FNAC DARTY

INTERIM FINANCIAL REPORT

FINANCIAL STATEMENTS AT JUNE 30

2022

INTERIM FINANCIAL REPORT FNAC DARTY 2022

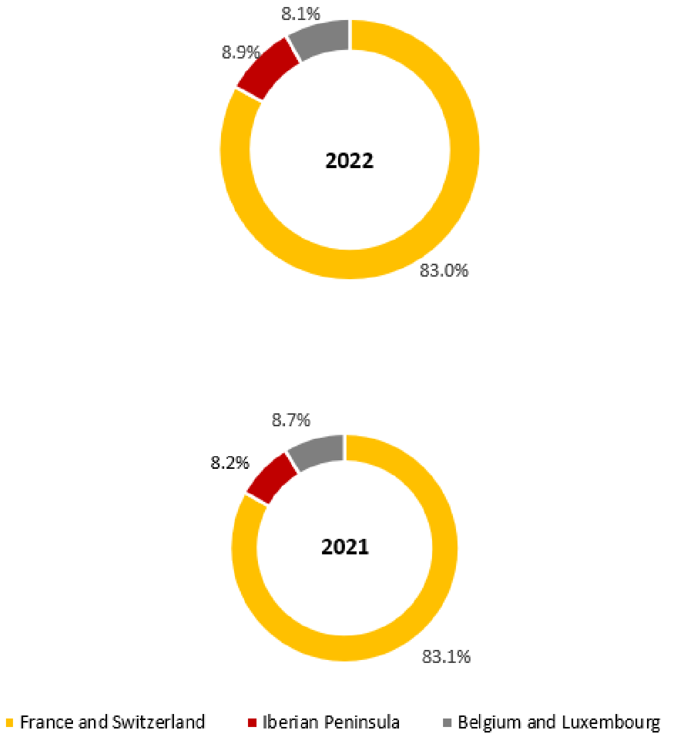
FINANCIAL STATEMENTS AS AT JUNE 30

1 FIRST HALF OF 2022 – KEY FIGURES

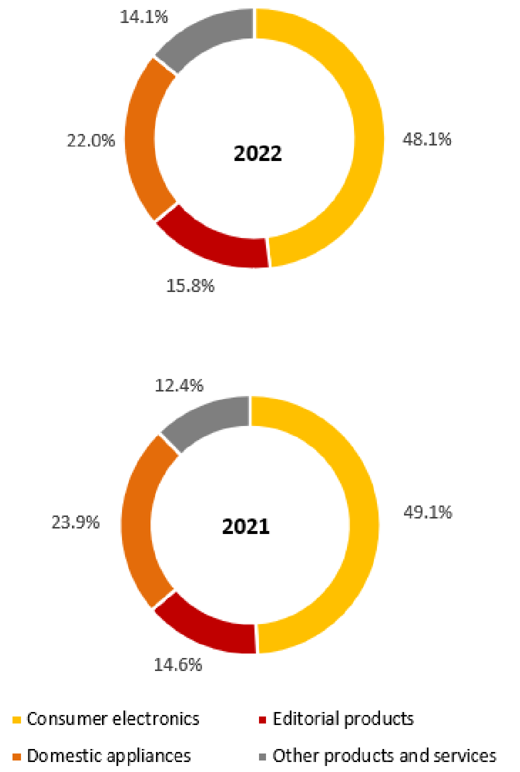
(€ million)	Period ended June 30 2022	2021	Change
Revenue	3,428.3	3,464.7	(1.1%)
Gross margin	1,058.0	1,028.8	2.8%
As % of revenue	30.9%	29.7%	1.2pt
EBITDA (1)	192.4	210.4	(8.6%)
As % of revenue	5.6%	6.1%	(0.5)pt
EBITDA (1) excluding IFRS 16	66.0	85.7	(23.0%)
As % of revenue	1.9%	2.5%	(0.6)pt
Current operating income	18.6	34.1	(45.5%)
As % of revenue	0.5%	1.0%	(0.5)pt
Operating income	4.7	31.6	(85.1%)
As % of revenue	0.1%	0.9%	(0.8)pt
Net income from continuing operations	(16.6)	(2.0)	(730.0%)
Net income from continuing operations, Group share	(17.4)	0.5	(3,580.3%)
Net income from discontinued operations, Group share	(0.2)	16.7	(101.2%)
Consolidated net income, Group share	(17.6)	17.2	(202.5%)
Net operating investments	56.4	46.4	21.6%
Free cash-flow from operations	(637.9)	(451.2)	(41.4%)
Free cash-flow from operations, excluding IFRS 16	(763.6)	(577.3)	(32.3%)
Shareholders' equity	1,523.9	1,409.4	8.1%
Group share	1,516.1	1,407.6	7.7%
Net financial debt excluding IFRS 16	585.7	454.5	28.9%
Net financial debt connected with IFRS 16	1,067.2	1,049.5	1.7%
Net financial debt	1,652.9	1,504.0	9.9%
Average workforce	21,648	21,663	(0.1%)

(1) EBITDA is defined as current operating income before net depreciation, amortization and provisions on fixed operational assets recognized as current operating income.

Breakdown of half-year revenue by geographical region



Breakdown of half-year revenue by product and service category



2 BUSINESS REVIEW

2.1 PREAMBLE – DEFINITIONS

Overview of the accounts

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

- For the first half of 2022, the audited IFRS consolidated financial statements of Fnac Darty for the period ended June 30, 2022;
- For the first half of 2021, the audited IFRS consolidated financial statements of Fnac Darty for the period ended June 30, 2021.

Definition of revenue

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

The Group uses the following notions of change in revenue:

1- Change in revenue at constant exchange rates:

Change in revenue at constant exchange rates means that the impact of changes in exchange rates has been excluded. The exchange rate impact is eliminated by recalculating sales for period N-1 using the exchange rates used for period N.

2- Change in revenue at comparable scope of consolidation:

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

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

The change in revenue on a same-store basis means that the impact of directly owned store openings and closures is excluded. Revenue from stores opened or closed since January 1 of period N-1 is, therefore, excluded when calculating said change.

Definition of current operating income

The total operating income of Fnac Darty includes all the income and costs directly related to Group operations, whether the income and expense are recurrent or whether they result from one-off transactions or decisions.

"Other non-current operating income and expense" reflects the unusual and material items for the consolidated entity that could disrupt tracking of the Group's economic performance.

As a result, and in order to monitor the Group's operating performances, Fnac Darty uses current operating income as the main management balance. This is defined as the difference between the total operating income and the "Other non-current operating income and expense."

Current operating income is an intermediate line item intended to facilitate the understanding of the entity's operating performance that can be used as a way to estimate recurring performance. This indicator is presented on a like-for-like basis in accordance with the principles of continuity and relevance for financial reporting.

Definition of EBITDA

In addition to the results published, the Group presents the EBITDA performance indicator, which excludes Interest, Tax, Depreciation, Amortization and provisions on fixed operational assets from current operating income. The Group believes that this information assists investors in their analysis of the Group's performance. EBITDA is not an indicator stipulated by IFRS and does not appear in the Group consolidated financial statements. EBITDA has no standard definition and, therefore, the definition used by the Group may not match the definition of this term used by other companies. Since January 1, 2019, the application of IFRS 16 has significantly modified 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 net depreciation, amortization and provisions on fixed operational assets recognized as current operating income.

Definition of free cash-flow from operations

The Group also uses an intermediate line item to track its financial performance described as free cash-flow from operations. This financial indicator measures net cash flow from operating activities and gross operating investment flow (defined as acquisitions and disposals of property, plant and equipment and intangible assets, and the change in trade payables for non-current assets). Since January 1, 2019, the application of IFRS 16 has significantly modified the Group's free cash-flow from operations.

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

Definition of net financial debt

Net financial debt is made up of gross debt including accrued interest not yet due as defined by the French National Accounting Council's recommendation no. 2013-03 of November 7, 2013, minus gross cash and cash equivalents. The Group has applied IFRS 16 since January 1, 2019. The application of this standard significantly modifies the Group's net financial debt.

Application of IFRS 16

On January 13, 2016, the IASB published IFRS 16 – Leases. IFRS 16 replaces the IAS 17 standard and its interpretations. This standard, which is applicable 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 unavoidable rental payments.

The Group has applied IFRS 16 since January 1, 2019. In order to ensure the smooth transition between IAS 17 and IFRS 16, all lease and service agreements falling within the scope of IFRS 16 have been analyzed.

To monitor its financial performance, the Group publishes indicators that exclude the application of IFRS 16. These indicators are EBITDA excluding IFRS 16, free cash-flow from operations excluding IFRS 16, and net financial debt excluding IFRS 16.

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

Rounding

The following tables contain individually rounded data. The arithmetical calculations based on rounded data may present some differences with the aggregates or subtotals reported.

2.2 HIGHLIGHTS AND INFORMATION FOR THE HALF-YEAR PERIOD

In the second quarter of 2022, Group revenue totaled €1,647 million, stable on a reported basis and down -0.8% on a like-for-like basis[1] compared with the previous year. The good sales resilience was driven primarily by the solid growth of in-store sales across all regions and the return of online sales to normal levels against a very high comparison basis.

During the first half of 2022, revenue totaled €3,428 million, down -1.7% on a like-for-like basis[1] compared with the same period in 2021. Compared to the proforma[2] 2019 pre-crisis level, the Group recorded solid sales growth of +8.4%, supported by an increase in the average checkout value. Online sales accounted for 22% of the Group's revenue for the first half of 2022, up +4 points on their pre-pandemic levels. This figure, which is usually lower in the first half than over the year as a whole, was achieved against a background of digital market penetration returning to normal after two years of online sales being helped by the closure of physical stores. The click & collect dynamic remained strong, representing 47% of the Group's online sales over the first half of the year.

Finally, as a reminder, Fnac Darty has no sites in the Russia–Ukraine war zone; nor does it depend on suppliers in that region. Nevertheless, the Group is closely monitoring the situation as it evolves and assessing how rising inflation and pressures on consumers' purchasing power might impact on its activities and results.

Analysis by product category

The Group's sales teams worked closely with all suppliers to adjust inventory levels in order to continue to offer a good level of product availability throughout the half-year. During the second quarter, the Group posted a decline in its sales of appliances, mainly due to lower volumes in the market coupled with a strong comparison basis, while the average selling price of large appliances continued to rise. Consumer electronics recorded good momentum in telephony, sound and photo, although this was more than offset by the decline in categories that had benefited from the high demand for remote-working and home-learning equipment as a result of the health crisis. Similarly, television sales suffered from the high comparison basis brought about by the Euro 2020 soccer tournament held in 2021. Sales of editorial products continued to grow, driven mainly by books, video and audio. On the other hand, the decline in gaming persisted due to a shortage of consoles on the market. Diversification categories continued to record solid growth, driven mainly by urban mobility. Lastly, services continued their robust growth, with an increase in the number of Darty Max subscribers and the ticketing business resuming after the final Covid-related restrictions were lifted in late February.

Analysis by region

France and Switzerland posted resilient sales, at -0.9% on a like-for-like basis[1] over the second quarter and -1.9% over the first half of the year, enabling the Group to outperform the market. During that second quarter, the region saw a decline in both large and small appliances, primarily due to sluggish household consumption adversely affecting volumes. Consumer electronics continued to benefit from good dynamics in photo, sound and telephony, while IT equipment and television suffered from a high comparison basis. Editorial products grew thanks to books and audio, which continued to benefit from the Culture Pass, while gaming declined. The diversification categories also recorded strong growth, driven primarily by the toys and games and urban mobility segments. At the same time, there was solid growth in services thanks to the continued roll-out of Darty Max and the resumption of ticketing. Ticketing benefited from strong consumer interest and a particularly rich program of events, although some events were still being postponed due to the health crisis. Lastly, Nature & Découvertes sales were up compared to the first half of last year, when stores were closed for much of the period. However, sales were still harmed by footfall not yet returning to pre-pandemic levels.

In the Iberian Peninsula, revenue grew by +4.9% on a like-for-like basis[1] over the second quarter and by +6.2% over the first half of the year. The region benefited from a less difficult comparison base effect due to a slower recovery in 2021 than in other regions, with stores dynamics driving the region's performance. All product categories contributed to the solid growth across Spain and Portugal, particularly books, telephony, photo and sound as well as services which posted strong growth in what remains a highly competitive environment, particularly in Spain.

Belgium and Luxembourg sales were down -6.3% in the second quarter and -7.6% over the first half of the year on a like-for-like basis[1]. This was due primarily to lower appliance sales volumes against a very high comparison basis and particularly high inflation. Conversely, services continued to perform well. Compared with the first half of 2019 on a pro-forma basis[2], sales in the region were still up.

The gross margin for the first half of the year was €1,058 million, an improvement on the same period of 2021. The gross margin rate was high at 30.9%, up +120 basis points compared with the previous year. This solid growth was driven mainly by a favorable product mix, more Darty Max subscribers and the resumption of ticketing, which more than offset the dilutive technical effect of the franchise. The gross margin rate was in line with the pre-pandemic pro-forma level[2] for the first half of 2019, excluding the dilutive technical effect of the franchise.

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

Operating expenses remained under control during the half-year and amounted to €1,039 million, an increase of +€45 million on the first half of 2021, reflecting:

- For the largest part of the change, the closure of stores during the first half of the previous year;
- The measures taken by the Group to support its employees by paying a one-off purchasing power bonus of approximately €7 million and increasing the overall wage budget above the average of previous years;
- The costs of rolling out new activities during the half-year, mainly Manor and WeFix;
- Lastly, the Group continued to implement performance plans across all divisions, offsetting nearly all of the inflationary impact on costs during the half-year.

Expressed as a percentage of sales, operating expenses in the first half of 2022 were down slightly on the pro-forma figure for the first half of 2019[1].

EBITDA totaled €192 million, including €126 million related to the application of IFRS 16, down by -€18 million compared with the first half of 2021.

Current operating income was €19 million during the first half of 2022. Excluding the effect of the one-off purchasing power bonus, which cost nearly €7 million, and the impact of rolling out new activities during the half-year, current operating income was stable compared with the first half of 2021 and the same period of 2019, on a pro-forma basis[1].

Non-current items amounted to -€14 million over the half-year, including -€8 million of one-off expenses relating to the restructuring of the Group's real-estate holdings. Operating income was €5 million during the first half of the year.

After taking into account non-current items, financial expenses of €18 million and a €3 million tax expense, consolidated net income from continuing operations, Group share for the first half of 2022 was down to -€17 million.

CONTINUED STRATEGIC ADVANCES AND ACCELERATION IN SERVICES AND REPAIRS

Fnac Darty continues to commit to providing an educated choice and sustainable consumption by way of strategic projects in digital, services and repairs, which are major pillars of the strategic plan Everyday.

Over the half-year, the Group continued to optimize its e-commerce sites and position its store network strategically.

The Group began to roll out its partnership with Google, which was signed in February, by integrating Google Cloud's Retail Search into Fnac.com. This enhances consumers' online purchasing experience with a richer, easier and more customized product search, which helps to increase the conversion rate. By 2025, the Group aims to achieve at least 30% of its revenue online.

Fnac Darty also continued its expansion pace during the half-year by opening 22 new stores, including 17 franchises. The network now totals 971 stores, including 405 franchises at the end of June, representing 40% of the total store base. In addition, in keeping with the schedule of planned openings, over the first half of the year, the Group opened 14 new Fnac shop-in-shops within Manor stores. This took the total number of Fnac shop-in-shops to 27, significantly increasing Fnac's brand presence in every area of Switzerland. Lastly, the Group continued to extend its kitchen offering by opening four new sales spaces during the half-year. This brought the total number of kitchen points of sale to over 190 at the end of June.

At the same time, under the partnership with Apple signed in March, all 143 WeFix service centers had already joined the French network of Apple Authorized Service Providers (AASPs) at the end of June, with over 350 WeFix technicians receiving training and accreditation from Apple. This partnership underscores the Group's ambition to achieve annual repairs of 2.5 million products by 2025.

Furthermore, Fnac Darty launched its innovative informed delivery service during the half-year, enabling customers to estimate the environmental impact of the various delivery methods while making an online purchase. It is the first retailer to have developed such a tool and added it to its e-commerce sites. The tool helps reduce the environmental impact of the Group's e-commerce activities and is in keeping with the commitments that Fnac Darty made in July 2021 when it signed the Charter of Commitments for the reduction of the environmental impact of online commerce.

Fnac Darty reaffirms its ambition to become the leader in home assistance services and its commitment to extending product life span. To this end, and with a view to achieving the target of two million Darty Max subscribers by 2025, since June the Group has been offering this service in all integrated Fnac stores across France, in addition to Darty stores and its e-commerce sites. Furthermore, the Group has introduced a new video-based preventive maintenance service that identifies at-risk products, maintains them better and anticipates breakdowns in order to extend their life span. To keep pace with the rising number of repairs which reached 1.1 million in the first half of 2022, the Group continues to train dedicated repair technicians and currently has more than 220 technicians being trained in the 16 open courses.

[1] *Excluding BCC and including Nature & Découvertes for the full year.*

2.3 BUSINESS REVIEW FOR THE FIRST HALF OF 2022

2.3.1 Analysis of Group operating performance

Fnac Darty's main financial indicators for the first half of 2022 are presented below:

	Period ended June 30		
(€ million)	**2022**	**2021**	**Change**
Revenue	3,428.3	3,464.7	(1.1%)
Gross margin	1,058.0	1,028.8	2.8%
As % of revenue	30.9%	29.7%	1.2pt
EBITDA (1)	192.4	210.4	(8.6%)
As % of revenue	5.6%	6.1%	(0.5)pt
EBITDA (1) excluding IFRS 16	66.0	85.7	(23.0%)
As % of revenue	1.9%	2.5%	(0.6)pt
Current operating income	18.6	34.1	(45.5%)
As % of revenue	0.5%	1.0%	(0.5)pt
Operating income	4.7	31.6	(85.1%)
As % of revenue	0.1%	0.9%	(0.8)pt
Net income from continuing operations	(16.6)	(2.0)	(730.0%)
Net income from continuing operations, Group share	(17.4)	0.5	(3,580.3%)
Net income from discontinued operations, Group share	(0.2)	16.7	(101.2%)
Consolidated net income, Group share	(17.6)	17.2	(202.5%)
Net operating investments	56.4	46.4	21.6%
Free cash-flow from operations	(637.9)	(451.2)	(41.4%)
Free cash-flow from operations, excluding IFRS 16	(763.6)	(577.3)	(32.3%)
Shareholders' equity	1,523.9	1,409.4	8.1%
Group share	1,516.1	1,407.6	7.7%
Net financial debt excluding IFRS 16	585.7	454.5	28.9%
Net financial debt connected with IFRS 16	1,067.2	1,049.5	1.7%
Net financial debt	1,652.9	1,504.0	9.9%
Average workforce	21,648	21,663	(0.1%)

(1) EBITDA is defined as current operating income before net depreciation, amortization and provisions on fixed operational assets recognized as current operating income.

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

2.3.1.1 Revenue

	Period ended June 30							
	2022		2021					
Segment	*(€ million)*	*(as % of the total)*	*(€ million)*	*(as % of the total)*	*Change at current exchange rate*	*Change at comparable scope of consolidation*	*Change at constant foreign exchange rates and comparable scope of consolidation*	*Change at constant foreign exchange rates, comparable scope of consolidation and on a same-store basis*
France and Switzerland	2,843.7	83.0%	2,878.4	83.1%	(1.2%)	(1.2%)	(1.3%)	(1.9%)
Iberian Peninsula	305.5	8.9%	285.3	8.2%	7.1%	7.1%	7.1%	6.2%
Belgium and Luxembourg	279.1	8.1%	301.0	8.7%	(7.3%)	(7.3%)	(7.3%)	(7.6%)
Total	**3,428.3**	**100.0%**	**3,464.7**	**100.0%**	**(1.1%)**	**(1.1%)**	**(1.2%)**	**(1.7%)**

Consolidated revenue from continuing operations for the first half of 2022 totaled €3,428.3 million, down -1.1% on a reported basis compared with the first half of 2021. At constant exchange rates and on a same-store basis, revenue was down -1.7%.

Consumer electronics posted a decline. This segment was adversely affected by a high comparison basis in categories that had benefited from the urgent need for equipment for remote working and home learning due to the health crisis.

Sales of domestic appliances also declined sharply during the first half of the year, mainly due to a decrease in volumes on the market coupled with a strong comparison basis effect in the first half. Sales of vacuum cleaners, small kitchen equipment, small cooking appliances, washing machines and refrigerators were particularly affected by this decline in business.

The increase in in-store footfall led to a strong performance in editorial products, driven by books, audio and video, while gaming declined. The Culture pass also continued to support sales in this category.

Other products and services increased sharply, thanks to the increase in services, which had been heavily impacted by the closure of stores in the first half of 2021, as well as growth in the Home & Design, Urban Mobility and Toys and Games sectors. The ticketing activity benefited significantly from the easing of the health restrictions at the end of February, as well as from a full schedule of events. Sales at Nature & Découvertes also recovered as the comparison basis was the first half of 2021, when the stores were mostly closed.

In addition, the click & collect dynamic remained strong, representing 47% of the Group's online sales over the first half of the year.

Online activities returned to more normal levels during the first half of the year, due in particular to the very strong growth in sales when stores were closed last year. At €754.5 million, this segment represented 22.0% of the Group's sales in the first half of 2022, a decrease of -5.8 points compared with the first half of the previous year. However, this level remains 4 points above the pre-crisis level in the first half of 2019.

The store network continued to expand, as 22 new stores were opened (12 Fnac, nine Darty and one Nature & Découvertes): five integrated stores (three in France, one in Spain and one in Belgium) and 17 franchised stores (six Traditional stores, including one in Senegal and one in Overseas France, 10 Proximity stores in mainland France and one Nature & Découvertes store in Overseas France). At the end of June 2022, the Group had 971 stores, including 405 franchised stores.

2.3.1.2 Current operating income

The current operating income of Fnac Darty totaled €18.6 million for the first half of 2022, compared with €34.1 million for the first half of 2021, i.e. a decrease of -€15.5 million. Gross margin was up compared with the first half of 2021, with an improved profit margin. This was driven by the recovery in the ticketing business, the positive impact of services related to the ongoing rollout of Darty Max, the improvement in the channel/product mix and the return of in-store footfall at Nature & Découvertes, partially offset by the technical dilutive effect of expanding the franchise. The increase in operating costs is mainly linked to the increase in personnel expenses, due to a lower comparison basis in the first half of 2021. This was mainly the result of the use of furlough, the payment of nearly €7.0 million for the exceptional purchasing power bonus (*Prime Exceptionnelle de Pouvoir d'Achat* – PEPA) in the first half of 2022, and the increase in other operating expenses, as the comparison basis had benefited from rent repayments in the first half of the year. In addition, the rollout of new activities during the first half of the year, mainly WeFix and Manor, incurred about €10 million in exceptional start-up costs.

	Period ended June 30		
	2022	**2021**	
Segment	*(€ million)*	*(€ million)*	*Change*
France and Switzerland	16.7	32.7	(48.9%)
Iberian Peninsula	(1.9)	(4.2)	54.8%
Belgium and Luxembourg	3.8	5.6	(32.1%)
Current operating income	**18.6**	**34.1**	**(45.5%)**

2.3.1.3 EBITDA

	Period ended June 30				
	2022		**2021**		
	(€ million)	*(as % of revenue)*	*(€ million)*	*(as % of revenue)*	*Change*
Current operating income	**18.6**	**0.5%**	**34.1**	**1.0%**	**(45.5%)**
Net depreciation, amortization and provisions (1)	173.8	5.1%	176.3	5.1%	(1.4%)
EBITDA	**192.4**	**5.6%**	**210.4**	**6.1%**	**(8.6%)**
IFRS 16 impact on EBITDA	126.4	3.7%	124.7	3.6%	1.4%
EBITDA excluding IFRS 16	**66.0**	**1.9%**	**85.7**	**2.5%**	**(23.0%)**

(1) Net depreciation, amortization and provisions correspond to net allocations for depreciation and amortization and provisions on fixed operational assets recognized as current operating income.

EBITDA for the first half of 2022 totaled €192.4 million, i.e. a decrease of -€18.0 million compared with the first half of 2021.

See note 2.1 for the definition of EBITDA.

In the first half of 2022, the impact on EBITDA of applying IFRS 16 was €126.4 million compared with €124.7 million in the first half of 2021.

Without applying IFRS 16, EBITDA for the first half of 2022 was €66.0 million, i.e. a decrease of €19.7 million compared with the first half of 2021.

2.3.1.4 Other non-current operating income and expenses

	Period ended June 30	
(€ million)	**2022**	**2021**
Restructuring of the real estate portfolio	(7.6)	0.0
Other restructuring costs	(3.0)	(0.2)
Other non-current operating income and expense, net	(3.3)	(2.3)
Other non-current operating income and expenses	**(13.9)**	**(2.5)**

Other non-current operating income and expense for the Group comprises unusual and material items that could affect the ability to track the Group's economic performance.

In the first half of 2022, this item represented a net expense of €13.9 million and included:

- €7.6 million in exceptional expenses related to the restructuring of the real estate portfolio,
- €3.0 million in restructuring costs for employee and structural adaptation plans in France and abroad; and
- A net expense of €3.3 million resulting from various one-off litigation cases.

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

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

2.3.1.5 Net financial expense

In the first half of 2022, the Group's net financial expense broke down as follows:

	Period ended June 30	
(€ million)	**2022**	**2021**
Costs related to Group debt	(11.9)	(13.1)
Interest on leasing debt	(11.3)	(10.5)
Other financial income and expense	5.3	(0.8)
Net financial expense	**(17.9)**	**(24.5)**

In the first half of 2022, net financial income was composed of a net financial expense of €17.9 million, compared with a net financial expense of €24.5 million for the first half of 2021.

During the first six months of 2022 and 2021, the costs related to Group debt mainly comprised the financial interest for the €650 million bond issue and the €100 million loan from the European Investment Bank, as well as the financial interest and actuarial costs of the OCEANE bonds issued by the Group in March 2021 in the amount of €200 million. These costs also include the deferment of implementation costs for the Group's financial debt. These costs declined by -€1.2 million compared with the first half of 2021. This improvement can be attributed primarily to guarantee costs and set-up costs associated with the State-guaranteed loan, repaid in full in March 2021 in the amount of €500 million and included in the first half of 2021.

In the first half of 2022, interest on leasing debt linked to the application of IFRS 16 represented €11.3 million. This expense was up +€0.8 million compared with the first half of 2021.

Other financial income and expense mainly includes the cost of consumer credit, the financial impacts associated with post-employment employee benefits and the fair value adjustment of the Group's financial assets. Compared with the first half of 2021, the €6.1 million improvement in this item is mainly due to the fair value adjustment to the Group's shares in the Daphni Purple fund.

2.3.1.6 Income tax

For the first halves of 2022 and 2021, the Group's tax expense broke down as follows:

	Period ended June 30	
(€ million)	**2022**	**2021**
Pre-tax income	**(13.2)**	**7.1**
Current tax expense	0.3	(4.6)
Current tax expense related to corporate value-added tax (CVAE)	(5.6)	(6.1)
Deferred tax income/(expense)	1.9	1.6
Total tax expense	**(3.4)**	**(9.1)**
Global half-year tax rate	**(26%)**	**128%**

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

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

The effective total half-year tax rate for the Group is obtained using the expected effective tax rate for 2022 for each tax sub-group. The half-year amount depended on the weighting of the income of each tax sub-group in the Group's half-yearly pre-tax income and was not representative of the expected annual tax rate for 2022. The reading of the half-yearly tax rate per tax sub-group is more representative of the expected 2022 annual tax rate:

			of which	
	Group	**France**	**International subsidiaries, taxable in 2022**	**International subsidiaries, tax exempt in 2022**
Global half-year tax rate	**(26%)**	**(177%)**	**28%**	**12%**
Of which corporate value-added tax (CVAE)		*(297%)*	*0%*	*0%*
Recurrent effective tax rate excluding CVAE		30%	28%	12%

2.3.1.7 Net income, Group share

For the first half of 2022, net income, Group share, for Fnac Darty's continuing operations totaled -€17.4 million, a decrease compared with the same period the previous year, when it stood at +€0.5 million.

Consolidated net income, Group share, for Fnac Darty was -€17.6 million, compared with +€17.2 million for the same period the previous year.

In the first half of 2021, consolidated net income, Group share, was positively affected by the adjustment of the tax treatment applied to the disposal of the Dutch subsidiary BCC for +€16.8 million, recorded under discontinued operations.

2.3.1.8 Net income from discontinued operations

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

	Period ended June 30	
(€ million)	**2022**	**2021**
Income from ordinary activities	**0.0**	**0.0**
Cost of sales	0.0	0.0
Gross margin	**0.0**	**0.0**
Personnel expenses	0.0	0.0
Other current operating income and expense	0.0	0.0
Current operating income	**0.0**	**0.0**
Other non-current operating income and expenses	(0.2)	(0.1)
Operating income	**(0.2)**	**(0.1)**
(Net) financial expense	0.0	0.0
Pre-tax income	**(0.2)**	**(0.1)**
Income tax	0.0	16.8
Net income	**(0.2)**	**16.7**

In the first half of 2022, net income from discontinued operations was -€0.2 million, compared with +€16.7 million for the first half of 2021. In the first half of 2021, this result was mainly linked to the adjustment of the tax treatment applied to the disposal of the Dutch subsidiary BCC.

2.3.1.9 Net earnings per share

In the first half of 2022, the weighted average number of Fnac Darty shares was 26,784,374 shares. The weighted average number of treasury stock in the first half of 2022 was 94,049 shares, so the weighted average number of Fnac Darty shares used to calculate net earnings per share was 26,690,325 shares.

In the first half of 2022, Group net earnings per share from continuing operations amounted to -€0.65. In the first half of the previous year, this figure was +€0.02.

2.3.2 Analysis of operating performance by operating segment

France and Switzerland segment

	Period ended June 30		
(€ million)	**2022**	**2021**	**Change**
Revenue	2,843.7	2,878.4	(1.2%)
Current operating income	16.7	32.7	(48.9%)
Operating profitability rate	0.6%	1.1%	(0.5)pt

Revenue for the France and Switzerland segment

In the first half of 2022, revenue for the France and Switzerland segment was €2,843.7 million compared with €2,878.4 million for the first half of 2021, i.e. a decrease of -1.2%. Revenue at constant exchange rates and on a same-store basis was also down -1.9%.

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

Consumer electronics posted a decline. This segment was adversely affected by a high comparison basis in categories that had benefited from the urgent need for equipment for remote working and home learning due to the health crisis.

Sales of domestic appliances also declined sharply during the first half of the year, mainly due to a decrease in volumes on the market coupled with a strong comparison basis effect in the first half. Sales of vacuum cleaners, small kitchen equipment, small cooking appliances, washing machines and refrigerators were particularly affected by this decline in business.

The increase in in-store footfall led to a strong performance in editorial products, driven by books, audio and video, while gaming declined. The Culture pass also continued to support sales of editorial products.

Other products and services increased sharply, thanks to the increase in services, which had been heavily impacted by the closure of stores in the first half of 2021, as well as growth in the Home & Design, Urban Mobility and Toys and Games sectors. The ticketing activity benefited significantly from the easing of the health restrictions at the end of February, as well as from a full schedule of events. Sales at Nature & Découvertes also recovered as the comparison basis was the first half of 2021, when the stores were mostly closed.

Online activities returned to more normal levels during the first half of the year, due in particular to the very strong growth in sales when stores were closed last year. At €620.4 million, online activities represented 21.8% of sales in the France and Switzerland segment for the first half of 2022, a decrease of -5.8 points compared with the first half of the previous year.

Current operating income for the France and Switzerland segment

Current operating income for the France and Switzerland segment totaled €16.7 million for the first half of 2022, compared with €32.7 million for the first half of 2021, i.e. a decrease of -€16 million. Gross margin was up compared with the first half of 2021, with an improved profit margin. This was driven by the recovery in the ticketing business, the positive impact of services related to the ongoing rollout of Darty Max, the improvement in the channel/product mix and the return of in-store footfall at Nature & Découvertes, partially offset by the dilutive effect of expanding the franchise. The increase in operating costs is mainly linked to the increase in personnel expenses, due to a lower comparison basis in the first half of 2021. This was mainly the result of the use of furlough, the payment of nearly €7.0 million for the exceptional purchasing power bonus (*Prime Exceptionnelle de Pouvoir d'Achat* – PEPA) in the first half of 2022, and the increase in other operating expenses, as the comparison basis was affected by the closure of part of the store network. In addition, the rollout of new activities during the first half of the year, mainly WeFix and Manor, incurred about €10 million in exceptional start-up costs.

Current operating profitability proved resilient, decreasing from 1.1% to 0.6%.

Iberian Peninsula

	Period ended June 30		
(€ million)	**2022**	**2021**	**Change**
Revenue	305.5	285.3	7.1%
Current operating income	(1.9)	(4.2)	54.8%
Operating profitability rate	(0.6%)	(1.5%)	0.9pt

Revenue for the Iberian Peninsula

In the first half of 2022, revenue for the Iberian Peninsula was €305.5 million, compared with €285.3 million for the first half of 2021, i.e. an increase of +7.1%. On a same-store basis, revenue was up by 6.2%.

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

The performance posted by this segment is directly linked to a very poor comparison basis in the first half of 2021. In-store sales had suffered from the continued severe restrictions on footfall. Although competitive pressure remains high, mainly in Spain, stores posted double-digit growth in the region, which was partially offset by a normalizing digital sales trend.

Revenue from consumer electronics was up, driven by telephony sales.

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

Revenue from other products and services increased during the period. The services sector, which had been particularly severely impacted by the in-store footfall restrictions last year, posted an increase.

Current operating income in the Iberian Peninsula

Current operating income for the Iberian Peninsula was -€1.9 million for the first half of 2022, compared with -€4.2 million for the first half of 2021, an increase of +€2.3 million. The gross margin was up compared to the first half of 2021, with an increase in revenue and a greatly improved profit margin, driven by the increase in services and an improvement in the channel/product mix. This improved margin was partially offset by the increase in operating costs over the period.

Current operating profitability is improving, up from -1.5% to -0.6%.

Belgium and Luxembourg segment

	Period ended June 30		
(€ million)	**2022**	**2021**	**Change**
Revenue	279.1	301.0	(7.3%)
Current operating income	3.8	5.6	(32.1%)
Operating profitability rate	1.4%	1.9%	(0.5)pt

Revenue for the Belgium and Luxembourg segment

In the first half of 2022, revenue for the Belgium and Luxembourg segment was €279.1 million, compared with €301.0 million in the first half of 2021, a decrease of -7.3%.

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

Consumer electronics revenue was down in the first half of the year, having been adversely affected by a high comparison basis in categories that had benefited from the urgent need for equipment for remote working and home learning due to the health crisis.

Domestic appliance sales also decreased due to the decline in volumes. Vacuum cleaners, small kitchen equipment and small cooking appliances were particularly affected by this decline in business.

Revenue from editorial products decreased slightly. Books and audio partially offset the decline in Gaming sales.

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

Current operating income for the Belgium and Luxembourg segment

Current operating income for the Belgium and Luxembourg segment was €3.8 million for the first half of 2022, compared with €5.6 million for the first half of 2021. The gross margin was down compared with the first half of 2021, with a decrease in revenue mitigated by an improved profit margin, benefiting from an improvement in the channel/product mix. This lower margin was partially offset by the decrease in operating costs over the period.

Current operating profitability is decreasing, from 1.9% to 1.4%. This resilience shows the quality of commercial performance in the context of the continuing health crisis and intense competition.

2.4 COMMENTS ON THE GROUP'S FINANCIAL POSITION

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

(€ million)	**At June 30, 2022**	**At December 31, 2021**
Goodwill	1,654.3	1,654.3
Other non-current assets and liabilities	2,060.5	2,084.0
Current assets and liabilities	(349.7)	(1,072.6)
Provisions	(188.3)	(218.8)
Capital employed	**3,176.8**	**2,446.9**
Net assets held for sale	0.0	0.0
Shareholders' equity, Group share	1,516.1	1,555.4
Shareholders' equity – Share attributable to non-controlling interests	7.8	8.2
Net financial debt at end of the period	585.7	(246.7)
Leasing debt	1,067.2	1,130.0

2.4.1 Capital employed

As at June 30, 2022, capital employed was up by +€730.0 million compared with December 31, 2021. This increase is mainly linked to the increase in current assets resulting the seasonal nature of the Group's business.

2.4.2 Goodwill

As at June 30, 2022, goodwill amounted to €1,654.3 million, remaining stable compared with December 31, 2021.

(€ million)	**At June 30, 2022**	**At December 31, 2021**
Goodwill	1,654.3	1,654.3

2.4.3 Other non-current assets, net

(€ million)	**At June 30, 2022**	**At December 31, 2021**
Net intangible assets	541.1	528.2
Net property, plant and equipment	569.3	574.5
Rights of use relating to lease agreements	1,046.6	1,115.2
Investments in associates	1.0	0.6
Net non-current financial assets	44.9	40.2
Net deferred taxes	(104.5)	(96.1)
Other non-current liabilities	(37.9)	(78.6)
Other non-current assets, net	**2,060.5**	**2,084.0**

Over the first half of 2022, other non-current assets net of liabilities fell by -€23.5 million.

Intangible assets increased by +€12.9 million, as a result of investments in intangible assets over the first half of 2022 that were greater than the amortization applied during the first half of 2022.

Property, plant and equipment decreased by -€5.2 million, as a result of depreciation in property, plant and equipment over the first half of 2022 that was greater than the investments made during the first half of 2022.

Rights of use relating to lease agreements decreased by -€68.6 million, mainly due to their amortization.

Investments in associates increased by €0.4 million compared with December 31, 2021. This reflected the share of income from the first half of 2022, as well as the Group's divestment of Izneo and its investment in Minteed.

In the first half of 2022, net non-current financial assets increased by €4.7 million, mainly due to the adjustment of the fair value of the investment in the Daphni Purple private equity fund, combined with calls for funds, as well as the investment via the convertible bonds in Minteed.

Deferred taxes represented net liabilities of €104.5 million and for the most part reflected the revaluation of Darty's assets and liabilities, particularly the valuation of the Darty and Vanden Borre brands on the Group's balance sheet, along with the revaluation of Darty's real estate. The change in these is related to the tax impact of the revaluation of liabilities for defined benefit plans, as well as the deferred tax expense for the first half of 2022.

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

2.4.4 Current assets and liabilities

(€ million)	At June 30, 2022	At December 31, 2021
Net inventories	1,135.7	1,104.3
Net trade receivables	159.7	261.5
Net trade payables	(1,198.1)	(1,811.6)
Tax receivables and payables due	27.7	(6.9)
Other working capital requirements	(474.7)	(619.9)
Current assets and liabilities*	**(349.7)**	**(1,072.6)**

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

As at June 30, 2022, Fnac Darty's current assets and liabilities were a €349.7 million resource, a decrease of -€722.9 million compared with December 31, 2021. This drop is mainly due to the seasonal nature of the business.

Changes in inventories (excluding the effect of changes in foreign exchange rates and the scope of consolidation) generated cash flows of -€29.8 million in the first half of 2022, up by +€65.6 million compared with the first half of 2021.

In the first half of 2022, the reduction in trade receivables (excluding the effect of changes in foreign exchange rates and the scope of consolidation) generated positive cash flows amounting to €113.3 million, up by +€19.6 million compared with the first half of 2021.

In the first half of 2022, the reduction in trade payables (excluding the effect of changes in foreign exchange rates and the scope of consolidation) generated negative cash flows amounting to €611.9 million, down by €233.1 million compared with the first half of 2021.

In the first half of 2022, cash flows from tax receivables and payables were negative, at €34.7 million (excluding the effect of changes in foreign exchange rates and the scope of consolidation). This decline should be seen within the context of the current tax income of €0.3 million recorded for the first half of 2022, as well as the corporate value-added tax (CVAE) expense of €5.6 million. Therefore, in the first half of 2022, the net cash flow associated with tax payable and with the corporate value-added tax (CVAE) represented a net disbursement of €39.9 million, a drop of €2.0 million compared with the first half of 2021.

In the first half of 2022, other working capital requirements primarily included payroll liabilities and State payables and receivables, excluding income tax. The reduction in these during the first half of the year is linked to the seasonal nature of the Group's business. The cash flows generated were down €6.7 million compared with the change in the first half of 2021.

2.4.5 Provisions

(€ million)	**At June 30, 2022**	**At December 31, 2021**
Provisions for pensions and equivalent benefits	152.0	187.8
Other provisions	36.3	31.0
Provisions	**188.3**	**218.8**

(€ million)	**At June 30, 2022**	**At December 31, 2021**
Discount rate		
- France	3.20%	1.00%
- Switzerland	0.25%	0.25%
- United Kingdom	3.90%	1.90%

The increase in interest rates seen during the first half of 2022 in the Eurozone meant that the reference discount rates, the rates of top-rated corporate bonds, increased.

At the same time, the discount rate applicable in the United Kingdom also went up. As at June 30, 2022, the Comet pension fund had a surplus of plan assets over liabilities. Consequently, an adjustment to the amount of the Comet liability was recognized in the interim financial statements.

Compared with December 31, 2021, the decrease in the provision for pensions and similar benefits is -€35.8 million. Of this decrease, €39.7 million is linked to the discounting of the retirement benefit commitments for employees in France, whose impact on shareholders' equity appears under "Other items of comprehensive income." The balance of -€3.9 million is linked mainly to current service costs in the first half of 2022.

As at June 30, 2022, "Other provisions" mainly included the provisions for operational and tax contingencies. The €5.3 million increase compared with December 31, 2021 corresponds mainly to various litigation cases and disputes.

2.4.6 Shareholders' equity

(€ million)	At June 30, 2022	At December 31, 2021
Shareholders' equity, Group share	1,516.1	1,555.4
Shareholders' equity – Share attributable to non-controlling interests	7.8	8.2
Shareholders' equity	**1,523.9**	**1,563.6**

As at June 30, 2022, Fnac Darty's consolidated shareholders' equity was down -€39.7 million compared with the end of the previous period.

The proportion of shareholders' equity attributable to the Group decreased by €39.3 million. This net decrease was mainly due to the payment of €53.5 million in dividends in the first half of 2022 for fiscal year 2021, as well as -€17.6 million in net income, Group share in the first half of 2022. The net decrease is offset by the discounting of retirement benefit commitments appearing under "Other items of comprehensive income" for €28.8 million.

The proportion of shareholders' equity attributable to non-controlling interests was down -€0.4 million to €7.8 million. This decrease is due mainly to the proportion of non-controlling interests in net income of +€0.8 million, as well as a -€1.5 million decrease in dividends due to minority shareholders.

2.4.7 Net financial debt

At the end of the first half of the year, Group net financial debt is usually higher than at year-end because of the seasonal nature of the business. The Group's net financial debt as at June 30, 2022 stood at €1,652.9 million. It incorporates leasing debt linked to the application of IFRS 16 for €1,067.2 million.

(€ million)	At June 30, 2022	At December 31, 2021
Gross financial debt	935.5	934.4
Cash and cash equivalents	(349.8)	(1,181.1)
Net financial debt excluding IFRS 16 at end of period	**585.7**	**(246.7)**
Leasing debt	1,067.2	1,130.0
Net financial debt with IFRS 16 at end of period	**1,652.9**	**883.3**

As at June 30, 2022, gross financial debt mainly comprises:

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

- the debt component of the OCEANE bonds that can be converted and/or exchanged for new and/or existing shares, for an amount of €182.2 million,

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

Compared with December 31, 2021, net financial debt increased by +€832.4 million excluding leasing debt linked to IFRS 16, and by +€769.6 million with leasing debt. The increase in financial debt is mainly related to the change in free cash-flow from operations during the first half of 2022, which reached -€637.9 million with the application of IFRS 16 and -€763.6 million excluding the application of IFRS 16. The dividends paid by the Group in the first half of 2022 had a net impact of €55.0 million on the increase in the Group's net financial debt.

2.4.8 Solvency

Financing instruments of the Group include financial covenants.
As at June 30, 2022, the Group was in compliance with all half-year financial covenants.
The target values of the covenants vary for each testing period.

2.4.9 Liquidity

As at June 30, 2022, Fnac Darty held cash and cash equivalents of €349.8 million, plus a balance of €500 million on a confirmed revolving credit facility not used at that date.
As at June 30, 2022, cash mainly included positive bank balances and short-term interest accounts.
The Group is not exposed to any short-term liquidity risk.
In March 2022, Fnac Darty exercised its option to extend its €500 million confirmed revolving credit facility from March 2026 to March 2027. This option was subscribed in full using bank liabilities. The Group still has an option to extend its confirmed revolving credit facility until March 2028.

2.4.10 Change in net financial debt

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

(€ million)	**June 30, 2022**	**June 30, 2021**
Free cash-flow from operations	(637.9)	(451.2)
Interest paid net of interest and dividends received	(11.0)	(17.3)
Acquisition and disposal of other financial assets	2.0	1.5
Purchases and sales of treasury stock	(2.1)	(0.9)
Dividends paid	(55.0)	(0.6)
Shareholders' equity component – OCEANE bonds	0.0	20.8
Repayment of leasing debt	(114.4)	(115.5)
Interest paid on leasing debt	(11.3)	(10.6)
Other financial working capital requirements	0.0	9.0
Net cash flows from discontinued operations	0.0	(1.4)
Financing of the Comet pension fund	(2.1)	(1.6)
Other (1)	(0.6)	(0.5)
Change in net financial debt excluding IFRS 16	**(832.4)**	**(568.3)**
Net financial debt excluding IFRS 16 at January 1	**(246.7)**	**(113.9)**
Net financial debt excluding IFRS 16 at end of period	**585.7**	**454.4**

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

2.4.10.1 **Free cash-flow from operations**

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

For the first six months of 2022, excluding impacts related to the application of IFRS 16, cash flow from operating activities and from operating investments was -€763.6 million, versus -€577.3 million in the first half of 2021.

(€ million)	**June 30, 2022**	**June 30, 2021**
Cash flow before tax, dividends and interest	194.6	212.1
Change in working capital requirement	(736.2)	(579.0)
Income tax paid	(39.9)	(37.9)
Net cash flows from operating activities	**(581.5)**	**(404.8)**
Operating investments	(57.2)	(45.6)
Change in payables and receivables relating to non-current assets	0.5	(1.1)
Cash flows from asset acquisitions	**(56.7)**	**(46.7)**
Operating divestments	0.3	0.3
Net cash flows from operating investment activities	**(56.4)**	**(46.4)**
Free cash-flow from operations	**(637.9)**	**(451.2)**
Repayment of leasing debt and interest	(125.7)	(126.1)
Free cash-flow from operations, excluding IFRS 16	**(763.6)**	**(577.3)**

As at June 30, 2022, net operating investments were €56.4 million, up €10.0 million compared with the first half of 2021.

(€ million)	**June 30, 2022**	**June 30, 2021**
France and Switzerland	(52.0)	(42.4)
Iberian Peninsula	(3.0)	(2.3)
Belgium and Luxembourg	(2.2)	(0.9)
Operating investments	**(57.2)**	**(45.6)**
Change in payables and receivables relating to non-current assets	0.5	(1.1)
Cash flows from asset acquisitions	**(56.7)**	**(46.7)**
Operating divestments	0.3	0.3
Net operating investments	**(56.4)**	**(46.4)**

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

As at June 30, 2022, net disbursements for net financial interest paid and dividends received in the amount of €11.0 million mainly included the disbursement of interest for financing and utilization and non-utilization fees for credit facilities.

As at June 30, 2021, net disbursements for net financial interest paid and dividends received in the total amount of €17.3 million mainly included the disbursement of interest for financing and utilization and non-utilization fees for credit facilities of €11.6 million. The remaining disbursements included a €2.5 million disbursement of the collateral for the State-guaranteed loan, €1.7 million for the costs incurred in extending the confirmed revolving credit facility, and €1.5 million in charges incurred in setting up the OCEANE issue.

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

In the first half of 2022, the €2.0 million in net receipts relating to the acquisition and disposal of other financial assets broke down as follows:

- €1.0 million in receipts corresponding to the disposal of Fnac Darty's entire stake in Izneo (i.e. 50% of the capital);
- €4.2 million in receipts corresponding to the par value repayment of the shares held in the Daphni Purple fund in the amount of €4.6 million, partially offset by an additional call for funds of €0.4 million. As at June 30, 2022, the Group was committed to underwriting the remaining 17% of the Daphni Purple Fund for €1.2 million;
- A €2.5 million disbursement corresponding to Fnac Darty's investment in Minteed (a platform that seeks to create non-fungible tokens (NFTs) in the art world), consisting of the acquisition of an equity stake (25% of the capital) and the subscription of convertible bonds; and
- A net disbursement of €0.7 million corresponding to financial movements in lessors' guarantee deposits.

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

2.4.10.4 **Acquisitions and disposals of treasury stock**

In the first half of 2022, the disbursement of €2.1 million for acquisitions and disposals of treasury stock represented the cash flow generated within the framework of the liquidity agreement entered into with Oddo BHF and Natixis. As at June 30, 2022, the Group held 136,264 treasury stocks.

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

2.4.10.5 **Dividends paid**

Fnac Darty continued to pursue its shareholder return policy in 2022. An ordinary dividend of €2.00 gross per share in respect of 2021, representing a total amount of €53.5 million, was awarded in the first half of 2022. The ex-dividend date was June 21, 2022 and the payment was made in cash on June 23, 2022. The €55.0 million dividend payment in the first half of 2022 breaks down into €53.5 million for the dividend paid by Fnac Darty to its shareholders and €1.5 million for the dividend paid by the Group's subsidiaries to minority shareholders.

In 2021, the dividend paid by Fnac Darty to its shareholders was €26.7 million. It was paid in the second half of 2021, on July 7. In the first half of 2021, the Group's subsidiaries had paid €0.6 million in dividends to minority shareholders.

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

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

2.4.10.7 **Net cash flows from discontinued operations**

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

2.4.10.8 **Financing of the Comet pension fund**

In the first half of 2022 and 2021, financing of the Comet pension fund included management fees for the British Comet pension fund related to pension commitments for former Comet employees in the United Kingdom, as well as the costs of legal proceedings incurred by the Group in connection with the Comet dispute.

2.5 RELATED PARTY TRANSACTIONS

As at June 30, 2022, the Ceconomy Retail International group held 24.0% of the share capital and 24.0% of the voting rights in Fnac Darty. During the first half of 2022, there were no transactions between Fnac Darty consolidated companies and the Ceconomy Retail International group.

As at June 30, 2022, VESA Equity Investment held 19.3% of the share capital and 19.3% of the voting rights in Fnac Darty. There were no transactions between Fnac Darty consolidated companies and VESA Equity Investment.

As at June 30, 2022, Indexia Développement (formerly SFAM Group) holds 11.3% of the equity and 11.3% of the voting rights in Fnac Darty and does not have a representative on the Fnac Darty Board of Directors. Therefore, Indexia Développement is not a related party.

As at December 31, 2021, the Ceconomy Retail International group held 24.3% of the share capital and 24.3% of the voting rights in Fnac Darty. In 2021, there were no transactions between Fnac Darty consolidated companies and the Ceconomy Retail International group.

As at December 31, 2021, Indexia Développement (formerly SFAM Group) held 11.3% of the share capital and 11.3% of the voting rights in Fnac Darty and did not have a representative on the Fnac Darty Board of Directors. Therefore, Indexia Développement is not a related party.

2.6 EVENTS OCCURRING AFTER THE CLOSE OF THE PERIOD

On July 27, 2022, the Board of Directors accepted the resignation of Antoine Gosset-Grainville, Director, Vice-Chairman of the Board of Directors and Chairman of the Appointments and Compensation Committee.

The Board also decided on:

- the cooption of Laure Hauseux as independent director, replacing Carole Ferrand, for the remainder of her term of office; her appointment will be subject to ratification at the next Fnac Darty General Meeting, scheduled for May 24, 2023;

- the appointment of Sandra Lagumina as Vice-Chair of the Board of Directors;

- the appointment of Brigitte Taittinger-Jouyet and Javier Santiso respectively as Chair and member of the Appointments and Compensation Committee;

- the appointment of Jean-Marc Janaillac and Caroline Grégoire Sainte Marie respectively as Chairman and member of the Corporate, Environmental and Social Responsibility Committee.

As a reminder, the Board of Directors appointed Sandra Lagumina and Daniela Weber-Rey respectively as Chair and member of the Audit Committee from May 18, 2022.

All this means that the Fnac Darty Board of Directors currently comprises 13 members, of whom 10 are independent, two are employee representatives and six are women. The composition of the Board thus complies with the AFEP-MEDEF Code as regards the number of independent directors and meets the legal obligation as regards the ratio of male to female; i.e. at least 40% of each sex.

On July 11, VESA Equity Investment notified the Group that it held more than 20% of Fnac Darty’s share capital and voting rights, without intending to request the appointment of one or more members to the Board of Directors.

2.7 MAIN RISKS AND UNCERTAINTIES FOR THE REMAINING HALF-YEAR

The Group's companies are involved in a number of lawsuits and litigation cases in the normal course of business, including disputes with tax, employment and customs authorities. Provisions have been recorded for the expenses that the Group's companies and businesses and their experts consider likely to be incurred.

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

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

In 2016, the Fnac Darty Group launched Fnac Connect, a retail format focusing on the sale of telephony and mobile products in smaller stores. Since the pandemic, however, this format has not proved economically balanced and development has been halted. We therefore decided to stop using this format and are seeking amicable solutions with the five franchise groups who opened the 15 existing stores on how to withdraw from the Connect concept. Negotiations are currently under way with the various partners to achieve this aim. One partner signed a memorandum of understanding on June 30, 2022. A second memorandum of understanding was signed on July 14, 2022, taking into account the inherent impact of the financial statements at June 30, 2022. Lastly, two franchises have served us with a summons. A decision is expected in the summer of 2023 if no amicable agreement can be reached.

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

The first case, amounting to approximately €2.2 million, mainly involved the processing of online sales under the click&collect system in operation in franchised stores, an issue that many franchise networks are facing given the increase in online sales across all sectors. The Affiliate Group and Darty brought this case before the mediator of the Paris Commercial Court. Following three mediation meetings, an agreement was reached whereby Darty would give each affiliate a credit note worth a total of €300,000 for the entire dispute related to deferred earnings rates. The agreement was ratified in a memorandum approved by the judge on June 21, 2021 and Darty has issued the credit notes.

The second dispute, in the amount of approximately €12.8 million, is based on claims that Fnac Darty should be responsible for the impact of the closure of franchised stores during the lockdown period. It goes without saying that Fnac Darty firmly refutes the basis of this claim. The dispute has been discussed in mediation before the Paris Commercial Court. However, the parties have not been able to reach an agreement and the matter is still pending. Darty filed its initial submissions on November 8, 2021. As no submissions had been filed by the Affiliate Group, the case was referred again to the Court with the date of February 14, 2022 for the filing of the Affiliate Group's submissions. Oral arguments are scheduled for September 2022 and a decision in the lower court is expected in the last quarter of 2022.

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

The Group is not aware of any litigation involving material risks likely to affect its net assets, earnings or financial position for which an estimated provision had to be recorded at period-end. No litigation is material at Company or Group level, when considered on a stand-alone basis.

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

2.8 OUTLOOK

The first half of 2022 was marked by rising inflation and a geopolitical environment that remains uncertain, affecting visibility for the months ahead. Against this background, and in accordance with its announced intentions, Fnac Darty outperformed the markets in which it operates and maintained its gross margin.

For the remainder of the year and in light of the macro-economic context, which remains uncertain, the Group will continue to make every effort to outperform the markets, drawing on its positioning as a leading omnichannel player. The Group's priority remains safeguarding its gross margin through sound management of supplies and by leveraging the growing impact of services, driven in particular by Darty Max. Lastly, the Group remains focused on consumer purchasing power, ensuring that it offers a wide range of products and services to suit everyone. At the same time, it is continuing to pass on price increases gradually, especially for the more premium product categories.

In a context of persistent high inflation, mainly impacting labor costs, rent and energy, the Group will maintain a tight grip on costs through its performance plans. These have already offset some of the inflation experienced in the first half of 2022 and will continue to do so in the second half of the year. The Group has also revised downwards its operating investment budget for the year to a level likely to be slightly below €140 million.

Finally, the Group is confirming its targets of achieving cumulative free cash-flow from operations[1] of approximately €500 million for the 2021-2023 period, and free cash-flow from operations[1] of at least €240 million annually from 2025.

[1] *Excluding IFRS 16.*

3 CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

FOR POSITIONS AS AT JUNE 30, 2022 AND AS AT JUNE 30, 2021

(€ million)	Notes	June 30, 2022	June 30, 2021
Income from ordinary activities	4	**3,428.3**	**3,464.7**
Cost of sales		(2,370.3)	(2,435.9)
Gross margin		**1,058.0**	**1,028.8**
Personnel expenses	5	(573.7)	(543.7)
Other current operating income and expense		(465.8)	(451.0)
Share of profit from equity associates		0.1	0.0
Current operating income		**18.6**	**34.1**
Other non-current operating income and expenses	6	(13.9)	(2.5)
Operating income		**4.7**	**31.6**
(Net) financial expense	7	(17.9)	(24.5)
Pre-tax income		**(13.2)**	**7.1**
Income tax	8	(3.4)	(9.1)
Net income from continuing operations		**(16.6)**	**(2.0)**
Group share		(17.4)	0.5
share attributable to non-controlling interests		0.8	(2.5)
Net income from discontinued operations	17.4	**(0.2)**	**16.7**
Group share		(0.2)	16.7
share attributable to non-controlling interests		0.0	0.0
Consolidated net income		**(16.8)**	**14.7**
Group share		(17.6)	17.2
share attributable to non-controlling interests		0.8	(2.5)
Net income, Group share		**(17.6)**	**17.2**
Earnings per share (€)	9	(0.66)	0.65
Diluted earnings per share (€)	9	(0.59)	0.58
Net income from continuing operations, Group share		**(17.4)**	**0.5**
Earnings per share (€)	9	(0.65)	0.02
Diluted earnings per share (€)	9	(0.58)	0.02

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(€ million)	Notes	June 30, 2022	June 30, 2021
Net income		**(16.8)**	**14.7**
Translation difference		0.7	(1.7)
Fair value of hedging instruments		(1.3)	1.9
Items that may be reclassified subsequently to profit or loss		**(0.6)**	**0.2**
Revaluation of net liabilities for defined benefit plans		29.1	27.0
Items that may not be reclassified subsequently to profit or loss		**29.1**	**27.0**
Other items of comprehensive income, after tax	10	**28.5**	**27.2**
Total comprehensive income		**11.7**	**41.9**
Group share		10.6	44.4
share attributable to non-controlling interests		1.1	(2.5)

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

FOR POSITIONS AS AT JUNE 30, 2022 AND THE PERIOD ENDED DECEMBER 31, 2021

ASSETS

(€ million)	Notes	At June 30, 2022	At December 31, 2021
Goodwill		1,654.3	1,654.3
Intangible assets		541.1	528.2
Property, plant and equipment		569.3	574.5
Rights of use relating to lease agreements	11	1,046.6	1,115.2
Investments in associates		1.0	0.6
Non-current financial assets		44.9	40.2
Deferred tax assets		60.5	68.8
Other non-current assets		0.2	0.1
Non-current assets		**3,917.9**	**3,981.9**
Inventories		1,135.7	1,104.3
Trade receivables		192.2	303.9
Tax receivables due		5.0	1.4
Other current financial assets		7.4	9.4
Other current assets		288.9	377.9
Cash and cash equivalents	13	349.8	1,181.1
Current assets		**1,979.0**	**2,978.0**
Assets held for sale	17.4	**0.0**	**0.0**
Total assets		**5,896.9**	**6,959.9**

LIABILITIES AND SHAREHOLDERS' EQUITY

(€ million)	Notes	At June 30, 2022	At December 31, 2021
Share capital	12.1	26.9	26.8
Equity-related reserves		970.9	971.0
Translation reserves		(5.0)	(5.7)
Other reserves and net income		523.3	563.3
Shareholders' equity, Group share	12	**1,516.1**	**1,555.4**
Shareholders' equity – Share attributable to non-controlling interests		7.8	8.2
Shareholders' equity		**1,523.9**	**1,563.6**
Long-term borrowings and financial debt	14	933.7	932.3
Long-term lease payables	15	831.2	891.1
Provisions for pensions and other equivalent benefits		152.0	187.8
Other non-current liabilities		38.1	78.7
Deferred tax liabilities		165.0	164.9
Non-current liabilities		**2,120.0**	**2,254.8**
Short-term borrowings and financial debt	14	1.8	2.1
Short-term lease payables	15	236.0	238.9
Other current financial liabilities		8.2	8.7
Trade payables		1,345.5	2,036.9
Provisions		36.3	31.0
Tax liabilities payable		(22.7)	8.3
Other current liabilities		647.9	815.6
Current liabilities		**2,253.0**	**3,141.5**
Payables relating to assets held for sale	17.4	**0.0**	**0.0**
Total liabilities and shareholders' equity		**5,896.9**	**6,959.9**

CONSOLIDATED CASH FLOW STATEMENT

FOR POSITIONS AS AT JUNE 30, 2022 AND AS AT JUNE 30, 2021

(€ million)	Notes	June 30, 2022	June 30, 2021
Net income from continuing operations		**(16.6)**	**(2.0)**
Income and expense with no impact on cash		184.2	179.8
Cash flow	17.1	**167.6**	**177.8**
Financial interest income and expense		21.7	23.6
Dividends received		0.0	0.0
Net tax expense payable		5.3	10.7
Cash flow before tax, dividends and interest		**194.6**	**212.1**
Change in working capital requirement		(736.2)	(579.0)
Income tax paid		(39.9)	(37.9)
Net cash flows from operating activities	17.1	**(581.5)**	**(404.8)**
Acquisitions of intangible assets, property, plant and equipment		(57.2)	(45.6)
Change in payables on intangible assets, property, plant and equipment		0.5	(1.1)
Disposals of intangible assets, property, plant and equipment		0.3	0.3
Acquisitions and disposals of subsidiaries net of cash acquired and transferred		0.0	0.0
Acquisition of other financial assets		(3.2)	0.0
Disposals of other financial assets		5.2	1.5
Interest and dividends received		0.0	0.0
Net cash flows from investing activities	17.2	**(54.4)**	**(44.9)**
Purchases or sales of treasury stock		(2.1)	(0.9)
Dividends paid to shareholders		(55.0)	(0.6)
Debt issued		0.0	200.0
Debt repaid		(0.5)	(700.0)
Repayment of leasing debt		(114.4)	(115.5)
Interest paid on leasing debt		(11.3)	(10.6)
Other financial working capital requirements		0.0	9.0
Increase in other financial debt		0.0	0.0
Repayment of other financial debt		0.0	(0.6)
Interest and equivalent payments		(9.2)	(17.3)
Financing of the Comet pension fund	17.3	(2.1)	(1.6)
Net cash flows from financing activities	17.3	**(194.6)**	**(638.1)**
Net cash flows from discontinued operations	17.4	0.0	(1.4)
Impact of changes in exchange rates		(0.8)	(0.5)
Net change in cash		**(831.3)**	**(1,089.7)**
Cash and cash equivalents at the beginning of the period	17	**1,181.1**	**1,568.7**
Cash and cash equivalents at period-end	17	**349.8**	**479.0**

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(€ million)	Number of shares outstanding (1)	Share capital	Equity-related reserves	Translation reserves	Other reserves and net income	Shareholders' equity		
						Group share	Non-controlling interests	Total
At December 31, 2020	**26,608,571**	**26.6**	**971.2**	**(4.5)**	**375.2**	**1,368.5**	**4.9**	**1,373.4**
Total comprehensive income				**(1.7)**	**46.1**	**44.4**	**(2.5)**	**41.9**
Capital increase/(decrease)	152,547	0.2	(0.2)			**0.0**		**0.0**
Treasury stock					(0.2)	**(0.2)**		**(0.2)**
Valuation of share-based payments					6.4	**6.4**		**6.4**
Shareholders' equity component – OCEANE bonds					15.4	**15.4**		**15.4**
Dividends					(26.7)	**(26.7)**	**(0.6)**	**(27.3)**
Change in scope					0.0	**0.0**		**0.0**
Other movements					(0.2)	**(0.2)**		**(0.2)**
At June 30, 2021	**26,761,118**	**26.8**	**971.0**	**(6.2)**	**416.0**	**1,407.6**	**1.8**	**1,409.4**
Total comprehensive income				**0.5**	**144.0**	**144.5**	**2.0**	**146.5**
Capital increase/(decrease)						**0.0**		**0.0**
Treasury stock					0.3	**0.3**		**0.3**
Valuation of share-based payments					6.8	**6.8**		**6.8**
Shareholders' equity component – OCEANE bonds					0.0	**0.0**		**0.0**
Dividends					0.0	**0.0**	**0.0**	**0.0**
Change in scope					(4.4)	**(4.4)**	**4.4**	**0.0**
Other movements					0.6	**0.6**		**0.6**
At December 31, 2021	**26,761,118**	**26.8**	**971.0**	**(5.7)**	**563.3**	**1,555.4**	**8.2**	**1,563.6**

(€ million)	Number of shares outstanding (1)	Share capital	Equity-related reserves	Translation reserves	Other reserves and net income	Shareholders' equity		
						Group share	Non-controlling interests	Total
At December 31, 2021	**26,761,118**	**26.8**	**971.0**	**(5.7)**	**563.3**	**1,555.4**	**8.2**	**1,563.6**
Total comprehensive income				**0.7**	**9.9**	**10.6**	**1.1**	**11.7**
Capital increase/(decrease)	110,735	0.1	(0.1)			**0.0**		**0.0**
Treasury stock					(2.9)	**(2.9)**		**(2.9)**
Valuation of share-based payments					6.5	**6.5**		**6.5**
Shareholders' equity component – OCEANE bonds						**0.0**		**0.0**
Dividends					(53.5)	**(53.5)**	**(1.5)**	**(55.0)**
Change in scope						**0.0**		**0.0**
Other movements						**0.0**		**0.0**
As at June 30, 2022 (1)	**26,871,853**	**26.9**	**970.9**	**(5.0)**	**523.3**	**1,516.1**	**7.8**	**1,523.9**

(1) €1 par value of shares.

Notes to the Condensed Consolidated Financial Statements

Note 1 General information

1.1. General information

Fnac Darty, the Group's parent company, is a French limited company (*société anonyme*) with a board of directors. Its registered office is at 9, rue des Bateaux-Lavoirs, ZAC Port d'Ivry, 94200 Ivry-sur-Seine, France. The Company is 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. Fnac Darty shares have been listed on Euronext Paris since June 20, 2013 (ISIN code: FR0011476928).

The condensed consolidated financial statements as at June 30, 2022 reflect the financial position of Fnac Darty and its subsidiaries, as well as its interests in associates and joint ventures.

On July 27, 2022, the Board of Directors approved the condensed consolidated financial statements as at June 30, 2022 and authorized their publication.

1.2. Reporting context

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

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

The Group's consolidated financial statements are presented in millions of euros. Tables in the financial statements contain data rounded off individually. The arithmetical calculations based on rounded data may present some differences with the aggregates or subtotals reported.

Note 2 Accounting principles and policies

2.1. General principles and statement of compliance

Pursuant to European Regulation No. 1606/2002 of July 19, 2002, the Group's consolidated financial statements for the six months ended June 30, 2022 have been prepared in accordance with international accounting standards as adopted by the European Union (https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting_en) on the date these financial statements were established. These standards were mandatory at that date, and are presented with the comparative data for 2021, prepared on the same basis. For 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). Consequently, the Group's financial statements have been prepared in accordance with the standards and interpretations as published by the IASB (https://www.ifrs.org/issued-standards/list-of-standards/).

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

The consolidated financial statements presented do not take into account the standards and interpretations which, at the end of the reporting period, were still in the exposure draft stage with the IASB and the IFRS Interpretations Committee, or standards whose application was not mandatory in 2022.

The Group does not apply any standard or interpretation early.

The condensed consolidated financial statements as at June 30, 2022 have been prepared in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union, which permits the presentation of a selection of explanatory notes.

The notes presented relate to material events and transactions during the period and should be read in conjunction with the consolidated financial statements as at December 31, 2021. They are, in fact, inseparable from the information presented in the consolidated financial statements included in the Group's Universal Registration Document published for the period ended December 31, 2021.

2.2. IFRS guidelines applied

The half-year financial statements are prepared in accordance with the accounting principles and policies applied by the Group to the financial statements for the period ended December 31, 2021, with the exception of the following items, which are subject to specific valuation methods (note 2.3):

- income tax; and

- employee benefits.

2.2.1 Standards, amendments and interpretations adopted by the European Union but whose application was not mandatory for reporting periods after January 1, 2022

The IASB has published the following amendments and improvements, which have been adopted by the European Union and may be applied early, but which the Group expects will have no material impact:

- IFRS 17 – Insurance Contracts, with amendments, excluding the published amendments to IFRS 17 and IFRS 9 on comparative information currently being approved by the European Union;
- Amendment to IAS 1 – Disclosure of Accounting Policies; and update of Practice Statement 2: Making Materiality Judgements; and
- Amendment to IAS 8 – Definition of Accounting Estimates.

2.2.2 Standards, amendments and interpretations adopted by the European Union but whose application was mandatory for reporting periods beginning on or after January 1, 2022

- **Amendment to IFRS 3 – Reference to the Conceptual Framework:**

The IASB published this amendment in May 2020 and it was subsequently adopted by the European Union on June 28, 2021.

At the acquisition date, the acquirer must recognize, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree that constitute an asset or liability as defined by the Conceptual Framework at the acquisition date. As the Conceptual Framework was amended in 2018, the amendment to IFRS 3 allows this new Conceptual Framework to be referenced.

Until the amendment to IFRS 3 takes effect, IFRS 3 will continue to refer to the Conceptual Framework, according to the version adopted by the IASB in 2001, for the definition of assets and liabilities acquired and assumed in a business combination.

In practice, this amendment is not expected to have any impact on how assets and liabilities are identified in a business combination. However, for taxes within the scope of IFRIC 21, the amendment explicitly states that a liability is only recognized when the recognition conditions under IFRIC 21 are met (existence, at the acquisition date, of a taxable event that results in the obligation to pay the tax). For provisions and contingent liabilities within the scope of IAS 37, the amendment also specifies that a liability is only recognized when, at the acquisition date, a present obligation exists as a result of past events.

For provisions and contingent liabilities within the scope of IAS 37, the acquirer must apply IAS 37 instead of the Conceptual Framework to identify obligations it has assumed in a business combination.

Application of this amendment will have no impact on the Group's financial statements for the period ended June 30, 2022.

- **Amendment to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use:**

The IASB published this amendment in May 2020 and it was subsequently adopted by the European Union on June 28, 2021.

This amendment removes the exception to the general principle according to which the incidental proceeds generated before an item of property, plant and equipment is capable of operating may not be taken into account (deducted) when determining the cost of that item of property, plant and equipment, specifically by prohibiting the entity from deducting from the cost of an item of property, plant and equipment the net proceeds generated while the item is being tested to see if it is functioning properly. Proceeds from selling such items will necessarily be recognized in the income statement.

Furthermore, the amendment states that:

- Items produced before an item of property, plant and equipment is ready for use must be measured in accordance with the provisions of IAS 2 Inventories;
- For proceeds from selling items that are not part of the company's ordinary activities, issuers must (i) present separately the proceeds from these sales and their associated production costs in the income statement, and (ii) specify the lines in the income statement that are impacted by these items.

The amendment may be applied retrospectively but only to items of property, plant and equipment that have been brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The cumulative effect of the adjustments resulting from the first-time application of this amendment must be recognized in the opening balance of shareholders' equity of the earliest period presented.

Application of this amendment will have no impact on the Group's financial statements for the period ended June 30, 2022.

- **Amendment to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract:**

  Following discussions that began at the IFRS Interpretations Committee in 2018, the IASB published an amendment to IAS 37 in May 2020 aimed at clarifying which items should be taken into account when determining the costs of fulfilling a contract. The amendment was subsequently adopted by the European Union on June 28, 2021.

  IAS 37 states that the amount to be provisioned for an onerous contract should reflect the net cost of exiting from the contract, which is the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfill it. According to the amendment, the items to be taken into account when determining the costs of fulfilling a contract are:

  - the incremental costs of fulfilling the contract (for example, direct labor or materials); and
  - an allocation of other costs that relate directly to fulfilling the contract (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

  The amendment also clarifies that before recognizing a provision for an onerous contract, an entity must perform an impairment test on all assets used to fulfill the contract, and not just the assets exclusively dedicated to the contract.

  The amendment will apply on the transition date to all running contract costs. Comparative information as presented will not be restated and the cumulative effect of initially applying the amendment will be presented as an adjustment to the opening balance of shareholders' equity at the date of initial application.

  Application of this amendment will have no impact on the Group's financial statements for the period ended June 30, 2022.

- **Improvements to IFRS 2018-2020 cycle Standards involved:**

  - IAS 41 – Taxation in fair value measurements;
  - IFRS 1 – Subsidiary as a first-time adopter;
  - IFRS 9 – Fees in the "10 per cent" test for derecognition of financial liabilities; and
  - IFRS 16 – Lease incentives.

2.2.3 Standards, amendments and interpretations not yet adopted by the European Union but whose application was mandatory for post-2022 reporting periods:

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

- Amendment to IFRS 17 – Initial Application of IFRS 17 and IFRS 9—Comparative Information;
- Amendment to IAS 1 – Presentation of financial statements—Classification of Liabilities as Current or Non-current; and
- Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction, excluding transitional provisions in the absence of EU adoption at the balance sheet date (change in IAS 8 method).

2.3. Special features of the preparation of interim financial statements

2.3.1. Income tax

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

2.3.2. Employee benefits

The post-employment benefit expense for the half-year is equal to one-half of the net expense calculated for the full-year period ending December 31, 2022.

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

2.3.3. Seasonality of activities

Revenue from ordinary activities, operating income and all operating indicators (including working capital requirement) are characterized by a high seasonality linked to a high level of activity in the last quarter of the calendar year. Consequently, the interim results as at June 30, 2022 are not necessarily representative of those that can be expected for the full period ending December 31, 2022.

2.4. Use of estimates and assumptions

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

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

The main estimates made by Group management in preparing the financial statements concern the valuation and useful lives of operating assets, property, plant and equipment, intangible assets and goodwill, the amount of the provisions for contingencies and other provisions relating to the business, as well as the assumptions used for the calculation of the obligations relating to employee benefits, share-based payments, deferred taxes, lease agreements and fair value 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:

Estimates		Type of estimate
Notes 2.8, 18 and 28.2 of the 2021 Universal Registration Document and notes 11 and 15 of this document	Lease agreements	Assumption regarding the lease term used: To determine the lease period to be taken into account for each contract, a double approach has been adopted: ▪ Contractual, based on analysis of the contracts: ○ For stores considered as strategic or standard, the lease term corresponds to the contractual 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. ▪ Economic, based on the categorization of the underlying assets leased, depending on criteria relating to location, performance and commercial interest and in keeping with the depreciation periods for non-transferable fixed assets. In practice: The economic approach recommended by the IFRS IC applies to all leases and, for each lease, results in: ▪ Either maintaining the contractual maturity of the lease, since it reflects the reasonably assured remaining lease term; or ▪ Or extending the residual term if it is deemed too short in view of the reasonably assured lease period according to the economic approach. Assumption regarding discount rates: a rate schedule by maturity has been drawn up for each country. The discount rates are calculated using a Midswap index, by currency and by maturity, to which is added a spread (spread applied to the most recent Group borrowings + country risk premium + subsidiary rating). The maturity of the rate used depends on the duration of each lease agreement, which in turn depends on the payment profile. The maturity of the rates depends on the residual term remaining to the end of the contract, as from the date of the event.
Notes 2.9 and 22 of the 2021 Universal Registration Document	Inventories	Inventory run-down forecasts for impairment calculations.
Notes 2.10 and 19 of the 2021 Universal Registration Document	Impairment tests on non-financial assets	Level of cash generating unit combination for impairment test. Main assumptions used for the construction of value-in-use (discount rates, growth rates in perpetuity, anticipated cash flow). Assessment of the economic and financial context of the countries in which the Group operates.
Note 2.11.3 of the 2021 Universal Registration Document	Fair value of hedging derivatives	Fnac Darty measures the fair value of derivatives using the valuations provided by financial institutions.
Note 20 of the 2021 Universal Registration Document	Non-current financial assets	Estimate of their realizable value, either using calculation formulas based on market data, or based on private quotations.
Notes 2.13 and 12 of the 2021 Universal Registration Document and note 8 of this document	Tax	Assumptions used to recognize deferred tax assets related to tax loss carry-forwards and timing differences, as well as assumptions on deferred tax rates.
Notes 2.15 and 27 of the 2021 Universal Registration Document	Provisions	Underlying assumptions for assessing the legal position and risk valuation.
Notes 2.16 and 26 of the 2021 Universal Registration Document	Employee benefits and similar payments	Discount rate and salary increase rate. The salary increase rate is based on historical observation and is in line with the euro zone's long-term inflation targets.
Notes 2.18 and 5 of the 2021 Universal Registration Document	Income from ordinary activities	Deferment of revenue related to sales of loyalty cards and sales of warranty extensions over the period that the services are rendered to reflect the schedule of benefits offered. Recognition of income from ordinary activities in gross sales or as commission depending on whether the Group is acting as principal or agent. The main indicators for assessing the agent/principal classification are: • Primary responsibility for performance of the agreement; • Exposure to inventory risk; • Determination of the selling price.
Note 2.19 of the 2021 Universal Registration Document	Cost of merchandise sales	At the end of the reporting period, a valuation of discounts and commercial services to be collected is conducted based on the contracts signed with suppliers. This valuation is based on the amount of the annual purchases, the quantities of articles purchased or other contract conditions, such as the reaching of thresholds or the growth in purchasing volume for discounts and the execution of services rendered to suppliers for commercial cooperation.
Notes 2.12 and 7 of the 2021 Universal Registration Document	Performance-based compensation plans	Assumptions used to measure the fair value of allotted instruments (expected volatility, dividend yield, discount rate, expected turnover of beneficiaries), estimated achievement of future performance conditions.
Notes 2.17 and 31 of the 2021 Universal Registration Document and note 17.4 of this document	Non-current assets held for sale and discontinued operations	Assets held for sale are valued and recognized at the lower of their net book value and fair value minus cost of disposal.

Note 3 Highlights

Fnac Darty continued to pursue its shareholder return policy in 2022. An ordinary dividend of €2.00 gross per share in respect of 2021, representing a total amount of €53.5 million, was awarded in the first half of 2022. The ex-dividend date was June 21, 2022 and the payment was made in cash on June 23, 2022.

As a consequence of the distribution to Fnac Darty shareholders of a dividend of €2.00 per share paid on June 23, 2022, the conversion/exchange ratio was increased from 1.019 Fnac Darty shares per OCEANE bond to 1.070 Fnac Darty shares per OCEANE bond, as from June 23, 2022.

IAS 36 (Impairment of Assets) requires an impairment test to be carried out for each of the cash generating units (CGUs) and its non-current assets with an indefinite life span. This test should be performed at least once a year on a fixed date or at any time if there is evidence of impairment. During the first half of 2022, and on the basis of its solid results, the resilience of its economic model and its market valuation, the Group found no evidence of impairment and confirmed that there was no doubt as to its ability to continue operating as a going concern and the absence of any liquidity risk.

Closures of the Group's stores linked to the health crisis led Fnac Darty to enter into negotiations with its lessors to obtain temporary rent reductions during the lockdown period. In accordance with the IASB's amendment to IFRS 16 of May 28, 2020, the reductions negotiated within the framework of the health crisis were recognized during the period in question.

In May 2022, Fnac Darty sold its entire stake in Izneo, representing 50% of that company's capital, for €1.0 million.

In June 2022, Fnac Darty invested a total of €2.5 million in Minteed, in shares (25% of the share capital) and convertible bonds. Minteed is a platform for creating non-fungible tokens in the art world (digital photos and digital artwork). Given the nature of the Group's influence over Minteed, the company is accounted for using the equity method.

On March 22, 2022, Fnac Darty and Natixis ODDO BHF SCA signed a second amendment to the liquidity agreement signed on September 25, 2018, the first amendment having been signed on March 22, 2019, relating to its ordinary shares admitted to trading on Euronext Paris. This was in accordance with AMF Decision No. 2021-01 of June 22, 2021 regarding the introduction of liquidity agreements for equity securities as an accepted market practice. Also within the limits of AMF Decision No. 2021-01 of June 22, 2021, Fnac Darty decided to increase the resources of the liquidity agreement by €4.0 million.

In March 2022, Fnac Darty exercised its option to extend its €500 million confirmed revolving credit facility from March 2026 to March 2027. This option was subscribed in full using bank liabilities. The Group still has an option to extend its confirmed revolving credit facility until March 2028.

On March 22, 2022, Standard & Poor's (S&P) upgraded the Group's long-term credit rating to BB+ with a stable outlook, fully recognizing the Group's financial strength and the robustness of its business model following two years of public health crisis.

On April 1, 2022, ratings agency Scope upgraded the Group's long-term credit rating to BBB with a stable outlook.

Fnac Darty is now rated BBB, BB+ and Ba2 by Scope Ratings, Standard & Poor's and Moody's respectively, all with a stable outlook.

Note 4 Operating segments

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

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

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

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

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

The operating segments break down as follows:

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

Information per operating segment

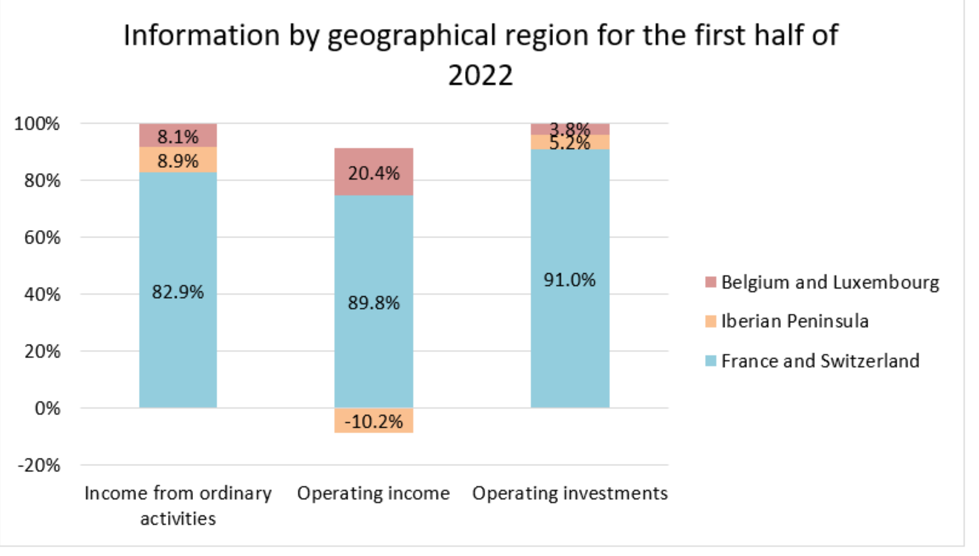
(€ million)	France and Switzerland	Iberian Peninsula	Belgium and Luxembourg	Total
June 30, 2022				
Income from ordinary activities	**2,843.7**	**305.5**	**279.1**	**3,428.3**
- Consumer electronics	1,328.9	177.0	142.5	**1,648.4**
- Editorial products	431.4	88.8	22.0	**542.2**
- Domestic appliances	660.1	0.0	94.4	**754.5**
- Other products and services	423.3	39.7	20.2	**483.2**
Operating income	**16.7**	**(1.9)**	**3.8**	**18.6**
Operating investments	**52.0**	**3.0**	**2.2**	**57.2**

(€ million)	France and Switzerland	Iberian Peninsula	Belgium and Luxembourg	Total
June 30, 2021				
Income from ordinary activities	**2,878.4**	**285.3**	**301.0**	**3,464.7**
- Consumer electronics	1,374.0	172.7	154.2	**1,700.9**
- Editorial products	404.5	77.7	22.5	**504.7**
- Domestic appliances	724.3	0.0	105.2	**829.5**
- Other products and services	375.6	34.9	19.1	**429.6**
Operating income	**32.7**	**(4.2)**	**5.6**	**34.1**
Operating investments	**42.4**	**2.3**	**0.9**	**45.6**

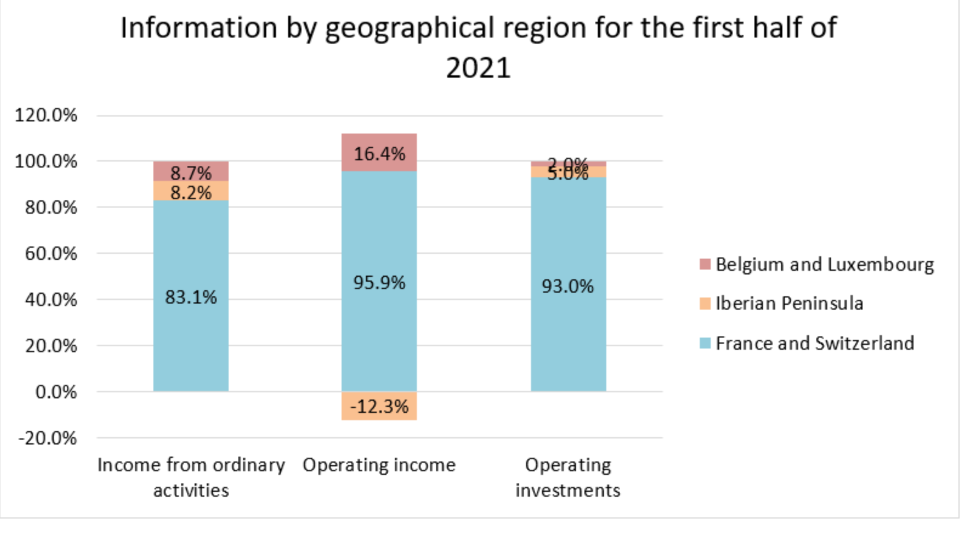
(€ million)	France and Switzerland	Iberian Peninsula	Belgium and Luxembourg	Total
December 31, 2021				
Income from ordinary activities	**6,700.9**	**701.5**	**640.2**	**8,042.6**
- Consumer electronics	3,173.3	409.5	327.9	**3,910.7**
- Editorial products	1,048.1	202.5	54.5	**1,305.1**
- Domestic appliances	1,539.5	0.0	215.6	**1,755.1**
- Other products and services	940.0	89.5	42.2	**1,071.7**
Operating income	**236.4**	**9.3**	**14.7**	**260.4**
Operating investments	**105.3**	**7.2**	**4.3**	**116.8**

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

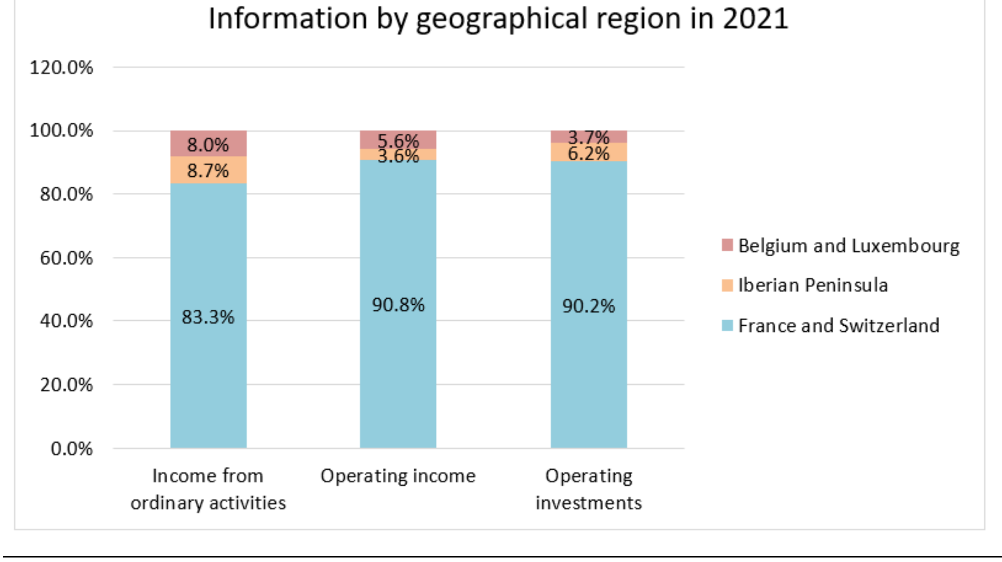
In the first half of 2022:



In the first half of 2021:



In 2021:



Note 5 Personnel expenses

In the first half of 2022, personnel expenses rose €30.0 million year-on-year to €573.7 million. This increase was primarily due to a record low in the first half of 2021, mainly caused by furloughing, and to the award in the first half of 2022 of a one-time purchasing power bonus (*Prime Exceptionnelle de Pouvoir d'Achat* – PEPA) to almost 80% of the Group's employees at a cost of almost €7.0 million.

The application of IFRS 2 – Share-based payment results in the recognition of a personnel expense that is allocated on a straight-line basis over the vesting period as follows. All plans in the process of vesting as at June 30, 2022 will be settled in equity instruments.

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

Based on the assumptions detailed in the 2021 annual financial statements, the IFRS 2 expense totaled €6.6 million for the first half of 2022, compared with €7.8 million for the first half of 2021.

Note 6 Other non-current operating income and expenses

(€ million)	**June 30, 2022**	**June 30, 2021**
Restructuring of the real estate portfolio	(7.6)	0.0
Other restructuring costs	(3.0)	(0.2)
Other non-current operating income and expense, net	(3.3)	(2.3)
Other non-current operating income and expenses	**(13.9)**	**(2.5)**

Other non-current operating income and expense for the Group comprises unusual and material items that could affect the ability to track the Group's economic performance.

In the first half of 2022, this item represented a net expense of €13.9 million and included:

- €7.6 million in exceptional expenses related to the restructuring of the real estate portfolio,
- €3.0 million in restructuring costs for employee and structural adaptation plans in France and abroad; and
- A net expense of €3.3 million resulting from various one-off litigation cases.

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

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

Note 7 (Net) financial expense

Net financial expense breaks down as follows:

(€ million)	**June 30, 2022**	**June 30, 2021**
Costs related to Group debt	(11.9)	(13.1)
Interest on leasing debt	(11.3)	(10.5)
Other financial income and expense	5.3	(0.8)
Net financial expense	**(17.9)**	**(24.5)**

In the first half of 2022, net financial income was composed of a net financial expense of €17.9 million, compared with a net financial expense of €24.5 million for the first half of 2021.

During the first six months of 2022 and 2021, the costs related to Group debt mainly comprised the financial interest for the €650 million bond issue and the €100 million loan from the European Investment Bank, as well as the financial interest and actuarial costs of the OCEANE bonds issued by the Group in March 2021 in the amount of €200 million. These costs also include the deferment of implementation costs for the Group's financial debt. The decrease in these costs compared with the first half of 2021 amounted to €1.2 million. This improvement can be attributed primarily to guarantee costs and set-up costs associated with the State-guaranteed loan, repaid in full in March 2021 in the amount of €500 million and included in the first half of 2021.

In the first half of 2022, interest on leasing debt linked to the application of IFRS 16 represented €11.3 million. This expense was up +€0.8 million compared with the first half of 2021.

Other financial income and expense mainly includes the cost of consumer credit, the financial impacts associated with post-employment employee benefits and the fair value adjustment of the Group's financial assets. Compared with the first half of 2021, the €6.1 million improvement in this item is mainly due to the fair value adjustment to the Group's shares in the Daphni Purple fund.

Note 8 Tax

The tax expense for continuing operations is as follows:

(€ million)	June 30, 2022	June 30, 2021
Pre-tax income	**(13.2)**	**7.1**
Current tax expense excluding corporate value-added tax (CVAE)	0.3	(4.6)
Current tax expense related to corporate value-added tax (CVAE)	(5.6)	(6.1)
Deferred tax income/(expense)	1.9	1.6
Total tax expense	**(3.4)**	**(9.1)**
Global half-year tax rate	**(26%)**	**128%**

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

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

The effective total half-year tax rate for the Group is obtained using the expected effective tax rate for 2022 for each tax sub-group. The half-year amount depended on the weighting of the income of each tax sub-group in the Group's half-yearly pre-tax income and was not representative of the expected annual tax rate for 2022. The reading of the half-yearly tax rate per tax sub-group is more representative of the expected 2022 annual tax rate:

	Group	*of which*		
		France	International subsidiaries, taxable in 2022	International subsidiaries, tax exempt in 2022
Global half-year tax rate	**(26%)**	**(177%)**	**28%**	**12%**
Of which corporate value-added tax (CVAE)		*(297%)*	*0%*	*0%*
Recurrent effective tax rate excluding CVAE		30%	28%	12%

Note 9 Earnings per share

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

In the first half of 2022, Fnac Darty held an average of 94,049 treasury stocks as part of the liquidity agreement entered into with Oddo BHF and Natixis.

As at June 30, 2022, the Group held 136,264 treasury stocks.

Diluted net earnings per share take into account the weighted average number of shares defined above, plus the weighted average number of potentially dilutive ordinary shares. Potentially dilutive shares are the shares granted to employees as part of share-based payment transactions settled with equity instruments, as well as the 2,468,221 convertible bonds created by the OCEANE issue in March 2021. The conversion of the OCEANE issued by Fnac Darty will result in the award of a fixed number of shares for a fixed cash amount and the terms and conditions provide for full dividend protection, resulting in a parity adjustment once a dividend is paid. When the 2022 dividend was paid, the parity was adjusted from 1.019 to 1.070, i.e. 2,640,996 shares.

For the first half of 2022, instruments issued by the Group had a dilutive effect of 3,337,771 shares.

The number of shares that could potentially become diluting during a subsequent year is 372,309.

Earnings per share as at June 30, 2022

	Group share		
(€ million)	Consolidated Group	Continuing operations	Discontinued operations
Net income attributable to ordinary shareholders	**(17.6)**	**(17.4)**	**(0.2)**
Weighted average number of ordinary shares issued	26,784,374	26,784,374	26,784,374
Weighted average number of treasury stocks held	(94,049)	(94,049)	(94,049)
Weighted average number of ordinary shares	**26,690,325**	**26,690,325**	**26,690,325**
Basic earnings per share (€)	**(0.66)**	**(0.65)**	**(0.01)**

	Group share		
(€ million)	Consolidated Group	Continuing operations	Discontinued operations
Net income attributable to ordinary shareholders	**(17.6)**	**(17.4)**	**(0.2)**
Weighted average number of ordinary shares	26,690,325	26,690,325	26,690,325
Convertible and exchangeable instruments	2,640,996	2,640,996	2,640,996
Dilutive ordinary shares	696,775	696,775	696,775
Weighted average number of diluted ordinary shares	**30,028,096**	**30,028,096**	**30,028,096**
Diluted earnings per share (€)	**(0.59)**	**(0.58)**	**(0.01)**

Earnings per share as at June 30, 2021

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

(€ million)	Group share		
	Consolidated Group	**Continuing operations**	**Discontinued operations**
Net income attributable to ordinary shareholders	**17.2**	**0.5**	**16.7**
Weighted average number of ordinary shares	26,561,741	26,561,741	26,561,741
Convertible and exchangeable instruments	2,515,117	2,515,117	2,515,117
Dilutive ordinary shares	748,885	748,885	748,885
Weighted average number of diluted ordinary shares	**29,825,743**	**29,825,743**	**29,825,743**
Diluted earnings per share (€)	**0.58**	**0.02**	**0.56**

Note 10 Other items of comprehensive income

Other items of comprehensive income mainly comprise:

- Profit and loss from the translation of the financial statements for an operation outside France;
- Items relating to the measurement of employee benefit obligations: revaluation of net liabilities for defined benefit plans;
- The effective portion of the change in fair value of the hedging instrument recorded as a contra item to other items of comprehensive income.

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

(€ million)	**At June 30, 2022**	**At December 31, 2021**
Discount rate		
- France	3.20%	1.00%
- Switzerland	0.25%	0.25%
- United Kingdom	3.90%	1.90%

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

June 30, 2022

(€ million)	**Net**
Translation difference	0.7
Fair value of hedging instruments	(1.3)
Items that may be reclassified subsequently to profit or loss	**(0.6)**
Revaluation of net liabilities for defined benefit plans	29.1
Items that may not be reclassified subsequently to profit or loss	**29.1**
Other items of comprehensive income, after tax as at June 30, 2022	**28.5**

June 30, 2021

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

Note 11 Rights of use

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

(€ million)	Stores	Offices	Platforms	Other	Total
Net value as at December 31, 2021	**923.7**	**85.7**	**73.9**	**31.9**	**1,115.2**
Increase (inflows and revaluation of assets)	51.5	0.1	1.4	20.0	73.1
Decrease (amortization, depreciation, terminations)	(108.0)	(0.1)	(4.5)	(23.1)	(135.7)
Other changes	0.5	0.0	0.0	(6.5)	(6.0)
Net value as at June 30, 2022	**867.7**	**85.8**	**70.9**	**22.3**	**1,046.6**

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

Note 12 Shareholders' equity

(€ million)	At June 30, 2022	At December 31, 2021
Shareholders' equity, Group share	1,516.1	1,555.4
Shareholders' equity – Share attributable to non-controlling interests	7.8	8.2
Shareholders' equity	**1,523.9**	**1,563.6**

In the first half of 2022, Fnac Darty's consolidated shareholders' equity was down -€39.7 million compared with the end of the previous period.

The proportion of shareholders' equity attributable to the Group decreased by €39.3 million. This net decrease was mainly due to the payment of €53.5 million in dividends in the first half of 2022 for fiscal year 2021, as well as -€17.6 million in net income, Group share in the first half of 2022. The net decrease is offset by the discounting of retirement benefit commitments appearing under "Other items of comprehensive income" for €28.8 million.

The proportion of shareholders' equity attributable to non-controlling interests was down -€0.4 million to €7.8 million. This decrease is due mainly to the proportion of non-controlling interests in net income of +€0.8 million, as well as a -€1.5 million decrease in dividends due to minority shareholders.

Note 13 Cash and cash equivalents

Cash and cash equivalents break down as follows:

(€ million)	**At June 30, 2022**	**At December 31, 2021**
Cash	349.8	1,181.1
Cash equivalents	0.0	0.0
Cash and cash equivalents	**349.8**	**1,181.1**

As at June 30, 2022, cash included €3.9 million allocated as part of the establishment of the liquidity agreement. This agreement is designed to promote transaction liquidity and consistency in the Fnac Darty share price.

The items recognized by the Group as "Cash and cash equivalents" meet the criteria set out in the response by the French accounting standards authority (Autorité des normes comptables – ANC) to the French Markets Authority (Autorité des marchés financiers – AMF) on November 27, 2018 regarding the accounting treatment of money market funds approved under the MMF Regulation. In particular, investments are regularly reviewed in compliance with the Group procedures and in strict compliance with the qualification criteria defined under IAS 7 and the ANC response. As at June 30, 2022, these analyses had not led to any changes in the accounting classification previously used.

Note 14 Financial debt

(€ million)	At June 30, 2022	N+1	N+2	N+3	N+4	N+5	Beyond	At December 31, 2021
Long-term borrowings and financial debt	**933.7**	**1.2**	**317.0**	**16.7**	**366.7**	**198.9**	**33.2**	**932.3**
2026 bond	350.0				350.0			350.0
2024 bond	300.0		300.0					300.0
European Investment Bank loan	100.0		16.7	16.7	16.7	16.7	33.2	100.0
Financial debt component of OCEANE bonds	182.2					182.2		180.4
Other financial debt	1.5	1.2	0.3					1.9
Short-term borrowings and financial debt	**1.8**	**1.8**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**2.1**
Capitalized interest on borrowings	1.8	1.8						1.3
Other financial debt	0.0	0.0						0.8
Total financial debt excluding IFRS 16	**935.5**	**3.0**	**317.0**	**16.7**	**366.7**	**198.9**	**33.2**	**934.4**
%		0.3%	33.9%	1.8%	39.2%	21.3%	3.5%	
Leasing debt IFRS 16	**1,067.2**	**236.0**	**224.2**	**187.0**	**111.9**	**81.6**	**226.5**	**1,130.0**
Long-term leasing debt IFRS 16	831.2		224.2	187.0	111.9	81.6	226.5	891.1
Short-term leasing debt IFRS 16	236.0	236.0						238.9
Total financial debt with IFRS 16	**2,002.7**	**239.0**	**541.2**	**203.7**	**478.6**	**280.5**	**259.7**	**2,064.4**

As at June 30, 2022, gross financial debt mainly comprises:

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

- the debt component of the OCEANE bonds that can be converted and/or exchanged for new and/or existing shares amounting to €182.2 million at June 30, 2022, and

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

Compared with December 31, 2021, net financial debt increased by +€832.4 million excluding leasing debt linked to IFRS 16, and by +€769.6 million with leasing debt. The increase in financial debt is mainly related to the change in free cash-flow from operations over the first half of 2022.

Details of leasing debt are provided in note 15.

Note 15 Leasing debt

Leasing debt is broken down as follows:

(€ million)	At December 31, 2021	New agreements and revaluations	Devaluations	Redemptions	Change in foreign exchange rates	Reclassification	Other changes	At June 30, 2022
Leasing debt with a maturity of less than one year	238.9	0.1	(4.1)	(114.4)	0.2	115.8	(0.5)	236.0
Leasing debt with a maturity of more than one year	891.1	66.2	(10.4)		0.6	(115.8)	(0.5)	831.2
Leasing debt	**1 130.0**	**66.3**	**(14.5)**	**(114.4)**	**0.8**	**0.0**	**(1.0)**	**1 067.2**

The payment schedule for leasing debt is as follows:

(€ million)	**At June 30, 2022**
N+1	236.0
N+2	224.2
N+3	187.0
N+4	111.9
N+5	81.6
More than 5 years	226.5
Total	**1,067.2**

Exemptions, relief and other information relating to IFRS 16

Variable leases that do not depend on an index or a rate are not included in the measurement of the leasing debt or in the measurement of the right-of-use asset. The corresponding payments are recognized in expenses for the period and are included under operating expenses in the income statement.

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

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

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

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

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

(€ million)	June 30, 2022	June 30, 2021
Variable rent expenses	2.8	1.0
Expenses on low-value contracts	0.4	0.4
Expenses on short-term contracts	0.3	0.2
Sub-lease income	0.5	0.5

(€ million)	At June 30, 2022	At December 31, 2021
Rental commitment on short-term contracts	0.1	0.3
Finance lease assets	0.1	0.1
Finance lease debt	0.0	0.0
Leasehold rights reclassified as rights of use	38.3	39.0

Note 16 Net financial debt

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

(€ million)	At June 30, 2022	At December 31, 2021
Cash and cash equivalents	(349.8)	(1,181.1)
Gross financial debt	935.5	934.4
Net financial debt excluding IFRS 16	**585.7**	**(246.7)**
Leasing debt	1,067.2	1,130.0
Net financial debt with IFRS 16	**1,652.9**	**883.3**

Note 17 Cash flow statement

Net cash from bank overdrafts stood at €349.8 million as at June 30, 2022 and corresponded to the amount of cash and cash equivalents presented below:

(€ million)	At June 30, 2022	At December 31, 2021
Cash and cash equivalents in the balance sheet	349.8	1,181.1
Bank overdrafts	0.0	0.0
Cash and cash equivalents in the cash flow statement	**349.8**	**1,181.1**

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

(€ million)	June 30, 2022	June 30, 2021
Net cash flows from operating activities	(581.5)	(404.8)
Net cash flows from investing activities	(54.4)	(44.9)
Net cash flows from financing activities	(194.6)	(638.1)
Net cash flows from discontinued operations	0.0	(1.4)
Impact of changes in foreign exchange rates	(0.8)	(0.5)
Net change in cash	**(831.3)**	**(1,089.7)**

17.1. Net cash flows from operating activities

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

(€ million)	**June 30, 2022**	**June 30, 2021**
Cash flow before tax, dividends and interest	194.6	212.1
Change in working capital requirement	(736.2)	(579.0)
Income tax paid	(39.9)	(37.9)
Net cash flows from operating activities	**(581.5)**	**(404.8)**

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

(€ million)	**June 30, 2022**	**June 30, 2021**
Net income from continuing operations	**(16.6)**	**(2.0)**
Current and non-current additions and reversals on non-current assets and provisions for contingencies and expenses	187.2	181.6
Current proceeds from the disposal of operating assets	1.5	0.4
Non-current proceeds from the disposal of operating assets	1.3	0.0
Non-current proceeds from the disposal of financial assets	(0.3)	0.0
Deferred tax income and expense	(1.9)	(1.6)
Discounting of provisions for pensions & other similar benefits	3.7	1.1
Financial additions and reversals on non-current financial assets	(7.3)	(1.7)
Cash flow	**167.6**	**177.8**
Financial interest income and expense	21.7	23.6
Dividends received	0.0	0.0
Net tax expense payable	5.3	10.7
Cash flow before tax, dividends and interest	**194.6**	**212.1**

Current and non-current additions and reversals on non-current assets and provisions for contingencies and expenses include the depreciation of the right-of-use asset pursuant to the application of IFRS 16, as well as depreciation of intangible assets and property, plant and equipment.

17.2. Net cash flows from investing activities

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

Operating and financial investments made by the Group in the first half of 2022 represent a net expense of €54.4 million. In the first half of 2021, this item represented a net expense of €44.9 million.

(€ million)	**June 30, 2022**	**June 30, 2021**
Net operating investments	(56.4)	(46.4)
Net financial investments	2.0	1.5
Cash flows from investing activities	**(54.4)**	**(44.9)**

The Group's net operating investments in the first half of 2022 amounted to €56.4 million, the bulk of which comprised acquisitions of intangible assets and property, plant and equipment for the purposes of opening new points of sale (particularly in Switzerland as part of the partnership with Manor), renovating existing points of sale, expanding logistical storage and delivery capabilities, pushing forward with the convergence of the Fnac and Darty IT systems and developing websites.

Net cash flow from the Group's financial investments in the first half of 2022 was a net expense of €56.4 million, up €10.0 million from the first half of 2021.

(€ million)	**June 30, 2022**	**June 30, 2021**
Acquisitions of intangible assets, property, plant and equipment	(57.2)	(45.6)
Change in payables on intangible assets, property, plant and equipment	0.5	(1.1)
Total asset acquisitions	**(56.7)**	**(46.7)**
Disposals of intangible assets, property, plant and equipment	0.3	0.3
Total asset acquisitions and disposals	**(56.4)**	**(46.4)**

In the first half of 2022, the Group's net financial investments represented receipts of €2.0 million, compared with receipts of €1.5 million in the first half of 2021.

(€ million)	**June 30, 2022**	**June 30, 2021**
Acquisition of other financial assets	(3.2)	0.0
Disposals of other financial assets	5.2	1.5
(Net) financial investments	**2.0**	**1.5**

In the first half of 2022, acquisitions of other financial assets amounting to -€3.2 million corresponded to:

- A €2.5 million disbursement corresponding to Fnac Darty's investment in Minteed (a platform that seeks to create non-fungible tokens in the art world), consisting of the acquisition of an equity stake (25% of the capital) and the subscription of convertible bonds; and
- A net disbursement of €0.7 million corresponding to financial movements in lessors' guarantee deposits.

In the first half of 2022, disposals of other financial assets amounting to €5.2 million corresponded to:

- €4.2 million in receipts corresponding to the par value repayment of the shares held in the Daphni Purple fund in the amount of €4.6 million, partially offset by an additional call for funds of €0.4 million. As at June 30, 2022, the Group was committed to underwriting the remaining 17% of the Daphni Purple Fund for €1.2 million;
- €1.0 million in receipts corresponding to the disposal of Fnac Darty's entire stake in Izneo (i.e. 50% of the capital).

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

17.3. 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)	**June 30, 2022**	**June 30, 2021**
Purchases or sales of treasury stock	(2.1)	(0.9)
Dividends paid to shareholders	(55.0)	(0.6)
Debt issued	0.0	200.0
Debt repaid	(0.5)	(700.0)
Repayment of leasing debt	(114.4)	(115.5)
Interest paid on leasing debt	(11.3)	(10.6)
Other financial working capital requirements	0.0	9.0
Repayment of other financial debt	0.0	(0.6)
Interest and equivalent payments	(9.2)	(17.3)
Financing of the Comet pension fund	(2.1)	(1.6)
Net cash flows from financing activities	**(194.6)**	**(638.1)**

In the first half of 2022 and 2021, net disbursements for purchases and sales of treasury stock represented cash flows generated under the liquidity agreement entered into with Oddo BHF and Natixis. As at June 30, 2022, the Group held 94,049 treasury stocks, compared with 73,751 treasury stocks as at June 30, 2021.

Fnac Darty continued to pursue its shareholder return policy in 2022. An ordinary dividend of €2.00 gross per share in respect of 2021, representing a total amount of €53.5 million, was awarded in the first half of 2022. The ex-dividend date was June 21, 2022 and the payment was made in cash on June 23, 2022. The €55.0 million dividend payment in the first half of 2022 breaks down into €53.5 million for the dividend paid by Fnac Darty to its shareholders and €1.5 million for the dividend paid by the Group's subsidiaries to minority shareholders.

In 2021, the dividend paid by Fnac Darty to its shareholders was €26.7 million. It was paid in the second half of 2021, on July 7. In the first half of 2021, the Group's subsidiaries had paid €0.6 million in dividends to minority shareholders.

In the first half of 2021, the receipt of €200 million in debt issued corresponded to cash received following the issue of the OCEANE bond in March 2021.

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

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

In the first half of 2021, the decrease in other financial debt corresponded to the repayment of financial debt incurred by Nature & Découvertes.

In the first half of 2022, net disbursements for net financial interest paid and dividends received in the amount of €11.0 million mainly included the disbursement of interest for financing and utilization and non-utilization fees for credit facilities.

In the first half of 2021, net disbursements for interest and equivalent payments mainly include the disbursement of interest for financing and utilization and non-utilization fees for credit facilities of €11.6 million. These disbursements also included a €2.5 million disbursement of the collateral for the state-guaranteed loan, €1.7 million for the costs incurred in extending the confirmed revolving credit facility, and €1.5 million in charges incurred in setting up the OCEANE issue.

In the first half of 2022 and 2021, financing of the Comet pension fund included management fees for the British Comet pension fund related to pension commitments for former Comet employees in the United Kingdom, as well as the costs of legal proceedings incurred by the Group in connection with the Comet dispute.

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

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

(€ million)	**June 30, 2022**	**June 30, 2021**
Income from ordinary activities	**0.0**	**0.0**
Cost of sales	0.0	0.0
Gross margin	**0.0**	**0.0**
Personnel expenses	0.0	0.0
Other current operating income and expense	0.0	0.0
Current operating income	**0.0**	**0.0**
Other non-current operating income and expenses	(0.2)	(0.1)
Operating income	**(0.2)**	**(0.1)**
(Net) financial expense	0.0	0.0
Pre-tax income	**(0.2)**	**(0.1)**
Income tax	0.0	16.8
Net income	**(0.2)**	**16.7**

In the first half of 2022, net income from discontinued operations was -€0.2 million, compared with +€16.7 million for the first half of 2021. In the first half of 2021, this result was mainly linked to the adjustment in 2021 of the tax treatment applied to the disposal of the Dutch subsidiary BCC in 2020.

(€ million)	**June 30, 2022**	**June 30, 2021**
Cash flows from operating activities	0.0	(1.4)
Cash flows from investing activities	0.0	0.0
Cash flows from financing activities	0.0	0.0
Cash flows from discontinued operations	**0.0**	**(1.4)**
Reclassification of cash from discontinued operations to assets held for sale	0.0	0.0
Net cash flows from discontinued operations	**0.0**	**(1.4)**

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

No asset held for sale or liability related to assets held for sale were included in the Group's financial statements for the periods ended June 30, 2022 and June 30, 2021.

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

Contingent liabilities, unrecognized contractual commitments and contingent risks as at December 31, 2021 are set out in section 5, note 32 of the 2021 Universal Registration Document.

Compared to 2021, there is no material change in the commitments given or received in terms of contractual obligations, pledges or charges on real estate.

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

The Group's companies are involved in a number of lawsuits and litigation cases in the normal course of business, including disputes with tax, employment and customs authorities. Provisions have been recorded for the expenses that the Group's companies and businesses and their experts consider likely to be incurred.

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

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

In 2016, the Fnac Darty Group launched Fnac Connect, a retail format focusing on the sale of telephony and mobile products in smaller stores. Since the pandemic, however, this format has not proved economically balanced and development has been halted. We therefore decided to stop using this format and are seeking amicable solutions with the five franchise groups who opened the 15 existing stores on how to withdraw from the Connect concept. Negotiations are currently under way with the various partners to achieve this aim. One partner signed a memorandum of understanding on June 30, 2022. A second memorandum of understanding was signed on July 14, 2022, taking into account the inherent impact of the financial statements at June 30, 2022. Lastly, two franchises have served us with a summons. A decision is expected in the summer of 2023 if no amicable agreement can be reached.

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

The first case, amounting to approximately €2.2 million, mainly involved the processing of online sales under the click&collect system in operation in franchised stores, an issue that many franchise networks are facing given the increase in online sales across all sectors. The Affiliate Group and Darty brought this case before the mediator of the Paris Commercial Court. Following three mediation meetings, an agreement was reached whereby Darty would give each affiliate a credit note worth a total of €300,000 for the entire dispute related to deferred earnings rates. The agreement was ratified in a memorandum approved by the judge on June 21, 2021 and Darty has issued the credit notes.

The second dispute, in the amount of approximately €12.8 million, is based on claims that Fnac Darty should be responsible for the impact of the closure of franchised stores during the lockdown period. It goes without saying that Fnac Darty firmly refutes the basis of this claim. The dispute has been discussed in mediation before the Paris Commercial Court. However, the parties have not been able to reach an agreement and the matter is still pending. Darty filed its initial submissions on November 8, 2021. As no submissions had been filed by the Affiliate Group, the case was referred again to the Court with the date of February 14, 2022 for the filing of the Affiliate Group's submissions. Oral arguments are scheduled for September 2022 and a decision in the lower court is expected in the last quarter of 2022.

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

The Group is not aware of any litigation involving material risks likely to affect its net assets, earnings or financial position for which an estimated provision had to be recorded at period-end. No litigation is material at Company or Group level, when considered on a stand-alone basis.

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

Note 19 Related parties

As at June 30, 2022, the Ceconomy Retail International group held 24.0% of the share capital and 24.0% of the voting rights in Fnac Darty. During the first half of 2022, there were no transactions between Fnac Darty consolidated companies and the Ceconomy Retail International group.

As at June 30, 2022, VESA Equity Investment held 19.3% of the share capital and 19.3% of the voting rights in Fnac Darty. There were no transactions between Fnac Darty consolidated companies and VESA Equity Investment.

As at June 30, 2022, Indexia Développement (formerly SFAM Group) holds 11.3% of the equity and 11.3% of the voting rights in Fnac Darty and does not have a representative on the Fnac Darty Board of Directors. Therefore, Indexia Développement is not a related party.

As at December 31, 2021, the Ceconomy Retail International group held 24.3% of the share capital and 24.3% of the voting rights in Fnac Darty. In 2021, there were no transactions between Fnac Darty consolidated companies and the Ceconomy Retail International group.

As at December 31, 2021, Indexia Développement (formerly SFAM Group) held 11.3% of the share capital and 11.3% of the voting rights in Fnac Darty and did not have a representative on the Fnac Darty Board of Directors. Therefore, Indexia Développement is not a related party.

Note 20 Events occurring after the close of the period

On July 27, 2022, the Board of Directors accepted the resignation of Antoine Gosset-Grainville, Director, Vice-Chairman of the Board of Directors and Chairman of the Appointments and Compensation Committee.

The Board also decided on:

- the cooption of Laure Hauseux as independent director, replacing Carole Ferrand, for the remainder of her term of office; her appointment will be subject to ratification at the next Fnac Darty General Meeting, scheduled for May 24, 2023;

- the appointment of Sandra Lagumina as Vice-Chair of the Board of Directors;

- the appointment of Brigitte Taittinger-Jouyet and Javier Santiso respectively as Chair and member of the Appointments and Compensation Committee;

- the appointment of Jean-Marc Janaillac and Caroline Grégoire Sainte Marie respectively as Chairman and member of the Corporate, Environmental and Social Responsibility Committee.

As a reminder, the Board of Directors appointed Sandra Lagumina and Daniela Weber-Rey respectively as Chair and member of the Audit Committee from May 18, 2022.

All this means that the Fnac Darty Board of Directors currently comprises 13 members, of whom 10 are independent, two are employee representatives and six are women. The composition of the Board thus complies with the AFEP-MEDEF Code as regards the number of independent directors and meets the legal obligation as regards the ratio of male to female; i.e. at least 40% of each sex.

On July 11, VESA Equity Investment notified the Group that it held more than 20% of Fnac Darty's share capital and voting rights, without intending to request the appointment of one or more members to the Board of Directors.

4 STATUTORY AUDITORS' REPORT ON THE INTERIM FINANCIAL INFORMATION

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Fnac Darty S.A.

Registered office: 9, rue des Bateaux Lavoirs 94200 Ivry-sur-Seine

Share capital: €26,871,853

Statutory Auditors' Report on the interim financial information 2022

Period from January 1 to June 30, 2022

Dear Fnac Darty shareholders,

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

- the limited review of the condensed interim consolidated financial statements of Fnac Darty SA for the period from January 1 to June 30, 2022, as attached to this report; and
- the verification of the information contained in the interim management report.

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

I – Conclusion on the financial statements

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

A limited review essentially consisted of conducting interviews with the persons responsible for financial and accounting matters, and applying cost accounting procedures. This work is substantially less extensive in scope than an audit conducted in accordance with professional standards applicable in France. Consequently, unlike an audit, a review only provides moderate assurance that the financial statements as a whole are free from material misstatement.

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

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II – Specific verification

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

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

Paris La Défense, July 27, 2022

KPMG Audit
A division of KPMG S.A.

Eric Ropert
Partner

Caroline Bruno Diaz
Partner

Paris La Défense, July 27, 2022

Deloitte & Associés

Guillaume Crunelle
Associé

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

Statement by the person responsible for the 2022 half-year financial report

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

Ivry-sur-Seine, July 27, 2022

Enrique Martinez

Chief Executive Officer

FNAC DARTY

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Fnac Darty
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