Fnac Darty's main direct and indirect subsidiaries are described below:

- **Fnac Darty Participations et Services SA** is a French limited company with capital of €324,952,656. Its registered office is located at ZAC Port d'Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 775661390. Fnac Darty holds nearly 100% of the capital and voting rights of Fnac Darty Participations et Services SA. Fnac Darty Participations et Services SA is directly or indirectly the parent company of all the subsidiaries of the Banner and provides most of the management and support functions for the Banner: Operations Department, Department of Information Systems, Sales Department, Purchasing Department, Operating Department, Communications Department, Marketing and Brand Department, Financial Department, Internal Audit Department, Legal Department, Tax Department and Human Resources Department.
- **Fnac Paris** is a French limited company with capital of €58,500. Its registered office is located at ZAC Port d'Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 350127460. Fnac Darty indirectly holds 100% of the capital and voting rights of Fnac Paris. Fnac Paris' main business activity is the operation of the Banner's stores.
- **Fnac Direct** is a French single-shareholder simplified joint stock company *(société par actions simplifiée unipersonnelle)* with capital of €13,583,280. Its registered office is located at ZAC Port d'Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 377853536. Fnac Darty indirectly holds 100% of the capital and voting rights of Fnac Direct. Fnac Direct's main business activity is the operation of the fnac.com website.
- **Relais Fnac** is a French single-shareholder simplified joint stock company *(société par actions simplifiée unipersonnelle)* with capital of €70,777,648. Its registered office is located at ZAC Port d'Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 334473352. Fnac Darty indirectly holds 100% of the capital and voting rights of Relais Fnac. Relais Fnac includes most of the Banner's regional departments and operates the Banner's stores.
- **France Billet** is a French single-shareholder simplified joint stock company *(société par actions simplifiée unipersonnelle)* with capital of €352,512. Its registered office is located at ZAC Port d'Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 414948695. Fnac Darty indirectly holds 52% of the capital and voting rights of Fnac Billet. France Billet's main business activity is the marketing and retailing of tickets for sporting, artistic, cultural, tourism and entertainment events via a network of local sales outlets, as well as on the fnac.com and francebillet.com websites. The disposal of 48% of France Billet's capital is described in section 1.2.5 of this Universal Registration Document. France Billet is governed by the company's bylaws and a shareholders' agreement under which Fnac Darty retains exclusive control of France Billet.
- **Codirep** is a French general partnership company *(société en nom collectif)* with capital of €23,085,326. Its registered office is located at ZAC Port d'Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 343282380. Fnac Darty indirectly holds 100% of the capital and voting rights of Codirep. Codirep's main business activity is the operation of the Banner's stores.

- **Alizé-SFL** (Société Française du Livre) is a French single-shareholder simplified joint stock company *(société par actions simplifiée unipersonnelle)* with capital of €38,962,737. Its registered office is located at 3, avenue Charles-Lindbergh in Wissous (91320) (France) and it is registered with the Évry Trade and Companies Registry under Number 349014472. Fnac Darty indirectly holds 100% of the capital and voting rights of Alizé-SFL. The principal activity of Alizé-SFL is the operation of a book store located at 11, rue Rottembourg in Paris in the 12th district, and the supply of services to municipalities, businesses and professionals for their book acquisitions.

- **Fnac Périphérie** is a French single-shareholder simplified joint stock company *(société par actions simplifiée unipersonnelle)* with capital of €8,559,675. Its registered office is located at ZAC Port d'Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 434001954. Fnac Darty indirectly holds 100% of the capital and voting rights of Fnac Périphérie. Fnac Périphérie's main business activity is the operation of the Banner's stores.

- **Fnac Logistique** is a French single-shareholder simplified joint stock company *(société par actions simplifiée unipersonnelle)* with capital of €8,148,416. Its registered office is located at ZAC Port d'Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 414702506. Fnac Darty indirectly holds 100% of the capital and voting rights of Fnac Logistique. Fnac Logistique's main business activity is the operation of the Banner's warehouses.

- **Grandes Almacenes Fnac España** is a Spanish single-shareholder limited company with capital of €1,202,000. Its registered office is located at Paseo de la Finca 1, Edificio 11 – 2ª planta, 28223 Pozuelo de Alarcón, Madrid (Spain) and it is registered with the Madrid Companies Registry under Number A-80/500200 (Tax ID number). Fnac Darty indirectly holds 100% of the capital and voting rights of Grandes Almacenes Fnac España. Grandes Almacenes Fnac España's main business activity is the operation of the Banner's Spanish stores (37 as of December 31, 2019) and website.

- **Fnac Portugal** is a Portuguese limited liability company *(Sociedade por Quotas de Responsabilidade Limitada)* with capital of €250,000. Its registered office is located at Edifício Amoreiras Plaza, Rua Professor Carlos Alberto Mota Pinto, No. 9-6B, 1070-374 Lisbon (Portugal) and it is registered with the Lisbon Companies Registry *(Conservatoria do Registo Comercial)* under Number 503952230. Fnac Darty indirectly holds 100% of the capital and voting rights of Fnac Portugal. Fnac Portugal's main business activity is the operation of the Banner's Portuguese stores (33 as of December 31, 2019) and website.

- **Fnac Belgium** is a Belgian limited company with capital of €3,072,000. Its registered office is located at 142, avenue Jules Bordet, 1140 Evere, Brussels (Belgium) and it is registered with the Brussels Registry of Legal Entities under Number 0421 506 570. Fnac Darty indirectly holds 100% of the capital and voting rights of Fnac Belgium. Fnac Belgium's main business activity is the operation of the Banner's Belgian stores (12 points of sale as of December 31, 2019).

- **Fnac Suisse** is a Swiss limited company with capital of CHF 100,000. Its registered office is located at 5, route des Moulières, 1242 Satigny (Switzerland) and it is registered with the Canton of Geneva Trade Registry under Federal Number CH-660.0.404.000-9. Fnac Darty indirectly holds 100% of the capital and voting rights of Fnac Suisse. Fnac Suisse's main business activity is the operation of the Banner's Swiss activities (9 points of sale as of December 31, 2019).

- **Établissements Darty et Fils** is a French simplified joint stock company *(société par actions simplifiée)* with capital of €23,470,382. Its registered office is located at 129, avenue Gallieni, 93140 Bondy (France) and it is registered with the Bobigny Trade and Companies Registry under Number 542 086 616. Établissements Darty et Fils SAS is the parent company of two regional subsidiaries. The first, Darty Grand Ouest, is a French general partnership company with capital of €30,612. Its registered office is located at Parc Tertiaire de l'Éraudière, 32, rue Coulongé, 44300 Nantes (France), and it is registered with the Nantes Trade and Companies Registry under Number B 339 403 933. The second, Darty Grand Est, is a French general partnership company with capital of €394,205. Its registered office is located at RN 6 Lieu-dit l'Époux 69760 Limonest (France) and it is registered with the Lyon Trade and Companies Registry under Number B 303 376 586. The main business activity of Établissements Darty et Fils SAS, Darty Grand Ouest SNC and Darty Grand Est SNC is the operation of Darty banner stores. Établissements Darty et Fils SAS also operates the website darty.com. These three subsidiaries had 220 points of sale as of December 31, 2019.

- **Darty Développement** is a French simplified joint stock company *(société par actions simplifiée)* with capital of €50,000. Its registered office is located at 14, route d'Aulnay, 93140 Bondy (France) and it is registered with the Bobigny Trade and Companies Registry under Number 490 596 020. The main business activity of Darty Développement SAS is the development of the network of franchise stores under the Darty banner and licensed stores. The network of franchise stores and licensed stores consisted of 193 points of sale as of December 31, 2019.

- **Fnac Vanden Borre SA** is a Belgian limited company with share capital of €22,652,461. Its registered office is located at Slesbroekstraat 100, 1600 Saint Peters Leeuw (Belgium) and it is registered with the Brussels Registry of Legal Entities under VAT Number BE 04 1207 23419. The main business activity of Fnac Vanden Borre SA is operating Vanden Borre banner stores in Belgium (72 stores as of December 31, 2019).

- **Ménafinance SA** is a French limited company accredited as a financial company *(société anonyme agréée en qualité de société financière)* with capital of €5,931,456. Its registered office is located at rue du Bois Sauvage 91038 Évry Cedex (France) and it is registered with the Évry Trade and Companies Registry under Number 319 416 764. The main business activity of Ménafinance is conducting credit transactions for Fnac Darty customers.
- **Nature & Découvertes** is a limited company with capital of €57,650,500. Its registered office is located at 11 rue des Étangs-Gobert, 78008 Versailles (France) and it is registered with the Versailles Trade and Companies Registry under Number 378 702 674. Its main business activity is operating Nature & Découvertes banner stores. Nature & Découvertes has 99 points of sale as of December 31, 2019. The acquisition of Nature & Découvertes is referred to in 1.2.5 of this Universal Registration Document.

BCC Elektro Speciaalzaken BV is a Dutch limited liability company. Its registered office is located in Amstelveen and it is established at Bellsingel 61, Schiphol-Rijk (the Netherlands). It is registered with the Dutch Chamber of Commerce under Number 33156765, and its main business activity is operating BCC banner stores in the Netherlands. Its activity has been reclassified as discontinued (IFRS 5) as described in section 4.1.1 of this Universal Registration Document.

7.6.2.3 / Recent acquisitions and disposals

The main acquisitions and disposals made by the Group during the period covered by the financial statements are described in note 3.1 “Changes in the scope of consolidation” in the consolidated financial statements in section 5.2.

7.7 / Related party transactions

7.7.1 / RELATED PARTY TRANSACTIONS

Related party transactions are described in note 35 to the consolidated financial statements.

7.7.2 / REGULATED AGREEMENTS

7.7.2.1 / Agreements with Enrique Martinez

Non-compete agreement

In 2017, a regulated agreement was signed consisting of a non-compete agreement between the Company and its Chief Executive Officer, Mr. Enrique Martinez. This commitment, limited to a term of two years starting from the end of Mr. Enrique Martinez’s term of office, covers the specialty retail market for domestic appliances and cultural and electronic products for the consumer market in the countries where the Group operates. In return for this commitment, Mr. Enrique Martinez will receive a gross compensatory payment amounting to 70% of his fixed monthly compensation for a period of two years from the effective date of termination of his office, with the understanding that the Board of Directors has the right to waive implementation of the clause. This commitment was approved by the Board of Directors on July 17, 2017. It is also described in section 3.3.2.2 “Compensation and benefits paid to the Chief Executive Officer” and is mentioned in section 3.7 “Special Auditors’ Report on Related-Party Agreements” in this Universal Registration Document. This commitment has no effect for 2019. The Board of Directors examined and approved the continuation of this commitment at its meeting of January 28, 2020.

To comply with the new provisions of the AFEP-MEDEF Code as revised in June 2018, the Board of Directors approved the changes made to Enrique Martinez’s non-compete agreement when it met on February 20, 2019. It now states that the compensation received in return for this commitment will be paid in several instalments during the payment period, and that said payments will cease once the Chief Executive Officer decides to retire. In any event, no compensation may be paid beyond the age of 65. The amendment of this commitment was approved by the General Meeting of May 23, 2019 in its fifth resolution.

Supplementary defined-contribution pension plan

During the 2017 period, a regulated agreement was reached whereby Mr. Enrique Martinez, CEO, became a member of a supplementary defined-contribution pension plan for all executives of French companies in the Group included in this contract. This commitment was approved by the Board of Directors on July 17, 2017. It is also described in section 3.3.2.2 "Compensation and benefits paid to the Chief Executive Officer" and is mentioned in section 3.7 "Special Auditors' Report on Related-Party Agreements" in this Universal Registration Document. In 2019, the total contribution relating to this membership amounted to €11,156.16.

The Board of Directors examined and approved the continuation of this commitment at its meeting of January 28, 2020.

Provident insurance plan

During the 2017 period, a regulated agreement was reached whereby Mr. Enrique Martinez, CEO, became a member of a provident insurance plan for all employees of French companies in the Group included in this contract. This commitment was approved by the Board of Directors on July 17, 2017. It is also mentioned in section 3.7 "Special Auditors' Report on Related-Party Agreements" in this Universal Registration Document. In 2019, the total contribution relating to this membership amounted to €9,543.48.

The Board of Directors approved the continuation of this commitment at its meeting of January 28, 2020. Order No. 2019/1234 of November 27, 2019 repealed Article L. 225-42-1 of the French Commercial Code. As such, the agreements relating to executive corporate officers' provident insurance and pension schemes fall outside the scope of the regulated agreements following the General Meeting called to approve the financial statements for the year ended December 31, 2019 and no longer need to be reviewed by the Board of Directors.

7.7.3 / MAJOR INTRA-GROUP TRANSACTIONS

- **Tax consolidation agreement:** in 2013, a regulated agreement was signed by Fnac Darty and its French subsidiaries in which it holds at least 95% of the share capital for the purposes of creating a tax consolidation group in France, effective January 1, 2013. This agreement was approved by the Ordinary General Meeting of May 15, 2014 pursuant to Article L. 225-40 of the French Commercial Code. In its annual review of regulated agreements in force, on February 26, 2015, the Board of Directors decided to reclassify this agreement as a current agreement concluded under normal conditions in accordance with Article L. 225-39 of the French Commercial Code. On January 1, 2018, a majority of the darty Group's French subsidiaries, in particular Établissements Darty et Fils, Darty Grand Ouest and Darty Grand Est, were signed up to the tax consolidation agreement.
- **Cash investment and financing agreement:** Fnac Darty Participations et Services SA has entered into cash pooling agreements for an unlimited term with some of its subsidiaries in France, Belgium, Spain, Switzerland and Portugal, as well as with Kesa International Ltd (Darty Group). As a result of the merger of Kesa International Ltd (French branch of Kesa International Ltd) on March 31, 2018, the cash agreements concluded by the latter with the companies Établissements Darty & Fils, Darty Grand Ouest, Darty Grand Est, Darty Développement, A2I Darty Ouest, A2I Darty Rhône Alpes, A2I Île-de-France, Darty Holdings, Kesa Electricals, Kesa France, and CECD were terminated and new cash agreements were concluded between these companies and Fnac Darty Participations et Services SA. The purpose of these agreements is to centralize the Group's cash management in order to encourage coordination and optimization of the utilization of cash surpluses or coverage of aggregate cash requirements within the Group. Pursuant to the agreements, these subsidiaries deposit any cash surpluses they do not use to finance their operation and their investment program with Fnac Darty Participations et Services SA, in exchange for which Fnac Darty Participations et Services SA finances their working capital requirements and capital expenditure. Cash agreements have also been entered into between Fnac Darty Participations et Services SA and the French subsidiaries of Darty.

- **Buying agent and reference centralized listing agreements:** some of the Group's French subsidiaries as well as its Spanish, Portuguese, Swiss and Belgian subsidiaries have concluded purchasing agent agreements with Fnac Darty Participations et Services SA or Fnac Appro Groupe ("FAG") for terms of one year that are renewable for each period for an identical term. The purpose of these agreements is to grant Fnac Darty Participations et Services SA or FAG, as appropriate, a mandate to define the relevant subsidiary's procurement policy, select its suppliers and certain products sold in its stores, negotiate the purchasing conditions for those products and distribute and disseminate those products and services. Fnac Darty Participations et Services SA has also entered into centralized product listing agreements with some of the Group's French subsidiaries that have a similar purpose to the purchasing agent agreements but also include the purchase of certain products on behalf of each contracting subsidiary. In exchange for these services, Fnac Darty Participations et Services SA or FAG, as appropriate, receives from the relevant subsidiary a percentage of the revenue from the products purchased on its behalf. A purchasing agent agreement between Fnac Darty Participations et Services, as the first party, and Établissements Darty & Fils SA, Darty Grand Ouest and Darty Grand Est, as the second party, also entered into force in 2018.

  In addition, Alizé-SFL has entered into purchasing agent agreements for terms of one year, renewable for additional periods of the same length, with some of the Group's French subsidiaries. The purpose of these agreements is to grant Alizé-SFL a mandate to negotiate the purchasing conditions and to purchase the merchandise, including books, on behalf of each relevant subsidiary. In exchange, Alizé-SFL receives a fixed payment from the relevant subsidiary per number of products billed.

- **Service agreements:** Fnac Darty SA entered into two service agreements with Fnac Darty Participations et Services SA and Établissements Darty & Fils SA for a renewable one-year term. The purpose of these agreements is to provide the contracting subsidiaries with the expertise of Fnac Darty SA as it relates to the following: Chairmanship, Strategy Department, definition of the Group's marketing policy, organization and coordination of the finance function, definition of IT system requirements, definition of HR policy. A service agreement also binds Fnac Darty SA with Fnac Vanden Borre and BCC.

- Fnac Darty Participations et Services SA has entered into **service agreements** with some of its French subsidiaries and its foreign subsidiaries, generally for a term of one year and renewable for additional periods of the same length. The purpose of these agreements is to provide the contracting subsidiaries with the expertise of Fnac Darty Participations et Services SA as it relates to the following, according to the subsidiary: communication, accounting, risk prevention, optimization of cash pooling (for companies that use cash pooling), internal auditing, management of overheads, legal, management control, IT, human resources management, marketing, development, strategy, logistics and product marketing. Fnac Darty Participations et Services SA's compensation is determined on the basis of the annual expenses incurred to provide the relevant services and is allocated between the subsidiaries receiving the services based on criteria that take into account the beneficiaries' effective revenues and level of services provided.

- **"Fnac in a box" agreements:** Fnac Darty Participations et Services SA has entered into software license agreements with its Belgian and Swiss subsidiaries for Fnac in a Box (FIB); the agreements are for a two-year term and are renewable with tacit consent for three-year terms. The purpose of these agreements is to grant the relevant subsidiary a non-exclusive user license for the FIB software for its operating needs, solely within the territory of the country in which it is based. In exchange, Fnac Darty Participations et Services SA receives an annual license fee, calculated annually based on software development, maintenance and investment costs.

- **Trademark licensing agreements:** Fnac Darty Participations et Services SA has entered into two- or three-year trademark licensing agreements that are renewable for a one-year term with some of its French subsidiaries and all of its foreign subsidiaries. The purpose of these agreements is to grant, solely for the territory of the country in which the subsidiary is based, a non-exclusive license to use "Fnac" trademarks and all other templates and trademarks required to operate a Fnac store or websites belonging to the Group. In exchange, Fnac Darty Participations et Services SA receives an annual license fee based on a percentage of the relevant subsidiary's revenues.

Related party transactions are described in note 35 to the consolidated financial statements.

7.8 / Major contracts

The major contracts to which the Group has been party over the last two years are presented in section 4.2.2.2, paragraph "Group financing tied to the Darty acquisition transaction" and section 7.7 "Related party transactions" in this Universal Registration Document.

8

Additional information about the Universal Registration Document

8.1 / Persons responsible

8.1.1 / PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Enrique Martinez, Chief Executive Officer of Fnac Darty.

8.1.2 / CERTIFICATION OF THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

"I declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Universal Registration Document is, to my knowledge, in accordance with the facts and contains no omission that might affect its import.

I declare that, to the best of my knowledge, these financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the financial position and profit or loss of the Company and of all consolidated companies, and that the Management Report (for which the cross-reference table is presented in section 8.8.1 herein) includes a fair review of the development and performances of the Company and the companies forming part of the consolidated group, and that it describes the main risks and uncertainties they face."

Ivry-sur-Seine, April 20, 2020

Enrique Martinez

Chief Executive Officer of the Group

8.1.3 / PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Jean-Brieuc Le Tinier

Group Chief Financial Officer

Le Flavia
9, rue des Bateaux-Lavoirs
94200 Ivry-sur-Seine (France)

8.2 / Statutory Auditors

Incumbent Statutory Auditors

Deloitte & Associés

Represented by Stéphane Rimbeuf

6, place de la Pyramide
92908 Paris La Défense Cedex
France

Deloitte & Associés is a member of the Compagnie Régionale des Commissaires aux Comptes de Versailles (Regional Association of Auditors of Versailles).

KPMG Audit, a department of KPMG SA

Represented by Éric Ropert

Tour EQHO
2, avenue Gambetta
CS 60055
92066 Paris la Défense Cedex
France

KPMG is a member of the Compagnie Régionale des Commissaires aux Comptes de Versailles (Regional Association of Auditors of Versailles).

In accordance with the law, the General Meeting of May 23, 2019 resolved not to renew the appointment of KPMG AUDIT IS as Alternate Auditor.

8.3 / Statutory Auditors' fees

The Statutory Auditors' fees are presented in note 37 of section 5.2 "Notes to the consolidated financial statements for the period ended December 31, 2019", with regard to the consolidated financial statements of this 2019 Universal Registration Document.

8.4 / Information from third parties, expert certifications and declarations of interests

Some of the market data in chapter 1 "Presentation of the Group" in this Universal Registration Document comes from third-party sources. The Company certifies that this information was faithfully reproduced and that, to the knowledge of the Company and based on the data reported or provided by these sources, no fact has been omitted that would render this information inaccurate or misleading.

8.5 / Documents available to the public

Copies of this Universal Registration Document are available free of charge from the Company's registered office. This document may also be viewed on the Company's website (www.fnacdarty.com) and on the website of the French Financial Markets Authority (www.amf-france.org).

While this Universal Registration Document is valid, the following documents (or a copy of these documents) may be viewed on the Company's website (www.fnacdarty.com):

- the latest available updated version of the Fnac Darty bylaws;
- any reports, correspondence and other documents, assessments and statements prepared by an expert at the Company's request, any part of which is included or referred to in the Universal Registration Document;
- information about the Darty plc acquisition offer; and
- historical information about Darty plc.

All such legal and financial documents relating to the Company and made available to shareholders in accordance with applicable regulations may be viewed at the Company's registered office.

Regulated information pursuant to the AMF General Regulations has also been available on the Company's website since the Company's shares were admitted to trading on Euronext Paris.

The Fnac Darty business Code of Conduct is also available on the Group's website, www.fnacdarty.com, under the "Commitments" section.

Information on the Company's website (www.fnacdarty.com), except information incorporated by reference, is not part of this Universal Registration Document. As such, this information has not been reviewed or approved by the AMF.

For 2019, the list of financial documents and reports published by Fnac Darty is as follows (information is available on the Company's website, www.fnacdarty.com, under the Finance section):

Date	Subject
01/04/2019	Information on the total number of voting rights and shares
01/09/2019	Fnac Darty - Impact of the "Yellow Vest" protests on the 2018 end-of-year sales
01/17/2019	Fnac Darty strengthens its ticketing offer – Exclusive negotiations to acquire Billetreduc.com
02/05/2019	Information on the total number of voting rights and shares
02/18/2019	Fnac Darty reinforces the European dimension of its financing structure
02/20/2019	Fnac Darty: Strong growth of 2018 results
03/08/2019	Information on the total number of voting rights and shares
03/12/2019	Standard & Poor's raises Fnac Darty's rating to BB+
03/19/2019	Fnac Darty: Filing of the 2018 Registration Document
03/23/2019	Response to press rumors regarding a potential holding in Nature & Découvertes
04/05/2019	Information on the total number of voting rights and shares
04/16/2019	Exclusive negotiations to acquire Nature & Découvertes
04/18/2019	Good sales momentum in Q1 2019
04/23/2019	Fnac Darty launches a €650 million senior bond offering
04/25/2019	Successful refinancing of €650 million senior bonds
05/02/2019	Arrangements regarding availability of documentation for the General Meeting of May 23, 2019
05/06/2019	Information on the total number of voting rights and shares
06/11/2019	Capital increase reserved for the employees
06/14/2019	Information on the total number of voting rights and shares
07/05/2019	Half-yearly achievement report of Fnac Darty's liquidity contract
07/05/2019	Information on the total number of voting rights and shares
07/24/2019	Fnac Darty enters into exclusive negotiations regarding a strategic partnership with the CTS Eventim Group
07/25/2019	Strong sales growth in the first half Acceleration of the Group's transformation and strengthening of its multi-specialist profile
07/31/2019	Availability of 2019 Interim Financial Report
07/31/2019	Fnac Darty completes the acquisition of Nature & Découvertes
08/06/2019	Information on the total number of voting rights and shares
09/13/2019	Information on the total number of voting rights and shares
10/14/2019	Information on the total number of voting rights and shares
10/17/2019	Revenue sales up +1.7% in Q3 2019
10/31/2019	Fnac Darty announces the finalization of its strategic partnership with the CTS Eventim Group
11/12/2019	Information on the total number of voting rights and shares
11/26/2019	Carrefour and Fnac Darty are strengthening their partnership and continuing to deploy Darty shop-in-shops in Carrefour hypermarkets
12/11/2019	Information on the total number of voting rights and shares

8.6 / Information on equity investments

Information relating to companies in which the Company holds a percentage of equity that could have a material impact on the value of its assets, financial position or its earnings is provided in section 7.6 “Organization of the Group” and in note 39 “List of subsidiaries consolidated as of December 31, 2019” in section 5.2. “Notes to the consolidated financial statements for the period ended December 31, 2019”.

8.7 / Documents incorporated by reference

Pursuant to Article 19 of European Regulation 2017/1129, the following elements are incorporated by reference in this Universal Registration Document:

- for the period ended December 31, 2017: key figures, Group businesses, business report, investment policy, consolidated financial statements and the related Statutory Auditors’ Report presented in 2017 Registration Document No. D.18-0258, filed with the AMF on April 3, 2018, on pages 114 to 116, 15 to 30, 111 to 138, 135 to 137, 142 to 221 and 240 to 245, respectively (http://www.fnacdarty.com/wp-content/uploads/2017/02/FNAC_DARTY_DDR2017_VF.pdf); and
- for the period ended December 31, 2018: key figures, Group businesses, business report, investment policy, consolidated financial statements and the related Statutory Auditors’ Report presented in 2018 Registration Document No. D.19-0166, filed with the AMF on March 18, 2019, on pages 137 to 139, 20 to 38, 135 to 160, 157 to 159, 164 to 241 and 259 to 264, respectively (http://www.fnacdarty.com/wp-content/uploads/2019/03/FNAC_DARTY_DDR2018_AMF.pdf).

The information contained in the 2017 and 2018 Registration Documents, other than that mentioned above, is, where applicable, replaced or updated by the information contained in this Universal Registration Document. The 2017 and 2018 Registration Documents are available at the Company’s headquarters and on its website at: www.fnacdarty.com, under the Finance section.

8.8 / Correspondence tables

8.8.1 / MANAGEMENT REPORT CROSS-REFERENCE TABLE (ARTICLES L. 225-100 ET SEQ. OF THE FRENCH COMMERCIAL CODE)

Management Report categories	Section	Page
Information relating to the activity of the Company and the Group	**4.1**	**162**
Company and Group position during the period ended, foreseeable developments, and important events since the balance sheet date	4.3	188
Business and results of the Company, its subsidiaries and controlled companies by business line	4.1.3.1; 4.1.4	173; 178
Objective and exhaustive analysis of developments in the Company and the Group's business, results and financial position (in particular the debt level) - With reference to the amounts shown in the financial statements and additional explanations relating thereto	4.2	181
Key performance indicators of financial and non-financial nature, where relevant	4.1	162
Description of the main risks and uncertainties of the Company and the Group	6	309
Internal control and risk management procedures implemented by the Company relating to the preparation and processing of accounting and financial information for the Company and the Group	6.6	324
Objective and policy of hedging transactions for which hedge accounting is used by the Company and the group Exposure to price, credit, liquidity and treasury risks of the Company and the Group Use of Company and Group financial instruments	5.2.11.3	213
Financial risks related to the effects of climate change and presentation of the measures taken by the Company and Group to reduce them (low-carbon strategy)	2.3	69
Research and development activity of the Company and the Group and its branches	1.7	45
Legal, financial and tax information of the Company		
Breakdown of shareholding structure and changes	7.3.1	350
Names of controlled companies and share of capital of the companies they hold	5.2 note 39; 7.6.2	277; 357
Material equity investments during the year in companies with registered offices in France	1.2.5.1., 5.2 note 3	17; 219
Disposal of cross-shareholdings	n.a.	
Employee share ownership	7.3.1	350
Acquisition and sale by the Company of treasury shares (share buybacks)	7.2.3	339
Adjustments to the basis of exercise of securities giving access to the share capital in the event of financial transactions	n.a.	
Adjustments to the basis of exercise of securities giving access to the capital in the event of share buybacks	n.a.	
Adjustments to the basis of exercise of share subscription and purchase options in the event of share buybacks	n.a.	

Management Report categories	Section	Page
Dividends paid during the last three years	7.5	355
Injunctions or financial penalties imposed by the French Competition Authority	5.2 note 13	293
Supplier and customer payment schedules	5.2 note 16.6	295
Amount of intercompany loans	n.a.	
Information relating to the operation of SEVESO facilities (Art. L. 515-8 C. of the French Environmental Code)	n.a.	
Inclusion of the Oversight Plan in the Management Report	2.4.3	82
Information on corporate officers		
Summary statement of securities transactions by persons exercising managerial responsibilities and closely related persons	3.2.4	135
CSR information		
Non-financial Performance Declaration	2	47
Documents appended to the Management Report		
Report on payments made to the authorities of each of the States or territories in which certain companies operate	n.a.	
Table of the Company's results for each of the last five years	5.4 note 19	297
Report on Corporate Governance	3	95

8.8.2 / CROSS-REFERENCE TABLE OF THE REPORT ON CORPORATE GOVERNANCE (ARTICLES L. 225-37 ET SEQ. OF THE FRENCH COMMERCIAL CODE)

Titles	Section	Page
Information on compensation	3.3	137
Compensation policy for corporate officers	3.3.1	137
Information referred to in I of Article L. 225-37-3 of the French Commercial Code for each corporate officer	3.3.2	144
Decision of the Board of Directors on the terms and conditions of lock-up of bonus shares and/or shares resulting from the exercise of stock options with respect to the corporate officers	3.3.1.3; 3.3.2.2	139; 144
Information relating to the composition, operation and powers of the Board of Directors	3.1.1	96
List of all offices and functions held in any company by each corporate officer during the year	3.1.3	102
Agreements between a corporate officer or a shareholder holding more than 10% of the voting rights and a controlled company within the meaning of Article L. 233-3 (excluding current agreements)	n.a.	
Summary table of currently valid delegations of authority granted by the General Meeting for capital increases	7.2.1	337
Choice made of one of the two methods of exercising general management at the time of the first report or in the event of a change	3.1.5	119
Composition and conditions for the preparation and organization of the work of the Board of Directors	3.2.2	128
Description of the diversity policy applied to members of the Board of Directors	3.1.1; 3.1.2; 3.2.1.2	96; 101; 124
Any limitations that the Board of Directors places on the powers of the Chief Executive Officer	3.2.2.2	128
Reference to a corporate governance code or, failing that, justification and indication of the rules adopted in addition to the legal requirements	3.2.3	135
Special arrangements for the participation of shareholders in the General Meeting or provisions of the bylaws providing for such arrangements	7.1.2.4	335
Description of the Company procedure in effect to regularly assess whether the agreements relating to current operations and concluded under normal conditions meet these conditions, and of its implementation	3.2.2.4	134
Information about factors likely to have an impact in the event of a public tender offer	3.5	157

8.8.3 / ANNUAL FINANCIAL REPORT CROSS-REFERENCE TABLE (ARTICLE 222-3 OF THE AMF GENERAL REGULATIONS)

Annual Financial Report categories	Section	Page
Fnac Darty parent company financial statements	5.3; 5.4; 5.5	280; 283; 297
Fnac Darty consolidated financial statements	5.1; 5.2	192; 198
Management Report	See Management Report cross-reference table	
Statement by the person responsible for the Annual Financial Report	8.1.2	364
Auditors' Report on the consolidated financial statements	5.6	298
Auditors' Report on the annual financial statements	5.7	305

8.8.4 / CORRESPONDENCE WITH THE SECTIONS OF APPENDICES I AND 2 OF EUROPEAN REGULATION NO. 2019/980

New Universal Registration Document reference	Title	Section	Page
Section 10	**Information on recent trends**		
Paragraph 10.1	a) Recent main trends	1.4.6; 4.3.2	42; 189
	b) Material change in the Group's financial performance since the balance sheet date	1.4.6; 4.3.2	42; 189
Paragraph 10.2	Factors likely to have a material impact on the outlook	1.4.6; 4.3.2	42; 189
Section 11	**Profit forecasts or estimates**	**n.a.**	**n.a.**
Section 12	**Administrative, management and supervisory bodies and executive management**		
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Paragraph 12.2	Conflicts of Interest	3.1.8	120
Section 13	**Compensation and benefits**		
Paragraph 13.1	Compensation and benefits paid or granted	3.3	137
Paragraph 13.2	Retirement and other	3.3	137
Section 14	**Operation of administrative and management bodies**		
Paragraph 14.1	Terms of office	3.1.1	96
Paragraph 14.2	Service agreements	3.1.8	120
Paragraph 14.3	Committees	3.2.1	121
Paragraph 14.4	Compliance with corporate governance rules	3.2.3	135
Paragraph 14.5	Potential material impacts and future governance changes	3.1.2	101
Section 15	**Employees**		
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Paragraph 15.2	Share ownership and stock options	7.2.4	341
Paragraph 15.3	Employee share ownership agreement	3.4	155
Section 16	**Principal shareholders**		
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Paragraph 16.2	Voting rights	7.3.2	353
Paragraph 16.3	Control of issuer	7.3.3	353
Paragraph 16.4	Shareholders' agreement	7.3.4	353
Section 17	**Related party transactions**		
Paragraph 17.1	Details of transactions	7.7	359
Section 18	**Financial information regarding the issuer's assets and liabilities, financial position and earnings**		
Paragraph 18.1	Historical financial information	5.1; 5.2	192; 198
Paragraph 18.2	Interim financial and other information	n.a.	n.a.
Paragraph 18.3	Audit of historical annual financial information	5.6	298
Paragraph 18.4	Pro forma financial information	n.a.	n.a.
Paragraph 18.5	Dividend policy	7.5	355
Paragraph 18.6	Judicial and arbitration proceedings	5.2 note 34.5	273
Paragraph 18.7	Material change in the issuer's financial position	5.5	297
Section 19	**Additional information**		
Paragraph 19.1	Share capital	7.2	337
Paragraph 19.2	Articles of incorporation and bylaws	7.1.2	334
Section 20	**Major contracts**		
Paragraph 20.1	Summary of each contract	7.8	361
Section 21	**Documents available to the public**		
Paragraph 21.1	Statement on available documents	8.5	366

8.9 / Glossary of alternative performance indicators and current terms

Alternative performance indicators

Indicator title	Indicator definition	Sections reconciling indicators with financial statements
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization on operational fixed assets.	4.1
EBITDA excluding IFRS 16	EBITDA including rental expenses within the scope of IFRS 16.	4.1
Free cash flow from operations	Free cash flow from operations = net cash flows related to operational activities less net operational capital expenditures.	4.1
Free cash flow from operations, excluding IFRS 16	Free cash flow from operations including impacts relating to rents within the scope of IFRS 16.	4.1
Change in revenues at a constant exchange rate	Change in revenues at a constant exchange rate means that the impact of changes in exchange rates has been excluded. The exchange rate impact is eliminated by recalculating sales for period N-1 using the exchange rates used for period N.	4.1
Change in revenues at a comparable scope of consolidation	Change in revenues at a comparable scope of consolidation means that the impact of changes in the scope of consolidation is altered so as to exclude the modifications (acquisition, sale of subsidiary). Revenues of subsidiaries acquired or sold since January 1 of period N-1 are, therefore, excluded when calculating said change.	4.1
Change in revenues on a like-for-like basis	Change in revenues on a like-for-like basis means that the impact of directly owned store openings and closures is excluded. Revenues of stores opened or closed since January 1 of period N-1 are, therefore, excluded when calculating said change.	4.1

Current terms

Title	Definition
B2B	Business to business
B2C	Business to customer
CGU	Cash Generating Unit
Click&collect	Click&collect is a service offered to consumers whereby they reserve or order products online before collecting them directly in store.
Click&mag	Click&mag is a service offered to consumers whereby a product that is not in stock in store can be delivered to them.
Click & mortar	Click & mortar refers to companies that offer additional sales processes combined with traditional retail sales in store, or at physical points of sale (offline) and website sales (online).
COI	Current operating income
Comex	Executive Committee
Consumer electronics	Photography, TV and Video, Sound (hi-fi, headsets and speakers), computers and tablets, telephony, connected objects.
CSR	Corporate social responsibility
DoIS	Department of Information Systems
Domestic appliances	Domestic appliances include large domestic appliances (refrigerators, cookers, washing machines) and small domestic appliances (vacuum cleaners, cleaning appliances and small kitchen appliances).
DPEF	Non-financial Performance Declaration
DPO	Data Protection Officer
Editorial products	Books (physical or digital), audio (CD, vinyl), DVD/Blu-Ray, new and used video games and consoles, games & toys and stationery.
GDPR	General Data Protection Regulation
ISP	Internet Service Provider
LHA	Large domestic appliances
OIE	Other income and expense
PP	Pure player: this refers to companies who only sell products online.
SAV	After-sales service
Services	After-sales services, insurance and warranties, gift boxes and gift cards, ticketing, Marketplace and franchise fees.
Stat.Aud.	Statutory Auditors
VB	Volume of business
WEEE	Waste electrical and electronic equipment

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FNAC DARTY

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Fnac Darty
A French joint stock company *(société anonyme)*
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