2022

UNIVERSAL REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT

FNAC DARTY

CONTENTS

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

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

FNAC DARTY

2022 UNIVERSAL REGISTRATION DOCUMENT

including the Annual Financial Report

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

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The Universal Registration Document was filed with the French Markets Authority (Autorité des Marchés Financiers – AMF) in its capacity as the competent authority under Regulation (EU) 2017/1129 on March 17, 2023, without prior approval in accordance with Article 9 of that Regulation.

The Universal Registration Document may be used for the purposes of a public offer of financial securities or for admitting financial securities for trading on a regulated market if it is supplemented by a Securities Note and, if applicable, a summary and all amendments made to the Universal Registration Document. The resulting documents are then approved by the AMF in accordance with Regulation (EU) 2017/1129.

This version of the Universal Registration Document supersedes the previous one filed with the French Markets Authority and published on the Fnac Darty website on March 17, 2023. The changes made are as follows:

- Chapter 2, page 86, addition of a footnote on customer GHG emissions in section 2.3.3.2 “GHG emissions summary (scope 1, 2 and 3)”;
- Chapter 2, page 86, addition of a footnote on “Tertiary Decree objectives” in section 2.3.3.3 “Action plans to reduce energy-related emissions and performance”;
- Chapter 2, page 86, addition of a footnote on measuring the 2024 electricity consumption reduction target in section 2.3.3.3 “Action plans to reduce energy-related emissions and performance”;
- Chapter 2, page 86, deletion of the sentence: “The breakdown by country of GHG emissions for Scopes 1 and 2 is available in the summary of non-financial indicators in 2.7.” in section 2.3.3.2 “GHG emissions summary (Scope 1, 2 and 3)”;
- Chapter 2, page 166, change of a section reference in section 2.8 “Summary of non-financial performance and Taxonomy appendices”;
- Chapter 3, page 218, date error in section 3.2.2.3 “Work of the Board and its specialized committees”;
- Chapter 7, page 476, deletion of a duplicate item in section 7.7.1 “Simplified Group organizational chart.”

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

Message from the Chief Executive Officer

Enrique MARTINEZ, Chief Executive Officer of Fnac Darty

“

In 2022, Fnac Darty paid particular attention to its customers’ expectations in order to respond in a practical way to their environmental concerns as well as to pressures on their purchasing power. In this context, our strategic plan Everyday maintains its relevance. By recognizing the fact that extending a product’s life span is a major economic and societal issue, as well as a powerful driver of commercial opportunities, we are laying the foundations for a new way of addressing our specialized retailer model. In light of our *raison d’être*, namely being “committed to providing an educated choice and more sustainable consumption” for our customers, we continue to offer them a wide product range while guiding them as closely as possible toward the most premium and sustainable products, backed by services with high added value, like our selection of “Sustainable Choice” and Darty Max products.

The latter, a subscription-based repair service for all household appliances, underpins our aim to be – both on a daily basis and over the long term – a key ally to consumers, helping them to be sustainable in their consumption habits and in their daily household tasks. Launched in 2019, Darty Max is now a great differentiator for our customers and a recurring revenue stream for our Group, with more than 800,000 subscribers already at the end of 2022. It allows us to consolidate our commitment to sustainability, by promoting repair rather than the constant renewal of products and equipment. In 2022, we accelerated its rollout by offering it within our Fnac network.

We went on to launch the first Darty Max video service devoted to product care and maintenance. This has already generated more than 430,000 video conversations between customers and salespeople since the launch. It enables at-risk products to be identified and better maintained by preventing breakdowns, thereby emphasizing our role as a key player in the issue of extending product life span.

In order to reconcile our customers’ immediate needs and enjoyment with their environmental concerns, we have also continued to develop our “second life” offering. This already takes a prime position on our websites and will become increasingly accessible for our customers in our stores, with major benefits: our standards and quality guarantees are the same as for the new products we sell, and our offering as a whole benefits from Darty’s delivery terms and services, the basis of our reputation.

As the leading repair brand in France, we are also continuing our efforts to train and recruit 500 new technicians by 2025, with the opening last October of our own apprentice training center (*centre de formation d’apprentis* – CFA). This enables us to support the ramp-up in repair activity within the Group with bespoke training courses to develop skillsets for certain strategic roles, such as domestic appliance repair technician.

At the same time, our investments in repair have led to the inauguration of two iconic sites dedicated to services and the circular economy at Saint-Pierre-des-Corps and Chilly-Mazarin: these are unprecedented steps to uphold our role as a leader and to highlight our commitment to vibrant regional economies.

In the spirit of raising awareness and increased education around sustainable consumption, last September we published the fifth edition of the “After-Sales Service Barometer,” our reference information tool for the general public, which now includes, alongside reliability and repair criteria, the price of spare parts. It thus allows consumers to compare all product categories and brands.

The year 2022 was also synonymous with innovation and new partnerships for our Group. In fact, we undertook to collaborate closely with Google on cloud computing and data, in order to accelerate our digital trajectory and keep bringing enhanced offerings and services to our customers.

As a committed and responsible company, we signed the EcoWatt commitment charter in the fall of 2022, thus confirming the implementation of new initiatives promoting energy efficiency. Such actions are in keeping with the Group’s numerous existing initiatives aiming to reduce our energy consumption, underlining our commitment to a more efficient use of electricity.

Like this action to limit the risks of electricity supply security in France, our Group continues to roll out its proactive Corporate Social Responsibility (CSR) strategy, which focuses on respecting and promoting human rights as fundamental prerequisites in conducting our business. Our CSR approach is frequently praised by external stakeholders; a particular highlight came in 2022 with the launch of informed delivery, a unique project that provides our customers with objective information on the impact of the various delivery methods they use. Our ongoing efforts to develop employment in the territories and to support their economic and social attractiveness, particularly through our cultural action, equally remains a key feature of our CSR policy, which is increasingly visible in French daily life.

Indeed, this cultural action is increasingly at the heart of Fnac Darty’s momentum. It regained its full intensity in 2022, unrestricted, after the unprecedented years caused by the health crisis. Our new Fnac brand campaign, “Let’s liberate culture,” forms part of this intent to reaffirm culture as central to the Group’s reach. Across France, hundreds of events were organized in our Fnac stores and in remarkable locations such as Nantes, Lyon and Roubaix. For its part, our Fnac Live in Paris was a great gathering and party moment, just the kind we like at Fnac Darty, with leading and emerging artists. The latest edition of the *Prix Goncourt des Lycéens* reflects the unique nature of this award, which is above all a literary adventure lasting several weeks, bringing together authors and high school students, who are increasingly enthusiastic and motivated each year to bring literature to life. Our expertise in cultural action comes into its own through this event.

The year 2022 has shown that our brands serve as safe havens and essential reference points for our customers. In an uncertain environment, our Group continued to support and guide them. This relationship of trust and closeness is, above all, the one established by Fnac Darty’s 25,000 employees. They are our prime asset and I would like to thank them here for their exceptional commitment on a daily basis.

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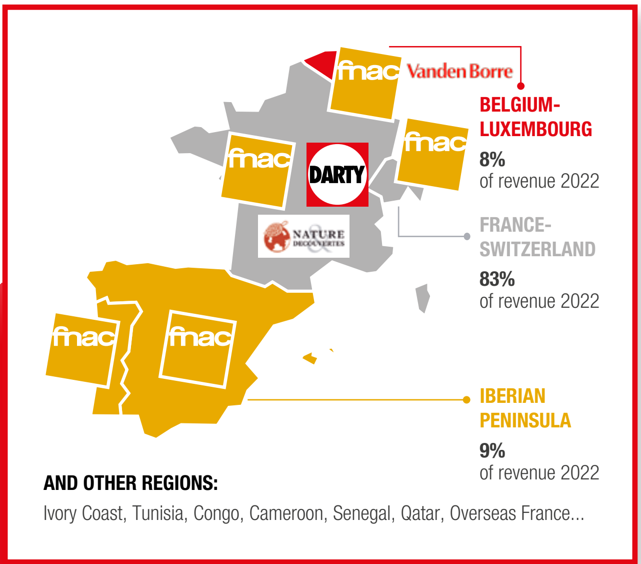
Fnac Darty at a glance in figures

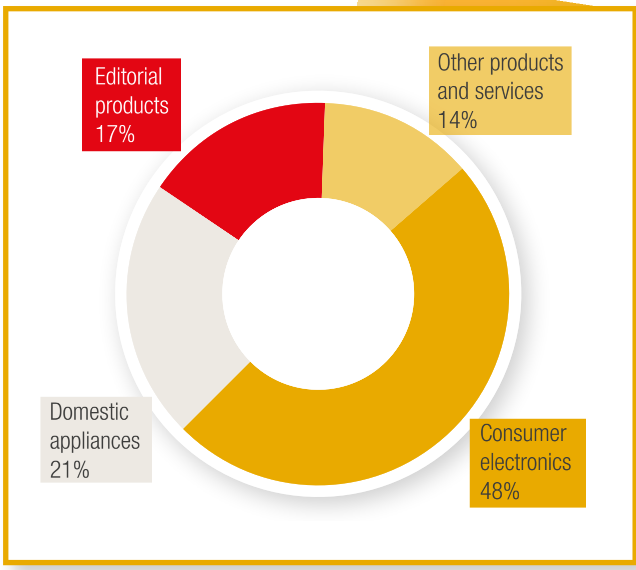
2022 consolidated revenue: **€7,949 million**

Breakdown of 2022 revenue by:

GEOGRAPHICAL REGION



PRODUCT AND SERVICES OFFERING



STRATEGIC PLAN EVERYDAY

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

3 clear ambitions by 2025:

- embodying new standards for **digital and human omnichannel retail;**
- helping consumers adopt **sustainable behaviors;**
- becoming the **leader in subscription home assistance services**.

→ Generation of cumulative recurring free cash-flow from operations of €500 million between 2021 and 2024 [(1)] and > €240 million from 2025.

→ Regular return for shareholders with a > 30% payout ratio in the medium term.

CSR COMMITMENTS

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

- **Environment:**
  - 2.3 million products repaired in 2022;
  - more than 44,000 metric tons of waste electrical and electronic equipment (WEEE) collected in 2022;
  - -17% reduction in CO_2 emissions related to transportation and energy in 2022 compared to 2019.
- **Social:**
  - 94% of employees received training in 2022;
  - 30% of women in leadership positions in 2022;
  - gender equality index of 87/100 at Group level in 2022.
- **Governance:**
  - 54% of women on the Board [(2)] and an independence rate of 91% in 2022;
  - 98% attendance rate for Board members in 2022;
  - CSR governance that is robust and decentralized, with specialist committees comprising Executive Committee sponsors who deal with specific topics, and CSR point persons appointed in each management team.

(1) *Considering that 2022 was another year of crisis, linked to a particularly high inflationary environment that led to a slightly negative FCF level in 2022, the Group extended the period initially set for generating cumulative FCF of around €500 million from 2021–2023 to 2021–2024.*

(2) *Excluding employee Directors; 46% of all Directors are women.*

1

Presentation of the Group

1.1 / Business Model

1.1.1 / COMPANY PROFILE

1.1.1.1 / A European leader in omnichannel retail

Operating principally France, Switzerland, Belgium, Spain, Portugal and Luxembourg, Fnac Darty is a European leader in the retail of entertainment and leisure products, consumer electronics and domestic appliances. The acquisition in August 2019 of Nature & Découvertes, a leading omnichannel retailer of natural and well-being products, enabled the Group to penetrate the Well-being and Outdoor Activities sectors and, in doing so, accelerate its diversification.

With more than 25,000 employees, Fnac Darty generated revenue of almost €8 billion in 2022. The relevance of its omnichannel model is based on a dense geographical coverage combined with sustained momentum on digital platforms. As of the end of 2022, the Group has a multi-format network of 987 stores. It is France's third largest e-commerce retailer in terms of audience with its three commercial websites: fnac.com, darty.com and natureetdecouvertes.com. In 2022, Fnac Darty recorded more than 71 million checkout transactions in its stores and a cumulative average of nearly 24 million unique online visitors per month in France [(1)]. After two years of strong growth, the Group is facing a normalization of its level of online sales, which stands at 22% of total revenue. By combining the strengths of Fnac, Darty and Nature & Découvertes, omnichannel sales accounted for 49% of the Group's online sales in 2022, up +3 points compared to last year.

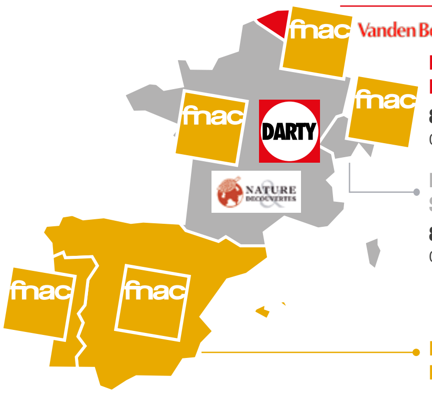
The Group operates primarily in Europe via three regions: France and Switzerland, Belgium and Luxembourg, and the Iberian Peninsula. The France and Switzerland region covers the Group's French and Swiss activities and represents 83% of sales in 2022. The Belgium and Luxembourg region covers the activities of Fnac and Vanden Borre in Belgium and Luxembourg and represented 8% of sales in 2022. Lastly, the Iberian Peninsula covers Fnac activities in Spain and Portugal, and represented 9% of revenue in 2022. The Group is also developing its franchise business internationally and now has 13 stores in Africa and the Middle East, and 18 stores in French overseas departments and territories.

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

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

(1) Fevad, cumulative average for Fnac and Darty for 2022.

The Group's omnichannel experience is outlined below.



	A DENSE NETWORK OF STORES	A GROWING FRANCHISE NETWORK	STRONG DIGITAL PLATFORMS	OMNICHANNEL & SERVICES
BELGIUM-LUXEMBOURG **8%** of revenue 2022	**86 stores:** • 14 Fnac • 72 Vanden Borre	Kitchen stores, as franchises	Fnac.be et Marketplace Vandenborre.be	Logistics platforms Click&collect After-sales service
FRANCE-SWITZERLAND **83%** of revenue 2022	**412 stores:** • 90 Fnac • 223 Darty • 90 Nature & Découvertes • 9 Switzerland	**414 stores:** • 136 Fnac • 263 Darty • 1 Fnac Darty • 14 Nature & Découvertes	Fnac.com et Marketplace Darty.com et Marketplace Fnac.ch Natureetdecouvertes.com et Marketplace	Logistics platforms After-sales service Click&collect Click&mag
IBERIAN PENINSULA **9%** of revenue 2022	**69 Fnac stores**	**6 Fnac stores**	Fnac.es et Marketplace Fnac.pt et Marketplace	Logistics platforms After-sales service Click&mag

AND OTHER REGIONS:

Ivory Coast, Tunisia, Congo, Cameroon, Senegal, Qatar, Overseas France...

Store network as of December 31, 2022.

1.1.1.2 / A galaxy of brands orbiting Fnac and Darty

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

Three strong values make up the essence of the Fnac brand: independence, passion and the spirit of discovery. These values are reflected in its salespeople, in its recognized expertise and in its product selections, as well as in the unique place that Fnac occupies in French culture (Fnac Live Paris, the BD Fnac France Inter comic prize in association with French national radio, the Prix Goncourt des Lycéens literary prize for senior high school students, and more recently L'Éclaireur Fnac). Fnac is the brand of discovery, of diversity, of open-mindedness. It is a strong brand that occupies a special place in the French retail landscape, and which has made curiosity its mission.

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

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

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

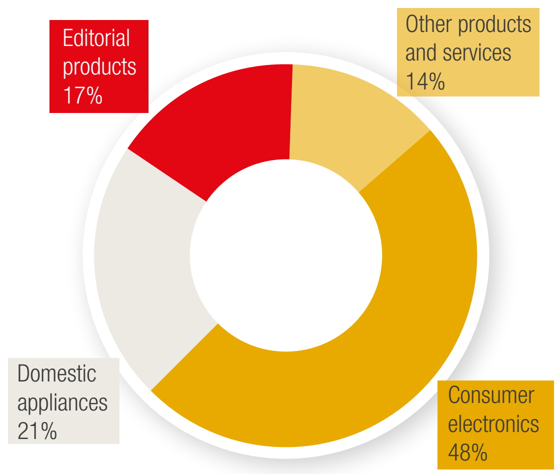
1.1.1.3 / A diverse, balanced range of products and services

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

The Fnac and Darty brands each market consumer electronics (over 48% of the Group's revenue in 2022), a sector in which growth experiences short innovation cycles. This shared offering is enhanced, on the one hand, by Fnac and Nature & Découvertes' strength in editorial products (around 17% of the Group's revenue) and, on the other, by Darty's leadership position in the domestic appliances market (around 21% of Group revenue). Moreover, the Group continued to diversify its product and services offering. The sale of other products and services (over 14% of the Group's revenue) such as the Darty Max repair subscription, Toys and Games, Stationery, Natural and Well-being Products, Kitchen, Urban Mobility, After-sales Service, and Warranties are solid levers for growth. The product and services offering is described in section 1.4.3 "A diversified product and services offering" of this Universal Registration Document.

A diverse range of products and services

(as a % of revenue 2022)



1.1.1.4 / A committed group recognized as a responsible player

1.1.1.4.1 / Sustainability at the heart of Fnac Darty's *raison d'être* and its strategic plan Everyday

Since 2018, Fnac Darty has relied on its *raison d'être* of being "committed to providing an educated choice and more sustainable consumption" to incorporate all of its CSR challenges into its business model. With its strategic plan Everyday, a key focus of which is sustainability, Fnac Darty has set itself the ambition of helping to change consumer habits by positioning itself as a sector leader in sustainable consumption, addressing the product life span, selection and advice in particular, and developing more responsible services. As a consequence, the Group has set sustainability objectives, set out in paragraph 1.5 "Group strategy and objectives".

Bolstered by widespread geographical coverage, with 987 stores at the end of 2022, Fnac Darty is a group with strong roots in its various regions, and whose main ambition is to share cultural creation, new technology and innovative services with as many people as possible, while promoting employment and social inclusion. The Group's cornerstone is its robust social policy, which covers more than 25,000 skilled employees via an HR policy focused on talent management, employability and employee commitment through the development of training, quality of life in the workplace and gender equality. For example, Fnac Darty is aiming for at least 35% of its top 200 managers to be women by 2025.

The Group has been the leading repair brand in France for 50 years, with more than 2.3 million products repaired in 2022 by more than 2,500 after-sales service employees. It plans to recruit an additional 500 technicians by 2025. To do so, the Group is intensifying its training and recruitment of repair technicians, opening its own apprentice training center (*centre de formation d'apprentis* – CFA) for domestic appliance repair professionals at the end of 2022. Fnac Darty is also the biggest collector of WEEE (waste electrical and electronic equipment) with over 44,000 tons of products collected each year for recycling and re-use Group-wide, including over 40,000 tons in France alone. A Circular Economy Committee was also created in 2021, chaired by the General Secretary, a member of the Executive Committee, with the aim of overseeing projects aimed at reducing packaging, optimizing unsold products and managing waste recycling.

The Group is pursuing its approach to more responsible consumption by taking action in three main areas:

- firstly, the Group intends to continue with its customer information efforts, encouraging customers to choose sustainable products via the sustainability score, which is displayed on websites and in-store; a score of 135 is expected by 2025 (compared with 111 in 2021 and 115 in 2022). This independent, proprietary Fnac Darty tool is based on our after-sales repair database – the only one on the market – which rates products on their reliability and the availability of spare parts. This indicator weights the volume of each product sold throughout the year by its sustainability score. The Group uses the sustainability score to draw up its "After-Sales Service Barometer", the fifth edition of which was published in September 2022. This provides consumers with the opportunity to learn about the sustainability and reliability of products and brands, while at the same time providing industry with an overview of product life spans and identifying opportunities for improvement in this area. Finally, on its digital medium L'Éclaireur Fnac, https://leclaireur.fnac.com/, the Group includes a range of content designed to enable consumers to access educated opinions and make informed choices on the major themes related to culture and technology;
- the Group also intends to expand its offer toward more sustainable products, with the potential for delisting Marketplace products and partners that do not meet sustainability criteria. The massive expansion of the Group's Second Life offer and its scheme for taking back used products also helps to make our economy more circular. The acquisition of Nature & Découvertes in 2019 enhances the Group's positioning in terms of responsible business practices and sustainable consumption. For example, the Fondation Nature & Découvertes has raised nearly €15 million for the protection of biodiversity and nature-based education through more than 3,000 projects, 148 of which took place in 2022. Nature & Découvertes' commitment to responsibility is set out in greater detail in Chapter 2;
- finally, services that enable customers to "use better to consume better" and to repair products more often have been strengthened, with the goal of having 2.5 million products repaired each year by 2025. To achieve this, the Group is encouraging consumers to repair products more often, by continuing to open more WeFix corners (WeFix being the leading express repair service for smartphones and tablets), and by rolling out Darty Max (the unlimited repair subscription service). Additionally, Fnac Darty promotes self-repair by providing usage and maintenance advice via its collaborative website, https://sav.darty.com/, launched in 2018, which recorded nearly 10 million users in 2022. All these projects are described in Chapter 2.

Fnac Darty also reaffirmed its environmental strategy, by setting objectives to put the entire organization under pressure to help reduce GHG emissions related to its activities and to implement strategies to adapt to the consequences of climate change. Consequently, in 2022, the Group submitted three science-based objectives to the Science Based Targets initiative [1], which approved them in October:

- to halve Scope 1 and Scope 2 CO_2 emissions by 2030 compared to 2019;
- to reduce emissions from the use of products sold by -22% per product sold by 2030 compared to 2019;
- to ensure suppliers representing 80% of product manufacturing emissions set targets aligned with climate science by 2026.

This last target remains the operational objective and concerns the GHG emissions upon which the Group considers that it has the capacity to take direct action: to reduce by -50% the CO_2 emissions related to product transportation and to the energy consumed by sites.

Finally, the Group relies on robust governance to achieve this objective and take a strategic approach to addressing climate issues. A focus of attention within several bodies, including the CSR Committee, which reports directly to the Board of Directors, these issues have been explored and addressed by the Climate Committee since 2019. Since 2022, the Sales Department has been actively involved in the SBT objectives relating to products sold. The Climate Committee monitors the trajectory of the CO_2 emissions generated by the Group's activities, draws up action plans, monitors the roadmaps for the various operational sectors, and finally, works toward the expansion of the low-carbon strategy to other indirect emission items.

(1) The SBTi, developed by the CDP, the United Nations Global Compact, WRI, and WWF, aims to promote the adoption by companies of carbon strategies based on scientific knowledge, i.e., strategies aimed at a decarbonization level that meets the goals of the Paris Agreement, holding the increase in the global average temperature to well below 2°C above pre-industrial levels (and pursuing efforts to limit global warming to 1.5°C).

1.1.1.4.2 / ESG objectives serving the financial ambitions of the 2025 plan Everyday

Everyday strategic ambitions	ESG objectives for 2025	Added value	Financial targets for 2025
1 Embodying new standards for successful digital and human omnichannel retail in the future	✓ 50% of online sales will be omnichannel sales ✓ Continued development of the store network, mainly through franchises	➤ Encouragement of click&collect, which is more environmentally friendly than home delivery ➤ Wider access to culture ➤ Increased positive impact on the territories (employment and social inclusion)	**Generate recurring free cash-flow** ✓ **Cumulative free cash-flow** [b] **of around €500 million for 2021-2024** [c] ✓ **Recurring free cash-flow** [b] **≥ €240 million in 2025**
2 Helping consumers adopt sustainable behaviors	✓ Achieve a sustainability score of 135 [a] ✓ 2.5 million products repaired annually	➤ An unparalleled offer ➤ Enhanced sustainability of equipment ➤ Customer loyalty	
3 Becoming the leader in subscription home assistance services	✓ > 2 million subscribers to our Darty Max repair service	➤ An unparalleled offer ➤ A captive ecosystem and increased customer loyalty ➤ A solution to deal with planned product obsolescence ➤ A move upmarket in products sold	

(a) *Sustainability score: average of a reliability score and a reparability score, calculated on the basis of data collected by Fnac Darty's After-Sales Service Department over the last two years for each product listed, weighted by the volume of products sold by the Group in the year in question.*

(b) *Excluding IFRS 16.*

(c) *Considering that 2022 was another year of crisis, linked to a particularly high inflationary environment that led to a slightly negative FCF level in 2022, the Group extended the period initially set for generating cumulative FCF of around €500 million from 2021-2023 to 2021-2024.*

1.1.1.4.3 / Corporate Social Responsibility policy

With more than 25,000 employees worldwide, 987 stores and millions of loyal customers, Fnac Darty is keenly aware of its responsibilities. The Group is committed to transforming itself to meet the challenges of a changing market, while at the same time developing its people and making a positive impact on society.

The Corporate Social Responsibility policy aims to address the four main CSR challenges identified through the materiality analysis renewed in 2022 and the double materiality analysis conducted in 2022:

- sustainability of the business model and new patterns of consumption;
- climate change and the consequences of climate change;
- business line development and the organization of work, in a context of a shortage of technical profiles and a talent war;
- the ethics of all parties in an ecosystem of partnerships.

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

These four major risks and challenges result in the five pillars of the Group's CSR policy: sustainable consumption, climate protection, business ethics, territories and culture, and finally human capital.

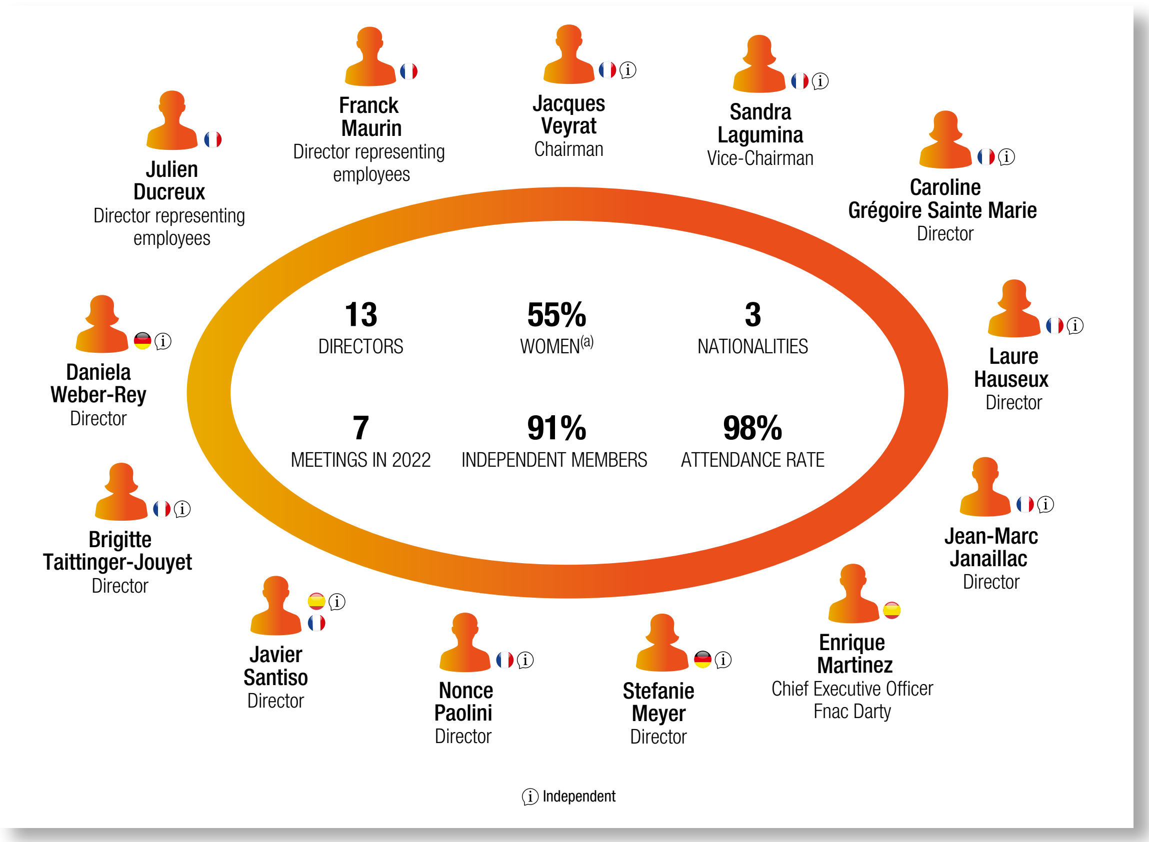
All five of these pillars are described in Chapter 2 of this document.

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

The strengthening of Fnac Darty's governance and CSR policy was welcomed by the ESG ratings agencies, as detailed in section 1.1.1.4.7.

1.1.1.4.5 / Solid and stable governance

Key figures and composition of the Board of Directors at December 31, 2022



(a) *Excluding employee directors; 46% of all directors are women.*

Operation of the Board of Directors

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

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

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

In 2021, Franck Maurin, a Director representing employees, was appointed to the Appointments and Compensation Committee to represent the interests of employees on this committee.

At the end of December 2022, the Board was composed of 13 Directors, 11 of whom were independent.

Four committees, all chaired by Independent Directors

Each committee is composed of Directors who have been identified as having the specific skills required to carry out its duties. A comprehensive description of each committee can be found in section 3.2.1 of this document.

- Audit Committee:
  - monitors the process of preparing financial information;
  - is chaired by Sandra Lagumina (Independent Director);
  - has 3 members;
  - meets at least four times a year and as many times as it deems necessary.
- Appointments and Compensation Committee:
  - assists the Board in determining the composition of the Company and Group executive management bodies and in the regular assessment of all compensation and benefits paid to the Group's corporate officers and executive Directors;
  - is chaired by Brigitte Taittinger-Jouyet (Independent Director);
  - has 4 members, including one Director representing employees;
  - meets at least once a year and as many times as it deems necessary.
- Corporate, Environmental and Social Responsibility Committee:
  - reviews the Company's corporate, social and environmental policies;
  - is chaired by Jean-Marc Janaillac (Independent Director);
  - has 5 members;
  - meets at least once a year and as many times as it deems necessary.
- Strategy Committee:
  - considers the broad strategic priorities of the Group that may be implemented by the executives, specifically in the fields of business, investments, partnerships or any other matter that may be considered to be relevant;
  - is chaired by Jacques Veyrat (Chairman of the Board, Independent Director);
  - has 5 members;
  - meets at least once a year and as many times as it deems necessary.

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

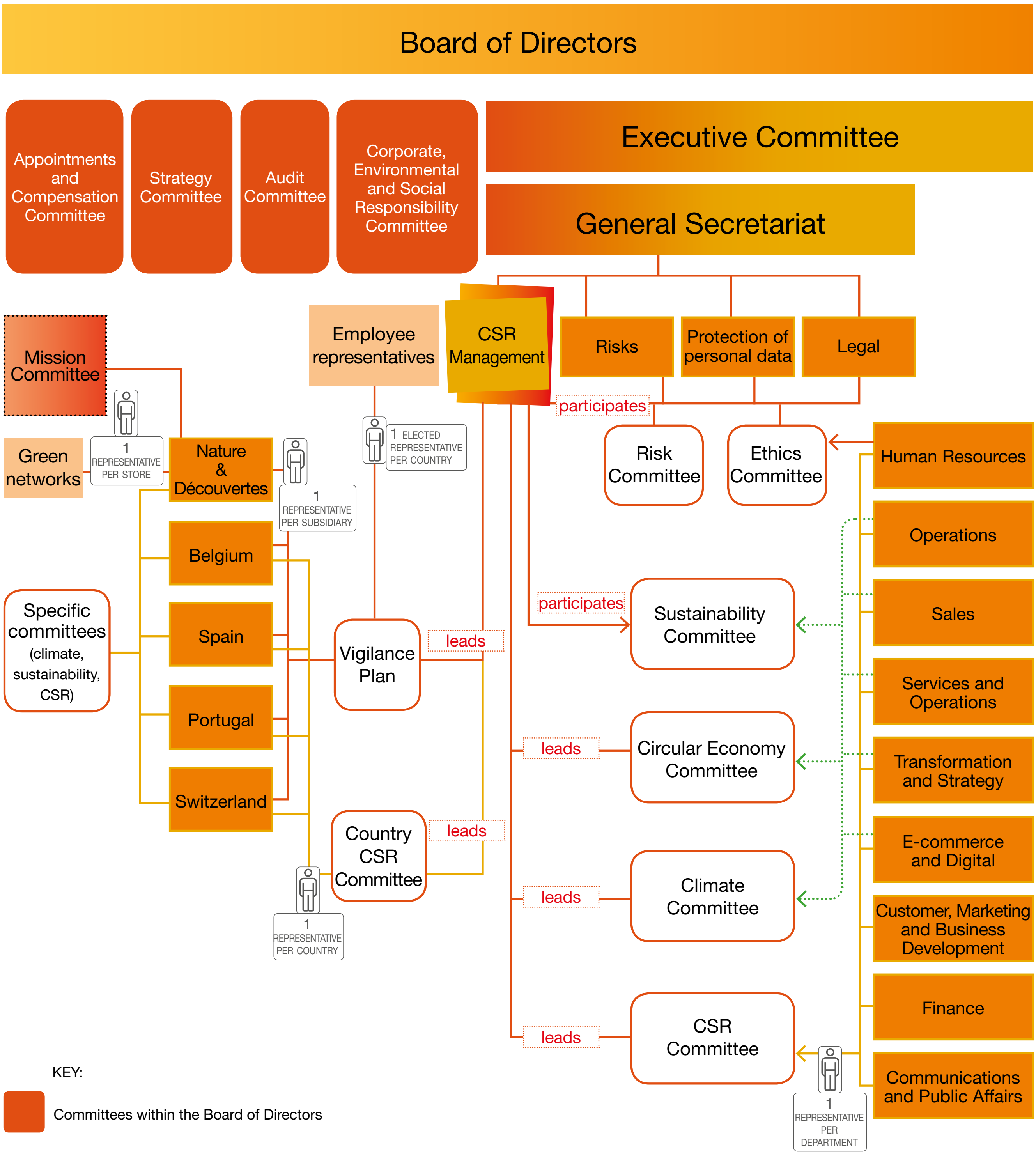
In order to incorporate these challenges into its strategy and the day-to-day operations of its business lines, the Group has adopted a decentralized approach to CSR.

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

The CSR Department reports to the General Secretary, and relies on various bodies and business line representatives to manage and assess the Group's CSR strategy. Each department in the Group has appointed a CSR officer, who is tasked with setting out a roadmap with defined objectives specific to each Group department, and monitoring these objectives on a regular basis.

Finally, Fnac Darty has structured its governance to take a strategic approach to all CSR issues, by setting up specialized committees sponsored by one or more members of the Executive Committee. A Climate Committee was created in 2019 to monitor the trajectory of the CO_2 emissions generated by the Group, draw up action plans and monitor the roadmaps for the various operational sectors, and extend the low-carbon strategy to other indirect emissions items. In 2021, a Sustainability Committee was created to develop the Group's product offer to make it more sustainable, as well as a Circular Economy Committee to oversee projects aimed at reducing packaging, optimizing unsold stock, improving waste collection, and recycling and re-use of materials.

The various committees are set out in detail in Chapter 2.



KEY:

- Committees within the Board of Directors
- Executive Committee, Management and Subsidiaries
- Cross-border committees responsible for implementing the CSR strategy in business lines
- Employee and staff representatives
- Nature & Découvertes Mission Committee

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

Finally, the Group has set an objective to increase the number of women in the Group's top 200 managers to 35% by 2025, compared with 30% in 2022. The Group is also aiming for women to make up at least 40% of the Executive Committee by 2025. At the date of this document, this figure stands at 42%.

1.1.1.4.6 / Shareholding

Ceconomy has been the Group's reference shareholder since 2017, holding 24.2% of the equity as of December 31, 2022. It does not hold any seats on the Board of Directors, but did participate in the coopting of three independent members. Details of the Group's Directors are given in section 3.1 of Chapter 3 of this document, entitled "Corporate Governance."

Since 2018, Indexia Développement (formerly French insurance broker SFAM) has also been a shareholder of the Group, holding a stake of 11.3% in Fnac Darty's equity as of December 31, 2022.

In 2022, Vesa Equity Investment gradually increased its holding in the Group and, as of December 31, 2022, held 23% of Fnac Darty's equity and voting rights. It does not intend to seek the appointment of one or more members to the Board of Directors.

Historical data regarding Fnac Darty shareholding and the latest threshold crossings are detailed in section 7.3 "Shareholders" in Chapter 7 of this Universal Registration Document.

When it launched its strategic plan Everyday, Fnac Darty implemented a shareholder return policy with a mid-term target payout rate of at least 30%, calculated on net income, Group share from continuing operations (see section 1.5.4 "Financial outlook and mid-term ambitions" of this document). In 2021, the Group paid an initial ordinary dividend of €1.0 per share. In 2022, the Group paid a dividend of €2.0 per share, i.e. a payout rate of 37%. Lastly, Fnac Darty will propose that the General Meeting scheduled for May 24, 2023 approves the distribution of a dividend of €1.40 per share. This amount represents a payout ratio of 38% of net income, Group share from continuing operations, in line with last year and with the shareholder return policy set out in the strategic plan Everyday.

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

Fnac Darty's approach to Corporate Social Responsibility is regularly assessed by ESG rating agencies and awarded a rating.

In 2022, Fnac Darty requested a sustainability rating from Moody's ESG Solutions (formerly Vigeo Eiris/VE) (www.vigeo-eiris.com). Based on its analysis of three main criteria – environment (business ethics, environmental policy), social (community engagement, respect for human rights and human resources) and governance (corporate governance) – Fnac Darty was included for the first time in the best category, "Advanced" (A1+), with an ESG score of 61/100, a significant increase of +17 points in three years and now ranks in the top 5% worldwide. Improvement was seen in each of the three ESG components, especially in Social (up 9 points compared with 2021). Finally, the Group improved the transparency of the non-financial information it published, up 3 points in one year to 98%, significantly above the sector average [(1)] of 69%. This performance reflects the positive results of the actions put in place as part of the Group's ambitious CSR policy and highlights Fnac Darty's environmental, social, ethical and governance commitments – as pillars of its strategic plan Everyday.

In addition, ratings agency Sustainalytics (www.sustainalytics.com) classifies the Group's ESG risks as low, awarding a score of 12/100, compared to the previous score of 11.4. Fnac Darty therefore ranks highly and is placed in the first percentile of the specialized retail market assessed. Sustainalytics assesses Fnac Darty's management of ESG issues as robust, with a score of 59/100.

MSCI (www.msci.com) confirmed the Group's AA rating in 2022 for the fourth consecutive time, with a retail industry-adjusted score of 7.8/10, which makes Fnac Darty one of the top 27% of specialized retail companies to receive an AA rating.

In 2022, Fnac Darty's reporting on its climate actions was awarded a rating of A- for the second consecutive year by the Climate Disclosure Project (CDP) (www.cdp.net/en), a rating that is above average for European companies (B) and above average for the specialized retail market (C).

(1) Specialized retail market as defined by Moody's ESG Solutions (formerly Vigeo Eiris/VE).

The Group was also recently awarded a score of 71/100 by the Gaïa Rating agency (www.gaia-rating.com/), up +5 points from last year and significantly above the average of 51/100 for the retail sector.

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

Change in non-financial ratings

Agency	Rating and score 2022		Rating and score 2021	Trend
Moody's ESG Solutions (formerly Vigeo Eiris)	A1+ (Advanced)	61/100	A2 (robust) – 54/100	↗
Sustainalytics	Low ESG risks	12/100	11.4/100	=
MSCI	AA (leader)	7.8/10	7.8/10	=
CDP	A-		A-	=
EthiFinance (Gaïa Rating)	71/100		66/100	↗

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

Our resources

An ecosystem of reputable and complementary brands

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

Committed people

More than 25,000 employees, including:
- **more than 75%** in direct contact with customers
- **more than 3,000** after-sales service staff

A resilient financial position

- **Resilient sales in 2022, down by just -1.2%** in a climate of increasing inflation and an uncertain geopolitical environment
- Gross margin rate up **+80 bps to 30.3%**
- Cash and cash equivalents amounted to **€932 millions**
- **No major repayment maturity date before 2026,** an undrawn additional credit line implemented to secure the refinancing of the next maturity in May 2024
- **Solid financial ratings BB+, BBB and Ba2** by the rating agencies Standard & Poor's, Scope Ratings and Moody's, with all three ratings indicating a stable outlook

An omnichannel and multiformat model

- **987 stores**, 420 of which are franchised
- **14** main **websites**
- **Third-largest player in e-commerce in France** in terms of visitors (1)
- A significant level of **click&collect** on nearly **50%** of online sales

A centralized and in-house logistics network

- **14 warehouses and around 85 delivery platforms** for physical sales, e-commerce and after-sales services
- A French **after-sales structure centralized** around five repair workshops, a central spare parts warehouse and more than 120 technical centers

Key markets

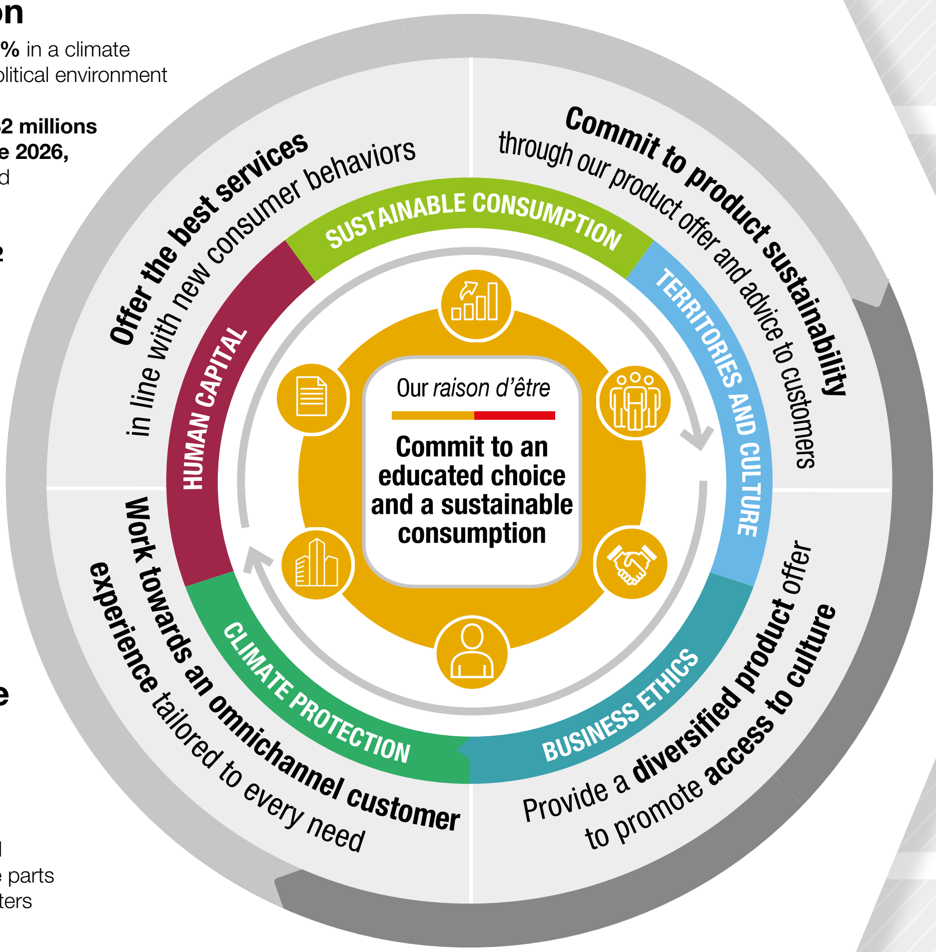
- **Six European markets:** France and Switzerland, Belgium and Luxembourg and the Iberian Peninsula
- Franchises in **Africa**, the **Middle East** and **Overseas France**
- **A diversified product** and services offering

Governance to meet the highest standards

- **A diverse range of skills** and a significant proportion of women (55% (2)) on the Board of Directors
- **An independence rate** of 91% and an **attendance rate** of 98% for Board members
- An Executive Committee **compensation system** that includes CSR criteria and long-term components

FNAC DARTY

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



(1) Source: Fevad, cumulative average for Fnac and Darty for 2022.
(2) Excluding employee Directors; 46% of all Directors are women.

Added value for

Customers

- Independent services and advice, to enable an educated choice and sustainable consumption
- Omnichannel offering and operational performance that can be adapted to each individual's needs

> **More than 800,000 subscribers registered for the Darty Max repair service,** including Vanden Borre Life subscribers in Belgium
with a target of more than 2 million subscribers in 2025
> **An improving sustainability score** (115 in 2022 versus 111 in 2021),
with a target of 135 in 2025
> Customer satisfaction at the highest level with an **aggregate Net Promoter Score (NPS) above 60,** up +3 points compared to 2021 and up +8 points in two years

Employees

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

> **94%** of employees received training in 2022
> **More than 60%** of salespeople trained in video/chat since it was launched in 2021
> **30%** of leadership positions held by women [(3)],
with a target of 35% in 2025
> Payment in 2022 of an exceptional purchasing power bonus to almost 80% of the Group's employees

Partners and suppliers

- Balanced and long-term supplier relationships
- Synergies and cooperation

> More than **40% of the stores in our network operated under franchise and more than 4,000 sellers** on Marketplace
> Awarded the **"Relations Fournisseurs & Achats Responsables" (Responsible Supplier Relations & Purchasing) label** for a period of three years
> Relationships with suppliers of our commercial products that last **more than 15 years** on average, and are on the increase
> **Strategic partnership,** particularly in the urban mobility market and with Google **to offer an enhanced online shopping experience**

Shareholders

- A healthy balance sheet and a solid cash position
- Improved non-financial ratings
- A strategic plan that aims to generate recurring free cash-flow from operations and provide sustainable shareholder returns

> The generation of cumulative recurring free cash-flow from operations [(4)] of **€500 million** between 2021 and 2024 [(5)] and > **€240 million** from 2025
> A regular return for shareholders with a payout ratio of > **30% in the medium term**
> Proposal to **pay an ordinary dividend of €1.40/share in 2022** [(6)]
> Included for the first time in the best "Advanced" category (A1+) by Moody's ESG Solutions with an ESG score of 61/100, a significant increase of +7 points

Company

- Democratization of culture and promotion of cultural diversity
- Historic partnerships with operators in the social and solidarity economy

> Nearly **7,000 free cultural events,** in-store and online (including 1,300 in France)
> Organization of the first ever Fnac Gaming Tour, with no fewer than **63 events** in **20 stores across 11 towns and cities** in France
> More than **€1 million** in donations received by Fnac Darty from customers and more than **€7 million** in donations financed by Fnac Darty

Environment

- Extending the life span of products by repair and second life
- Waste collection and recycling
- Actions to reduce CO_2 emissions

> **2,3 million** products repaired,
with a target of 2.5 million products repaired in 2025
> **Nearly 44,000 metric tons** of electronic waste collected Group-wid
> **A reduction of -17%** in the Group's **CO_2 emissions** (related to transportation and energy) compared to 2019
> **Three objectives for reducing CO_2 emissions** aligned with climate science and validated by the *Science-Based Target initiative*

Public authorities

- Cooperation with institutions to promote product sustainability
- Fiscal responsibility

> **Signature of the government protocol** for energy efficiency **and the EcoWatt charter,** a joint initiative launched by RTE (the French electricity transmission system operator) and Ademe (the French environment and energy management agency), to reduce consumption and to circulate alerts issued by RTE
> **Signature of the EcoGaz Charter,** initiated by GRDF (the French gas distribution network)
> **Active support** for the law aimed at strengthening the book economy
> **More than €103 million** in tax and contributions paid, including more than **€90 million** in France

(3) About the top 200 managers at Group level.
(4) Excluding IFRS 16.
(5) Considering that 2022 was another year of crisis, linked to a particularly high inflationary environment that led to a slightly negative FCF level in 2022, the Group extended the period initially set for generating cumulative FCF of around €500 million from 2021–2023 to 2021–2024.
(6) Proposal submitted to a vote at the General Meeting on May 24, 2023.

1.1.3 / STRATEGIC CHALLENGES AS SOURCES OF OPPORTUNITY ALIGNED WITH SUSTAINABLE DEVELOPMENT GOALS

Through its model, strategy and actions, Fnac Darty is focusing its efforts on and contributing to sustainable development goals (SDGs) 3, 4, 5, 8, 11, 12, 13 and 16. Adopted by UN countries in 2012 at the Rio Conference, they aim to address the urgent ecological, political and economic challenges the world is facing.

Fnac Darty, a leader in tackling the current challenges	Our strengths	Relevant SDGs	Our contribution to the SDGs
Global economic, energy and geopolitical crises			
Purchasing power impacted in an inflationary environment	Guaranteed prices suited to a climate of crisis and a wide range of products at a wide range of prices	3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH	■ Guarantee employee safety ■ Develop skills and employability ■ Promote gender equality and quality of life in the workplace ■ Increase positive impacts on the territories: employment and solidarity
Disrupted supply chains	A high-quality, sustainable relationship with our suppliers, in line with our leading position in the specialized retail market in France		
	A primarily premium product positioning, providing the Group with better protection from product shortages mainly affecting the entry-level range		
	Centralized, in-house logistics capabilities, providing the ability to adapt quickly and nimbly		
	Partnerships with key delivery service providers and strong internal delivery capabilities that can be easily mobilized when required		
Radically different employment relationships	A Group that reconsiders the ways it organizes work and invests in the areas of professional equality and employability, with the aim of attracting and retaining talent		
Volatility in energy prices and increasing risks to the security of energy supplies	A Group that is putting in place energy efficiency measures in order to reduce consumption A Group that has limited the impact of the increase in energy prices through hedging		

Fnac Darty, a leader in tackling the current challenges	Our strengths	Relevant SDGs	Our contribution to the SDGs

Our achievements and objectives

Achievements

- Continued long-term roll out of the "Welcomer" role in stores
- 94% of employees trained in 2022, stable compared to 2021
- Launch of a company CFA for domestic appliance repair technicians and the opening of 41 Tech Academies, which have already welcomed more than 488 trainees across France, 220 of whom have been recruited as permanent staff on completion of their diploma
- 100% of employees are covered by branch collective bargaining agreements
- Supplier relationships lasting more than 15 years on average
- Awarded the "Relations Fournisseurs & Achats Responsables" ("Responsible Supplier Relations & Purchasing") label for its indirect purchasing, for a period of three years [a]
- Signature of the government protocol for energy efficiency and the EcoWatt charter, a joint initiative launched by RTE (the French electricity transmission system operator) and Ademe (the French environment and energy management agency), to reduce consumption and to circulate alerts issued by RTE
- Signature of the EcoGaz Charter, initiated by GRDF (the French gas distribution network)
- Roll-out of an energy management system (EMS) across France
- Signature of a contract to sell green electricity and a Corporate PPA (Power Purchase Agreement) with Valeco for the power generated by a future solar farm, to enter into force in mid-2023
- Payment of an exceptional purchasing power bonus to almost 80% of the Group's employees

Medium-term objectives

- The majority of investments in stores will be allocated to the implementation of energy efficiency solutions in 2023 and 2024
- A reduction in the Group's energy consumption in France by -15% by 2024 compared to 2022
- 35% of women in the Leadership Group by 2025 (compared with 27% in 2021 and 30% in 2022)
- 40% of the Executive Committee to be women by 2025 (compared with 38% in 2021 and 42% as of the date of this document)

(a) Excluding commercial purchasing.

Fnac Darty, a leader in tackling the current challenges	Our strengths	Relevant SDGs	Our contribution to the SDGs
New consumer expectations that are in keeping with their values			
A strong attachment to stores, which are essential to the consumer experience	Widespread geographical coverage, bringing us as close as possible to consumers	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	■ Increase positive impacts on the territories: employment and solidarity ■ Help customers make an educated choice ■ Encourage repairs ■ Give a second life to products ■ Ensure waste collection and recycling ■ Contribute to public debate around sustainability ■ Provide access to culture to as many people as possible
	The need for advice and expertise from our salespeople and an ever-present consumer need to see and test the products in-store		
	A Group with a strong reputation that relies on a solid base of loyal customers		
Redefinition of priorities and a rethinking of the concept of product use	A product offering tailored to consumer expectations, addressing the need for home equipment and technology for remote working and home-based learning		
	A Nature & Découvertes product range that strengthens the Group's offer in the well-being and responsible consumption of natural products segments		
	A broad, groundbreaking range of services to facilitate and guarantee product use		
Increasing consumer focus on the environmental and social impact of products and services	An innovative Group, particularly in terms of informing customers about product reliability and repairability, and about the environmental impact of e-commerce		
	Fnac Darty, a pioneer in extending product life spans: launch of a subscription-based repair service, leading after-sales service in France and expansion of second-life activity		
	A Group that takes a responsible approach to waste management, particularly electrical and electronic waste		

Our achievements and objectives

Achievements

- A widespread network of 987 stores at the end of 2022, meaning 90% of French people have a Fnac or Darty store within 15 minutes of home
- More than 10 million members at the end of 2022, including more than 7 million in France
- An aggregate Net Promoter Score (NPS) above 60, up +3 points compared to 2021 and up +8 points in 2 years
- A Darty Max subscription-based repair service covering almost all products, now available in all Fnac and Darty stores in addition to e-commerce sites, with more than 800,000 subscribers at the end of 2022
- Implementation of the first video-based service for product care and maintenance in the Darty Max subscription
- Publication of the fifth edition of the "After-sales Service Barometer" in September 2022
- Over 5,000 salespeople, who receive training on a regular basis to provide them with expertise, and more than 2,500 employees dedicated to after-sales services
- Launch of a Fnac & Moi responsible citizen voucher to reward the sustainability habits of Fnac customers, members and subscribers
- Accelerated roll-out of second-hand sales through the Fnac Second Life and Darty Second Life brands, where volumes of resold products increased by +34% compared with 2021
- Biggest collector of WEEE, with 44,200 tons collected Group-wide in 2022, including 40,250 tons in France
- Nature & Découvertes, a B Corp company since 2015, renewed its certification for the third consecutive time and a social purpose corporation (société à mission) since the end of 2022
- Launch of informed delivery on the Fnac and Darty websites, providing customers with transparent information on the CO_2 impact of various delivery options

Medium-term objectives

- A "sustainability score" of 135 in 2025 (vs 115 in 2022)
- 2.5 million products repaired in 2025 (compared with 2.3 million in 2022)
- ≥ 2 million Darty Max subscribers by 2025

Fnac Darty, a leader in tackling the current challenges	Our strengths	Relevant SDGs	Our contribution to the SDGs
Online retail now an established consumer habit			
A highly competitive sector	Success of our omnichannel model combining the complementary strengths of stores and e-commerce	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	■ Protect the personal data of employees and customers ■ Prevent the risks of corruption ■ Implement a vigilance plan ■ Ensure fiscal responsibility ■ Help customers make an educated choice ■ Encourage repairs ■ Give a second life to products ■ Ensure waste collection and recycling
	Long-standing experience in digital technology (since 1999 with fnac.com)		
	Differentiation through our diversified range of products and services (unlimited repair subscription service and France's leading after-sales service, which emphasizes product sustainability)		
A demand for immediacy	A first-rate customer promise, with delivery times at the best market standards		
	A store network providing an efficient click&collect service in every country and covering all products, ensuring consumers are able to pick up their products quickly and safely		
Consumers faced with hyperchoice	A selective Marketplace that complements our in-stock offer		
	Continuous innovations to make our salespeople's expertise available to all customers (in-store and on e-commerce sites)		
Managing peak demand in a short timescale	Robust digital and logistics platforms, scaled to support very high demand, particularly during peak sales periods		
	Ability to adapt in response to reallocation of resources (human, technical, logistics) to meet and fulfill all orders as soon as possible		
Increasing concern among consumers and employees regarding the protection of their personal data	Fnac Darty, a highly trusted French company committed to transparency in the use of personal data		

Our achievements and objectives

Achievements

- A strong digital presence, representing more than 22% of the Group's sales in 2022 (+3 points compared to 2019)
- Omnichannel represents half of online sales
- A click&collect service run by our salespeople to provide expert assistance and offer services and add-ons to sales made on e-commerce sites
- Accelerated roll out of video chat with salespeople for both the Fnac and Darty brands in France, generating 285,000 interactions on the websites of the two brands in 2022
- 17 million active references on our Marketplaces
- A GDPR program and data protection governance structure, to guarantee a high level of data protection

Medium-term objectives

- Achieve online sales penetration of at least 30% in 2025
- Maintain a level of 50% of omnichannel sales as online sales

Fnac Darty, a leader in tackling the current challenges	Our strengths	Relevant SDGs	Our contribution to the SDGs
Growing climate and environmental challenges			
Rising raw materials prices and a scarcity of natural resources	A Group with a premium market position, offering products with a relatively short innovation cycle, enabling price adjustments that best reflect the global context A business model that is increasingly focused on service	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	■ Help customers make an educated choice ■ Encourage repairs ■ Give a second life to products ■ Ensure waste collection and recycling ■ Contribute to public debate around sustainability ■ Strengthen governance and integration of climate risks ■ Reduce emissions generated by transportation and energy from sites ■ Extend the measurement and management of indirect emissions, particularly those generated by the products sold
Growing awareness	The Group's firm commitment to reducing its CO_2 emissions through a trajectory aligned with the Paris Agreement		
	Robust governance of CSR and environmental risks, with a Climate Committee that manages the trajectory of CO_2 emissions, draws up action plans and monitors the roadmaps for the various operational sectors		
Increasing regulation	Passed in 2020, the French Anti-Waste Law for a Circular Economy (AGEC) aims to reduce waste and promote the recycling and reuse of products. This law requires the recovery of used products to be extended to cover new products and information on the repairability index to be extended to new products Passed in August 2021, the French Climate and Resilience Law governs certain environmental claims and the requirement to indicate the climate impact of products in advertisements		
Innovation to foster a more circular economy	A Group that is leading the way in its efforts to promote a more circular economy, by developing customer information, new repair and DIY services, and responsible sectors for product re-use through second-hand sales and the donation of unsold goods		
Intensifying physical climate risks	An ambitious climate strategy to reduce GHG emissions and bring on board the Group's whole ecosystem		

Our achievements and objectives

Achievements

- Environmental initiatives valued by non-financial rating agencies, with the CDP confirming an A- rating for the second consecutive year, inclusion for the first time in the Moody's ESG Solutions best category, "Advanced" (A1+), with an ESG score of 61/100, a significant increase of +7 points, reflecting in particular an increase in the social pillar of +9 points compared to 2021 and MSCI renewing its AA rating for the third consecutive time
- A steady increase in the proportion of renewable energies in electricity purchases, with 99% of our energy consumption coming from green sources in other countries and 27% in France (up 2 points compared with 2021)
- A reduction of -17% in the Group's CO_2 emissions (related to transportation and energy) in absolute terms and of -22% in relation to revenue in 2022 compared to 2019
- Signature of a 10-year direct electricity purchase agreement with a renewable energy producer (Corporate PPA) with Valeco for the construction and operation of a photovoltaic farm in central France to increase the proportion of green energy used by the Group

Medium-term objectives (approved by the SBTi [a])

- Halve Scope 1 and Scope 2 CO_2 emissions by 2030 compared to 2019
- Reduce emissions from the use of products sold by -22% per product sold by 2030 compared to 2019
- Ensure suppliers representing 80% of product manufacturing emissions set targets aligned with climate science by 2026

(a) The SBTi, developed by the CDP, the United Nations Global Compact, WRI, and WWF, aims to promote the adoption by companies of carbon strategies based on scientific knowledge, i.e., strategies aimed at a decarbonization level that meets the goals of the Paris Agreement, holding the increase in the global average temperature to well below 2°C above pre-industrial levels (and pursuing efforts to limit global warming to 1.5°C).

1.2 / History of Fnac Darty

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

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

2017 Launch of the Confiance+ strategic plan.

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

2019 Acquisitions of Billetreduc.com, a leading player in "last-minute" event ticketing in France, and Nature & Découvertes, a leading omnichannel retailer of natural and well-being products. Partnership with CTS Eventim, the European leader in the ticketing sector.

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

2020 Sale of BCC, a Dutch subsidiary specializing in electronics and household appliances in the Netherlands, to Mirage Retail Group.

2021 Launch of the strategic plan Everyday.

Upgrading of Darty Max with three complementary offerings ranging from large domestic appliances to small domestic appliances, TV, sound and multimedia.

2022 Darty Max, repair service subscription, is now available to Fnac customers.

First retailer to launch its own apprentice training center (centre de formation d'apprentis – CFA) dedicated to training repair technicians in domestic appliances.

1.3 / Resilient 2022 results for the Group, confirming the power of its omnichannel model and its operational agility

KEY HIGHLIGHTS AND ANALYSIS OF 2022 FINANCIAL RESULTS

The key highlights and a detailed analysis of the Group's net financial income for 2022 are presented in Chapter 4 of this document.

1.4 / Fnac Darty markets and offering

1.4.1 / DESCRIPTION OF MARKETS

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

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

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

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

	2022	Change from 2021		2022	Change from 2021
TV (Video)	2,471	(9.0%)	Books	3,980	(3.0%)
Sound	1,216	(2.0%)	Audio	272	(5.3%)
Photo	514	4.0%	Video	207	(3.6%)
IT	5,126	(10.0%)	Gaming	1,659	(7.5%)
Telephony	3,588	(1.0%)	Large domestic appliances	6,196	1.0%
Connected devices	3,128	(1.40%)	Small domestic appliances	3,860	(5.0%)
Toys and Games	4,213	(1.8%)			

(a) Source: GfK, February 2023.

1.4.2 / MARKET TRENDS

1.4.2.1 / Digitization of retail and changes in consumer behavior

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

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

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

The rapid development of the internet has also led to the phenomenon of digitization, i.e. the transition from physical media to digital media, which has radically altered consumer spending patterns on editorial products as downloading and streaming have become more prevalent. Consumers increasingly prefer digital editorial products, partly because they are cheaper than their physical counterparts, but also because they save space, are more accessible, are ready for immediate use, etc. However, this digitization phenomenon affects each editorial product segment differently. The segments that are most affected are audio CDs, DVDs and Gaming [(1)]. Although the e-book market is growing in France, the rate of penetration remains low, at 3% [(2)] of the market in 2022.

After two years of special circumstances marked by an unprecedented health crisis that led to the closure of stores for certain periods and therefore an acceleration in the digitalization of the retail sector, the e-commerce market share increased in 2022. According to Fevad [(3)], 2.3 billion online transactions were made in 2022, an increase of +7% compared to 2021. E-commerce revenue increased by +14% in 2022, driven primarily by the increase in services, particularly transport, tourism and leisure, while online sales fell by -7% year-on-year, therefore failing to return to an annual growth rate that was closer to pre-Covid levels.

1.4.2.2 / Competitive environment

Fnac Darty's main competitors are:

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

1.4.2.3 / Market trends

The consumer electronics market depends heavily on product innovation cycles and household ownership rates. Innovation and its impacts are inherently hard to predict.

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

Innovations or societal events can disrupt the "purchase-maturity-replacement-multiple device" growth cycle, producing strong acceleration or deceleration effects. For example, the global health crisis in recent years has resulted in a huge increase in remote working and learning from home, which has led to a sharp growth in ownership of multimedia products in 2020 and 2021. Having peaked at the end of this period, the market slowed in 2022. This has also led to an upgrade in IT products (a trend toward thinner and lighter computers, with superior screens and greater processing power, the growth of gaming computers, etc.).

Over the past few years, cycles have become shorter and shorter and consumers are now replacing their electronic devices at an ever-increasing rate. This can be seen in the explosion of the smartphone market, which has given rise to new product categories, with a surge in demand for connected devices in particular.

The smartphone market experienced a fall in volumes, but an increase in the average selling price linked to strong sales of premium brands and the launch of foldable products helped to stabilize the market in value terms. It should be noted that 2022 was dominated by significant disruption throughout the year.

Similarly, the post-Covid period marked the return to mobility and travel, resulting in strong sales in travel-related products. As such, the headset market has experienced sustained growth since the end of 2022, a trend that is expected to continue.

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

The health crisis also resulted in a significant increase in the amount of time spent at home, and the closure of theaters and cinemas created a desire among consumers to purchase entertainment products, generating high demand for wide-screen televisions and games consoles.

(1) At 31%, source SELL (Syndicat des éditeurs de logiciels de loisirs, the leisure software publishers' syndicate), end of November 2021.
(2) GfK, annual conference, February 2023.
(3) Fevad, 2022 e-commerce balance sheet published on February 7, 2023.

Over this period, Gaming also benefited from the strong enthusiasm for the new generation of Playstation and Xbox consoles, which were released at the end of 2020. However, these were then particularly affected by inventory shortages affecting the entire industry. The situation is expected to return to normal in 2023.

The white goods market is primarily dependent on consumers replacing household equipment, although it has been significantly boosted – mainly with regard to built-in and integrated appliances – by the sustained trend toward redesigning fitted kitchens and the buoyancy of the new-build and renovation real-estate markets. The small domestic appliance sector is characterized by two major structural trends, the first affecting household chore-related appliances such as vacuum cleaners, which is mainly driven by end-of-life renewals, and the second, which involves pleasure purchases, or even festive buying, such as hair appliances, which is driven by innovation and advertising in all forms.

For the white goods market, 2022 appeared to be a year of consolidation after a particularly remarkable year of exceptional double-digit growth in 2021. The post-lockdown enthusiasm and shortages of products, or even components, strongly stimulated demand in 2021, with purchase expectations that naturally did not reoccur in 2022.

Over the last 10 years, the average selling price in the large domestic appliances category has always fluctuated between erosion and stability. However, since 2018, a new phenomenon has occurred; a solid and uninterrupted rise in the latter, a trend that is accelerating (+6% in 2021 and 2022 compared to +1% in 2018 and +2% in 2019). In 2022, the small domestic appliances category suffered from sluggish consumption linked to uncertainties about the future (inflation, armed conflict, erosion of purchasing power, rise in energy prices, etc.) which had a direct effect on so-called impulse/pleasure purchase categories in areas such as food preparation (food processing), espresso machines and certain health/beauty/fitness categories.

Over the past two years, suppliers of large and small domestic appliances have significantly increased the period for which they hold spare parts and have also improved the reliability of household appliances. Consumers are increasingly encouraged to extend the life span of their devices by asking for after-sales services. This has also contributed, at least in the short term, to reducing the sales volumes of products, particularly in large domestic appliances, but this new phenomenon is only expected to be temporary, since the efforts made over many years to significantly reduce the electricity and water consumed by such appliances are expected to boost volumes. In fact, a category A refrigerator in 2022 consumes approximately 75% less electricity than a 15-year-old appliance.

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

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

The book market is highly sensitive to in-store impulse purchases. After a year of very strong growth in 2021, the book market increased in 2022, but still remained well above its pre-Covid value. In fact, according to Banque de France figures, the book market posted growth of +2.2% in 2022 compared to 2021 and +8.5% compared to its pre-crisis level. In 2022, the market benefitted from an increase in the number of beneficiaries of the Culture Pass, a system introduced in May 2021 that allows all 15- to 18-year-olds to benefit from a voucher of up to €300 to spend on books, audio and video products or shows in all Fnac stores in France.

Despite the increase in digital practices and the ongoing decline in the CD format, the physical music market benefited from the return of vinyl. K-Pop (abbreviation of Korean Pop) and French urban music are two major trends in the music release market in France.

Despite a slight upturn in 2022, the video market remains well below its pre-Covid value. In addition to the continued rise of digital platforms, the market was penalized by a very late and slightly muted recovery in new cinema releases.

There has been an acceleration in the Group's diversification in recent years, in two segments in particular:

- the Toys and Games market is driven by board and family games, construction sets, and figurines;
- the rapidly growing Urban Mobility market is driven by manufacturers' innovation (electric bicycles, electric scooters, electric mopeds) and by public policies that seek to cut down on the use of cars in city centers (reducing pollution, noise and traffic in city centers, providing French government subsidies for the purchase of "green" modes of transport). The health crisis in 2020 promoted the use of alternatives to public transport such as bicycles, scooters and electrically assisted vehicles. This trend continued in 2021 thanks to the sustained increase in remote working, which gives people the freedom to choose their method of transportation depending on their preference and/or the weather, removing the limitations of a monthly or annual travel card.

1.4.3 / A DIVERSIFIED PRODUCT AND SERVICES OFFERING

The Group is able to provide a balanced offering, built around product categories with complementary growth and margin profiles, across different distribution channels, including own stores, franchised stores, Group websites, and Marketplace.

The Group sells not only new products but also "second life" products in all of the product categories mentioned below, thus meeting consumers' high expectations as well as the obligations set out in the French Anti-Waste Law for a Circular Economy (*loi anti-gaspillage pour une économie circulaire* – AGEC). This management of unsold and so-called "non-saleable" (obsolete, outdated, etc.) products has become a priority development area for the Group in recent years. The "second life" business, which is growing rapidly, is developing several recovery channels: reselling reconditioned products sourced from partners (suppliers, reconditioning partners), recovering products from consumers with offers to buy back their old equipment and making donations to charity.

1.4.3.1 / Consumer electronics offering

Both the Fnac and Darty brands are leaders in the retail of consumer electronics, which includes photography, TV & video, sound, computing, telephony and connected devices. In 2022, the Group generated consolidated revenue of €3,830 million from consumer electronics sales, representing more than 48% of its consolidated revenue.

The Group is at the core of the innovation strategy of its French and international suppliers, as it is well known for its expertise. On the one hand, customers appreciate the knowledge of the in-store salespeople and after-sales service and, on the other, suppliers recognize Fnac Darty as one of the retailers providing the best in-store sales experience. Since 2021, the Group has additionally rolled out a nationwide video service across all of its integrated Fnac and Darty stores with the aim of bringing the expertise of its salespeople to its e-commerce sites.

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

In France, the Group is a major retailer of Apple products, and, for example, has entered into an agreement to set up dedicated Apple areas (shop-in-shop) in its Fnac stores. Under this agreement, Apple provides the merchandising for these areas and supplies and pays facilitators, who provide demonstrations but do not perform any sales-related tasks. The terms and conditions of the supply agreement entered into with Apple are similar to those of Fnac's agreements with its other suppliers. The second wave of this program was launched in 2022.

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

This method of collaboration, which was extended to other strategic suppliers such as Google and Samsung, means that the suppliers bear the costs of merchandising or promotions at the point of sale.

1.4.3.2 / Editorial products offering

Physical products offering

Editorial products include books, music, video, and gaming products. In 2022, the Group generated consolidated revenue of €1,344 million from the sale of editorial products, representing around 17% of its consolidated revenue.

Fnac, France's leading bookseller [(1)], leads the way in its markets, offering the largest range on the market with almost 500,000 titles sold. In 2022, the Group sold more than 50 million books in France.

Fnac is the leading record store in France with a catalog of nearly 140,000 titles.

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

In the gaming segment, Fnac has a catalog of 6,700 titles in France, including 2,000 second-hand video game titles.

Digital offerings

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

(1) *Source:* Livres Hebdo, *July 2022, ranking of 400 booksellers in France.*

Fnac Darty also digitalized its cultural promotion with the launch, in 2021, of L'Éclaireur Fnac (https://leclaireur.fnac.com/), a digital medium for facilitating informed opinions and educated choices. The objective of this medium is to help readers by providing content designed to inform their opinions and choices on major cultural and technological issues. This platform is supplied with existing prescriptive content, such as that from Claque Fnac or Labo Fnac, but also with new content that help to strengthen online interactions with customers.

1.4.3.3 / Domestic appliances product offering

White goods include small and large domestic appliances. Large domestic appliances include products such as refrigerators, washing machines, dishwashers, dryers, microwaves, and cookers. Small domestic appliances include the Floor Cleaning segment with vacuum cleaners; kitchen appliances and accessories, such as food preparation appliances; the breakfast universe with coffee makers and espresso machines; and laundry care with, for example, irons; in addition to beauty and health products, such as hair dryers and electric razors. In 2022, the Group generated consolidated revenue of €1,639 million from domestic appliance sales, representing around 21% of its consolidated revenue.

Sales of large domestic appliances were mainly related to product replacement and the behavior of the fitted kitchen market (the multiple lockdowns and, currently, remote working have accelerated its revival). The small domestic appliances segment is sensitive to the innovation cycle. At low points in the innovation cycle, sales in this segment are fiercely competitive, with the market being boosted further still by prices. The over-equipping seen in 2021 (as a result of the closure of restaurants and remote working still being an everyday occurrence), mostly in the areas of breakfast, kitchen and cooking equipment, combined with the reduced level of innovations being brought to market (as the brands opted to defer their innovation programs to facilitate a return to more normal levels of industrial production) resulted in sales dropping in 2022.

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

The Group is committed to manufacturing solid own-brand products by integrating Corporate Social Responsibility criteria into the processes and documents that frame its supplier relations in order to guarantee the safety and satisfaction of its customers during their use of these products. As such, Fnac Darty and Nature & Découvertes conducted audits of factories that manufacture own-brand products for the Group, primarily based in China. All the actions put in place are outlined in section 2.5.4.2 "Prevention and mitigation measures" of this document.

1.4.3.4 / Other products and services

The Group has also continued its efforts to enrich its products and services offering. In 2022, other products and services accounted for some 14% of the Group's consolidated revenue.

A / Services and subscriptions

Repair services

The Group's after-sales service is centralized and is delivered through five after-sales service workshops (four of which are repair workshops and one a subcontracting hub), one central spare parts warehouse and more than 100 technical centers in France.

Darty is the leader in France in after-sales service. The brand offers an in-store repair and support service at designated counters and workshops that provide customers with immediate repairs, rather than sending the products to a repair center. At the end of 2022, the Group had 16 Darty service areas. Furthermore, both brands offer in-store or at-home training services, and installation of equipment at home.

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

In late 2019, Darty launched a brand-new subscription-based repair service that was initially aimed at extending the life span of large domestic appliances. Named Darty Max, this service is available from all of Darty's integrated and franchised stores across France. In June 2021, the Group subsequently expanded Darty Max to include new product categories: small domestic appliances, home cinema TV, sound, photography, and multimedia. As a result of this expansion, three separate offers are now available to customers: Darty Max Essentiel at €9.99 per month incl. tax, Darty Max Évolution at €14.99 per month incl. tax, and Darty Max Intégral at €19.99 per month incl. tax. The Group also relies on B2B partnerships to roll out Darty Max on a larger scale. As such, the first distribution agreement was concluded in 2021 with Sofinco, a subsidiary of Crédit Agricole SA specializing in consumer finance, enabling the Group to offer Darty Max to a wider audience thanks to Sofinco's specialist expertise and its customer base. In addition, in 2021, the Group launched two Vanden Borre Life offers in Belgium: one covering repairs for large domestic appliances and the second extending this to include televisions.

These complementary offers aim to better meet customers' expectations in terms of repairs, but they also represent another step toward Fnac Darty's transformation of its business model. The Group firmly believes that a more circular economy creates jobs and value, and it is more committed than ever to extending the life span of products.

Since June 2022, the Group has sold its Darty Max service in all its integrated Fnac stores in France, as well as in Darty stores and on its e-commerce sites. Furthermore, the Group has enhanced its offering by incorporating an unprecedented preventive maintenance service, using video consultation to identify at-risk products, maintain them better and anticipate breakdowns, so as to extend the life span of the product. As a result, at the end of December 2022, the Group had more than 800,000 subscribers registered for the Darty Max repair service. To support the increase in the number of repaired products, 2.3 million in 2022, the Group is intensifying its training and recruitment of repair technicians; this year it opened its own apprentice training center for domestic appliance repair professionals, based on the Group's expertise.

Insurance and warranty

Both brands sell warranty extensions in addition to the statutory warranty. Depending on the type of product in question, the extended warranty service enables the customer to have their appliance repaired or be paid the full replacement value, for a specified period of up to five years. However, take-up of this service is in decline as a result of the increase in subscriptions to the Darty Max repair service.

The brands also offer insurance policies for damage/theft and loss of telephony and multimedia devices, which can be combined with service packs for even greater speed, added peace-of-mind and enhanced benefits.

Financing

Fnac Darty offers its customers financing solutions to make technological innovations and the best products accessible to as many people as possible, notably in partnership with Crédit Agricole Consumer Finance in France.

Financing solutions enable customers to pay for their purchases in several monthly installments (between 2 and 36 months), as they wish. During promotional periods, the cost of financing is met by Fnac Darty.

Among the financing solutions available both in-store and on the Group's e-commerce sites, customers can subscribe to a Fnac MasterCard or Darty Visa card. In addition to the option to pay in several installments, this card allows customers to benefit from loyalty benefits for each purchase made (in Fnac Darty or elsewhere), for example, Fnac loyalty vouchers or Darty gift cards.

Access to financing is granted by the banking partner, particularly Crédit Agricole Consumer Finance in France, after the customer's solvency has been verified and other regulatory checks carried out.

Rental

Fnac Darty has offered a long-term rental offering (12 or 24 months) since 2018, in partnership with Crédit Agricole Consumer Finance in France. The offering focuses on the following product categories: telephony, micro-computing, tablets, smart watches, vacuum cleaners, urban mobility.

This offering is particularly well-suited to customers who renew their equipment on a regular basis and wish to remain at the cutting edge of technology.

The products are reconditioned at the end of the rental period and reintroduced into the second-life loop.

Access to the long-term rental service is granted by the banking partner, particularly Crédit Agricole Consumer Finance in France, after the customer's solvency has been verified and other regulatory checks carried out.

Subscriptions

With digital technology assuming an increasingly important role in customers' lives, Fnac Darty has developed a comprehensive range of services to support customers in connection with product categories such as computers, telephones, and televisions, in which the Group operates.

Both the Fnac and Darty brands offer their customers subscription-based solutions to protect their digital lives. Firstly, insurance against damage and theft can be taken out when purchasing a device. To ensure our customers' digital habits are safe, Fnac Darty has developed and marketed the "Serenity Pack," available in a single or dual version. It includes an unlimited cloud solution, antivirus software, a password manager, and an optional exclusive offer on Microsoft's Office Pack. This subscription has been extremely popular since 2020, in line with the strong momentum for purchasing equipment to allow remote working. This service can be supplemented by subscriptions for consumables that, for example, provide automatic delivery of ink cartridges when ink levels are low.

Furthermore, Fnac Darty is positioning itself as an intermediary by offering internet and telephony subscriptions (in partnership with Free and Bouygues Telecom), as well as subscriptions for Canal+, Deezer, Kobo+ and Microsoft Xbox All Access.

Lastly, Darty launched a subscription-based repair service, Darty Max, at the end of 2019 (see the above paragraph on "Repair services").

B / Fees

Marketplace

Marketplaces, which are intermediary platforms linking buyers and sellers, support the brand's online strategy by increasing the depth of the product range available on the sites and the number of items available to online shoppers. This helps increase the website's traffic and visibility and contributes to customer loyalty. As such, more than 17 million active products are available through the Group's Marketplaces.

The revenue generated by Fnac Darty comes from a percentage of the commissions taken by the Group on sales made by Marketplace sellers as well as from a monthly subscription.

Across all the Group's e-commerce sites, the platforms enable more than 4,000 professional sellers who meet Fnac and Darty's service quality criteria and are managed by dedicated teams, to be listed and to use the website as a sales interface, making the most of the Group's visibility, reputation and transaction security in all the countries in which it operates.

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

The Group is committed to selecting responsible resellers on its Marketplace. This is to ensure the security of transactions and help fight money laundering and the financing of terrorism, in accordance with the ACPR (French Prudential Supervision and Resolution Authority). All the actions put in place are outlined in section 2.5.4.2 "Prevention and mitigation measures" of this document.

Franchise

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

At the end of 2022, Fnac Darty had 420 stores operating as franchises, i.e. 43% of its total store network. The Group's strong presence across regions, through its vast store network, contributes to the local, social and cultural economy by creating jobs and widening access to culture for as many people as possible.

C / Customer loyalty

Membership cards

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

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

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

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

At the end of December 2022, Fnac Darty boasted a substantial membership base of over 10 million members in total, including 7 million in France. The number of members more than doubled over the 2010-2020 period. Every year, Fnac Darty works on expanding its loyalty programs and its membership base, ensuring a real competitive advantage for the Group. Since February 15, existing and future Fnac customers, members and subscribers have thus benefited from a new relationship platform, Fnac & moi. This includes a responsible loyalty voucher, which means that it rewards, via a credit in euro, each customer's more responsible behavior, such as purchasing a second-hand product, choosing click&collect delivery or using the Group's after-sales service to repair a product.

At the end of December 2022, Fnac+ and Darty+ had 2.4 million members.

D / Other activities

Kitchen

In 2007, Darty opened its first in-store space dedicated to Kitchen. Darty's Kitchen offering complements its white-goods offering and allows it to capitalize on the Group's expertise and brand image. The roll-out continued in 2022 with the opening of 11 new spaces in France, 6 of which are dedicated exclusively to this offering. At the end of 2022, the Group had more than 195 Kitchen points of sale, including 38 stores dedicated exclusively to this offering. At the same time, Vanden Borre in Belgium also has a kitchen offering with 25 Vanden Borre Kitchen stores at the end of 2022, all of which are operated as franchises.

Ticketing

Fnac also provides customers with a ticketing and box office offering via the company France Billet (B2C sector), which is the leading French ticketing and box office seller for shows and events, the company 123Billets, administrator of the website Billetreduc.com (which sells cut-priced tickets) and the companies Tick&Live and CTS Eventim France in the B2B sector.

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

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

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

Ticketing activity was heavily penalized in 2020 due to the restrictive measures that have affected the entertainment industry. These measures remained in force until the end of the first half of 2021 then again at the end of 2021. With the total lifting of restrictions at the end of the first quarter of 2022, the Group recorded a recovery in ticketing sales, which returned to levels verging on those seen before the pandemic.

At the same time, and to offset the impact of the health crisis on the entertainment industry, the Group continued with its efforts to support the world of culture. As a result, Fnac launched L'Éclaireur Fnac (https://leclaireur.fnac.com/), a digital medium that supports consumers by providing content intended to inform their opinions and choices on cultural issues. The website had an average of close to 800,000 visits per month in 2022. In the context of health restrictions affecting the world of culture and entertainment in particular, this platform has enabled the Group to present its events in new hybrid formats, such as Fnac Live's 10 livestream concerts, which recorded more than 500,000 views.

Finally, the Group has recently signed a partnership agreement with the organizing committee for the Paris 2024 Olympic and Paralympic Games to be an official supporter of the games. Ahead of the Paris 2024 Olympic and Paralympic Games, Fnac Darty wants to develop initiatives for the Cultural Olympiad. For the duration of the Paris 2024 Olympic and Paralympic Games, the Group also undertakes to contribute to the athlete experience by offering services inside the Athletes' Village. Just as they do for French people every day, Fnac Darty's teams intend to supply the Village with small and large appliances, including some products from IOC TOP Partners, so that the athletes and their delegations can enjoy the best possible stay. True to its commitment to informed and sustainable consumption, Fnac Darty will also be on hand to provide after-sales service for the Village.

Toys and Games

Since November 2011, Fnac has offered a range of toys and games that have been selected to meet our customers' expectations and to be in line with our brand DNA that revolves around culture, creativity, fun and education. These are available in our stores either in dedicated "Fnac Kids" areas – which provide games, toys, books, DVDs and CDs for children in a single space with a specific layout focused on welcoming very young children – or in toy departments, and also on our website.

Stationery & Leisure

Fnac also offers a range of stationery in sixty integrated and franchised points of sale. All essential school supplies can be found in these areas, which have also been extended to meet the new consumer expectations for office/remote working products. To this end, a more inventive range has been developed in order to inspire all generations and uses. Finally, based on its market positioning, Fnac is offering an increasingly broad range of artistic leisure products.

And in order to enhance the customer's experience of the brand, the gift/decoration/luggage offering, which has been introduced in 30 selected stores since 2019, is working with the Stationery team to develop a comprehensive gift-oriented offering to meet all budgets, and also to provide a more consistent and coordinated response to seasonal trends.

Six Nature & Découvertes shop-in-shops are now located in our stores, enabling the Group to strengthen its product offering around the Well-Being and Natural Products segments, themes that are increasingly important for consumers.

Lastly, the gift boxes offer also helps to meet consumers' needs in relation to gastronomy, travel, and well-being.

Urban Mobility

Since 2017, Fnac Darty has made a significant contribution to developing the market for scooters and democratizing soft/urban mobility vehicles (hoverboards, electric unicycles, etc.).

Since 2019, Fnac Darty has strengthened its positioning in the mobility market by developing a range of scooters, particularly with the Xiaomin brand, and electric bicycles, with the Vélair brand and the exclusive launch of the Angell Bike 2020. Fnac Darty has also expanded its offering in the urban mobility segment, signing a unique partnership with Citroën to exclusively market the launch of Ami, the car manufacturer's fully electric mobility solution.

The first Fnac and Darty Mobility concepts were launched at the end of 2020 in the Darty République and Fnac La Défense stores, establishing this category as a genuine product range in our stores.

Since 2021, the range has continued to expand and the Group now offers an extensive soft mobility ecosystem: scooters for specific purposes (urban, road, sports), electric bicycles with the entry to the market of brands such as Peugeot, Levelomad, Iweech, other electrical equipment such as electric skates, glide bikes, hoverboards, and a range of essential accessories to accompany the sale of these products to promote safety (helmets, anti-theft devices, lights, hi-vis clothing and bags) and durability (spare parts). Also essential for supporting this growth and offering the most comprehensive service to our customers are services (primarily insurance against damage and theft) and repairs.

In this regard, in 2022 the Group partnered with Repair And Run, a start-up specializing in the repair and maintenance of bicycles and electric scooters, and established three corners, in one Fnac store (Bordeaux) and two Darty stores (République and Rouen Tourville), and by providing services directly through our after-sales service counters in a selection of stores. This partnership is fully aligned with the Group's commitment to extending the life span of its products. The Group also invested in training its teams through the Fnac Darty Academy; a total of 140 salespeople benefitted from a practical, hands-on training day.

The year 2022 provided the opportunity to continue rolling out this concept in 35 stores across both brands and to explore new markets such as electric mopeds via a rental service and our partner Zeway in Paris and the surrounding area, then with new market players such as Volt, Brumaire and soon Seat.

1.4.4 / GEOGRAPHICAL BREAKDOWN

The Group benefits from the complementarity of the network of its three principal brands in France – Fnac, Darty and Nature & Découvertes – with stores in different formats based in city centers, shopping malls and retail parks, as well as in train stations and airports, in order to adapt to the traffic in each area served. The Group also has 7 Proxi Darty outlets in System U hypermarkets, 8 Proxi Darty outlets in Intermarché stores, as well as 1 Fnac shop-in-shop within an Intermarché store, 22 Proxi Fnac outlets in Intermarché shopping malls and 3 Proxi Fnac outlets in Carrefour shopping malls. Alongside this, in November 2018 Fnac Darty opened 2 Darty shop-in-shops in the Carrefour hypermarkets of La Ville-du-Bois and Limoges.

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

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

1.4.4.1 / Presence in France and Switzerland

The Group has a network of 826 stores in the France and Switzerland region, 414 of which were operated as franchises at the end of 2022.

The Fnac brand has 226 stores, while Darty has 486 stores and Nature & Découvertes has 104 stores [1]. The store network expanded with the opening of 50 stores over the period, including 45 operated as franchises – 24 Darty franchised stores, 18 Fnac franchised stores in mainland France and French overseas territories, including 7 Fnac Proximity format stores, 8 Fnac Travel retail stores, 6 Fnac traditional stores and 3 Nature & Découvertes franchised stores, 2 of which are in French overseas territories. The first Fnac Darty store was also opened in 2017. Managed from France, the Fnac brand also developed franchises in other international markets such as Congo, Cameroon, Ivory Coast, Tunisia, Senegal and Qatar. In 2022, the Group continued its expansion in the Middle East with the opening of its third Fnac store in Qatar, in partnership with Darwish Holding, a pioneer in mass-market retail and retail in the Middle East, and in Africa, with the opening of the second Fnac store in Senegal in partnership with Mercure International, a leading wholesale distributor and retailer with a large presence in Africa. The Group previously collaborated with the company when launching its brands in Congo and Cameroon.

In late 2020, Fnac launched a test phase with Manor lasting several months, for the roll-out of 4 shop-in-shops in Switzerland. At the end of this successful pilot phase, the partnership continued with the opening of 9 new shop-in-shops in 2021 and 14 additional shop-in-shops during the first half of 2022. This partnership is helping both brands to strengthen their respective positions in the Swiss market. However, the difficult economic climate in Switzerland, with a particular impact on Manor, led the Group to refocus its partnership on 17 priority points of sale for both brands by the end of the first half of 2023, mainly in French-speaking Switzerland.

The Group recorded more than 53 million checkout transactions in Fnac and Darty stores in the region in 2022. At the same time, the Covid crisis resulted in increased traffic on digital platforms, which nevertheless normalized in 2022. As a result, Fnac Darty is the third biggest e-commerce player in France in terms of the average number of unique visitors per month [2].

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

Key figures	2020	2021	2022
Revenue	€6,227.9 million	€6,700.9 million	€6,613.3 million
Current operating income	€193.8 million	€244.6 million	€202.6 million
Operating margin	3.1%	3.6%	3.1%

(1) Including 4 stores in Belgium, 1 store in Luxembourg, 1 store in Portugal, and 7 franchises in Switzerland.
(2) Fevad, cumulative average for Fnac and Darty for 2022.

1.4.4.2 / Presence in the Iberian Peninsula

At the end of December 2022, the Group had a network of 75 Fnac stores in the Iberian Peninsula, including 2 new integrated stores in the region that opened during the year.

The Group recorded more than 13 million in-store checkout transactions in 2022. Both the Fnac Spain and Fnac Portugal subsidiaries have an e-commerce website (fnac.es and fnac.pt).

The first Nature & Découvertes store in Spain opened in 2019, in the form of a shop-in-shop in a Fnac store in Barcelona and another opened in San Sebastian at the end of 2022. Finally, the first Nature & Découvertes store opened in Lisbon, Portugal in 2021.

Key figures	2020	2021	2022
Revenue	€653.8 million	€701.5 million	€719.6 million
Current operating income	€8.4 million	€10.8 million	€16.9 million
Operating margin	1.3%	1.5%	2.3%

1.4.4.3 / Presence in Belgium and Luxembourg

At the end of 2022, the Group had a network of 86 stores under the Fnac and Vanden Borre brands in Belgium and Fnac in Luxembourg.

Diversification also remains a development factor in Belgium, where the roll-out of corners dedicated to small domestic appliances continued in 2022.

The Group recorded nearly 5 million in-store checkout transactions in 2022 and each brand has a website.

Key figures	2020	2021	2022
Revenue	€608.9 million	€640.1 million	€616.5 million
Current operating income	€13.1 million	€15.4 million	€11.1 million
Operating margin	2.2%	2.4%	1.8%

1.5 / Group strategy and objectives

In February 2021, the Group launched its strategic plan Everyday for 2025. This reflects the Group's ambition to be – both on a daily basis and over the long term – consumers' key ally, helping them to be sustainable in their consumption habits and in their daily household tasks.

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

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

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

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

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

Fnac Darty intends to put the advisory role of its salespeople at the heart of the customer's digital experience, with the aim of building an ever more personalized relationship of trust with consumers on these channels. Chats and video calls with salespeople, as well as the creation of content on cultural recommendations on its digital platform L'Éclaireur Fnac strengthened online interactions with customers.

In addition, the IT resources available to expert salespeople will be boosted to provide a response tailored to every in-store customer (order pick-up, after-sales service, repair needs, specific search, etc.). In doing so, Fnac Darty is enhancing its role of providing the customer with well-informed, independent advice appropriate to their uses and needs.

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

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

In this way, the Group will be at its customers' side every day, in-store and on the web, to help them make educated choices, backed by the expertise of over 5,000 salespeople in France.

1.5.2 / HELPING CONSUMERS ADOPT SUSTAINABLE PRACTICES

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

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

Customer choices will be geared toward more sustainable products thanks to sustainability scores, which will be visible both online and in-store and is expected to reach 135 by 2025 (compared to 115 in 2022). These scores are based on our after-sales repair database – the only one on the market – which rates products on their reliability and the availability of spare parts. It is a unique and independent indicator created by Fnac Darty, which weights the volumes of each product sold in the year of the sustainability score.

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

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

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

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

Fnac Darty laid the foundations for this service for large domestic appliances with the launch of Darty Max at the end of 2019. This was followed by the launch of Vanden Borre Life in Belgium in early 2021. The Group expanded its Darty Max offer in 2021 to include new product categories: small domestic appliances, home cinema TV, sound, photography, and multimedia. As a result of this expansion, three separate subscriptions are now available to customers: Darty Max Essentiel at €9.99 per month incl. tax, Darty Max Évolution at €14.99 per month incl. tax, and Darty Max Intégral at €19.99 per month incl. tax. These supplementary offers aim to better meet customers' expectations in terms of repairs and can cover the entire home environment. In 2022, the Group further expanded its offering by incorporating an unprecedented preventive maintenance service [(1)], using video consultation. This makes it possible to identify at-risk products and maintain them better, extending their life span by preventing breakdowns. While 47% to 70% of breakdowns and requests for assistance under warranty [(2)] are caused by a lack of maintenance or poor use, maintaining devices is a strategic approach to extending their life spans. In order to do more to support more sustainable consumption in the home, the new Darty Max scheme now covers devices of all ages, with no limitations based on the availability period for spare parts, from Group brands or other retailers. Lastly, from this year, Darty Max is now available in all integrated Fnac stores in France, in addition to Darty stores and the Group's e-commerce sites. As such, at the end of 2022, Fnac Darty had more than 800,000 subscribers to the Darty Max repair service and has set itself the target of having at least 2 million Darty Max subscribers by 2025.

The Group also relies on B2B partnerships to achieve this objective. One such example of this is the distribution agreement signed at the beginning of 2021 with Sofinco, a subsidiary of Crédit Agricole SA specializing in consumer finance, which is enabling Darty Max to be rolled out on a larger scale thanks to Sofinco's specialist expertise and its customer base. At the end of 2022, Fnac Darty also signed a partnership with HomeServe to facilitate the installation of domestic appliances and extend their life span. Free trials of HomeServe services are being conducted in Darty stores to remove any potential sticking points and facilitate the installation of equipment in the home, and the Darty Max subscription service will be offered to HomeServe customers to help them extend the life span of all their domestic appliances.

(1) At no additional cost in relation to the initial subscription.
(2) Depending on the product category. Source: Ademe, 2022.

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

To make it a success, the Group will rely in particular on its in-depth knowledge of services, benefit from its unrivaled distribution network, capitalize on its ability to carry out high-quality repairs directly, and take advantage of its expertise in subscription management.

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

1.5.4 / FINANCIAL OUTLOOK AND MID-TERM AMBITIONS

Against the backdrop of the Covid crisis in 2020 and 2021, fulfillment of the various objectives listed below relies on the following assumptions: no new prolonged lockdown periods or store closures, no significant break in the supply chain, and no lasting downturn in consumer confidence levels.

The year 2022 was marked by a particularly high level of inflation and pressures on purchasing power, which particularly affected the Group's level of activity at the end of the year.

With Everyday, Fnac Darty aims to:

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

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

- cumulative free cash-flow from operations [1] of approximately €500 million over the 2021-2024 period [2];
- free cash-flow from operations [3] of at least €240 million on an annual basis from 2025.

This growth in cash generation, along with a level of debt that will remain controlled and sustainable for the Company over the long term, with maximum leverage of 2.0× [4], will enable it to finance its activity through external growth operations and ensure a regular return to shareholders.

Fnac Darty will propose that the General Meeting scheduled for May 24, 2023 approves the distribution of a dividend of €1.40 per share. This amount represents a payout ratio of 38% of net income, Group share from continuing operations, in line with last year and with the shareholder return policy set out in the strategic plan Everyday.

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

The outlook for the Group is detailed in section 4.3 "Recent events and outlook" of this document.

(1) Excluding IFRS 16.

(2) Considering that 2022 was another year of crisis, linked to a particularly high inflationary environment that led to a slightly negative FCF level in 2022, the Group extended the period initially set for generating cumulative FCF of around €500 million from 2021-2023 to 2021-2024.

(3) Depending on the product category. Source: Ademe, 2022.

(4) Ratio (net debt/current EBITDA) excluding IFRS 16 which will be assessed at the end of June each year.

1.6 / Innovation, brands, research and development

1.6.1 / INNOVATION, A GROUP PRIORITY

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

1.6.1.1 / An ambitious Open Innovation approach

The Group initially formulated an Open Innovation approach to support the business lines, based on an internal network of approximately 50 Innovation Ambassadors representing each department, an external network of VC fund partnerships (with Daphni, Raise, 50 Partners, Plug & Play, BPI, Spring Invest, Partech Partners, etc.), and the introduction of tools to facilitate the launch, roll-out, and monitoring of proof of concept (POC). This approach is overseen by a committee that meets monthly, chaired on a rotational basis by a Comex member, and comprises around 50 members. The committee has its own budget funded by the Strategy and Transformation Department.

Since adopting this approach, approximately 15 POCs have been conducted each year. A proactive approach is taken to identifying start-ups that meet the needs of the business lines, with help from our partners, particularly Daphni and Raise Seed for Good, in which Fnac Darty invested in 2016 and 2022 respectively. Collaborations with start-ups are structured and monitored to maximize the organization's ability to successfully roll out their solutions, initially as a POC and then on a large scale.

Examples of key POCs in 2022 include the collaboration with the start-up Ubleam to set up a digital after-sales service log in augmented reality for Darty Max subscribers, to provide all the technical information required to use, maintain and repair their devices as best they can via a QR code installed on each device. The Group is also working with the start-up Greendid so that certain consumer electronics (smartphones, tablets, computers, etc.) can be part exchanged online via fnac.com for an immediate discount.

In addition, the acculturation of as many employees as possible is promoted through monthly monitoring, dedicated meetings (innovation lunches, external speakers) and Fnac Darty's participation in various events to promote the relationship between major groups/start-ups and innovation. For example, several Innovation Awards were won this year, including the BFM Grand Prix Focus Retail in the 2022 Retail Transformation category for our Darty Max service, and the LSA Trophy for innovation for our Fnac communication campaign "Libérons la culture" ("Let's free culture").

Lastly, in addition to collaborating with start-ups and VC funds, Fnac Darty is committed to fostering more disruptive innovation in its business lines through discussions on the development of new activities in line with the in-house start-up model, or even on Web3 and its implications. Fnac Darty has, therefore, recently invested in Minteed, which is building a comprehensive and easy-to-use technology suite to democratize the adoption of the Web3 by players in the cultural and creative industries and allow them to create, protect and value their work, engage their communities and train their employees. With this investment, Fnac Darty is renewing its pioneering commitment to inventors, supporting them in the valuation, protection and promotion of their inventions across all available channels, in line with its fight for cultural pluralism in all its forms.

1.6.1.2 / A data-driven strategy

The new frontier of digital innovation and transformation is that of data.

In 2021, the Group adopted a comprehensive data strategy, which aims to enable Fnac Darty to become data fluent. The challenge is twofold: enabling better management of activities on a daily basis by the large majority via the use of data-driven analyses, and accelerating advanced uses of data via artificial intelligence (AI).

Initiatives were implemented in 2021 to that end, such as optimizing the fnac.com search engine, improving the management of promotions, and better prioritizing after-sales service calls by means of dedicated AI built within the Group. To fulfill this data ambition, Fnac Darty is strongly committed to the Move to Cloud and to restructuring its data models. At the same time, data knowledge and data quality were improved in 2021 through the introduction of a governance system and dedicated action plans, particularly in terms of customer data.

To accelerate this trajectory in 2022, the Group recently signed a strategic partnership with Google, based on three pillars:

- rolling out the Google Cloud Retail Search solution on the fnac.com and darty.com sites in order to continuously improve customer satisfaction and increase conversion, thanks to improved performance on the part of its search engines;
- integrating data analysis and processing tools, machine learning (ML), and artificial intelligence (AI) to improve both operational efficiency and the customer experience, and to drive innovation in terms of the services provided;
- staff training and education on relevant issues and on the data and AI culture using Google's experience.

The aim of this new partnership focusing on the use of data is to accelerate the digital transformation of the Group against a backdrop of far-reaching change in business, to boost and increase its capacity for innovation through its wealth of data, and to offer its customers enhanced offers, experiences, and services.

1.6.2 / BRANDS, RESEARCH AND DEVELOPMENT

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

The Group owns a portfolio of 1,127 brands [(1)] that are registered worldwide, primarily under the names "Fnac," "Darty," "Nature & Découvertes" and "WeFix" and the variations thereof that it uses in its commercial offerings.

The Group also owns a portfolio of over 1,495 domain names.

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

The brand and domain name portfolios of the four "Fnac," "Darty," "Nature & Découvertes" and "WeFix" brands are managed coherently and centrally by the Group's Legal Department.

(1) Excluding WeFix, which has 15 brands.

1.7 / Store network and proprietary real estate

1.7.1 / STORE NETWORK

As its geographical coverage is a major asset of its omnichannel platform, the Group plans to continue expanding its development across various formats, primarily through franchises. This operating model limits investment costs while furthering the goal of rapidly increasing Fnac Darty's visibility. The franchisee pays a fee for the use of the brand's distinctive features based on a percentage of revenue at the relevant sales point. There were 420 stores operating under this model at the end of 2022.

With a network of 987 stores, and thanks to the continuous development of its store network, 90% of French consumers now have a Fnac or Darty store less than 15 minutes from their home.

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

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

- the Travel format (railway stations, airports and duty-free areas), with 38 stores at the end of 2022, including 36 in France. The brand has signed a strategic partnership with Lagardère Travel Retail via Aelia and MRW to develop Travel retail stores in France under a franchise operation;
- the Proximity format, with 96 stores at the end of 2022. During this year, the Group opened seven stores in France and was able to capitalize on partnerships concluded with Intermarché and Vindemia for the Proximity format; and
- the Connect format (dedicated to telephony and connected objects), with 11 stores at the end of 2022 in France and abroad. For this new concept, Fnac received the prestigious Janus Award in the Business category from the French Institute of Design. This concept benefited from the partnership signed in 2018 with Bouygues Telecom for the distribution of Bouygues Telecom's offers.

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

At the end of 2022, Fnac had 324 stores in total, including 226 stores in France [(1)]. Fnac opened 24 stores in 2022 (compared to 14 in 2021), including five outside France (1 in Spain, 1 in Portugal, 1 in Belgium, 1 in Senegal and 1 in Qatar). Fnac closed 18 stores in 2022, including 17 in France and one in Spain.

In France, Darty stores are mostly located in highly populated areas and have a strong presence within or are situated close to large cities, such as Paris, Lyon and Marseille. The other Darty stores are generally situated outside of big cities, in shopping malls and retail parks. In order to extend its presence to less populated French regions, particularly those with fewer than 100,000 inhabitants, Darty has also set up a franchise network. This network has allowed it to expand its store network with limited investment and to reach small catchment areas where a classic department store would be too expensive to operate. Darty opened 35 stores in 2021, all in France (33 franchises and 2 directly owned). At the end of 2022, Darty France had 486 stores, including 2 located in Tunisia, and Vanden Borre had 72 stores in Belgium.

(1) Including 11 stores outside France: two in Tunisia, two in Senegal, one in Congo, one in Cameroon, two in Ivory Coast and three in Qatar.

Nature & Découvertes operates across a network of 104 stores, the majority of which (86 stores) are in France. The brand operates all of these stores, with the exception of seven Swiss stores, which are operated by Payot under a franchise agreement. Furthermore, since it was acquired by Fnac Darty, Nature & Découvertes has opened 7 shop-in-shops in Fnac stores (1 in 2021) and 12 stores (6 in 2021), including 2 integrated stores and 4 franchises, enabling it to expand its store network at a limited cost and reach a new audience. The Group opened its first shop-in-shop in Spain in 2019 and its first franchised store in Portugal in 2021, representing two new markets. Three additional franchises were opened in 2021 in Guadeloupe, Martinique, and Reunion. Nature & Découvertes will rely on the Group's existing operational capabilities to continue increasing its geographical coverage and to expand, primarily in France.

Finally, the Group acquired WeFix, the French leader in express smartphone repair, in October 2018. With more than 220,000 repairs carried out in 2022 and 493 employees, WeFix operates a network of 141 service areas, including 72 corners, 10 stores, and 59 shop-in-shops, all of which are in France. In 2022, WeFix opened 2 new sales spaces.

Format	Date of concept	Average surface area	Location	Offering	Number of stores
Fnac network					
Traditional	1974	2,400 m²	City centers – shopping districts	Entire offering	162
Suburbs	2006	2,000 m²	Suburban areas	Entire offering	17
Proximity	2012	300 to 1,000 m²	Towns and smaller cities Large cities to supplement the store network	Entire offering	96
Travel (Aelia and MRW)	2011	60 to 300 m²	Airports and railway stations	Editorial products on hot topics Consumer electronics focused on mobility	38
Connect	2015	80 to 100 m² for dedicated stores	City centers Shop-in-shop	Telephony and connected objects	11
Darty/Vanden Borre network					
Traditional integrated	1968	1,500 m²	Proximity to large cities – shopping malls	Entire offering	223
Franchise	2014	600 m²	Proximity to medium-sized cities	Minimum range	263
Fnac Darty network					
Franchise	2017	1,400 m²	Retail parks	Large and small domestic appliances Editorial products and consumer electronics TVs	1
Nature & Découvertes network					
Traditional integrated	1990		City centers – shopping districts	Entire offering	90
Franchise	2008		City centers – shopping districts	Entire offering	14

1.7.2 / PROPRIETARY REAL ESTATE

The following table summarizes the areas occupied by the Group as of December 31, 2022, in the various countries where the Group operates. The Group's geographical locations are described more fully in section 1.4.4 of Chapter 1 "Geographical breakdown."

Stores (including franchises)	Number of sites	Customer retail area *(in m^2)*
France [a] and Switzerland [b]	826	800,000
Iberian Peninsula	75	100,000
Belgium and Luxembourg	86	90,000
TOTAL	**987**	**990,000**

(a) Including 13 Fnac and Darty stores located outside France and all Nature & Découvertes stores.
(b) Excluding 27 Fnac shop-in-shops within Manor stores.

Warehouses/Other premises (excluding franchises)		Number of sites	Total occupied surface area *(in m^2)*
France and Switzerland	Warehouses	8	313,000
	Others [a]	70	195,000
Iberian Peninsula	Warehouses	2	32,000
	Others [a]	3	5,000
Belgium and Luxembourg	Warehouses	4	40,000
	Others [a]	1	4,000
TOTAL		**88**	**589,000**

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

Most real estate assets are leased; however, the Group has proprietary real estate including 48 stores, 1 warehouse and 8 other business premises.

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

Fnac Darty is committed to reducing the energy consumption of its stores and is making the necessary investments in this regard. All of these actions are outlined in section 2.3 of Chapter 2 "Reducing our impact on the climate and the environment" of this document.

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

1.8 / Regulatory environment and changes

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

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

By way of example, Fnac Darty has taken into account the entry into force of the European General Data Protection Regulations (GDPR), the provisions of which have been applicable since May 2018 in all Member States of the Union European. The Group has set up a program to organize and coordinate its compliance work Group-wide (see section 2.5.3 of Chapter 2 of the Universal Registration Document). Similarly, the Group will apply the new European regulations for online platforms, particularly the Digital Services Act, published in the OJEU on November 16, 2022.

In addition, the Group's activities in France are subject to Law No. 81-766 of August 10, 1981 relating to book prices. A new book sold in France must have a single price that is determined by the publisher. A seller is allowed to offer a reduction of up to 5% on the price of the book for orders purchased or picked up from a retail book store. This law does not apply to second-hand books or books that are out of print. Furthermore, Fnac Darty actively supported the adoption of the law in France aimed at strengthening the book economy and enhancing fairness and trustworthiness among industry players, which was promulgated in the Journal officiel on December 30, 2021. This law stipulates a minimum delivery fee for home book deliveries. Under the aegis of ARCEP (the French regulatory authority for electronic and postal communications), the Group took part in the consultation conducted before this regulation was drafted, and approved the proposed pricing grid notified to the European Commission by the French government in November. This decree will enter into effect six months after it is published in the *Official Journal.*

In addition, Fnac Darty is monitoring the measures it put in place in 2017 to comply with the French Sapin II law on transparency, anti-corruption and the modernization of business practices. Subject to the law on the duty of care by parent companies and major contractors, Fnac Darty has published an Vigilance Plan since 2018 (see section 2.5.4 "Vigilance Plan" of Chapter 2 of the document).

Fnac Darty is also subject to the extended producer responsibility (EPR) principle, a mandatory scheme under which producers, importers, and distributors are responsible for financing and organizing the management of waste generated by their products. This involves membership of an eco-organization, the payment of an eco-contribution, and, in some cases, the recovery of used products.

The AGEC law enacted on February 10, 2020, created new EPR schemes: in addition to packaging, electrical and electronic equipment (EEE), batteries and accumulators, and furniture, as of January 1, 2022, DIY and gardening items, sports and leisure items, and toys are also covered. The AGEC law also extended the obligations in terms of free take-back services at stores or places of delivery. As a result, as of January 1, 2022, items of furniture, single-use gas canisters, and batteries will be added to the electrical and electronic equipment scheme, depending on a company's revenue threshold and sales area. As of January 1, 2023, DIY items, sports items, and toys will be included too. This law extends the obligations (to take back used products that fall within the remit of extended producer responsibility (EPR) at the point of delivery and payment of the eco-tax) to sellers on intermediary platforms. The Group participated in numerous steering committees led by the governments concerned and attended by the eco-organizations to find concrete solutions and facilitate the implementation of these provisions.

From January 1, 2021, the AGEC law also requires companies to disclose information about the availability of spare parts and stipulates the mandatory application of a repairability index for several types of device or appliance: smartphones, laptops, front-loading washing machines, TV sets, and lawnmowers. This obligation to provide information was extended on November 4, 2022 to new product categories: top-loading washing machines, dishwashers, vacuum cleaners, high-pressure cleaners. The manufacturer of the appliance must give it a score out of 10 across five criteria (length of availability of technical documentation and advice on use and maintenance; ease of dismantling of the equipment; length of availability of spare parts on the market; delivery times and sales price of spare parts; the fifth criterion depends on the category of equipment concerned) based on scoring grids produced by the French Ministry for Ecological Transition. Having first implemented this project on an experimental basis for certain appliances in 2018 and having helped to develop the system, Fnac Darty was one of the first retailers to display this index, thereby providing consumers with simple information as soon as they make a purchase in store or on its website for the products concerned. From 2024, the repairability index will be replaced by a sustainability index, with criteria that will be defined by law: the Group is playing an active role in the consultations on this matter.

To support and anticipate the creation of low emission zones governed by the French Mobility Orientation Law (Loi d'Orientation des Mobilités – LOM) and in line with the French Climate and Resilience Act, the Group is launching a greening program for its vehicle fleet (see section 2.3.3.4 "Action plans to reduce emissions related to transportation and performance" of this document).

These regulatory matters all mirror the Group's commitments to sustainability and are coordinated by a dedicated committee supported by a sponsor from the Executive Committee.

In terms of voluntary commitments, Fnac Darty was one of the architects and first signatories in July 2021 of the French Charter of Commitments for Reducing the Environmental Impact of E-Commerce *(charte d'engagement pour la réduction de l'impact environnemental du commerce en ligne),* which lays the groundwork for more sustainable development of the sector, by means of ten commitments around four themes (consumer information, packaging, warehouses and deliveries, and monitoring). Some of the commitments set out in this Charter have already been fulfilled by the Group. These include the systematic consolidation of shipments of products ordered at the same time (unless requested otherwise by the consumer) as well as steering consumers toward more environmentally friendly products, achieved by means of a "Sustainable Choice" pictogram and the annual publication of the Group's "After-sales Service Barometer." The Group is also a pioneer in calculating the sustainability score, the weighting between the repairability score and the reliability score. Furthermore, in 2022, Fnac Darty was the first retailer to have developed and integrated an innovative "informed delivery" tool into its e-commerce sites, which gives customers an estimate of the environmental impact of various modes of delivery when they purchase online.

Finally, and as part of its ongoing commitment to reduce its impact on the climate, Fnac Darty signed the EcoWatt and EcoGaz charters in autumn 2022 and rolled out an energy efficiency plan based around several pillars: modernization of equipment in favor of more efficient equipment; deployment of LED lighting and centralized building management systems; purchase of electricity from renewable sources; decarbonization of vehicle fleets (both owned and sub-contracted); optimization of loads and distance traveled; awareness and training (employees, customers, suppliers, etc.).

2

Corporate Social Responsibility

Introduction

Fnac Darty has always been committed to creating value for all its stakeholders, and has been determined to avoid and reduce the negative externalities of its activities. This chapter reports on the Group's social, societal and environmental policies and performance, in relation to its main risks and, furthermore, its long-standing commitments.

This Universal Registration Document meets the requirement for a non-financial performance statement (déclaration de performance extra-financière, DPEF) established in France by Order No. 2017-1180 of July 19, 2017 and Decree No. 2017-1265 of August 9, 2017. The information provided covers the activities of all the companies within the Group's scope of consolidation.

The DPEF includes:

- an overview of the Group's business model, in section 1.1.2;
- a description of the main non-financial risks, in section 2.1.5;
- the policies and action plans associated with these social, environmental and societal risks, and the results of these policies through key performance indicators, in sections 2.2, 2.3, 2.4, 2.5 and 2.6.

In accordance with the European Taxonomy Regulation (Regulation 2020/852/EU), this DPEF also includes, in section 2.3.4, indicators relating to the share of revenue, operating expenses and capital expenditure associated with sustainable economic activities in 2022.

In addition, section 2.5.4 of this chapter meets the requirements of the French law of March 27, 2017 on the duty of care of parent companies and initiating companies, on the effective implementation of a vigilance plan.

Finally, in line with the expectations of its stakeholders, this chapter also presents its climate reporting in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), contributing to the Group's transparency and accountability efforts on climate issues (see cross-reference table in section 8.8.5).

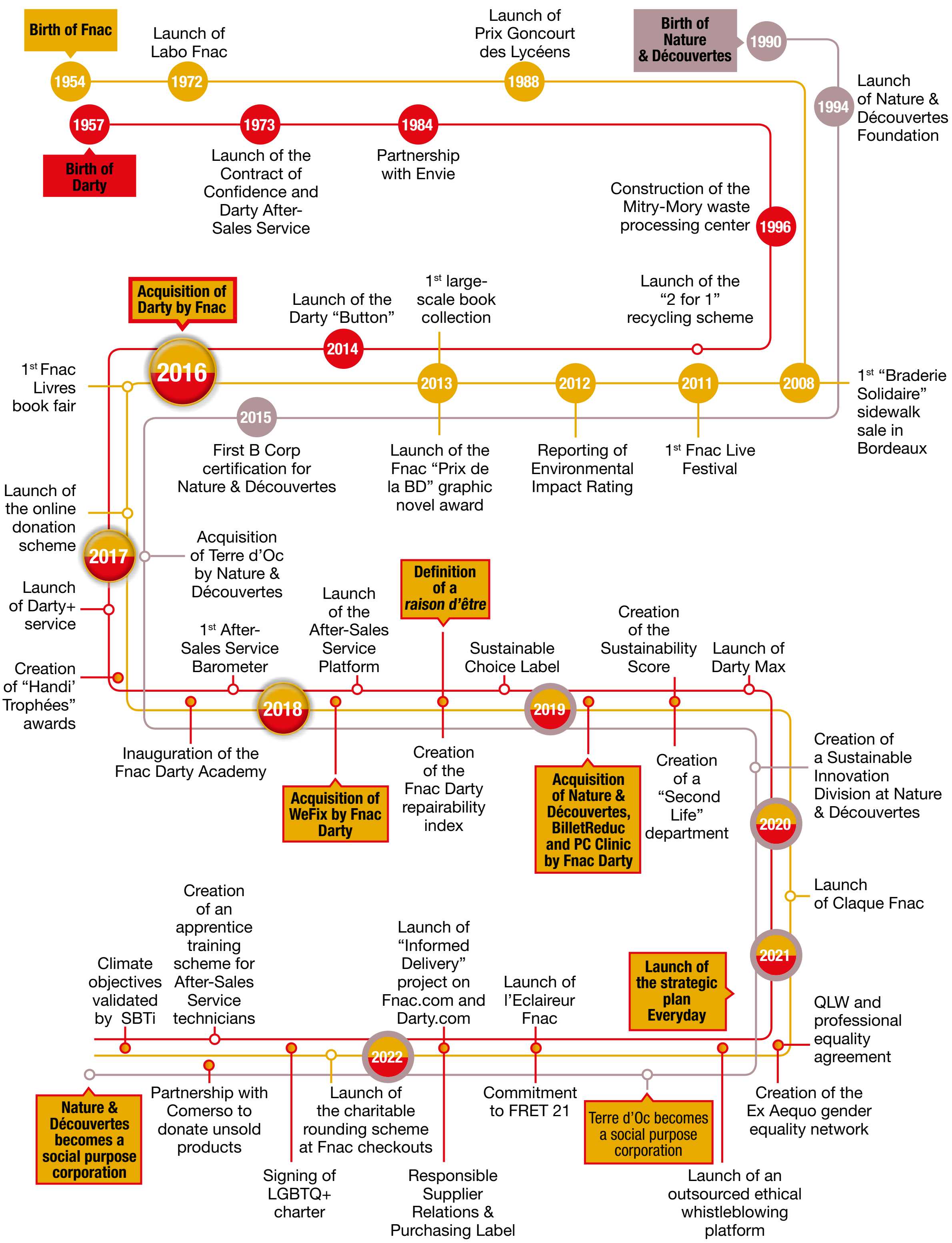
All of the Group's sustainable development policies are based on complying with and promoting the principles or recommendations contained in:

- the Universal Declaration of Human Rights;
- the fundamental conventions of the International Labour Organization;
- the United Nations Global Compact (see cross-reference table in section 8.8.8);
- the Paris Climate Agreement.

2.1 / Governance and CSR risks

2.1.1 / COMMITMENTS SPANNING MORE THAN 65 YEARS

Several years ago, Fnac Darty embarked on a major transformation of its business model, a key pillar of which is sustainable development. This change is based on more than 65 years of societal commitments.



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

For Fnac Darty, sustainable development is a source of opportunity: to increase sales of fast-growing responsible and innovative products and services, to foster long-term relationships of trust with all stakeholders (employees, customers, suppliers, shareholders, public authorities), to reduce costs and to promote employee engagement.

To accelerate the development of a sustainable economic model, the Group has placed corporate social responsibility performance at the heart of its strategic plan Everyday for 2025: two of the three pillars of the strategy are based directly on the CSR policy it has been rolling out for several years.

The incorporation of sustainable development issues into the Company's overall strategy is described in Chapter 1 of this document.

Nature & Découvertes, a certified B Corporation now a "social purpose" corporation *(société à mission)*

Based on a CSR approach that is rooted in reconnecting with nature and protecting biodiversity, Nature & Découvertes has set itself a strategic goal of accelerating its development by placing commitment to responsibility at the heart of its business model and retaining its leadership position in regard to CSR commitments. The strategic plan Ambition 2025 aims to preserve the company's CSR expertise by actively working on the sustainability of the range, the omnichannel development of the brand and on reaffirming its leadership in terms of commitments.

The company has adopted the *raison d'être* to "Choose solutions that make a genuine, daily contribution to the transition toward sustainable, biodiversity-friendly lifestyles." This *raison d'être,* a true strategic compass that has been enshrined in the company's bylaws since October 2022, is reflected in its range of sustainable products and experiences that are focused on nature and ecological transition: natural well-being, children's toys and games, food and entertaining, traveling and outdoor leisure, as well as books.

In 2022, in a bid to provide a firmer, long-term foundation for the company's unique nature and DNA, Nature & Découvertes became a "social purpose" corporation (société à mission) within the meaning of the French Pacte law [(1)]. Changes to the bylaws were approved by the Extraordinary General Meeting of October 25, 2022, enabling the Fnac Darty subsidiary to join the circle of companies legally committed to societal causes.

In this context, the objectives Nature & Découvertes intends to pursue, as set out in its bylaws, are as follows:

- to develop a range of products and experiences that promote sustainable lifestyles;
- to preserve and promote relationships with the natural world;
- to unite the communities that are transforming the world.

From 2023, a committee responsible for monitoring the purpose will bring together external stakeholders (experts whose field of expertise is linked to the objectives set out in the bylaws) and internal stakeholders.

In order to evaluate the actions already in place and identify areas for improvement, Nature & Découvertes continues to rely on B Corp, a certification designed for commercial organizations wishing to integrate social, environmental and societal issues more strongly into their business models. The questionnaire, which assesses the non-financial performance of the company, provides an overview of overall performance and identifies action plans for progress aimed at limiting the impact of the brand's activity.

Terre d'OC, a mission focused on fair trade and respect for women's work

Terre d'OC, a Nature & Découvertes subsidiary specializing in organic and fair-trade tea blends, has also been a social purpose corporation since 2021. Its *raison d'être* is: "Designing and manufacturing well-being products that are beautiful, good, and healthy, based on an intention to preserve natural resources and biodiversity while developing the organic and fair-trade sectors, and highlighting women's work all around the world."

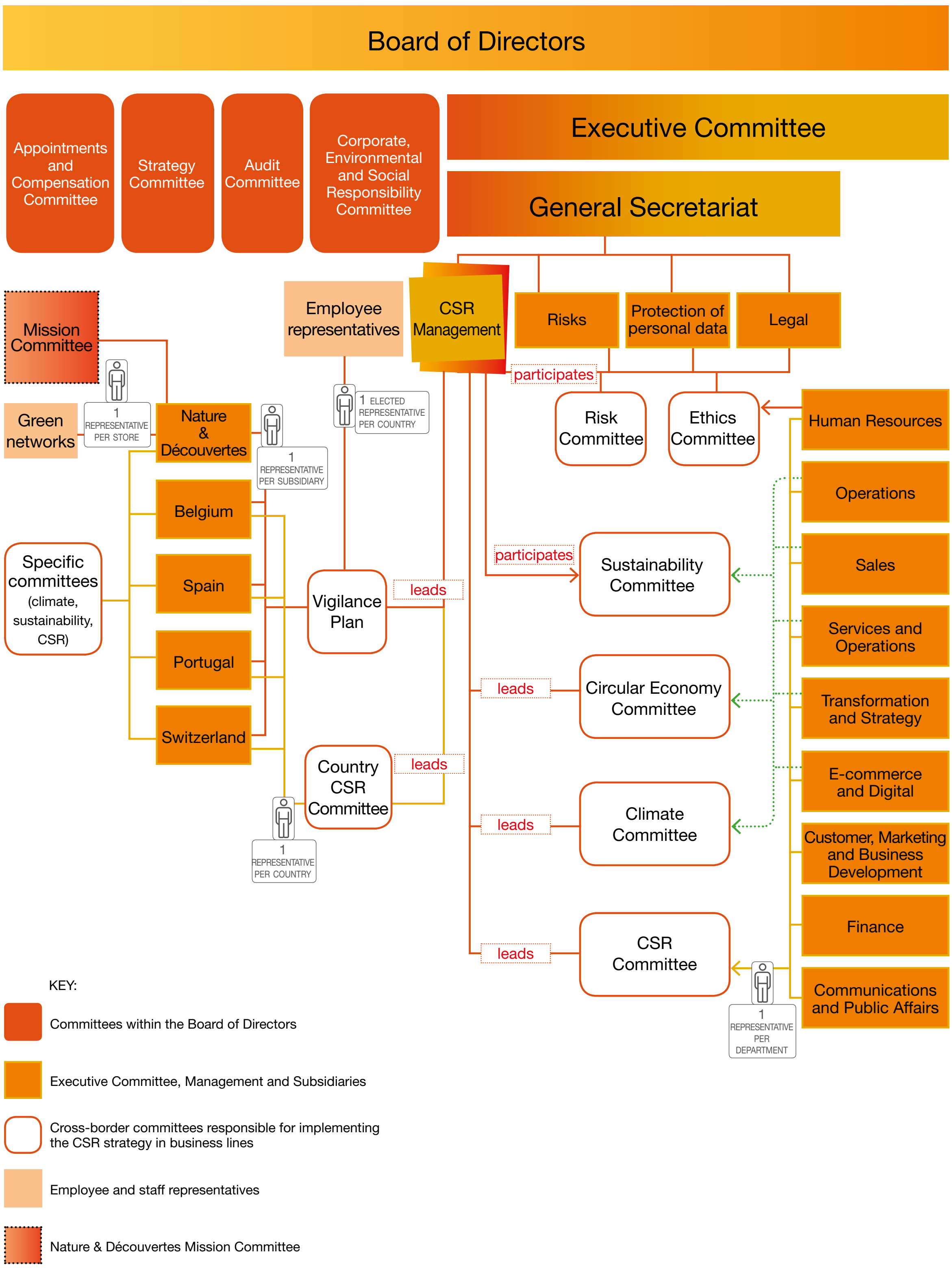
For the last 25 years, the Terre d'OC teams have been working in a way that respects both the planet and its people, with a strong commitment to genuinely fair trade, the best of organic and a respectful world.

(1) *Pacte:* Plan d'Action pour la Croissance et la Transformation des Entreprises, *an action plan for the growth and transformation of companies, which gives French companies the opportunity to register and implement their CSR transformation via a unique legal framework.*

2.1.3 / A GOVERNANCE AND ORGANIZATIONAL STRUCTURE DEDICATED TO INTEGRATING CSR ISSUES INTO OUR BUSINESS LINES

In order to integrate these issues into the strategy and projects of the various business lines, the Group is pursuing a decentralized approach to CSR based on the development of managers' skills.

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



Description of committees

- The CSR Committee of the Board of Directors, described in section 3.2.1.3, comprises four independent directors and one non-independent director (the Group's Chief Executive Officer). It reports to the Board of Directors on the CSR strategy and projects carried out, as well as the results achieved.
- The thematic committees:
  - the Ethics Committee: chaired by the General Secretary in charge of CSR and Governance, it is composed of the Legal, CSR, Risk and HR Directors and the DPO. It ensures that the Group complies with regulations relating to ethical business conduct, particularly the French Sapin II and Duty of Care laws and the GDPR;
  - the Climate Committee: composed of three members of the Executive Committee (Comex), it is responsible for rolling out and ensuring compliance with the Group's Climate roadmap. Alongside the General Secretary in charge of CSR and Governance, and the Director of Services and Operations, the Commercial Director has also been a member of this Committee since 2022, for monitoring and managing the targets for reducing GHG emissions associated with distributed products (see section 2.3.1.1);
  - the Circular Economy Committee: composed of three Comex sponsors (the General Secretary in charge of CSR and Governance, the Director of Services and Operations, and the E-Commerce and Digital Director), it leads projects aimed at reducing packaging, optimizing unsold goods, improving collection and recycling, and reusing materials;
  - the Operational CSR Committee: composed of one Comex sponsor (the General Secretary) and the 14 business line representatives (one for each Group department), it monitors the roll-out of the roadmaps of each department and introduces new projects;
  - the Country CSR Committee: composed of one Comex sponsor (the General Secretary) and the seven CSR representatives from each of the Group's European subsidiaries, it monitors the roll-out of the roadmaps for each country and shares best practice implemented in each subsidiary. In the last two years, the CSR representatives have also put in place a dedicated governance structure within each subsidiary;
  - the Sustainability Committee: composed of two Comex sponsors (the Group Strategy and Transformation Director and the Commercial Director), it aims to monitor the action plans for offering a more sustainable product range and finding a second life for 100% of the Group's non-saleable new products.

In addition, the CSR Department regularly participates in:

- the internal control committees, which oversee the prevention and mitigation policies for certain risks identified in the mapping of risks covered by the French law on the duty of care;
- the Risk Committee, which incorporates and manages CSR risks requiring cross-functional action plans.

Integration of CSR within short-and long-term variable compensation objectives

For several years, the annual variable component of compensation of the Chief Executive Officer and members of the Executive Committee has included a CSR component that is defined in consultation with the CSR Department and aligned with the Group's social and environmental issues and strategy. The criteria relate to the respective responsibilities of the executives and are based on quantifiable indicators, including, for certain members, targets for reducing greenhouse gas emissions or objectives related to the representation of women in positions of responsibility (see section 3.1.9). The criteria and objectives linked to the Chief Executive Officer's variable compensation are approved by the Board of Directors on the recommendation and proposal of the Appointments and Compensation Committee.

Since January 1, 2021, all managers eligible for annual variable compensation, i.e. 3,000 employees, have had a CSR objective accounting for 10% of this variable component. These objectives are defined in consultation with the CSR representatives of each department or scope, on the basis of their CSR roadmaps, and the CSR Department. For 2023, given the importance of climate issues, the CSR criterion takes the form of one common indicator for all, to reduce energy consumption, and one specific indicator associated with the CSR roadmap of each department for greater alignment and impact.

The long-term incentive plan (LIP) for the Chief Executive Officer, members of the Executive Committee and the Company's key managers, also incorporates a 3-year CSR performance condition. The CSR performance condition currently takes the form of two objectives aligned with the strategic plan. Its weighting was increased from 20% to 25% in 2022. The first objective focuses on climate issues with the reduction of greenhouse gas emissions, while the second involves improving the sustainability score (1).

(1) Sustainability score: average of a reliability score and a reparability score, calculated on the basis of data collected by Fnac Darty's After-Sales Service Department over the last two years for each product listed, weighted by the volume of products sold by the Group in the year in question.

Nature & Découvertes: "green networks" reflect the brand's ambitions in stores

Since 1995, Nature & Découvertes has structured its sustainable development policy around an internal network of ambassadors for the environmental and social policy in stores.

These volunteer employees (one per store), the "Green Networks," are at once active in the development of the local associative sphere, active in learning and education about nature and the environment, and are responsible stakeholders working on a daily basis to reduce the Company's environmental impacts. In total, around 10% of Nature & Découvertes employees contribute in this way to rolling out the brand's commitments in their local area. They work in tandem with the deputy Store Managers to achieve approximately 15 objectives over the year. These objectives help to enhance team cohesiveness and the sharing of best practices, reflected in real actions in-store.

The Green Networks raise awareness amongst teams in store and engage them in Nature & Découvertes' CSR commitments in areas such as waste management, the integration of people with disabilities, publicizing advocacy initiatives to customers and local stakeholders, supporting local community projects for protecting and learning about the natural world through the Fondation Nature & Découvertes and charitable rounding, or promoting nature-oriented education programs and events.

Awareness and training in sustainable development issues

Fnac Darty uses training and innovative formats such as the "Fresque du Climat" workshops to raise employee awareness of the Group's social and environmental issues and to inspire each one of them to get involved in the CSR strategy.

The Executive Committee and all the CSR representatives in France and in other countries have taken part in these workshops to raise awareness of the causes and consequences of climate change. At Nature & Découvertes, all head office employees and store-based "green network" employees (approximately 10% of the workforce) have also taken part in a "Fresque du Climat" workshop.

At the same time, Fnac Darty regularly uses various internal communication channels to talk about the Group's CSR challenges and its plans to address them – energy efficiency in 2022, for example. The CSR department is also often asked to take part in induction seminars for new employees, and training on climate and CSR issues is available on the Group's e-learning platform.

2.1.4 / IDENTIFICATION OF CSR RISKS AND MATERIALITY

Fnac Darty relies on various in-house risk management procedures to identify the risks that apply to the Group, including CSR risks. Consequently, all relevant departments are involved in identifying and analyzing the Group's major risks (see section 6).

This analysis is combined with other risk mapping exercises: the mapping of risks to human rights, health and safety, and the environment (as part of the duty of care), corruption risks (the French Sapin II law), risks related to personal data protection (GDPR), and risks associated with climate change. Due to their specific nature, this latter risk-mapping exercise is subject to thorough, long-term analysis (to 2030 and 2050).

CSR risks are assessed jointly with management. They cover:

- internal factors that may adversely affect human rights, the health and safety of people, and the environment;
- external factors (major trends) that may affect the Group's business activity, financial position, reputation and results.

The Group's CSR risks fall into four main categories:

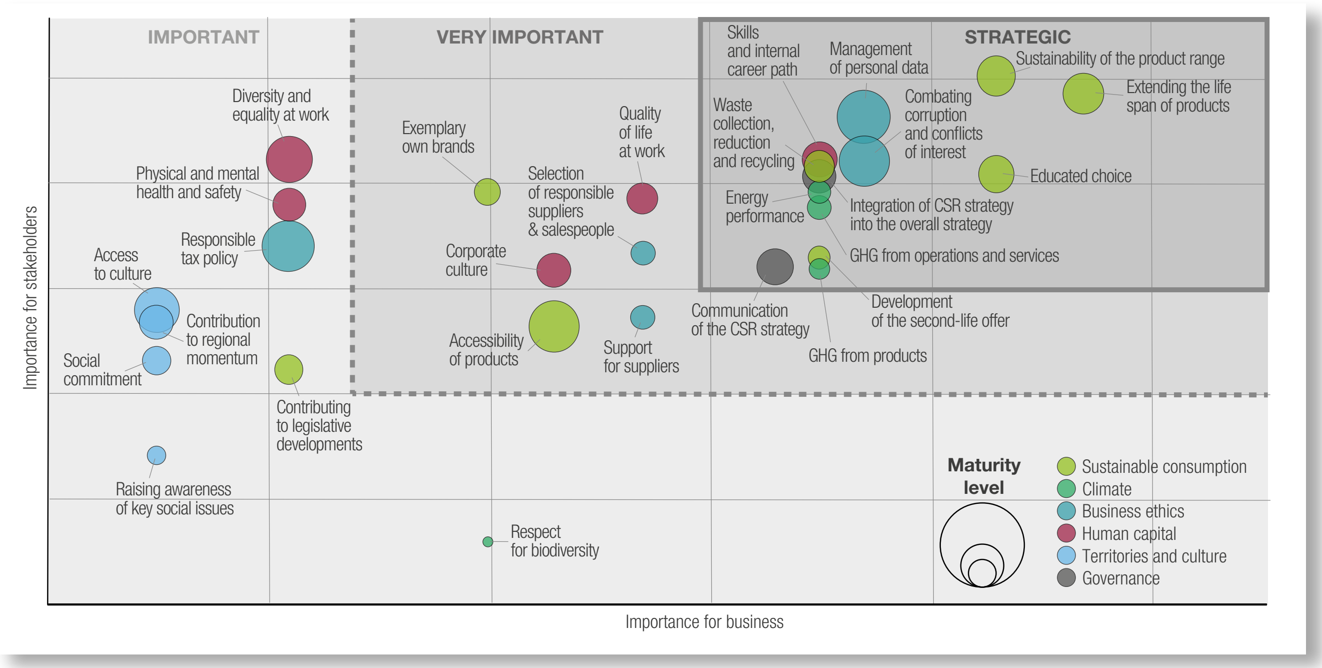
- sustainability of the business model and new patterns of consumption;
- climate change and its consequences;
- business line development and the organization of work, in a context of a shortage of technical profiles and a talent war;
- the ethics of all parties in an ecosystem of partnerships.

To ensure its CSR policy is current, the Group relies on the complementary strengths of the above-mentioned risk mapping processes and its materiality analysis, so as to respond to the negative externalities of both its activities and its value chain, and the expectations of its stakeholders in terms of Fnac Darty's sustainable development priorities.

Fnac Darty revised its materiality analysis in 2022, in order to update the priority of these issues in a changing environment. To achieve this, the Group conducted a broad qualitative and quantitative consultation, in order to assess the 28 issues that a panel of internal and external stakeholders considered to be material. As a result, 1,003 Group employees and 1,017 external stakeholders (suppliers, customers, media outlets, public bodies, community organizations, professional bodies and networks) responded to the survey asking them to assess the level of importance the Group places on each issue, and the progress Fnac Darty has made on each issue. In parallel with the quantitative consultation, a cycle of longer interviews took place with 18 external stakeholders, three internal stakeholders and two customer focus groups.

Several versions of the matrix were produced as a result of these consultations. The first compares the expectations of external stakeholders with those of internal stakeholders; this analysis shows that the external and internal perspectives are significantly aligned. The second compares (internal and external) stakeholders' expectations with the impact each issue has on the Company's overall performance (see matrix and analysis below). These impacts may be financial, reputational, legal or operational, and their assessment is based on the above-mentioned risk analyses.

The matrix below shows the 28 issues assessed as priorities.



Analysis of results

As with the previous exercise conducted in 2018, the priority issues still relate to the product range: the "sustainability" of the offering, extending product life spans, helping customers make an educated choice. This position confirms the relevance of the strategic priorities set out in the plan Everyday for 2025.

Two issues have entered the top 15 strategic CSR issues: managing personal data and combating corruption and conflicts of interest. The Group's stakeholders consider that the Group has made significant progress in these two areas, which are governed by policies that are strengthened year after year.

Issues related to skills and quality of life in the workplace, in a context of shortages of technical skills and intense competitive pressures, are also increasing in significance. The agreements on quality of life in the workplace and the forward planning of jobs signed with the trade unions in 2021 and 2022 should help to address these issues in part.

Against the backdrop of rising energy costs and risks to the security of energy supplies, the Group's energy performance appears to be an emerging and priority issue. Fnac Darty responded by implementing an energy efficiency plan.

Finally, respect for biodiversity raises expectations, particularly on the part of the rating agencies, and is the subject of increasing regulatory pressure. Confronted with this emerging issue, the Group has decided to go ahead and analyze the impact of its activities on biodiversity for the first time (see section 2.3.3.6).

2.1.5 / SUMMARY OF RISKS, MATERIAL ISSUES AND MAIN OBJECTIVES

The following table provides a summary of the Group's main CSR risks and their connection with the material priorities arising from the materiality analysis. It also includes the Sustainable Development Goals the Group will be contributing to in addressing these risks.

Pillar/category of risk	Main sustainable development risks	Group risks	Material issues	Policies, action plans and performance	Contribution to the SDGs
Risks: Sustainability of the business model and new patterns of consumption **Commitment: Promote sustainable consumption and an educated choice**	■ Changes in consumer behavior (alternative consumption, drop in demand, possible boycotts, etc.) ■ Increased cost of raw materials (increased cost of distributed products) ■ Scarcity of natural resources (disruptions to supply chains) ■ Tensions in cross-border relationships (disruptions to supply chains) ■ Economic crises (declining purchasing power) ■ Increased energy prices (higher indirect costs)	■ Integrating climate issues into business lines and strategy ■ Ability to adapt the organization to changes in the economic climate	■ Helping consumers make responsible choices ■ Sustainability of the product range ■ Extending the life span of products ■ Expanding the second-life offering ■ Waste collection, reduction and recycling ■ Contributing to consultations on legislative developments ■ Raising public awareness of sustainability issues	2.2.1.1 2.2.1.2 2.2.2 2.2.3 2.2.4 2.2.5.1 2.2.5.2	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
Category of risk: The climate emergency and its consequences for the Company **Commitment: Reduce impact on the climate**	■ Extreme weather events (disruptions to logistics and supply chains, inventory losses) ■ Gradual increase in temperatures (increased costs and deterioration of working conditions) ■ Change in consumption habits (drop in demand) ■ Regulatory pressure (increased costs)	■ Integrating climate issues into business lines and strategy	■ Measurement and reduction of GHG emissions related to operations ■ Measurement and reduction of GHG emissions related to distributed products ■ Support for suppliers ■ Energy performance ■ Respect for biodiversity	2.3.3.3 and 2.3.3.4 2.3.3.4 2.3.3.4 and 2.3.3.5 2.3.3.3 2.3.3.6	11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION

Pillar/category of risk	Main sustainable development risks	Group risks	Material issues	Policies, action plans and performance	Contribution to the SDGs
Category of risk: Business line development and the organization of work, in the context of a shortage of technical profiles and a talent war **Commitment: Develop our most valuable asset: people**	■ Ability to attract and retain talent ■ Shortage of technical skills ■ Lack of employee engagement ■ Breaches of employee health and safety	■ Talent management ■ Social unrest	■ Attracting and retaining talent, particularly in hard-to-fill or growing professions ■ Physical and mental health and safety ■ Quality of life in the workplace ■ Corporate culture ■ Diversity and gender equality ■ Maintaining purchasing power	2.4.1 2.4.4 2.4.5 2.4.5.1 2.4.5.2 and 2.4.2.2 2.4.5.3	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH
Category of risk: The ethics of all parties in an ecosystem of partnerships **Commitment: Act ethically throughout our value chain**	■ Breaches of data security and personal data protection ■ Risks to human rights, health and safety and the environment ■ Non-compliance with regulations on anti-corruption and conflicts of interest	■ Cyber attacks ■ Fraudulent use of data ■ Compliance with various regulations ■ Supplier relations	■ The fight against corruption and conflicts of interest ■ Enhanced management of personal data and strengthened cyber security policy ■ Selection and support of responsible suppliers and salespeople	2.5.2 2.5.3 2.5.7	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Commitment: Contribute to the social and cultural development of territories	■ n.a.	■ n.a.	■ Promoting wider access to culture ■ Increase positive impacts on the territories ■ Engaging for social inclusion	2.6.1 2.6.2 2.6.3	8 DECENT WORK AND ECONOMIC GROWTH 11 SUSTAINABLE CITIES AND COMMUNITIES

Fnac Darty's approach to Corporate Social Responsibility is regularly assessed by non-financial rating agencies, whose ratings are steadily improving. For more details, please refer to section 1.1.1.4.7.

	Rating and score			
Agency	**2022**		**2021**	**Trend**
Moody's ESG Solutions (formerly Vigeo Eiris)	A1+ (Advanced)	61/100	A2 (robust) – 54/100	↗
Sustainalytics	Low ESG risks	12/100	11.4/100	=
MSCI	AA (leader)	7.8/10	7.8/10	=
CDP	A-		A-	=
EthiFinance (Gaïa Rating)	71/100		66/100	↗

Objectives monitored under the strategic plan Everyday

Five priority objectives from the Group's strategic plan Everyday are monitored as part of the Company's overall performance. As part of the task of auditing the non-financial performance statement, certain indicators are checked more thoroughly and a justified opinion is issued in respect of these indicators, expressing a conclusion of reasonable assurance [1] from 2022 onwards; these indicators are identifiable by the symbol ✓.

Objective	Reference year	Performance for the reference year	2022 performance	Target achievement rate
2.5 million products repaired by 2025	2019	1.9 million	2.3 million	67%
2 million Darty Max subscribers in 2025 ✓	2019	0	Around 765 k	38%
Sustainability score of 135 by 2025 ✓	2019	100	115	43%
Achieve female representation of 35% in the Leadership Group by 2025 ✓	2019	24.3%	30.3%	56%
(50%) reduction in CO_2 emissions related to energy and transportation ✓	2019	81,575 t CO_2eq	67,938 t CO_2eq (-17%)	33%

2.1.6 / OPEN DIALOGUE WITH THE GROUP'S STAKEHOLDERS

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

In 2022, Fnac Darty updated its materiality analysis. This analysis, which is described in section 2.1.4, enabled the Group to gather the views of a wide range of more than 2,000 internal and external stakeholders.

At the same time, the Group continues to use several mechanisms and channels to engage in dialogue, a (non-exhaustive) summary of which is set out below:

Stakeholders	Means/methods of promoting dialogue
Customers	■ Around three out of four employees have direct contact with customers. Salespeople, delivery personnel, home technicians and advisors are in constant dialogue with customers. ■ The Group regularly conducts customer surveys, which are an essential part of understanding their expectations. ■ Customer reviews and complaints posted on commercial websites allow our teams to resolve annoyances or even to be alerted to quality concerns regarding a service or product. ■ In-store cultural events – more than 1,300 in France in 2022 – continue to provide excellent opportunities for Group employees, customers and artists to connect.
Employees and social partners	■ The Group maintains regular and constructive dialogue with its social partners. Fnac Darty has structured its social dialogue to enable effective exchanges with employee representatives while guaranteeing a high degree of proximity to operational entities and employees, through local representatives. ■ Keen to learn about its employees' expectations and any concerns they may have, the Group has been using an anonymous listening system since 2018. ■ Through its internal communications, the Group regularly organizes events to bring employees together, share information and gather their expectations (meetings, "CSR Week," "Customer Day," etc.). ■ Since 2022, as provided for in the Group Agreement on Professional Equality and Quality of Life in the Workplace, direct collective expression meetings have been organized within each team, at least once a year, to discuss issues relating to working conditions.

(1) The procedures implemented as part of a reasonable assurance assignment are more extensive than those required for a moderate assurance assignment.

Stakeholders	Means/methods of promoting dialogue
Suppliers	■ The Sales Department has daily conversations with suppliers on product performance and pricing, as well as on new criteria such as reliability and repairability and, since 2022, on their targets for reducing greenhouse gas emissions. ■ These same teams regularly participate in or organize trade shows and an annual sales convention, to meet with suppliers. ■ As part of the sourcing of its own-brand products, the Group carries out audits each year at its suppliers' factories, during which it gathers information on their expectations and any difficulties they may have. ■ As part of its responsible indirect purchasing policy, Fnac Darty discusses suppliers' expectations regarding the Group, as well as their social and environmental performance, in a spirit of support and cooperation, during its calls for tender, negotiations and business reviews.
Franchise network	■ Fnac Darty teams dedicated to expanding the franchise network visit franchises periodically. ■ An annual national convention and regional meetings allow for discussion of any issues encountered by self-employed franchisees in the operation of their franchises.
Associations	■ The Group is a member of several professional organizations and federations (FCD, Fevad, AFEP, MEDEF, etc.) and as such regularly participates in working groups, round tables and consultations. ■ Fnac Darty maintains regular dialogue with consumer and environmental protection associations (Stop Planned Obsolescence, Friends of the Earth). ■ Through its solidarity policy, Fnac Darty partners and collaborates with many non-profit organizations, such as Libraries Without Borders, Envie, Télémaque, Sport dans la Ville (Sport in the City) and French Popular Relief.
Public authorities	■ The Group contributes indirectly to parliamentary debates on draft legislation related to its activities, by responding to public consultations and making its opinions known to the AFEP, for example. It also regularly provides technical expertise that is useful for political decision-making, in particular by sharing its data or by opening the doors of Labo Fnac. ■ Fnac Darty participates in working groups and in consultations with government-led, sector-based players such as Ademe (repairability index, environmental information, sustainability index, etc.).
Investors/shareholders	■ Fnac Darty meets its reporting obligations to institutional and individual investors and, more broadly, to the financial community in accordance with best practices, through press releases. ■ Fnac Darty's management and Investor Relations team are in regular contact with analysts and investors, via roadshows, telephone meetings or conferences organized by brokers (including several dedicated to SRI investors each year), in collaboration with the CSR Department. ■ Dialogue with shareholders is maintained throughout the year, particularly at the General Meeting. Shareholders also have access to a dedicated "Shareholders" section on the Group's website in the "Investors" section. ■ Fnac Darty reports on its performance and management of non-financial risks in a transparent manner by regularly exchanging information with the main non-financial rating agencies as part of their rating of the Group.

2.2 / Promote sustainable consumption and an educated choice

Background and trends

Faced with the scarcity of raw materials and increasingly frequent disruption of supply chains as a result of climate change or geopolitical tensions, the circular economy is becoming the key to ecological transition and sustainable development. Consumers are more concerned about these issues and are increasingly aware of this fact, and they are now adapting their consumer habits accordingly.

According to the "Responsible Consumption Barometer," the Group's annual survey of one thousand French consumers, one third of respondents say they are "very committed" and the vast majority say they are "moderately committed" to more responsible consumption. On the other hand, 42% of those surveyed said they had reduced their consumption in 2022. 63% of them said eco-friendliness was the main reason for this reduction. The reason ranking second, at 51%, remains the cost of products. This trend is increasing significantly, up by +12 points in one year, driven by the inflation levels households faced in 2022.

Building on its 50 years of expertise in after-sales service, Fnac Darty has fully engaged with these issues by placing sustainability at the heart of its strategic plan Everyday. The Group is investing in extending the life span of its products, one of the major focuses of the transition toward more circular and more responsible consumption habits. To achieve this, the Group is concentrating its efforts on maintenance, repair, reconditioning and second hand.

Risks	Opportunities
■ Inability to adapt to new customer expectations ■ Reduction in customers' interest in buying sustainable products due to their price, in a context of declining purchasing power ■ Inability to demonstrate the economic value of repair compared to replacement ■ Competitive pressure on repair and second life ■ Strengthening of circular economy and climate regulations (across the entire product life cycle) ■ Depletion of natural resources and rising greenhouse gas emissions, related to the life cycle of products	■ Growth in the "more sustainable" products market (reliable, repairable, consuming less energy, contributing to the ecological transition, etc.) ■ Access to new markets (second-hand, urban mobility) ■ Groundbreaking innovations – Employee commitment, involved in a meaningful Company project ■ Monetary valuation of unsaleable new products and waste

Levers put in place by Fnac Darty	2022 key highlights	Performance and monitoring of objectives
■ Development of objective and transparent customer information	■ Launch of “informed delivery” ■ After-Sales Service Barometer, sustainability score and Sustainable Choice: faster promotion of the most sustainable products and inclusion of an energy performance criterion in ratings ■ Ongoing consumer advocacy work by Labo Fnac	■ Product categories covered by the After-Sales Service Barometer: 88 (compared to 77 in 2021)
■ A more sustainable offering, to support eco-design and an educated choice	■ Strengthening governance through the Sustainability Committee, to develop the product range ■ Progressive integration of sustainability criteria in commercial purchases and in supplier dialogue ■ An ever more responsible Nature & Découvertes offer, thanks to the Sustainable Innovation Division	■ **KPI: sustainability score [(a)]: 115 ✓** ■ Target: 135 by 2025 ■ For Nature & Découvertes, 64% of revenue generated by products with a positive impact
■ Innovations to make repairs simpler and more economically relevant for customers	■ Creation of an intelligent after-sales service knowledge base dedicated to customer relations and repairs ■ Inclusion of “video maintenance” in the Darty Max repair subscription ■ the After-Sales Service Community to promote DIY-repair and the correct use of products	■ Number of people dedicated to repairs: around 3,000 ■ **KPI: Number of products repaired: 2.3 million** ■ Visits to the After-Sales Service Community website: 10 million
■ A department dedicated to the second life of products	■ Rapid development of the second-hand product offering and reworking of the brand images of Fnac and Darty “second life” ■ Increase in the “second life” product range in response to the expansion of recycling criteria ■ Rapid increase in donations of unsold products and diversification of distribution channels	■ Number of products donated to associations 500,000
■ Packaging and waste management optimization initiatives	■ Enhanced management of waste recovery performance ■ Optimization of packaging solutions for shipped parcels ■ Continuation of partnerships with Envie, working for reintegration through repair	■ **KPI: Waste recovery rate: 68%** ■ **KPI: Volume of WEEE [(b)] collected: 44,285 tons**
■ Raising awareness among the general public of sustainability issues	■ Active cooperation with public authorities ■ Creation of an energy efficiency plan and an associated communications plan ■ Creation of a “green” offer from the Retailink advertising network for advertisers ■ Increase in the number of promotional campaigns on repair and second life	

(a) Sustainability score: average of a reliability score and a reparability score, calculated on the basis of data collected by Fnac Darty's After-Sales Service Department over the last two years for each product listed, weighted by the volume of products sold by the Group in the year in question.

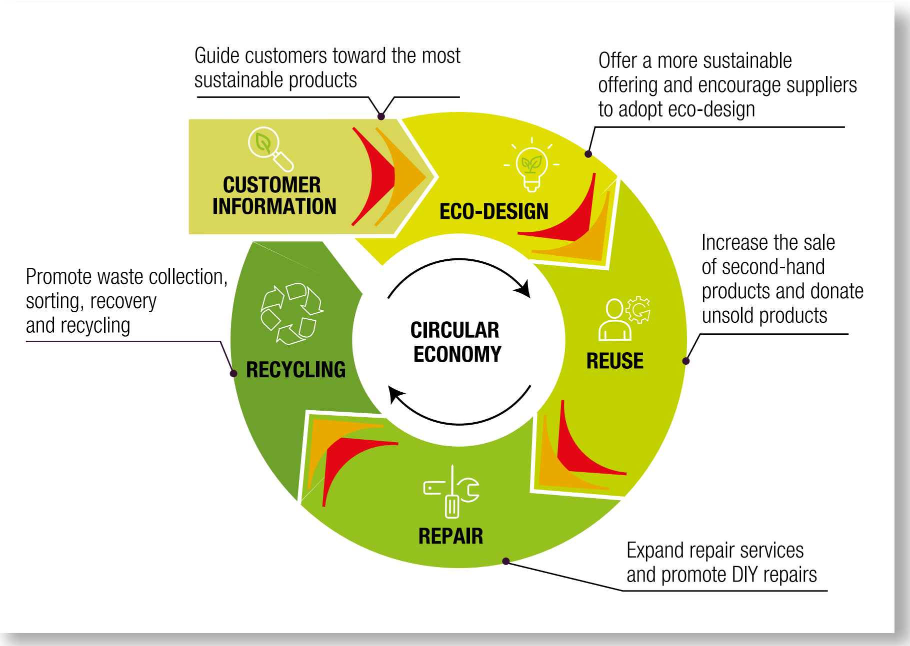
(b) Waste electrical and electronic equipment.

The update of the Group's materiality analysis, which was carried out in 2022, confirmed that sustainability, extending the life span of products and "an educated choice" remain the highest priority issues for Fnac Darty, both in regard to their impact on the Group's development and from the point of view of stakeholders (see also section 2.1.4).

Growing consumer awareness of environmental issues and the increase in the cost of living are changing consumer habits. For the Group, these developments carry with them:

- transition risks, directly linked to its business model and its ability to adapt to new customer expectations, but also to find new growth drivers, while meeting increasing regulations on the circular economy and climate;
- opportunities to develop new markets (services, second-hand products, urban mobility), to reduce its indirect costs and to gain market share by proposing a product range that meets customers' expectations.

Fnac Darty is responding to the expectations of its various stakeholders, and to its main risks and opportunities related to sustainability and therefore to climate protection, by reaffirming its positioning through its *raison d'être* "Committed to providing an educated choice and more sustainable consumption," its strategic plan Everyday, and more particularly its commitments to engage all the levers of the circular economy:



For the Group, boosting these drivers is even more crucial since they help to reduce its environmental footprint, most of which is linked to the manufacturing phase of products, and to reduce the footprints of its customers and suppliers (see also section 2.3 "Reduce our impact on the climate and the environment").

2.2.1 / INFORM CUSTOMERS AND DEVELOP THE OFFER, TO ENABLE AN EDUCATED CHOICE

Over the last few years, Fnac Darty has stepped up its historical mission of advising its customers so they can make an educated choice. This *raison d'être* is based on strong evidence from the history of the Group's brands.

As customers face an infinite number of choices, Fnac Darty's mission is to guide its customers toward the most reliable and repairable products. While the technical features of domestic appliances and multimedia equipment tend to be similar, there are some criteria that vary greatly from one brand to the next: the reliability and repairability of a product. As the leader in after-sales service in France, the Group has a unique database addressing these criteria (breakdown rates, repair rates, prices of spare parts, etc.) and over the past five years, it has developed innovative tools to make this data public and readily understandable, and to highlight the most sustainable brands.

Guiding consumers toward reliable and repairable products, particularly for the most carbon-intensive products such as domestic appliances and televisions, is all the more important because these account for a very large proportion of the Group's indirect greenhouse gas (GHG) emissions. In fact, in the analysis of a product's life cycle, the manufacturing phase represents the main source of GHG (see analysis in section 2.3.3.3.). Taking action on these product categories is therefore a major Group focus in reducing its climate impact.

2.2.1.1 / Customer transparency

Fnac Darty is convinced that information and advice are powerful drivers to help advance the market and thus reduce the environmental impact of its business model and that of its customers. In fact, providing reliable and transparent information helps customers to choose more reliable and repairable products, encourages manufacturers to adopt eco-design principles, and actively contributes to reducing the Group's greenhouse gases.

Sustainability score: an effective tool for assessing brands' sustainability

Drawing on 50 years of expertise in after-sales service, the Group has developed a method that measures the sustainability of domestic appliances and consumer electronics and assigns a sustainability score to each product. This score corresponds to the average of product reliability (i.e. the breakdown rate) and repairability (availability of spare parts). Since 2022, Fnac Darty has factored a new criterion into this calculation, one which is important for democratizing repair: the price of spare parts.

The ratings assigned to products are then weighted by the volumes sold, allowing a score to be established for each brand, as well as by category or universe.

Lastly, once consolidated, these scores can be used to calculate an overall sustainability score, with a baseline of 100 established in 2019. This score is used as a tool to drive Group performance to ensure a more sustainable offering (see also section 2.2.1.2). The objective of the strategic plan Everyday is to achieve a sustainability score of 135 by 2025.

Scope: France	2020	2021	2022	2025 Everyday objective	Achievement rate
Sustainability score [(a)] (consolidation) ✓	105	111	115	135	43%

(a) Further information about the calculation methodology for this indicator is available in the note on methodology in section 2.7.

Having risen from 100 to 115 (all categories combined) in three years, the sustainability score shows that, overall, Fnac Darty's offer is increasingly sustainable: the products offered for sale tend to be more reliable and more repairable, and customers tend to prefer these products. This is the result of actions carried out at several levels:

- greater collaboration with brands: enhanced dialogue has been established to escalate the causes of breakdowns to suppliers, helping them to design products that are more reliable and more repairable, and to extend the availability period for spare parts;
- increased monitoring by product managers to offer more sustainable product ranges;
- highlighting the most sustainable products via the "Sustainable Choice" selection.

The After-Sales Service barometer

In September 2022, Fnac Darty released the fifth "After-Sales Service Barometer," its annual study on the reliability and life span of domestic appliances and multimedia equipment, by brand. This study is based on the sustainability score and is carried out in partnership with Harris Interactive to ensure reliable, objective results.

The Barometer has become a key tool for information and benchmarking, and therefore a valuable decision-making tool for customers when they buy. This fifth edition was extended to 88 categories of domestic appliances and consumer electronics (versus 77 in 2021). It also drew on an analysis of more than 910,000 repairs conducted by the Darty After-Sales Service between July 2021 and June 2022, and on a survey of more than 10,000 customers.

To make the information readily accessible, Fnac Darty designed a dynamic infographic which is available on the L'Éclaireur Fnac website (https://leclaireur.fnac.com/barometre-sav/). The infographic displays the scores for the "universes" (cooking, washing, flooring, etc.) and then compares the ratings for the various product categories (e.g. front-loading washing machine, top-loading washing machine, washer-drier). Four information points are given for each universe:

- the reliability score;
- the repairability score;
- availability of spare parts;
- the average cost of the parts.

Lastly, when consumers go into a category, they have access to brand rankings, with details on the rating and advice on how best to maintain the product.

There are several lessons to be drawn from 2022:

- the price of spare parts, a new indicator on the Barometer, can double from one brand to the next and is strongly impacted by inflation;
- better maintenance can significantly extend product life span, preventing almost half of breakdowns;
- the reliability of most products has improved considerably, as has the availability period of spare parts, with an extra seven months on average and over a year for large appliances.

"Sustainable Choice"

The lessons learned from the After-Sales Service Barometer help to highlight those brands making the biggest effort to produce reliable, repairable, less energy-intensive appliances. To help customers choose sustainable products, in 2019 Fnac Darty adopted a clear, objective label: "Sustainable Choice." The criteria used to select products and devise this label, which is prominently displayed on products in store and on the e-commerce sites, are based on the sustainability score. "Sustainable Choice" products are selected based on the breakdown rates recorded by the Darty After-Sales Service, the brands' commitment to supplying spare parts and, for large domestic appliances, the energy rating. The selection is reviewed every three months so as to incorporate new products.

In 2022, there were more than 900 Sustainable Choice products in the Fnac and Darty brands, including 212 large domestic appliances, 170 small domestic appliances and 522 consumer electronics products.

To ensure that sustainable products are accessible to everyone, despite the decline in purchasing power, "Sustainable Choice" products are selected from several price ranges. In addition, Darty has decided to allow its customers to benefit from 0% finance on "Sustainable Choice" labeled products during certain promotional campaigns.

Results

Following the creation of the Sustainable Choice selection, many brands have extended the availability of their spare parts. As such, Sustainable Choice contributes in practical terms to extending product life spans, not just for Group customers, but for the entire French market. The interest shown by Darty's customers in these reliability and repairability criteria, and their confidence in the label's objectivity, is shown by the increase in sales of products carrying the Sustainable Choice label.

The Labo Fnac: 50 years of service to consumers

Defending consumers by giving them as much information as possible so they can make an educated purchase is in Labo Fnac's DNA. In 2022, this unique brand concept celebrated its fiftieth birthday.

Every year, the Labo Fnac experts, equipped with a range of sophisticated measuring systems, test the technical performance of hundreds of new electronic products. The Lab's objective scientific methods are recognized by well-known brands that regularly send their prototypes to it for evaluation.

There is no equivalent of the Fnac Lab in any other retail chain. Its culture of independence and the robust nature of its testing and analysis set it apart from the competition and enable it to develop a unique relationship of trust with consumers.

Since 2018, Labo Fnac has been actively involved in devising a repairability index that was initially launched with PCs and extended to smartphones in 2019. This largely inspired the government index, which has been mandatory since January 1, 2021.

Testing results are published monthly on the fnac.com website, the L'Éclaireur Fnac site and its dedicated comparison site at https://lab.fnac.com. Labo Fnac publishes information on high-tech products and laboratory tests, to help consumers make the right choice.

In 2022, 915 tests were conducted on 470 products, comparing them based on performance criteria that are not always easy for customers to assess at the point of sale.

A new test bench dedicated to the fast-expanding urban mobility segment will be launched in 2023.

Repairability index

At a time when brands are being held accountable for their role in the planned obsolescence of their products, Fnac Darty has taken the opposing view on these practices by providing information on product repairability since 2018, more than two years before the AGEC Law was implemented.

The methodology developed by Labo Fnac in fact largely inspired the new repairability index applied to manufacturers since the beginning of 2021. In addition, for two years the Group participated in the work of several working groups set up by the French Ministry of Solidarity and Ecological Transition and brought together various associations, such as HOP (Stop Planned Obsolescence), Friends of the Earth, consumer associations, federations of manufacturers, manufacturers, and players in the repair industry.

Raise awareness and encourage customers to choose a delivery method producing fewer emissions

The rise of online commerce is resulting in increased traffic in urban areas and an increase in greenhouse gas emissions and fine particles. Reducing these environmental impacts requires greater collaboration between the various players in the value chain: e-merchants, carriers and customers. This conviction led Fnac Darty to participate in drafting the commitment charter for reducing the environmental impact of online trade, signing up to it as well. The charter was developed under the leadership of the French Ministry of Environmental Transition, in collaboration with the French e-commerce and distance selling federation (FEVAD) and other players in online commerce.

The Group works on a number of fronts to reduce these impacts, by reducing empty space in packaging, optimizing truck loading and selecting transport providers involved in decarbonization initiatives. Over the last few years, under the auspices of the Climate Committee, Fnac Darty has also managed the greenhouse gas (GHG) emissions generated by package shipments and has developed a methodology to measure the emissions associated with each level of delivery service (for more details, see also section 2.3.3.3).

To share the results of this analysis with customers and enable them to make an educated choice when selecting their delivery method, Fnac Darty has developed customer information that is groundbreaking for the specialized retail market: it publishes, on the Fnac and Darty websites, the greenhouse gas emissions associated with the delivery of one kilogram of packages, based on the delivery service selected.

Being aware that when delivery is made to a pick-up point, the customer's journey may have a significant impact on the total carbon footprint of the delivery, Fnac Darty joined forces with Datagir, a public service led by Ademe and the Interministerial Digital Department incubator, to provide web customers with the eco-calculator at https://monimpacttransport.fr/. Customers can use this tool to assess the impact of their trip to the collection point.

In addition, the Group provides advice throughout the web journey to raise customers' awareness of this issue. Thus, in the context of in-store and collection point deliveries, Fnac Darty encourages its customers to pool their trips or to use environmentally friendly modes of transport.

Tested in the fourth quarter of 2021, the "informed delivery" project was made available to all web customers in February 2022.

Recognition:

- Grand Prix Good Economy: Silver in the "Products & services" category;
- R Awards (Collectif Génération Responsable): "Coup de cœur" of the Jury in the panel's Favorite in the "Visibility for consumers" category.

2.2.1.2 / Develop the product range to offer more sustainable products

Continuing the numerous innovations launched by the Group to provide customers with better information on product sustainability, Fnac Darty is upgrading its brand catalogs. At Fnac and Darty, but also at Nature & Découvertes, this new stage in the transformation of the business model is supported by a redesigned governance structure to implement the continuous improvement approach related to the product offering.

Fnac and Darty: a Sustainability Committee to monitor sustainability scores for each category

In order to successfully implement the action plans for the sustainability objective of the plan Everyday and drive the achievement of a sustainability score of 135 by 2025, a dedicated committee has been created, sponsored by two members of the Executive Committee, namely the Commercial Director and the Director of Transformation and Strategy. The committee meets once a month and reports to the Executive Committee with the same frequency. Its objective is to monitor the projects launched to develop the sustainability of the offer and second life, and the associated KPIs, including the sustainability score.

In order to apply the decisions made at Sustainability Committee meetings and make changes to catalogs to move toward a more sustainable product offering, the Sustainability Department organizes working groups each month involving after-sales service managers and product managers. These sessions are used to monitor various indicators, including the sustainability score, via monitoring tools and warning systems in case of a deterioration in breakdown rates.

Product managers now have access to an overall view of their portfolio, allowing them to manage their product mix more effectively. If a product breaks down, the product manager, in contact with their counterpart in after-sales service, can initiate or strengthen dialogue with suppliers, particularly as regards product reliability and repairability or the availability of spare parts. If no solution is found, the product may be discontinued.

Furthermore, since 2022, the CSR department has worked with product managers to engage suppliers in adopting climate science-based targets for reducing their GHG emissions. The objective that Fnac Darty has committed to meeting and which was approved by SBTi [1], is to secure agreement from its suppliers representing 80% of CO_2 emissions from product manufacturing to reduce their GHG emissions on a science-based trajectory by 2026 (see also section 2.3.3.1).

Lastly, to strengthen commitment and embed a culture of sustainability within the sales teams, improving the sustainability score is now an integral objective of the variable component of employee compensation for those eligible for it.

A Sustainable Innovation Division at Nature & Découvertes for increasingly responsible purchasing

Created in July 2020 and part of the Nature & Découvertes' Offer Department, the Sustainable Innovation Division applies the Company's continuous improvement approach to its product offer.

Scope: Nature & Découvertes	2020	2021	2022
Share of Nature & Découvertes revenue generated by products with a positive impact in revenue from products sold [a]	76%	70%	64%

(a) Products promoting environmental education, crafts, renewable energies, health and well-being, education and teaching.

In 2022, the work of the Sustainable Innovation Division supported continued process and quality improvements, particularly for reducing the environmental impact of the product offer, from design through marketing, via a number of avenues:

- drive the reduction in the carbon footprint of our products:

  Building on the measurement of the carbon footprint of its products, Nature & Découvertes defined an overall trajectory for reducing carbon emissions focused on the product families that generate the most emissions: -26% in emissions by 2030. The main drivers of action identified are WEEE [2] materials, mass and power, and optimization of packaging;

- strengthen the responsible purchasing policy;

  A list of 27 criteria identifies the listing requirements for the entire product offer in each collection (spring-summer/fall-winter). These purchasing criteria applicable to all product families are used to carry out an assessment at the end of each season in order to adapt the subsequent collection and develop more sustainable and environmentally friendly products.

In 2022, more than 2,200 active, new or reintroduced products (fall-winter collection) were analyzed and filtered using these criteria, to check that they met Nature & Découvertes' product listing requirements.

- In the Well-Being family, 78% of cosmetic products are certified, with the target set at 75%.
- In the Flavour family, 91% of food products are certified, with a minimum target of 90%.
- In the Toy/Games family, 52% of all wooden/cardboard toy/game products are FSC/PEFC certified, with the target set at 50%.
- In the Outdoor family, 76% of leather products are vegetable tanned and/or LWG certified, with the target set at 70%.
- In the Décor family, 27% of textile products are certified, with the target set at 30%.

The objective is for all active listed products to comply with Nature & Découvertes' requirements in respect of these purchasing criteria by 2025.

This enhanced screening allows for in-depth listing on major topics such as:

- minerals: list only uncolored, non-reconstituted stones, authenticated by gemology certificates, thus improving their traceability;
- seeds, plants and wood products: know the species and their origins to ensure that none are threatened or invasive;
- textiles, candles and cosmetics: strengthen the continuous improvement process for certified textiles, fragranced candles made from vegetable wax (excluding palm oil), organic and fair-trade cosmetics and the absence of endocrine disruptors;
- food products: guarantee AB or fair-trade certification;
- wood: source FSC/PEFC-certified wood.

(1) Science-Based Target initiative.
(2) Waste electrical and electronic equipment.

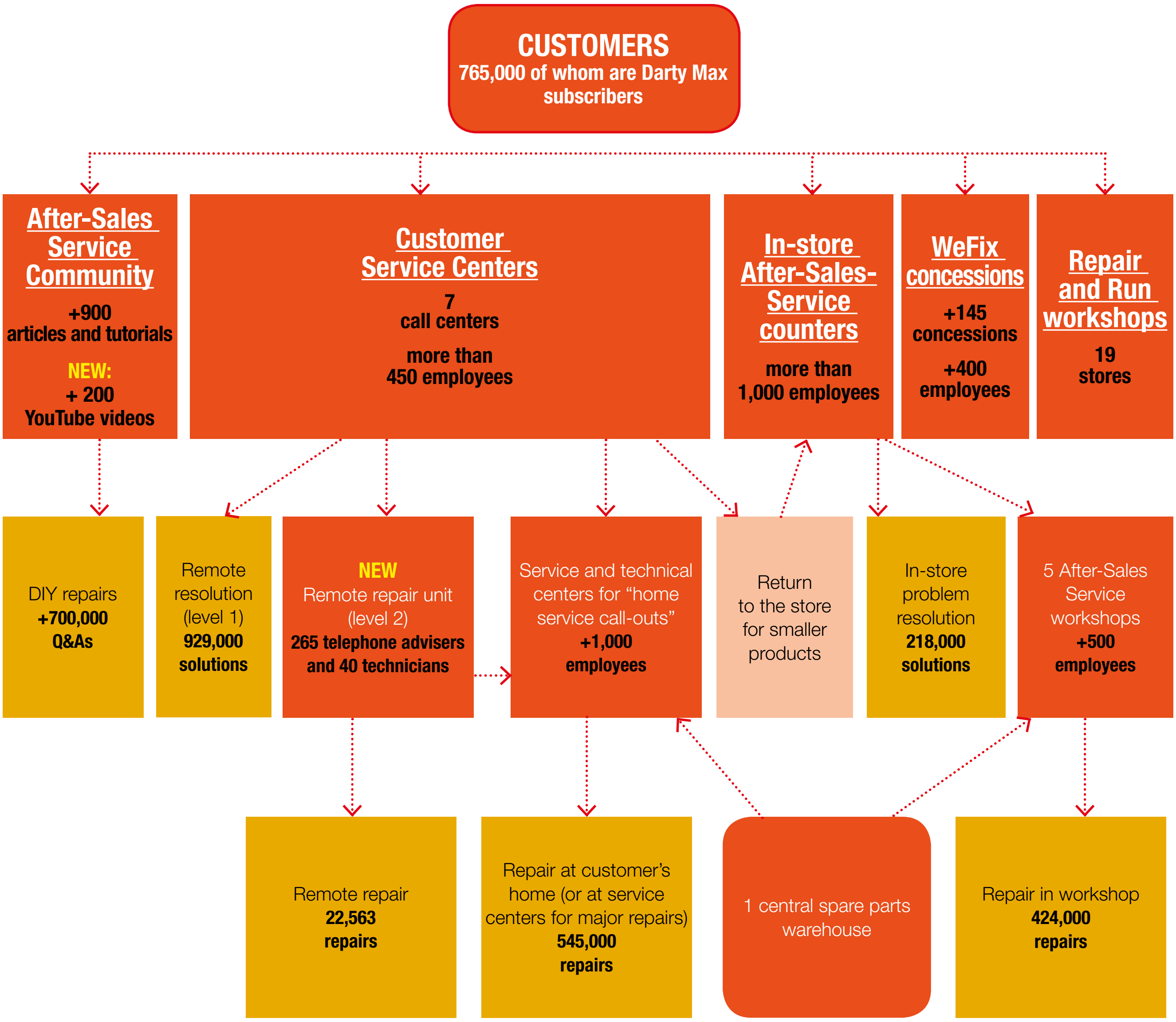
2.2.2 / ENCOURAGE MAINTENANCE AND REPAIR

Over the last few years, civil society, starting with consumers, has condemned planned obsolescence and the environmental impacts associated with prematurely discarded products. In response to this disapproval, Fnac Darty's strategic guidelines follow a sustainable approach. The Group thus favors maintenance and repair over replacement to reduce the impact of its business activities and, at the same time, to address the increase in the cost of living by offering economically relevant alternatives to the purchase of new products.

Fnac Darty has opted to support its strategic plan Everyday by significantly developing its repair activities. To achieve this, the Group can leverage one of its core assets: its after-sales service. Fnac Darty has offered repair services for all devices purchased at Fnac Darty and elsewhere for more than 20 years.

There are more than 3,000 employees dedicated to this activity in remote customer relations centers, at in-store after-sales service counters, at home, in workshops and in WeFix corners, making Fnac Darty the largest after-sales service provider in France.

2.2.2.1 / France's largest after-sales service, and sharp acceleration in activity



Repair is a practical response to the Group's climate challenges. Life cycle analysis of the products sold by Fnac Darty and assessment of the associated GHG emissions show that the manufacture of the products distributed by the Group's brands in 2022 accounted for approximately 2 million tons of CO_2 equivalent, i.e., 65% of the 3 million tons of CO_2eq attributable to the full life cycle of these products (see also 2.3.3.5). Extending the life span of these products by repairing them delays the manufacture of new products and therefore represents substantial "avoided emissions."

To quantify this positive impact, the Group measures the emissions avoided by repair each year, with the support of a firm of experts. The approach is comparative, between a reference scenario where the product is not repaired and leads to the purchase of a new product, and a scenario where the product is repaired but leads to emissions generated by the repair activity (production of spare parts, travel by after-sales technicians, etc.). The analysis by Fnac Darty and EcoAct of products repaired in 2022 [1] shows that repair activities in France avoided 200,000 tons of CO_2eq. Sensitivity analyses have shown that the environmental benefits of repairing domestic appliances far exceeded the rebound effects of the business.

Objective part of the plan Everyday: 2.5 million products repaired [2] in 2025

Scope: France	2020	2021	2022	Δ vs 2021	Target achievement rate
KPI: Number of products repaired *(in thousands)*	**1,822**	**2,106**	**2,344**	**11.3%**	**67%**
At home	436	515	545	14%	
In a repair workshop	307	397	424	7%	
In-store	134	191	218	6%	
By remote customer relationship centers	755	798	929	17%	
By WeFix	190	205	229	12%	

2.2.2.2 / Maintenance: increasingly important for extending product life spans

According to an Ademe study, 40 to 70% of breakdowns result from maintenance issues or improper use by the customer of their device. While maintenance is one of the keys to extending the life span of domestic appliances and consumer electronics, many consumers do not follow the maintenance instructions and sometimes are not even aware of them. In order to prevent breakdowns, the Group has a role to play in raising awareness of the need to properly maintain equipment.

Maintaining appliances is not an ingrained habit: 64% of French people inquire about usage and maintenance advice when buying equipment, but just 15% routinely follow such advice [3]. The Group introduced several arrangements in 2022 to raise customer awareness of proper maintenance:

- the Darty Max subscription now includes maintenance of all registered devices in the network at least once a year, via video chat with an expert (see also section 2.2.2.3);
- maintenance advice is included for each of the 80 product families in the after-sales service Barometer (see also After-Sales Service Barometer section 2.2.1.1). These "first-aid techniques" are also supported by more in-depth advice from the Darty After-Sales Service Community (see also section 2.2.2.6);
- to coincide with Sustainable Development Week and the fifth After-Sales Service Barometer, Fnac Darty launched the "Il suffit d'un geste pour leur sauver la vie!" campaign ("Just one step to save their lives!"). For three weeks, consumers were invited to take advantage of a free service, exclusive to Darty Max: a 25-minute "video interview" with an after-sales service technician;
- with 80% of French people failing to properly maintain their appliances due to inadequate instructions [3], from 2023 stickers will be affixed to some of the products manufactured by the Group to remind customers of essential maintenance procedures, providing permanent, concise and easily accessible guidance for customers.

(1) *Scope: products repaired at home and in after-sales service workshops. The study's methodology and results are described in more detail in section 2.3.3.5.*
(2) *Repaired in after-sales service workshops, at home, at in-store after-sales service counters, through call centers, by WeFix.*
(3) *Ademe/Odoxa, 2021,* Étude sur l'entretien des équipements et produits domestiques en France. *(Study on the maintenance of household goods and equipment in France.)*

2.2.2.3 / Darty Max, making repairs easier

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

A major pillar of the strategic plan Everyday and the Group's low-carbon trajectory, the development of Darty Max should enable Fnac Darty to become a trusted partner of consumers in their daily lives, helping them to make sustainable purchases and to manage their daily household uses.

In 2021, the Group decided to expand its offer to the entire home: small domestic appliances, home cinema TV, sound, photography and multimedia. In June 2022, the service was extended to Fnac.

The Group thus offers customers the possibility of easily repairing rather than replacing, with no limit on the number of devices, faults or age, as long as spare parts are available. The service includes remote assistance, diagnostics, labor and replacement of defective parts for all devices purchased at Darty or elsewhere [1]. Darty Max also includes maintenance advice, help with the use of appliances and priority access for home service calls and telephone assistance.

The Group continues to enhance the services offered to Darty Max subscribers by providing, in addition to repair, support for preventive maintenance of their appliances in the form of an annual video consultation.

Objective part of the plan Everyday: 2 million Darty Max subscribers in 2025

Scope: France	2020	2021	2022	2025 objective
Number of Darty Max subscribers	approx. 200,000	approx. 500,000	approx. 765,000	2 million

Recognition:

- Grand Prix de la Good Économie: Ensuring access to sustainable products and services: Gold Prix Corporate awarded to the “Darty Max” repair subscription;
- Grand Prix Focus Retail BFM TV – “Retail Transformation Award of the Year” awarded to the “Darty Max” repair subscription.

In Belgium, a similar subscription-based repair service

In 2021, a similar service was launched by Vanden Borre, the Group's Belgian subsidiary: the Vanden Borre Life contract, which covers all large domestic appliances – except hoods – less than seven years old, purchased at Vanden Borre or elsewhere. In 2022, the subsidiary also introduced a Vanden Borre Life subscription maintenance service.

By expanding its after-sales service, the brand allows Belgian customers to extend the life span of their products, freeing them from the uncertainty of the price of a repair.

HomeServe

In November 2022, Fnac Darty established a partnership agreement with HomeServe. HomeServe will offer Fnac Darty customers a variety of services such as connecting up or plumbing in their new device, to ensure trouble-free installation. HomeServe is committed to promoting the Darty Max subscription service to its customers.

(1) Subject to a flat fee for the first repair in the case of products purchased elsewhere.

2.2.2.4 / Supporting the acceleration of repair services

To support the acceleration of repair business activities, mainly generated by the increase in Darty Max subscriptions, the Group is strengthening its after-sales service organization and its teams of technicians.

Two new repair workshops

In October 2022, Fnac Darty opened a new service center in Chilly-Mazarin, in addition to its five other workshops. This site covers more than 10,000 m^2 and was designed to become the epicenter of the Group's repair activities. It comprises three major departments:

- the central spare parts warehouse, with more than 40,000 listed products and 140,000 parts in stock;
- the "repair" area, with a workshop reserved for practical training for the Group's future technicians;
- a "second life" area for repaired or reconditioned products to be resold in store or online.

In November 2022, Fnac Darty also relocated its western workshop, investing in a building covering nearly 8,000 m^2, close to Tours. This facility now handles product repairs and reconditioning for the entire Grand Ouest region of western France.

These investments demonstrate the Group's ambitions in terms of repair and sustainability and ensure the implementation of sufficient resources to achieve the target of 2.5 million product repairs per year by 2025.

Technicians, the cornerstones of sustainable consumption

This strategy led to a sharp increase in the number of home service visits, up 6% in 2022 compared to 2021. In order to support this demand, Fnac Darty is strengthening its teams of after-sales service technicians, as key partners in the large-scale development of repairs. An extensive recruitment campaign has been launched, with the aim of hiring an additional 500 technicians on permanent contracts by 2025. To achieve this, the Group is drawing on its Tech' Académie, which delivered work-study diploma training to more than 497 students in 2022 (see also section 2.4.1.2).

Remote repair: an efficient solution preventing unnecessary journeys

Fnac Darty is also investing in the development of remote repairs. Five remote repair units were set up in 2022, employing 265 telephone advisers and 40 technicians. They either repair the broken device directly or diagnose its cause in advance. This system helps to reduce unnecessary journeys, as well as confirming the cause of the breakdown and the parts required for repair.

In-store, Fnac Darty has introduced new filtering techniques to reduce the number of items sent from stores to workshops. In 2022, after-sales service counter employees were trained in the use of the new intelligent after-sales knowledge base (see below), to help with the repair of certain minor breakdowns directly at the counter, as well as with the diagnosis of repairs requiring parts. In addition to avoiding GHG emissions related to transportation, this process also ensures customer satisfaction, as 75% of requests are resolved directly in-store.

Belgium is also developing remote diagnostics as well as in-store filtering systems.

Roll-out of an intelligent after-sales service knowledge base dedicated to customer relations and repairs

In order to capitalize on the after-sales service expertise, Fnac Darty has established an intelligent knowledge base consolidating 20 years of technical know-how**.** Launched in 2021 in partnership with the Mayday start-up, this library pools information, providing access to it in a harmonized way that is readily useable by home service technicians and technicians working in call centers or on after-sales service counters. The platform's search engine can be used to enter breakdown-related questions along with the product reference. This means that technicians can quickly home in on the right operating mode, procedures and tutorials to help with resolution. This valuable tool plays a considerable role in improving after-sales service performance. It also makes an effective contribution to the resolution of minor breakdowns and to remote diagnostics.

- 244,796 technical fact sheets and 502,474 articles in the knowledge base.
- More than 1.5 million documents viewed each year.

Development of repair at Nature & Découvertes

In order to extend the life span of the products sold by the brand, the Sustainable Innovation Division has focused its efforts in several areas:

- reduction in after-sales service from stores via the roll-out of operational solutions such as:
  - mandatory training for on-site teams,
  - updates to store procedures for after-sales service, guarantees, returns and refunds,
  - the distribution of a "best practice guide for after-sales service returns" for stores in order to improve and facilitate after-sales service management,
  - the creation of breakdown diagnostic support sheets to help with analysis of after-sales service returns;
- the reorganization of processes and management for the flows of spare parts between the warehouse and stores, to improve their visibility and accessibility to customers so as to support repairability.

2.2.2.5 / WeFix, to extend smartphone life span

The Group greatly strengthened its repair activity with the acquisition of WeFix in late 2018. Founded in 2012, the Company offers a quick repair service (1 hour on average) for the main smartphone models. In this way, WeFix carries out over 30,000 repairs per month, which are guaranteed for one year, thanks in particular to the use of original or compatible components.

The arrival of WeFix within the Group helped to speed up the brand's development: in 2022, 5 new repair corners were opened, bringing their total number in France and Belgium to 143. A total of 279 people were recruited and 235 people were trained as repair technicians.

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

Already the leading retailer of Apple products in France, Fnac Darty – via its subsidiary WeFix – joined the network of Apple Authorized Service Providers in France in 2022. This agreement, for repairing and accessing Apple spare parts, is a guarantee of quality for customers. Their Apple warranty is maintained, including when a part is replaced.

2.2.2.6 / The after-sales service community, to encourage DIY repairs and proper use

The Group supports consumers by providing advice on use, maintenance and repair, through the "After-Sales Service Community," sav.darty.com, a public-facing website launched in 2018.

This online platform helps online users find information to help them troubleshoot and make good use of their products, drawing on the experience of the 7 million members of the community and the Group's after-sales service experts. Anyone can become an educated consumer by talking to other users who know and use their product, with facilitation by expert moderators, and by accessing the tutorials produced by Fnac Darty. The site is an everyday tool for extending the life span of consumers' products and is publicly accessible from a browser or a search engine, and via the darty.com product pages.

More than 10.8 million consumers visited the sav.darty.com Community in 2022 to find repair, use and maintenance solutions.

At the end of 2022, there were

- more than 60 articles and more than 900 tutorials for products and product families, dealing with use, maintenance and repair;
- more than 115,000 questions and more than 620,000 answers on specific products, accessible to the public;
- assistance from 5 Darty experts, for technical validation of answers provided by the Community and for writing editorial content.

2.2.2.7 / PC Clinic and Clinica Fnac, offering repair services in Portugal

Every year, Fnac Portugal boosts its repair service with its "Clinica Fnac" and "PC Clinic" workshop brands. Both brands offer guaranteed and non-guaranteed repairs, diagnostics and quick telephone repairs.

Clinica Fnac and PC Clinic have 37 stores and corners across the country, more than 160 after-sales service technicians, and repaired more than 55,000 appliances in 2022 (up 47% compared to 2022).

Over the last few years, Fnac Portugal has strengthened and extended its repair partnerships with major brands including Apple, HP, Samsung, Huawei, Lenovo and Asus.

Thanks to their geographical coverage, their partnerships and the promise of speedy repair, Clinica Fnac and PC Clinic are positioning themselves as the go-to for quick repair in Portugal.

(1) Source: Ademe.

2.2.3 / GIVE A SECOND LIFE TO PRODUCTS

A major commitment for the Group, the "second life" business is part of the transition to a more circular economy, in which reuse extends product lifespan. As a result of high customer expectations and the obligation contained in the anti-waste law for a circular economy (AGEC), the management of unsold and so-called "non-saleable," obsolete or outdated products has become a priority development area for the Group in recent years.

In order to find responsible solutions for customer returns and unsold products, democratize access to technology at lower cost, and increase the value of these products, the "second life" business is developing several recovery channels:

- resale of reconditioned or slightly damaged products;
- resale of nonfunctioning products to discounters;
- donations to associations.

In 2022, volumes resold under the Fnac "second life" and Darty "second life" brands increased by 34% compared to 2021.

The strong growth in these business activities led to the opening of two "second life" workshops. Covering 900 and 2,000 m^2 respectively, these new spaces significantly increase the division's operational capacity, bringing second life and after-sales service together, for products requiring repair (see also section 2.2.2.1).

2.2.3.1 / Develop a high-quality second life product offering

Although "second life" has seen rapid growth in recent years, it still sometimes suffers in the market from negative perceptions around product quality. The Group has opted to develop a high-quality offering and place second-life products alongside new ones.

A range of reconditioned products meeting the same quality standards as new products

The Group's objective is to develop an offering that optimizes its internal product flows without dumping or stockpiling, while offering its customers an alternative to new with the quality, trust and service standards that characterize its brands, in terms of:

- after-sales service, with a two-year warranty (one year more than the statutory warranty period for reconditioned products);
- a 15-day cancellation period;
- delivery-installation, with the same service offering as for new products;
- associated repair services, with the integration of second life products into the Darty Max maintenance and repair subscription service.

More transparent classification of second life product condition

Fnac Darty also commits to providing transparent information on the condition of "second life" products. The scale from "excellent" to "good" has been overhauled to provide customers with a more detailed description of the potential defects that their reconditioned product might present.

Second life in Portugal

In 2022, Fnac Portugal continued to develop the in-store Fnac RESTART range for reconditioned consoles and telephones and is currently developing a marketplace offering.

Fnac Suisse has also created a "second life" page in addition to setting up in-store corners, and has introduced take-back for Apple products through its partnership with Revendo.ch.

2.2.3.2 / Increasing the supply of second life products

Fnac Darty is taking a variety of approaches to increasing its second life product pipeline without compromising on quality:

- improved classification and expanded sorting criteria: Fnac Darty is actively working to reduce upstream product breakages, including during the transport phase. For products that are still operational, the Group has reviewed its sorting criteria to include for sale products with certain flaws, including dents or scratches. Thanks to the new close relationship between the reconditioning workshops and the after-sales service workshops, there are also more repaired second life products;
- take-back, an effective approach to boosting product circularity: the Group has launched take-back schemes to promote circularity, to encourage customers to put their used items back on the market. Fnac and Darty take back consumer electronics – smartphones, cameras and other multimedia devices – in return for a voucher. The product can be taken back to a store or online by dropping the product off at a pick-up point. The vast majority of these products are then resold directly by Fnac Darty.

For editorial products, in September 2022 Fnac Darty launched the test phase of a new book take-back service in 26 stores and via the web. Fnac Second Life now takes back books directly. Books that have been taken back are sorted and then made available for resale through a partnership with Rediv.

2.2.3.3 / A solidarity-based second life for unsaleable new products via donations

When new products are deemed unsaleable, Fnac Darty gives preference to donations to associations or social economy companies. The Second Life Division has significantly developed this channel since 2020. In 2022, nearly 500,000 products from the catalog were donated to associations such as the Agence du Don en Nature, and long-standing partner associations such as Emmaüs France, Bibliothèques sans Frontières, Envie and Secours Populaire (see also section 2.6.3.3).

In 2022, a new solution for donating unsold goods directly by and from stores was rolled out in all Fnac stores. This was introduced in partnership with Comerso, one of the leading players in the recovery of unsold goods, which has developed a logistics and IT solution for managing donations in kind.

As a result, stores can donate directly to local associations, avoiding returns of such products to the warehouses and helping to create an impact directly in the areas where stores are located.

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

Having first partnered up with Envie in 1984, Darty is now the leading supplier of large broken-down domestic appliances for this company in the social and solidarity economy. While working to promote professional integration through repairs, Envie gave a second life to nearly 17,000 tons of domestic appliances in 2022. Close to 41% of the tonnage of electrical and electronic waste collected by Fnac and Darty France were repaired and reused in this way. These partnerships and the volume of donations (financial and in kind) made to associations are presented in more detail in section 2.6.3.

Partnerships to reduce waste, particularly food waste, at Nature & Découvertes

Nature & Découvertes is continuing two partnerships with Comerso (unsold non-food goods) and Too Good To Go (unsold food products), and is testing an “anti-waste” section to get more value out of perishable inventories.

Nature & Découvertes also launched a “Second-hand” service in 2022 with its first limited sale of reconditioned products from the Astronomy, Outdoor Activities, Toys and Games and Well-Being families on its e-commerce site.

Since 2020, Nature & Découvertes has been a signatory to the “Look, Smell, Taste, Don’t Waste” date labeling initiative introduced by the Too Good To Go start-up and joined by stakeholders (manufacturers and retailers) in the agri-food industry. The initiative is fully consistent with the process of managing expiration dates that Nature & Découvertes embarked on in 2019.

This commitment is reflected in a roadmap of 18 actions shared by stores, warehouses and headquarters, which includes a variety of measures such as:

- overhauling product specifications;
- overhauling logistics specifications;
- involving suppliers;
- automating logistics tools;
- introducing FEFO (First Expired First Out) at the warehouse and in stores;
- setting up a tracking indicator for marked down products;
- training advisers;
- overhauling promotional campaigns;
- adding “et aussi après” (“and afterward”) to product packaging.

Review of the partnership with Too Good To Go to save unsold goods

- 18,083 baskets, the equivalent of 18 tons of food saved from waste since launch in July 2019.

Comerso review 2022

- 124,000 products donated with a value of €431,000.
- Donations to associations: Predominantly Apprentis d’Auteuil and Libraries Without Borders.

2.2.4 / REDUCE PACKAGING, ENSURE WASTE COLLECTION AND RECYCLING

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

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

For the Group, optimizing the management of this waste is essential:

- to ensure that sites comply with current and future statutory requirements, including, in France, the law on Energy Transition for Green Growth and the so-called "Cinq flux" (Five flows) decree, the Environmental Code and the extension of the principle of extended producer responsibility to new waste categories;
- to limit the costs associated with waste processing (cost of processing common waste, penalties for downgrading skips) by reducing the proportion of non-recyclable waste through better sorting of materials;
- to improve the Group's performance in terms of waste recovery, in order to limit the environmental impact associated with waste.

The updating of Fnac Darty's materiality analysis in 2022 confirmed the strategic nature of these waste-related issues.

2.2.4.1 / Fnac Darty, the leading WEEE collector in France

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

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

In France, the volume of equipment collected and handed over to this eco-organization by Fnac Darty (including franchises) amounted to 40,258 tons in 2022, making the Group the main contributor of WEEE in the retail sector.

	2020	2021	2022
Volumes of WEEE collected *(tons)*	49,943	51,766	45,285
Fnac and Darty France	*44,898*	*46,778*	*40,258*
KPI: Volume of WEEE collected/revenue *(tons/€ million)*	**6.7**	**6.5**	**5.6**

The decline seen in 2022 is mainly linked to a reduction in deliveries of large domestic appliances, the main source of WEEE collections. There was a reduction in purchases of domestic appliances in this post-Covid period, following increased sales in this product segment during the pandemic.

Other hazardous waste

The Group also collects other waste for approved recycling organizations, such as batteries, bulbs, fluorescent tubes, and ink cartridges. This waste comes from the Company's consumption and from customers, who can place their waste in the collection bins.

- Ink cartridges: in France more than 90,000 ink cartridges were collected by Ateliers du Bocage, part of the Emmaüs network, which uses recycling as a means of employment integration. Across the Group, nearly 7.6 tons of ink cartridges were handed over to recycling companies.
- Batteries: in 2022, more than 35 tons of batteries and portable accumulators were also collected at the Group's various sites and sent for recycling. To actively participate in the recycling of industrial batteries, such as batteries for electrically assisted bikes, electric scooters and other urban transportation devices, the Group is also committed to the voluntary program for recycling these batteries. This commitment, introduced by eco-organization Corepile at the request of the "Union Sport et Cycles," involves a financial contribution for each battery sold by the Group, the leading seller on the French market, and the implementation of a collection system for these batteries at all Group sites, excluding Fnac franchises. In 2022, 1.5 tons of industrial batteries were handed over to Corepile for recycling.
- Bulbs and fluorescent tubes: more than 3 tons have been collected and sent for recycling.

Compliance with new EPR schemes

The AGEC law specifies that economic operators are responsible for the entire life cycle of the products they place on the market. New extended producer responsibility (EPR) schemes emerged in 2022 for clothing and household linen, soft furnishings, toys, sports and leisure items, as well as DIY and gardening items. Fnac Darty has formed partnerships with eco-organizations for each of these ERP schemes, covering both its direct sales and those made through its marketplace.

Brita cartridges

In order to promote the recovery of filter cartridges, Fnac Darty established a partnership with Brita in 2022, to collect and recycle this fully recyclable waste in Darty stores.

Some 2,700 kg of cartridges were collected (1,950 kg in 2021). Since June 2022, franchised stores have also joined the collection scheme.

2.2.4.2 / Optimization and recycling of packaging waste

Fnac Darty's logistics operations mainly produce packaging waste: pallets of products in protective plastic wrap and cardboard boxes from packages delivered to customers' homes or stores as part of the click&collect framework. Fnac Darty is putting in place two key strategies to limit packaging and the waste it generates: optimization and recycling of packaging.

Optimization of packaging volumes in logistics

In addition to improving the customer experience, packaging optimization aims to reduce the amount of cardboard and empty space in packages. These initiatives have a direct impact on the surface area used in warehouses and stores, and on transport costs.

Since 2018, two Fnac Darty logistics sites have been equipped with a fully automated solution that enables them to minimize the amount of cardboard used through the custom sizing of packages.

In 2022, with the ongoing aim of optimizing their size, tests were conducted with new machines that enable some cardboard boxes to be replaced by envelopes. This solution provides very significant gains in terms of both resources and the space in trucks. There are plans to roll out this solution to several warehouses in 2023 and 2024.

Sourcing of more environmentally responsible materials and the eco-design process for packaging for own-brand products

As part of its responsible purchasing policy, the Group is using an increasing amount of sustainable materials for its packaging. Since 2022, warehouses have replaced their plastic blocking and filling materials with recycled and recyclable brown paper, saving 1,715 rolls of plastic.

Furthermore, since the end of 2021, all e-commerce packaging in France has been made of recycled cardboard.

In Belgium, shrink wrap was replaced by a PCR film that is 25% thinner and contains over 60% recycled material. This change made it possible to save approximately 2.4 tons of plastic across Fnac Belgium and Vanden Borre in 2022.

Portugal aims to reduce its consumption of cardboard and paper for e-commerce orders by 40%. To achieve this, cardboard boxes will gradually be replaced by reusable containers and 95% of cardboard will made of recycled materials.

At Nature & Découvertes, the Sustainable Innovation Division has continued its eco-design approach to packaging with the aim of reducing the environmental impact of the brand's primary and secondary packaging in the short and medium term: adjusting packaging to fit the size of the product as closely as possible, reducing plastic and selecting recycled/recyclable materials. In addition, new specifications help professionalize dialogue with all suppliers.

2022 Performance

Scope: Group	2020	2021	2022	Δ vs 2021
Volume of packaging (cardboard and plastic) purchased *(tons)*	5,758	5,613	4,930	(12%)
Volume of packaging (cardboard and plastic) purchased *(tons/€ million of revenue)*	0.8	0.7	0.6	

Packaging purchases by volume were down in 2022 due to the slowdown in e-commerce activity. However, the reduction compared to revenue is the result of efforts made to eliminate the use of some plastics for blocking and filling and to reduce the amount of empty space in packages (see initiatives described below).

Collection and recycling of packaging

Aware of the impact of the waste generated by its activities, but also of the indirect costs associated with transporting and processing this waste, the Group strives to optimize the management of its waste, 90% of which consists of recoverable materials.

Since 2020, the Group has used a centralized waste management system for stores and warehouses, so as to monitor their performance in real time and to correct any shortcomings, such as downgrades or empty runs.

The Group is also investing in equipment and has launched new processes to improve sorting and reduce the number of collections. Some strategic sites were fitted with compactors, which enable them to reduce the number of journeys, and to package the materials in a way that allows them to be sold to recycling channels.

2022 Performance

Scope: Group	2021	2022	Δ vs 2021
Volumes of recoverable waste [(a)] generated and entrusted to recycling providers *(in tons)*	9,641 [(b)]	9,133	(5%)
Volumes of non-recoverable waste *(in tons)*	4,568	4,280	(6%)
KPI: Waste recovery rate [(c)]	**67.9%**	**68.1%**	**0.2 pt**

(a) Cardboard, paper, plastic, polystyrene, wood, metal, glass, bio-waste; excluding waste brought in by customers and excluding hazardous waste.
(b) Due to an extension of the reported scope (France in 2021, Group in 2022), the figure for 2021 has been adjusted to reflect the whole scope.
(c) Proportion of recoverable tons of waste out of all waste generated (recoverable + non-recoverable).

The assessment made in 2020 as part of the optimization project carried out with the help of a specialized firm indicated a waste recovery rate of 48% (for the scope covered by the project). The compaction and sorting equipment, and the regular supervision of KPIs by the Circular Economy Committee, helped to increase the rate for France to 64% in 2022. Group-wide, the recovery rate was 68.1%.

An exclusive Fnac Darty waste processing center in the Paris Region

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

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

2.2.5 / PUBLIC ENGAGEMENT AND RAISING AWARENESS OF SUSTAINABILITY ISSUES

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

2.2.5.1 / Cooperation with public authorities and associations

In recent years, Fnac Darty has consistently contributed to consultations on the implementation of bills concerning its activities.

The Group has therefore actively supported the law aimed at strengthening the bookstore economy and nurturing fairness and confidence among industry players, which was promulgated on December 30, 2021. This law, which imposes a mandatory minimum fee for the delivery of books to homes, provides for the publication of a legal order setting out a price schedule. In 2022, the Group took part, alongside other industry players, in the public stakeholder consultation organized by ARCEP in the spring, putting forward its opinions and providing in-house figures and analyses. The French government notified the European Commission of the ARCEP proposal. The Group has posted a contribution to the dedicated platform in support of the project.

Fnac Darty took part in the various consultations organized on the implementing decrees for the AGEC (circular economy) law. The Group has been actively involved in consultations organized under the aegis of the Fevad and with eco-organizations and the government on the new obligations incumbent on online platforms under Article 62 of the AGEC law (obligation to take back used products subject to extended producer responsibility (EPR) at the point of delivery; obligation of platforms to assume the environmental obligations of salespeople who do not comply, and in particular payment of the eco-contribution for salespeople who do not have a unique identifier under EPR).

Fnac Darty also took part in the activities of the working group led by the French Ministry of Ecological Transition on extending the repairability index to new categories of devices (top-loading washing machines, dishwashers, pressure cleaners, vacuum cleaners) and responded to the public consultation on this subject.

The Ministry of Ecological Transition also began consultation on the sustainability index, which is scheduled to replace the repairability index on January 1, 2024. Fnac Darty has one representative in the cross-border working group, and two representatives in the sector-based working groups.

In addition to legislative and regulatory requirements, the Group has continued its voluntary commitments:

- Fnac Darty was one of the architects and first signatories of the “charter of commitments for reducing the environmental impact of e-commerce,” which lays the groundwork for a more sustainable development of the sector by means of ten commitments organized around four themes: consumer information, packaging, warehouses and deliveries;
- as part of its ongoing commitment to reduce its impact on the climate, Fnac Darty signed the EcoWatt and EcoGaz charters in fall 2022 and rolled out an energy efficiency plan based on several pillars: modernization of equipment in favor of more efficient equipment; deployment of LED lighting and centralized building management systems, raising awareness among employees, customers and suppliers (see also section 2.3.3.3);
- at the local level, Fnac Darty also participated in and contributed to the “urban logistics” consultation organized by the city of Paris;
- the Group’s Chief Executive Officer and numerous members of the Executive Committee took part in the Assises du Commerce held in December 2021 under the aegis of the French Ministry of the Economy and Finance. Fnac Darty co-chaired the workshop entitled: “New consumption habits and new business models, or how to adapt trade to new consumption habits and make each business a key player in the ongoing transformation process.” This event was an opportunity to make concrete proposals for more sustainable and fairer trade in the future. The Group will play a full role in the work of the CNC (Conseil national du commerce, the French national trade council), created at the end of 2022;
- Belgium is involved in developing an eco-calculator led by Mobilise, a research group set up by the VUB *(Vrije Universiteit Brussel)*. The tool will calculate the environmental and societal impact (CO_2 emissions, air quality, traffic jams, noise pollution, etc.) of the various e-commerce delivery methods (home, store, pick-up point and locker) and will be made available to participating retailers during 2023.

2.2.5.2 / Raising public awareness of sustainability issues

Responsible marketing: a tool for raising customer awareness

The aim of responsible marketing is to make consumers question their consumption habits, but also to help increase demand for sustainable products.

As well as providing a practical response to the issues facing society, talking about the initiatives and services that help the Group reduce its impact enables it to encourage responsible consumption, differentiate itself from the competition and improve its brand image among all its stakeholders.

Business communications with a focus on sustainable consumption

In 2022, Fnac Darty voluntarily signed a "climate agreement," committing itself to invest more in business communications that promote ecological transition.

As such, Fnac Darty is also using the following initiatives to place increasing emphasis on responsible consumption in its speaking engagements and advertising campaigns:

- the "Sustainable Choice" campaign to guide customers toward an educated choice;
- the launch of 360° communication on subscribing to the "Darty Max" repair service, to raise customer awareness of "repair rather than replace";
- a monthly newsletter sent to Darty Max subscribers, providing tips on use and maintenance as well as advice on recycling end-of-life products;
- raising customer awareness of eco-actions as part of its energy efficiency commitments under the EcoWatt charter (see also section 2.3.3.3);
- the scheme for the in-store recovery of end-of-life products.

On the other hand, the advertising department also encourages suppliers to highlight their CSR communications and "Sustainable Choice" products by offering an additional week's visibility in the stores when two weeks are purchased.

Fnac Darty's determination to communicate responsibly was also reflected in the fact that, in 2022, the marketing teams received training on environmental claims and the risk of greenwashing:

- 5 training sessions were delivered in 2022;
- 36 participants from Fnac Darty and Nature & Découvertes.

Enhance and increase the visibility of the "second life" brand

In order to make its offering more visible on its commercial websites and in its stores, the brand identities of the "second life" brands were overhauled.

New slogans for both brands put reconditioned items under the spotlight: "Second life with confidence with Darty" and "Second life prices, backed by the Fnac guarantee."

Merchandising was also given a new look, both in stores and on the commercial websites. In-store, products are now highlighted by a specific trim in the "second life" colors and are positioned alongside new products in each department. On our websites, subject to availability, "second life" products are suggested more often as alternatives to new products on the product pages.

The launch of these new brand identities was also supported by promotional campaigns highlighting "second life" products. The specific purpose of these campaigns is to increase the visibility and attractiveness of these products to customers so that they are more often seen as a solid alternative to buying new products.

2.3 / Reduce our impact on the climate and the environment

Background and trends

In 2015, the COP 21 Paris Climate Agreement set targets for keeping global warming below 2°C in 2100 compared to pre-industrial temperatures, and aiming for 1.5°C. According to IPCC experts, if we are to limit global warming to 1.5°C and thus limit the worst effects of this climate change, emissions must peak by 2025 at the latest. These effects were strongly felt in 2022, with several periods of sweltering heat in Europe and a record drought.

For a retailer such as Fnac Darty, global warming poses a multitude of short-, medium- and long-term physical and transition risks. These are included in the Group's risk mapping (see also section 6) and are subject to a specific risk analysis. Updated in 2022, the materiality analysis also confirmed that internal and external stakeholders have high expectations that the Group will take climate issues into account.

In order to keep Fnac Darty's development within global limits, the Group has committed to a low-carbon trajectory, by setting targets that are in line with science. These targets relate to its most direct emissions (scopes 1 and 2) and its indirect emissions (scope 3) and were approved by the Science Based Targets Initiative (SBTi) in 2022.

To succeed in this transition, the Group strengthens its climate governance and its management of climate-related risk and opportunities on an annual basis. Fnac Darty has also launched an analysis of the impact of its activities on biodiversity, which is closely linked to climate change. Finally, the roll-out of the climate roadmap is accelerating, with the dual aim of both mitigating and adapting to global warming.

This integrated management of climate issues was commended by the CDP (formerly the Carbon Disclosure Project): in 2022, on the basis of the 2021 data, the Group maintained its A- rating. With a rating now above the average for European companies (B) and the average for the specialized retail market (C), Fnac Darty has been ranked within the "Leadership" category for the second year running.

Risks

- Regulatory risks: strengthening of climate regulations (energy, circular economy, etc.)
- Market risks: change in consumer behavior (decline in demand)
- Reputational risks: loss of reputation and attractiveness (in the event of damage to the environment or failure to take climate issues into account)
- Physical risks: supply chain disruption, interruptions to business activity, productivity losses, etc.

Opportunities

- Control of energy- and transportation-related costs
- Operational resilience
- Access to new markets (second life, urban mobility)
- Diversification of business activities (repair services)
- Attractiveness of our brands and our employer brand
- Access to new sources of financing

Levers activated

- Dedicated climate governance to incorporate climate issues at all levels of the Company
- An in-depth analysis of climate risks and opportunities, for mitigation or adaptation and resilience planning
- Incorporation of climate issues into the strategic guidelines, via a trajectory that is aligned with the targets of the Paris Agreement and via the diversification of business activities
- Genuine emissions-reduction initiatives and measured results

2021 Actions

- Approval of climate-related objectives by the Science Based Targets initiative
- Roll-out of an energy management system
- Signature of a Corporate Power Purchase Agreement
- First analysis of physical risks (acute and chronic)
- First analysis of the Group's impact on biodiversity
- Acceleration in the development of repair and preventive maintenance services
- Framing the "second life" offering
- Acceleration of the greening program for the fleet of owned and sub-contracted vehicles

KPI and associated indicators

- **KPI: 67,938 t CO_2eq generated by site energy and transportation** (down by -17% compared to 2019)
  - *Target (EVERYDAY): (50%) by 2030 compared to 2019*
- CDP: A-
- -14% drop in electricity consumption in France (in unified degree days)
- 47% of all electricity consumed came from renewable sources
- 10% of transport flows from warehouses to stores are now low-carbon

In this chapter, Fnac Darty provides a summary of the various levels at which climate issues are integrated into the Group's strategy and governance in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD – see the cross-reference table in section 8.8.7).

This chapter also meets the disclosure obligations set out in the European taxonomy for sustainable activities, the "EU Taxonomy," in accordance with EU Regulation 2020/852 of June 18, 2020, on the establishment of a framework to facilitate sustainable investment within the European Union (section 2.3.4).

2.3.1 / RISK MANAGEMENT AND GOVERNANCE

2.3.1.1 / Dedicated governance

- Fnac Darty has structured its governance in order to strategically address climate issues, with a view to mitigating the physical and transition risks associated with global warming. These issues are analyzed and managed by several bodies and by multiple Company stakeholders.

Role and responsibilities	
Board of Directors	■ The CSR Committee examines the CSR strategy and the Group's low-carbon pathway three times a year; it makes recommendations to the Board and reports any aspect that it deems salient for informing the Company's global strategy. ■ During its review of the Group's mapping of risks, the Board of Directors' Audit Committee notably examines the identified risk associated with poor integration of climate issues in the strategy and makes recommendations. ■ The Strategy Committee validates the business model's priorities and ensures that they are consistent with stakeholders' expectations.
Executive Committee	■ As often as it deems necessary, the Executive Committee reviews the strategic climate-related policies and priorities using an approach that incorporates these issues into the implementation of the strategic plan Everyday. As a result of their role in monitoring the rollout of the plan Everyday, the Executive Committee regularly discusses climate-related issues. ■ The Chief Executive Officer, who embodies the Group's CSR commitments, is responsible for making decisions on structural projects designed to address major risks or opportunities related to the climate. ■ As sponsors of the Group's climate strategy, the General Secretary in charge of CSR and Governance, and the Director of Services and Operations regularly review the climate-related performance of the operational sectors, introduce new projects, and ensure that the Company strikes the right balance between its ambitions and available resources.
Climate Committee	■ Climate issues are analyzed and managed by the Climate Committee. The Executive Committee is represented at this level by the Director of Services and Operations, and the General Secretary in charge of CSR and Governance and, since 2022, by the Commercial Director, who is responsible for monitoring product-related climate targets (see section 2.3.2). ■ Created in 2019, it meets three time a year to monitor the trajectory of CO_2 emissions, draw up action plans and monitor the roadmaps for the various operational sectors. ■ The members of the Committee (Management Committee of the Services and Operations Department – National Transportation, After-Sales Service, Logistics and Flows, Services Policy) received training on climate issues and carbon footprint measurement. Since then, they have continued to add to this training to develop their skills.
Business line and subsidiary representatives	■ In order to roll out the Group's low-carbon strategy, managers were appointed in each relevant department and in each country where Fnac Darty operates (Belgium, Switzerland, Spain and Portugal). These representatives have specific responsibility for measuring the CO_2 impacts of their activities, steering their low-carbon roadmaps and for monitoring their respective objectives.
Group CSR Department	■ Within the General Secretariat, the CSR Department coordinates the reporting of CO_2 emissions, the monitoring of roadmaps, the mapping of risks and opportunities associated with climate change and the dialogue with internal and external stakeholders, and actively participates in searching for solutions to reduce the impact of the Group's activities on the climate as well as the impact of global warming on the Group's activities.

Support Departments	■ The Climate Committee regularly calls on the expertise of other departments to identify, assess, and respond to climate-related risks and opportunities. ■ The Director of Public Affairs and the Legal Department actively monitor climate-related regulatory developments and collaborate with the CSR Department to maintain a dialogue with public authorities on various related issues. ■ The Internal Audit Department identifies and evaluates the management of certain climate-related risks through internal control committees or during regular exchanges with the Group's various departments and subsidiaries. ■ The Financial Communication Department ensures that the information published by the Group is consistent with investors' growing expectations regarding the integration of climate issues in the strategy. It responds to ESG analysts and non-financial rating agencies in a transparent manner. ■ The Technical and Maintenance Department drives the roll out of an energy management system and provides expertise on energy- and building-related issues. ■ The Group's Strategy and Transformation Department is responsible for the deployment and success of the strategic plan Everyday. Accordingly, it tracks certain key performance indicators that are common to Fnac Darty's climate strategy (see section 1.5 "Group strategy and objectives"). ■ As part of its responsible purchasing policy, the Indirect Purchasing Department actively participates in decarbonizing certain Group activities, particularly those associated with transportation and energy purchases.

2.3.1.2 / Climate challenges embedded in strategic priorities and risk management

Within the framework of its climate strategy, Fnac Darty identifies, assesses, and responds to physical and transition risks, as well as seizing opportunities associated with climate change. Shared at all levels of the Company, this strategy has contributed substantially to the integration of these issues in the strategic priorities of the plan Everyday. By placing sustainability at the heart of the priority areas over the next few years, the Group acknowledges that climate change will be one of the main influential factors for the Company and, consequently, its future activities.

Over the last two years, the Group has adopted a multi-disciplinary approach to the specific analysis of climate-related risks. Having analyzed the main transition risks that may affect the Company in 2021, in 2022 Fnac Darty conducted an in-depth analysis of its exposure to physical risks.

Analysis of physical risks

As a consequence of its activity, Fnac Darty is exposed to these physical risks and has adopted the Ocara methodology [1] as a framework for analysis to understand its level of resilience to the impacts of climate change. The analysis was carried out by a consultancy firm and was used to map the exposure of more than one thousand Group sites to climate change by looking at four climate events: extreme heat, heavy rains and river flooding, drought and clay shrinkage, and temperature and cooling. The study considered radiative forcing scenario SSP5-8.5 (the scenario in which greenhouse gas emissions continue to grow in line with current trends) and focused on the time frames 2030 (2021-2040) and 2050 (2041-2060).

The analysis was then supplemented by a financial impact analysis focusing on two climate-related impacts: the increase in cooling requirements and therefore changes in energy bills, and the loss of productivity associated with heat wave events at logistics sites.

Results of the analysis

The exposure of the Group's sites to floods and subsidence remained low in 2030 and 2050. However, the majority of sites will experience an increase in heatwave conditions ("number of days above 35°C") and therefore in the cooling requirements associated with the gradual increase in temperatures, which will have a moderate impact on air-conditioning costs. Therefore, the Group's sites could, on average, experience a 32% increase in cooling degree days [2].

A sharp increase in heatwave conditions could affect around ten stores in 2030 and more than 125 in 2050, including seven strategic sites [3], which could lead to a deterioration in working conditions during these events.

(1) Developed in partnership with Ademe, HDI Global France, Bureau Veritas and the CCI Grand Est, OCARA is the first benchmark for analyzing companies' resilience to climate drift.
(2) Definition: cooling degree days (CDD) are equal to the number of degrees Celsius on a given day on which the average temperature exceeds 18°C.
(3) For the purposes of the analysis, some sites were identified as highly strategic: warehouses, headquarters, data centers and strategic stores with significant revenue.

Summary of the main climate-related risks and opportunities

Fnac Darty considers a risk to have a material financial and/or strategic impact if its occurrence would result in a loss of revenue, a significant increase in indirect costs or constitute significant damage to the Group's reputation or development (attractiveness, talent retention, etc.).

For each risk, the time horizon is specified using the following methodology:

- short term (ST): 1-3 years;
- medium term (MT): 3-5 years;
- long term (LT): 5-10 years.

Risk/opportunity factors	Description	Potential impact	Horizon	Strategic response
Transition risks				
Regulatory risks Because of its activities and its status as a listed company, the Group is exposed to risks resulting from the desire of governments and Europe to legislate so as to achieve national and European targets for reducing CO_2 emissions, in particular carbon neutrality by 2050.	Traffic restrictions and other regulations related to the renewal of the Company fleet: strengthening of the "low emission zone" system; mobility law (quotas for fully electric or rechargeable hybrid vehicles)	++	ST	*See section 2.3.3.4*
	Obligation to improve energy performance in buildings (France): the French Tertiary Decree (Élan Law) set reduction objectives for the energy consumption of tertiary buildings (-40% by 2030)	++	MT	*See section 2.3.3.3*
	Volatility in energy prices partly due to the decrease in carbon credits, and a potential increase in transportation and energy costs as a result of the reform of the European carbon market	+	ST	*See section 2.3.3.3*
Market risks In response to the climate crisis, supply and demand for certain products and services are changing greatly.	Changing consumer behavior, which could reduce their consumption for environmental reasons, or promote alternative distribution channels or players (second-hand, committed brands, etc.)	+	MT	*See section 2.2*
Physical risks				
Acute risks: Climate change leads to extreme weather phenomena: heat waves, floods, storms and so on.	Increase in energy bills, linked to increased cooling requirements	+	MT	*See section 2.3.3.3*
	Loss of productivity or even temporary suspension of work at logistics sites (warehouses, delivery platforms, after-sales service sites)	+	LT	*See section 2.3.3.3*
	Material damage to the Group's infrastructure	Not assessed		
	Supply chain disruption linked to extreme weather events or a scarcity of resources associated with climate change	Not assessed		
Opportunities				
Business opportunities associated with low-carbon products and services, or facilitating the energy transition	Access to new markets associated with the ecological transition of consumers	+	ST	*See section 2.2*
	Diversification of activities thanks to the emergence of new consumer expectations	++	ST	*See section 2.2*
	Improvement of brand image and employer brand image	+	ST	*See section 2.4.5.1*

Management of climate-related risks and opportunities

In its management of climate-related risks, Fnac Darty takes account of the impacts of climate change for its organization, and the impacts of its activities on climate change. This approach, from the dual materiality standpoint, operates at several levels in the Company.

Risks associated with the impact of climate change on the Group

The climate risk analyses are fed into the Group's risk mapping, which recognizes climate issues as an important risk factor for Fnac Darty (see section 6.1). They are reviewed and revised at the same time as the Group's risks. This mapping is presented in detail to the Audit Committee and approved by the Board of Directors once a year. The issues identified are subject to action plans aimed at avoiding, mitigating or transferring risks. They are mainly monitored by the Group's Climate Committee, or by other thematic committees (circular economy, greening of the vehicle fleet, etc.). Climate-related opportunities are central to the work of the Sustainability Committee, driven primarily by the Sales and Services Departments.

Risks associated with the impact of the Group's activities on climate change

The risks of serious damage to the environment, including several risks related to the worsening of climate change, are monitored as part of the Vigilance Plan and the Climate Committee's monitoring of the low-carbon pathway. The most significant risks identified include:

- the impacts very closely linked to Fnac Darty's business model: the retailing of new products (particularly electrical and electronic products) generates CO_2 emissions through the manufacturing process. This risk is regularly assessed by the Climate Committee, based on:
  - annual monitoring of CO_2 emissions generated by the products sold,
  - annual monitoring of CO_2 "avoided" through repairs and the sale of second-hand products,
  - monitoring of the targets approved by the Science Based Targets initiative;
- the impacts associated with the transportation of goods (from warehouses to customers and from warehouses to stores) and the energy consumption of sites, which are identified in the Vigilance Plan's risk mapping and which are assessed quarterly by the Climate Committee and daily by the managers of the Group's various transportation operations. The assessment of these impacts is monitored quarterly by means of business-line KPIs: CO_2 emissions generated per pallet, CO_2 emissions generated per package, CO_2 emissions generated per delivery, CO_2 emissions generated per after-sales service call, CO_2 emissions generated per square meter.

2.3.2 / CLIMATE STRATEGY INTEGRATED WITHIN THE EVERYDAY STRATEGY

The specialized retail market is not considered a high-stakes sector; consequently, the Group did not use forward-looking climate scenario analysis tools during the development of its new strategic plan. However, strategic monitoring and numerous prospective studies, particularly relating to changes in consumer behavior, did inform the analyses conducted; these helped shape the Group's strategy, transforming transition risks into business opportunities. The integration of climate risks and opportunities in the strategy is described in detail in section 1.1.3 "Strategic challenges, sources of opportunity, aligned with the sustainable development objectives."

In addition, Fnac Darty's climate change risk assessment is based on the IPCC scenarios and the transition scenarios developed by Ademe [(1)]. The assumptions applied by the Group are increasing carbon regulations and taxation, an increase in the cost of raw materials and energy, and a slow but sustained change in consumer behavior.

(1) French Environment and Energy Management Agency (Agence de l'environnement et de la maîtrise de l'énergie – Ademe).

The table below summarizes the Group's transition plan, which is based on this analysis and is directly integrated into the company's overall strategy.

Challenge	Strategy	Associated risks and opportunities	Levers activated	Commitments
Products 90% of the total carbon footprint (entire life cycle)	Develop the business model by choosing to extend the life span of products instead of replacing them	■ Transition risk: change in consumer behavior ■ Opportunity: business diversification	■ Develop repair services, first and foremost the Darty Max subscription ■ Promote the importance of preventive maintenance in extending product life span ■ Promote the "second life" of products	Everyday: 2.5 million products repaired in 2025 Everyday: 2 million Darty Max subscribers by 2025
	Select, promote and encourage customers to choose more reliable, repairable and energy-efficient products		■ Share after-sales service data with customers ■ Raise customer awareness about how to maintain their products and use them properly	Everyday: sustainability score of 135 in 2025 SBT: Reduce emissions from product use by -22% per product sold by 2030 (compared to 2019)
	Encourage suppliers to design more reliable, repairable and energy-efficient products	■ Transition risk: increasing regulations, change in consumer behavior	■ Measure and manage product reliability and repairability for each category ■ Share after-sales service data and engage in dialogue with suppliers to help them improve	
	Encourage branded product suppliers to set goals aligned with climate science		■ Engage in dialogue with suppliers	SBT: Suppliers representing 80% of CO_2 emissions from product manufacturing will have defined science-based targets by 2026
Energy 40% of scope 1 + 2	Decarbonize the energy consumption mix	■ Transition risk: increasing regulations, rising energy prices. ■ Physical risks: higher energy costs due to higher temperatures, deterioration of working conditions	■ Renewable electricity purchase agreements	SBT: Reduce scope 1 and scope 2 emissions by 50% by 2030 compared to 2019
	Reduce energy consumption		■ Roll-out of an energy management system ■ Investment in LED and BMS	Reduce electricity consumption by 15% between 2022 and 2024
Transportation 60% of scope 1 + 2 4% of scope 3	Decarbonize owned fleets	■ Transition risk: increasing regulations, rising energy prices	■ Purchases of electric vehicles, bioNGV, bio-ethanol	SBT: Reduce scope 1 and scope 2 emissions by 50% by 2030 compared to 2019
	Encourage carriers to decarbonize their fleets		■ Engage in dialogue with suppliers	Fret 21: Reduce emissions from outsourced transportation by 10% by 2023
	Reduce distances		■ Optimization of transportation and loading schedules ■ Reduction of size and empty space in packages	
	Encourage customers to choose more environmentally friendly delivery methods	■ Transition risk: change in consumer behavior	■ Inform customers about the average emissions associated with each delivery method	

2.3.3 / OBJECTIVES, ACTION PLANS AND PERFORMANCE

Fnac Darty has aligned itself with the most ambitious trajectory of the Paris Agreement (+1.5°C by 2100) to reduce its most direct emissions (scope 1 and scope 2) and with a trajectory below 2°C to reduce its indirect emissions (scope 3).

2.3.3.1 / Climate science-based reduction targets

By setting ambitious targets, Fnac Darty aims to put the entire organization under pressure to help reduce GHG emissions related to its activities and to implement strategies to adapt to the consequences of climate change.

In 2022, the Group submitted three science-based targets (see "SBT target" in the table below) to the Science Based Targets initiative [1], which approved them in October. Fnac Darty will publish performance against these targets in the CDP 2022 questionnaire:

- reduce scope 1 and scope 2 emissions by 50% by 2030 compared to 2019;
- reduce emissions from the use of products sold by -22% per product sold by 2030 compared to 2019;
- ensure that suppliers representing 80% of product manufacturing emissions have set climate science-based targets science by 2026.

The Climate Committee is responsible for monitoring these targets, with active participation by the Sales Department in relation to the SBT targets for products sold since 2022. These objectives sit alongside the reduction target set out in the strategic plan in 2021. This is still the operational objective and concerns GHG emissions for which the Group considers that it has direct levers for action (i.e. transport and energy at the sites). This managerial decision was supported by the Group's recent materiality analysis, which shows that reducing emissions directly related to operations is considered a priority by Fnac Darty's stakeholders, particularly internal stakeholders.

Everyday target (scope: Group)	2019	2020	2021	2022	vs N-1	vs 2019	target achievement rate
Transport (excluding upstream transport) and energy	**81,575**	**71,618**	**77,272**	**67,898**	**(12%)**	**(17%)**	**33%**
GHG emissions related to transport and energy per million euros of revenue	11.1	9.6	9.6	8.6	(11%)	(22%)	

The challenge related to sites' energy performance has also been moved higher up the list of priority issues. A specific objective has been established for this last issue in France, in response to this expectation and to the call from the public authorities to implement an energy efficiency plan: **reduce electricity consumption by 15% [2] by 2024 compared to 2022.**

Other objectives included in the strategic plan Everyday indirectly measure the Group's performance in the climate transition, as the Group's efforts for extending product life span make it possible to avoid GHG emissions (compared to the scenario of premature product replacement – see section 2.3.3.5):

- **achieve a sustainability score of 135 by 2025** (see section 2.2.1); and
- **achieve a target of 2.5 million products repaired by 2025** (see section 2.2.2).

Fnac Darty's ambitions for the sustainability of its products illustrate the Group's commitment to acting on the most significant emissions categories contributing to its total carbon emissions: the manufacture of new products distributed by its brands and the use of these products.

2.3.3.2 / GHG emissions summary (scope 1, 2 and 3)

The scope of the carbon footprint corresponds to the financial scope, and includes most of the GHG emissions related to the Group's franchise business. The emissions included for franchises are:

- GHG emissions related to the energy consumption of franchised stores (item 3.14);

(1) *The SBTi, developed by the CDP, the United Nations Global Compact, WRI, and WWF, aims to promote the adoption by companies of carbon strategies based on scientific knowledge, i.e., strategies aimed at a decarbonization level that meets the goals of the Paris Agreement, holding the increase in the global average temperature to well below 2°C above pre-industrial levels (and pursuing efforts to limit global warming to 1.5°C).*

(2) *Adjusted to degree days to accurately reflect performance levels without weather-related impacts.*

- GHG emissions related to the manufacture, transport, use and end of life of products purchased by the franchises from the Group's central purchasing office and distributed by the franchised stores (items 1.1, 3.1, 3.4, 3.7, 3.8 and 3.9).

Emissions are reported in tons of CO_2 equivalent.

Fnac Darty is improving its GHG emissions calculation methodologies year on year. In 2022, it changed its calculation methodology for several emission items, in particular for the significant item of purchased products, upstream transportation, the use of products sold and their end of life. For items such as fixed assets and indirect purchases, the Group has been able to use activity data and thus avoid certain extrapolations to refine the calculations. The Group has also corrected marginal errors, which, when added together, can have a significant impact on the consolidated result. In order to ensure data comparability from one year to the next, the Group's policy is to recalculate previous years.

Emissions item (GHG Protocol) *(in kt CO_2eq)*	**2019**	**2020**	**2021**	**2022**
1.1 Fixed sources of combustion	5.4	4.8	5.8	4.6
1.2 Mobile sources of combustion	11.3	11.3	12.8	13.0
1.4 Direct fugitive emissions	3.2	3.2	3.2	2.1
Scope 1: direct emissions	**20.0**	**19.3**	**21.8**	**19.6**
2.1 Electricity consumption – MB	8.3	2.0	1.5	2.0
2.2 Steam, heating or cooling consumption	0.1	0.1	0.2	0.2
Scope 2: indirect energy-related emissions	**8.4**	**2.1**	**1.7**	**2.1**
3.1 Products and services purchased	2,511.7	2,444.5	2,482.2	2,177.1
Of which indirect purchasing	*110.9*	*103.1*	*111.1*	*114.2*
3.2 Fixed assets	52.3	43.2	45.1	31.3
3.3 Fuel- and energy-related emissions – MB	8.2	6.5	6.7	6.9
3.4 Upstream transportation of goods and retail	84.5	80.5	83.2	72.1
3.5 Waste generated	124.4	n.a.	117.4	102.2
3.6 Business travel	1.2	0.4	0.4	0.8
3.7 Commuting	41.3	n.a.	39.2	39.9
3.9 Downstream transportation of goods and retail	13.9	17.7	19.3	14.1
3.11 Use of products sold	1,256.8	1,249.5	1,237.8	1,059.1
3.12 End of life of products sold	23.3	22.2	23.2	23.5
3.14 Franchises	1.7	1.7	1.9	1.7
Scope 3: other indirect emissions	**4,119.4**	**n.a.**	**4,056.5**	**3,528.7**
CARBON FOOTPRINT	**4,147.8**	**N.A.**	**4,080.0**	**3,550.5**
CARBON INTENSITY (EMISSIONS/REVENUE)	**0.64**	**0.58**	**0.57**	**0.51**

As the GHG emissions generated by customers traveling to stores are material, Fnac Darty also measures this emission item [1].

Scope: Group (excluding franchises) *(in kt CO_2eq)*	**2019**	**2020**	**2021**	**2022**	**Δ vs 2021**	**Δ vs 2019**
Customer travel to stores	591.0	420.4	490.3	481.6	(2%)	(19%)

The calculation methodologies and assumptions are detailed in the methodology note available in 2.8.

The calculation of CO_2 emissions includes an element of uncertainty related to the calculation methods and source data, which are sometimes based on extrapolation. However, the carbon footprint can be used to establish levels of magnitude and to identify levers for action to reduce emissions. Accordingly, given that over 90% of the Group's GHG emissions are related to the products it distributes (over their entire life cycle), Fnac Darty's sustainability strategy is particularly appropriate.

2.3.3.3 / Action plans to reduce energy-related emissions and performance

With more than 1,600,000 m² of warehouses, stores and offices, the energy consumed by the Group's sites is a substantial source of its CO_2 emissions: they represent almost 18% of the total emissions recognized within the scope of the emissions reduction objective monitored under the strategic plan Everyday. In order to reduce these emissions and address energy-related risks (see section 2.3.3.1), Fnac Darty acts in two areas:

- reduction of its energy consumption;
- decarbonization of its energy mix.

2022 key highlights:

- signing of the EcoWatt charter;
- creation of an energy efficiency plan;
- roll-out of an energy management system;
- signing of a Corporate Power Purchase Agreement.

Roll-out of an energy efficiency plan and an energy management system

In order to meet the requirements of the tertiary decree [2] and current and future challenges in terms of electricity and gas supply, Fnac Darty has stepped up its efforts and implemented a system designed to drastically reduce its energy consumption. In October 2022, the Group signed the EcoWatt charter, a joint initiative of the French electricity transmission network (Réseau de Transport de l'Électricité – RTE) and Ademe, through which it has committed to reducing its consumption, particularly during peak periods, and to relaying alerts issued by the RTE. Fnac Darty is also a signatory to the EcoGaz charter, initiated by GRDF.

Far from being temporary, these actions are part of a broader approach to energy efficiency, with the roll-out of an energy management system (EMS) in France.

In France, the Group has set the ambitious target of **reducing its electricity consumption by 15% [3] by 2024 compared to 2022.**

(1) *Although optional in the GHG Protocol, GHG emissions related to customer travel to stores are estimated by the Group because they are deemed material. The movements of all visitors are recognized, regardless of whether or not they go to the checkout.*

(2) *Also known as the "décret de rénovation tertiaire" (tertiary sector renovation decree), the French Tertiary Decree set the following reduction objectives for the tertiary sector's energy consumption: -40% by 2030, -50% by 2040 and -60% by 2050.*

(3) *Adjusted to degree days to accurately reflect performance levels without weather-related impacts.*

The table below shows the main drivers in achieving this.

Objective	Actions 2022-2023	Estimated impacts
Reduce lighting-related consumption	**Invest in LED lighting** For several years, Fnac Darty has been investing in the adoption of LED lighting in its stores and warehouses. In 2022, in order to speed up this process of modernization, the Group committed to making significant investments with the aim of replacing the lighting across its store network by the end of 2024: ■ 138 Darty stores; ■ 70 Fnac stores. **Restrict the operation of illuminated outdoor signs and window displays** Fnac Darty has also decided to switch off its illuminated signs and window displays when the stores are closed. From now on, they will only be switched on when the stores are open during hours of darkness. **Improve reduced lighting in stores** Fnac Darty has launched a campaign to upgrade its reduced lighting (1/3 of fixtures) so that it is systematically used before and after the public reception facilities in stores.	Estimated saving of 14.9 GWh over 12 months
Reduce consumption related to heating and air conditioning	**New temperature guidelines (19°C in winter, 26°C in summer)** As of fall 2022, the Group's stores and offices will be required not to heat above 19°C in winter and not to cool below 26°C in summer. **Continue to invest in modernizing equipment** As part of the renewal of its air conditioning and heating systems, Fnac Darty prioritizes less energy-intensive systems and is stepping up its maintenance operations to ensure that its equipment is properly adjusted and avoids over-consumption of energy.	Estimated saving of 1.4 GWh during the heating period (per year), and 6.7 GWh during the cooling period (per year)
Measure, adjust, manage	**Roll-out of an energy management system** In order to implement a long-term approach to continuous improvement in the energy consumed by the sites, the Group has initiated the roll-out of an energy management system (EMS) in France. This initiative has resulted in the development of an energy policy, objectives and performance indicators, and the implementation of a dedicated structure. A project group comprising the energy manager and other managers from the maintenance department, as well as CSR, indirect purchasing and operations managers, has been set up and trained in the EMS. **Investments in BMS/CTM, particularly in warehouses** Over the last few years, in order to improve the energy efficiency of its sites, the Group has been rolling out centralized technical management systems (CTM). In 2022, the Group announced the latest phase in the improvement of its management tools, with the objective of having 100% of its stores equipped with an efficient BMS by 2024: ■ 44 Darty stores; ■ 40 Fnac stores. **Roll-out of an energy management tool** In view of the tertiary decree and ISO 50001, the Group has acquired a more robust tool for collecting and analyzing energy consumption data. It will allow monthly monitoring of energy performance indicators and will help in achieving consumption reduction targets.	Estimated annual reduction of 4% in energy consumption Estimated impact of 3.7 GWh per year

Objective	Actions 2022-2023	Estimated impacts
Coordinate/raise awareness	**Coordination of teams via an eco-guide** In order to make energy efficiency an integral part of the teams' daily lives, particularly in stores, a guide has been drawn up and distributed to all employees in France. The guide provides instructions on lighting, heating and various pieces of equipment, and should enable everyone to contribute to the energy efficiency plan. **Raising awareness among employees and customers** Fnac Darty has also made several commitments under the EcoWatt charter: ■ to raise its employees' awareness of the EcoWatt system and eco-actions in the workplace and while teleworking, via internal communication channels; ■ to raise awareness of the EcoWatt system and eco-actions among its subscribers, particularly in relation to the use of domestic appliances and technology, via a variety of communication channels (newsletters, social networks).	
Additional actions in the event of an EcoWatt red alert	Several additional actions have been adopted in the event of a high voltage alert on the French electricity network (EcoWatt red alerts): ■ turning off advertising screens (outdoor and indoor); ■ switching off heating or delaying the start of the heating period, on an ad hoc basis, when the equipment allows it; ■ relaying alerts via various communication tools.	

Communication initiatives have been implemented in other parts of the Group to raise awareness of eco-actions among teams and customers. Other energy efficiency measures have also been adopted. In Belgium, for example, the temperature limits for server rooms have been raised from 21 to 23°C.

Decarbonization of the energy mix

To reduce the carbon footprint related to their energy consumption, Fnac and Darty France have chosen to use traceable guarantee of origin certificates, via a direct electricity purchase agreement with a renewable energy producer (Power Purchase Agreements).

At the beginning of 2022, the Group signed a Corporate Purchase Agreement relating to the energy produced by a forthcoming solar farm in central France, which will be built and operated by Valeco. With 20 MW of installed capacity, this future solar power plant, which will start operating by mid-2023, will cover around 15% of the annual energy consumption of Fnac Darty sites.

In developing this project, Fnac Darty and Valeco have been particularly attentive to the protection of biodiversity. Covering an area of 20 hectares, the solar farm is being developed on former agricultural land that the municipality has transformed to accommodate an industrial project. Valeco has chosen to preserve the former agricultural activity of the site by implementing a beekeeping activity, which will focus on the Black Bee of Sologne, as well as a pasture for sheep. To achieve this, hedges will be created and the existing hedge will be strengthened both to contribute to the landscaping of the project and to strengthen ecosystem continuity. Local species that attract avifauna and pollinators will be selected (field maple, common dogwood, privet, etc.).

Valeco promotes the development of local employment for the entire project, for example, by working with local communities and businesses. The company also seeks to prioritize the hire of local professionals, in order to maintain the site's vegetation (farmer for the grazing, workplace integration association or maintenance company for green spaces, local fencing specialist, etc.), as well as for the beekeeping activity to be set up. With this new project and Valeco's development in the region, a new maintenance base is set to be deployed in the surrounding area.

In addition, via two Power Purchase Agreements for existing power plants, the Group also purchased the production of a six-turbine wind farm in Occitanie and a hydroelectric dam in Île-de-France. These purchases represent more than 27% of the annual consumption of the French sites in 2022.

Elsewhere in the Group, subsidiaries continue to almost exclusively source electricity from renewable sources. In Belgium, solar panels have been installed on the roof at five sites.

2022 Performance

Scope: Group	2019	2020	2021	2022	Δ vs 2021	Δ vs 2019
Electricity consumption *(in MWh)*	194,103	176,553	181,556	184,830	1.8%	(4.8%)
Electricity consumption of Fnac and Darty France *(in MWh)*	141,745	129,898	131,129	132,660	1.2%	(6.4%)
Electricity consumption per square meter *(in kWh/m²)*	118	107	111	112	0.6%	(5.2%)
Share of renewable energy in electricity purchases	24%	36%	45%	47%	2 pt	23 pt
France	*0%*	*14%*	*25%*	*27%*	*2 pt*	*27 pt*
Gas consumption *(in MWh)*	28,834	26,358	31,606	25,230	(20.2%)	(12.5%)
Heating and cooling consumption *(in MWh)*	3,659	3,486	4,508	3,269	(27.5%)	(10.7%)
Heating oil consumption *(in liters)*	57,043	57,973	80,676	34,358	(57.4%)	(39.8%)
Fugitive emissions *(in t CO_2eq)*	3,232	3,246	3,224	2,077	(35.6%)	(35.7%)
CO_2 emissions related to the energy consumption of sites [(a)] *(scope 1, scope 2 and scope 3 – in t CO_2eq)*	**22,331**	**13,669**	**14,356**	**12,619**	**(12.1%)**	**(43.8%)**
KPI: CO_2 emissions related to the energy consumption of sites [(b)] **per square meter** *(scope 1, scope 2 and scope 3 – in kg CO_2eq/m²)*	**13.6**	**8.3**	**8.8**	**7.6**	**(13.5%)**	**(23.0%)**

(a) Location-based emissions are available at the end of this chapter in the summary of performance indicators in section 2.8. For more information, see the methodology note in section 2.7.

(b) Consumption adjusted to degree days.

Adjusted to “degree days” (DD), i.e. adjusted to a standard weather forecast based on a reference climate calculated on the average of the last 20 years, electricity consumption in France will be 14% lower in 2022 than in 2021. DD-adjusted gas consumption fell by 38% in France. This performance is the result of the energy efficiency measures implemented since summer 2022: new temperature guidelines, turning off illuminated signs and window displays when stores close, eco-actions, etc. They are also the result of the modernization of heating and air conditioning equipment, in particular the replacement of boilers.

A similar trend can be observed elsewhere in the Group, with a marked decrease in consumption-related emissions.

2.3.3.4 / Action plans to reduce transport-related emissions and performance

Every day, thousands of products move between warehouses, stores, delivery platforms, sorting centers, repair shops, and customers' homes. Logistics at Fnac Darty, a key skill for the Group, draws considerable strength from the complementary nature of its brands.

However, these flows have a significant impact on air quality and global warming and are in fact subject to an increasing number of regulations. In France, for example, the rapid development of "low emission zones" and therefore traffic restrictions for the most polluting vehicles, or the possible introduction of taxes on heavy goods vehicles in some regions, are likely to increase indirect costs in the short and the medium term.

In order to respond to these risks and limit the impact of such road transportation on air quality, noise pollution, and global warming, the Group is working, under the aegis of the Climate Committee, on strategies to decarbonize its fleet and optimize its flows in cooperation with its transportation providers. This was considered a strategic issue by the Group's internal and external stakeholders in the materiality analysis carried out in 2022 (see also section 2.1.4).

The Group is focusing its efforts in three areas:

- reducing unnecessary transportation, such as failed deliveries or unnecessary after-sales service trips;
- decarbonizing its owned fleets and those of its suppliers;
- adopting sustainable practices, such as eco-driving and route optimization.

2022 key highlights:

- supporting five suppliers in the installation of Oleo 100 and XTL tanks for store transport;
- deployment of the first electric trucks at three stores;
- launch of a first rail link for return flows from stores in the Provence-Alpes-Côte d'Azur region;
- launch of the "informed delivery" project, to inform customers about the carbon impact of different e-commerce delivery services;
- systematic monthly check of delivery van tire pressure (PUUMP project);
- creation of five remote repair units, to avoid unnecessary after-sales service trips.

Transportation of goods between warehouses and stores

Store transportation relates to re-supply flows between the Group's warehouses and its integrated and franchise stores. In this flow, Fnac Darty focuses its efforts on four levers:

- optimizing transportation plans and the warehouse network to limit the distances traveled;
- maximizing and optimizing truck loading;
- prioritizing transportation providers committed to environmental sustainability and operating or investing in less carbon-intensive fleets;
- developing multimodal transportation.

In 2021, the French transportation department joined the Fret 21 initiative, led by Ademe [(1)] and the French freight transport users association (Association et Union des Transports Français), which encourages companies acting as clients to better integrate the impact of transportation into their sustainable development strategy.

(1) French Environment and Energy Management Agency (Agence française de la transition énergétique).

Through Fret 21, Fnac Darty has committed to avoiding 10% of CO_2 emissions between 2020 and 2023 by implementing specific measures. The table below presents the action plans and results monitored as part of the Fret 21 commitment.

Commitments	Strategy and actions in 2022	Objective	Results
Converting means of transport to cleaner models	The decarbonization strategy involves choosing the "right technology in the right place": depending on the distances covered, operational and technological constraints, and the risks associated with the development of low-emission zones, Fnac Darty uses a mix of several technologies, bioNGV, biofuels, electric, and road-rail. This strategy involves supporting transportation providers or selecting service providers committed to decarbonizing their fleet. Due to the impacts of first generation biofuels [a] in terms of land use change, the use of this fuel is considered as a short-term solution, pending more widespread production of second or third generation biofuels [b].	1,888 tons of CO_2eq avoided in three years	■ Emissions avoided in 2022: 751 t CO_2eq ■ 10% of flows carried out by low-carbon means of transport ■ 60% of store distribution in Île-de-France is carried out by vehicles running on bioNGV ■ The Group has supported five suppliers in the installation of Oleo 100 and XTL tanks ■ Three stores are supplied by electric trucks
Optimizing the filling of delivery bins at logistics sites	Action plans have been implemented to optimize the filling of delivery bins at the Massy warehouse in order to reduce volumes shipped and improve truck filling rates.	120,000 bins eliminated per year over 3 years	■ 114,000 bins eliminated in 2022
Increasing the number of transport service providers with an environmental approach recognized by the charter or the Ademe "Objectif CO_2" label.	In calls for tenders from carriers, preference is given to companies that have already committed or are in the process of committing to the Objectif CO_2 program.	60% recognized by the charter, 20% labeled	■ End of 2022: 23% recognized by the charter, 17% labeled
Transparency of information about the GHG emissions generated by the various parcel delivery methods	"Informed delivery" project (see below).		

(a) "First-generation" biofuels are derived from the transformation of crops traditionally intended for food.

(b) "Second generation" biofuels are derived from the transformation of lignocellulose contained in agricultural and forestry residues, in plants from dedicated crops or from the recovery of industrial waste. "Third generation" biofuels will one day make it possible to harness microalgae. These micro-organisms offer significant potential as they are naturally very rich in oils, and their exploitation will not compete with the exploitation of arable land.

Among the projects carried out in 2022, the introduction of road-rail for part of the non-urgent flows from the Provence-Alpes-Côte d'Azur region made it possible to test the benefits and constraints of using rail for Fnac Darty flows. Nature & Découvertes has been using road-rail since 2006; around 15 stores in the south of France are supplied by rail and road.

Elsewhere in the Group, action plans are also being implemented to optimize transport plans or decarbonize transport; in Switzerland, for example, Fnac Darty has signed contracts with electric and hydrogen fleet providers, representing 8.5% of the outsourced fleet in 2022.

2022 Performance

	2019	2020	2021	2022	Δ vs 2021	Δ vs 2019
Group [(a)]						
GHG emissions *(scope 3 – in t CO_2eq)*	26,621	23,160	24,048	20,771	(13.2%)	(21.6%)
KPI: CO_2 emissions per pallet transported *(scope 3 – in kg CO_2eq/pallet)*	**not available**	**not available**	**15.18**	**13.86**	**(8.7%)**	**not available**
France						
GHG emissions *(scope 3 – in t CO_2eq)*	21,365	18,201	18,317	15,152	(16.8%)	(28.6%)
KPI: CO_2 emissions per pallet transported *(scope 3 – in kg CO_2eq/pallet)*	**16.7**	**15**	**13.7**	**12.2**	**(10.4%)**	**(26.3%)**

(a) Franchises included (because they are restocked by the Group).

Parcel shipments

This flow covers parcels delivered by couriers – more than 14 million parcels were shipped in 2022, including over 11 million in France. Thanks to its omnichannel model, Fnac Darty can provide a diversified range of delivery services: parcels can be delivered to the customer's home, to a Fnac Darty store or to other pick-up points. They are delivered from the warehouses, or directly from the stores when the products ordered are in stock.

Since 2020, Fnac Darty has calculated GHG emissions generated from parcel shipment based on the GHG assessments of its service providers. By cross-checking these balance sheets with the volumes of packages transported by each carrier, the Group has found that transporting packages for collection in-store produced an average of 68% less CO_2 than transporting packages for home delivery (excluding the customer's travel). In fact, the distances traveled by the trucks are smaller and the packages are pooled in greater numbers, which reduces the environmental impact of a package.

The omnichannel model reduces the impact of e-commerce activity: many products ordered online are collected by customers in store via "click&mag" (parcel delivery in-store at the same time as the regular supply of the store) or "click&collect" (parcels from in-store inventories, without delivery).

For parcels delivered to customers' home addresses or to "pick-up points" by courier companies, the Group favors service providers whose GHG emissions are offset or who invest in the decarbonization of their fleet.

As part of its Fret 21 commitment, the Group has also continued to strengthen its dialogue with suppliers in order to encourage carriers to accelerate the decarbonization of their fleet and the optimization of loads and transport plans, as part of a collaborative approach.

Fnac Belgium and Vanden Borre were involved in the development of an eco-calculator under the aegis of the Mobilise research group of the *Vrije Universiteit Brussel* (VUB). The tool will calculate the environmental and societal impact (CO_2 emissions, air quality, traffic jams, noise pollution, etc.) of the various e-commerce delivery methods (home, store, pick-up point and locker) and will be made available to participating retailers during 2023.

In partnership with the carrier BPost and other online retailers, Belgium has also joined the "Collaborative Urban Logistics & Transport" project, which aims to minimize the impact of deliveries in cities. The partnership was launched in Antwerp in 2022. The objective is to pool parcel storage at sorting centers as well as delivery, which is carried out with low-emission vehicles such as electric vans or cargo bikes. The goal of the CULT project is to reduce kilometers traveled by 25% and carbon emissions by 90%.

2022 Performance

	2019	2020	2021	2022	Δ vs 2021	Δ vs 2019
Scope: Group						
Number of parcels shipped *(in millions)*	11.9	19.1	17.5	14.6	(16%)	24%
Percentage of parcels delivered to pick-up point	30%	24%	28%	34%	6 pt	4 pt
CO_2 emissions generated by parcel shipment *(scope 3 – in t CO_2eq)*	**6,014**	**10,093**	**9,269**	**7,228**	**(22.0%)**	**20.2%**
KPI: CO_2 emissions per parcel *(scope 3 – in kg CO_2eq/parcel)*	**0.52**	**0.53**	**0.53**	**0.49**	**(7.5%)**	**(5.8%)**
Scope: Fnac and Darty France						
Number of parcels shipped *(in millions)*	10.1	15.8	14.1	11.6	(17.8%)	15.3%
Percentage of parcels delivered to pick-up point	34%	24%	28%	33%	5 pt	-1 pt
CO_2 emissions generated by parcel shipment *(scope 3 – in t CO_2eq)*	**5,316**	**8,350**	**7,598**	**5,952**	**(21.7%)**	**12%**
KPI: CO_2 emissions per parcel *(scope 3 – in kg CO_2eq/parcel)*	**0.53**	**0.53**	**0.54**	**0.51**	**(5.6%)**	**(2.5%)**
CO_2 emissions per parcel delivered to a pick-up point *(scope 3 – in kg CO_2eq/parcel)*	not available	0.21	0.21	0.21	0%	not available
CO_2 emissions per home-delivered parcel *(scope 3 – in kg CO_2eq/parcel)*	not available	0.63	0.67	0.67	0%	not available

Of the 7,228 tons of CO_2 equivalent generated by the shipment of parcels in 2022, 63% were offset by the transport providers (4,580 tons of CO_2 equivalent).

Commitment charter to reduce the environmental impact of e-commerce

The rapid growth of e-commerce highlighted the importance of eco-responsible development of e-commerce logistics activities. In this context, the French Government has entrusted France Logistique and France Stratégie with a consultation mission aimed at publishing voluntary commitments by logistics real estate players and online retail players. In 2021, Fnac Darty actively participated in drafting a commitment charter, alongside other players in e-commerce, under the leadership of the Federation of e-commerce and distance selling (Fevad).

Fnac Darty publishes the second report on the implementation of its commitments below:

1 / Inform the consumer of the environmental impact of the delivery	**"Informed delivery" project:** In 2021, Fnac Darty developed customer information that is unique in the specialized retail market: the Fnac and Darty websites published the GHG emissions associated with the delivery of a 1 kg parcel depending on the delivery service selected. "Informed delivery" information was made available to all web customers in February 2022. See also section 2.2.1.1. Well aware that customers' travel can have a significant impact on the total carbon footprint of a delivery (in the case of packages delivered to a collection point), Fnac Darty collaborated with Datagir, a public service supported by the Ademe and the incubator of the French Interdepartmental Directorate of Digital, by making their eco-calculator available to web customers https://monimpacttransport.fr/. Lastly, throughout the online pathway, the Group provides advice aimed at raising awareness among its customers. Thus, in the context of a delivery to a collection point, Fnac Darty encourages its customers to pool their trips or to use environmentally friendly modes of transport.
2 / Promoting good ordering habits 3 / Encouraging good habits by reminding consumers of recycling and reuse guidelines 4 / From September 1, 2022, providing consumers with the opportunity to identify the products in the catalog with the best environmental performance	Fnac Darty has redesigned customer information about the recovery of products subject to EPR[a], particularly WEEE, to improve its readability and understanding. In its communications to customers, Fnac Darty regularly reminds them of the importance of recycling and re-using items, and particularly of repair work (see also section 2.2.5.2 "Public commitment and raising awareness of sustainability issues"). The Group has developed a sustainability score, which aggregates data related to product reliability and repairability, and gives customers the ability to identify the most sustainable products through the "Sustainable Choice" label on products with the highest sustainability score. See section 2.2.1 "Inform customers and develop the offer to enable an educated choice." At its French and Swiss sites, Fnac Darty has also taken steps to increase the visibility of its reconditioned and second-hand products. See section 2.2.3 "Give a second life to products."
5 / Taking measures to reduce packaging volumes 6 / Only using delivery packaging whose primary materials are recycled, recyclable, or reusable	See section 2.2.4 "Reduce packaging, ensure waste collection and recycling."
7 / Ensuring that warehousing activities carried out in new buildings have an environmental performance that is systematically certified	Not concerned to date.
8 / Promoting the development of decarbonized delivery methods	In 2021, the French transportation department joined the Fret 21 initiative, led by Ademe and the French freight transport users association (Association des Utilisateurs de Transport de Fret, AUTF) – see the section on "Goods transportation between warehouses and stores" (2.3.3.4). Fnac Darty has also maintained and developed its partnership with Stuart, a bicycle delivery service from its stores. This service is available in 12 French metropolitan areas and helps to reduce the carbon footprint of around 1,500 deliveries per month and up to 5,000 in peak season.
9 / Systematically grouping together shipments of products ordered at the same time by the same consumer when the goods can be received and stored, unless specifically requested by the consumer	The Group's delivery policy already meets this commitment.

(a) "Extended Producer Responsibility" (EPR) refers to approaches and schemes that place responsibility on the producer of manufactured products for the management of the final or intermediate waste generated by the products they have manufactured or placed on the market.

Last-mile delivery

Fnac Darty has an extensive network of in-house local logistics centers, comprising around 90 delivery platforms across the whole of France. From these sites, the Group's teams, service providers and sub-contractors deliver and install major appliances (large domestic appliances and large televisions) at customers' homes, and collect their old appliances under the "2 for 1" recovery service.

For several years now, the Last-Mile Network Department has been engaged in research aimed at optimizing its delivery routes and modernizing its fleet of vehicles to reduce the impact of delivery.

Fleet decarbonization and optimization

In order to decarbonize its fleet and comply with future traffic restrictions in low emission zones, the Group has invested in low-carbon vehicles. An additional ten NGV trucks and ten electric vans were ordered in 2022, which will bring the proportion of low-carbon vehicles in these flows to around 12% in 2023. Operational constraints on this flow (autonomy and capacity) continue to hamper the sustainable conversion of this fleet, but numerous tests are being carried out and future vehicles could soon meet the need for fleet decarbonization in this type of vehicle.

A project for systematic tire pressure checks was tested in 2021 and has been extended to the entire fleet. According to estimates made by the partner Puump and by Fnac Darty teams, this project has significantly reduced fuel consumption, saving an estimated 84 tons of CO_2 equivalent.

The implementation of an extensive eco-driving project also began in 2022, with the introduction of telematics boxes in trucks. A similar project is underway in Belgium, and initial results are promising: a 20% reduction in average consumption.

Reducing delivery failures

The Group continues to work on reducing delivery failures by addressing their root causes: customer not at home, customer changing their mind, incorrect installation classification (built-in/freestanding) requiring an order change, incorrect labeling of delivery constraints (sending one person to an address that needs equipment to be carried, for example).

By reducing the return rate, the Group was able to avoid nearly 4,900 deliveries, or approximately 33 tons of CO_2 equivalent [(1)] in 2022.

2022 Performance

Scope: Group (Darty and Vanden Borre)	2019 [(a)]	2020 [(a)]	2021 [(a)]	2022	Δ vs 2021	Δ vs 2019
Number of deliveries *(in thousands)*	2,013	2,266	2,213	1,946	(12%)	(3%)
CO_2 emissions *(scope 1 and scope 3 – in t CO_2eq)*	**14,686**	**14,693**	**17,116**	**13,577**	**(21%)**	**(8%)**
KPI: CO_2 emissions per delivery *(scope 1 and scope 3 – in kg CO_2eq)*	**7.3**	**6.5**	**7.7**	**7.0**	**(10%)**	**(4%)**

(a) Adjusted values – marginal impact (deliveries by Fnac subsidiaries abroad are now included in the E-commerce item due to the type of products delivered and the transport flows used; this concerns a very small number of products).

Home after-sales repairs

In France and Belgium, hundreds of Darty and Vanden Borre technicians carry out around 2,300 home service calls every day to repair customers' appliances that have broken down. Although this activity makes it possible to avoid several tens of thousands of tons of CO_2 each year (see also section 2.3.3.5), it generates climate impacts related to the fleet of after-sales technicians and the shipment of spare parts. It is also directly affected by several regulatory risks: in France, the mobility policy law and the development of traffic restrictions in "low emission zones."

For several years, the Group has been developing remote assistance solutions to limit the number of service calls. In fact, according to analyses by Darty's after-sales service, in almost half of all cases the breakdowns reported by customers are related to a maintenance or usage problem, and advice is enough to solve the problem. Proven breakdowns are increasingly easy to troubleshoot remotely, thanks to new technologies. Fnac Darty's teams travel to repair more complex breakdowns.

(1) Estimated on the basis of 7 kilos of CO_2 equivalent per delivery, the carbon intensity of one delivery in France in 2022.

Decarbonization of the after-sales service fleet

In 2022, as part of the regular renewal of its fleet, the After-Sales Service Department gave priority to vehicles generating fewer emissions of greenhouse gases and other pollutants. Some 50 electric vehicles and nearly 200 bio-ethanol vehicles will begin use in 2023, representing approximately 25% of the after-sales service fleet.

Reducing unnecessary service callouts

After a pilot phase in 2021, the Group has set up five remote repair units in France, staffed by some 50 after-sales service technicians every day, who are responsible for better assessing breakdowns so that they can be repaired in one go, or repairing them by guiding the customer remotely.

Based on the "right first time" repair rate recorded in 2022, this reduced the number of service calls by over 80,000, i.e., approximately 580 tons of CO_2 equivalent [(1)].

These units are also responsible for drawing up more effective routes in order to reduce the distances traveled by technicians, thus contributing to reducing GHG emissions.

2022 Performance

Scope: Group (Darty and Vanden Borre)	2019	2020	2021	2022	Δ vs 2021	Δ vs 2019
Number of service callouts *(in thousands)*	757	741	801	842	5%	11%
CO_2 emissions related to home service callouts (including shipping of spare parts) *(scope 1 and scope 3 – in t CO_2eq)*	**4,881**	**4,716**	**5,715**	**6,070**	**6%**	**24%**
KPI: CO_2 emissions per service callout *(scope 1 and scope 3 – in kg CO_2eq/service callout)*	**6.45**	**6.37**	**7.14**	**7.20**	**0.8%**	**11.6%**
CO_2 emissions per service callout, excluding spare parts *(scope 1 and scope 3 – in kg CO_2eq/service callout)*	5.8	5.5	5.3	5.6	6.3%	(3.1%)

Shipping of products to repair workshops

The smallest products – consumer electronics and small domestic appliances – are entrusted to one of the Group's five repair centers in France. This is especially the case for small domestic appliances and consumer electronics, which are shipped or transported from stores when customers bring them to the counter.

In 2022, the Group continued its efforts to improve the handling of minor breakdowns directly at in-store after-sales service counters to avoid unnecessary shipments.

2022 Performance

Scope: Group	2019	2020	2021	2022	Δ vs 2021	Δ vs 2019
Number of products sent to the after-sales service workshops *(in thousands)*	863	744	709	724	2%	(16%)
CO_2 emissions related to the shipment of products to the after-sales service workshops *(scope 3 – in t CO_2eq)*	2,305	1,851	2,083	2,134	2%	(7%)
KPI: CO_2 emissions per product sent to the after-sales service workshops *(scope 3 – in kg CO_2eq/product)*	**2.7**	**2.5**	**2.9** [(a)]	**2.9**	**0**	**7%**

(a) Adjusted data.

(1) Estimate based on 7.3 kilos of CO_2 equivalent per service callout, the carbon intensity of one service callout (including spare parts flow) in France in 2022.

Business and service vehicles

In order to reduce scope 1 emissions linked to the business fleet, and to address the risks linked to the law on mobility policy and the development of traffic restrictions in "low emission zones" and their equivalent in Belgium, the Group implemented several actions in 2022:

- overhaul of the company vehicle catalog: diesel vehicles are no longer listed, and the catalog now offers more electric and hybrid vehicles;
- gradual replacement of all company vehicles in Belgium: in the long term, all 160 or so vehicles in the fleet will be electric.

2022 Performance

Scope: Group	2019	2020	2021	2022	Δ vs 2021	Δ vs 2019
CO_2 emissions related to the business fleet *(scope 1 and scope 3 – in t CO_2eq)*	3,101	3,006	4,307	4,715	9.5%	52.0%

2.3.3.5 / Action plans to reduce indirect emissions and performance

As part of its process of continuous improvement, the Group is seeking to improve the reliability of its measurement of CO_2 emissions from other scope 3 items, starting with the sources of the emissions related to products sold, which account for the vast majority of these indirect emissions.

Distributed products

The Group is fully aware of the weight of its distributed products on its carbon footprint and of its responsibility to reduce the impact on the climate associated with its activity as a retailer. Limiting this impact requires significant adjustments to the business model and supplier relationships. A prerequisite for this action is the measurement and analysis of these impacts.

Since 2021, Fnac Darty has been carrying out a quantified analysis of the GHG emissions linked to the life cycle of new products sold by its brands, covering their manufacture, transport [(1)], use and end of life.

2022 Performance

Scope: Group	2019 [(a)]	2020 [(a)]	2021 [(a)]	2022
CO_2 emissions *(in kt CO_2eq)*	3,735.6	3,625.6	3,688.4	3,193.3
Of which manufacturing	*2,400.8*	*2,341.4*	*2,371.1*	*2,062.9*
Of which upstream transportation	*54.6*	*54.8*	*55.5*	*47.8*
Of which use	*1,256.8*	*1,249.5*	*1,237.8*	*1,059.1*
Of which product end of life	*23.3*	*22.2*	*23.2*	*23.5*
Carbon intensity by revenue *(in t CO_2eq/€ million)*	0.51	0.48	0.46	0.40
Carbon intensity by product sold *(in kg CO_2/product)*	22.4	24.9	23.4	20.3

(a) In 2022, the Group upgraded its calculation tool to improve the automatic calculation of results and to refine certain assumptions. Errors were identified in this update related to emission factors and incorrect assumptions for some product families. As part of a process of continuous improvement and to ensure comparability from one year to the next, GHG emissions from previous years were recalculated. For more details on the methodology and in particular the assumptions, please refer to the methodological note.

(1) Transport from the factories to the Group's warehouses is taken into account in this calculation. GHG emissions related to the transport of goods from warehouses to stores are measured and monitored in the same way as direct emissions, and are presented in 2.3.3.4.

Related GHG emissions decreased significantly in 2022 (-13%) due to a major change in the product mix in sales: after two years marked by a high rate of renewal of electrical and electronic equipment due to the health crisis, 2022 was marked by a stronger appetite among consumers for editorial products, whose manufacturing phase is less carbon-intensive and whose use consumes zero energy.

Repair and "second life": emissions-saving activities

Some products sold by Fnac and Darty are particularly carbon-intensive. This is the case for domestic appliances and consumer electronics such as televisions and smartphones, whose manufacturing and use phases generate significant emissions due to their manufacturing processes and the energy consumption associated with their use.

For these products in particular, the Group has been developing its business model to make it more circular and thus reduce these impacts, notably by extending product life spans. This commitment has been reaffirmed by the Company's management and Directors, who have approved the strategic plan Everyday, in which two of the three priority areas are aimed at the sustainability of the Group's business model, and in particular the sustainability of distributed products. All the policies described in section 2.2 of this chapter, from repairs to advice, the sale of second-hand products, and the marketing of more sustainable products thus make a concrete contribution to reducing the associated GHG emissions.

In order to measure the positive impact of repairing and reselling used products, the Group has continued to measure the impact of repaired products and reconditioned or used products. For each repair and reuse service, the study followed a comparative approach, between a reference scenario (purchase of a new product or buyback of a product following a breakdown) and a scenario whereby the product is repaired or refurbished. The full life cycle of products was used and the assumptions were based on internal Group data, data in literature, and sectoral averages.

This study is part of a process of continuous improvement. To date, the Ademe has not developed an official methodology or standard life cycle analysis (Product Category Rule) to measure these avoided emissions. A methodology that takes into account applicable standards and recommendations has therefore been developed for this analysis, which includes a high level of uncertainty related to the emission factors used or the assumptions made. The methodology was validated by an independent external certification body in January 2022 [(1)].

In accordance with existing carbon accounting methodologies, emissions avoided are not deducted from the Group's GHG emissions assessment.

Results (estimates)

	Emissions avoided *(in t CO_2eq)*	
Business activity	**2020**	**2022**
Repair of consumer electronics and domestic appliances by Darty after-sales service	136,000	207,000
Smartphone repair and refurbishment by WeFix [(a)]	4,550	*Analysis in progress*
So-called "second life" products (used, reconditioned)	3,500	*Analysis in progress*

(a) The Group does not publish in this report the emissions avoided by refurbishment or more generally by "second life" activity in 2022. Ademe produced a study in 2022 to estimate the environmental impacts avoided by the refurbishment of smartphones (and other devices). The methodological choices made differ from those of the Group. The main difference lies in the functional unit used: taking a conservative approach, Fnac Darty considers that the "first life" of the refurbished product should be taken into account, whereas Ademe opts to calculate the impacts as from the act of purchasing a refurbished phone, compared with the purchase of a new phone, i.e. without taking into account the "first life" of the refurbished phone. Using the Fnac Darty approach, a refurbished smartphone reduces emissions by about 37%; using the Ademe approach, the reduction is about 87%. Given these differences in methodology, the Group is working to analyze its refurbishment data using both approaches.

(1) Critical review performed according to ISO 14067:2018 "Greenhouse gases – Carbon footprint of products – Requirements and guidance for quantification" and ISO 14071:2014 "Environmental management – Life cycle assessment – Critical review process and reviewer competencies: Additional requirements and guidelines to ISO 14044:2006."

For this analysis, the assumption made is that the "second" life of the repaired product would be equal to half the first life of the product. For the scenario analyzed, Fnac Darty's repair services are estimated to have avoided more than 200,000 tons of CO_2 equivalent in 2022. This "greenhouse gas avoidance" represents approximately 6% of the carbon footprint of the products sold by Fnac Darty in 2022.

Sensitivity analyses have also shown that the environmental benefit of repairing electrical and electronic equipment far exceeds the rebound effects of the activity (production of spare parts, travel by after-sales technicians, etc.), even if the duration of the second life is shortened.

This is not the case for the analyses carried out on the benefits of refurbishment, which show that the duration of the first life of the product and the duration of its second life are significant: renewing an appliance prematurely by choosing a second-hand appliance may, in some cases, be less beneficial for the environment. It is for this reason that the Group is committed to extending the life of its products, including products sold second-hand, which are covered by a two-year warranty in the same way as new products.

Although it is an estimate, this analysis confirms the Group's strategy and illustrates the concrete impact of its commitments on the circular economy.

Green IT approach

In order to measure this growing source of emissions and take appropriate action, Fnac Darty launched a "green IT" approach in January 2021. The approach is structured around a project manager and representatives/contributors within the E-Commerce and Digital Department. Based in particular on publications by Ademe, Cigref, the Shift Project and INR, the approach involved IS departments at the international level in 2022.

In 2022, actions focused on:

- expanding the familiarization campaign to all teams in France to develop eco-actions;
- improving the reliability of carbon emissions measurement in France [(1)];
- identification of areas for improvement;
- adapting operational processes and establishing KPIs for IT equipment flows;
- the creation of a carbon indicator to assess the impact of projects submitted to investment committees;
- identification of the main principles of eco-design;
- extension of the scope of the IT Bilan Carbone measurement to the international level.

Data for the calculation of 2022 IT carbon emissions was collected by internal teams, Green IT experts in France and abroad, and covers the following digital activities:

- on-premises and cloud-based hosting providers;
- SaaS partners;
- IT equipment;
- network.

Organizational scope covered by the 2022 measures:

- the companies France Fnac Darty, Nature et Découvertes, and the foreign subsidiaries (except for Belgium-Luxembourg) are included;
- the specific IT services France Billet and WeFix are excluded.

Scope: Fnac and Darty France	2021	2022	Change
CO_2 emissions *(in t CO_2eq)*	7,088	8,152	13.1%
Non-current assets	*2,836*	*4,230*	*33.0%*
IT services	*4,252*	*3,917*	*(8.6%)*

The increase in emissions from fixed assets is attributable to several development or relocation projects in 2022: the Activity Based Office project for the headquarters, the relocation of the Tours after-sales service and the inauguration of the Chilly-Mazarin workshop.

In 2023, the Green IT initiative aims to establish quantified decarbonization objectives and associated action plans, and to launch an IT eco-design program.

(1) The methodology used to calculate the footprint is based on the Bilan Carbone method and on the GHG Protocol for fixed assets. For certain categories of emissions, the Bilan Carbone assessments provided by our partners are used.

2.3.3.6 / Integration of issues related to biodiversity

According to a recent report by the World Wildlife Fund, 69% of global wildlife populations have already been lost [1]. Aware of the negative external consequences that Fnac Darty's activities may have, the Group began to measure the impact of its activities on biodiversity in 2022. The Group intends to cover all its environmental impacts throughout its value chain.

With the help of experts, Fnac Darty is working to measure its impact on its three scopes using the Global Biodiversity Score (GBS) tool for 2021 and 2022. This assessment tool developed by CDC Biodiversité examines the contribution of economic activities to pressures on biodiversity and determines their impact.

Methodology

Impacts on biodiversity are assessed for all Group subsidiaries across the entire value chain (scope 1, scope 2 and scope 3 upstream). The GBS covers impacts on both land and aquatic biodiversity. In addition, to account for impacts that persist beyond the assessment period, the GBS results are divided into dynamic impacts (periodic gains or losses that occur during the assessment period) and static impacts (persistent negative cumulative impacts).

Preliminary results of the Group's main impacts on biodiversity for 2021 [2]

The results of the impact assessment are analyzed in two different ways for biodiversity:

- in terms of pressure: preliminary results report that nearly two-thirds of the Group's dynamic land-based impacts are related to "Climate Change" pressure, with the remainder of the impacts being primarily driven by "Land Use";
- in terms of scope: the "Upstream scope 3" item represents more than 95% of the impacts, which are mainly linked to the manufacture of products sold by the Group.

The precise and final results of this study will be available in the first half of 2023 and made public in the CDP questionnaire. As a result of this first study, Fnac Darty intends to implement actions prioritized according to their impact and ease of implementation.

Fnac Darty has set itself the objective of training its CSR team in the challenges of protecting biodiversity and in the independent use of the GBS tool in 2023.

Nature & Découvertes: awareness and support for the protection of biodiversity

Since its creation, the Nature & Découvertes Foundation has taken into account the impact of its activity on the environment and is committed to environmental protection. In 1994, the Nature & Découvertes Foundation was created, with the aim of launching and supporting grass-roots non-profit projects to protect biodiversity and provide active education in contact with nature (see also section 2.6.3). Placed under the aegis of the Fondation de France, since 2005 it has been a member of the IUCN (International Union for Conservation of Nature).

The Foundation's Biodiversity Committee meets annually, has a budget of €100,000, and includes external biodiversity experts. Its objective is to support larger-scale projects for the direct preservation of biodiversity, on a national or regional scale.

In 2022, the Nature & Découvertes Foundation initiated a Call for Commons [3] to encourage educational projects in contact with nature, committing €150,000 of its budget with a coalition of five other foundations: Fondation de France, Fondation Terra Symbiosis, Fondation Léa Nature, Fondation IRIS and Fondation Une goutte d'eau pour la planète. This first edition supported 27 projects throughout France. By also integrating the "1% for the planet" movement, the Call for Commons led to an overall amount of donations of €398,501. New foundations have since joined the Call for Commons, which will allow the movement and the amount of funding awarded to non-profit organizations to grow in 2023.

In addition, three partnerships were established in 2022 for a total of €55,000: Fonds pour l'arbre, Génération nature FNH, Festiwild 2022. Seven projects were supported through the 1% for the Planet initiative for a total amount of €45,000: Les Colibris, Ethic Ocean, Intérêt à agir, Du pain et des roses, FNE 04, Inventons nos vies bas carbone, Mer Terre.

In 2022, the Foundation supported 148 projects for a total of €589,434. Twenty-seven of these projects were co-financed as part of the Call for Commons 2022, enabling the Foundation to broaden its scope of action.

Furthermore, Nature & Découvertes raises awareness and mobilizes its community via several communication channels: newsletters, social networks, and conferences are all used to highlight actions promoting biodiversity.

(1) *WWF, 2022: https://www.wwf.fr/vous-informer/actualites/le-rapport-planete-vivante-du-wwf-revele-une-baisse-devastatrice-de-69-des-populations-danimaux.*

(2) *As the assessment of the Fnac Darty Group is currently in progress, it should be noted that the figures shown here are preliminary and may therefore be subject to change.*

(3) *A "Call for Commons"* (Appel à Communs) *brings together volunteer stakeholders to produce open resources – the commons. The aim is to increase resilience within the regions through the development of educational practices, with a view to establishing a stronger link with nature in education through the creation and sharing of these resources.*

- Fair Friday: for the fifth year running, the company organized "Fair Friday," an alternative to Black Friday, with the aim of shining a spotlight on the "reductions that count," namely those concerning biodiversity. In 2022, the event focused in particular on the preservation of farmland birds in support of the French national charity "League for the Protection of Birds" (Ligue pour la protection des oiseaux – LPO). An awareness campaign was conducted from November 21 to 27 in stores, on social networks and via a newsletter. The Nature & Découvertes Foundation doubled the amount collected via charitable rounding during this Fair Friday week, in order to finance the work of the LPO. Overall, the Nature & Découvertes Foundation was able to provide the LPO with €84,607 in 2022.
- Experiences: birthdays and outings. The program of children's birthday parties and nature outings for all ages also continued, imbued with Nature & Découvertes' desire to make all its audiences aware of the importance of conserving natural ecosystems.
- Earth University: the Nature & Découvertes Foundation is a long-standing partner of Earth University. Since 2005, it has provided financial support for the organization of this important occasion for reflection and knowledge transfer and was behind the publication of a column entitled "For a national policy in connection with the living world" on the website of the *La Croix* newspaper. The November 2022 edition of Earth University brought together 10,000 participants and more than 100 speakers.
- Conference and meeting: in November 2022, the Nature & Découvertes Foundation organized an exclusive meeting with Mundiya Kepanga, a Papuan chief from the Tari region in Papua New Guinea and ambassador for the preservation of primary forests. This event was organized around the screening of the film "Brothers of the Trees" followed by a discussion with Mundiya.

Fnac Switzerland: Tree planting made possible by the generosity of customers

Thanks to customer-focused activities, donations of loyalty points and various initiatives linked to the Fnac card, 5,800 Swiss francs were collected in 2022. This money was used to plant more than 180 oak trees in November 2022 in a forest near the company's registered office in the Geneva region. The project generated the sequestration of 49 tons of CO_2 equivalent.

Fnac Switzerland aims to plant 300 trees in 2023, and will organize a day of action for its employees to plant the trees financed by customer donations.

2.3.4 / EU TAXONOMY

2.3.4.1 / Context and consistency

2.3.4.1.1 / Framework and requirements of the European Taxonomy

In accordance with European Regulation 2020/852 of June 18, 2020, the European Taxonomy establishes a classification system of economic activities considered environmentally "sustainable." This common European Union benchmark makes it possible to distinguish economic activities that contribute to the European objective of carbon neutrality – the Green Deal – and thus establishes a comparable basis between companies. The ultimate goal of the Taxonomy is to direct the investments of public and private sector actors toward activities that contribute to the transition to a more sustainable economy.

In order to achieve this, this Regulation defines six environmental objectives:

1 / climate change mitigation;

2 / climate change adaptation;

3 / the sustainable use and protection of aquatic and marine resources;

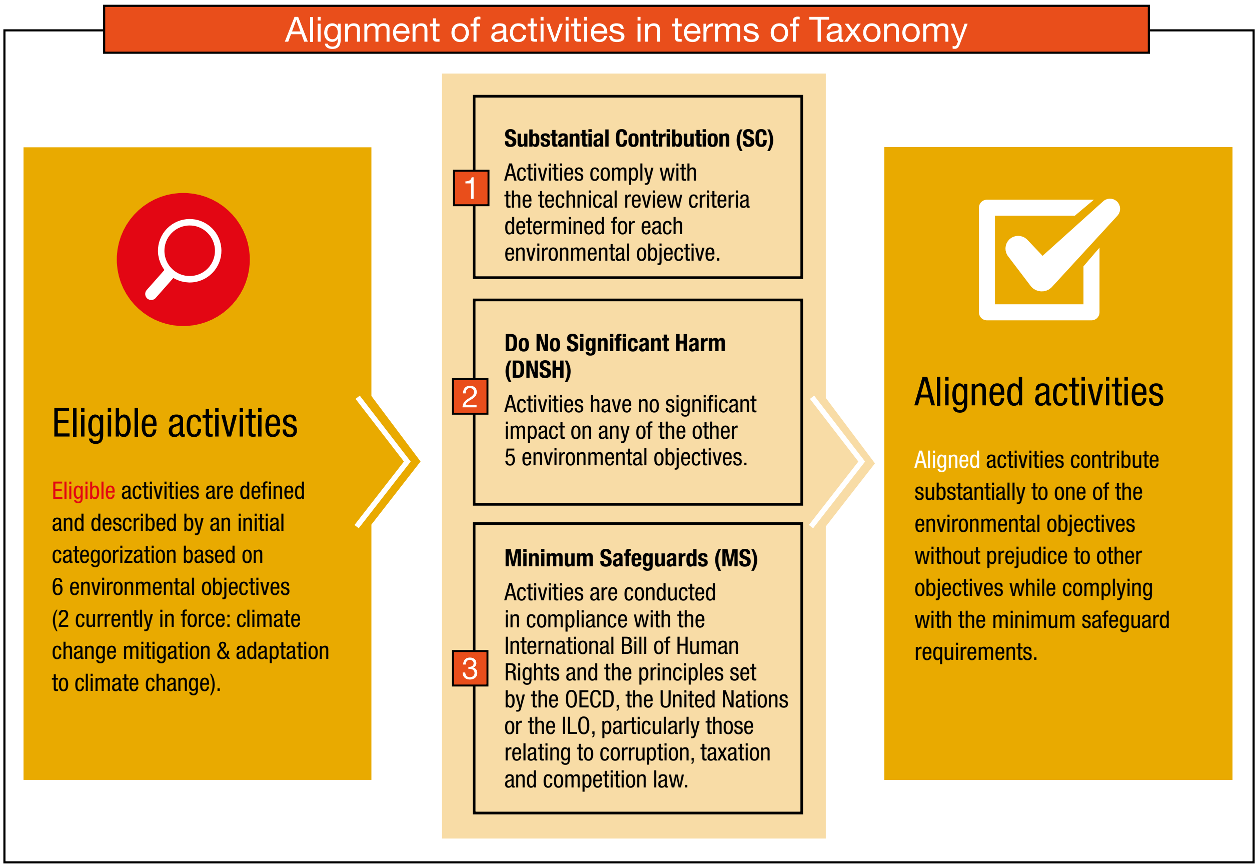
4 / the transition to a circular economy;

5 / pollution prevention and control;

6 / the protection and restoration of biodiversity and ecosystems.

The Regulation establishes criteria for assessing the contribution of an activity to one of the six objectives. Two concepts are identified for this purpose:

- **eligibility**: An eligible activity under the climate objectives is an activity listed in appendix I and II of the Taxonomy "climate" delegated regulation and for which specific sustainability criteria have been defined (Delegated Regulation (EU) 2021/2139). The activities listed in these appendices are identified as having the greatest potential to contribute to climate change mitigation and adaptation;
- **alignment**: An aligned activity is an eligible activity that substantially contributes to an environmental objective according to technical criteria set for each environmental objective, does not cause significant harm to the other environmental objectives, and complies with criteria for minimum safeguards on human rights, competition, taxation, and corruption.



The Regulation requires companies to publish the portion of their sales, capital expenditure and operating expenditure associated with their eligible and aligned activities.

This Regulation applies to non-financial and financial companies as of January 1, 2022. In 2022, in respect of the 2021 financial year, companies were required to publish indicators measuring the extent of their Taxonomy-eligible activities, i.e. included in the classification of the delegated acts, with no sustainability criterion analysis, and under the first two environmental objectives only. In 2023, in respect of the 2022 financial year, non-financial companies, including Fnac Darty, are required to publish the eligibility and full alignment of their activities with the first two environmental objectives.

Scope covered

- The sales, capital expenditure and operating expenditure concerned cover all the Group's activities, corresponding to the consolidated reporting scope.
- The financial data is taken from the accounts as of December 31, 2022 and revenue and capital expenditure can therefore be reconciled with the financial statements.
- No exclusions have been made with respect to the scope of consolidation.

2.3.4.1.2 / Integration of the Taxonomy into the Group's CSR strategy

The Group continues to strengthen its climate commitments, as described in sections 2.2 and 2.3 of this report, and is closely monitoring the publication of the delegated acts for the other four environmental objectives, which should enable the Group's activities to contribute more fully to a more sustainable world. Through its environmental, social and societal commitments, Fnac Darty is giving the European Commission its full support as it continues its work of analyzing activities and defining technical review criteria for objectives 3 to 6.

Taking into account the information available to date and the strength of its commitments, particularly in terms of product sustainability (see section 2.2 of the DPEF), the Group analyzes some of its activities as contributing to the transition to a circular economy, specifically in the categories "Provision of repair and maintenance services and of directly related activities," based on the activities listed in the preliminary report of the Platform on Sustainable Finance published in March 2022, for objective 4 in particular (transition to a circular economy). These activities will be examined in greater detail when they are included in the Taxonomy regulatory reporting in 2024.

The Group has also demonstrated a strong, longstanding commitment to combating climate change, with science-based reduction targets for its greenhouse gas emissions, and numerous measures aimed at reducing the environmental impact associated with the life cycle of products distributed by its brands. These actions are fully aligned with the strategic plan Everyday, one of the pillars of which is to support consumers in adopting sustainable behavior.

2.3.4.2 / Assessment and methodologies

2.3.4.2.1 / Introduction

In order to identify which of the Group's activities are eligible for Taxonomy, the CSR department and the Finance department held dedicated joint meetings from 2021 onwards with the support of a specialist firm, targeting the application of the first year of eligibility reporting. A detailed analysis of all the Group's business lines identified those activities eligible for Taxonomy. These meetings continued on a regular basis throughout 2022, with a view to further implementing the Taxonomy standard, including the alignment phase for eligible activities. Workshops bringing together the Group's business teams involved in reporting were organized in the second half of 2022, to help further identify eligible activities, to outline the existing level of information and to raise awareness of the technical criteria for aligning eligible activities.

An economic activity is considered ineligible if it is not defined in the European Taxonomy framework, i.e., those Group activities whose correspondence or contribution to the objectives of the Taxonomy could not be identified on the basis of the regulatory information published for 2021 or by the FAQs.

The Group's business model is primarily based on retailing technical products (microcomputers and consumer electronics), editorial products (books, records and games), domestic appliances (large and small appliances) and the sale of services associated with these products. In light of its main activity as a "retailer," Fnac Darty's activities were not considered by the Taxonomy to make a substantial contribution to the two climate objectives. Consequently, no eligible (and thus specifically sustainable) revenue was identified for this second year for the climate change mitigation and adaptation objectives; the activities defined for these objectives did not cover the Group's business activities.

Due to the lack of eligible revenue, investments (Capex) and operating expenses (Opex) related to activities contributing to the revenue could not be considered as eligible. Hence, in a conservative approach to the application of the Taxonomy, any action implemented to reduce the carbon footprint of the Group's products, and therefore relating to the Group's core business activities, has not been valued in the Capex and Opex indicators. Furthermore, an eligibility analysis of Capex and Opex thus only covers so-called "individual" measures. Individual measures are defined under the Regulation as the acquisition of the proceeds of activities eligible for or aligned with the Taxonomy standard.

The categories of individual Capex measures that may apply to the Group and were reviewed are shown in the following table:

Name of the activity according to Annex 1 of the "Climate" Delegated Regulation of the Taxonomy standard	Definition of the activity according to Annex 1 of the "Climate" Delegated Regulation of the Taxonomy standard	Corresponding activities within the Group
6.5 / Transportation by motorbikes, passenger cars and light commercial vehicles	The purchase, financing, hiring, leasing and operation of vehicles designated as belonging to categories M1 and N1, both of which fall within the scope of Regulation (EC) No. 715/2007 of the European Parliament and of the Council (234), or to category L (two- or three-wheel vehicles and quadricycles).	Capex for the acquisition and maintenance of the company fleet of vehicles and light commercial vehicles weighing less than 2.6 metric tons (mainly small light commercial vehicles similar to the Kangoo) used in breakdown services and in delivering domestic appliances.
7.3 / Installation, maintenance and repair of energy efficiency equipment	Individual renovation measures consisting of the installation, maintenance or repair of energy efficiency equipment.	Installation, maintenance and replacement of insulating and energy-efficient equipment in stores, warehouses and offices.
7.5 / Installation, maintenance and repair of instruments and systems for measuring, regulating and controlling buildings' energy performance	Installation, maintenance and repair of instruments and systems for measuring, regulating and controlling buildings' energy performance.	Individual measures undertaken in the Group's stores, warehouses and offices, including: **(a)** installation, maintenance and repair of area thermostats, smart thermostat systems and sensing devices, including motion sensors and solar switches; **(b)** installation, maintenance and repair of building automation and control systems, building energy management systems, lighting control systems and energy management systems; **(c)** installation, maintenance and repair of smart meters for gas, heating, cooling and electricity.
7.7 / Acquisition and ownership of buildings	Purchase of real estate and exercise of ownership of the said real estate. Activity corresponding to NACE code L68.	Leases and acquisitions of buildings (offices, stores, warehouses).

2.3.4.2.2 / Approach to identifying financial indicators (revenue, Capex, Opex)

Revenue Indicator

The Taxonomy Revenue indicator comprises aligned (respectively eligible) revenue in the numerator and total Group revenue in the denominator.

The Total Revenue figure used is the amount of reported revenue as given in section 5.1 of the Universal Registration Document ("Revenue from ordinary activities") and defined in section 4.1. No scope exclusions were made from the financial reporting scope.

The following table presents a summary of the Taxonomy Revenue indicator for 2022:

	Revenue	
	(€ million)	*(as a %)*
A. Total activities eligible for Taxonomy	**0.0**	**0.0%**
A1. Sustainable activities (aligned)	0.0	0.0%
A2. Eligible activities but not sustainable (not aligned)	0.0	0.0%
B. Total activities not eligible for Taxonomy	**7,949.4**	**100.0%**
TOTAL (A + B)	**7,949.4**	**100.0%**

Capex Indicator

The Capex indicator with regard to Taxonomy is composed, in the numerator, of Capex linked to assets or processes associated with aligned (respectively eligible) activities, Capex plans to ensure an activity becomes aligned, as well as individually aligned Capex, known as "individual measures."

The denominator of the Capex indicator includes all operating investments, net of divestments, within the consolidated scope, as well as total increases in rights of use of the Group's assets under IFRS 16, as presented in section 4.2.3.1 and note 18 of Chapter 5.2 of the Universal Registration Document respectively. No exclusions were made from the financial reporting scope.

In view of the lack of eligible revenue and the fact that no Capex plans qualified for eligibility and alignment, the definition of the Capex numerator is limited for the Group to individual measures only. These mainly relate to investments in real estate activities: acquisition and ownership of buildings (including increases in rights of use for long-term leases under IFRS 16), renovation of existing buildings and ad hoc works related to buildings' energy efficiency. The leasing of private vehicles and light commercial vehicles was also considered as part of the Capex eligibility and alignment analysis.

The following table presents a summary of the Taxonomy Capex indicator for 2022:

	Capex	
	(€ million)	*(as a %)*
A. Total activities eligible for Taxonomy	**259.6**	**62.6%**
A1. Sustainable activities (aligned)	17.8	4.3%
of which 7.5 – Installation, maintenance and repair of instruments and systems for measuring, regulating and controlling buildings' energy performance	*0.4*	*0.1%*
of which 7.7 – Acquisition and ownership of buildings	*17.5*	*4.2%*
A2. Eligible activities but not sustainable (not aligned)	241.8	58.3%
of which 6.5 – Transportation by motorbikes, passenger cars and light commercial vehicles	*3.8*	*0.9%*
of which 7.3 – Installation, maintenance and repair of energy efficiency equipment	*4.6*	*1.1%*
of which 7.7 – Acquisition and ownership of buildings	*233.4*	*56.3%*
B. Total activities not eligible for Taxonomy	**155.1**	**37.4%**
TOTAL (A + B)	**414.8**	**100.0%**

Opex Indicator

The Taxonomy Opex indicator comprises the ratio of the aligned operating expenses in the numerator to the total Taxonomy Opex indicator in the denominator.

Aligned (respectively eligible) operating expenses within the meaning of the Taxonomy include Opex linked to assets or processes associated with aligned activities (no aligned activities for the Group), Opex associated with an existing Capex plan to expand an aligned activity, as well as individually aligned Opex (purchases of production from aligned activities and individually aligned measures to improve energy efficiency).

Total Opex comprises direct non-capitalized costs, including R&D costs, building refurbishment, short-term leases (excluding IFRS 16), maintenance and repair costs and other costs related to the ongoing maintenance of tangible assets necessary for their effective operation.

Due to the nature of its business lines, no R&D costs were identified (as indicated in section 1.6.2 "Brands, research and development" of the Universal Registration Document) by the Group. For the Group, the definition of Opex under the Taxonomy is limited to renovation and maintenance costs of assets (specifically including vehicle and property maintenance costs, IT maintenance costs and cleaning and security costs), along with short-term rental costs. These short-term rental costs are low, given the Group's business model, which relies mainly on long-term leases of business premises and vehicles. The denominator of the Opex KPI calculated according to the Taxonomy is €71.3 million, which, out of total Opex of €2,179.3 million, accounts for less than 5% of the Group's total operating expenses, i.e. a non-material share. The materiality exemption on Opex was therefore applied and the share of eligible Opex items of the Fnac Darty Group stands at zero for 2022.

The following table presents a summary of the Taxonomy Opex indicator for 2022:

	Opex	
	(€ million)	*(as a %)*
A. Total activities eligible for Taxonomy	**0.0**	**0.0%**
A1. Sustainable activities (aligned)	0.0	0.0%
A2. Eligible activities but not sustainable (not aligned)	0.0	0.0%
B. Total activities not eligible for Taxonomy	**71.3**	**100.0%**
TOTAL (A + B)	**71.3**	**100.0%**

2.3.4.2.3 / Methodology used to assess activities against the technical assessment criteria

Methodology used to verify generic DNSH and MS criteria

The first phase of the alignment analysis consisted of assessing the compliance of eligible Capex against the minimum safeguards and the DNSH "Adapting to climate change" criteria. These two criteria are labeled "generic" since they apply equally to all eligible Capex items, and are verified at Group level since they are based on global policies and initiatives.

Minimum safeguards

The analysis of minimum safeguards for alignment of the Group's eligible Capex items was based on the following:

- Article 3 of the Taxonomy Regulation (EU) 2020/852 on environmental sustainability criteria for economic activities, which specifies in point (c) that these activities must be carried out in compliance with the minimum safeguards laid down in Article 18 in order to be considered environmentally sustainable;
- Article 18 of the Taxonomy Regulation (EU) 2020/852 on minimum safeguards, which defines them as procedures implemented by an undertaking that is carrying out an economic activity to ensure alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights;
- the four founding texts referred to in Article 18 of the Taxonomy Regulation, namely:
  - the International Bill of Human Rights (1948, 1966), consisting of the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, and the International Covenant on Civil and Political Rights,
  - the principles and rights set out in the eight fundamental conventions cited in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work (2002),
  - the UN Guiding Principles on Business and Human Rights (2011),
  - the OECD Guidelines for Multinational Enterprises (2011);
- the recommendations of the Final Report on Minimum Safeguards of the European Platform on Sustainable Finance of October 11, 2022.

This report from the Platform on Sustainable Finance identifies four priority issues in its founding texts to be addressed in connection with minimum safeguards:

- human rights;
- competition;
- taxation;
- corruption.

Group compliance with the minimum safeguards was analyzed against the non-alignment criteria put forward in this report. The said criteria aim to ensure that the Group has not been the source of breaches of rights or regulations in relation to these four issues, and that procedures are in place within the Group to identify, assess, prevent and mitigate such breaches. A summary of the results of these analyses is presented below:

Human rights

The Group is committed to respecting and promoting recognized human rights and fundamental freedoms (see also sections 2.5.1. and 2.5.4).

The Group has not been convicted of any human rights breaches. No referrals have been accepted by an OECD National Contact Point (NCP), and no allegations have been made against the Group and published on the website of the Business and Human Rights Resource Centre (BHRRC).

The Group's human rights due diligence procedure is set out in the Group's publicly disclosed Vigilance Plan (see section 2.5.4). It is compliant with the milestones outlined in the Operational Principles in relation to the corporate responsibility to respect the UN Guiding Principles. Primarily:

- to identify and assess negative impacts, including through stakeholder engagement, in operations, supply chains and business relationships;
- to take action to halt, prevent, mitigate and remedy negative impacts;
- to monitor the implementation of the measures put in place and the results;
- in the event of a proven negative impact, the Group is committed to implementing appropriate remedial measures.

Corruption

The Group and its directors have not been convicted of any corruption offenses.

Anti-corruption procedures are in place within the Group (see section 2.5.2).

Taxation

The Group has not been convicted of any breaches of tax legislation.

The company considers tax governance and compliance as important elements in oversight, and adequate tax risk management strategies and processes are in place (see section 2.5.9).

Competition law

The Group has no recent convictions for non-compliance with competition law.

The company raises awareness among its employees of the importance of compliance with applicable competition laws and regulations (see section 2.5.5).

In conclusion, the Group's activities are carried out in compliance with the minimum safeguards.

DNSH Climate change adaptation

In accordance with Appendix A of Annex I of the Delegated Regulation (EU) 2021/2139 on climate change mitigation, the Group has verified its compliance with the generic DNSH Adaptation criteria for all its eligible Capex items.

The DNSH Adaptation requires:

- the identification of physical climate risks that could negatively impact the Group's activities;
- an assessment of the vulnerability of the activities to these risks according to relevant scenarios, in connection with the expected duration of the activities and the use of assets;
- when major risks are identified, an assessment of adaptation measures and the implementation of an adaptation plan.

Risk identification and an asset vulnerability analysis was performed as part of the analysis conducted by Carbone 4 using the "Ocara" methodology (see section 2.3.1.2).

This analysis was begun in 2022 and covered all buildings owned and leased by the Group. Analysis of Capex alignment with the DNSH Adaptation was performed by checking the coverage of eligible buildings by the Ocara analysis. Since acquisitions or new leases registered after June 30, 2022 were not covered, analyses were carried out on a case-by-case basis using the Bat-Adapt tool for the buildings in question.

The conclusions of the risk and vulnerability analyses of the Group's assets were as follows: none of the eligible buildings or buildings in which eligible energy performance equipment is fitted are affected by major physical climate risks.

With regard to Appendix A, in the absence of identified major risks, the alignment of eligible Capex items is not dependent on the implementation of adaptation measures.

Methodologies used to verify substantial contribution and specific DNSHs

For each measurement activity, the approach taken to determine alignment is summarized in the table below.

Activity name	Substantial Contribution (SC) Assessment	Assessment of specific DNSHs	Arbitrages, proxies and allocation keys
6.5 / Transportation by motorbikes, passenger cars and light commercial vehicles	On the basis of vehicle leasing contracts with increased rights of use. Census of vehicles: ■ belonging to the M1 and N1 categories; ■ with CO_2 emissions of less than 50 g CO_2/km; ■ with an unladen weight not exceeding 2.6 t (FAQ of December 2022). Of the 169 Group vehicles eligible for this activity, only 6 vehicles meet these CS criteria.	The vehicles identified must do no significant harm as per Objectives 2, 4 and 5. ■ Objective 2 (adaptation to climate change) is validated, as the buildings to which these vehicles are attached have been subject to a risk analysis and do not present any major risks with regard to Appendix A of Annex I (see previous section). ■ Objective 4 (transition to a circular economy) is only valid for vehicles that are at least 85% reusable or recyclable by weight, and at least 95% reusable or recoverable by weight. ■ Objective 5 (pollution prevention and control) is only validated if the relevant vehicle's tires comply with the external rolling noise requirements in the highest fuel efficiency class as well as the rolling resistance coefficient.	Due to the lack of available information, it was not possible to validate that the criteria for DNSH 4 and 5 had been met, which would have allowed alignment of this Capex category.
7.3 / Installation, maintenance and repair of energy efficiency equipment	The following activities were identified at each of the Group's subsidiaries: ■ replacement of windows and doors with new energy-efficient equipment, as well as installation and replacement of light sources, HVAC systems or fittings featuring energy-efficient or highly efficient technologies. This equipment must also fall within the two highest energy efficiency classes in line with Regulation (EU) 2017/1369.	The equipment identified must do no significant harm as per Objectives 2 and 4. ■ Objective 2 (adaptation to climate change) is validated, as the buildings in which these Capex items are fitted were subject to a risk analysis, and do not present any major risks with regard to Appendix A of Annex I (see last paragraph of the previous section). ■ Objective 5 (pollution prevention and control) is only validated on the condition that building components and materials do not contain any of the more than 4,000 substances listed in Appendix C (including persistent organic pollutants, mercury, ozone-depleting substances, etc.).	Following the clarification of the previous FAQ round as of December 19, 2022, the Group was unable to verify that the equipment fitted validates the DNSH 5 criterion, due to the lack of information available from suppliers. In addition, the CS criterion requiring that the relevant equipment belong only to the two highest energy efficiency classes could not be clearly established, due to a lack of distinction between the old and new energy labels in the information provided by the equipment's suppliers.

Activity name	Substantial Contribution (SC) Assessment	Assessment of specific DNSHs	Arbitrages, proxies and allocation keys
7.5 / Installation, maintenance and repair of instruments and systems for measuring, regulating and controlling buildings' energy performance	The following individual measures were identified by the Group's subsidiaries on a dedicated form: installation, maintenance and repair of smart thermostats; building automation management and energy management control (BAM/EMC) systems; smart meters for gas, heating, cooling and electricity; and facade and roofing elements with sun protection.	■ Objective 2 (adaptation to climate change) is validated, as the buildings in which these Capex items are fitted were subject to a risk analysis, and do not present any major risks with regard to Appendix A of Annex I (see last paragraph of the previous section).	All the individual Capex measures identified for this activity are deemed to be in alignment.
7.7 / Acquisition and ownership of buildings	From the list of buildings acquired or leased during the year, identification of: ■ buildings constructed before December 31, 2020 with an energy performance certificate of at least class A, or in the top 15% of building stock in terms of operational primary energy consumption; ■ buildings constructed after December 31, 2020 which meet the specific criteria set out in section 7.1 (Group not concerned); ■ large non-residential buildings operated efficiently through energy performance monitoring and evaluation systems.	■ Objective 2 (adaptation to climate change) is validated, as the buildings were subject to a risk analysis, and do not present any major risks with regard to Appendix A of Annex I (see last paragraph of the previous section).	No buildings constructed after December 31, 2020 were identified. For buildings without an EPC (not provided by the landlord or not carried out), in order to draw up the list of the top 15% of most energy-efficient buildings, primary energy conversion factors were used according to the following formula: (conversion factor × average energy consumption over the year)/ building area. Conversion factors: 2.58 for France, 2.35 for Spain, and 2.5 for Belgium, Portugal and Switzerland (in line with the Energy Efficiency Directive 2012/27/EU). The OID (Sustainable Real Estate Watchdog) barometer of primary energy consumption thresholds for the top 15% of buildings was then used to identify those buildings aligned with the substantial contribution.

2.3.4.3 / Results

2.3.4.3.1 / Eligibility and alignment results for 2022

Economic activities	Revenue		Capex		Opex	
	(€ million)	*(as a %)*	*(€ million)*	*(as a %)*	*(€ million)*	*(as a %)*
A. Total activities eligible for Taxonomy	**0.0**	**0.0%**	**259.6**	**62.6%**	**0.0**	**0.0%**
Sustainable activities (aligned)	0.0	0.0%	17.8	4.3%	0.0	0.0%
of which 7.5 – Installation, maintenance and repair of instruments and systems for measuring, regulating and controlling buildings' energy performance	*0.0*	*0.0%*	*0.4*	*0.1%*	*0.0*	*0.0%*
of which 7.7 – Acquisition and ownership of buildings	*0.0*	*0.0%*	*17.5*	*4.2%*	*0.0*	*0.0%*
Activities eligible for Taxonomy but not sustainable (not aligned)	0.0	0.0%	241.8	58.3%	0.0	0.0%
of which 6.5 – Transportation by motorbikes, passenger cars and light commercial vehicles	*0.0*	*0.0%*	*3.8*	*0.9%*	*0.0*	*0.0%*
of which 7.3 – Installation, maintenance and repair of energy efficiency equipment	*0.0*	*0.0%*	*4.6*	*1.1%*	*0.0*	*0.0%*
of which 7.7 – Acquisition and ownership of buildings	*0.0*	*0.0%*	*233.4*	*56.3%*	*0.0*	*0.0%*
B. Total activities not eligible for Taxonomy	**7,949.4**	**100.0%**	**155.1**	**37.4%**	**71.3**	**100.0%**
TOTAL (A + B)	**7,949.4**	**100.0%**	**414.8**	**100.0%**	**71.3**	**100.0%**

2.3.4.3.2 / Changes compared to the previous year

Changes in eligibility results

The Group's business model, namely the retailing of cultural and electronic goods, and domestic appliances, showed no change since the previous year. There were no significant changes in activity compared to the 2021 results.

It should be noted that the eligibility ratio for Capex increased compared to the previous year.

Changes in methodology

Unlike the results for 2021, no adjusted indicators were presented for 2022. The Group had drafted and presented a voluntary eligibility indicator for 2021, which considered the eligibility of Group activities if it produced rather than distributed the products it markets. It was decided that presentation of this adjusted indicator would be discontinued, so as to ensure compliance with the principle of pre-eminence of communication regarding regulatory indicators for Taxonomy.

Likewise, the publication of an advance indicator of "eligible" revenue achieved for the previous year, which looks at activities that would be eligible for environmental targets 3–6, was discontinued (based on the activities listed in the preliminary report of the Platform on Sustainable Finance published in March 2022). In fact, it was deemed preferable to wait for the publication of the forthcoming new delegated acts, which will define the eligibility of activities for the remaining environmental objectives, so as to limit comparability.

The Group changed its interpretation of the Capex Taxonomy denominator from the previous year. The total amount of cancellation of lease expenses under IFRS 16 used for 2021 reporting was replaced by the total of the increase in rights of use under IFRS 16 during 2022. This change in interpretation is backed by a desire to move toward a more accurate concept of investment than right of use alone for the 2021 reporting period.

2.3.4.4 / Outlook

Improvement of KPIs

The Group intends to improve the proportion of its activities that are aligned in the short term by continuing to raise awareness among business teams of the challenges of Taxonomy reporting, whether in terms of understanding the standard, identifying eligible activities, or the items to be produced/requested from the various stakeholders to allow greater consideration of the alignment criteria.

In the medium term, from 2023 onwards, the inclusion of environmental objective 4, "Transition to a circular economy" in the Taxonomy should allow the Group to add value to a portion of its activities, in particular repair services and the sale of reconditioned products.

In the long term, in line with the strategic plan Everyday launched in 2021 and its commitments in terms of CSR policy, the Group intends to channel its investment as much as possible into those investments that can be valued within the Taxonomy reporting.

Improved evaluation and reporting methodologies

Repeating the Taxonomy reporting exercise on the first two environmental objectives should help to improve and strengthen the insights within the processes of analyzing and feeding back the information necessary for its execution.

A discussion on the automation of Taxonomy reporting using IS tools was begun, including a meeting with various publishers offering CSR reporting solutions or those specifically dedicated to Taxonomy reporting. To date, the evolving nature of the standard has not made it possible to invest resources in automating data reporting, which would also allow faster identification of eligible activities and alignment criteria. However, this approach looks like it will become necessary in the near future, in terms of data reliability, process improvements and auditability of the data presented when reporting.

The identification of financial flows in the information systems at the time of the investment decision is another area for improvement, which would allow both an improvement of the reporting process, as well as the enhancement of alignment ratios.

Incorporation of Taxonomy into business strategy and performance

Taxonomy reporting has an impact on the relationship with the various stakeholders of the business lines concerned by the reporting.

For instance, the alignment criteria for investments linked to the installation and replacement of HVAC equipment or LEDs, falling under Activity 7.3 – Installation, maintenance and repair of energy efficiency equipment, include substantial contribution criteria and DNSH criteria, for which coordination with equipment suppliers is required. From now on, the technical architecture and maintenance team in charge of performing these installations will check with their equipment suppliers to ensure that they have either the A or B label according to the new energy performance certification, and will ensure they obtain the list of chemical substances present in the said equipment.

Similarly, the Real Estate Department, which is familiar with Taxonomy reporting, has launched a process to identify "green" leases with an environmental label with a view to aligning them with Taxonomy objectives. A number of checks are now incorporated in the selection process for its partners, or in the renewal of leases, specifically the presence of EPCs in leases, or the energy class of the buildings concerned.

To date, the introduction of Taxonomy reporting has had no significant effect on its performance, but the Group is aware of the challenges this standard entails and the real impact it may have on its results.

2.4 / Develop our most valuable asset: people

Background and trends

The health crisis profoundly changed employee expectations regarding the meaning of their work, work-life balance and the quest for flexibility in their personal organization. Furthermore, the macroeconomic inflationary climate which is impacting on their purchasing power combined with a continuous fall in unemployment rates to historically low levels (7.3% in France according to French national statistics bureau INSEE in 2022), is leading to an increase in the turnover of salaried employees. In France, for example, DARES, the French Directorate for the organization of research, studies and statistics, indicated that in 2022, seven out of ten occupations were considered to be under strong or very strong pressure. It also published analyses on the material increase in the number of resignations [1].

Furthermore, rapid changes to business lines, and the scarcity of key skills e.g. those relating to the repair business, for which not enough initial training courses are offered to guarantee a sufficient pool of professionals, pose major challenges for Fnac Darty.

In this context, employer attractiveness and employee retention and commitment are crucial to the success of the Group's project and the implementation of its strategic plan Everyday. The work conducted by the Group to strengthen its recruitment processes by setting up a dedicated internal organization, to enhance its employer brand and to develop essential business skills, is helping it to rise to these challenges. Several initiatives (promoting inclusion, diversity and mobility, or guaranteeing employees' health and safety) help to enhance the commitment and loyalty of the Group's 25,000 employees.

Risks	Opportunities
■ "Mass resignation" phenomenon, loss of attractiveness of the employer brand: inability to attract and retain talent ■ Costs of turnover, absenteeism and disengagement ■ Costs related to workplace accidents ■ Skills mismatch ■ Difficulties in supporting diversification and the increase in certain activities due to shortages in certain profiles	■ Committed employees and efficient and diversified teams ■ An attractive employer brand ■ Agility and resilience ■ Ability to innovate ■ Control of costs related to accidents (insurance and absenteeism) ■ Employees whose expertise enables the customer to make "an educated choice," to make their products last, and to stand out from the competition

Levers activated	2022 key highlights	Performance and monitoring of objectives
■ Attract and retain talent, particularly in jobs with shortages and in growth areas ■ Creation of customized training and onboarding programs	■ Creation of a Talent Acquisition and Development Department ■ Signing of the GEPP agreement ■ Opening of an in-house apprentice training center	■ **KPI: 14.9 hours of training per employee trained** ■ 2.9% of payroll allocated to training ■ 60.7% of employees trained in the classroom during the year and 93.9% trained in the classroom or via e-learning ■ 166 technicians trained then hired on open-ended contracts ■ Over 136,000 e-learning modules completed
■ Support for women in leadership positions and integration of people with disabilities ■ Building on the talent of our senior citizen employees	■ Running the Ex Aequo network and launching a women's mentoring program ■ Training of all officers on "sexist conduct and sexual harassment" ■ Participation of some Executive Committee members and senior executives in the EVE female leadership development program ■ Support for the second half of employees' career paths and transition to retirement	■ **KPI: 30.3% of women in Leadership Group roles ✓**

(1) 520,000 resignations were recorded in the first quarter of 2022, higher than the previous record set in the first quarter of 2008 at 510,000.

Levers activated	2022 key highlights	Performance and monitoring of objectives
■ Supporting changes in business lines and work organizations through training and new ways of joint working	■ Implementation of the ABO project and hybrid management training for all managers	■ 420 managers trained in hybrid management
■ Continue to improve working conditions and prevent health and safety risks ■ Develop the sense of belonging	■ Strengthen medical prevention from the age of 50 ■ Investments to improve workplace comfort for handling activities ■ Strengthen health and safety training ■ Establishment of the "All leaders" action principles and *launch of* a 360° feedback loop with the Executive Committee and the France Management Committee ■ Awareness-raising actions conducted by Handicap, and fast-tracking the recruitment of people with disabilities ■ Signing of LGBT+ charter	■ **KPI: 5.4% of absenteeism due to sickness** ■ **KPI: 29.7 Frequency rate of workplace accidents with stoppage time** (excluding N&D) ■ **KPI: 2.0 Severity of workplace accident** (excluding N&D) ■ 5.2% of employees in open-ended contracts with disabilities

Except where specified, the social data presented in this chapter concern the scope of financial reporting. Franchises are excluded from the scope of the report. The definitions are given in the associated paragraphs when required.

All the priority indicators (i.e. KPIs) and other indicators are available at the end of the chapter in the table of CSR risks and indicators.

Key figures – workforce

Scope: Group, excluding franchises	2020	2021	2022
Workforce as at 12/31 *(fixed-term contracts + open-ended contracts)*	24,886	25,585	25,175
Of which France workforce	*18,895*	*19,270*	*18,997*
Average headcount *(in FTE)*	22,474	22,927	23,231
Proportion of open-ended contracts in total workforce *(open-ended contract + fixed-term contract)*	89.2%	87.8%	87.7%
Proportion of temporary staff *(open-ended contract + fixed-term contract + temporary staff)*	12.5%	13.1%	12.9%
Proportion of full-time workers *(open-ended contract)*	82.9%	83.8%	83.9%
Average seniority of employees on open-ended contracts	12.3	12.7	12.8
Average age of employees on open-ended contracts	38.9	40.9	40.9
Proportion of managers *(from employees on open-ended contracts)*	23.7%	23.9%	24.7%
Number of permanent employees recruited *(excluding acquisitions)*	2,562	3,570	4,023
Number of departures of permanent employees *(excluding disposals)*	2,976	3,818	4,787

With over 25,000 employees, more than three quarters of whom work in direct contact with customers, anticipating and supporting rapid changes in business activities, guaranteeing the health and safety of employees, and fostering their commitment have been identified as major challenges for the Group. Reaffirmed in the strategic plan Everyday, this is a key social responsibility.

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

The Group invests and innovates to develop its organizational methods, provide its employees with a stimulating work environment, and support the development of their expertise while guaranteeing gender equality in the workplace and their health and safety.

2.4.1 / ATTRACT AND RETAIN TALENT, PARTICULARLY IN JOBS WITH SHORTAGES AND IN GROWTH AREAS

The diversification of activities, the rise of e-commerce and the development of repair services are all part of the plan Everyday. To support this strategy, there are certain key roles, such as after-sales technicians, delivery and installation technicians, kitchen sales designers and web developers. However, these professions have also been identified as short-staffed. The Group uses various means to promote its attractiveness and thus boost the retention rate of employees operating in these highly competitive business lines.

2.4.1.1 / Acquire the required skills by diversifying sources of recruitment

An enhanced internal structure

A Talent Acquisition and Development department was created in 2022, tasked with defining and implementing a recruitment policy for Fnac Darty in France, including:

- the recruitment of executives on open-ended contracts with formalized duties, based on the model of an internal recruitment agency;
- active participation in the implementation of "recruitment" roadmaps for business lines where talent is harder to find, to support HR departments and operational staff.

To respond to the war for talent and increase the visibility of its job vacancies to candidates, the Group has increased its investment in benchmark recruitment media. Candidates are sourced through diversified means of acquisition, ads posted on the most renowned job boards, headhunting, and communication via social networks.

The Acquisition team is always on the lookout for innovative recruitment solutions to attract new talent.

Development of external partners

Developing partnerships with local and national employment players is a core element of the recruitment strategy, particularly for jobs where talent is scarce. The Group has expanded its recruitment process to include people traditionally excluded from the labor market (migrants, the long-term unemployed) and to candidates for retraining, to include them in the diploma courses delivered by the Fnac Darty Academy.

The organization of employment events in the Île-de-France region and further afield will be strengthened in 2023 with players such as the CFA, Pôle Emploi, E2C, local associations, Impact Confiance, Sport dans la ville, and vocational high schools.

Fnac Darty has also been involved in the POEI scheme since 2021. This allows unemployed people registered with Pôle Emploi to benefit from up to 400 hours of training.

Three classes addressing different business lines were established for kitchen designers, home service technicians, and delivery and installation personnel.

This system provides a pool of candidates and helps people who are outside the job market to find employment. Some of the trainees are recruited on open-ended contracts upon completion of the training.

- POEI kitchen designers: 1 class and 3 unemployed people enrolled;
- POEI home service technicians: 1 class and 6 unemployed people enrolled;
- POEI delivery and installation staff: 2 classes and 7 unemployed people enrolled.

Vanden Borre and "Les Petits Riens" in Belgium

In Belgium, a close collaboration was launched in 2021 between the organization "Les Petits Riens" and Vanden Borre. The association, which repairs and resells large domestic appliances supplied in part by Vanden Borre, provides a year-long training program for people returning to the labor market to become repair technicians. At the end of this one-year apprenticeship, the apprentice technicians can apply for an open-ended contract with Vanden Borre.

In 2022, two people aiming for professional rehabilitation joined Vanden Borre, one of whom went on to be hired on an open-ended contract.

2.4.1.2 / Development of customized training and onboarding programs

For after-sales service technicians, pillars of the sustainability strategy

The development of Fnac Darty's repair services, driven in particular by the Darty Max repair subscription offer (see also section 2.2.2.3), is driving the need to recruit after-sales technicians. As a result, in 2022, the number of home service calls increased by 6% compared to 2021.

To support the recruitment and professionalization of new repair technicians, the Academy created the Tech Academy, a dedicated branch to develop training programs. It has been working with apprentice training centers (CFA) for several years to speed up the training of new technicians.

In the course of 2022, the Training Academy also broadened its training offer for newly recruited technicians, with a course for new recruits that have a technical background. The aim is to provide fast-track training for home appliance technicians. An initial 26-week test run started in Paris in September 2022.

In partnership with two apprentice training centers (CFA), the Group launched 22 apprentice classes in 2022. In total, Fnac Darty trained 497 technicians in 2022, of whom 293 are still in training. Of those who completed the training course, 166 have been hired on open-ended contracts, and 250 will join new classes in the first half of 2023.

To meet its growing needs, in October 2022 Fnac Darty opened its own CFA dedicated to repair business lines for domestic appliances.

All of these technicians gain a Level 4 RNCP [1] qualification (connected domestic appliances service technician, connected equipment service advisor, or home appliance after-sales technician).

For kitchen designers, at the heart of the diversification strategy

Under the Group's diversification policy, the kitchen design-installation business has experienced strong growth for several years. To support this growth, employee support and training for kitchen designer courses provided via the Kitchen Academy were modified in 2022 to meet the new store needs, with two dedicated courses. A total of 105 learners received training via these pathways.

For delivery and installation staff, the cornerstone of quality Darty delivery services

In addition to the Tech Academy, the Delivery Academy has been established to meet the Group's needs in this profession where staff are also categorized as being in short supply.

To meet this demand, Fnac Darty recruited and trained the following staff via numerous schemes:

- 11 delivery staff joined a class of work/study trainees (Toulouse);
- 21 delivery drivers were recruited and trained via other schemes, such as POEI (readiness for individual employment) and MRS (simulation-based recruitment method), in Paris.

2.4.1.3 / Promote internal transfers to growing business lines

In addition to recruiting externally and building the necessary skills as soon as staff are hired, the final means for ensuring adequate staff numbers in businesses where experts are scarce is to capitalize on internal resources and to encourage or facilitate, as far as possible, the transfer of Group employees to these businesses.

In 2021, the Group began collective negotiations at Group level on the management of jobs and career paths (GEPP), which led to the signing of the first Group agreement on this topic in January 2022. One of the major objectives of this agreement is to formalize the strategy and measures that will help in planning ahead for the required changes to jobs and skills in the medium-term in light of foreseeable developments linked to the Group's strategic direction, market development and consumer expectations.

In this respect, pride of place is given to managing the jobs defined as "developing," by offering dedicated measures aimed at internal promotion, and providing the best possible support to employees who wish to move. This takes place in two ways:

- a cross-functional methodology that works across all Group entities, making it possible to identify so-called "developing" business lines. This business line mapping was rolled out to all Group entities during 2022 and was shared with the respective works councils, to give employees and managers the required visibility;
- specific support measures for employees considering a move to a business line identified as "developing." To fill skills gaps and remove obstacles to retraining, a number of schemes have been developed:
  - identification of the employee's support and training needs based on an assessment of the skills acquired and those to be acquired or developed in the target profession (for example quiz, interview, skills assessment, role-playing),
  - organization of "Live My Life" placements to find out about/understand the jobs in question and make it easier for staff to see themselves doing them,
  - the option of being followed by a mentor in the new job to facilitate take-up by providing support on the ground on a daily basis,
  - the option of providing for a return clause to a job similar or equivalent to the job held initially.

(1) French list of professional certifications.

2.4.2 / CAPITALIZE ON ALL OUR TALENT

2.4.2.1 / Enhance in-house talent by promoting mobility

Via its GEPP agreement, Fnac Darty aims to provide all its employees with a common set of measures on essential employment and career management issues, specifically to encourage and support their mobility.

In addition to allowing all employees to diversify and secure their career paths, the Group's objective in entering into this agreement, which covers all Fnac, Darty, Nature & Découvertes and WeFix brands and all business lines (operations, head office), is to open up a wide range of opportunities and encourage employees to consider all possible forms of mobility: functional (change of business line), geographical or even between brands/companies.

To encourage functional mobility, employees now have tools that provide better visibility on potential jobs and career paths:

- "mobility hubs": these are established based on a comparative analysis of skills for each job to help visualize potential bridges between multiple roles and measure the skills gaps between those acquired and those to be acquired, depending on the role in question. They help all employees to better focus on and prepare their professional mobility plans, they help managers to provide better support to the employees in their team in their career plans, and they help the HR department to better advise and support employees, taking the Group's needs into account. The skill sets and mobility hubs were established jointly during 2022 for all operating and operational business lines (28 business lines identified) through a working group involving HR, business line operations staff, and representatives from trade union organizations. Head office will be added to the scope during 2023;
- digital job exchange platforms: these aim to ensure that all vacant positions are highlighted to employees and that they can apply for them. In addition, specific ad hoc communication activities are carried out to promote particular job vacancies;
- lastly, the GEPP agreement clarifies and harmonizes the conditions of eligibility and rules in the event of geographical transfers and/or transfers between the various Group brands or companies to help facilitate implementation. In cases involving a geographical transfer, it sets out the logistical and financial means available to facilitate the take-up of duties by employees in their new post (search for accommodation, support in moving, spousal support).

2.4.2.2 / "Finding" female talent

Since 2021, Fnac Darty has made gender equality in the workplace, and more specifically the development of gender diversity in senior positions, a priority issue. In fact, given the gap between the proportion of women working in the Group and the proportion of women in management positions or in certain business lines, Fnac Darty focused in on this objective, acknowledging the need to guarantee equal treatment for all and the opportunity to enhance diversity, along with the risk of passing over female talent.

To rise to this challenge, the Group organized itself around a cross-functional program based on several initiatives.

Setting and publishing ambitious quantified objectives

Two objectives were approved by the Board of Directors upon the proposal of the Senior Management, and included in the strategic plan Everyday:

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

Although the position of store manager is not part of the Leadership Group, the proportion of women reaching this role is also managed, acknowledging the emblematic nature of the position. The Group is thus aiming for 30% of women in management roles in its Fnac stores and 15% in its Darty stores by 2025.

(1) Approximately the top 200 managers at Group level.

2022 Performance

Scope: Group, excluding franchises	2020	2021	2022	Δ Y-1
KPI: Proportion of women in Group Leadership roles ✓ [(a)]	**24.3%**	**26.6%**	**30.3%**	**3.7 pt**
Percentage of women in the total workforce	39.6%	39.1%	38.2%	(0.9) pt
Percentage of manager-level women in the workforce	37.0%	37.2%	37.6%	0.4 pt
Percentage of female store managers	18.2%	19.9%	23.6%	3.7 pt
Percentage of women on the Board of Directors	50%	50%	54.5%	4.5 pt
Percentage of women on the Executive Committee	33.3%	38.5%	46.2%	7.7 pt
Proportion of women granted at least one individual raise during the year	22.9% (23.5% for men)	22.3% (25.2% for men)	15.8% (14.3% for men)	(6.5) pt ((10.9) pt for men)
Gender equality index (consolidated)	90	88	87	

(a) *The indicators featuring this symbol ✓ have been verified and certified to a reasonable level of assurance by the independent third-party body (see section 2.8).*

From 2022, the Group will reap the benefits of mobilizing the managerial line on gender equality issues and rolling out springboards for action (described below), with an observable increase in the share of women in managerial positions. This is true not only for the "Managers" workforce (+0.4 points vs 2021), but also for store managers (+3.7 points vs 2021), and for the Executive Committee (+ 7.7 points vs 2022).

In addition, Fnac Darty was ranked 47th out of 120 on the SBF 120's ranking on increasing female representation in governing bodies, a ranking set up in 2013 by the French Ministry for Gender Equality, Diversity and Equality, in connection with the follow-up of the Copé-Zimmermann law; i.e. a jump of 15 places compared to the previous year, with a score of 69.98 out of a possible 100 (+6.81 points).

Create an internal network dedicated to equality

The "Ex Aequo" network was created in March 2021 and currently has over 150 members, both men and women. It is governed by a steering committee of employees representing the various departments and business lines, along with a board comprising four members of the Executive Committee.

The network aims to remove collective and individual obstacles to equality and to support the careers of women within the Group. The network helps them gain visibility among internal recruiters, but also gives them the opportunity to share with peers the best practices, tools and experiences required for their career progression.

By joining this approach, in addition to regular meetings with their peers, Ex Aequo members can benefit from personalized support such as mentoring and personal development workshops.

Lastly, the network's objective is also to make the Group's commitment visible under its banner, by increasing the number of messages that tackle the issue of gender equality, whether through:

- the organization of internal role model testimonials: five discussion sessions took place in 2022 with female Comex members or site managers;
- meetings with inspirational figures: two events in 2022;
- internal communications (reading tips, employee testimonials on paternity leave, etc.).

Roll out development and awareness programs on female leadership

Since 2020, the Group has developed and rolled out the "Oser" ('Dare!') program, a personal development program targeting women's leadership that provides participants with the tools and insights to make conscious career choices and facilitate their access to senior positions.

In 2022, the Group added to its measures with the launch of two development programs:

- a structured *mentoring* program for women. In 2022, 20 mentor-mentee pairs were formed and began working together for a planned period of 12 to 24 months. For this first year group, priority was given to female members of the Ex Aequo network and to Darty store employees. The mentors are men or women who have voluntarily signed up for this process. They have all received training on mentor mindset and tools;

- participation in the Eve program, an inter-company leadership seminar launched by Danone in 2010, with 12 Group employees subscribed, ranging from members of the Comex, to members of the Leadership Group and high-flyers.

In addition, to promote the place of women in the digital professions, Fnac Darty has partnered with EFREI (French School of Radioelectricity, Electronics and Computer Science) in sponsoring the Dev Manager Full Stack Master's degree since May 2021.

Combating sexist conduct and sexual harassment

When it comes to combating sexism, the Group considers it essential to combine communication, awareness-raising and training initiatives to help reduce the risk of situations arising: understanding the issues at stake, contact persons, whistle-blowing mechanisms, internal procedures, sanctions, as well as comprehension of gender stereotypes, recognition of what constitutes sexist behavior, accepting the word of the person concerned, and so on.

In 2022, all Group "Sexist acts and sexual harassment" officers (management and ESC elected representatives) received training in the legal framework, internal procedures, and tools. Scenario-based exercises were on offer, allowing each officer to play their role (inform, guide, initiate procedures if necessary).

A working group led by the Employee Relations Department was also set up aimed at using all possible means to eliminate situations of sexist behavior or sexual harassment, based on the observation that these situations are detrimental to the people concerned, staff in general, and the operation of the entities. The working group's remit is to audit the existing processes, and to strengthen the current system in line with the needs identified by the officers, and at grass-roots level.

2.4.2.3 / Building on the talent of our "senior citizen" employees

Pursuant to its GEPP agreement, the Group also wanted to formalize and strengthen its commitment to its senior citizen employees (aged 50 and over), acknowledging that they are a key pool of strength and talent on which the Group relies.

This agreement sets out a number of measures and schemes allowing senior citizens to conduct their professional activity to the full, and to help them prepare for the transition to retirement.

These schemes take a two-fold approach:

Plan for and support the second part of the career path

Fnac Darty wishes to support every employee in giving thought to their plans for the second half of their career, specifically with the option for employees aged 50 and over to benefit from a progress review with their Human Resources Manager. This review is an opportunity to reflect on any desires the employee may have in terms of career direction and to provide information on all existing schemes for senior citizen employees. Alongside these reviews, from the age of 50 all Group employees receive comprehensive information about the schemes in place for them as well as a "senior citizen's guide."

The Group recognizes that training is a cornerstone in terms of the forward planning of jobs and skills within the Group, and a real tool to help develop the skills of all employees throughout their careers, both before and after they turn 50. In this context, Fnac Darty committed to ensuring that employees aged 55 and over who wish to follow a training course and who request this course will have their request fast-tracked, along with requests to register for Validation of Acquired Experience (VAE) programs. Employees aged 55 and over can also benefit – under certain conditions – from a matching contribution made to their Personal Training Accounts by the Group, in line with their plans.

Lastly, the Group attaches particular importance to the transfer of its employees' skills, to ensure continuity of both operations and business expertise. Given their experience within the Group, their business knowledge and their expertise, employees aged 55 and over have a major role to play in this transfer of skills. To this end, roles such as a tutor in work-study programs, a mentor when welcoming new recruits, or for transfers to jobs of a technical nature, will be offered to them as a priority.

Support the transition to retirement

The Group is aware that the end of one's career can be a source of anxiety for the employees concerned, and wishes to support them as much as possible to make this transition as smooth as possible, via:

- group and individual "retirement information" workshops, where they are given appropriate information regarding their rights, their leaving date, and the amount of their future retirement pension, along with steps to take concerning their preparation for retirement and end-of-career measures such as gradual retirement, the buyback of working time and points, and so on;
- a six-week personal support program to prepare for this transition, to help them think about what they are going to do during their retirement, and thus structure their personal life plans.

2022 Performance

Scope: Group, excluding franchises	2020	2021	2022	Δ Y-1
Percentage of employees on open-ended contracts who are senior citizens [a]	23.2%	24.4%	26.8%	9.9%

(a) Employees aged 50 and over.

2.4.2.4 / Attracting "young" talent

Fnac Darty has rolled out an ambitious work-study policy with significant recruitment of young talent. In 2022, some 1,215 work/study students were recruited in France (1,033 apprenticeship contracts and 182 professional contracts).

The Group maintains long-term relationships with training providers (Grandes Ecoles, universities or training centers) offering degree courses related to the company's business lines.

In terms of stores, the Fnac and Darty brands recruit young people to work/study programs whose educational attainment ranges from school leavers to those with 3 years in higher education, alongside interns in customer service, sales and logistics.

A dedicated "developing managers" class was also launched in 2022 to train, as part of a special 24-month program, young work/study students with 4-5 years of higher education, for local management within the Fnac, Darty and Nature & Découvertes brands.

At the same time, the Group is investing heavily in work/study training for future technicians and for delivery and installation personnel (see 2.4.2.1).

To raise awareness of its business lines among future work/study students and young graduates, the School Relations team regularly speaks at schools and universities. Lastly, all job vacancies are posted on the intranets and alumni networks of schools with which the Group has special relationships in France.

2022 Performance

Scope: Group, excluding franchises	2020	2021	2022	Δ Y-1
Percentage of employees on open-ended contracts who are juniors [a]	11.0%	11.6%	11.3%	(2.6%)
Number of work-study participants	1,107	1,328	1,443	8.7%

(a) Employees aged 26 and under.

2.4.3 / SUPPORT THE DEVELOPMENT OF BUSINESS LINES AND LABOR ORGANIZATIONS

Performance, expertise, professional development… As a responsible employer, Fnac Darty has made these issues strategic priorities in its "Everyday" plan in order to guarantee the employability and fulfillment of employees in their jobs and to better meet customer expectations.

2022 Performance

Scope: Group, excluding franchises	2020	2021	2022	Δ Y-1
KPI: Number of training hours [a] per employee trained	**9.2 hrs**	**14.9 hrs**	**14.9 hrs**	**0**
Proportion of employees receiving in-classroom and/or e-learning training over the year compared to total number of employees [b]	75.9%	93.7%	93.9%	0.3%
Proportion of employees receiving in-classroom training over the year compared to total number of employees [b]	37.5%	56.7%	60.7%	7%
Average number of training hours per employee trained via classroom programs	13.7 hrs	14.9 hrs	14.4 hrs	(6.7%)
Share of payroll allocated to training	2.8%	3.2%	2.9%	(8.3%)

(a) All formats combined: in classrooms, virtual classes or e-learning.
(b) Employees (open-ended and fixed-term contracts) as of December 31, 2022.

2.4.3.1 / Support an educated choice through the Expertise program for salespeople

Constantly improving our support and advice to customers, in terms of their uses and needs, and helping them to make the right choice, in an informed and independent manner, are long-standing commitments of the Group.

Enabling this educated choice largely depends on the acknowledged expertise of Fnac Darty's salespeople. Developing this expertise has thus been highlighted as a major component of the new strategic plan.

Through its variety of content, the Fnac Darty Training Academy aims to make salespeople better trained, better equipped and also better supplied with data.

Fnac Darty wanted to make sales expertise a point of differentiation from the competition, as well as a driver of employee commitment and therefore retention. This objective has resulted in the roll-out of an ambitious five-year personalized training program, launched in 2020, for all its salespeople.

The program combines in-classroom training and e-learning, and comprises:

- an onboarding process that helps new salespeople to get to know the Company's strategic objectives, its CSR policy and its brand ecosystem, or to perfect their sales techniques and presentation;
- a positioning quiz, to create the personalized five-year program that allows each salesperson to track their progress, but also to better understand the uses that customers have in mind for their purchases as well as the services they may need. The objective is to make them sales experts as well as enthusiastic about the products offered. Recent years have focused on strengthening product sales expertise as well as developing versatility across the entire ecosystem of products and services. The possibility of becoming a "product ambassador" to share their knowledge with their colleagues is also offered at the end of the course.

For Fnac and Darty, this is not only an opportunity to build employee loyalty by providing a long-term vision but also to provide staff with the tools to improve their performance in the long run.

Training courses to support transformation

In parallel, training courses were provided to:

- support the roll-out of the Darty Max subscription: nearly 400 training sessions were delivered to train some 5,500 employees;
- develop "video sales advice": 539 volunteer employees were coached in customer relations by video.

These schemes were recognized and rewarded this year, winning a prize in the "Sales and Retail" category at the 'Printemps des Universités d'Entreprises' event organized by U-Spring. This award identifies "Training" initiatives that support the performance of retail sites.

2.4.3.2 / An in-house training academy that is becoming more professional and better equipped

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

A Qualiopi-certified Training Academy

To emphasize the professionalism of the training activities and raise its internal and external profile, the Training Academy was awarded Qualiopi certification in November 2021.

Since then, the Academy has continued to develop its programs in line with the requirements of this certification:

- a new e-learning platform provides an enhanced display of the digital training offer and courses;
- a new training display tool, directly linked to the platform and visible to managers, makes it possible to manage team training with greater precision.

A new site for the Training Academy

In September 2022, following the reorganization of the head office via the Activity Based Office project, the Academy moved to new premises which benefit from having all the training rooms in one place: in all, 7 training rooms are available with a capacity of some 75 people. This location became the official center for training activities in France and houses the administrative department for training.

2.4.3.3 / Promote new forms of collaboration

In 2022, the Activity Based Office project was rolled out at the head office in Ivry-sur-Seine. This project meets employees' new needs to have new ways of working with co-working, open plan or more isolated spaces.

The continuance of telework resulted in the signing of an amendment to the teleworking agreement allowing head office employees to telework for up to 3 days per week.

To support hybrid management, Fnac Darty invested heavily in training, launching a program for 420 managers. By the end of October 2022, 83% of these managers had received training on hybrid management. This consisted of 32 workshops covering acknowledgment and encouragement, the identification of weak signals, collective dynamics, empowerment and trust.

2.4.4 / WORKING CONDITIONS AND RISK PREVENTION

As a prerequisite for employee commitment, health (physical and psychological) and safety are major issues for Fnac Darty. The Group has invested heavily in training its teams, particularly managers, in order to strengthen risk prevention.

2022 Performance

Scope: Group, excluding franchises	2020	2021	2022	Δ Y-1
KPI: Frequency rate of workplace accidents with stoppage time (a)	**30.1**	**31.5**	**29.7**	**(3.8%)**
KPI: Severity rate of workplace accidents with stoppage time (a)	**1.7**	**1.9**	**2.0**	**7.9%**
Frequency rate of workplace accidents with stoppage time (Nature & Découvertes)	11.5	5.9	6.1	0.2 pt
Severity rate of workplace accidents with stoppage time (Nature & Découvertes)	0.33	0.19	0.49	0.3 pt
Number of employees trained in safety	4,985	14,474	15,267	5.5%
Total number of hours of safety training	18,618	45,125	47,779	5.9%
Overall absenteeism	7.0%	8.9%	7.8%	(1.1) pt
KPI: Absenteeism due to sickness	**5.2%**	**5.3%**	**5.4%**	**0.1 pt**

(a) Excluding Nature & Découvertes, which applies a different indicator calculation methodology (all entities calculate this rate over the hours actually worked, whereas Nature & Découvertes calculates it on theoretical working hours).

Although the effects of Covid were still being felt in 2022, with 70% of absenteeism related to illness, other sources of absenteeism, particularly those related to work-related accidents, declined. Overall absenteeism and the frequency of workplace accidents with stoppage time were down. Since 2021, Fnac Darty has implemented risk prevention plans, through significant investment in awareness-raising and training for employees and managers, as well as actions targeted at the business lines with greatest exposure in relation to their physical and potentially hazardous nature (logistics and delivery in particular). These action plans were continued and enhanced in 2022, as described in paragraph 2.4.4.4.

2.4.4.1 / Constructive social dialogue

Fnac Darty is committed to respecting freedom of association throughout the world and encourages social dialogue within all its legal entities, at both individual and collective levels. It also strives to create employee representation bodies in all the countries in which it operates.

At the end of 2022, the Group was party to four major agreements on employee representation covering all employees of the Fnac and Darty brands. These agreements have strengthened the resources available to employee representatives (number of employee representatives, supra-legal bodies specific to the Group, time devoted to the position, working time for employee representatives to prepare for meetings with management, the Group's financial contribution to trade union organizations, etc.) and the measures designed to secure and develop their careers (career development interviews, etc.).

A new agreement on staff representation was also concluded in 2022, in order to take into account the changes in the organization of activity at an entity in staff representation and social dialogue. All collective agreements relating to fundamental issues (Sunday working, job and career management, quality of life at work) provide for a monitoring committee, which ensures that the Group's commitments are honored, and which meets annually to review the past year and discuss the outlook for the year ahead.

The Group has a European Works Council with representatives from the four countries in which the Group has employees. This body has also set up a working group dedicated to the duty of care, which meets once or twice a year and provides a forum for discussion between the Human Resources Department, the CSR Department and employee representatives, in order to involve them fully in these major Group issues.

Fnac Darty has a Group Works Council, which was set up in 2019 following the merger of the two brands and on which employee representatives from all Group entities sit. It meets at least twice a year to review social policy, the financial position and CSR policy, but also to discuss issues, initiatives and new developments that affect specific areas of the Group's business, so that each elected representative has comprehensive knowledge of all the Group's activities.

In 2022, a Group GEPP [(1)] agreement was signed, supplementing the Group agreements on quality of life at work and remote working signed in 2021. In total, more than 30 collective agreements were signed in France in 2022, covering issues such as compensation, profit-sharing, teleworking, professional equality and professional mobility. As a result, all French employees are covered by one or more of the collective agreements signed in 2022.

2.4.4.2 / Promote freedom of expression for each individual regarding their working conditions

In addition to social dialogue through staff representative bodies, Fnac Darty is keen to give all employees the opportunity to express their views on working conditions, recognizing the value of discussion that involves everyone in the company and is based on transparency and listening to a variety of viewpoints.

To this end, the Group provides various means by which employees can freely express themselves on the content and organization of their work, as well as on the definition and implementation of actions to improve working conditions:

- Supermood, an innovative and anonymous tool for listening to employees. This initiative allows each employee to express their opinion, observations, expectations or difficulties concerning the performance of their work at the site, and thus enables managers to provide appropriate, targeted, rapid responses. In 2022, monthly webinars were organized with managers to support them in their use of this managerial tool, from sharing results to taking action. In December 2022, the recommendation rate [(2)] was 74.7%, compared to 72.1% in December 2021;
- an external listening hotline with occupational psychologists is open to all 24 hours a day, 7 days a week;
- group meetings, routinely organized within the teams, to enable employees to express their views on the organization, the environment and their working conditions. Designed to open up spaces for constructive debate and collective intelligence, these meetings are initiated by managers, but led by "peers" from within or outside the team, enabling teams to engage in a new culture of discussion, stepping back, sharing and seeking solutions.

(1) Job and career management (Gestion des emplois et des parcours professionnels – GEPP).
(2) Proportion of employees giving a score of between 7 and 10 on a scale from 0 to 10.

2.4.4.3 / Strengthen preventive healthcare from the age of 50

Fnac Darty aims to prevent the onset of any age-related conditions and, to this end, makes the following measures and schemes available to its senior employees:

- a prevention assessment: employees aged 50 and over are eligible for a prevention assessment organized by the Group's external partner organizations. This medical, psychological and social assessment, carried out by health professionals, is an opportunity for employees to discuss their state of health with skilled professionals, to identify any vulnerabilities and risk factors, to receive personalized and adapted preventive advice, to discover activities through workshops (physical activities, balance and prevention of falls, memory stimulation, stress management, nutrition, sleep, etc.) and finally to take part in theme-based sessions (memory, motor skills, etc.);
- authorized leave for a health check-up/preventive health examination: to enable employees aged 50 and over to take advantage of the free preventive health check-up provided by the French social security system, Fnac Darty has decided to grant them half a day of paid leave;
- organization of an additional medical check-up from the age of 55: employees aged 55 and over may, at their request, receive an additional medical check-up from the occupational health and prevention services;
- systematic provision of "movement and posture" training to all employees aged 55 and over.

2.4.4.4 / Risk prevention in the most hazardous occupations

While noting that none of the Group's jobs meet the legal definition of arduous work, Fnac Darty decided to use its GEPP agreement to identify roles with a "high physical impact" in order to qualify them for certain specific measures. In particular, this concerns the professions of delivery driver, technician and order picker, for which a high proportion of occupational accidents or illnesses are recorded.

Employees in these roles are eligible for specific support measures after the age of 50, including assistance with internal career transition, flexible working hours for skills sponsorship, and coverage of the remaining educational costs for career transition projects. In addition to these measures, which are formalized in the Group's GEPP agreement, the regular monitoring of KPIs (absenteeism rate, work accident rate, etc.) has been systematically implemented in the various governance bodies.

Specific prevention actions have also been implemented for specific groups of employees.

Logistics

During handling activities, repeated movements, bearing heavy loads and trolley vibrations are at the root of musculoskeletal disorders (MSD), the leading cause of workplace accidents in the logistics sector.

Throughout 2022, investments were made to improve workstation comfort:

- improvement of prolonged standing posture with the introduction of anti-fatigue mats;
- purchase of new furniture in accordance with ergonomic recommendations.

Noise has been a considered risk for several years now. It is assessed and measurements are taken in areas likely to exceed regulatory thresholds. In 2022, new measurements were taken by a specialized organization in three of the Group's warehouses. These measurements have shown that the workstations in one of the warehouses are now all below the threshold defined by the regulations, following soundproofing work carried out in recent years. At another warehouse, special earplugs with filters have been provided for the logistics specialists in charge of loading and unloading the trucks.

The roll-out continued in 2022 of a wheel lock system comprising a wedge attached to an articulated arm in the loading docks of one of the warehouses. The risk of accidental departure of trucks from loading docks is a major risk in logistics, and investment budgets are planned to equip all sites with wheel lock devices in the coming years.

In 2022, logistics operations managers received training in workplace accident analysis. In order to raise awareness among the teams, prevention signage has been installed at the six logistics sites in France. Various measures are being trialed, such as the establishment of a partnership with a physiotherapist for prevention workshops at one site. On-site osteopathic consultations were offered to employees at some sites.

Finally, in order to reduce accidents and improve working conditions, numerous "5S" projects were carried out in 2022, with tangible results. This approach to improving safety and comfort at work was supplemented by team training and was supported by field representatives to help implement the initiatives and maintain the principles throughout the year.

Delivery

In order to reduce the risk of accidents, the main investments were aimed at improving the goods loading and unloading docks.

MSD studies were carried out in 2021 and 2022, leading to the implementation of targeted action plans: training courses on MSD prevention, collaboration with occupational therapists, creation of focus groups on accident analysis per activity, reminders of the requirement for personal protective equipment (PPE), deployment of electric trolleys.

The last-mile delivery department has also placed risk prevention at the forefront of the induction process, in particular through mandatory training.

Prevention through mandatory training

Since 2021, the Group has significantly stepped up safety training and monitoring of training completion. These mandatory training courses are addressed to all the Group's employees, and more particularly delivery and installation staff, logistics staff and after-sales technicians, whose activities are the most hazardous.

In order to prevent risks in the most hazardous jobs, several types of training have been strengthened or developed:

- regulatory training (electrical accreditation, movements and posture in the workplace, first aid at work, gas safety, etc.);
- specific courses for managers (security management, crisis management, permanent site opening). These cover all the risks that managers may face in the course of their work: security, safety, robbery, fire safety, work-related accidents, and ailments. They include a theoretical component (regulations) and a practical component (creation of a risk prevention plan). In 2022, two training modules on explosion risks and chemical risks were integrated into the training program for the managers concerned, in order to address the risks associated with safety at depots.

In Spain, the company uses an innovative tool to promote well-being, in the form of a web application providing advice on nutrition, health and sports. In 2022, almost one in four Fnac Spain employees (23%) used this tool, which was rolled out to strengthen the prevention of physical and psychological risks.

2.4.5 / DEVELOP THE SENSE OF BELONGING, SOCIAL CONNECTION AND QUALITY OF LIFE AT WORK

As the means of setting Fnac Darty apart from other pure players in the retail sector and by embodying the promise of the Fnac Darty experience, our employees are our greatest asset and the key to the Group's ambition and success. In this regard, Fnac Darty wishes to take a proactive approach to providing its employees with a balanced, stimulating, inclusive and respectful working environment, which is a driver of commitment and performance.

In March 2021, Fnac Darty signed an agreement on quality of life at work (QLW) and gender equality in the workplace. This historic agreement, the first to be negotiated at Group level and signed with the Group's social partners, marked the first stage in the implementation of a common foundation for quality of life in the workplace for all Fnac, Darty, Nature & Découvertes and WeFix brands.

In November 2022, Fnac Darty was recognized for its Group agreement on quality of life at work and professional equality, with a special mention in the QLW category at the "Victoires des Leaders du Capital Humain" awards.

Scope: Group	2020	2021	2022	Δ Y-1
Total turnover	12.5%	16.4%	20.0%	3.6 pt
Recommendation rate [(a)]	73.4%	72.1%	74.7%	2.6 pt
Proportion of employees with disabilities in open-ended contracts [(b)]	4.9%	5.0%	5.2%	0.2 pt
Percentage of people with disabilities newly recruited under open-ended contracts [(b]	0.8%	1.7%	1.8%	0.1 pt

(a) Proportion of employees giving a recommendation score of between 7 and 10 on a scale ranging from 0 to 10.
(b) Excluding Switzerland and Belgium, not applicable.

Despite a high and constantly increasing level of employee engagement (measured by the employee NPS), Fnac Darty, like most retail players, is facing talent retention issues, with an increasing number of voluntary departures, particularly among salespeople. This phenomenon has accelerated since Covid, with increasingly high expectations in terms of the meaning of work and quality of life in demanding roles. Since 2022, the Group has monitored employee turnover on a monthly basis, with an exit questionnaire routinely completed for each departing salesperson. In this regard, the Group is focused on deploying levers for employee retention based on career management and mobility (see 2.4.2.1), but also on meaning through shared values and inclusion, as well as on compensation in a context of increased pressure on purchasing power.

2.4.5.1 / All Leaders: toward shared operating principles

All Leaders, the Group's corporate culture program designed to improve the way we work together to serve our customers and boost performance against our strategic objectives, was continued in 2022 with the dissemination of inspiring personal accounts. All employees were able to deepen their understanding of the five operating principles of the All Leaders program, exemplified by five exceptional members of the community.

In order to involve all employees in these principles, and to collect or define the best practices for implementing them within the teams, a collective intelligence consultation was proposed to all Fnac Darty employees in France. Nearly one in four employees took part on the dedicated digital platform, which enabled the collection of almost 4,000 practices related to the operating principles or suggestions for making further progress.

Finally, everyone is responsible for embodying the five operating principles of All Leaders on a daily basis. For this reason, a "360° feedback" campaign was launched in 2022 with the members of the Executive Committee and the French Management Committee. Each participant received feedback allowing them to highlight their strengths in a professional environment, but also to identify areas for development and to build an action plan to better work with their teams, peers and internal customers.

2.4.5.2 / Create an inclusive and respectful work environment

Promote the inclusion of people with disabilities and combat discrimination

Fnac Darty has a long-standing commitment to changing attitudes toward disability, combating stereotypes and prejudices and implementing concrete actions as part of a proactive approach. This commitment was renewed in 2021 with a new signing of the Diversity Charter (signed in 2005 and then in 2014 for the Fnac branch).

Historically, the Group has always made a strong commitment to hiring people with disabilities by raising awareness among its teams, attending dedicated job fairs, offering appropriate professional training programs and promoting best practices. The Group's Disability initiative is leading this proactive policy and centered its 2022 activity on a number of projects:

- a Disability unit, launched in 2021, comprising a disability officer for each legal entity and two elected representatives of the Works Council. These officers have all received disability training (the reality of disabilities, disabilities and disabling illnesses, continued employment, the role of Agefiph and its initiatives). At Group level, the unit meets at least once a year, convened by the Disability initiative, and has a shared agenda: exchange of best practices, reflection on existing or future tools, monitoring of the employment obligation, joint work on the program for the European Week for the Employment of People with Disabilities. At the level of the legal entities, the unit develops, implements and monitors a specific action plan, using levers based on the entity's situation, particularly with regard to the employment obligation: recruitment, work-study programs, internships, job retention, partnerships with the protected and disability-adapted work sector, raising awareness among managers and teams. It also supports teams in their efforts to obtain recognition of their status as "Disabled Workers," so that their employees can benefit from the rights to which they are entitled;
- the creation of two work-study programs specifically for people with disabilities to train them as cashiers and warehouse clerks, with the possibility of hiring them on permanent contracts at the end of their training: a long-standing commitment to the inclusion of people who are deaf or hard of hearing in the Group's professional environment (since 2013), which was recognized in 2021 when it was awarded the "Inclusion Surdités" (Deafness Inclusivity) prize by the Fondation Pour l'Audition;

- faster recruitment of people with disabilities through the publication of advertisements on dedicated websites and a more active leveraging of the Cap Emploi contact network;
- increased accessibility of commercial websites, specifically with the extension of the Accéo service to the Fnac website (a remote interpreting system providing deaf people with access to customer service) as well as the "Facil'iti" plugin on the fnac.com and darty.com websites. Facil'iti provides or improves access to online stores for people with a wide range of disabilities: blindness or visual impairment, DYS disorders, color blindness, etc.;
- setting targets: when it signed the QLW-professional equality agreement, the Group set itself the target of hiring at least 40 people with disabilities on permanent contracts and 40 on fixed-term contracts (including work-study contracts) each year. In 2022, 35 people were hired on permanent contracts and 52 on fixed-term contracts.

Other awareness-raising activities were led by the Disability initiative in 2022:

- participation in Duodays: 56 two-person teams were formed comprising a Fnac or Darty employee and a person with a disability. The latter were welcomed for a day at various Group sites (in stores, after-sales service workshops, platforms, logistics warehouses and at the headquarters) in order to encourage interaction and change the way people view disability;
- the in-house presentation of the Handi'trophée award, which recognizes entities, stores or teams that are committed to the employment of people with disabilities within the Group;
- regular hosting of webinars such as "Disability at work: official recognition." In 2022, the Disability initiative dedicated one of its webinars to "Mental Disability";
- the organization of an annual awareness-raising webinar for all HR managers entitled "Disability, understanding and acting together."

Ensuring a respectful and inclusive environment for the LGBT+ community

In September 2022, Fnac Darty signed the LGBT+ charter, a commitment charter for the inclusion of people in the LGBT+ community, supported by the Autre Cercle association, joining the 200 other companies, associations and local authorities that are also signatories.

By signing this charter, the Group has committed to:

- creating an inclusive environment for LGBT+ employees;
- ensuring equal rights and treatment for all employees regardless of their sexual orientation and gender identity;
- supporting employees who are victims of discriminatory remarks or actions;
- measuring progress and sharing best practices to improve the general work environment.

The signing of this charter follows preparatory work in collaboration with Autre Cercle, including several rounds of discussion with the Executive Committee, awareness-raising among managers and teams, dialogue with social partners, and a review of HR processes.

Facilitating employee access to sports and culture

As part of its quality of life at work policy, Fnac Darty is committed to promoting sporting activities among its employees and facilitating access to culture, one of Fnac's historic missions.

In 2022, the following activities were offered to employees:

- Paris half-marathon and 10 km races;
- a charity tennis tournament held at the Roland Garros stadium and two regional charity soccer tournaments in collaboration with Sport Dans la Ville;
- organization of book signings at the headquarters with the winners of the Fnac-France Inter comic book award and the Prix Goncourt des Lycéens;
- the chance to win tickets for a variety of shows and concerts;
- advance preview of Renaud's new album, at Warner's offices;
- organizing an "afterwork Philo" in partnership with Philonomist.

2.4.5.3 / Commit to purchasing power

In 2022, against a backdrop of inflationary pressure, Fnac Darty once again made a commitment to support its employees' purchasing power through various initiatives. At the beginning of 2022, a special purchasing power bonus was paid in France and similar measures adapted to the specific situation of each country in which the Group operates were introduced. Just over 19,000 employees, or 85% of the workforce, were covered.

In addition, as part of its salary policy, Fnac Darty increased the weight of collective measures in 2022, and in particular raised the salaries of lower-income groups several times during the year. In France, 95% of the workforce benefited from the various increases.

Variable compensation is an essential component of executive compensation. In 2022, the amounts paid to executives in respect of 2021 were significantly higher than the previous year due to the improved economic performance achieved by the Group at that time. The structure of the variable annual compensation for executives for 2022, payable in 2023, has been adjusted to take account of the geopolitical and macroeconomic crisis, which has a very immediate impact on the Group's financial results and was not known at the time the executives' objectives were set.

Most profit-sharing and incentive agreements were renegotiated in 2022, thereby preserving a significant level of compensation.

As part of the emergency measures introduced to protect purchasing power (Act No. 2022-1158 of August 16, 2022), the release of restricted employee savings in the Group savings plan (PEG) enabled just over 300 employees to access their employee savings early.

In 2023, Fnac Darty is maintaining its commitment to employee purchasing power by opting to pay a value-sharing bonus in July 2023 to all its employees in France, with employees in other countries having benefited from other major salary increase measures from the beginning of the year.

This year, as in previous years, the Group will continue to pay particular attention to the purchasing power of its employees, who are fully committed to the daily implementation of the strategic plan Everyday.

2.5 / Acting ethically throughout our value chain

Background and trends

As a retailer, Fnac Darty operates within an ecosystem of partnerships, interacting with numerous stakeholders: customers, suppliers, public authorities, investors, NGOs and charities. When surveyed as part of the Group's materiality analysis, which was renewed in 2022, these stakeholders expressed high expectations in terms of ethics, particularly with regard to protecting personal data and combatting corruption. More generally, they confirmed that acting ethically helps to ensure long-term relationships between Fnac Darty and its partners.

Fnac Darty is committed to acting with integrity, both in its own operations and across its entire value chain. Furthermore, the Group is committed to promoting, respecting and ensuring compliance with human rights. The Group also acknowledges that its activities may have a direct or indirect impact on human rights, the health and safety of people, and the environment in every country where the Group and its partners are present. As part of its duty of care, the Group identifies these risks and implements appropriate preventive measures. This chapter includes a summary of the Group's Vigilance Plan in accordance with the requirements of the French law of March 27, 2017, on the duty of care of parent companies and initiating companies.

Risks

- Claims against the Group or its suppliers as a result of non-compliance with labor law and human rights
- Prosecution and/or reputational damage as a result of non-compliance with anti-corruption laws
- Improper use of personal data
- Cybercrime

Opportunities

- Long-term relationships with suppliers, considered as partners in achieving the objectives of the plan Everyday
- Greater trust with customers and investors
- Management of risks associated with non-compliance

Levers activated	2022 key highlights	Performance and monitoring of objectives
■ Ethical principles reaffirmed and shared with all of the Group's stakeholders	■ Presentation of the ethics system in the induction seminar for new managers	
■ Governance bodies and appropriate training programs	■ Appointment of a Head of Ethics ■ Launch of a new anti-corruption training package comprising seven e-learning modules ■ Overhaul of the GDPR e-learning for the head office teams	■ 100% of persons exposed to conflict of interest risk have completed mandatory training modules
■ Mapping of risks, policies, specific prevention and mitigation measures for protecting personal data, anti-corruption, indirect purchasing and duty of care	■ Increased monitoring of the individual assessment of the conflict of interest risk ■ Update to procedures related to the security and confidentiality of customer data stored by Fnac and Darty's after-sales services ■ Rollout of a "Preference Manager" on darty.com to give customers better control over their data ■ Creation of a Developer Charter ■ Fake phishing attack campaign ■ Increase in the non-compliance threshold for audits of own-brand plants ■ Strengthening of the procedures for using quality indicators to assess salespeople ■ Investment in risk prevention tools and new procedures to mitigate the after-sales risk of fire (lithium batteries, chemical products) ■ Roll-out of a program to ensure compliance with competition law ■ Finalization of CSR risk mapping for the most strategic indirect purchasing items	■ 100% of persons exposed to conflict of interest risk have completed the risk self-assessment ■ More than 100 projects analyzed by the DPO and the legal team ■ 6.8 billion malicious requests blocked ■ **KPI: 92.3% of Fnac Darty audits deemed compliant (before corrective action plan)** ■ 36 unannounced audits (46% of audits) ■ More than 3,300 Marketplace salespeople tested and 231 salespeople removed from the approved list ■ 64% of calls for tender incorporated CSR criteria in indirect purchasing requirements
■ An outsourced ethics whistleblowing platform that is accessible to third parties and available in all of the Group's languages		■ 78 alerts received; seven reports substantiated, resulting in sanctions
■ A responsible tax policy	■ Commitment to the tax partnership with the Major Corporations Division of the French Directorate-General of Public Finances	■ An effective tax rate of 34.37% for the 2022 financial year

2.5.1 / GOVERNANCE

As a responsible player, Fnac Darty is committed to acting with integrity, both in its own operations and across its entire value chain.

The Group places particular importance on sustaining its values and ethical principles in its relationships with employees, suppliers, customers, partners and shareholders. These ethical principles contribute to the sense of pride felt by employees and to the development of long-term relationships with the Group's stakeholders. They are also levers for reducing the risks related to ethics in the broadest sense.

The Group allocates appropriate resources to the ethics and compliance challenges it faces by ensuring that it appoints managers dedicated to key issues, as well as representatives in the business lines and subsidiaries. The Group's General Secretary in charge of CSR and Governance oversees these challenges.

The Ethics Committee

The aim of the Ethics Committee is to promote a culture of ethical conduct across the entire Group. It is tasked with ensuring responsible business conduct in compliance with:

- the French Sapin II law;
- the French law on the duty of care by parent companies and initiating companies;
- the EU General Data Protection Regulation (GDPR); and
- more broadly, all applicable ethics and compliance regulations in all countries in which the Group operates.

The Group's Ethics Committee ensures that the ethics and compliance systems are continuously improved. It also aims to remedy any action that is in violation of its principles.

Chaired by the General Secretary, the Ethics Committee is composed of permanent members who have been selected for their experience and expertise in labor law, corporate law, the environment and ethical standards. These include:

- the Group's Director of Human Resources;
- the Group's Risk Director;
- the Group's CSR Director;
- the Group's Legal Director;
- the Data Protection Officer;
- the Group's Security Director; and
- the Group's Head of Ethics.

At the end of the year, the Group's Chief Executive Officer attends the meeting of the Ethics Committee, where they are presented with a summary of the year's work and informed of scheduled action plans and priorities for the next year.

2.5.2 / COMBATING CORRUPTION

Governance of the ethics system

The compliance program under the Sapin II law, which aims to combat corruption, is incorporated into Fnac Darty's ethics system. Each Group entity implements the ethics system and applies it according to the specific features of its activities, its geographical location and any applicable regulations.

- The Group's Ethics Committee ensures the quality of the system in line with changes in the business environment.
- The Group's Head of Ethics is in charge of developing and implementing the ethics system at Group level and presents a monitoring report on the implementation of the Group's ethics system to the Ethics Committee.
- The local ethics officers appointed in all countries and subsidiaries ensure the implementation of the ethics system in their respective entities and provide the Group with regular updates at quarterly meetings.
- The Group's Internal Audit Department monitors the quality of the ethics system and its application within the Group.

Ethics Guidelines

The ethics guidelines formalize the Group's commitments and share them with all of its stakeholders. The Group also helps its employees to best respond to new situations through the use of decision trees.

- The aim of the Code of Business Conduct is to reaffirm the basic principles that should govern each person's behavior in their professional life, both individually and collectively. Fnac Darty's ethical principles are reiterated to stakeholders in the Group's Ethics Charter and in its Supplier Ethics Charter.
- The "Gifts and Benefits" Charter outlines the Group's internal rules for accepting gifts and hospitality. Its purpose is to offer instructions to help employees deal more confidently with gifts or hospitality they receive.
- The Prevention of Conflicts of Interest Charter is designed to raise awareness on this topic. It aims to help employees who may be exposed to this risk to avoid it and to act appropriately.

This framework is updated regularly to reflect the improvements made. It was last updated in 2021.

The ethics guidelines are translated into all of the Group's languages. They are accessible at all times across all Group entities. Internal communications regarding the ethics guidelines are issued on an ad hoc basis.

Mapping of risks of corruption and influence peddling

The mapping of risks of corruption and influence peddling underpins the management of the ethics system. The action plans it generates are monitored regularly. In addition, the mapping processes are reviewed annually by the Ethics Committee.

Training and awareness

A new e-learning training package was launched in 2022 in order to strengthen anti-corruption measures. This comprehensive educational package was rolled out based on the level of employee responsibility. It comprises seven e-learning modules on the following topics:

- code of conduct;
- gifts and hospitality;
- whistleblowing;
- conflicts of interest;
- assessment of third parties;
- mapping of risks; and
- ethics and managers.

Training for management and exposed people

All members of the Executive Committee, the Leadership Group and the management committees of the countries and subsidiaries have completed the seven mandatory training modules. This group accounts for more than 200 people within the Group.

Every person exposed to conflict of interest risk in the Group has completed the following four mandatory training modules: code of conduct, gifts and hospitality, whistleblowing and conflicts of interest. This group of people is updated annually and comprised almost 1,000 people in 2022. It is determined according to the decision-making powers and powers to act granted to employees.

Managers and management are exposed to conflict of interest risk. Each year, this group of people completes an individual assessment of their conflict of interest risk. This approach involves at-risk persons in the prevention and management of conflict of interest situations, using a personal inquiry process to highlight risks that they may come across. In 2022, nearly 1,200 people at Group level completed this assessment, i.e. all persons exposed to this risk.

Reported situations are systematically analyzed and appropriate remedial measures are implemented.

Furthermore, in addition to this annual declaration, Fnac Darty encourages its employees to declare any conflict of interest situations throughout the year.

Training for all employees

Three of the training modules – code of conduct, gifts and hospitality, and whistleblowing – are mandatory for all Group employees.

To ensure that the importance of a culture of ethical conduct is passed on to all new employees, the Group's Head of Ethics now presents the ethics system in the induction seminar for new managers in France.

In China, a "sensitive country" according to the Corruption Perception Index, the ethics guidelines and training are systematically included in the onboarding process for new employees at the sourcing office.

Internal controls and assessment

The rollout of the ethics system is monitored and systematically presented at meetings of the internal control committees. The self-assessment comprises ethics-related questions.

Group Audit Committee

An annual monitoring report on the ethics system is presented to the Audit Committee.

2.5.3 / USING AND PROTECTING PERSONAL DATA, CYBERSECURITY

The Group is committed to protecting the privacy of its customers and employees, and makes every effort to process personal data in a transparent and responsible manner.

2.5.3.1 / Protect the personal data of employees and customers

As a key player in the daily life of its customers, Fnac Darty intends to contribute to a trusted digital society and to control the impact of its activities with regard to personal data.

In a hypercompetitive and increasingly regulated environment, personal data is a double-edged sword. While it is a key asset in ensuring the competitiveness of the Fnac Darty model, it is also one of the greatest challenges for the Group's digital strategy, which must protect the privacy of its customers and employees.

General approach

With millions of visitors to its stores and to its commercial websites each month and close to 10 million subscribers, personal data protection is at the heart of the challenges faced by Fnac Darty. Customers and all of the Group's stakeholders expect their data to be used transparently and proportionately, as reflected in the materiality analysis conducted in the fall of 2022 (see also section 2.1.4).

Fnac Darty strives to ensure that it uses the data collected by the Group's brands with absolute transparency and that this use is also legitimate, proportionate and secure. For several years, the Group has been working hard to proactively protect personal data in accordance with data protection regulations (Regulation of April 27, 2016 (the "GDPR"), the French Data Protection Act and the ePrivacy Regulation).

Governance

Managing digital issues has resulted in an increase in recent years in the number of employees involved in data protection. Meeting the rapidly growing demands and needs on the ground remains a daily challenge for the Group.

To ensure a high level of personal data protection, Fnac Darty has established a dedicated organizational structure and internal procedures that guarantee the protection of the data throughout the processing cycle.

Fnac Darty continues to strengthen its organizational structure and has a team of four people in France dedicated to protecting personal data: a Group DPO (Data Protection Officer) appointed to the French Data Protection Authority (Commission Nationale de l'Informatique et des Libertés – CNIL), two people in charge of the protection of personal data and a DPO dedicated to the France Billet and Nature & Découvertes subsidiaries. In regard to the other countries, the subsidiaries in Belgium, Spain, Portugal and Switzerland also have locally appointed DPOs or staff dedicated to compliance with regulations on personal data protection. GDPR officers, responsible for circulating data protection-related news and monitoring departmental action plans, have also been appointed in each of the major departments of the Group's business lines. All business lines are thus covered by and represented at a GDPR Committee, which meets every quarter. The brands' customer services also play an active role in coordinating the application of the GDPR.

Dedicated committees and workshops organized by the DPO team meet regularly to ensure compliance with GDPR and to monitor the action plans it generates:

- the GDPR Steering Committee, attended by the DPO and GDPR officers, monitors the business line action plans (every three months);
- the GDPR IT Monitoring Committee, attended by the IT Directors, monitors IT action plans (every two months);
- the Country DPO Committee brings together country DPOs to share practices and provide coordination (every six months).

Once or twice a year, the Executive Committee is also informed of issues regarding personal data protection for information purposes or its management if necessary.

Lastly, once a year, the Group DPO presents the mapping of risks and ongoing risk mitigation plans regarding personal data protection to the Audit Committee.

Audits

The DPO team, in association with Internal Audit and Internal Control, conducts audits, checks or self-assessment campaigns for GDPR officers in order to ensure regular monitoring of GDPR issues.

In 2022, Fnac Darty worked on improving the way that GDPR information is displayed in-store and on developing a benchmark enabling the implementation of regulatory displays to be regularly audited.

Documentation of compliance and "Privacy by Design" procedures

Fnac Darty maintains processing records and documents its compliance by completing processing and impact analysis (AIPD) data sheets and disseminating personal data protection policies.

Faced with innovative digital services and tools sometimes using complex technologies, which increasingly rely on the use of data, the teams in charge of data protection have implemented procedures to understand and analyze projects and their challenges from a data protection perspective so that the privacy of customers and employees is protected. A "Privacy by Design" procedure also ensures that issues relating to personal data protection are properly taken into account from the outset when projects are designed and tools selected.

All projects must be signed off by the DPO's team prior to their launch. The projects are analyzed based on compliance with data processing requirements and data security. Audit questionnaires are used in particular to assess the guarantees put forward by service providers offering third-party solutions, particularly SaaS (online software). Over the last few years, Fnac Darty has used a tool for mapping and managing the integration of outsourced software (SaaS) which has seen strong growth in recent years. The Group's Legal Department is responsible for ensuring that GDPR obligations are met through Data Protection Agreements or mandatory clauses stipulated in the GDPR.

In 2022, the DPO and the legal team analyzed and approved more than 100 projects.

Training and awareness

In recent years, Fnac Darty has created a data protection culture among its employees through regular training initiatives and awareness campaigns.

Fnac Darty ensures that its employees receive ongoing training: mandatory e-learning on data protection can be accessed from the Group's e-learning platform. In 2022, the GDPR e-learning for the head office teams was overhauled to provide clarification on Privacy by Design procedures. Training for the business lines was also a focus in 2022.

Personal rights

Following the CNIL's awareness-raising initiatives, the French public's understanding of privacy issues has increased over the years, resulting in a greater awareness of their personal data rights and an increase in data protection-related requests.

Managing requests from customers regarding their rights (rights of access, rectification, objection, right to portability, withdrawal of consent) is a major concern for Fnac Darty, and the customer services and DPO teams are actively mobilized to respond to them. For each brand, a customer service manager leads and coordinates the proper management of requests from people regarding their rights under the GDPR. Online contact forms (Darty) or a conversational platform (Fnac through Iadvize) that are continuously improved ensure that customers' requests are dealt with promptly. The Group's DPO team responds to specific requests from customers regarding the use of their data.

Personal data breaches and data security issues

Fnac Darty pays particular attention to data security issues. Over the last few years, the resources allocated and tools dedicated to cybersecurity have been constantly increasing.

Alert systems and systems for tracking anomalies and incidents can be used to anticipate data breaches. Raising awareness among employees on a regular basis and close cooperation between the DPO and CISO teams (cybersecurity – see below) also ensure that IT incidents are properly managed and enable the Group to prepare for any personal data breaches that must be notified to the CNIL within a timescale of 72 hours.

Program and action plans

In 2022, Fnac Darty focused specifically on the issue of data transfers outside the EU, the improvement of in-store information on data processing, the security of its information systems and the ongoing enforcement of limited retention periods in these systems. The procedures for ensuring the security and confidentiality of customer data stored by Fnac and Darty's after-sales services were also updated.

Fnac Darty rolled out a new "Preference Manager" tool for customer accounts on darty.com. The tool aims to give customers greater control by allowing them to choose how their personal data is used (who may use their data and for what purpose, and through which channel). A new information portal for personal data has also been released alongside the "Preference Manager" to provide improved transparency on how personal data is used. There are plans to roll out the same solution for the Fnac brand in 2023.

2.5.3.2 / Cybersecurity: an essential practice in order to ensure the protection of personal data

Key activities such as sales, retail, financial services and the protection of customers' and employees' personal data depend on the reliability and effectiveness of various information systems. Cyberattacks are increasingly sophisticated and frequent, and target not only companies' information systems and their websites but also their employees, representing a major risk for the Group.

Cybersecurity governance and dedicated resources ensure that the Group's information systems and any third-party data are protected. A team of 11 people, including two people trained in ISO 27001, the specific standard for information security management, are dedicated solely to this activity. The Chief Information Security Officer (CISO) manages the information system risk management process for the Group and, as such, oversees the entire information security system. Their team ensures that specific policies to prevent and manage cybersecurity incidents are properly monitored within the Group. These are governed by the information systems security policy, which was strengthened in 2022 through the creation of a Developer Charter, and by a new policy for information system administrators.

As part of the monitoring process, the security committees held quarterly and monthly meetings in 2022 with the goal of:

- providing an overview of key activities;
- sharing the various IT security indicators;
- providing feedback on the latest attacks and assessing intrusion risks;
- updating the mapping of cybersecurity risks and monitoring initiatives;
- planning and approving awareness-raising campaigns aimed at employees;
- conducting regulatory monitoring; and
- maintaining GPDR compliance.

Raising awareness among employees and working with them to defend against attacks is also key to protecting information systems and personal data. The cyber team provides updates all year round, warning employees about various risks. Mandatory training for all employees was also launched in 2022. To supplement this system, a fake phishing attack campaign was carried out in 2022 as a means of educating employees and assessing the Group's vulnerability.

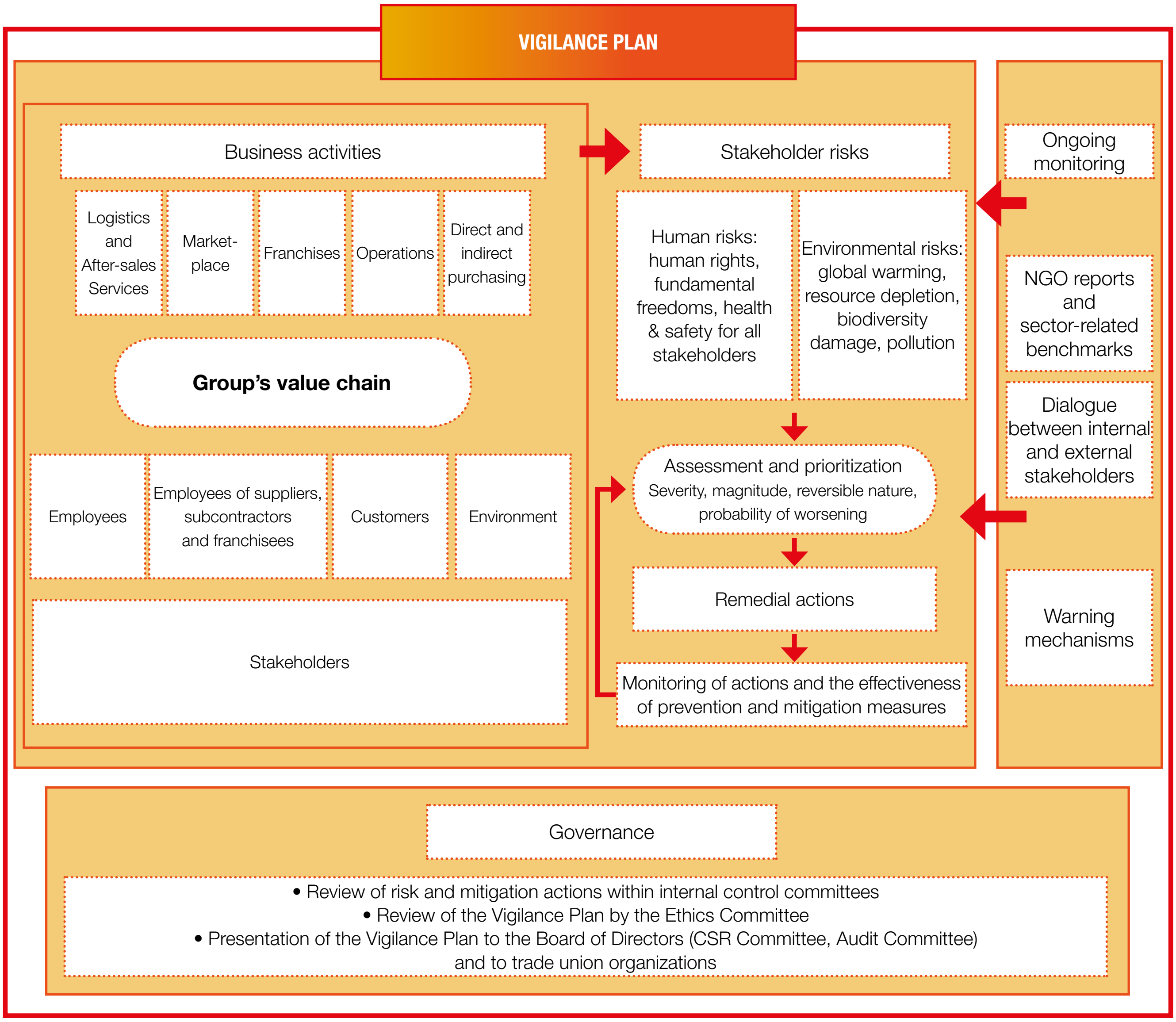
In 2021, Fnac Darty obtained PCI-DSS certification, which illustrates the robustness of commercial systems and data theft prevention systems. The rollout of these new procedures was boosted by substantial investments; the cybersecurity budget quadrupled between 2019 and 2022.

As part of its continuous improvement approach, Fnac Darty strengthens its specific policies for the prevention, detection and management of cybersecurity incidents on an ongoing basis, in particular through the development of a program encompassing all countries where the Group is present. This program aims to harmonize the practices of the various subsidiaries and to assess cybersecurity posture across the entire Group. A new supervisory committee involving all countries and subsidiaries has been created for this purpose.

- Number of attacks: 6.8 billion malicious requests blocked.
- Proportion of blocked e-mails: 30%.
- 540 second-order attacks on the Group's websites in 2022 (up +80% compared to 2021).

2.5.4 / VIGILANCE PLAN

The French law of March 27, 2017 on the duty of care of parent companies and initiating companies reinforces the requirements for responsibility throughout the entire value chain of companies' business activities. With its business activities changing, Fnac Darty took this law as an opportunity to strengthen and further develop its risk analyses and action plans. The report on the effective implementation of the Plan and the results has been made available to the public since 2018, in line with and complementary to its Non-financial Performance Declaration.



When conducting its business activities, Fnac Darty relies on strong ethical principles and standards and specifically refers to the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the core conventions of the International Labour Organization. The Group is also signed up to the United Nations Global Compact, the principles of which it shares and promotes.

In the conduct of their business, subsidiaries and partners are required to comply with applicable local legislation and the common minimum standards contained in the Business Code of Conduct.

Scope

As of December 31, 2022, the scope of the Group's Vigilance Plan covered the Group's operational scope: Fnac France and Darty France, Fnac Spain, Fnac Switzerland, Fnac Portugal, Fnac Belgium, Vanden Borre, Nature & Découvertes and WeFix. It also covered the activities of the sourcing office based in Hong Kong.

The scope of activities included internal operations and level 1 suppliers/subcontractors with which the company has an established commercial relationship.

The risks covered by the Plan relate to serious infringements of human rights and fundamental freedoms, the health and safety of persons, and the environment, which may be caused by the Group or by third parties with whom it has long-term relationships.

These risks, like the Group's other non-financial risks, are assessed and monitored as part of the CSR policy, and described in this Non-financial Performance Declaration.

2.5.4.1 / Mapping of risks, assessment procedures and alert mechanism

Risks are identified and assessed at least once a year (more so for the most significant risks) with the managers concerned. Changes in the Group's environment (acquisitions, new markets, significant growth in a business area, etc.) and the reports and recommendations of NGOs and other external stakeholders such as Sherpa and EDH are taken into account as part of these reviews.

The risks identified are then assessed according to the methodology used by the Internal Audit Department in its risk management of the Group. These risks are weighted according to their level of occurrence and impact and then with respect to the mitigation or prevention policies in place:

- the impact is assessed according to several criteria, such as the systematic or repeated nature of the threat, or its reversibility, on the working conditions and on the health and safety of employees, service providers and/or consumers;
- the probability is assessed in relation to the country where the entity operates (on the basis of several indicators including the human development index), in relation to the foreseeable nature of the threat as well as the recurrence of threats within the organization or sector;
- control of impact is assessed according to the level of risk identification and assessment, the control of the activities implemented and its compliance, the inclusion of risk in the audit and sourcing work program, and finally its integration into the training courses.

Fnac Darty involved trade union representatives in this assessment system and mitigation development. In 2020, an ad hoc working group was established (comprising one staff representative per subsidiary), which meets twice a year to discuss the contents of the Plan, in particular policies, actions for prevention and the effectiveness of the measures taken.

In 2022, the CSR Department renewed its materiality matrix. The CSR issues were overhauled, with the help of pioneers appointed for each department, and subsequently ranked based on the results of qualitative and quantitative surveys conducted among the Group's internal and external stakeholders. This analysis was used to refine the CSR risks and thus reassess the mapping of Fnac Darty's duty of care (see also section 2.1.4).

As a result of the analysis, the mapping of risks was restructured. The 34 risk categories used in 2021 were consolidated into 24 main risks with the introduction of a new category for "cross-departmental risks" for management purposes. This category covers risks for which responsibility is shared between several departments.

In the spirit of continuous improvement, the mapping is subject to regular review by the CSR and Internal Audit departments, in collaboration with the various departments concerned. It is then approved by the Ethics Committee, which assesses the effectiveness of the measures taken and which may request the implementation of additional action plans.

Warning mechanism

In 2021, an outsourced platform for monitoring ethics and compliance was rolled out to all subsidiaries in France and in the other countries, which is available in all of the Group's languages. The link to the platform is also accessible to third parties.

No alerts were related to duty of care in 2022. Please see section 2.5.8 for further details on the mechanism and the alerts received in 2022.

2.5.4.2 / Prevention and mitigation measures

The table below shows the breakdown of the main risks identified as part of the mapping work. The associated colors correspond to the level of net risk (net risk = (impact × probability)/risk control).

	Sourcing of own-brand products and products under license	Operations (after-sales service, logistics)	Franchises	Marketplaces	HR	Operation of stores	Indirect purchasing	Commercial purchasing
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS								
Human rights	Medium risk	Low risk	Medium risk	Medium risk	Low risk	Low risk	Medium risk	Medium risk
Fundamental freedoms	Medium risk	Low risk	Medium risk	High risk	Low risk	Low risk	Medium risk	High risk
HEALTH & SAFETY								
Employee health and safety		Medium risk	Medium risk			Low risk	Low risk	
Customer health and safety	Low risk	Low risk	Low risk	Low risk		Low risk		
Health and safety of subcontractors' employees	Medium risk	Medium risk		Medium risk	Medium risk	Low risk	Low risk	Medium risk
ENVIRONMENT								
Pollution	Medium risk	Low risk	Low risk	Medium risk		Low risk	Medium risk	High risk
Depletion of resources	Medium risk			Medium risk			Medium risk	High risk
Climate change	Medium risk			High risk			Medium risk	High risk

- *Low risk*
- *Medium risk*
- *High risk*
- *Very high risk*

Sourcing of own-brand products and products under license

In order to offer its customers an economical alternative to major brand products, Fnac Darty sells products under its own retail brands. These products are supplied directly from the manufacturers, a majority of which are located in China.

Key figures (Fnac Darty scope, excluding Nature & Découvertes):

- 12 own brands, 6 license brands, approximately 1,500 products;
- 192 active plants:
  - 179 active plants in China at the end of December,
  - 12 active plants in wider Europe (including 3 in Turkey), and
  - 1 in Egypt.

Risks identified

The production of electrical and electronic equipment, and the countries where the plants that manufacture them are located (China), generate risks, which are summarized below.

Risks	Resources implemented	Preventive measures	Actions and performance 2022
■ Fundamental freedoms and human rights (freedom of association, working time, compensation, forced labor, child labor, discrimination) ■ Health and safety of employees within the plants, e.g., in the event of non-compliance of facilities and personal protective equipment ■ Health and safety of customers, particularly in the event of quality issues or non-compliance with European standards (REACH, RoHS) ■ Environment, e.g., in the event of poor environmental practices in the plants	■ A team of 90 people, including 62 in China ■ Around 10 internal auditors ■ A tested audit grid comprising 103 criteria, 27 of which are related to Corporate Social Responsibility	■ Framework document (Group Vendor Manual, translated into Mandarin Chinese) ■ Full audit conducted prior to entering into any contract, then audit conducted at least every two years ■ Announced and unannounced audits ■ Audits by internal auditors	■ Continuation of the audit campaign: 44% of active plants [(a)] audited ■ Increase in unannounced audits: 36 unannounced audits (46% of audits) ■ **KPI: 92.3 million Fnac Darty audits [(a)] deemed compliant (before corrective action plan)** ■ Inclusion of an audit criterion on the provision of an ethical alert mechanism for workers ■ 37 supervisory audits of controllers and 0 alerts

(a) Plants located in China.

Risk prevention and mitigation policy

The Group has established strict rules and stringent control procedures with its suppliers in order to guarantee the safety and satisfaction of its customers during use of these products, and compliance with all applicable regulations. During testing, the products are checked in accordance with the highest standards; therefore, if French guidelines prove to be stricter than European ones, the French standards are used as the benchmark.

Moreover, the Group ensures that the suppliers selected and the associated plants respect the rights of employees and the environmental standards in force. In this regard, the Sourcing Department has integrated CSR criteria into its processes and into the documents that frame the supplier relationship, and it conducts regular audits.

Framework document

The Group Vendor Manual defines the relationship between Fnac Darty and its suppliers, and includes the Business Code of Conduct. The document provides a framework for supplier relations; it sets out the standards and procedures that each party agrees to follow. In particular, it requires the supplier to provide evidence of compliance with European regulations (or local regulations if the national laws of the countries in which the products are to be distributed differ): an EC declaration of conformity, a material safety data sheet for products containing substances covered by the REACH Regulations, information on products covered by the CHIP Regulation and, since 2020, information on the availability of spare parts and product repair manuals, in compliance with the European Directive on the ecodesign of products.

The Vendor Manual also includes a chapter on the social and environmental standards to which suppliers are required to comply – and which includes 11 critical failure points, including six relating to human rights, fundamental freedoms and health & safety. For example, there is zero tolerance for the use of forced labor (in any form whatsoever), physical or verbal abuse, blocked emergency evacuation routes, or the absence of separation between sleeping areas and the production site.

Compliance with these standards is monitored through audits.

Audits

To ensure compliance with Group standards, Fnac Darty's Statutory Auditors carry out announced and semi-or unannounced audits; the audit schedule and results for each plant are monitored through a centralized database. These audits have two components: a "quality assurance and control" component and a "Corporate Social Responsibility" component. This second component combines several aspects of control: human rights and employment law, health and safety, ethics and the environment.

A preliminary audit is carried out for all these elements prior to entering into any contract with a new plant. If this identifies any major deficiencies, no orders will be placed. If it identifies areas for improvement, the plant is required to take corrective action before production will be initiated. Follow-up audits are scheduled to ensure the supplier is compliant before the start of production.

Active plants are then audited every two years; this period may be shortened if any breach of quality or social and environmental standards is suspected. The procedures associated with the outcome of these audits are the same as for the advance audits.

Procedures associated with audit results:

Audit result	Associated procedure	Control
> 85% = full compliance	None	Audit every two years
72% to 85% = average compliance	Requirement to take corrective action	Follow-up audit
60% to 72% = non-compliance	Cessation of production with the requirement to take corrective action before production recommences	Follow-up audit before any launch of production or before production recommences
< 60% = serious non-compliance	Cessation of production and termination of supplier relationship	
Not compliant with one of the critical failure points	Cessation of production with the requirement to take	corrective action before production recommences

The Fnac Darty teams help the suppliers to prepare corrective action plans.

In order to improve auditors' and suppliers' understanding of the audit grid, the critical failure criteria were strengthened: non-compliance on one of these criteria now automatically results in the non-compliance of the entire audit, without any manual intervention by the auditor.

The framework contract with the production plants (Vendor Manual) has been updated with additions to the supplier's responsibility in the event of a maximum breakdown rate threshold being exceeded, on its commitment to comply with European standards and on new procedures for pre-compliance tests. In order to avoid any misinterpretation of this document and to ensure that suppliers adhere to these rules and principles, the Vendor Manual has been translated into Chinese.

In order to guarantee the same audit standards in the plants located in Europe (extended to Turkey), the independent third parties in charge of audits must use the same audit grid as that used for plants in China.

In 2022, the non-compliance threshold was increased to 72%, compared to 70% in 2021, in order to raise the Group's standards. This will be set at 75% for the 2023 audit campaign.

Results

Scope: Group (excluding Nature & Découvertes)	2020	2021	2022
KPI: Proportion of audited plants whose audit result is deemed to be average or compliant (a)	**91.7%**	**91.5%**	**92.3%**

(a) Plants located in China, before corrective action; excluding Nature & Découvertes, whose historical procedures differ from those of the Group (see below). This exclusion is not significant in view of the weighting of Nature & Découvertes in the total purchasing volume of Group products.

Of the 78 audits conducted in 2022, 13 plants were authorized to continue production but subject to the obligation to implement a corrective action plan and six plants were deemed non-compliant due to one or more critical points, which led to production being halted. These critical points concerned irregularities in the voltage calibration of equipment (audit quality component), obstructed emergency exits and a lack of an environmental certificate.

The 19 plants that had to implement a corrective action plan underwent a follow-up audit.

After these checks, the six halted plants were able to resume production. No plant had to permanently discontinue production in 2022.

Due diligence in Nature & Découvertes

Nature & Découvertes has always been vigilant of its suppliers and ask them to follow a Quality Charter that requires them to act responsibly. The Company promotes long-term sustainable partnerships to help it progress its approach of continuous improvement. Likewise, the Company favors relationships with small businesses in order to encourage local craftsmanship wherever possible.

Every year, social and environmental audits are conducted by an external service provider. The two entities share the same audit vision, focused on supporting suppliers. Since 2021, the audit grid used for these audits has been the same as for the plants of Fnac and Darty suppliers.

	2022
Proportion of audited plants for which the result is deemed to be average or compliant	78%

At the same time, Nature & Découvertes continues to rely on a Responsible Purchasing Charter for its suppliers. This refers to the conventions of the International Labor Organization and describes the principles and standards with which suppliers undertake to comply. More than 83% of purchases in 2022 were from suppliers who have signed the charter – 67% of suppliers in total.

	2020	2021	2022
Proportion of purchases produced by Nature & Découvertes suppliers that have signed the Responsible Purchasing Charter.	64.3%	64.1%	67%

Purchasing products and services

For Fnac Darty, there are three types of purchasing: purchasing products marketed under its own or license brands (see above), purchasing branded products (known as "merchandise"), and indirect purchasing (intended to allow the Group to conduct its business). These risks are managed in different ways.

With regard to commercial purchasing, the supplier relationship is managed directly by the Commercial Department and governed by the Business Code of Conduct. The Group is specifically committed to supplier dialogue around environmental criteria such as product repairability and reliability, and around their decarbonization strategy (see also section 2.2.1.2).

Indirect purchasing involves approximately 3,000 suppliers and includes numerous risks. This concerns both the purchase of services (transport, remote customer relations, temporary work, security, works) and of goods (consumables). The information below relates to this type of purchasing.

Risks	Resources implemented	Preventive measures	Actions and performance 2022
■ Infringements of fundamental freedoms and human rights (specifically non-compliance with working hours, payment of overtime, discrimination, etc.) ■ Health and safety breaches affecting subcontractors' employees, e.g. in the event of a lack of training ■ Health and safety breaches affecting customers, e.g. in the event of a lack of gas and electricity certification of delivery and installation staff employed by subcontractors ■ Environmental infringements, e.g. in the event of poor environmental practices in the management of construction waste or waste chemicals used for cleaning	■ A team of 12 buyers in France, all trained in responsible purchasing and sustainable development issues ■ Establishment of an IPD CSR Committee to monitor action plans ■ Inclusion of the IAD on CSR-related committees (Climate Committee, Circular Economy Committee, green IT, fleet greening)	■ Framework documents, shared with suppliers and subcontractors: Business Code of Conduct, Responsible Purchasing Policy ■ Increasing inclusion of CSR criteria in calls for tender ■ Risk analysis updated annually	■ Certification of Supplier Relations and Responsible Purchasing ■ Introduction of CSR business reviews with strategic suppliers ■ Implementation and monitoring of indicators specific to social and environmental aspects for all purchasing categories ■ Contracts renegotiated to include CSR criteria ■ 64% of calls for tender incorporating CSR criteria ■ 60% of contracts incorporating the Business Code of Conduct

For further details, see also section 2.5.7 "Supplier Relations and Responsible Purchasing."

Independent salespeople on marketplaces

Launched in 2009 for Fnac and 2015 for Darty, the Marketplace aims to guarantee better product availability and to expand the catalog. Therefore, new product categories have been added to the Group's classic catalog: Toys and Games, then sports, gardening, DIY and, most recently, home furnishings, which includes furniture and bedding.

2022 key figures:

- more than 4,000 salespeople on the Fnac Darty Marketplace;
- more than 17 million active product items available.

Risks	Resources implemented	Preventive measures	Actions and performance 2022
■ Fundamental freedoms and human rights: infringements of freedom of association, working hours, compensation, forced labor, child labor, discrimination ■ Health and safety of employees in plants where products are manufactured, e.g., in the event of non-compliance of facilities and personal protective equipment ■ Health and safety of customers, e.g., in the event of non-compliance of products with European standards ■ Environment, e.g., in the event of poor environmental practices in the plants, or due to the impact of the life cycle of products distributed by the Marketplace	■ A quality division comprising 10 people ■ A monthly salesperson monitoring committee to monitor the indicators implemented ■ A weekly quality arbitration committee to closely monitor risky salespeople	■ Business Code of Conduct, incorporated into the General Terms and Conditions of Use of the Marketplace ■ Quality assessment and monitoring procedures ■ Monitoring and procedures when recalling products	■ Strengthening of the procedures for using quality indicators to assess salespeople ■ More than 3,300 tests conducted (1,800 in 2021) and 231 vendors removed from the approved list ■ Fall in the total rate of complaints for Fnac and Darty: (1.8) points ■ Zero product recalls in 2022

Operational risks

At the heart of the Fnac Darty model, the logistics, delivery and after-sales operations have been identified as the most exposed to health and safety risks. These businesses are by nature accident-prone, and these risks are more likely to occur in the event of a breach of the principles of risk precaution and prevention (procedures, training, control).

These risks, the associated mitigation policies and the results of these policies are described in the social portion of this chapter (section 2.4.4.4) and summarized in the table below:

Risks	Resources implemented	Preventive measures	Actions and performance 2022
Health and safety of workers: ■ road traffic accidents ■ miscellaneous accidents and musculoskeletal disorders related to handling activities (carrying loads, repeated movements, vehicle-pedestrian collisions, etc.) ■ accidents related to the installation or handling of electrical and electronic equipment (risks caused by lithium batteries and gas or electricity installations) ■ accidents related to the use of chemicals in repair workshops	■ A Training Academy with trainers dedicated to safety training ■ Regular investment in risk prevention tools	■ List of mandatory training courses (required by regulations or deemed essential by the Group) ■ Rollout of "safety representatives" at each logistics site ■ Investment in workstation ergonomics ■ Assessment of noise pollution in warehouses ■ Eco-friendly driving ■ Fire-control cabinets and specific lithium battery storage trays in workshops	■ Training of logistics operations managers in workplace accident analysis ■ New investment in secure platforms and risk prevention tools ■ Soundproofing work carried out at several sites ■ New procedures for lithium battery storage ■ **KPI: Frequency rate of workplace accidents with stoppage time 2022: 29.7** (31.5 in 2021) ■ **KPI: Severity rate of workplace accidents with stoppage time 2022: 2.0** (1.9 in 2021)

Changes in risks in 2022: risks concerning workers' health and safety were assessed as "increasing" due to the increase in repairs to electrical and electronic equipment, especially urban mobility equipment, leading to an increase in the handling and storage of used lithium batteries.

These changes led the Group to strengthen its fire prevention measures: rollout of collection containers to store these batteries in all Fnac and Darty stores, and the purchase of fireproof cabinets. After-sales teams were also made aware of the risks associated with these batteries.

An action plan was also rolled out to prevent risks related to chemical products used in after-sales workshops (storage cabinets, training, review of the purchasing process).

2.5.5 / COMBATING ANTI-COMPETITIVE PRACTICES

A program to ensure compliance with competition law and to prevent infringements in this domain is in place, comprising the following elements:

- a Code of Business Conduct which reiterates, among other things, the fundamental principles of respect, loyalty, transparency and confidentiality which must govern the professional behavior of employees, both individually and collectively, as well as the importance of compliance with competition law;
- appropriate organization to ensure management, monitoring and updating of the competition compliance program;
- training and communication on compliance with the rules of competition law, including a module comprising five e-learning sessions accessible to all employees in French and English, and more specific training sessions provided by the legal department for the employees with greatest exposure;
- provision by the legal department of competition guides and fact sheets as well as a user guide that explains the Fnac Darty competition compliance program, and highlights the main points for better understanding and action;
- check and alert mechanisms specifically with an ethical and compliance whistle-blowing platform (WhistleB) to report competition law infringements (see also section 2.5.8).

2.5.6 / RESPONSIBLE LOBBYING

Fnac Darty participates in discussions that may affect its environment, by presenting its actions and innovations to the public authorities, by participating alongside the authorities in discussions prior to the drafting of legislative and regulatory texts, and by defending its positions and proposals during hearings with the government, parliamentarians, local elected representatives, or independent authorities. During the French presidential election, the Group also sent out position papers bringing together analyses and proposals, to the various candidates.

The Group aims to support political objectives in terms of a commitment to a more circular economy, consumer protection, and equal treatment of economic operators, while preserving the interests of the companies concerned.

The Group provides technical expertise useful for political decision-making in a fully transparent manner. As part of a constructive approach with the public authorities, Fnac Darty is able to promote innovative proposals thanks to its operational experience, but also to warn about the economic, social and environmental risks to which certain measures might expose the sector's stakeholders. In the latter case, the Group is responsible for working proactively on compromise solutions that are satisfactory and acceptable to all stakeholders.

Its approach to interest representation alternates between its own commitments and participation within groups of stakeholders under the aegis of the professional federations – national or local – of which it is a member.

Fnac Darty makes an annual declaration of all its activities with national public officials as well as the sums allocated for its lobbying activities to the French High Authority for transparency in public life (Haute Autorité pour la transparence de la vie publique).

2.5.7 / SUPPLIER RELATIONS AND RESPONSIBLE PURCHASING

Fnac Darty's overall sustainable performance is intrinsically linked to that of its suppliers and subcontractors, and to its joint work with them.

In 2021, the Group's Indirect Purchasing department drafted a Responsible Purchasing policy with the CSR department and all buyers, who received specific training. This policy is based on the benchmark provided by the "Responsible Supplier Relations and Purchasing (RFAR)" certification, backed by ISO 20400:2017 "Sustainable Procurement – Guidance."

In January 2022, the RFAR Label Award Committee, composed of the Business Mediation department (French Ministry of Economy and Finance) and the French National Purchasing Council, unanimously awarded the RFAR label to the Fnac Darty Group for indirect purchasing. This label is valid for three years.

Three major commitments were set out in the responsible indirect purchasing policy:

- being a responsible purchaser regarding our suppliers, and working to continuously improve purchasing practices, by developing long-term, balanced relationships with suppliers;
- helping to achieve the objectives set in the Group's CSR roadmap by incorporating social and environmental responsibility into the purchasing processes;
- encouraging the Group's partners to develop their own CSR approach, by promoting and monitoring the procedures and initiatives of Fnac Darty suppliers.

This policy is a major factor in the management of social and environmental risks associated with supplier and subcontractor activities, and also aims to prevent and manage certain risks (see also section 2.5.4 Vigilance Plan). It thus relies on the introduction and monitoring of indicators dedicated to the social and environmental aspects of performance of outsourced labor services, and on the "Code of Business Conduct" appended to the purchasing and subcontracting contracts, and outlined in the general terms and conditions for purchases. This Code confirms the Group's commitment to respecting human rights and fundamental freedoms, the provisions of the International Labour Organization (ILO), in particular the conventions aimed at the elimination of child labor and the abolition of slavery, and forced or compulsory labor, and environmental protection.

To effectively manage this responsible purchasing approach, the Indirect Purchasing Department set up a dedicated governance structure, with:

- a committee that meets quarterly to monitor the action plan drafted under the application for RFAR certification;
- a committee dedicated to improving payment times;
- systematic IPD participation in CSR-related committees (climate, circular economy, green IT, greening of the car fleet).

In 2022, several actions were rolled out in response to the purchasing practice analysis carried out in 2021:

- finalization of mapping of CSR risks for the most strategic purchasing items;
- an increase in business reviews devoted to CSR;
- incorporation of CSR criteria into calls for tender;
- improvements in payment times, with a focus on VSEs (very small enterprises) and transport suppliers.

2022 Performance:

- share of calls for tenders that include CSR criteria: 64%;
- share of contracts incorporating the Code of Business Conduct: 60%.

2.5.8 / ETHICS WHISTLEBLOWING PLATFORM

To promote a more secure and transparent working environment, Fnac Darty has chosen to set up an ethics whistleblowing platform. It covers the whistleblowing mechanisms mandated by the applicable legislation (Sapin II, duty of care, etc.) and the optional mechanisms adopted by the Group on its own initiative to prevent any conduct that goes against the Group's ethics benchmark.

The ethics and compliance whistleblowing platform is hosted by a specialist external partner, "WhistleB by Navex," which guarantees the security of exchanges. The aim is to allow whistleblowing in confidence through an encrypted reporting site that allows for anonymity if the whistleblower so chooses.

This platform is available in all subsidiaries in France and in other countries and is accessible internally and externally. It is translated into all Group languages.

The ethics whistleblowing website has been managed remotely since 2022. Reports are received immediately and exclusively by authorized members, who decide on the action to be taken and ensure that reports are monitored in accordance with the applicable regulations and the Group's ethical rules.

At Group level, three managers administer the platform and manage whistleblowing:

- the Group's head of security;
- the Group's head of internal audit;
- the Group's head of ethics.

They may pass on the report to members of the Ethics Committee who may be required to manage the alert, i.e.:

- the Group's head of human resources;
- the Group's head of legal affairs;
- the Group's head of CSR.

If necessary, a pared-down ethics committee may be convened.

Locally, in the countries and subsidiaries, reports are received by the local ethics officers and their designated partners. They operate jointly in managing the case. The Group's three WhistleB directors have access to all cases under supervision.

Each of the recipients signed a confidentiality agreement.

In the event that a whistleblowing report involves one of the recipients in charge of managing the case, the recipient in question is excluded from the investigation to ensure independence and impartiality when managing the report.

The Group regularly communicates with its employees about its whistleblowing platform system and has set up permanent, easy-to-access communication through various channels.

Internally and externally, the ethics whistleblowing website can be accessed from:

- all pages of the fnacdarty.com website via a fixed link at the bottom of the page;
- the Code of Business Conduct, shared internally as well as with suppliers and partners.

Internally, the ethics whistleblowing website can be accessed at all times from:

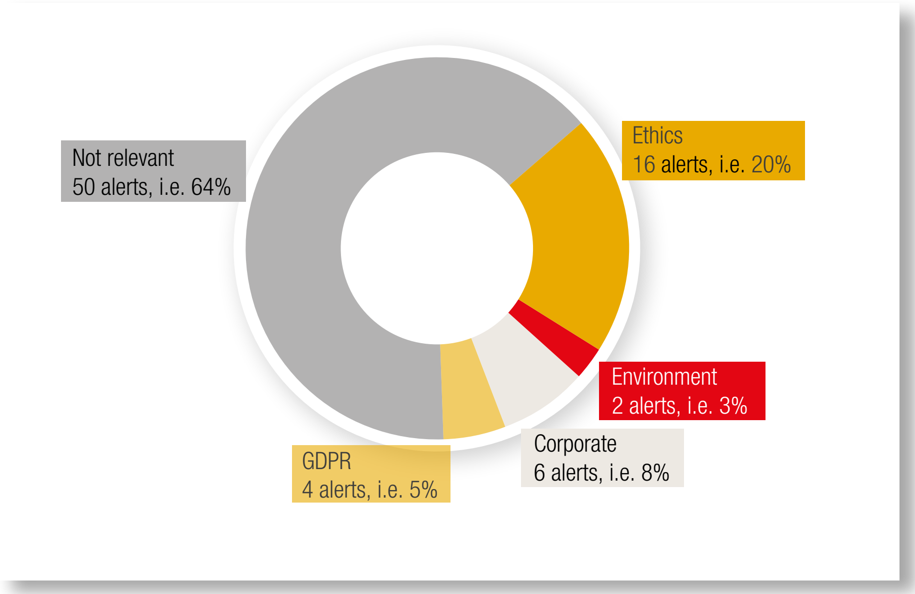
- the Group intranet site via a direct link on the homepage;
- an internal information website dedicated to ethics;
- a poster with a QR code, which must be displayed at all operational sites;
- an e-learning training course in ethics that is compulsory for all;
- the Gifts and Benefits Charter;
- the Charter for the Prevention of Conflicts of Interest.

2022 Results

During 2022, 78 whistleblowing reports were received within the Group scope. Compared to 2021, when the ethics whistleblowing site was set up, an increase of 179% was noted (28 reports received).

These figures show an increase in awareness of the whistleblowing platform via enhancement of its visibility internally and externally, and an increase in confidence in the platform.

Reports received in 2022



All reports received were processed. Nearly 10% of cases (seven reports) were proven upon investigation.

These seven reports all resulted in sanctions provided under the disciplinary framework, up to and including dismissal. Of these seven cases:

- three cases fell into the category of discrimination and harassment;
- two cases related to corruption in conflict of interest matters;
- two cases related to internal fraud.

The other reports were either not part of the whistleblowing platform or were not proven. The majority concerned cases related to customer relations (33 cases, i.e. 42% of the total reports).

No reports concerned duty of care.

The annual summary of the ethics whistleblowing site is shared with the Ethics Committee and the Audit Committee.

2.5.9 / BEING A RESPONSIBLE TAXPAYER

2.5.9.1 / Worldwide presence of Group

In 2022, the Group was composed of 52 legal entities, 35 of which are located in France. Of these French entities, 30 are members of a tax consolidation group within the meaning of Article 223 A of the French CGI (French Tax Code) in 2022. Other French entities do not meet the legal conditions for being part of the tax consolidation.

Group entities established outside France are not part of an equivalent scheme.

In France, the Group has numerous entities for the following reasons:

- Fnac stores are grouped together in entities by geographical region (for example, Fnac Paris for the Paris stores, Codirep for stores in the Paris region) or by type of store (Fnac Périphérie groups together smaller stores located on the outskirts of towns);
- Darty stores are also grouped together by large geographical region (Île-de-France for Établissements Darty et Fils, the west of France for Darty Grand Ouest and the east of France for Darty Grand Est);

- some activities require dedicated entities: after-sales service operations (managed by MSS), home training that requires an enhancement (A2I) and ticketing activities;
- purchases of companies do not necessarily entail a merger as the brands are different (Nature & Découvertes, WeFix, Fnac, Darty).

In other countries, the number of entities is smaller and each entity brings together the stores of a brand. For example, there is only one brand in Spain, and therefore only one company: Fnac Spain.

In Luxembourg, there are two companies that each operate a store: one under the Nature & Découvertes brand and the other under the Fnac brand. The Group's presence in Monaco has just one store.

With the exception of the United Kingdom, China and Hong Kong, the Group's presence in a country is maintained through the operation of a store under one of the Group's brands. The presence in the UK is linked to the history of the Darty Group, which was listed in the United Kingdom until its buyback in 2016. Accordingly, there is still one holding company in the United Kingdom, Darty Limited, formerly the parent company of Darty Group, which finances a retirement fund for employees of the British company Comet, which was part of the same group, and for which Darty Limited took over the pension obligations. The Group's presence in Hong Kong and China relates to Darty's manufacturing of small domestic appliances for its own brands such as Proline or for brands licensed by third parties. This manufacturing requires a local team responsible for quality control in the subcontractors' manufacturing plants as well as a team responsible for product specifications.

2.5.9.2 / Key figures

Distribution consistent with business activity

Fnac Darty is committed to paying taxes and contributions in each country where it operates and does not participate in any tax avoidance schemes. Through its subsidiaries, Fnac Darty is present in 11 countries. The Group has operating companies that run the stores and whose tax expense is consistent with, and proportional to, their contribution to the Group's earnings, which illustrates a principle of tax compliance rather than value creation. As the weight of the business activities conducted in France is particularly large for the Group, this is where the tax expense is highest. The Group's head office, purchasing and cash management activities are focused in France.

(€ thousand)	Corporation tax and corporate value-added tax (CVAE) [(a)]	Local taxes [(b)]	Other taxes [(c)]	Total
France	48,634	32,836	11,945	93,415
Spain	deficit in 2022	977	80	1,057
Portugal	3,966	11	48	4,025
Belgium	4,128	1,019		5,147
Luxembourg	deficit in 2022			-
Monaco	deficit in 2022			-
Germany	deficit in 2022			-
Switzerland	0.6			1
United Kingdom	deficit in 2022			-
China	7			7
Hong Kong	0.4			0
TOTAL	**56,736**	**34,843**	**12,073**	**103,652**

(a) Excluding deferred taxes and exceptional expenses for corporate income tax (CIT) related to tax audits.
(b) In France, this includes: property tax, CFE, tax on offices in Île-de-France, tax on commercial premises and tax on brands.
(c) In France, includes the social solidarity contribution, the tax on company vehicles, the tax on salaries and registration fees.

Streamlining of the effective tax rate

The effective tax rate for the Group is 34.37% for the 2022 financial year. The impact of the corporate value-added tax (CVAE) is 5% (included in the corporate tax in the Group's financial statements) and an impact of unrecognized tax losses of 2.89%.

An important source of income for French local authorities

Fnac Darty has a particularly dense geographical coverage in France. The Group's stores and e-commerce sites generate a total of €43 million in local taxes (including CVAE of €11 million).

These local taxes consist of property tax, tax on offices in Île-de-France, the Corporate Real Estate Tax, tax on commercial premises, tax on brands and the corporate value-added tax (CVAE). These taxes directly benefit French local authorities, enabling them to finance their activities.

The Group is therefore heavily involved in financing local authorities in which it operates numerous stores, offering an unparalleled geographical coverage for a specialized retail group.

2.5.9.3 / Tax policy

The Group's tax policy aims to:

- make the tax costs associated with the operation of the Group's brands foreseeable;
- reduce its exposure to tax risks;
- preserve its reputation and image.

These objectives are consistent with several of the Group's CSR commitments, such as promoting the economic and cultural development of regions and ensuring the exemplary conduct of its business.

By paying taxes in the States and local authorities where it creates value, Fnac Darty contributes to the quality of life and improvement of public infrastructures for its customers.

2.5.9.3.1 / Tax risk management

Governance

The Group's Tax Department is made up of experienced employees. It also relies on the tax expertise of the heads of accounting who manage the tax reporting obligations. They are assisted by external tax advisers as necessary, in particular to clarify complex points of law.

In addition, each department in the Group has an obligation for internal control. When this department finds a tax risk, it must notify the Group Tax Department.

The Group Tax Department advises and assists the operational departments and subsidiaries specifically on the following:

- regulatory tax oversight and help with implementing new tax rules. For example, in 2022 the Tax Department helped the Group's subsidiaries to implement new rules on electronic invoicing;
- tax audit assistance;
- drafting of tax documentation such as transfer pricing documentation;
- helping subsidiaries on the tax aspect of operational projects;
- the tax audit of companies within the Group's scope, and tax audits on ad hoc matters.

Acceptable tax risks

The Group does not use any optimization system or aggressive tax planning.

For each transaction, the Group assesses the tax risks relating to a specific tax position.

Fnac Darty ensures that all its entities comply with the tax regulations applicable to it. No entity held by the Group is located in a country listed on the French or European list of non-cooperative tax jurisdictions.

DAC 6

The "DAC 6" Directive requires financial intermediaries, and in some cases taxpayers themselves, to declare to the tax authorities any potentially aggressive international tax operations they have, if at least one "hallmark" covered by the Directive exists.

The Group does not have an aggressive tax planning scheme and believes that it is not required to file the statement provided under DAC 6.

IFRIC 23

"IFRIC 23 – Uncertainty over Income Tax Treatments" clarifies the application of the provisions of IAS 12 "Income Taxes" relating to recognition and evaluation when there is uncertainty regarding the treatment of income tax.

To this end, the IFRIC 23 interpretation sets out a single uniform method for recognizing tax risks.

From 2019, the Group standardized its tax risk recognition process, implementing standardized procedures for communication between the subsidiaries of all tax jurisdictions and the Group's Tax Department. Under the new process, if an uncertain tax position is likely not to be accepted by the tax authorities, this situation is reflected in the financial statements in current and deferred tax. As of December 31, 2022, uncertain tax positions were assessed in accordance with these standards and, at the end of this assessment, no new risks were detected.

Transfer prices

Fnac Darty applies the arm's length principle to transfer prices. Transfer prices are not, under any circumstances, a tax planning tool (the transfer of profits to a country with a lower tax rate than another, optimization of losses).

In particular, the Group's entities outside France are free to purchase goods from the purchasing department located in France. The operational demands of each entity dictate whether or not they make use of this.

In order to set its transfer prices, the Group tries to find the most conventional method that complies with OECD principles, while maintaining simple guidelines and methods for the calculation.

The Group's transfer prices consist primarily of the re-invoicing of head office expenses, the invoicing of interest by the centralized cash company, and the sale of goods by the purchasing center located in France to French or foreign subsidiaries. Transfer prices are regularly audited by the tax inspectors during their tax audits.

2.5.9.3.2 / Relations with the tax authorities

Fnac Darty works in a transparent way with the tax authorities in the various countries in which it operates.

Tax controls

The Group is fully aware that the maintenance of high-quality public services, from which it benefits, depends on the verification by the tax authorities that the tax payable and paid by the Group has been calculated properly. The Group maintains an official, open and constructive relationship with the tax authorities in order to seek appropriate solutions to limit unnecessary litigation.

Fnac Darty is subject to regular tax audits. In France, several Group companies are continually under a tax audit. As such, in 2022, six companies in France were in the process of account verification and two tax audits were in progress on Fnac Belgium and Fnac Switzerland.

As tax law is sometimes subject to interpretation and uncertain positions, the Group does not hesitate to call on the tax authorities to request a ruling or a tax position. Despite these procedures, it is still possible that tax audits will expose undetected tax risks or that disagreements may arise with the tax authorities over a difference in the interpretation of local or international tax regulations, or over the assessment of a factual situation.

However, the Group only has a limited number of tax disputes in progress before the courts.

These limited and technical issues show that the Group has few disputes with the tax authorities.

From 2022, the Group committed to a tax partnership with the Major Corporations Division of the French Directorate-General of Public Finances, the protocol for which was signed February 4, 2022. This provides access to a department dedicated to addressing any tax issues that may arise, thereby improving the legal security of the transactions carried out by the Group. This service enabled the Group to make two rescript requests in 2022 and to start an ongoing relationship with the administration regarding its tax issues.

Fnac Darty procedures for the tax authorities with regard to third parties

The Group also receives numerous right-to-information requests concerning other taxpayers, particularly as part of a verification process that salespeople operating through a platform are complying with their VAT obligations (some 50 right-to-information requests each year). The departments concerned process these requests quickly, in coordination with the Tax Department.

In accordance with the law, Fnac Darty files declarations which facilitate the monitoring by the tax authorities: salary declarations, declaration of fees, declaration of income from platform salespeople.

Other relationships with the tax authorities

The Group is a member of various professional bodies which promote retailers' opinions. It expresses its individual opinion at meetings or public consultations.

Fnac Darty has made no request to the tax authorities of any country to obtain any tax benefit in regard to the taxation of its profits.

2.6 / Contribute to the social and cultural development of territories

Background and trends

After two years marked by the health crisis, 2022 proved customers' attachment to in-store shopping and contact with salespeople. As such, one in two French people still prefers to take a salesperson's advice when buying products or services in-store [a]. Building on its omnichannel model, each year the Group confirms its commitment to local commerce, where human contact is central to supporting customers. These links to the local community, in terms of both stores and repair services, allow it to create jobs and to pursue one of its historical missions: access to culture for all, through free events celebrating cultural diversity.

2022 was also marked by high inflation, which had a significant impact on household purchasing power, and increased the difficulties of people in precarious situations.

Against this backdrop, the Group's longstanding policy of contributing to the social and cultural development of the regions in which it operates by democratizing access to culture, expanding its positive impact at grass-roots level, and spearheading a policy of solidarity to combat exclusion and insecurity, takes on its full meaning.

(a) *Wavestone: Indicator for new consumer trends 2022, https://www.wavestone.com/fr/insight/barometre-wavestone-des-nouvelles-tendances-de-consommation/.*

Risks	Opportunities
■ Market risks: change in consumer behavior (decline/change in cultural demand) ■ Reduction in brand preference ■ Impact on artistic creation	■ Access to new markets (second life of books, new cultural trends) ■ Diversification of activities (toward a more digital culture) ■ Brand attractiveness ■ Democratizing culture to make it accessible to as many consumers as possible, and revitalizing the sector ■ The Group's omnichannel model that rises to both the challenges of the development of online shopping, and local commerce

Levers activated	2022 key highlights	Performance and monitoring of objectives
■ Promotion of cultural diversity and new cultural trends (comic books, manga, video games) ■ Support for artistic creation (Fnac Live, literary prizes, etc.) ■ Continued opening of stores, particularly franchises ■ Development of solidarity projects ■ Boost collection of donations from customers	■ Free hybrid cultural events (in-person and digital) ■ Preferred partner of Paris Games Week ■ Numerous events based around comic books and manga ■ Local projects financed by the Nature & Découvertes Foundation ■ Ramp-up of charitable rounding at Fnac checkouts ■ Establishing a matching contribution by Fnac Darty for customer donations during a campaign in support of Ukraine ■ Tenth edition of the "Grande collecte de livres" (Big Book Drive) in partnership with Bibliothèques sans Frontières, which was extended to Switzerland	■ 53 stores opened, including 50 in France ■ Number of Group cultural events: around 7,000 (including 1,300 in France) ■ Number of stores opened in 2022: 46 ■ Amount of donations collected from customers: €1.2 million ■ Amount of Fnac Darty's matching contribution to customer donations: €156,000 ■ Number of books collected for Bibliothèques Sans Frontières (France and Switzerland): 286,000 ■ Number of projects supported by the Nature & Découvertes Foundation: 148 ■ Overall allocation from the Nature & Découvertes Foundation: €586,000

Fnac Darty considers its omnichannel model to be a major asset, offering its customers a unique purchasing experience by providing them with the best digital standards and expert advice from in-store salespeople. This model is also beneficial to maximize the impact of the Group's societal actions. Its substantial store network, which solidifies the Group's geographical coverage, allows Fnac Darty to be closer to its customers but also to contribute to the economic activity of medium-sized cities. This can be seen in the creation of local jobs, and in support for local charities.

This geographical coverage also promotes access to culture for as many people as possible. The dissemination of culture is an integral part of Fnac's historical missions and its DNA. Its diversified cultural offer, its media, L'Éclaireur Fnac, as well as the numerous cultural events organized in-store help to promote culture throughout the regions where it operates.

At the same time, commercial sites and stores are a great platform for sharing the Group's policy of social inclusion. Firstly, thanks to customer generosity, the stores play an intermediary role by collecting large amounts of micro-donations (charitable rounding) for partner associations. Secondly, stores throughout the region can also donate their unsold products to local associations.

Finally, since 1992, the Nature & Découvertes Foundation has actively contributed to regional momentum by launching and supporting grass-roots charity projects to protect biodiversity and provide education on nature.

2.6.1 / FNAC WORKS EVERY DAY TO DEMOCRATIZE CULTURE AND CULTURAL DIVERSITY

Working toward widening access and diversification of culture for as many people as possible throughout France has been at the core of Fnac's DNA for over 60 years. Supported by the entire Group, this pledge can be fulfilled on a daily basis in Fnac stores thanks to a committed team working in the Group's Communications, Cultural Action and Public Affairs Department.

A major pillar of Fnac Darty's CSR strategy, Fnac's cultural initiatives are carried out both locally and nationally through the strength of its store network, bringing them closer to the general public and contributing to the social and cultural development of the regions, by pursuing three objectives:

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

2.6.1.1 / Encourage the democratization of culture

The Group continues its mission to democratize culture by organizing free cultural events, allowing creators and their audience to meet. In 2022, 90,000 customers were able to benefit from some 1,300 events in 138 stores across France.

Some of the events organized by Fnac have become essential fixtures in the cultural calendar. For instance, the eleventh edition of the Fnac Live Paris Festival brought together 80,000 people for three days of free concerts in and around Paris City Hall, in July. To celebrate the start of the new literary season, Fnac was innovative in offering three evenings open to all in exceptional locations, combining artistic fields and talents. The Group was also the preferred partner of Paris Game Week, France's largest gaming event, which made a welcome return after a three-year absence.

As part of its desire to guarantee access to culture for all, Fnac Darty is committed to nurturing a taste for reading among young people, developing their critical faculties by offering new formats for interaction. In 2022, Fnac chose to promote the world of manga by organizing the Japan Expo and by organizing a tour of stores in order to highlight manga popular with readers. In addition, workshops designed to raise awareness of climate issues were held with the charity Les Savants Fous. A total of 142 youth workshops were offered in 2022.

The Prix Goncourt des Lycéens, a literary award voted for by French high-school students, is another major part of the strategy to democratize culture for young people. It is also a highlight of the literary calendar that allows high school students to read and study contemporary literature and to meet and talk with talented authors. This unique event, which brought together 15 competing authors and 2,000 students from 55 high-school classes of all levels saw Sabyl Ghoussoub take the prize for his novel *Beyrouth-sur-Seine* (published in France by Stock)

Lastly, the Group is committed to democratizing access to culture for its employees by offering a number of events and content at preferential rates (see also section 2.4.5.2).

2.6.1.2 / Promote cultural diversity and "educated choices"

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

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

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

This variety is just as visible in the advice and tips given to customers by our knowledgeable teams of booksellers and music staff.

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

L'Éclaireur Fnac: a leading recommendations website and an invaluable asset supporting the Group's *raison d'être*

In the fall of 2021, the Group launched L'Éclaireur Fnac, a new recommendations website that dissects cultural and technological news and the related societal issues, to guide internet users toward a more educated choice. With the aim of embodying the best of Fnac's cultural expertise, it brings together all the content produced daily by the Group's expert editorial teams: Claque Fnac, Labo Fnac, Conseils Fnac, supplemented by the editorial work of a team of experienced journalists. L'Éclaireur Fnac is also intended to relay all of Fnac's cultural events, such as Fnac Live or the many events organized in stores (and outside stores), via the diary and the editorial written for the occasion.

Launched in October 2021, the site has already attracted more than 1.5 million unique visitors. Designed as a tool to help internet users discover and understand the cultural and technological world of today and tomorrow, L'Éclaireur Fnac is intended to support Fnac Darty's *raison d'être*.

Giving small publishers a helping hand

Société du Livre Français, or SFL (the French Book Company) is a specialist player in BtoB book retailing. In particular, it markets school books and textbooks to municipal facilities such as media libraries, libraries and public institutions, as well as to independent bookshops. SFL is also a Fnac Darty retailer for small and medium-sized publications in Fnac bookstores and on Fnac.com.

SFL works with all publishers and has developed a strong brand, based on acknowledged expertise in working with small and micro publishers. This sponsor, which is unique in the market, provides coverage and brings together small publishers and non-professional authors. This activity guarantees regional cultural diversity and gives many amateur authors and independent publishers the chance to express themselves.

2.6.1.3 / Support the vitality of artistic creation

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

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

In 2022, Fnac set out to harness this fast-growing phenomenon by continuing to boost self-publishing activities, through four emblematic actions.

Thanks firstly to the Kobo by Fnac "Talents of Tomorrow 2022" Award, Fnac and its partners continue to promote digital self-publishing and to reveal voices with a passion for writing.

As part of the Quais du Polar 2022 festival, the leading event for lovers of detective literature, a special detective story writing competition was also organized in 2022, with Fnac's support.

In 2022, Kobo Writing Life and the Fnac Readers' Forum joined forces to launch a new writing competition hosted on the Readers' Forum: Le Prix des Plumes. This award, specially dedicated to writing short stories, was a great success from the outset, giving all literature lovers the opportunity to reveal their talents.

In addition to self-publishing, Fnac is continuing to explore new formats and develop content that meets its audiences' needs, such as the creation of the Kobo by Fnac podcast "La couleur des mots" (The Color of Words), thus strengthening Fnac's commitment to cultural diversity.

Abroad, Fnac pursues this same ambition of supporting the creation and access to culture through awards, exhibitions, meet-and-greets, book signings and free concerts in stores. In total, some 7,000 events were organized in 2022 at Group level and across the franchisee network.

2.6.2 / CONTRIBUTE TO LOCAL ECONOMIC ACTIVITY AND CREATE PERMANENT JOBS

Key figures:

- 53 stores opened in 2022, including 50 in France.
  - Stated objective of 30 to 40 openings each year;
- 987 stores at the end of 2022;
- Launch of massive training and recruitment campaigns for after-sales technicians, delivery persons/fitters and kitchen designers.

The Group opens new stores every year, thanks to its franchise development strategy, to increase coverage of medium-sized cities. Fnac Darty is convinced that this local presence strengthens the specific bond of trust created over time with its customers.

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

Through the development of its repair services, Fnac Darty also contributes to the creation of jobs that cannot be offshored and supports professional integration in all the regions where it operates.

By strengthening its repair services, in particular the Darty Max repair subscription service, Fnac Darty is anticipating future needs for qualified technicians.

In 2019, Darty announced a major recruitment campaign to hire 1,000 repair technicians: permanent positions throughout France, often without qualification prerequisites. In the absence of a course specializing in repair, Fnac Darty has decided to expand its recruitment scope by training new technicians internally each year (see also section 2.4.1.2).

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

In addition, historically the Group has played its part to help the reintegration of the long-term unemployed:

- partner of the New Enterprise for Economic Reintegration (Entreprise Nouvelle Vers l'Insertion par l'Économie – Envie) network: since 1984, the Group has handed over one third of the large domestic appliances taken back from Darty customers to the solidarity network. Envie sorts, cleans, repairs and reconditions them, and resells them as second-hand products in its store network, thus helping in the reintegration of dozens of people each year;
- a partner of Ateliers du Bocage (ADB), Fnac Darty also donates its used ink cartridges every year to this socially responsible enterprise, a member of Emmaüs. ADB has been fighting social injustice and discrimination for over 20 years. In 2022, more than 90,000 cartridges were thus collected and recycled (some of which were reused).

2.6.3 / PURSUE A SOLIDARITY POLICY TO COMBAT INSECURITY AND EXCLUSION

Driven by its social and cultural responsibility, Fnac Darty has launched initiatives aimed at creating links with associations and supports numerous local projects. This willingness to act is intrinsic to the values of Fnac Darty. It also matches the expectations of customers, who want to buy from a dynamic brand that is committed to these social issues. These projects take the form of financial or product donations, made directly to the Group's partner associations or, indirectly, through customer donations via charitable rounding mechanisms at the time of purchase.

Total Fnac Darty donations

Scope: Group excluding franchises *(in euros incl. tax)*	**2020**	**2021**	**2022**
Total raised by socially inclusive initiatives across Fnac Darty	4,519,991	11,058,279	8,540,348

Fnac Darty donations

Scope: Group excluding franchises *(in euros incl. tax)*	2020	2021	2022
Donations to charities and sponsorship	351,611	387,686	433,578
Donations in kind (Braderie de Dijon, Secours Populaire, Emmaüs, Envie, etc.)	2,890,671	9,211,292	6,224,690
Nature & Découvertes Foundation	426,863	601,902	586,434
TOTAL	**3,669,145**	**10,200,880**	**7,244,702**

Customer donations

Scope: Group excluding franchises *(in euros incl. tax)*	2020	2021	2022
Customer solidarity:			
■ World Food Program charitable rounding	n.a.	n.a.	302,408
■ Un Rien C'est Tout charitable rounding	296,372	272,778	410,531
■ Common Cents charitable rounding	43,522	113,963	81,155
■ Nature & Découvertes charitable rounding	150,916	174,108	199,568
■ Fnac Suisse charitable rounding	n.a.	48,642	51,448
■ Bibliothèque Sans Frontières book collection	360,036	247,908	250,536
TOTAL	**850,846**	**857,399**	**1,295,646**

2.6.3.1 / Fnac Darty: financial sponsor and donor of recoverable products

Financial donations to associations, sponsorship and in-kind donations

The Group promotes initiatives for young people in difficulty, people in reintegration and people in vulnerable situations. Fnac Darty is a longtime supporter of several associations, such as Télémaque and Sport dans la Ville. More occasionally, it also provides support to other causes, such as women who have been victims of violence, and to the protection of refugees from the war in Ukraine. Thus, in 2022, Fnac Darty made a matching contribution of €156,000, corresponding to the value of customer donations collected in-store and on its websites in March and April to aid Ukrainian refugees.

Among the Group's historic missions, the dissemination and diversity of culture are another major aspect of the solidarity policy. Fnac Darty is a patron of universities and literary circles such as Sciences Po and the Académie Goncourt.

As part of its "second life" policy (see section 2.2.4), in the past two years the Group has significantly increased the number of donations in kind. These are intended for associations such as the Agence du Don en Nature and long-standing partner associations such as Emmaüs France, Libraries Without Borders, Envie and Secours Populaire. The sharp increase observed between 2020 and 2021 can be explained by the professionalization of second-life management, which enabled new processes to be set up to coordinate the actions of warehouses and sales teams. This support enabled us to better target depreciated products, sometimes stored for a long time in the warehouse, and thus significantly ramp up the volume of donations: the decrease in the volume of donations recorded in 2022 is due to the significant destocking carried out in 2021. The year 2022 more accurately represents the stabilized volume of new, non-saleable products intended for donation.

Furthermore, in 2022, Fnac Darty also rolled out a new solution in partnership with Comerso. The availability of the digital platform facilitates the donation of recyclable products directly from stores. The scheme was launched for Fnac stores last April and for the Darty brand in October.

The Group has multiple objectives:

- meet the obligations contained in the anti-waste act for a circular economy (AGEC);
- reduce the environmental impact of the waste generated by its activity;
- further increase the volume of products offered to associations;
- commit to a social initiative by redistributing these unsold products to local associations throughout France;
- avoid unnecessary return journeys of depreciated products to the warehouses.

Donations to associations via the Nature & Découvertes Foundation

Since 1994, the Nature & Découvertes Foundation has been supporting project owners in a variety of ways, with the aim of launching and supporting grass-roots charity projects to protect biodiversity and educate about nature. The projects supported range from the creation of an associative nursery to participatory science projects, as well as mobilization campaigns or support for associations promoting the conservation of species.

In 27 years, the Foundation has financed 3,079 projects for a total of €14.9 million, including 148 projects in 2022 for a total of €586,434 (see below also). Some 27 of these projects in 2022 were co-financed as part of the 2022 Call for Proposals for educational projects in contact with nature, by using €150,000 of its budget out of a total of €398,501 paid as part of this call for commons with the other on-board sponsors (see section 2.3.3.6).

2.6.3.2 / Stores and websites help facilitate donations for associations

Fnac Darty also involves its customers in its commitments. Since 2017 it has given them the chance to make small donations when they make purchases on fnac.com, at Fnac Spectacles events and, since 2019, in Fnac and Darty stores. All donations collected via these channels helped to raise around €1.3 million in 2022. This generosity from customers helped to support dozens of socially inclusive projects led by partner associations. For instance, thanks to the partnership with Common Cents, more than €81,000 was collected for five associations. With Un Rien C'est Tout, more than €410,000 went to finance socially inclusive projects.

In 2022, Fnac Darty succeeded in increasing the impact of checkout donations by launching a new charitable rounding solution in February with microDon, a social utility solidarity enterprise (*entreprise solidaire d'utilité sociale* – ESUS), already in place at Nature et Découvertes (see below). The aim of this partnership is to automate the suggestion of donations on Fnac store checkout terminals. This scheme helped to raise more than €500,000 (versus €117,000 in 2021) for the Un Rien C'est Tout association and the United Nations Global Food Program.

"Helping hand" committees at Natures & Découvertes, to support local projects

The "Helping Hand" committees finance local projects to protect and educate about nature, in particular thanks to membership of the Club Nature & Découvertes – one euro from each membership is paid back to the Foundation.

Four committees are held during the year, bringing together members of the Nature & Découvertes Foundation, several experts and some fifteen store employees.

A hundred or so "Helping Hand" projects are supported each year via four seasonal committees. The projects selected are characterized by their strong local presence, close to the local store and consisting of specific actions on the ground that bring together a locally engaged public as often as possible.

The Nature & Découvertes initiative is unique because, over the following year, it offers customers a selection of the best local projects chosen by in-store teams, via charitable rounding at the checkout. As the team is familiar with the project, they know how to explain it to their customers, who on average donate 14 euro cents in rounding at the checkout. Depending on the year, the scheme allows an additional €150,000 to €190,000 to be donated for "Helping hand" projects, in addition to the initial allocation from the Nature & Découvertes Foundation.

A highlight of 2022, despite a lower checkout rate than before the health crisis, the sum collected via rounding stood at around €200,000, a sign of the teams' long-term commitment.

Customer solidarity – Fnac Suisse

At Fnac Suisse, checkout donations are given to the Théodora Foundation, whose mission is to give hospitalized or disabled children opportunities to laugh and relax. The funds donated by Fnac came from checkout donations and actions taken by Fnac, such as the matching contribution, and amounted to CHF92,258 (versus CHF71,506 in 2021). This amount helped to finance 4,613 visits for children in hospitals or in special institutions.

2.6.3.3 / Long-standing partnerships

In 2022, Fnac celebrated the tenth anniversary of its "Big Book Drive" in partnership with Bibliothèques sans Frontières (Libraries Without Borders). Fnac works in partnership with its customers at this event, inviting them to donate their books to the association each year. This book collection, the largest in France, was also extended in 2022 to Fnac stores in Switzerland. A total of 286,000 books were collected. In ten years, around 2,280,000 books were thus handed over to Bibliothèques sans Frontières. These many donations have helped to support programs to access education and culture in France and internationally in areas of conflict or insecurity.

A long-standing partner of Secours Populaire, for the fourteenth year running, Fnac took part in the "Braderie solidaire" sidewalk sale in Dijon. Combining solidarity with cultural aims, it mobilizes numerous local talents and involves volunteers from Fnac, Secours Populaire and the Zénith de Dijon performance venue. In June, almost 5,000 visitors took advantage of a wide selection of new entertainment products – books, CDs, DVDs, toys, video games – at knock-down prices. More than 100 pallets filled with products were sold, resulting in a collection of €137,349. These funds will allow Secours Populaire to offer vacation days to disadvantaged families as part of its vacation program, "Campagne Vacances."

Again in partnership with Secours Populaire, Fnac Darty was involved for the fifth consecutive year in Pères Noëls Verts (Green Santas): “so that Santa doesn’t forget anybody!” Once again, customers of several Fnac stores in the Paris region were encouraged to donate new presents, such as books, toys and other gifts, to go into the sacks of the Green Santas. Thanks to the collection, more than 1,000 gifts brightened up Christmas for children in precarious situations.

Darty has been a partner of Envie since 1984 and has continued to donate large domestic appliances to the workplace integration company. More than 41% of the electrical and electronic equipment collected by the Group was repaired and resold through Envie’s solidarity networks (see also section 2.2.3.3).

A partner of Ateliers du Bocage (ADB), Fnac Darty also donates its used ink cartridges every year to this socially responsible enterprise, a member of Emmaüs. The partnership represents 90,000 ink cartridges collected and recycled for reuse (see also section 2.2.4.1).

Lastly, in 2022, Fnac Darty partnered with AIDES, the largest AIDS and hepatitis NGO in France and Europe, at the launch of their annual digital event: #fetelamour. Fnac Darty has enabled AIDES to improve the visibility of its event and the messages brought to the general public by the NGO, through the dissemination of HIV prevention and awareness messages in its stores, on its e-commerce sites and its L’Éclaireur media.

2.6.3.4 / Wenabi: a platform for signing up to solidarity

At Fnac Darty

Fnac Darty wanted to promote the charitable work of its employees and facilitate volunteering by partnering with Wenabi. Launched within the Group in January 2022, Wenabi is a platform designed to connect those who want to make a difference with charities that need volunteers. The platform offers various types of one-off volunteering, such as mentoring work to help young people in difficulty, outreach activities to help the homeless, or activities to benefit the environment. The launch of this platform also allowed Fnac Darty to strengthen certain long-term partnerships, such as those forged with Télémaque and Sport dans la Ville.

At Nature & Découvertes

Since 2022, Nature & Découvertes has encouraged its employees (headquarters, warehouses and stores) to take action for charities working on behalf of various causes: the environment, social action, local and civic life and humanity. Employees are given a day that they can use as a team or individually: the Wenabi platform offers around 250 assignments, which they can also add to by getting local charities on board. Today, more than 50 new charities suggested by the stores are now in line and visible thanks to this scheme.

2.7 / Methodology note

The Non-financial Performance Declaration (Déclaration de Performance Extra-Financière or “DPEF”) is drafted by the Group’s CSR Department, who coordinates the reporting of non-financial data. This data comes from the departments concerned (Human Resources, Logistics, Maintenance, Purchasing, etc.) in France and the other countries in which the Group operates.

The data is entered into a reporting tool by business line contributors, making the collection, monitoring and management of performance indicators easier. The reporting methodology is set out in a protocol that is updated each year and sent to contributors when the reporting campaign begins.

All published figures are subject to several consistency checks, both in-house and external (by an Independent Third Party).

Reporting scope

Unless specified, the scope covers all subsidiaries of the Group.

In view of their independence, franchises are excluded from the scope of publication. However, they are partially incorporated into CO_2 emission reporting (see below).

Data is collected for the previous calendar year, from January 1 to December 31. If the full-year data is not available, the reporting period may be shifted, but will still cover a genuine period of twelve consecutive months, in order to take into account the seasonality of the Company’s activity.

Methodological specifications for social data

The scope of consolidation corresponds to all legal companies whose employees are included in the dedicated human resources information system. Therefore, Fnac Appro Groupe and stores in train stations or airports are excluded. The scope of the coverage corresponds to 99.53% of the workforce of the financial consolidation.

As they are independent, the workforce of franchises are also excluded.

The "Frequency rate of workplace accidents with stoppage time" and the "Workplace accident severity rate" indicators are published at Group level, other than for Nature & Découvertes, owing to different calculation methods. This means that all entities calculate this rate over the hours actually worked, whereas Nature & Découvertes calculates it on theoretical working hours. The Nature & Découvertes KPIs are also published in parallel.

Methodological specifications for environmental data

The scope of consolidation corresponds to all of the Group's operating subsidiaries, with the exception of WeFix and BilletReduc. The impact of this exclusion is relatively minor owing to the limited floor area they occupy and the low number of flows involved.

The stores that closed in 2022 or opened after June 30, 2022 are excluded from the reporting scope. Any other exclusion from the reporting scope is indicated and explained in the relevant section(s).

In view of their independence, franchises are excluded from the scope of publication. However, they are partially recognized in Fnac Darty's carbon footprint, as they benefit from the Group's goods flows (B2B and B2C) and the carbon impact of the products distributed includes the products sold by the franchised stores.

Greenhouse gas emissions data

As part of its process of continuous improvement, Fnac Darty improves the measurement and monitoring of its emissions of direct and indirect greenhouse gases every year. However, this approach requires corrections and therefore recalculations in order to ensure that periods can be compared. For this reason, reported GHG data may vary compared to the reported data in previous Non-Financial Performance Declarations. Any significant adjustments are shown under the data concerned.

The operational scope of emissions includes scopes 1, 2 and 3 established in the GHG Protocol:

Category	Description
Scope 1	= direct emissions from fixed and mobile sources
Scope 2	= indirect emissions related to consumption of electricity, heat and cooling from a network
Scope 3	= other indirect emissions (related to other stages of the life cycle: manufacturing, transport, end-of-life)

The Group relies on the GHG Protocol guides to record its GHG emissions.

The selected unit is the equivalent CO_2.

The emission factors used to calculate GHG emissions are primarily those recommended by Ademe in the "Base Carbone" database (last available figures). For certain specific items, Fnac Darty uses the emission factors provided by its service providers or suppliers, the International Energy Agency (IEA) or the Association of Issuing Bodies (AIB).

As far as possible, the Group measures its GHG emissions based on activity data (kilometers traveled, liters of fuel consumed, open surface areas, etc.). However, as a last resort, money-market emission factors are used – this is the case for certain non-current assets and indirect purchasing of goods and services.

GHG emissions are estimated with a margin of error, linked to the uncertainties of the emission factors and certain non-exhaustive activity data, which require extrapolation. This is the case in particular for indirect emissions (e.g. in items such as purchases of goods and services, non-current assets, franchises or commuter travel).

Scope 1: 100% of emissions reported – low uncertainty level

Fnac Darty's direct greenhouse gas emissions come from gas and oil consumption at the Group's various sites, from the fuel consumption of the Group's fleet vehicles, and from refrigerant gas leaks.

Category	Methodology
Direct emissions from fixed sources of combustion	Emissions associated with the gas, biogas and fuel oil consumption of the Group's various sites are calculated on the basis of specific data provided by suppliers. For each energy source, Fnac Darty multiplies the invoiced energy consumption by the relevant emission factor (combustion phase – scope 1 – Base Carbone).
Direct emissions from mobile sources of combustion	GHG emissions associated with the fuel consumption of last-mile delivery vehicles, vehicles used by after-sales technicians conducting home service calls and service and company vehicles, are calculated on the basis of specific data provided by suppliers (reported from fuel cards), expressed in liters of petrol or diesel consumed. Consumption is multiplied by the relevant emission factors for each type of fuel used (combustion phase – scope 1 – Base Carbone database).
Direct fugitive emissions	Emissions associated with refilling refrigerant gas in relation to gas leaks are calculated on the basis of specific data supplied by service providers. The volume in kilograms of refrigerant gas refilled is multiplied by the relevant emission factors (scope 1 – Base Carbone database).

Scope 2: 100% of emissions reported – low uncertainty level

Fnac Darty's indirect greenhouse gas emissions come from electricity consumption and energy supplied by the heating networks of the Group's various sites.

Category	Methodology
Electricity	Electricity consumption is monitored centrally via remote reading and a monitoring platform (in France). GHG emissions associated with electricity consumption have been quantified according to market-based and location-based methods since 2020. Fnac Darty has chosen the market-based method to monitor its performance, in particular its responsible energy purchasing policy. Emissions related to market-based electricity are calculated on the basis of the emission factors provided by the Group's various electricity suppliers. If these are not available, the calculation is based on the supplier's production capacity mix; the consumption associated with each energy source is then multiplied by the Base Carbone emission factors specific to each energy. If neither the emission factors nor the supplier's mix are available, Fnac Darty calculates market-based emissions using the residual mix (source: AIB and RTE), in accordance with the recommendations of the GHG Protocol. Fnac Darty mainly uses guarantee of origin (GO) purchases for its electricity from renewable sources. In France, these GOs are acquired within the framework of two Power Purchase Agreements, directly from the producers of a hydraulic dam and a wind farm. In Belgium, Spain, Switzerland and Portugal, the GO purchases prove that the electricity originates from wind, hydraulic and solar power. The CO_2 emissions related to this production are zero in scope 2; the other indirect emissions generated by these sources of electricity (e.g. manufacture of solar panels) are recognized in scope 3 under "Fuel and energy-related emissions."
Heating and cooling networks	Some of the Group's sites are connected to municipal heating and cooling networks. The associated energy consumption is multiplied by the emission factors specific to these networks (scope 2 – Base Carbone database).

Scope 3 – Other indirect emissions – high uncertainty level

The methodology used to assess the carbon footprint is that developed by the GHG Protocol.

Note: certain categories are not applicable or are deemed not to be significant for the Group. This is the case for upstream and downstream leased assets, investments, process emissions and product transformation.

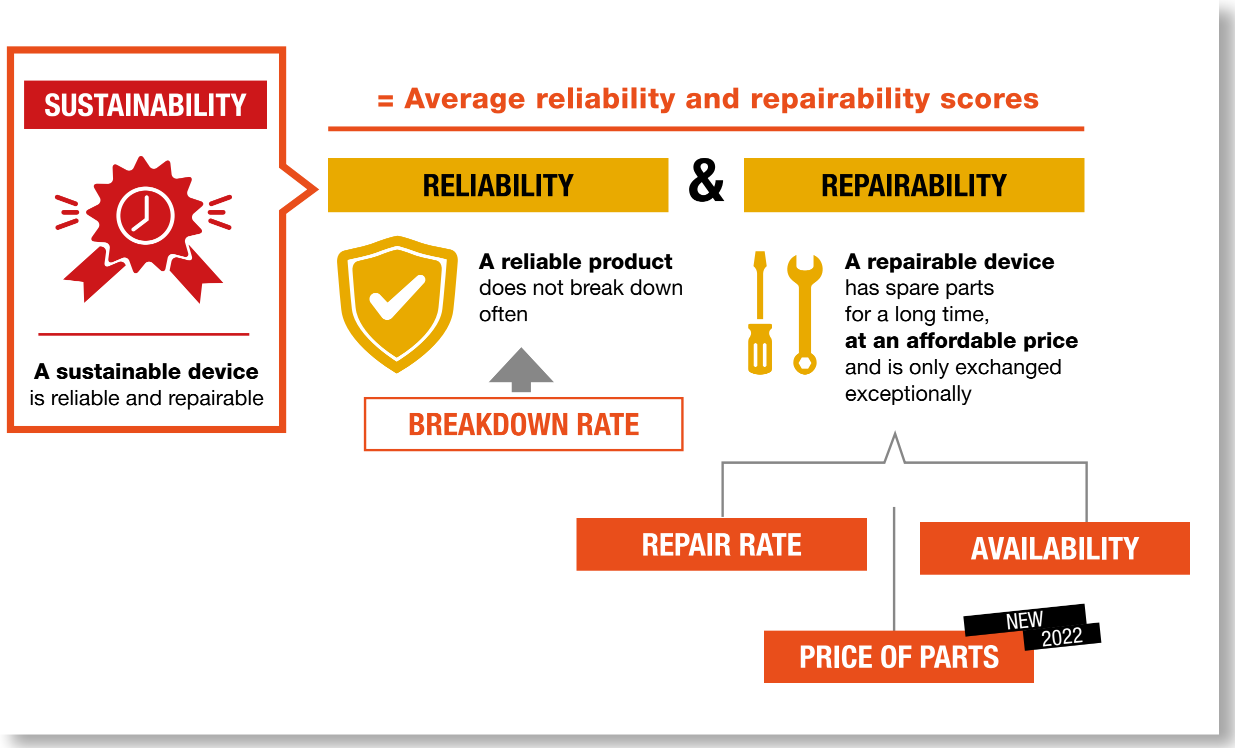
Source of emissions	Methodology
Products and services purchased	The manufacturing of new products sold by the various subsidiaries is measured on the basis of the volume of products sold by the Group and primarily of unit emission factors coming from Base Carbone. In the absence of a unit emission factor, the calculation is made based on the weight of the product and its main material/component, and the emission factors associated with these materials. Emissions associated with the manufacture of products sold by Nature & Découvertes in 2019, 2021 and 2022 have been estimated by extrapolation from revenue, based on the full carbon footprint in 2020.
Of which indirect purchasing	Based on the mapping of indirect purchasing in France, this was measured primarily on the basis of the monetary ratios method (Base Carbone database).
Fixed assets	Using actual data for 2022, this item was estimated based on the emission factors of the Base Carbone database for Fnac Darty France. For subsidiaries abroad and Nature & Découvertes, emissions are extrapolated based on the open surface areas for capitalized buildings and the change in revenue for other items. In accordance with the methodology of the GHG Protocol, only those goods purchased or leased (over the long-term) during the reporting year are recognized, and not amortized.
Fuel- and energy-related emissions	The methodology used is the same as for scopes 1 and 2, but the emission factors are specific to emissions generated by other phases of the energy or fuel life cycle (sources: Base Carbone database and AIB).
Upstream transportation of goods	GHG emissions related to the flows of goods between suppliers and the Group's warehouses are estimated based on the country of origin (using actual data or assumptions) by product category, and the distance to travel between the country of manufacture and France. The associated emissions are calculated based on the emission factors of the Base Carbone database. Emissions associated with the upstream transportation of products sold by Nature & Découvertes in 2019, 2021 and 2022 were estimated by extrapolation from revenue, based on the full carbon footprint in 2020. GHG emissions related to the flows of goods between the Group's warehouses, stores and logistics sites (after-sales service workshops), or the dispatch of spare parts to the after-sales technical units or of faulty products to the workshops are calculated using various methods, based on the input data available for each flow and in each subsidiary: ■ based on GHG data supplied by transport service providers; ■ based on fuel consumption, multiplied by the relevant emission factors (Base Carbone); ■ based on the distance traveled by type of truck: the distances traveled are related to the average consumption of the various vehicles used (source: Ademe) then the liters consumed are multiplied by the relevant emission factors (Base Carbone).
Waste generated	For French sites with a waste monitoring tool, based on volumes entrusted to waste treatment providers, associated GHG emissions have been calculated based on emission factors from the Base Carbone database. For sites that do not have this tool (sites located in shopping malls or sites that depend on collections performed by local authorities), the emissions were estimated by extrapolation (by ratio to revenue for stores and to the number of annual deliveries for delivery platforms). In other subsidiaries, including Nature & Découvertes, emissions are estimated based on actual data and emission factors from the Base Carbone database.
Business travel	The Group relies on the annual report of GHG emissions provided by travel agencies.
Employee commutes	Commuting-related GHG emissions in 2022 were calculated based on data from a survey of 4,192 employees, i.e. nearly 17% of the workforce of Fnac Darty France, Fnac Spain, Portugal and Switzerland and Fnac Vanden Borre Belgium. The answers were then extrapolated to all employees in France of the various entities and subsidiaries. The Group cross-referenced the distance data with the theoretical number of days worked per year per employee and the number of days reported as working from home, and then with the modes of transport indicated by the respondents. The emission factors used come from the Base Carbone database. Emissions related to Nature & Découvertes employee travel are calculated quarterly based on a field survey conducted by the Green Networks.

Source of emissions	Methodology
Downstream transportation of goods and retail	In order to refine the calculation of its GHG emissions related to the dispatch of packages, Fnac Darty has been using the GHG assessments of its various transport providers to calculate this emissions item since 2020. These footprints are correlated to the number of packages shipped via these service providers in order to obtain emission factors specific to each supplier. For service providers who are unable to provide GHG assessment results, Fnac Darty applies the emission factor of the carrier with the most similar logistics and fleet. In Belgium and Switzerland, the emission factor used is that communicated by the main carrier (representing more than 90% of the volumes transported). In Spain and Portugal, the emission factor for a package dispatched by standard delivery to France is used by default. For the dispatch of large products (mainly large television sets) by the subsidiaries Fnac Spain, Fnac Portugal and Fnac Switzerland: the default emissions factor used is for shipping a 20 kg TV set by the service provider used to ship this type of product in France. Note: deliveries of large television sets were previously recognized in "last-mile delivery" emissions and were retrospectively reintegrated into this emissions item for greater consistency. Returned packages are not taken into account in this emissions item, owing to the negligible proportion they represent.
Use of products sold	Based on the number of products sold, emissions are calculated on the basis of assumptions regarding the life span and annual consumption of products and the relevant emission factors from the Base Carbone database. Emissions associated with the use of products sold by Nature & Découvertes in 2021 and 2022 were estimated by extrapolation, based on the full carbon footprint in 2020.
End of life of products sold	Based on the type of waste associated with each product, emissions are calculated using the relevant emission factors from the Base Carbone database. Emissions associated with the end of life of products sold by Nature & Découvertes in 2021 and 2022 were estimated by extrapolation, based on the full carbon footprint in 2020.
Franchises	For franchises, in accordance with the GHG Protocol, the emissions taken into account concern scope 1 and 2 emissions: indirect emissions related to electricity consumption and emissions related to refrigerant leakages. These emissions are estimated based on the emissions per square meter of integrated stores. Note: other emissions related to franchises are included in the Group's carbon footprint, since they benefit from the Group's goods flows (B2B and B2C) and because the carbon impact of the products distributed includes the products sold by the franchised stores.
Customer travel	Although optional in the GHG Protocol, GHG emissions related to customer travel to stores are estimated by the Group because they are deemed material. The movements of all visitors are recognized, regardless of whether or not they go to the checkout. This item has been estimated based on actual data on the number of in-store visitors and on assumptions regarding means of transport (source: INSEE) and travel distances depending on the location of the store. French data is deemed to represent the behavior of other countries.

Detailed methodology for certain KPIs:

Sustainability score

Fnac Darty's sustainability score is an internal indicator, introduced in 2020 at the Assises de l'Économie Circulaire (Circular Economy Conference) organized by Ademe. This sustainability score was 100 in 2019, 105 in 2020, and 111 in 2021. This is a composite indicator, broken down as follows:



Repairability is determined from the proportion of repaired products versus exchanges (repair rate), taking into account the stated availability of spare parts and their price (average price of parts purchased by the Darty after-sales service during the period).

Reliability comes from analyzing the volume of faulty products compared to sales volumes (breakdown rate). This is therefore the ability of a product to operate normally without breakdown. This information relates more to the product itself than to the technicians' expertise.

In both cases (reliability and repairability), data are collected by the Fnac Darty after-sales service and analyzed internally.

To reflect the actual sustainability of products as closely as possible, the methodology used to calculate the sustainability score will change. The measurement of these indicators is still a new area; the Group is therefore working to refine its calculation methods each year. Thus, in 2022, the scope of products analyzed was extended to the products distributed by Fnac, which led to an adjustment to the calculation. Further adjustments are planned for 2023 as part of the drive for continuous improvement. The Group intends to show greater transparency in the methodological changes associated with this calculation.

Number of products repaired

This composite indicator is a consolidation of the volumes of products repaired by each repair "sector."

- Home repair products: when the faulty products are too large, particularly large domestic appliances, the repair takes place at the customer's home.
- Products repaired in after-sales service workshops: customers can bring their faulty products (small domestic appliances or consumer electronics) directly to the store, where they can be repaired on site (see below) or sent to one of the Group's five repair workshops in France.
- Products repaired at store after-sales service counters: when customers bring their faulty products to the store, technicians can handle minor breakdowns and thus repair products directly from the after-sales service counter. Exchanges are excluded from products considered as "repaired" (except within the Fnac scope, but exchange volumes are marginal and only concern very few products with regard to products repaired at Darty counters).
- Products repaired by WeFix: specializing in rapid smartphone repair, WeFix directly repairs faulty smartphones dropped off by customers at "corners."
- Products repaired by call centers: if a customer wishes to use the after-sales service, the first contact is generally with remote customer call centers. For all contacts handled in this manner, call center technicians will attempt to resolve the customers' requests. If they are unable to do so, they organize home service calls or ask the customers to drop off their device in-store. Products that require a home service call or a visit to a repair workshop are excluded from the calculation and contacts that concern requests for additional information or other requests as well as reiterations are also excluded. The number of excluded contacts is subtracted from the total number of contacts handled to obtain the number resolved by the CSC.

Methodology concerning Fnac Darty's response to the DPEF

The Non-financial Performance Declaration (DPEF) requires companies to describe their most significant non-financial risks, and set out their business model, incorporating the CSR risks and issues deemed to be priorities.

To this end, in 2022, in collaboration with a firm of experts, the CSR Department engaged in extensive consultation with internal and external stakeholders to identify the key non-financial risks and related challenges. The resulting materiality matrix is based on the results of more than 2,000 responses from qualitative and quantitative surveys as well as on the Group's risk mapping.

These key risks and challenges were presented to and validated by the Executive Committee, before being used as a basis for discussion with all departments concerned in order to identify the most relevant indicators to summarize the Group's non-financial performance.

Each year, the Group seeks to extend the reporting scope and relevance of the performance indicators it monitors. As a result, the indicators adopted in 2022 cannot always be compared with the previous year, as the data is not available.

Key indicators are defined in the relevant section(s).

Certain information requested in connection with the DPEF was deemed to be of little significance. Therefore, in light of the Group's business sector, the following information will not be published: "Means of combating food insecurity and waste, and promoting respect for animal welfare and responsible, equitable and sustainable food." However, information on the actions taken by Nature & Découvertes to combat food waste is set out in section 2.2.3.3.

This document has been audited by an independent third party (ITP) whose conclusions are presented at the end of the chapter.

2.8 / Summary of non-financial performance and Taxonomy appendices

SUMMARY TABLE OF NON-FINANCIAL INDICATORS

The figures shown are in current scope and Group scope (unless otherwise specified).

Sustainable consumption

Risks:	Commitment: Promote sustainable consumption and an educated choice
Sustainability of the business model and new patterns of consumption	■ Help customers make an educated choice ■ Promote maintenance and repair ■ Give a second life to products ■ Reduce packaging, ensure waste collection and recycling ■ Public commitment and raising awareness of sustainability issues

Indicators	Unit	2020	2021	2022	Section
SUSTAINABILITY OF PRODUCTS SOLD					
KPI: share of revenue generated by products with a positive impact *(Nature & Découvertes scope)*	%	76.4%	70.0%	64.0%	Section 2.2.1.2
KPI: Sustainability score *(France scope)*	Unit	105	111	115	Section 2.2.1.1
REPAIR					
KPI: number of products repaired	Number	1,822	2,106	2,344	Section 2.2.2.1
Number of products repaired at home	Number	436	515	545	
Number of products repaired in the workshop	Number	307	397	424	
Number of products repaired in-store	Number	134	191	218	
Number of products repaired by remote customer service centers	Number	755	798	929	
Number of products repaired by WeFix	Number	190	205	229	
Number of Darty Max subscribers	Number	approx. 200,000	approx. 500,000	approx. 765,000	Section 2.2.2.3
PURCHASING OF PACKAGING AND WASTE					
KPI: volumes of packaging (cardboard and plastic) consumed/revenue	Tons/€ million	0.8	0.7	0.6	Section 2.2.4.1
KPI: volumes of WEEE collected/revenue	Tons/€ million	6.7	6.5	5.6	
Volumes of electrical and electronic waste collected	Tons	49,943	51,766	44,285	
Volumes of electrical and electronic waste collected in tons (France)	Tons	44,898	46,778	40,258	
Volumes of recoverable waste [(a)] generated and entrusted to recycling providers	Tons		9,641	9,133	Section 2.2.4.2
Volumes of non-recoverable waste	Tons		4,568	4,280	
KPI: waste recycling rate *(tons of waste recycled/total tons of waste)*	%		67.9%	68.1%	

(a) Cardboard, paper, plastic, polystyrene, wood, metal, glass, bio-waste; excluding waste brought in by customers and excluding hazardous waste.

Climate

Risks:	Commitment: Reduce impact on the climate
The climate emergency and its consequences for the Company	■ Strengthen governance and integration of climate risks ■ Commit to a decarbonization trajectory aligned with climate science ■ Reduce emissions generated by transportation and energy from sites ■ Reduce more indirect emissions, particularly related to the manufacture and use of products sold

Indicators	Unit	2020	2021	2022	Section
CARBON FOOTPRINT					
Total scope 1 emissions *(in kt CO_2 eq)*	kt CO_2eq	19.3	21.8	19.6	Section 2.3.3.2
Total scope 2 emissions *(in kt CO_2 eq)*	kt CO_2eq	2.1	1.7	2.1	
Total scope 3 emissions *(in kt CO_2 eq)*	kt CO_2eq	not available	4,056.5	3,528.7	
Products and services purchased	kt CO_2eq	2,444.5	2,482.2	2,177.1	
Fixed assets	kt CO_2eq	43.2	45.1	31.3	
Fuel- and energy-related emissions – MB	kt CO_2eq	6.5	6.7	6.9	
Upstream transportation of goods	kt CO_2eq	80.5	83.2	72.1	
Waste generated	kt CO_2eq	not available	117.4	102.2	
Business travel	kt CO_2eq	0.4	0.4	0.8	
Employee commutes	kt CO_2eq	not available	39.2	39.9	
Downstream transportation of goods and retail	kt CO_2eq	17.7	19.3	14.1	
Use of products sold	kt CO_2eq	1,249.5	1,237.8	1,059.1	
End of life of products sold	kt CO_2eq	22.2	23.2	23.5	
Franchises	kt CO_2eq	1.7	1.9	1.7	
Total carbon footprint	kt CO_2eq	not available	4,080.0	3,550.5	
Customer travel	kt CO_2eq	*420.4*	*490.4*	*481.6*	
INDICATORS MONITORING TARGETS FOR REDUCING EMISSIONS RELATING TO ENERGY CONSUMPTION AND TRANSPORTATION					
CO_2 emissions generated by site transportation and energy	t CO_2eq	71,618	77,272	67,938	Section 2.3.3.2
of which scope 1	t CO_2eq	19,267	21,759	19,611	
of which scope 2 – market-based	t CO_2eq	2,147	1,705	2,141	
of which scope 3	t CO_2eq	50,194	53,797	46,195	
CO_2 emissions from transportation and energy from sites by revenue	t CO_2eq	9.6	9.6	8.6	

Indicators	Unit	2020	2021	2022	Section
ENERGY					
Electricity consumed	MWh	176,553	181,556	184,830	Section 2.3.3.3
Gas consumed	MWh	26,358	31,606	25,230	
Heating and cooling consumed	MWh	3,486	4,508	3,269	
Fuel consumed	Liters	57,973	80,676	54,190	
Share of renewable energy in electricity purchases	%	36%	45%	47%	
Percentage of renewable energy in electricity purchased in France	%	14%	25%	27%	
Energy consumption of sites by surface area	kWh/m²	107	111	112	
Fugitive emissions (leakage of refrigerants)	t CO_2eq	3,246	3,224	2,077	
CO_2 emissions generated by sites per square meter *(market-based)*	kg CO_2eq/m²	8.3	8.8	7.6	
CO_2 emissions generated by sites *(market-based)*	t CO_2eq	13,669	14,356	12,619	
CO_2 emissions generated by sites *(location-based)*	t CO_2eq	29,330	31,801	29,353	
CO_2 emissions generated by sites per square meter *(location-based)*	kg CO_2eq/m²	17.8	19.6	17.8	
TRANSPORTATION OF GOODS BETWEEN WAREHOUSES AND STORES					
Emissions generated by transportation of goods between warehouses and stores *(Group scope)*	t CO_2eq	23,160	24,048	20,771	Section 2.3.3.4
Emissions generated by transportation of goods between warehouses and stores *(Fnac France and Darty France scope)*	t CO_2eq	18,201	18,317	15,152	
KPI: CO_2 emissions generated per pallet *(Group scope)*	kg CO_2eq/pallet	not available	13.7	12.2	
LAST-MILE DELIVERY					
Number of deliveries	In thousands	2,266	2,213	1,946	Section 2.3.3.4
CO_2 emissions generated per last-mile delivery	t CO_2eq	14,693	17,116	13,577	
KPI: CO_2 emissions generated per delivery	kg CO_2eq/delivery	6.5	7.7	7.0	
AFTER-SALES SERVICE CALLS					
Number of service calls	In thousands	741	801	842	Section 2.3.3.4
CO_2 emissions generated by home service calls (including dispatch of spare parts)	t CO_2eq	4,716	5,715	6,070	
KPI: CO_2 emissions generated by home service calls, per service call		6.37	7.14	7.2	
Number of products sent to the after-sales service workshops	In thousands	744	709	724	
CO_2 emissions generated by products for repair traveling to after-sales service workshops	t CO_2eq	1,851	2,083	2,134	
KPI: CO_2 emissions per product sent to the after-sales service workshops	kg CO_2eq/product	2.5	2.9	2.9	
E-COMMERCE					
Number of parcels shipped	Million	19.1	17.5	14.6	Section 2.3.3.4
Percentage of parcels delivered to pick-up point	%	24%	28%	34%	
CO_2 emissions related to the shipping of parcels	t CO_2eq	10,093	9,269	7,228 [(a)]	
KPI: CO_2 emissions generated by parcels	kg CO_2eq/parcel	0.53	0.53	0.49	

(a) Of which over 4,850 t CO_2eq (63%) offset by transport providers.

Indicators	Unit	2020	2021	2022	Section
PRODUCTS SOLD					
Total Product Emissions	kt CO_2eq	3,626	3,688	3,193	
of which manufacturing	kt CO_2eq	*2,341*	*2,371*	*2,063*	
of which upstream transportation	kt CO_2eq	*55*	*56*	*48*	
of which use	kt CO_2eq	*1,249*	*1,238*	*1,059*	Section 2.3.3.5
of which product end of life	kt CO_2eq	*22*	*23*	*23*	
Carbon intensity by revenue	t CO_2eq/€bn	0.48	0.46	0.40	
Carbon intensity per product sold	kg CO_2eq	24.9	23.4	20.3	

Human capital

Risks:	Commitment: Develop our most valuable asset: people
Business line development and the organization of work, in the context of a shortage of technical profiles and a talent war	■ Attract and retain talent, particularly in jobs with shortages and in growth areas ■ Capitalize on all talent ■ Support the development of business lines and labor organizations ■ Improve working conditions and prevent risks ■ Develop the sense of belonging, social connection and quality of life at work

Indicators	Unit	2020	2021	2022	Section
EMPLOYEES AND ORGANIZATION OF WORK					
Workforce as at 12/31 *(fixed-term + open-ended contracts, on a like-for-like basis)*	Employees	24,886	25,585	25,175	
Workforce in France *(fixed-term + open-ended contracts)*	Employees	18,895	19,270	18,997	
Average headcount *(in FTE)*	FTE	22,474	22,927	23,231	
Percentage of open-ended contracts *(Group)*	%	89.2%	87.8%	87.7%	
Proportion of temporary workers *(from fixed-term contract + open-ended contract + temporary employees)*	%	12.5%	13.1%	12.9%	
Average seniority of employees on open-ended contracts	Years	12.3	12.7	12.8	Intro 2.4
Average age of employees on open-ended contracts	Years	38.9	40.9	40.9	
Proportion of full-time workers *(from employees on open-ended contracts)*	%	82.9%	83.8%	83.9%	
Proportion of managers *(from employees on open-ended contracts)*	%	23.7%	23.9%	24.7%	
Number of permanent employees recruited (excluding acquisitions)	Employees	2,562	3,570	4,023	
Number of departures of permanent employees (excluding disposals)	Employees	2,976	3,818	4,787	
GENDER EQUALITY					
Gender equality index (consolidated)	Unit	90	88	87	
Percentage of women in the total workforce	%	39.6%	39.1%	38.3%	
Percentage of manager-level women in the workforce	%	37.0%	37.2%	37.6%	
Percentage of female store managers	%	18.2%	19.9%	23.6%	
Percentage of women on the Board of Directors *(excluding employee Directors)*	%	50%	50%	55%	Section 2.4.2.2
KPI: percentage of women in Leadership Group roles	%	24.3%	26.6%	30.3%	
KPI: percentage of women on the Executive Committee	%	33.3%	38.5%	46.2%	
KPI: proportion of women who granted least one individual raise during the year	%	22.9% (23.5% for men)	22.3% (25.1% for men)	15.8% (14.3% for men)	

Indicators	Unit	2020	2021	2022	Section
Proportion of employees with disabilities *(on open-ended contracts, excluding Belgium and Switzerland – not applicable in these countries)*	%	4.9%	5.0%	5.2%	Section 2.4.5
Percentage of people with disabilities newly recruited under open-ended contracts *(excluding Belgium and Switzerland – not applicable in these countries)*	%	0.8%	1.7%	1.8%	
Proportion of employees on open-ended contracts who are over 50 years of age	%	23.3%	24.4%	26.8%	Section 2.4.2.3 and Section 2.4.2.4
Proportion of employees on open-ended contracts who are under 26 years of age	%	11.0%	11.6%	11.3%	
TRAINING					
Proportion of employees receiving in-classroom training over the year compared to total number of employees	%	37.5%	56.7%	60.9%	Section 2.4.3
Percentage of total headcount trained via classroom programs or remotely during the year	%	75.9%	93.7%	94.3%	
Average number of training hours per employee trained via classroom programs	Hours	13.7	15.5	14.4	
KPI: Number of training hours (across all formats) per employee trained	Hours	9.1	14.9	14.9	
Share of payroll allocated to training	%	2.8%	3.2%	2.90%	
HEALTH AND SAFETY					
Number of employees trained in safety	Employees	4,985	14,474	15,267	Section 2.4.4
Total number of hours of safety training	Hours	18,618	45,125	47,779	
KPI: frequency rate of accidents with stoppage time *(excluding Nature & Découvertes)*	Number	30.1	31.5	29.7	
KPI: severity of accidents with stoppage time *(excluding Nature & Découvertes)*	Number	1.7	1.9	2.0	
Frequency rate of accidents with stoppage time *(Nature & Découvertes)*	Number	11.6	6.0	6.1	
Severity of accidents with stoppage time *(Nature & Découvertes)*	Number	0.3	0.2	0.5	
Frequency rate of workplace and travel-related accidents with stoppage time *(excluding Nature & Découvertes)*	Number	36.0	38.7	37.3	
Severity of workplace and travel-related accidents with stoppage time *(excluding Nature & Découvertes)*	Number	2.0	2.2	2.3	
ABSENTEEISM					
Overall absenteeism	%	7.0%	8.9%	7.8%	Section 2.4.4
KPI: absenteeism due to sickness	%	5.2%	5.3%	5.4%	
COMMITMENT					
Employee recommendation rate [a]	Unit	73.4%	72.1%	74.7%	Section 2.4.5
Staff turnover	%	12.5%	16.4%	20.0%	

(a) Proportion of employees giving a recommendation score of between 7 and 10 on a scale ranging from 0 to 10.

Business ethics

Risks:	Commitment: Act ethically throughout our value chain
The ethics of all parties in an ecosystem of partnerships	■ Protect the personal data of employees and customers ■ Prevent the risks of corruption ■ Implement a vigilance plan ■ Ensure fiscal responsibility

Indicators	Unit	2020	2021	2022	Section
WARNING MECHANISM					
Number of ethical alerts received and handled by the outsourced warning mechanism	Number	n.a.	28	78	Section 2.5.8
VIGILANCE PLAN: SOURCING OF OWN-BRAND PRODUCTS AND PRODUCTS UNDER LICENSE					
Number of active plants in China *(Group scope excluding Nature & Découvertes)*	Number	192	195	192	Section 2.5.4.2
Number of plants audited in China *(Group scope excluding Nature & Découvertes)*	Number	97	94	78	
Number of unannounced audits	Number	19	36	36	
Number of supervisory audits of controllers	Number	n.a.	n.a.	37	
Proportion of supervisory audits deemed compliant	%	n.a.	n.a.	100%	
KPI: percentage of factory audits whose score is deemed to be average or compliant *(Fnac Darty)*	%	91.7%	91.5%	92.3%	
Proportion of audited plants for which the result is deemed to be average or compliant *(Nature & Découvertes)*	%	n.a.	n.a.	78.0%	
VIGILANCE PLAN: INDEPENDENT SALESPEOPLE ON MARKETPLACES					
Number of Marketplace salespeople tested as part of quality monitoring	Number	1,054	1,800	3,300	Section 2.5.4.2
SUPPLIER AND RESPONSIBLE PURCHASING RELATIONSHIPS					
Proportion of calls for tender incorporating CSR criteria on indirect purchasing	%	n.a.	n.a.	64.0%	Section 2.5.7
Proportion of contracts incorporating the Business Code of Conduct	%	n.a.	n.a.	60.0%	
Proportion of purchases produced by Nature & Découvertes suppliers that have signed the Responsible Purchasing Charter	%	64.3%	64.1%	67.0%	

Territories, culture and solidarity

Commitment: Contribute to the social and cultural development of territories
- Promoting wider access to culture
- Contributing to regional momentum
- Engaging for social inclusion

Indicators	Unit	2020	2021	2022	Section
SOCIAL AND CULTURAL DEVELOPMENT OF TERRITORIES					
Number of cultural events	Number	approx. 1,300	approx. 5,700	approx. 7,000	Section 2.6.1
Number of stores opened	Number	40	55	53	Section 2.6.2
DONATIONS AND SOCIALLY INCLUSIVE PROJECTS					
Total raised by socially inclusive initiatives across the Group	€ thousands	4,520	11,058	8,540	Intro 2.6
of which financial donations and donations in kind	€ thousands	*3,669*	*10,201*	*7,244*	
of which donations collected in-store and on commercial websites	€ thousands	*851*	*857*	*1,295*	
Total of Nature & Découvertes Foundation donations	€ thousands	426	601	586	

TAXONOMY APPENDICES

Proportion of revenue from products or services related to economic activities aligned with Taxonomy – Information for year N

Economic activities (1)	Code(s) (2)	Absolute revenue (3)	Proportion of revenue (4)	Criteria for substantial contribution: Climate change mitigation (5)	Climate change adaptation (6)	Marine and aquatic resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
		(€)	(as %)	(as %)	(as %)	(as %)	(as %)	(as %)	(as %)
A. ACTIVITIES ELIGIBLE FOR TAXONOMY									
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (ALIGNED WITH TAXONOMY)									
Revenue from environmentally sustainable activities (i.e. aligned with taxonomy) (A.1)		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
A.2. ACTIVITIES ELIGIBLE FOR TAXONOMY BUT NOT ENVIRONMENTALLY SUSTAINABLE (NOT ALIGNED WITH TAXONOMY)									
Revenue from activities eligible for taxonomy but not environmentally sustainable (not aligned with taxonomy) (A.2)		0.0	0.0%						
TOTAL (A.1 + A.2)		**0.0**	**0.0%**						
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY									
Revenue from activities not eligible for taxonomy (B)		**7,949.4**	**100%**						
TOTAL (A + B)		**7,949.4**	**100%**						

Criterion for absence of significant harm (DNSH – Do No Significant Harm)										
Climate change mitigation (11)	Climate change adaptation (12)	Marine and aquatic resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of revenue aligned with taxonomy, year N (18)	Proportion of revenue aligned with taxonomy, year N-1 (19)	Enabling activity category (20)	Temporary activity category (21)
(yes/no)	*(yes/no)*	*(yes/no)*	*(yes/no)*	*(yes/no)*	*(yes/no)*	*(yes/no)*	*(as %)*	*(as %)*	*(H)*	*(T)*
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.0%	n.a.	n.a.	n.a.
							0.0%	n.a.	n.a.	n.a.
							0.0%	**N.A.**	**N.A.**	**N.A.**

Proportion of Capex resulting from products or services related to economic activities aligned with taxonomy – Information for year N

Economic activities (1)	Code(s) (2)	Absolute Capex (3)	Proportion of Capex (4)	Criteria for substantial contribution: Climate change mitigation (5)	Climate change adaptation (6)	Marine and aquatic resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
		(€)	(as %)	(as %)	(as %)	(as %)	(as %)	(as %)	(as %)
A. ACTIVITIES ELIGIBLE FOR TAXONOMY									
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (ALIGNED WITH TAXONOMY)									
Installation, maintenance and repair of instruments and systems for measuring, regulating and controlling buildings' energy performance	7.5	0.4	0.1%	100%	0%	0%	0%	0%	0%
Acquisition and ownership of buildings	7.7	17.5	4.2%	100%	0%	0%	0%	0%	0%
Capex of environmentally sustainable activities (i.e. aligned with taxonomy) (A.1)		**17.8**	**4.3%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**
A.2. ACTIVITIES ELIGIBLE FOR TAXONOMY BUT NOT ENVIRONMENTALLY SUSTAINABLE (NOT ALIGNED WITH TAXONOMY)									
Transportation by motorbikes, passenger cars and light commercial vehicles	6.5	3.8	0.9%						
Installation, maintenance and repair of energy efficiency equipment	7.3	4.6	1.1%						
Acquisition and ownership of buildings	7.7	233.4	56.3%						
Capex of activities eligible for taxonomy but not environmentally sustainable (not aligned with taxonomy) (A.2)		**241.8**	**58.3%**						
TOTAL (A.1 + A.2)		**259.6**	**62.6%**						
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY									
Capex of activities not eligible for taxonomy (B)		**155.1**	**37.4%**						
TOTAL (A + B)		**414.8**	**100%**						

Criterion for absence of significant harm (DNSH – Do No Significant Harm)										
Climate change mitigation (11)	Climate change adaptation (12)	Marine and aquatic resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Capex aligned with taxonomy, year N (18)	Proportion of Capex aligned with taxonomy, year N-1 (19)	Enabling activity category (20)	Temporary activity category (21)
(yes/no)	*(yes/no)*	*(yes/no)*	*(yes/no)*	*(yes/no)*	*(yes/no)*	*(yes/no)*	*(as %)*	*(as %)*	*(H)*	*(T)*
n.a.	Yes	n.a.	n.a.	n.a.	n.a.	Yes	0.1%	n.a.	n.a.	n.a.
n.a.	Yes	n.a.	n.a.	n.a.	n.a.	Yes	4.2%	n.a.	n.a.	n.a.
n.a.	**Yes**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**Yes**	**4.3%**	**n.a.**	**n.a.**	**n.a.**
							58.3%	**n.a.**	**n.a.**	**n.a.**
							62.6%	**N.A.**	**N.A.**	**N.A.**

Proportion of Opex resulting from products or services related to economic activities aligned with taxonomy – Information for year N

				Criteria for substantial contribution					
Economic activities (1)	Code(s) (2)	Absolute Opex (3)	Proportion of Opex (4)	Climate change mitigation (5)	Climate change adaptation (6)	Marine and aquatic resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
		(€)	*(as %)*	*(as %)*	*(as %)*	*(as %)*	*(as %)*	*(as %)*	*(as %)*
A. ACTIVITIES ELIGIBLE FOR TAXONOMY									
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (ALIGNED WITH TAXONOMY)									
Opex of environmentally sustainable activities (i.e. aligned with taxonomy) (A.1)		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
A.2. ACTIVITIES ELIGIBLE FOR TAXONOMY BUT NOT ENVIRONMENTALLY SUSTAINABLE (NOT ALIGNED WITH TAXONOMY)									
Opex of activities eligible for taxonomy but not environmentally sustainable (not aligned with taxonomy) (A.2)		0.0	0.0%						
TOTAL (A.1 + A.2)		0.0	0.0%						
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY									
Opex of activities not eligible for taxonomy (B)		71.3	100%						
TOTAL (A + B)		**71.3**	**100%**						

Criterion for absence of significant harm (DNSH – Do No Significant Harm)										
Climate change mitigation (11)	Climate change adaptation (12)	Marine and aquatic resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Opex aligned with taxonomy, year N (18)	Proportion of Opex aligned with taxonomy, year N-1 (19)	Enabling activity category (20)	Temporary activity category (21)
(yes/no)	*(yes/no)*	*(yes/no)*	*(yes/no)*	*(yes/no)*	*(yes/no)*	*(yes/no)*	*(as %)*	*(as %)*	*(H)*	*(T)*
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.0%	n.a.	n.a.	n.a.
							0.0%	n.a.	n.a.	n.a.
							0.0%	N.A.	N.A.	N.A.

2.9 / Independent Third-Party Report by one of the Statutory Auditors on the Consolidated Non-financial Performance Declaration

Year ended December 31, 2022

To the General Meeting,

In our professional capacity as an independent third party ("ITP") appointed as Statutory Auditor of your company (hereinafter the "entity"), accredited by Cofrac under No. 3-1884 [1], we have conducted work for the purpose of delivering a justified opinion expressing a conclusion of moderate assurance on the historical information (recorded or extrapolated) within the Consolidated Non-financial Performance Declaration, prepared in accordance with the company procedure (hereinafter the "Guidelines"), for the year ended December 31, 2022 (hereinafter the "Information" and "Declaration," respectively), presented in the Group's Management Report pursuant to the provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

We have also, at your request, conducted work to express a conclusion of reasonable assurance on the information selected by the entity and identified by the ✓ symbol.

Conclusion of moderate assurance

Based on the procedures we implemented, as described in the "Nature and extent of the work" section, and the evidence obtained, we have not identified any material anomalies likely to call into question the conformity of the Declaration with the applicable regulatory provisions, and find that the Information, taken as a whole, is presented accurately and in accordance with the Guidelines.

Conclusion of reasonable assurance on a selection of non-financial information

In our opinion, based on the procedures we have implemented, as described in the sections "Nature and scope of work" and "Nature and scope of additional work on the information selected by the entity and identified by the ✓ symbol" and the information we collected, the information selected by the entity and identified by the ✓ symbol in the Declaration was prepared, in all its significant aspects, in accordance with the Guidelines.

Preparing the Non-financial Performance Declaration

The absence of a generally accepted and commonly used framework agreement or established practices upon which to evaluate and measure the Information allows for the use of different but acceptable measurement methods, which could affect comparability between entities and over time.

Consequently, the Information must be read and understood with reference to the Guidelines, the key elements of which are included in the Declaration (or available on the website or on request from the entity's head office).

Limitations inherent in the preparation of the Information

As indicated in the Declaration, the Information may be subject to uncertainty inherent to the very nature of scientific or economic knowledge and to the quality of the external data used. Certain data is sensitive to the methodological choices, assumptions and/or estimates used in order to produce it and which are presented in the Declaration.

The entity's responsibility

It is the responsibility of the management to:

- select or establish appropriate criteria for preparing the Information;
- draft a Declaration in accordance with the legal and regulatory provisions, including an overview of the business model, a description of the main non-financial risks, an overview of the policies in place with regard to these risks and the results of these policies, including key performance indicators and also the information required by Article 8 of Regulation (EU) 2020/852 (Green Taxonomy);
- prepare the Declaration by applying the entity's Guidelines as mentioned above; and
- implement the internal controls it believes necessary for the preparation of Information that is free of material misstatement, whether as a result of fraud or error.

The Declaration has been prepared by the Board of Directors.

(1) Cofrac accreditation inspection, no. 3-1884, available from www.cofrac.fr.

The responsibility of the independent third party appointed as Statutory Auditor

Our role, on the basis of our work, is to deliver a justified opinion expressing a conclusion of moderate assurance on:

- the conformity of the Declaration with the provisions of Article R. 225-105 of the French Commercial Code; and
- the accuracy of the historical information (recorded or extrapolated) provided pursuant to paragraph 3 of parts I and II of Article R. 225-105 of the French Commercial Code, namely the results of policies, including key performance indicators, and actions relating to the main risks.

As it is our responsibility to deliver an independent conclusion on the Information as prepared by the management, we are not authorized to be involved in the preparation of this Information, as this could compromise our independence.

At the entity's request and outside the scope of accreditation, it is also our responsibility to express a conclusion of reasonable assurance that the information selected by the entity presented in the Appendix and identified by the ✓ symbol was prepared, in all its significant aspects, in accordance with the Guidelines.

It is not our role to express an opinion on:

- the entity's compliance with other applicable legal and regulatory provisions (in particular with regard to the information required by Article 8 of Regulation (EU) 2020/852 (Green Taxonomy), the vigilance plan, and measures to combat corruption and tax avoidance);
- the accuracy of the information required by Article 8 of Regulation (EU) 2020/852 (Green Taxonomy);
- the conformity of products and services with applicable regulations.

Applicable regulatory provisions and professional standards

Our work outlined below was carried out in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code and in accordance with the professional standards of the French national auditing body (Compagnie Nationale des Commissaires aux Comptes – CNCC) relative to this assignment, particularly the technical advice of the CNCC, intervention of the OTI – Declaration of Non-Financial Performance, the basis for the verification program, as well as international standard ISAE 3000 (revised [1]).

Independence and quality control

Our independence is defined by the provisions contained in Article L. 822-11 of the French Commercial Code and the profession's Code of Ethics. We have also established a quality control system, which covers the policies and documented procedures aiming to ensure compliance with the applicable legal texts and regulations, ethical rules, and professional standards of the Compagnie Nationale des Commissaires aux Comptes relative to this assignment.

Means and resources

Our work used the skills of five people and took place between November 2022 and March 2023 over a total period of around six weeks.

To aid us in the execution of our tasks, we called upon our sustainable development and Corporate Social Responsibility specialists. We conducted dozens of interviews with the persons responsible for the preparation of the Declaration.

Nature and extent of the work

We planned and performed our work giving due consideration to the risk of material anomalies in the Information.

We believe that the procedures we conducted in applying our professional judgment enable us to arrive at a conclusion of moderate assurance:

- we have been informed about the activities of all entities included within the scope of consolidation and the presentation of the main risks;
- we have assessed the appropriate nature of the Guidelines in terms of their relevance, comprehensiveness, reliability, impartiality and understandability, taking into consideration best practices within the sector, if necessary;
- we have verified that the Declaration covers each category of information pursuant to part III of Article L. 225-102-1 in terms of social and environmental factors, respect for human rights, and combating corruption and tax avoidance;
- we have verified that the Declaration presents the information provided for in section II of Article R. 225-105, where it is relevant in relation to the main risks, and includes, where applicable, an explanation of the reasons for the absence of the information required by the second subparagraph of section III of Article L. 225-102-1;

(1) ISAE 3000 (revised) – Assurance commitments other than audits or reviews of historical financial information.

- we have verified that the Declaration includes the business model and the description of the main risks linked to the activity of the entities included within the scope of consolidation, including, if relevant and proportionate, the risks created by its business relations, its products or its services, as well as the policies, actions and results, including key performance indicators relating to the main risks;
- we have consulted the documentary sources and conducted interviews to:
  - assess the selection and validation process of the main risks and the consistency of the results, including the key performance indicators selected, with regard to the main risks and policies presented, and
  - corroborate the qualitative information (actions and results) that we considered the most important presented in the Appendix. For certain risks [1], our work has been carried out at the registered office; for other risks, work has been carried out at the level of the consolidating entity and in a selection of entities [2];
- we have verified that the Declaration covers the consolidated scope, i.e. all companies included in the scope of consolidation in accordance with Article L. 233-16, within the limits specified in the Declaration;
- we have read the internal control and risk management procedures put in place by the entity and have assessed the collection process aimed at the completeness and accuracy of the information;
- for the key performance indicators and other quantitative results we deemed most important presented in the Appendix, we implemented:
  - analytical procedures to verify the correct consolidation of data collected, as well as the consistency of developments; and
  - detailed tests, based on surveys or other selection methods, consisting of verifying the correct application of definitions and procedures, and reconciling the data in the supporting documentation. This work was carried out with selected contributing entities [2] and covers between 69% and 100% of the consolidated data chosen for these tests;
- we have assessed the overall consistency of the Declaration in relation to our knowledge of all entities included within the scope of consolidation.

The procedures implemented as part of a moderate assurance assignment are less extensive than those required for a reasonable assurance assignment carried out in accordance with the professional standards of the Compagnie Nationale des Commissaires aux Comptes; a higher level of assurance would require more verifications.

Nature and scope of additional work on the information selected by the entity and identified by the ✓ symbol

With regard to the information selected by the entity presented in the Appendix and identified by the ✓ symbol in Chapter 2, we conducted the same work as that described in the "Nature and scope of work" paragraph above for the Information considered to be the most important, albeit more in-depth, particularly with regard to the number of tests.

The sample selected thus represents 80% to 100% of the information identified by the ✓ symbol.

We believe that this work allows us to express reasonable assurance on the information selected by the entity and identified by the ✓ symbol.

Paris La Défense, March 15, 2023
KPMG SA

Éric Ropert	Anne Garans
Partner	*CSR expert*

(1) The ethics of all parties in an ecosystem of partnerships.
(2) Fnac Darty France.

APPENDIX

Qualitative information (actions and results) considered to be the most important
Actions to promote workplace integration and access to employment
Policy on the continuing development of employees' skills
Systems for managing employee skills and training
Inclusion and diversity policy
Collective agreements relating to social dialogue practices
Actions to raise awareness of environmentally responsible practices
Policies and systems in place for ethical and responsible digital management
Measurement of the environmental impact on biodiversity
Policy and actions to reduce the environmental footprint of products and services
Actions to reduce the environmental footprint of transport services
Procedures implemented in the field of good business conduct and to combat corruption
Data protection policy
Evaluation of suppliers, in particular with respect to human rights
Actions to promote the circular economy

Key performance indicators and other quantitative results considered the most important	Level of assurance
Proportion of women in Group Leadership roles	Reasonable
Number of training hours per employee trained	Moderate
Absenteeism due to sickness	Moderate
Severity of workplace accidents	Moderate
Frequency rate of workplace accidents with stoppage time	Moderate
Sustainability score	Reasonable
Number of products repaired	Moderate
Number of Darty Max subscribers	Reasonable
Volumes of WEEE collected in tons	Moderate
Waste recycling rate	Moderate
CO_2 emissions generated by site energy consumption/sq. m	Reasonable
CO_2 emissions generated by transportation of goods to stores, by pallet	Reasonable
CO_2 emissions generated by last-mile delivery, per delivery	Reasonable
CO_2 emissions generated by e-commerce flows per package	Reasonable
CO_2 emissions generated by products for repair traveling to after-sales service workshops per repaired product	Reasonable
CO_2 emissions generated by after-sales service travel per service call	Reasonable
CO_2 Scope 1 and 2 emissions	Reasonable
Percentage of factory audits whose score is deemed to be average or compliant (Fnac Darty)	Moderate

3

Corporate Governance

Pursuant to Articles L. 225-37 et seq. of the French Commercial Code, we are presenting you with the following Report on Corporate Governance.

This entire report was approved by your Board of Directors at its meeting on February 23, 2023 as required by the provisions of the French Commercial Code.

The report was prepared by the Board Secretary in collaboration with the Human Resources Department, the Finance Department and the Internal Audit Department, from various internal documents. Bylaws, internal regulations and minutes of the Board of Directors and its specialized committees were taken into account. The report was submitted to the Appointments and Compensation Committee (*comité des nominations et des rémunérations* – CNR). Current regulations, recommendations for corporate governance issued by the AMF, recommendations of the AFEP-MEDEF Code, and recommendations of the High Committee on Corporate Governance were all taken into consideration.

3.1 / Organization of governance

The Company is a French limited company (société anonyme) with a Board of Directors. A description of the main provisions of the bylaws and internal regulations of the Board of Directors and the Board's specialized committees can be found in section 3.2 "Operation of administrative and management bodies" of this Universal Registration Document.

3.1.1 / COMPOSITION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Board of Directors, assisted by the Appointments and Compensation Committee, ensures that the necessary skill sets are brought together to implement the Group's strategic plan. It is attentive to the balance, complementarity and relevance of Directors' skills, so that their areas of expertise include, in a balanced approach, knowledge of the retail sector, experience in management and corporate strategy, governance, finance, human resources, international experience, digital transformation and Corporate Social Responsibility.

Under the bylaws, the term of office for a Director is set at four (4) years and is renewable. In order to avoid a mass renewal of members of the Board of Directors and encourage a smooth process for replacing Directors, Article 12 of the bylaws provides for the option of appointing Directors for a term of two or three years. This enables the implementation or continuation of a staggering of the terms of office of members of the Board of Directors.

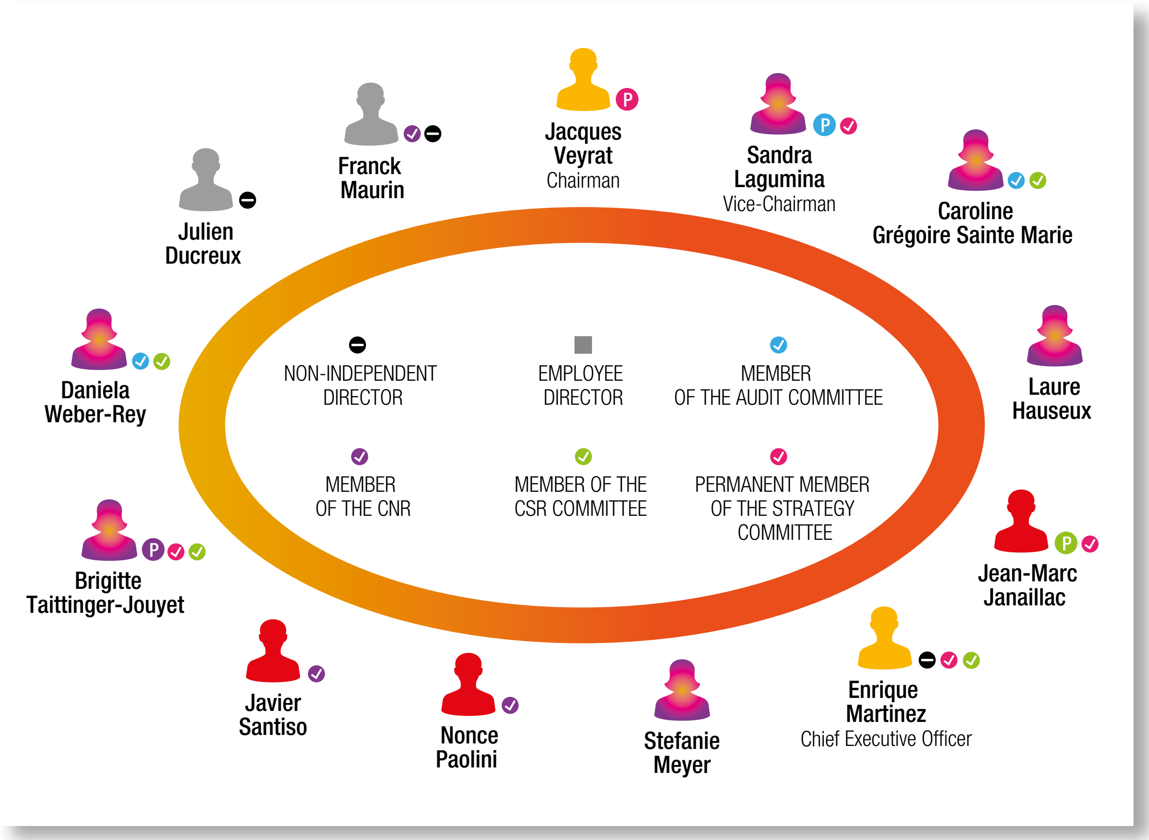
Pursuant to the provisions of Articles L. 22-10-3 and L. 225-18-1 of the French Commercial Code, it is specified that the composition of the Board complies with the principle of a balanced representation of men and women. As of December 31, 2022, it should be noted that the Board of Directors was composed of 13 members, including 6 women (55%) and 2 members representing employees, in compliance with the legal rules on parity (Directors representing employees not being taken into account when calculating parity, in accordance with the applicable legal provisions).

The Board has created four committees to assist it in performing its duties: the Audit Committee, the Appointments and Compensation Committee, the Corporate, Environmental and Social Responsibility Committee and the Strategy Committee.

As of December 31, 2022, the Board was composed of 13 Directors, 2 of whom were Directors representing employees and 10 of whom were independent.

A detailed breakdown of the Company's Board of Directors as of December 31, 2022 is set out in section 3.1.3 (including the number of Fnac Darty shares held by each Director and the number of offices held in other listed companies).

The table below provides a summary presentation of the personal information and experience of the Directors, as well as their involvement in the corporate governance of Fnac Darty as of December 31, 2022.



Personal information	Number of Fnac Darty shares held	Experience	Position on the Board				Participation in committees
Gender, nationality, age [(a)], date of birth		Number of offices in listed companies [(b)]	Independence [(c)]	Start of 1st term	Expiration of current term	Years on the Board [(a)]	Board committees
Jacques Veyrat (M) Chairman French nationality 60 years (11/04/1962)	250	2	✓	2013	2025 AGM	9 years	Strategic Committee (Chairman)
Sandra Lagumina (F) Vice-Chairman French nationality 55 years of age (07/29/1967)	250	1	✓	2017 [(f)]	2025 AGM	5 years	Audit Committee (Chairman) Strategic Committee (member)
Caroline Grégoire Sainte Marie (F) French nationality 65 years of age (10/27/1957)	500	2	✓	2018	2025 AGM	4 years	Audit Committee (member) CSR Committee (*comité de responsabilité sociale, environnementale et sociétale* – CRSES) (member)
Laure Hauseux (F) French nationality 60 years of age (08/14/1962)	262	2	✓	Board meeting 07/27/2022 [(g)]	2024 AGM	< 1 year	
Jean-Marc Janaillac (M) French nationality 69 years of age (04/25/1953)	250	2	✓	2019	2026 AGM	3 years	CRSES (Chairman) Strategic Committee (member)
Enrique Martinez (M) Chief Executive Officer Fnac Darty Spanish nationality 51 years of age (01/26/1971)	105,871	0		2019	2023 AGM	3 years	Strategic Committee (member) CRSES (member)
Stefanie Meyer (F) German nationality 48 years of age (02/09/1974)	300	0	✓	05/18/2022	2024 AGM	< 1 year	
Nonce Paolini (M) French nationality 73 years of age (04/01/1949)	250	0	✓	2013	2025 AGM	9 years	CNR (member)
Javier Santiso (M) French and Spanish nationality 53 years of age (03/01/1969)	250	0	✓	2019	2023 AGM	3 years	CNR (member)
Brigitte Taittinger-Jouyet (F) French nationality 63 years of age (08/07/1959)	250	0	✓	2013	2024 AGM	9 years	CNR (Chairman) CSR Committee (*comité de responsabilité sociale, environnementale et sociétale* – CRSES) (member) Strategic Committee (member)
Daniela Weber-Rey (F) German nationality 65 years of age (11/18/1957)	250	0	✓	2017 [(f)]	2026 AGM	5 years	Audit Committee CSR Committee (*comité de responsabilité sociale, environnementale et sociétale* – CRSES) (member)
Directors representing employees							
Julien Ducreux (M) French nationality 38 years of age (07/16/1984)	711 [(d)]	0	n.a. [(e)]	2020	10/14/2024	2 years	
Franck Maurin (M) French nationality 67 years of age (06/01/1955)	724 [(d)]	0	n.a. [(e)]	2019	10/08/2023	3 years	CNR (member)

(a) The ages and years of service indicated are determined in full years as of December 31, 2022.
(b) Other than the company. In application of the recommendation of the AFEP-MEDEF Code (Article 20.4), a Director must not hold more than four other offices in listed companies, including foreign companies, outside the Group.
(c) The independence criteria are described in section 3.1.4.
(d) The obligation to hold a minimum number of the Company's shares does not apply to Board members representing employees.
(e) n.a.: not applicable. In accordance with the provisions of the AFEP-MEDEF Code (Article 10.3), members representing employees are not taken into account in establishing the proportion of independent members.
(f) Provisional appointments by the Board of Directors on December 15, 2017 to replace resigning members, ratified by the General Meeting of May 18, 2018.
(g) Temporary appointment to replace a resigned member, by the Board of Directors on July 27, 2022, which will be subject to ratification by the 2023 AGM.

Directors representing employees

At the General Meeting of May 28, 2020, shareholders voted in favor of amending Article 12 of the bylaws of Fnac Darty in order to change the threshold requiring the appointment of a second Director representing employees to the Board, which has been reduced from twelve members of the Board of Directors to eight members by the provisions of the French Law No. 2019-486 of May 22, 2019 known as the "Loi Pacte." At the General Meeting of May 23, 2019, the shareholders had already voted in favor of amending Article 12 of the bylaws of Fnac Darty in order to allow for, under the conditions prescribed by law, the appointment of one or more Directors representing employees to the Board of Directors of Fnac Darty SA. This amendment to the bylaws has also brought the Company into compliance with the provisions of Article 9.1 of the AFEP-MEDEF Code as revised in December 2022, which recommends that *"Directors representing employees elected or appointed in accordance with legal requirements sit on the Board of the Company that declares that it refers to the provisions of this Code in its Report on Corporate Governance."*

The Director(s) representing employees are appointed in the following ways: when a single Director is to be appointed, the appointment is made by the trade union that has obtained the highest number of votes in the first round of the elections mentioned in Articles L. 2122-1 and L. 2122-4 of the French Labor Code in the Company and its direct or indirect subsidiaries, provided that the registered office of said trade union is on French territory. When two Directors are to be appointed, the appointment is made by each of the two trade unions that obtained the highest number of votes in the first round of these elections.

The term of office of the Director representing the employees shall be four years.

If the position of a Director representing the employees becomes vacant for any reason, the vacant position shall be filled subject to the conditions set out in Article L. 225-34 of the French Commercial Code.

If the Company is no longer obliged to appoint a Director representing employees, the term(s) of office of the employee representative(s) on the Board shall end six months after the meeting at which the Board notes that the obligation has ceased to apply.

Given the number of members on the Board of Directors, which on the date of the General Meeting of May 28, 2020, was greater than 8, it was decided that the trade union that had obtained the second highest number of votes in the first round of those elections would appoint a Director representing employees within six months of that date. As such, the CFDT, the trade union that had obtained the second highest number of votes in the last workplace elections, notified the Board of Directors on October 14, 2020 of the appointment of Julien Ducreux as Director representing employees. The Board of Directors took note of this appointment at its meeting of October 21, 2020. It should be noted that Franck Maurin was appointed by the CFTC trade union organization.

Compliance with obligations and recommendations regarding the composition of the Board of Directors and executive corporate officers

Subject	Legal and regulatory provisions, bylaws and recommendations of the AFEP-MEDEF Code	Group situation as of December 31, 2022
Parity [(a)]	**Article L. 22-10-3 of the French Commercial Code:** proportion of each gender may not be less than 40%.	Women: 55% Men: 45%
Independence [(a)]	**Section 10.3 of the AFEP-MEDEF code:** *"The proportion of independent directors must be half the number of Board members in companies with dispersed capital and no controlling shareholders."*	91% independent members
Age	**Article L. 225-19 par. 2 of the French Commercial Code and Article 12 of the bylaws:** *"The number of directors over seventy (70) years of age may not exceed one-third of the directors in office."*	12 of the 13 Directors are aged 70 or under Average age: 59 years
	Article L. 225-48 par. 1 of the French Commercial Code and Article 14 of the bylaws: *"No one who is over sixty-five (65) years of age may be appointed Chairman of the Board of Directors."*	Chairman of the Board of Directors: 60 years
	Article L. 225-54 par. 1 of the French Commercial Code and Article 17 of the bylaws: *"No one who is over sixty-five (65) years of age may be appointed Chief Executive Officer."*	Chief Executive Officer: 51 years.

(a) The Directors representing the employees are not taken into account in this calculation, in accordance with the legal provisions.

Diversity policy applied to the Board of Directors

In order to meet the Company's strategic challenges and to promote quality discussions, the Board seeks to maintain balance and complementarity between the various Directors' profiles. To do so, when appointing new Directors or reappointing existing Directors, it strives to ensure a diversity of backgrounds and expertise. These appointments and reappointments take into account the results of the work undertaken by the Appointments and Compensation Committee on the annual assessment of the Board and the Committees.

In addition to seeking a balanced representation of women and men and a high proportion of Independent Directors, the Board has focused on maintaining the number of Directors with international experience, as well as maintaining the number of Directors with specialized retail, digital and Corporate Social Responsibility expertise.

Thus, in 2022, the appointment of Ms. Stefanie Meyer and the cooption of Ms. Laure Hauseux, as well as the renewal of the terms of office of Ms. Daniela Weber-Rey, Mr. Jacques Veyrat and Mr. Jean-Marc Janaillac helped to reinforce these objectives.

The appointment of Ms. Stefanie Meyer, who replaces Ms. Delphine Mousseau, preserves the Board's level of international experience and expertise in the field of retail and digital.

Ms. Laure Hauseux has solid financial expertise, good knowledge of the retail business and diversified experience, both in executive functions and on Boards of Directors and specialized committees (primarily audit, as well as appointments and compensation).

Ms. Daniela Weber-Rey, Mr. Jacques Veyrat and Mr. Jean-Marc Janaillac, who have been on the Board of Directors of Fnac Darty since 2017, 2013 and 2019 respectively, provide the Board with their expertise, particularly in finance, governance and Corporate Social Responsibility, and with their international experience.

In 2023, the proposed renewal of the terms of office of Mr. Enrique Martinez and Mr. Javier Santiso, both of whom have served on the Fnac Darty Board of Directors since 2019, is specifically aimed at enabling the Board to continue to benefit from their international experience, their expertise in strategy and management of human resources and their knowledge of digital and specialized retail.

The appointment to the Board of Mr. Olivier Duha, if accepted by the General Meeting of May 24, 2023, could provide the Board with the benefit of his entrepreneurial experience in France and abroad, his knowledge of the retail sector, as well as his solid knowledge of digital and strategic issues.

Changes in the membership of the Board of Directors and Committees in 2022 and early 2023

Board of Directors

Departures	Appointments	Cooption	Renewals
■ Delphine Mousseau (January 26, 2022)	■ Stefanie Meyer (AGM of May 18, 2022)	■ Laure Hauseux (Board meeting of July 27, 2022)	■ Jacques Veyrat (AGM of May 18, 2022)
■ Carole Ferrand (May 18, 2022)			■ Daniela Weber-Rey (AGM of May 18, 2022)
■ Antoine Gosset-Grainville (June 28, 2022)			■ Jean-Marc Janaillac (AGM of May 18, 2022)

On July 27, 2022, the Board of Directors decided to appoint Sandra Lagumina as Vice-Chair of the Board of Directors, replacing Antoine Gosset-Grainville.

The reappointments helped to maintain the representation of skills and diversity on the Board of Directors and its committees.

Board committees	Appointments
Audit Committee	■ Daniela Weber-Rey Appointment as member, replacing Carole Ferrand (Board meeting of May 18, 2022) ■ Sandra Lagumina Appointment as Chair, replacing Carole Ferrand (Board meeting of May 18, 2022)
Appointments and Compensation Committee	■ Brigitte Taittinger-Jouyet Appointment as Chair, replacing Antoine Gosset-Grainville (Board meeting of July 27, 2022) ■ Javier Santiso Appointment as member, replacing Antoine Gosset-Grainville (Board meeting of July 27, 2022)
Corporate, Environmental and Social Responsibility Committee	■ Jean-Marc Janaillac Appointment as Chairman, replacing Brigitte Taittinger-Jouyet (Board meeting of July 27, 2022) ■ Caroline Grégoire Sainte Marie Appointment as member, replacing Delphine Mousseau (Board meeting of July 27, 2022) ■ Enrique Martinez Appointment as a member, in addition to existing members (Board meeting of February 23, 2023)
Strategy Committee	■ Sandra Lagumina Appointment as member, replacing Carole Ferrand (Board meeting of May 18, 2022) ■ Jean-Marc Janaillac Appointment as member (Board meeting of July 27, 2022)

Diversity of experience and skills within the Board of Directors as of December 31, 2022

Name	Retail	International	Finance	Governance	Management/ Strategy	CSR	HR	Digital
Jacques Veyrat			X	X	X	X		
Daniela Weber-Rey		X	X	X		X		
Sandra Lagumina			X	X	X			
Nonce Paolini	X			X	X		X	
Brigitte Taittinger-Jouyet		X		X	X	X	X	
Caroline Grégoire Sainte Marie		X	X		X	X		
Jean-Marc Janaillac		X	X	X	X	X		
Javier Santiso		X	X		X		X	X
Laure Hauseux	X	X	X		X		X	
Stefanie Meyer	X	X	X		X			X
Enrique Martinez	X	X			X	X	X	
Franck Maurin	X							
Julien Ducreux	X							X
TOTAL	**46.2%**	**61.5%**	**61.5%**	**46.2%**	**76.9%**	**38.5%**	**38.5%**	**23.1%**

3.1.2 / COMPOSITION OF THE BOARD OF DIRECTORS: PROPOSALS SUBMITTED TO THE GENERAL MEETING OF MAY 24, 2023

The composition of the Board of Directors is updated on an ongoing basis on the Company's website (http://www.fnacdarty.com/group/governance/).

The Board of Directors ensures the improvement and effectiveness of Fnac Darty's governance by regularly assessing its composition and the diversity, expertise and experience of its Directors. It also evaluates their availability, their full commitment to their duties, compliance with the proportional requirements for Independent Directors, the balanced representation of women and men, and the candidates best suited to the Company and the organizational and administrative processes of the Board.

In accordance with the internal regulations of the Board of Directors adopted at its meeting of April 17, 2013 and last updated at its meeting of January 26, 2023, the reappointment of Directors on a periodic-rotation basis had been established. The Directors are appointed for a term of four years under the conditions set forth by law. As an exception, and in order to implement or maintain the staggering of Board members' terms of office, Article 12 of the bylaws provides the option of appointing Directors for a term of two or three years.

At its meeting of February 23, 2023, the Board of Directors:

- first obtained an opinion from the Appointments and Compensation Committee in preparation for the General Meeting of Shareholders;
- noted the work to evaluate the functioning of the Board and the specialized committees, and the recommendations made by the Directors with regard to the skills the Board wishes to see among its members;
- reviewed the terms of office of Directors set to expire at the next General Meeting, taking into consideration the expertise of the current Directors and the need to maintain the independence rate and comply with the rules on gender balance. It paid particular attention to the experience and knowledge of the Group's businesses that each Director must have in order to participate effectively in the work of the Board and its four committees, in accordance with the diversity policy adopted by the Board; and
- noted that the terms of office of two Directors (out of a total of 11, with the exception of the Directors representing the employees, who are not appointed by the General Meeting) expire at the end of the General Meeting scheduled to take place in 2023 and called to approve the financial statements for the previous year.

On the recommendation of the Appointments and Compensation Committee:

- the Board of Directors proposes that the shareholders approve the renewal of Enrique Martinez's term of office as a Director, which is set to expire, for four years, i.e. until the General Meeting to be held in 2027 to approve the financial statements for the previous year;
- the Board of Directors proposes that the shareholders approve the renewal of Javier Santiso's term of office as a Director, which is set to expire, for four years, i.e. until the General Meeting to be held in 2027 to approve the financial statements for the previous year.

These reappointments would maintain the level of international experience as well as competence in terms of strategy, specialized retail, human resources and digital management.

Furthermore, shareholders will be asked to:

- approve the ratification of the temporary appointment by the Board of Directors of July 27, 2022, of Ms. Laure Hauseux, to replace Ms. Carole Ferrand owing to her resignation. Consequently, Ms. Laure Hauseux would perform her duties for the remainder of her predecessor's term of office, i.e. until the end of the General Meeting called in 2024 to approve the financial statements for the previous period;
- approve the appointment of Mr. Olivier Duha to replace Mr. Antoine Gosset-Grainville following his resignation. Consequently, Mr. Olivier Duha would perform his duties for a period of four years, with the end of the term of office of Mr. Antoine Gosset-Grainville being initially scheduled at the close of the 2023 General Meeting called to rule on the financial statements for the previous financial year.

The proposed appointments would strengthen the diversity of profiles and skills on the Board.

Ms. Laure Hauseux has solid financial expertise, good knowledge of the retail business and diversified experience, both in executive functions and on Boards of Directors and specialized committees (primarily audit, as well as appointments and compensation).

Mr. Olivier Duha has significant entrepreneurial experience in France and internationally, with extensive knowledge of the retail sector, digital and strategic issues.

It should be noted, as previously specified in the paragraph "Diversity policy applied to the Board of Directors" that the priority skills identified by the Board for future appointments of directors are those related to the fields of specialized retail, digital, and corporate, social and environmental responsibility.

If these proposals for renewals are approved by the General Meeting, the independence rate of the Board of Directors would be maintained at 92% and the share of women would be 50% (excluding Directors representing employees).

Subject to the renewal of his term of office, Mr. Javier Santiso would be reappointed in his position as a member of the Appointments and Compensation Committee and Mr. Enrique Martinez would be reappointed in his position as a member of the Strategic Committee. Mr. Enrique Martinez will be appointed to the Corporate, Environmental and Social Responsibility Committee. Aside from this last appointment, the composition of the Board Committees remains unchanged.

3.1.3 / OFFICES AND POSITIONS HELD BY THE DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

Listed below are the offices and positions held by the Directors in 2022 and for the last five years. To the Company's knowledge, the Directors comply with the rules governing the accumulation of directorships.

Jacques Veyrat

60 years of age (a) (November 4, 1962), French nationality

Independent Director

Chairman of the Board of Directors
Chairman of the Strategy Committee

4, rue Euler
75008 Paris, France

Shares held as of December 31, 2022: 250
Date of first appointment: April 17, 2013
Expiration of current term of office: 2025 AGM

Graduate of the École polytechnique (class of 1983) and the Collège des ingénieurs (class of 1989), engineering degree from Ponts et Chaussés (class of 1988). Mr. Veyrat was appointed to the French Treasury Department, where he served as Secretary for the Inter-ministerial Committee on Industrial Reconstruction (Comité Interministériel de Restructuration Industrielle) for the period 1989–1991, then as Deputy General Secretary to the Paris Club from 1991 to 1993. From 1993 to 1995, he was technical advisor to the Minister for Infrastructure, Transport, Tourism and the Sea. In 1995, he joined the Louis Dreyfus Group as Chief Executive Officer of Louis Dreyfus Armateurs (1995-1998), then served as Chairman and Chief Executive Officer of Louis Dreyfus Communications, which became Neuf Cegetel (1998-2008) and then Chairman and Chief Executive Officer of the Louis Dreyfus Group (2008-2011). Since 2011, he has been Chairman of Impala.

Main activities performed outside the Company
- Chairman of Impala

Offices and positions held during 2022

In Group companies

French companies
- Chairman of the Board of Directors and Chairman of the Strategic Committee

Foreign companies
None

In companies outside the Group

French companies
- Chairman of Impala SAS
- Advisory member, Louis Dreyfus Armateurs
- Advisory member, Neoen*
- Director of Iliad*

Foreign companies
- Director of GBL (Groupe Bruxelles Lambert)

Offices and positions held over the past five years that are no longer held

French companies
- Member of Supervisory Committee of Eurazeo*
- Director of Direct Énergie
- Director of ID Logistics Group*
- Director of Imerys*
- Director of HSBC France
- Director of Nexity*

Foreign companies
None

(a) The age indicated is determined in the number of full years as of December 31, 2022.
** French listed companies.*

Antoine Gosset-Grainville

56 years of age [(a)] (March 17, 1966) – French nationality

Independent Director and Vice-Chairman of the Board of Directors (until June 28, 2022)

51, rue François-1er
75008 Paris, France

Shares held as of December 31, 2022: 250
Date of first appointment: April 17, 2013
Date of resignation as Director: June 28, 2022

Antoine Gosset-Grainville is a graduate of the Institut d'Études Politiques de Paris, holds a Master's in Banking and Finance from the Université Paris-IX Dauphine and is a graduate of the École Nationale d'Administration (Léon Gambetta class). After being appointed to the General Inspectorate of Finance in 1993, he became Deputy General Secretary of the Economic and Financial Committee of the European Union in 1997. From 1999 to 2002, he was an economic and industrial affairs advisor for Pascal Lamy at the European Commission. Antoine Gosset-Grainville is an attorney with the Paris and Brussels Bars. In 2002, he became a partner at the law firm of Gide Loyrette Nouel. In 2007, he was appointed Deputy Director of the Office of Prime Minister François Fillon, where he was in charge of economic and financial matters. In March 2010, he became Chief Operating Officer of Caisse des Dépôts in charge of finance, strategy, investments and oversight of European and international activities, then interim Chief Executive Officer of the Caisse des Dépôts Group from February to July 2012. In April 2013, he founded the law firm BDGS Associés, where he is head of the Anti-trust and Regulatory Department.

Main activities performed outside the Company

- Founder of the legal firm BDGS Associés

Offices and positions held during 2022

In Group companies

French companies

- Independent Director and Vice-Chairman of the Board of Directors until June 28, 2022
- Chairman of the CNR until June 28, 2022
- Strategic Committee member until June 28, 2022

Foreign companies

None

In companies outside the Group

French companies

- Director of La Compagnie des Alpes*
- Founding partner of BDGS Associés
- Chairman of the Board of Directors of Axa SA*

Foreign companies

None

Offices and positions held over the past five years that are no longer held

French companies

- Member of the Supervisory Committee of Schneider Electric*

Foreign companies

None

(a) The age indicated is determined in the number of full years as of December 31, 2022.
** French listed companies.*

Daniela Weber-Rey

65 years of age [(a)] (November 18, 1957) – German nationality

Independent Director

Member of the Corporate, Environmental and Social Responsibility Committee
Member of the Audit Committee

Kronberger Strasse 49
60323 Frankfurt am Main, Germany

Shares held as of December 31, 2022: 250
Date of first appointment: December 15, 2017
Expiration of current term of office: 2026 AGM

Holding a Master's degree in Law from Columbia University, New York, and the Goethe University, Frankfurt, Daniela Weber-Rey was admitted to the Frankfurt Bar Association in Germany in 1984 and to the New York Bar Association in 1986. For nearly 30 years, Daniela Weber-Rey was an attorney and partner with the legal firm of Puender, Volhard & Weber, followed by Clifford Chance. She also served as Counsel to various European organizations, and served for five years on the Board of Directors of BNP Paribas. She was a member of the Governmental Commission of the German Corporate Governance Code until 2020 and a member of the Board of the European Corporate Governance Institute until 2021. She is a member of the Board of the Franco-German University (Université Franco-Allemande – UFA) and a member of the Board of the Leibniz Institute for Financial Research SAFE and a member of the Board of HSBC Trinkaus & Burkhardt GmbH. Between 2013 and 2016, Daniela Weber-Rey worked at Deutsche Bank AG as Chief Governance Officer and Deputy Global Head of Compliance. She was made a Knight of the French Legion of Honor in 2010 for her commitment to Franco-German relations and an Officer of the Order of the Arts and Letters in 2021 for her commitment to cultural collaboration between Germany and France.

Main activities performed outside the Company

- Attorney

Offices and positions held during 2022

In Group companies

French companies

- Independent Director
- Member of the CRSES
- Member of the Audit Committee (since May 18, 2022)

Foreign companies

None

In companies outside the Group

French companies

None

Foreign companies

- Director and member of the Risk Committee and Audit Committee of HSBC Trinkaus & Burkhardt GmbH (Düsseldorf)
- Trustee of the European Corporate Governance Research Foundation (Brussels)
- Member of the Board of the Franco-German University (UFA)
- Member of the Board of the Leibniz Institute for Financial Research SAFE

Offices and positions held over the past five years that are no longer held

French companies

- Member of the Board of Directors of BNP Paribas*

Foreign companies

- Board Member of the European Corporate Governance Institute (Brussels)

(a) The age indicated is determined in the number of full years as of December 31, 2022.
** Listed French company.*

Sandra Lagumina

55 years of age [(a)] (July 29, 1967) – French nationality

Independent Director

Chairman of the Audit Committee
Member of the Strategy Committee

4, place de l'Opéra
75002 Paris, France

Shares held as of December 31, 2022: 250
Date of first appointment: December 15, 2017
Expiration of current term of office: 2025 AGM

A graduate of the École nationale d'administration (ENA) and the Institut d'études politiques de Paris (Sciences Po), Sandra Lagumina also holds a Master of Common Market Law and of Public Law. She began her professional career with the French Council of State, where she held the position of Auditor and then Master of Petitions from 1995 to 1998. Sandra Lagumina then became Technical and Legal Advisor to the President of the National Assembly. In 2000, she joined the office of the Minister of the Economy, Finance and Industry as a technical adviser in charge of legal issues, public procurement and competition law. She was then appointed Deputy Director of Public and International Law in the Legal Affairs Department of the Ministry and a Judicial Officer of the Treasury (2002-2005). In 2005, she joined the Gaz de France group, where she held several positions in the areas of strategy and law. Between 2008 and 2013, she served as General Counsel for GDF Suez. In 2013, she was appointed Chief Executive Officer of GRDF (Gaz Réseau Distribution France). In 2016, Sandra Lagumina was named Deputy Chief Executive Officer of Engie and, in 2017, became Deputy CEO at Meridiam. In 2022, she joined Argos Wityu as Senior Partner to launch the Argos Climate Action Fund. She has been a member of the Board of the French Competition Authority for seven years.

Main activities performed outside the Company

- CEO of Meridiam's Asset Management until September 30, 2022, then Senior Partner at Argos Wityu from October 3, 2022

Offices and positions held during 2022

In Group companies

French companies

- Independent Director
- Chair of the Audit Committee (since May 18, 2022)
- Member of the Strategic Committee (since May 18, 2022)

Foreign companies

None

In companies outside the Group

French companies

- Director and member of the Appointments and Compensation Committee of FNSP
- Chair of Agence France-Muséums
- Member of the Board of Directors of Space Able
- Chair of the CSR Committee and Director of SUEZ*
- Elected to the Fondation pour la Comédie-Française's Academy of Qualified Professionals

Foreign companies

None

Offices and positions held over the past five years that are no longer held

French companies

- Chief Operating Officer in charge of gas infrastructure and China at Engie
- Director of GRDF
- Director of GRT GAZ
- Director of Storengy
- Director of Elengy
- Director of GTT
- Director of Engie IT
- Chief Executive Officer of GRDF
- Director and member of the Abertis CSR Committee
- Director and member of the Strategy Committee of Naval Group*

Foreign companies

None

(a) The age indicated is determined in the number of full years as of December 31, 2022.
** French listed companies.*

Carole Ferrand

52 years of age (a) (April 2, 1970) – French nationality

Independent Director (until May 18, 2022)

11, rue de Tilsitt
75017 Paris, France

Shares held as of December 31, 2022: 250
Date of first appointment: April 17, 2013
Date of resignation as Director: at the end of the AGM of May 18, 2022

A graduate of the École des hautes études commerciales (1992), Carole Ferrand started her career at PricewaterhouseCoopers, where she was an Auditor and later a financial advisor in the Transaction Services Division. In 2000, she joined Sony France, the French subsidiary of the consumer and business electronics branch of the Sony Corporation Group, serving as Chief Financial Officer before becoming General Secretary in 2002. In 2011, she held the position of Chief Financial Officer of the Europacorp Group. Since January 2013 she has been Financing Director at Artémis Group, where she is in charge of managing strategic and financial support for certain investments. Since June 2018, she has been Chief Financial Officer of the Capgemini Group.

Main activities performed outside the Company

- Chief Financial Officer of Capgemini*

Offices and positions held during 2022

In Group companies

French companies

- Independent Director (until May 18, 2022)
- Chair of the Audit Committee (until May 18, 2022)
- Member of the Strategic Committee (until May 18, 2022)

Foreign companies

None

In companies outside the Group

French companies

- Honorary Chair and Director of Terra Nova (non-profit association under French Law of 1901)
- Chair of Capgemini Ventures SAS
- Independent Director and member of the Audit Committee of Sanofi (since May 2022)*

Foreign companies

- Director of Capgemini Solutions Canada Inc., Canada
- Director of Capgemini UK, Plc, United Kingdom
- Director of CGS Holdings Ltd, United Kingdom
- Director of Capgemini España SL, Spain
- Director of Altran Innovacion SIU, Spain

Offices and positions held over the past five years that are no longer held

French companies

- Member of the Management Committee of June 21 SAS
- Director of June 21 SAS
- Director of Capgemini*
- Director of Sebdo, Le Point
- Director of Archer Obligations (formerly Artémis 21)
- Director of Éditions Tallandier
- Member of the Audit Committee of Capgemini*
- Director of the Pinault Collection – Paris

Foreign companies

- Director of Palazzo Grassi
- Alternate for Alain de Marcellus, Capgemini Brasil SA, Brazil

(a) The age indicated is determined in the number of full years as of December 31, 2022.
** French listed companies.*

Delphine Mousseau

51 years of age [(a)] (June 14, 1971) – French nationality

Independent Director (until January 26, 2022)

Rönnestrasse 6
14057 Berlin, Germany

Shares held as of December 31, 2022: 258
Date of first appointment: December 15, 2017
Date of resignation as Director: January 26, 2022

A graduate of the École des hautes études commerciales (HEC) with a Master's degree in Business Administration, Delphine Mousseau began her career in 1995 as Project Head with Boston Consulting Group. In 1999, she joined Plantes-et-Jardins.com as Director of Operations. From 2007 to 2011, she served as Director of E-Commerce Europe at Tommy Hilfiger. She then worked as an independent consultant, primarily for the former group Primondo. From 2014 to 2018, Delphine Mousseau was VP Markets at Zalando. She is currently an independent consultant.

Main activities performed outside the Company

- Independent Consultant

Offices and positions held during 2022

In Group companies

French companies

- Independent Director until January 26, 2022
- Member of the CRSES (until January 26, 2022)

Foreign companies

None

In companies outside the Group

French companies

- Independent Director and Chair of the Aramis Group Appointments & Compensation Committee*

Foreign companies

- Chair of the Board of Directors of Refurbed GmbH, Austria
- Member of the Advisory Board/Chair of the Appointments and Compensation Committee of Holland & Barrett, United Kingdom
- Non-executive Independent Director of Safestore Plc, United Kingdom

Offices and positions held over the past five years that are no longer held

French companies

- Member of the Management Board of Camaieu (Modacin)

Foreign companies

- VP Markets of Zalando SE*
- Member of the Board of Advisors of Flaconi GmbH (Germany)

(a) The age indicated is determined in the number of full years as of December 31, 2022.
** French listed companies.*

Nonce Paolini

73 years of age [a] (April 1, 1949) – French nationality

Independent Director

Member of the Appointments and Compensation Committee

34, rue Copernic
75116 Paris, France

Shares held as of December 31, 2022: 250
Date of first appointment: April 17, 2013
Expiration of current term of office: 2025 AGM

Nonce Paolini holds a Master of Arts and is a graduate of the Institut d'études politiques de Paris (class of 1972). He began his career with EDF-GDF, where he held operational and management positions. In 1998, he joined the Bouygues Group, where he successively held the positions of Director of Development and Director of Human Resources, before becoming Director of Communications in 1990. In 1993, he joined TF1 as Director of Human Resources, and in 1999, he was appointed Chief Operating Officer. In 2002 he was appointed Chief Operating Officer of Bouygues Telecom and then Managing Director and Board member in April 2004. In 2007, he was appointed CEO of TF1 Group, then Chairman & CEO of the group in 2008 until 2016.

Main activities performed outside the Company

- Corporate Director

Offices and positions held during 2022

In Group companies

French companies

- Independent Director
- Member of the CNR

Foreign companies

None

In companies outside the Group

French companies

None

Foreign companies

None

Offices and positions held over the past five years that are no longer held

French companies

None

Foreign companies

None

(a) The age indicated is determined in the number of full years as of December 31, 2022.

Brigitte Taittinger-Jouyet

63 years of age [(a)] (August 07, 1959) – French nationality

Independent Director

Chairman of the Appointments and Compensation Committee
Member of the Corporate, Environmental and Social Responsibility Committee
Member of the Strategy Committee

74, rue Raynouard
75016 Paris, France

Shares held as of December 31, 2022: 250
Date of first appointment: April 17, 2013
Expiration of current term of office: 2024 AGM

Former student of the Institut d'études politiques de Paris and holding a Master's in History from the Faculty of Human Sciences at Rheims University. In 1984, she was appointed Advertising Manager at Publicis, before joining the Marketing Department within the Louvre Group in 1988, where she was in charge of industrial products and the budget hotel sector. From 1991 to 2012, she was Chair of the perfume company Annick Goutal. From 2013 to 2017, she was Director of Strategy and Development at the Institut d'études politiques de Paris (Sciences Po Paris). She is Chair of the ARSEP Foundation.

Main activities performed outside the Company

- Corporate Director

Offices and positions held during 2022

In Group companies

French companies

- Independent Director
- Chair of the CNR (since July 27, 2022)
- Member of the Strategy Committee
- Chair of the CRSES (until July 27, 2022)
- Member of the CRSES

Foreign companies

None

In companies outside the Group

French companies

- Director of Baron Philippe de Rothschild (wine production)
- Chair of ARSEP, the French Foundation for Research into Multiple Sclerosis

Foreign companies

None

Offices and positions held over the past five years that are no longer held

French companies

- Director of HSBC France
- Chair of the Appointments, Compensation and Governance Committee of SUEZ*

Foreign companies

None

(a) The age indicated is determined in the number of full years as of December 31, 2022.
** Listed French company.*

Caroline Grégoire Sainte Marie

65 years of age [(a)] (October 27, 1957) – French nationality

Independent Director

Member of the Audit Committee
Member of the Corporate, Environmental and Social Responsibility Committee

36, avenue Duquesne
75007 Paris, France

Shares held as of December 31, 2022: 500
Date of first appointment: May 18, 2018
Expiration of current term of office: 2025 AGM

A graduate of the Institut d'études politiques de Paris, Caroline Grégoire Sainte Marie also holds a degree in Commercial Law from Paris I University. She began her professional career in 1981 at Xerox France as Financial Controller. In 1984, she joined Hoechst pharmaceutical group, where she successively held several positions in the financial field at Roussel Uclaf SA before being appointed in 1994 as Chief Financial Officer of Albert Roussel Pharma GmbH and a member of the Executive Board. In 1996, she joined Volkswagen France before moving to Lafarge Group in 1997 as Chief Financial Officer of Lafarge Speciality Products (LMS). In 2000, she was appointed Senior Vice President Mergers & Acquisitions at the Group's Cement Division. In that position, Caroline Grégoire Sainte Marie led the financial strategy for the takeover of Blue Circle. In 2004, she became Chief Executive Officer for Germany and the Czech Republic. In 2007, she was appointed Chair and Chief Executive Officer of Tarmac France and Belgium, before becoming the Chair and Chief Executive Officer of Frans Bonhomme in 2009. Caroline Grégoire Sainte Marie was a member of the Boards of Directors of Eramet (from 2012 to 2016), Safran (from 2011 to 2015), FLSMIDTH (from 2012 to 2019) and Wienerberger (from 2015 to 2020). Since 2011, Caroline Grégoire Sainte Marie has been a member of the Boards of Directors of Groupama, Vinci and Elkem. As an investor in Calyos, she also sits on the company's Board of Directors, and she is a Senior Advisor at HIG European Capital Partners. She is a Knight of the French Legion of Honor.

Main activities performed outside the Company

- Corporate Director

Offices and positions held during 2022

In Group companies

French companies

- Independent Director
- Member of the Audit Committee
- Member of the CRSES (since July 27, 2022)

Foreign companies

None

In companies outside the Group

French companies

- Independent Director, Chair of the Appointments and Compensation Committee and Member of the Audit Committee of Groupama (until June 10, 2022)*
- Independent Director, member of the Vinci Group Strategic Committee*

Foreign companies

- Director and Chair of the Compensation Committee and Member of the Audit Committee of Bluestar Adisseo Corporation (Shanghai) since October 28, 2021

Offices and positions held over the past five years that are no longer held

French companies

- Independent Director and member of the Strategy Committee of Eramet*
- Director, Advisory Member and member of the Audit Committee of Safran*

Foreign companies

- Director and Member of the Compensation Committee of ELKEM (Norway)/Bluestar (China) until April 2021
- Independent Director, Member of the Audit Committee and Member of the Technology Committee of FLSMIDTH, Denmark
- Independent Director, Vice-Chair, Chair of the CSR Committee, Member of the Audit Committee and Member of the Strategic Committee of Wienerberger, Austria

(a) The age indicated is determined in the number of full years as of December 31, 2022.
** French listed companies.*

Jean-Marc Janaillac

69 years of age (a) (April 26, 1953) – French nationality

Independent Director

Chairman of the Corporate, Environmental and Social Responsibility Committee
Member of the Strategy Committee

15, rue de Poissy
75005 Paris, France

Shares held as of December 31, 2022: 250
Date of first appointment: May 23, 2019
Expiration of current term of office: 2026 AGM

Jean-Marc Janaillac holds a degree in law (1976) and is a graduate of École des Hautes Etudes Commerciales (1975) and École Nationale d'Administration (1980). From 1980 to 1983, he was chief of staff for the prefects of Finistère and then Val-d'Oise, then became chief of staff for the Secretary of State for Tourism from 1983 to 1984. From 1984 to 1987, he managed the French tourism services for North America in New York, before becoming Chief Executive Officer of Maison de la France, in charge of promoting French tourism abroad from 1987 to 1997. In this capacity, he was a member of the Board of Directors of Air France from 1989 to 1994. After working for AOM, first as Executive Vice-President and then as Chief Operating Officer (1997-1999), Jean-Marc Janaillac joined the Maeva Group, where he held the position of Chairman and Chief Executive Officer before becoming Chairman of the Paris Conventions and Tourism Office from 2002 to 2004. From 2004 to 2012, he was Chief Executive Officer for group development at the RATP (Paris public transport system), and Chairman and Chief Executive Officer of RATP Développement. Jean-Marc Janaillac was Chairman and Chief Executive Officer of Transdev from December 2012 to June 2016, then held the office of Chairman of UTP (public and rail transport association) from 2013 to 2015. He was Chairman and Chief Executive Officer of Air France KLM from 2016 to 2018. Since October 2018 he has been senior advisor at the Roland Berger strategy consultancy firm, and was elected Chairman of the Fondation Nationale pour l'Enseignement de la Gestion des Entreprises (French Foundation for Management Education – FNEGE) in December 2018.

Main activities performed outside the Company

- Chairman of Hermina SAS

Offices and positions held during 2022

In Group companies

French companies

- Independent Director
- Chair of the CRSES (since July 27, 2022)
- Member of the Strategic Committee (since July 27, 2022)

Foreign companies

None

In companies outside the Group

French companies

- Chairman of Hermina SAS
- Chairman of the Fondation Nationale pour l'Enseignement de la Gestion des Entreprises (French Foundation for Management Education, FNEGE)
- Senior Advisor at Roland Berger
- Director of the Association pour le Droit à l'Initiative Économique (French Association for the Right to Economic Initiative, ADIE)
- Member of the Strategic Advisory Board of Tikehau Private Equity
- Member of the Supervisory Committee and member of the CSR Committee of the Caisse des Dépôts
- Director of Getlink*
- Member of the Supervisory Board of Navya (until December 2022)*
- Director of the association Article 1
- Senior Advisor at Antin Infrastructures

Foreign companies

None

Offices and positions held over the past five years that are no longer held

French companies

- Chairman of the Board of Directors of Air France*
- Chairman and Chief Executive Officer of Air France KLM*

Foreign companies

None

(a) The age indicated is determined in the number of full years as of December 31, 2022.
** French listed companies.*

Javier Santiso

53 years of age [(a)] (March 1, 1969) – French and Spanish nationalities

Independent Director

Member of the Appointments and Compensation Committee

Calle Dalia 263
28109 Alcobendas
Madrid, Spain

Shares held as of December 31, 2022: 250
Date of first appointment: May 23, 2019
Expiration of current term of office: 2023 AGM

A graduate of the Paris Institute of Political Studies and École des Hautes Etudes Commerciales, Javier Santiso holds a doctorate in International Affairs and Economics, which he completed at the University of Oxford. He started his professional career at the investment bank Crédit Agricole Indosuez in Paris. From 2000 to 2005 he was Managing Director and Chief Economist for Emerging Markets at BBVA, based in Madrid, then Director General and Chief Economist at the OECD Development Centre in Paris. In 2010 he joined Telefónica as Managing Director of New Ventures and, staying in Madrid, worked alongside the person who is now Chairman of the operator. Javier Santiso then moved to London, taking on the role of Head of European Investments at Khazanah, the sovereign wealth fund of Malaysia, as well as Head of Global Tech Investments. He was a member of the Khazanah Executive Committee and Investments Committee, as well as a member of the Board of Directors of Axiata Digital, the Malaysian telecoms operator. He is now CEO of Mundi Ventures, a venture capital fund that invests in new technologies and start-ups in Europe from bases in London and Madrid. Javier Santiso is a member of the Young Global Leaders of the World Economic Forum in Davos. He has French and Spanish nationality. In January 2021, he became an independent member of the Board of Directors of Prisa, a Spanish company, and in 2022, he became a member of the Board of Directors of the newspaper *Le Monde* in Paris.

Main activities performed outside the Company

- Chairman and Chief Executive Officer of Mundi Ventures

Offices and positions held during 2022

In Group companies

French companies

- Independent Director
- Member of the CNR (since July 27, 2022)

Foreign companies

None

In companies outside the Group

French companies

- Member of the Supervisory Board of *Le Monde* newspapper group

Foreign companies

- Chairman and Chief Executive Officer of Mundi Ventures, Spain
- Director of Prisa, Spain
- Chairman and Chief Executive Officer of La Cama Sol (publishing, art and literature house), Spain

Offices and positions held over the past five years that are no longer held

French companies

None

Foreign companies

- Member of the Board of Directors of Axiata Digital, Malaysia
- Chairman of the Board of Directors of Khazanah Europe, UK
- Member of the Executive Committee and the Investments Committee of Khazanah, Malaysia

(a) The age indicated is determined in the number of full years as of December 31, 2022.

Laure Hauseux

60 years of age [(a)] (August 14, 1962) – French nationality

Independent Director (co-opted by the Board of Directors on July 27, 2022)

4, villa Schutz et Daumain
Bois-Colombes (92270)

Shares held as of December 31, 2022: 262
Date of first appointment: cooption by the Board meeting of July 27, 2022
Expiration of current term of office: 2024 AGM (subject to ratification by the 2023 AGM)

Laure Hauseux has made her career in senior management and financial management positions, primarily in retail B2B and B2C with prestigious brands, as well as in industry (automotive, IT) and the service sector. She is a recognized expert in the strategic and financial domains, in the identification and management of ambitious, innovative, profitable and complex transformation projects, with very broad experience, from SMEs to major groups, listed and unlisted, in France and internationally.

Currently an Independent Director, Laure Hauseux held these positions at Zodiac Aerospace from 2011 to 2018, at Casino Guichard Perrachon and European Camping Group until 2021.

She currently serves on the boards of Plastiques du Val de Loire (Plastivaloire), Maisons du Monde, Empruntis and Pomona Group.

Previously, she held various management positions at Control Data France and Gérard Pasquier, then within the PPR Group (now Kering), particularly at Fnac, Printemps and Conforama Italie. She then continued her career in turn as Vice-President Finance and Information Systems and Services at Inergy Automotive Systems, then in the management of Virgin Stores and GAC Group.

Laure Hauseux holds an MBA from ESCP Europe, specializing in finance, a degree from the French-German Chamber of Commerce, a Master's degree in management control from Paris IX Dauphine University and an MBA from the Kering's executive program at INSEAD.

Main activities performed outside the Company
- Independent Director

Offices and positions held during 2022

In Group companies

French companies
- Independent Director since July 27, 2022

Foreign companies
None

In companies outside the Group

French companies
- Director of Maisons du Monde SA*
- Director – Chair of the Audit Committee and of the CNR of Plastiques du Val de Loire SA*
- Member of the Management Committee and Chair of the Audit Committee of Obol France 1 SAS
- Member of the Supervisory Board and Chair of the Audit Committee of Empruntis SAS
- Member of the Supervisory Board and of the Audit Committee of Pomona
- Manager of SCI Le Nid

Foreign companies
None

Offices and positions held over the past five years that are no longer held

French companies
- Director and member of the Audit Committee and the CNR of Casino Guichard Perrachon SA*
- Director – Chair of the Audit Committee of ECG Holding SAS
- Member of the Supervisory Board and Chair of the Audit Committee of Zodiac Aerospace SA*

Foreign companies
None

(a) The age indicated is determined in the number of full years as of December 31, 2022.
** French listed companies.*

Stefanie Meyer

48 years of age [a] (February 9, 1974) – German nationality

Independent Director

Noldenkothen 31
40882 Ratingen (Germany)

Shares held as of December 31, 2022: 300
Date of first appointment: 05/18/2022
Expiration of current term of office: 2024 AGM

With a Master's degree in Business Administration, Stefanie Meyer began her career in 2002 as a project management consultant within the Steffenhagen Consulting GmbH team. In 2004, she joined QVC Handel GmbH as Customer Relations Expert. From 2011 to 2015, she was Group Development Manager at Douglas Holding AG. She subsequently worked as Vice-President of Development and Strategy for Berner SE. From 2018 to 2022, Stefanie Meyer was Group Vice-President, Projects and PMO (Program Management Office) at Ceconomy AG. Since July 2022, Stefanie Meyer has been Executive Vice-President responsible for strategy and transformation of the TAKKT AG Group in Germany.

Main activities performed outside the Company

- Executive Vice-President Strategy and Transformation of the TAKKT AG Group

Offices and positions held during 2022

In Group companies

French companies
- Independent Director since May 18, 2022

Foreign companies
None

In companies outside the Group

French companies
None

Foreign companies
- Executive Vice-President Strategy and Transformation of the TAKKT AG Group

Offices and positions held over the past five years that are no longer held

French companies
None

Foreign companies
- Vice-President Group Projects and PMO of Ceconomy AG, Germany (until February 2022)
- Vice-President of Development and Strategy of Berner SE, Künzelsau and Cologne, Germany (from July 2015 to September 2017)

(a) The age indicated is determined in the number of full years as of December 31, 2022.

Enrique Martinez

51 years of age (a) (January 26, 1971) – Spanish nationality

Chief Executive Officer

Director
Member of the Strategic Committee
Member of the CRSES since February 23, 2023

9, rue des Bateaux-Lavoirs
94200 Ivry-sur-Seine, France

Shares held as of December 31, 2022: 105,871
Date of first appointment as Chief Executive Officer: July 17, 2017
Date of first appointment as Director: May 23, 2019
Expiration date of term as Chief Executive Officer: open-ended
Expiration date of term of office as Director: 2023 AGM

Enrique Martinez holds a degree in Economics from the IESE Business School in Madrid, and began his career with Toys "R" Us. In 1998, he joined Fnac Group with the duties of establishing and developing the Brand in Portugal. He then held various positions within the Group between Spain and Portugal. In 2004, he became a member of the Executive Committee as Chief Executive Officer of the Iberian region. In 2012, he was called to France to head the France and Northern Europe region (France, Belgium, Switzerland). In 19 years, Enrique Martinez has made a significant contribution to the growth of Fnac Darty. In July 2016, he was given responsibility for integrating the Fnac and Darty brands in France, which, in just a few months, led to the generation of the first synergies between the two brands. He has served as Chief Executive Officer of Fnac Darty since July 2017.

Main activities performed outside the Company

None

Offices and positions held during 2022

In Group companies

French companies

- Director, Chief Executive Officer and member of the Strategic Committee
- Chairman and Chief Executive Officer of Fnac Darty Participations et Services SA
- Chairman of the Board of Directors of Nature & Découvertes
- Chairman and Chief Executive Officer of Fnac Darty Captive Solutions (from May 10, 2022)
- Member of the CRSES (since February 23, 2023)

Foreign companies

- Director of Grandes Almacenes Fnac España
- Director of Fnac Luxembourg

In companies outside the Group

French companies

- Independent Director of Nuxe
- Chairman of SAS Beltaine Groupe

Foreign companies

None

Offices and positions held over the past five years that are no longer held

French companies

- Non-partner manager of Codirep
- Chairman of Relais Fnac
- Chairman of Fnac Périphérie
- Chairman of Fnac Accès
- Chairman and Chief Executive Officer of Fnac Paris
- Chairman of Fnac Direct
- Chairman of Fnac Jukebox
- Director of Fnac Monaco

Foreign companies

- Managing Director and Chairman of Fnac Belgium
- Director and Chairman of the Board of Directors of Fnac Suisse
- Director of SwissBillet
- Director of Kesa France
- Director of Kesa Sourcing Ltd
- Director of Kesa Holdings Ltd
- Director of Fnac Darty Asia Ltd
- Director of Kesa International
- Director of Shaker Group, company listed on the Riyadh Stock Exchange (Tadawul)

(a) The age indicated is determined in the number of full years as of December 31, 2022.

Franck Maurin

67 years of age [a] (June 1, 1955) – French nationality

Director representing employees

Member of the Appointments and Compensation Committee

9, rue des Bateaux-Lavoirs
94200 Ivry-sur-Seine, France

Shares held as of December 31, 2022: 724 [b]
Date of first appointment: October 08, 2019
Expiration of current term of office: October 08, 2023

Holding a Master's degree in economics and a post-graduate diploma (DEA) in econometrics, Franck Maurin began his career at Darty in 1977 as an in-store sales assistant. He joined Charbonnages de France in 1982 as category manager of styrenic and associated products. Franck Maurin rejoined Darty as Product Manager in 1983, when its subsidiary Dacem was created. Since 2002, Franck Maurin has been involved with setting up after-sales service projects in France and Italy. He is also responsible for the centralized management of accessories sold in-store. Working in the Operations Department since 2017, he is involved with negotiating after-sales agreements and product returns. Since 2021, Franck Maurin has been responsible for the management of spare parts, working in partnership with a leading company in the spare parts purchasing and inventories sector in order to make appliances manufactured by Fnac Darty brands and imported from China both repairable and sustainable.

Main activities performed outside the Company
None

Offices and positions held during 2022

In Group companies

French companies
- Product manager
- Director representing employees
- Member of the CNR

Foreign companies
None

In companies outside the Group

French companies
None

Foreign companies
None

Offices and positions held over the past five years that are no longer held

French companies
None

Foreign companies
None

(a) *The age indicated is determined in the number of full years as of December 31, 2022.*
(b) *No minimum shareholding requirement due to his capacity as employee representative.*

Julien Ducreux

38 years of age [a] (July 16, 1984) – French nationality

Director representing employees

9, rue des Bateaux-Lavoirs
94200 Ivry-sur-Seine, France

Shares held as of December 31, 2022: 711 [b]
Date of first appointment: October 14, 2020
Expiration of current term of office: October 14, 2024

Julien Ducreux holds a Master's degree in Management of Innovation in Communication. He started his career within the SNCF group where he successively held the positions of Project Manager, Digital Brand Manager and then Digital Customer Experience Manager for the SNCF stations. During his career within the SNCF group, he participated in the group's digitalization and transformation projects. He joined Fnac Darty in 2018 as Head of Digital Customer Experience and Customer Insight. Julien Ducreux is also in charge of the Group's mobile applications and the international coordination of digital projects. On February 1, 2021, he was appointed "FNAC Web Director," while retaining responsibility for the Group's digital customer experience.

Main activities performed outside the Company
None

Offices and positions held during 2022

In Group companies

French companies
- Head of Digital Customer Experience
- Director representing employees

Foreign companies
None

In companies outside the Group

French companies
None

Foreign companies
None

Offices and positions held over the past five years that are no longer held

French companies
None

Foreign companies
None

(a) *The age indicated is determined in the number of full years as of December 31, 2022.*
(b) *No minimum shareholding requirement due to his capacity as employee representative.*

3.1.4 / INDEPENDENCE OF DIRECTORS

To assess whether a Director qualifies as independent and to prevent potential risks of conflicts of interest between the Director and the management, the Company or the Group, the Board has adopted the criteria defined in the AFEP-MEDEF Code (section 10.5), which are as follows:

Criterion 1:	**Employee corporate officer during the previous five years** ■ Is not or has not been over the previous five years: an employee or executive corporate officer of the Company; an employee, executive corporate officer or a Director of a company consolidated by the Company; or an employee, executive corporate officer or director of the Company's parent company or a company consolidated by the parent company.
Criterion 2:	**Crossed mandates** ■ The member is not an executive corporate officer of a company in which the Company is a director, either directly or indirectly, or in which an employee appointed as such or an executive corporate officer (currently in office or having held such office within the last five years) of the Company is a director.
Criterion 3:	**Significant business relationships** ■ Is not a customer, supplier, commercial banker, investment banker, or consultant that is material to the Company or its Group, or for which the Company or its Group represents a significant share of its business. The evaluation of the significance or otherwise of the relationship with the company or its group must be debated by the Board, and the quantitative and qualitative criteria that led to this evaluation (continuity, economic dependence, exclusivity, etc.) must be explicitly stated in the Report on Corporate Governance.
Criterion 4:	**Family link** ■ Is not related by close family ties to a corporate officer.
Criterion 5:	**Statutory Auditors** ■ Has not been the Company's Statutory Auditor within the previous five years.
Criterion 6:	**Term of office in excess of 12 years** ■ Has not been a director of the Company for more than 12 years. Loss of the status of Independent Director occurs on the date at which this period of 12 years is reached.
Criterion 7:	**Status as non-executive corporate officer** ■ A non-executive officer cannot be considered independent if he or she receives variable compensation in cash or in the form of securities or any compensation linked to the performance of the corporation or group.
Criterion 8:	**Status as major shareholder** ■ Directors representing major shareholders of the company or its parent company may be considered independent, provided these shareholders do not take part in the control of the corporation. Nevertheless, beyond a 10% threshold in capital or voting rights, the Board, upon a report from the Nominations Committee, should systematically review the qualification of a director as independent in the light of the make-up of the corporation's capital and the existence of a potential conflict of interest.

Declarations regarding conflicts of interest, regulated agreements and convictions are included in section 3.1.10, "Ethical standards for Directors and other information."

AFEP-MEDEF Criteria for corporate governance independence

	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	Criterion 7	Criterion 8	Independent
Jacques Veyrat (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sandra Lagumina (Vice-Chair)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Caroline Grégoire Sainte Marie	✓	✓	✓	✓	✓	✓	✓	✓	✓
Laure Hauseux [(a)]	✓	✓	✓	✓	✓	✓	✓	✓	✓
Jean-Marc Janaillac	✓	✓	✓	✓	✓	✓	✓	✓	✓
Enrique Martinez			✓	✓	✓	✓	✓	✓	
Stefanie Meyer [(b)]	✓	✓	✓	✓	✓	✓	✓	✓	✓
Nonce Paolini	✓	✓	✓	✓	✓	✓	✓	✓	✓
Javier Santiso	✓	✓	✓	✓	✓	✓	✓	✓	✓
Brigitte Taittinger-Jouyet	✓	✓	✓	✓	✓	✓	✓	✓	✓
Daniela Weber-Rey	✓	✓	✓	✓	✓	✓	✓	✓	✓
Directors representing employees									
Julien Ducreux		✓	✓	✓	✓	✓	✓	✓	n.a.
Franck Maurin		✓	✓	✓	✓	✓	✓	✓	n.a.

(a) Ms. Laure Hauseux was co-opted by decision of the Board of July 27, 2022.
(b) Ms. Stefanie Meyer was appointed Director by the Annual General Meeting of May 18, 2022.

This means that, as of December 31, 2022, 10 of the 11 Board Directors appointed by the Annual General Meeting qualify as Independent Directors. In accordance with the provisions of the AFEP-MEDEF Code (Article 10.3), members representing employees are not taken into account in establishing the proportion of independent members. None of the Independent Directors has any business ties to the Company or receives variable compensation in cash or securities or any compensation tied to the performance of the Company or the Group.

3.1.5 / SUCCESSION PLAN

The Appointments and Compensation Committee periodically reviews the succession plan for executive corporate officers, members of the Executive Committee, and key managers.

The plan schedules the succession of corporate officers both in the short-term in the event of unpredictable successions (resignation, impediment, death, etc.) and in the longer-term in the case of predictable successions (performance problems, expiration of term of office, retirement, etc.).

These plans are developed jointly with senior management. The Committee may also be assisted by an independent firm.

The Appointments and Compensation Committee met on February 16, 2023 to review the succession plans of executive corporate officers and company officers and members of the Executive Committee. In particular, the Committee reviewed the succession process, the procedure for selecting Board members and the diversity policy. It worked on the succession of directors and executive officers, the renewal of directorships in 2023, and the proposal to appoint a director to the Board, all of which will be presented at the General Meeting of May 24, 2023.

As regards the members of the Executive Committee, the work carried out relied in particular on the results of the development reviews carried out during 2022 in line with the processes drawn up by the Group's senior management and Human Resources Department, aimed at assessing employees' development potential in relation to their performance over several years.

The Committee reported on its work to the Board of Directors at its meeting of February 23, 2023.

3.1.6 / MODE OF EXERCISING GENERAL MANAGEMENT

In accordance with Article 16 of the Company's bylaws, on May 18, 2022, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, at the time of the renewal of Mr. Jacques Veyrat's term of office, wished to maintain the balance of powers put in place from July 2017 by separating the duties of Chairman of the Board of Directors and Chief Executive Officer. In fact, this mode of governance enables the Chairman of the Board of Directors and the Chief Executive Officer to focus on their own respective roles. As such, senior management can devote its full attention to the Group's executive management and the implementation of the strategic plan Everyday, in order to achieve the associated objectives, in an economic context marked by the recent pandemic and an unstable geopolitical situation, and still in a highly competitive environment.

Furthermore, as a reminder, the General Meeting of May 23, 2019 appointed Enrique Martinez as a member of the Board of Directors on the recommendation of the CNR meeting of February 4, 2019. The Board of Directors considers the full participation of the Chief Executive Officer in his capacity as a Director to be an essential part of the discussions of the Board of Directors.

The powers of the Chief Executive Officer are those conferred upon him by law. He is vested with the broadest powers to act in the Company's name in all circumstances. He exercises those powers within the limits of the corporate purpose and the powers expressly assigned by law to the General Meeting and to the Board of Directors. He represents the Company in its dealings with third parties. Refer to section 3.2.2.2 on the limitations placed on the powers of the Chief Executive Officer by the Board of Directors.

3.1.7 / CHAIRMAN AND VICE-CHAIRMAN OF THE BOARD OF DIRECTORS

At its meeting of July 17, 2017, the Board of Directors decided to appoint Jacques Veyrat as Chairman for the remainder of his term as a Director in order to give the Chief Executive Officer and management team the benefit of his experience and his contribution to the Group's strategic positioning.

With this choice, the Board expressed its conviction that managerial continuity is the best way for the Group to consolidate its market position and operational performance.

Following the decision of the General Meeting of May 18, 2022 to renew the term of office of Mr. Jacques Veyrat as Director, for a period of three years, the Board of Directors renewed Mr. Jacques Veyrat's term of office as Chairman of the Board.

The Chairman of the Board chairs the meetings of the Board of Directors, and organizes and directs its work and meetings, on which he reports to the General Meeting. He also ensures the smooth running of the Company's governing bodies, ensuring in particular that the Directors are able to perform their duties. The Chairman of the Board also chairs the General Meetings of the shareholders.

The Chairman's specific duties are as follows:

- the Chairman is responsible for dialogue on governance topics between the Board of Directors and the shareholders, accompanied by the Director of Investor Relations, the Chief Executive Officer and the Chief Financial Officer. Depending on the topics addressed, the presence of management members may be considered. He is also responsible for maintaining the quality of relations with the Company's strategic shareholders, in close collaboration with the Chief Executive Officer; and
- the Chairman may, without prejudice to the prerogatives of the Board of Directors and its committees, be consulted by the Chief Executive Officer on all significant events relating to the Company's strategy and major growth projects.

The Chairman has access to any document or information that he deems necessary or useful for the performance of his duties as set out above. He may consult the Board Secretary and the Company's Chief Financial Officer, and receive assistance from the Company's General Secretary for the administrative tasks resulting from these duties.

As part of his duties, the Chairman interacts regularly with senior management and members of the Executive Committee in order to prepare the agenda for meetings of the Board of Directors. During 2022, he actively participated in monitoring the roll-out of the strategic plan Everyday, particularly by holding regular meetings with senior management and at the time of the strategic committee meeting held in November with the entire Executive Committee. His duties also include maintaining dialogue with the shareholders. To achieve this, he interacts with Fnac Darty SA's principal shareholders. He also has contact with the market at roadshows organized by the Group.

A Vice-Chairman may be appointed, where applicable, by the Board of Directors, tasked with deputizing for the Chairman if the latter is unable to perform their duties. On July 27, 2022, the Board of Directors decided to appoint Ms. Sandra Lagumina as Vice-Chair of the Board of Directors, replacing Mr. Antoine Gosset-Grainville.

3.1.8 / EXECUTIVE COMMITTEE

The Chief Executive Officer is assisted by an Executive Committee responsible for the functional and operational departments, so that he can maintain efficiency in governance.

As of February 23, 2023, the Group's Executive Committee consists of the following:

- Enrique Martinez, Chief Executive Officer;
- Annabel Chaussat, Chief Executive Officer, Fnac Spain;
- Tiffany Foucault, Director of Human Resources;
- François Gazuit, Operations Director;
- Frédérique Giavarini, Group General Secretary and Managing Director of Nature & Découvertes;
- Vincent Gufflet, Director of Services and Operations;
- Florence Lemetais Customer, Marketing and Business Development Director;
- Jean-Brieuc Le Tinier, Chief Financial Officer;
- Charles-Henri de Maleissye, Chief Executive Officer, Fnac Vanden Borre in Belgium;
- Julien Peyrafitte, Commercial Director France;
- Cécile Trunet-Favre, Communications and Public Affairs Director;
- Olivier Theulle, Director of E-commerce and Digital.

The Group Executive Committee meets weekly to discuss the Group's operational and financial performance, strategic plans and the management of the Company.

3.1.9 / GENDER DIVERSITY POLICY OF MANAGEMENT BODIES

Gender balance, development and diversity were identified as priority issues for the Group. With 38.3% of women in the total workforce, yet only 30.3% of women in leadership positions at the end of 2022, Fnac Darty is strongly committed to strengthening its action in favor of greater gender diversity, particularly in line management positions. The attractiveness of the employer brand is in the balance, as is the Group's ability to rise to this major societal challenge.

In order to push the entire Company, including subsidiaries, to make this issue a priority, an ambitious objective was set by the Board of Directors on the recommendation of senior management:

- for the Executive Committee, in line with rules applicable to the Board of Directors, to achieve and maintain a percentage of at least 40% of the under-represented gender by 2025 – at the end of 2022 the percentage of women was 46%, compared to 38% at the end of December 2021 and 42% as of February 23, 2023;
- for the Leadership Group, to achieve female representation of 35% by 2025, i.e. more than 10 points higher than in 2019 and 2020, with an increase of 2 points per year until 2024, then 3 points in 2025. The Leadership Group is made up of the members of the Executive Committee, the Group's executive officers, and key Group managers in France and internationally (employees with grade 19 or higher according to the Korn Ferry Hay weighted job evaluation method).

At the end of 2022, the percentage of women in the Leadership Group was 30.3%, compared to 26.6% at the end of 2021, i.e. a result ahead of our objectives.

In order to achieve these objectives, five major action plans were set out in a Group agreement signed in March 2021:

1) hiring: ensuring that recruitment procedures favor diversity;
2) training: to facilitate access to training for women;
3) promotion: ensuring that HR and managers are neutral, objective and encourage the discovery of everyone's potential;
4) compensation: ensuring equal pay at all levels and maintaining it sustainably;
5) parenthood: promoting a good work-life balance.

These points are further detailed in section 2.4.2.2 of this document, entitled "'Finding' female talent."

In this regard, Senior Management informs the Board of Directors annually of the results obtained.

3.1.10 / ETHICAL STANDARDS FOR DIRECTORS AND OTHER INFORMATION

Conflicts of Interest – Regulated agreements – Convictions

- To the Company's knowledge, as of the date of this Universal Registration Document, there were no family ties between the members of the Board of Directors and the Company's senior management.
- To the Company's knowledge, as of December 31, 2022, in the last five years none of the members of the administrative, management or supervisory bodies: (i) has been convicted of fraud, (ii) has been party to a bankruptcy, receivership, liquidation, or placement of a business into administration, as a member of an administrative, management or supervisory body of said business, (iii) has been the subject of an investigation and/or any official public sanction by a statutory or regulatory authority (including designated professional bodies) and (iv) has been disqualified by a court from serving as a member of an issuer's administration, management or supervisory body, or from being involved in the management or conduct of an issuer's business.
- To the Company's knowledge, as of December 31, 2022, no potential conflict of interest has been identified in respect of the Company between the duties of any of the persons who are members of an administrative, management or supervisory body and their private interests and/or other duties.
- To the Company's knowledge, as of December 31, 2022, there is no arrangement or agreement with the main shareholders, or with customers, suppliers or other parties under which any member of an administrative, management or supervisory body has been selected as a member of the administrative, management or supervisory bodies or as a member of senior management.
- To the Company's knowledge, as of December 31, 2022, no benefit is provided upon termination of any service agreement binding a corporate officer to the Company or to any of its subsidiaries.
- To the Company's knowledge, as of December 31, 2022, none of the members of the administrative, management or supervisory bodies has accepted any restrictions regarding the disposal, within a certain period of time, of the issuer's securities they hold, with the exception of the rules governing the prevention of insider trading and the rules governing the obligation of executive corporate officers to hold in registered form the shares fully vested under bonus share and option plans awarded to them pursuant to Articles L. 225-185 and L. 225-197-1 of the French Commercial Code.

The internal regulations provide for the following elements in terms of conflict-of-interest management:

Each member of the Board *"has an obligation to inform the Board of any conflict of interest situation, and must state the reason or reasons why he or she has decided, where applicable, not to abstain from taking part in discussions and voting on any deliberation of the Board which would put that member in said situation."*

"If the Chairman or, as the case may be, the Vice-Chairman has reasonable grounds to believe a Director or Directors are in a situation of conflict of interest, they may withhold any information or documents relating to the subject of the conflict from said Director(s), and shall inform the Board member(s) of their decision.

In the event of disagreement between the Chairman or, as the case may be, the Vice-Chairman and the Board member, the Board shall consult appropriate legal counsel on the matter concerned, independent of the Group and any group in which the Board member holds an office and/or position. This counsel shall ensure that the said Board member has timely access to all information required by his/her office as a Director, except information which, if exchanged or shared, would constitute a proven conflict of interest."

3.2 / Operation of administrative and management bodies

3.2.1 / COMMITTEES OF THE BOARD OF DIRECTORS

Pursuant to Article 15 (5) of the Company's bylaws, at its meeting of June 24, 2013, the Company's Board of Directors established committees in charge of reviewing issues submitted to them by the Board or its Chairman.

The Company's Board of Directors decided to create four committees, the composition, duties and rules of operation of which are set out below: an Audit Committee, an Appointments and Compensation Committee, a Corporate, Environmental and Social Responsibility Committee and a Strategy Committee.

Collaboration between the various committees

The committees work together on topics requiring cross-contributions, particularly in order to facilitate the inclusion of social and environmental risks and challenges.

The Audit Committee and the CSR Committee held a joint meeting on February 15, 2023 to conduct a detailed review of non-financial risks and to approve the Non-financial Performance Declaration (*déclaration de performance extra-financière* – DPEF). In addition, two Directors, Ms. Caroline Grégoire Sainte Marie and Ms. Daniela Weber-Rey, serve on these two committees and thus ensure a cross-functional view of these topics.

The Appointments and Compensation Committee also relies on the work of the Audit Committees and the CSR Committee for specific topics. The corporate officer's performance is therefore evaluated in terms of economic objectives on the basis of the information reviewed by the Audit Committee. Performance in terms of CSR is determined and measured on the basis of the strategic challenges discussed by the CSR Committee. The same applies in the implementation of long-term profit-sharing schemes for the Group's executives and key managers.

In addition, the Appointments and Compensation Committee ensures that, at the time of appointing new Directors and appointing Directors to the specialized committees, there is a match between the skills of Directors and the needs of the Company, particularly in financial, accounting and statutory auditing matters for members of the Audit Committee and in environmental, social and governance matters for members of the CSR Committee.

Furthermore, it should be noted that, since April 2019, Ms. Brigitte Taittinger-Jouyet has been a member of both the Appointments and Compensation Committee, of which she has been Chair since July 2022, and of the CSR Committee, for which she served as Chair from June 2013 to July 2022.

3.2.1.1 / Audit Committee

The Company's Board of Directors has decided to establish an Audit Committee and set the terms of its internal regulations as follows.

Composition

The Audit Committee is composed of three members, none of whom may be an executive corporate officer of the Company. These members are appointed for an indefinite period (such appointment shall terminate, in all circumstances, when they cease to be a member of the Board of Directors). When selecting members of the Audit Committee, particular consideration is given to their independence, as well as to their financial, accounting or statutory audit expertise.

Therefore, in accordance with the recommendations of the AFEP-MEDEF Code, the Committee's internal regulations stipulate that Independent Directors comprise a minimum of two-thirds of the Audit Committee. The Directors comprising the Audit Committee in 2022 were all independent.

The Audit Committee is composed of three members: Sandra Lagumina (Independent Director), its Chair, Caroline Grégoire Sainte Marie (Independent Director), and Daniela Weber-Rey (Independent Director).

All the members of the Audit Committee have recognized expertise in financial, accounting or statutory audit matters, combining their expertise in the field of the general, operational or financial management of banking institutions and companies, as evidenced by their professional backgrounds (see section 3.1.3 "Offices and positions held by the Directors and the Chief Executive Officer" of the Universal Registration Document).

Duties

The Audit Committee is responsible for monitoring the preparation and auditing of accounting and financial information, and for ensuring the effectiveness of risk-management and internal control procedures to facilitate the Board's review and approval thereof.

Accordingly, the Audit Committee's internal regulations set out its main responsibilities as follows:

- *monitoring the preparation of financial information* – The Audit Committee is responsible for examining the annual or half-year parent company and consolidated financial statements prior to their presentation to the Board and, in particular, for assessing the methods chosen to account for major transactions, provisions and related adjustments and any situation that could create a material risk for the Group, as well as any financial information, any report concerning quarterly, half-yearly or annual performance, or any reports prepared for a specific transaction (such as a capital contribution, merger or market transaction). The Committee ensures the relevance, consistency, reliability and proper application of the accounting policies in force in the Company and its main subsidiaries for the preparation of the parent company and consolidated financial statements. It examines the scope of the companies consolidated and the reasons why companies may not be included, as well as major or complex transactions (significant acquisitions or disposals, restructuring, hedging transactions, existence of special-purpose entities, material provisions, etc.) that have impacted the Company's financial statements. The Committee must specifically review material transactions where a conflict of interest could have arisen. The Committee also reviews the procedures used to prepare any other financial and accounting information published or reported to shareholders or the market. The review of the financial statements must be accompanied by a presentation by senior management that describes the exposure to risks, including social and environmental risks, and the material off-balance sheet commitments of the Company and the accounting methods chosen;
- *monitoring the effectiveness of internal control, internal audit and risk management systems relating to operations and to the processing of financial, non-financial and accounting information* – The Audit Committee is tasked with ensuring the relevance, reliability and correct implementation of the Company's internal control procedures, identification, hedging and risk management procedures relating to its business activities and the treatment of its financial, non-financial and accounting information, without compromising its independence. The Audit Committee must ensure that corrective actions are taken when significant weaknesses or material misstatements are identified. In order to do so, it is informed of the main findings of the Statutory Auditors and Internal Audit Department. The Committee also regularly examines the mapping of business risks, as well as the material off-balance sheet risks and commitments of the Company and its subsidiaries. It assesses the seriousness of the problems or weaknesses reported to it and informs the Board, where necessary. The Committee gives its opinion on the duties, organization and work plan of the Group's internal audit function, speaks with the head of Internal Audit and reviews the internal audit reports or a periodic summary of these reports;
- *monitoring the procedure for the regular evaluation of current agreements concluded under normal conditions* – In accordance with the provisions of Article L. 22-10-12 of the French Commercial Code, the procedure for the regular evaluation of current agreements concluded under normal conditions, entered into directly or through an intermediary, between Fnac Darty SA and any of its corporate officers or shareholders holding more than 10% of the voting rights, or in which any such person has an indirect interest, or entered into between Fnac Darty SA and another company, if the Chief Executive Officer, any of the Chief Operating Officers or any of the Directors of the Company is the owner, a fully liable partner, a manager, a Director or a member of the Supervisory Board or, more generally, a person in any way involved in the management of that company, is intended to ensure that said agreements effectively fulfill these conditions. The Group's Legal and Financial Departments conduct an annual evaluation of the current agreements concluded under normal conditions, on the basis of the definitions of "current transactions" and "normal conditions" set out in the guidance on regulated and current agreements issued in 2014 by the French national auditing body (Compagnie Nationale des Commissaires aux Comptes). If necessary, they may engage the Statutory Auditors in order to identify any agreements that might be reclassified as regulated agreements. Individuals that have a direct or indirect interest in any such agreements are not involved in their evaluation. Any agreements concluded by Fnac Darty SA with companies in which Fnac Darty SA directly or indirectly holds all of the capital, minus the minimum number of shares required to comply with legal requirements, if applicable, are excluded from the scope of the evaluation procedure. The Legal and Financial Departments present this evaluation annually to the Audit Committee and the Board of Directors;

- *monitoring the statutory audit of the parent company and consolidated financial statements by the Company's Statutory Auditors* – In accordance with the law and European regulations, the Statutory Auditors must present to the Committee its overall work program and the tests it has performed, the revisions it considers necessary to the financial statements or accounting documentation, and its observations on the valuation methods used, the irregularities and inaccuracies it has identified, the conclusions drawn from the comments and corrections made with regard to the results for the period compared to those of the previous period, and, no later than the submission date of the audit report, an additional audit report prepared in accordance with the European regulations setting out the results of the statutory audit. The Audit Committee monitors the performance by the Statutory Auditors of their assignment, taking into account, where applicable, the findings and conclusions of the audits carried out by the supervisory authority for the audit industry (*Haut Conseil du commissariat aux comptes* – H3C). To this end, it must interview the auditors at meetings dealing with the review of the financial reporting process and the review of the financial statements, in order to report on the performance of their duties and the conclusions of their work. This allows the Committee to be informed of the main areas of risk or uncertainty regarding the financial statements, as identified by the Statutory Auditors, their audit approach and any difficulties encountered in their work. The Statutory Auditors must also inform the Audit Committee of any material internal control weaknesses identified during their work with regard to the procedures used to prepare and process the accounting and financial information;
- *monitoring the rules regarding the independence and objectivity of the Statutory Auditors* – The Audit Committee must, along with the Statutory Auditors, examine the risks affecting their independence and the safeguards enacted to mitigate these risks. When the Statutory Auditors are appointed, the Audit Committee must manage the procedure for selecting the Statutory Auditors and submit a recommendation to the Board of Directors on the Statutory Auditors proposed for appointment by the General Meeting. Except in cases where the Statutory Auditors are up for reappointment, this recommendation must be made following an invitation to tender, must be substantiated and include at least two choices, and must give reasons for the preferred choice. In cases where the Statutory Auditors are up for reappointment, the Committee shall recommend the selection procedure to the Board, including, in particular, if there are grounds for issuing an invitation to tender. It oversees the invitation to tender and approves the specifications and selection of firms consulted, ensuring the "best bidder" is selected rather than the "lowest bidder." In particular, every year, the Statutory Auditors must submit to the Audit Committee the declaration of independence referred to in Article 6 of the European regulations, and inform it of the total amount of fees paid to the network of Statutory Auditors by the companies controlled by the Company or the entity controlling it for services other than certification of the financial statements, as well as the nature of these services. The Audit Committee must also approve in advance the provision of services other than audit services, after analyzing the risks affecting the independence of the Statutory Auditor and the safeguards applied by that Auditor. In this regard, the firm responsible for the statutory audit may perform services other than audit services which are not prohibited by the European Regulations and by the code of ethics of Statutory Auditors. In that case, the fees must not exceed 70% of the average fees invoiced in the last three years for the statutory audit of the financial statements. The Audit Committee makes its decision, in this regard, in accordance with the Audit Committee Charter. The Committee must also ensure that the amount of fees paid by the Company and its Group, or the proportion they represent in the revenue of the firms and networks, are not likely to adversely affect the independence of the Statutory Auditors. For example, when the total fees paid by the Company to one of its Statutory Auditors during each of the previous three consecutive years represent more than 15% of the total fees received by that Statutory Auditor in that period, the Committee must examine whether the auditing assignment should be subject to quality control by another auditor. If the fees received by that Statutory Auditor continue to exceed 15% of the total fees received, the Audit Committee will determine, based on objective criteria, whether the Statutory Auditor may continue to carry out its assignment for an additional period, which may not, in any case, exceed two years; and
- *financing review* – As part of its duties, the Audit Committee conducts a detailed review of the financing strategy, liquidity, hedging, maturity, counterparties and, more generally, any questions relating to the Group's financial risks. The Audit Committee then drafts its comments and passes them on to the Board of Directors.

The Audit Committee is closely involved in the preparation of non-financial information and in the assessment of non-financial risks. As such, at its joint meeting with the CRSES on February 15, 2022, the Committee was presented with the background of the independent third-party duties, as well as the findings of the annual review and the changes to the DPEF reporting process since 2017. Following this presentation, the Audit Committee recommended that a "moderate assurance" approach be taken with a "reasonable assurance" approach on certain selected indicators.

During its joint meeting on February 23, 2023 with the CRSES, the Audit Committee was presented with the methodology and conclusions of the audit of the DPEF by the statutory auditors, the 2022 DPEF and most notably, any updates.

Practices

A meeting of the Audit Committee is valid when there is a quorum of two members in attendance. The Audit Committee's proposals are adopted by a simple majority of those attending the meeting, each member having one vote. The Audit Committee meets at least four times a year and as many times as it deems necessary. Audit Committee meetings are held before a meeting of the Board of Directors and, where the agenda of the Audit Committee concerns the examination of the half-year and annual financial statements prior to their examination by the Board, generally at least two days before the Board meeting.

In the exercise of its duties, it hears from and may question the Statutory Auditors, the Group's Chief Financial Officer and those in charge of internal audit, internal control and financing. The Committee is informed of the main issues identified by the Internal Audit Department.

It reports regularly to the Board of Directors and submits opinions and recommendations to the Board for matters within its sphere of expertise. Written minutes of the Committee's meetings are produced and approved.

The Committee may call on experts from outside the Company and interview anyone it chooses.

It reviews the fees for the Statutory Auditors every year and assesses their independence.

3.2.1.2 / Appointments and Compensation Committee

The Company's Board of Directors has established an Appointments and Compensation Committee and set the terms of its internal regulations as follows.

Composition

The Appointments and Compensation Committee is comprised of four members. One member represents Company employees. None of the members performs a management function in the Company. A majority is independent in view of the independence criteria adopted by the Company, it being specified that the member representing employees is not included in this calculation.

Members are appointed for an indefinite period. It is specified that their term of office will expire, in any case, upon the expiration of their term of office as a member of the Board of Directors. They are chosen in particular in consideration of their independence and their competence in terms of the selection or compensation of corporate officers of listed companies.

The Chairman of the Appointments and Compensation Committee is appointed by the Board of Directors from among the Independent Directors.

At the meeting of the Board of Directors on February 23, 2021, it was decided to appoint a Director representing employees to the Appointments and Compensation Committee in 2021, in accordance with the recommendation of Article 19.1 of the AFEP-MEDEF Code. In a decision dated October 20, 2021, the Board of Directors appointed Franck Maurin as the Director representing employees on the Appointments and Compensation Committee.

The composition of this committee was modified by the Company's Board of Directors at its meeting on July 27, 2022. The Appointments and Compensation Committee is comprised of four members: Brigitte Taittinger-Jouyet (Independent Director), its Chair, Nonce Paolini (Independent Director), Javier Santiso (Independent Director) and Franck Maurin (Director representing employees).

Ms. Brigitte Taittinger-Jouyet was appointed Chair of the committee and Mr. Javier Santiso was appointed member of the committee by the Board of Directors on July 27, 2022, following the resignation of Mr. Antoine Gosset-Grainville on June 28, 2022.

Duties

The Appointments and Compensation Committee is a specialized committee of the Board of Directors whose main duties are as follows:

- to assist the Board in appointing members of the governing bodies of the Company and its Group; and
- to assist it in determining and regularly assessing the overall compensation and benefits awarded to executive corporate officers and senior executives of the Group. This includes all deferred benefits and/or Group severance benefits.

Accordingly, it performs the following duties:

- *proposing the appointment of members of the Board of Directors, senior management and Board committees* – The Appointments and Compensation Committee is responsible for making recommendations to the Board of Directors with regard to the appointment of its members (by the General Meeting or by cooption), and of the Chairman of the Board, the Chief Executive Officer and, where appropriate, the Chief Operating Officers, as well as the members and chairs of each of the other Board committees.

  For this purpose, it sends reasoned proposals to the Board of Directors. These are made in the interests of shareholders and the Company. In general, the Committee should strive to reflect a diversity of experience and points of view, while ensuring a high level of expertise, internal and external credibility and stability of the Company's corporate bodies. In addition, it draws up and updates a succession plan for executive corporate officers so that it is in a position to quickly propose succession solutions to the Board of Directors in the event of an unforeseen vacancy.

  With particular regard to the appointment of the members of the Board of Directors, the Committee specifically takes the following criteria into account: (i) the desirable balance of the composition of the Board of Directors, specifically in terms of diversity (nationalities, ages, experience, etc.) and in view of the composition and the evolution of the Company's shareholders, (ii) the desirable number of independent members, (iii) the proportion of men and women required by the regulations in force, (iv) the opportunity for renewal of terms and (v) the integrity, competence, experience and independence of each candidate. In this context, the Committee proposes a diversity policy which is applied to the members of the Board of Directors, for adoption by the Board. In particular, it relies on the work carried out each year on the evaluation of the Board and specialized committees, in order to identify the priority skills in future appointments of Directors, including those concerning various CSR-related topics. New appointments and renewals of directorships are proposed to the Board, with a focus on these priority skills.

Process for selecting Directors: The Appointments and Compensation Committee also organizes a process for selecting future Directors (both independent and non-independent) and members of the Board's specialized committees. To do so, in addition to the diversity policy adopted by the Board, the Committee defines specific expectations for each selection of a new Director or appointment of a Director to a committee. It may use an external recruitment firm, which must then comply with the diversity policy adopted by the Board, and the Committee's specific additional expectations. It conducts its own research on potential candidates before any approach is made to them. The Committee may meet with the pre-selected candidates. At the end of the selection process, the Committee makes a recommendation regarding one or more candidates to the Board of Directors, which will decide, in the case of appointing a new Director, whether or not to propose the appointment of said candidate(s) to the General Meeting.

With regard to the appointment of the Chief Operating Officers, the Committee proposes to the Board of Directors a selection process that guarantees the presence of at least one person of each gender among the candidates until the end of the selection process. These nomination proposals endeavor to seek a balanced representation of women and men.

When it makes its recommendations, the Appointments and Compensation Committee must ensure that the Board and the specialized committees, including the Audit Committee and the Appointments and Compensation Committee, have at least the minimum number of independent members required by the corporate governance principles to which the Company adheres;

- *conducting an annual assessment of the independence of the Board members* – Each year, before the publication of the Company's Corporate Governance Report, the Appointments and Compensation Committee assesses whether each Board member meets the Company's independence criteria and submits an opinion to the Board for its consideration on the situation of each individual in relation to these criteria;
- *evaluating the functioning of the Board of Directors* – The Appointments and Compensation Committee prepares an annual report for the Board of Directors to enable the Board to discuss its practices, to ensure that important issues are properly prepared and discussed within the Board, and to measure the effective contribution of each member to the Board's work. It also prepares a report to enable the Board of Directors to evaluate the practices of its permanent Committees under the same conditions and with the same frequency;
- *examining and making proposals to the Board of Directors concerning all aspects and terms and conditions of the compensation of the Group's main executives and senior management as well as the Chairman and, where applicable, the Vice-Chairman of the Board of Directors* – The Appointments and Compensation Committee draws up proposals that include fixed and variable compensation, as well as, where applicable, stock options, performance share allotments, pension and provident insurance plans, hiring bonuses, termination packages and non-compete allowances, benefits in kind or other specific benefits, and any other direct or indirect compensation (including long-term benefits) that may constitute compensation for members of the senior management, under the conditions provided by the regulations. It is informed of these aspects of the compensation of the Group's senior executives and the relevant compensation policies that have been implemented within the Group. The Committee also drafts proposals about the compensation of the Chairman of the Board of Directors, and, where applicable, that of the Vice-Chairman under the conditions required by regulations. When preparing its proposals and work, the Appointments and Compensation Committee takes into account the corporate governance standards to which the Company adheres;
- *examining and making proposals to the Board of Directors concerning the budget and distribution method for Directors' fees* – The Appointments and Compensation Committee makes proposals to the Board regarding the budget and distribution of Directors' fees and the individual payments to be made to members of the Board, taking into account their attendance at Board and Committee meetings, their responsibilities and the time they are required to devote to their duties;
- *exceptional duties* – The Committee is consulted to make recommendations to the Board of Directors on all exceptional compensation relating to exceptional duties that may be assigned, where applicable, by the Board of Directors to some of its members; and
- *reviewing and advising the Board of Directors regarding any negative vote on the compensation policy for corporate officers (ex-ante Say on Pay) or on the information regarding the compensation policy for corporate officers (ex-post total voting)* – When the Ordinary General Meeting issues a negative vote on the compensation policy for corporate officers (ex-ante Say on Pay) or on the information regarding the compensation policy for all corporate officers (ex-post total voting), the Committee proposes to the Board a revised compensation policy, which takes into account shareholder voting and, if applicable, any opinions expressed at the General Meeting, for the Board to discuss the matter at a later meeting and submit this revised compensation policy for the approval of the next General Meeting.

Practices

A meeting of the Appointments and Compensation Committee is valid when there is a quorum of two members in attendance. The proposals of the Appointments and Compensation Committee are adopted by a simple majority of those attending the meeting, each member having one vote.

Executive corporate officers may get involved with the work of the Appointments and Compensation Committee from time to time, particularly when reviewing succession plans for corporate officers, members of the Executive Committee, or managers.

The Appointments and Compensation Committee meets as many times as it deems necessary. It meets at least once a year, prior to the meeting of the Board of Directors ruling on the position of members of the Board of Directors with regard to the independence criteria adopted by the Company (on the concept of "independence," see section 3.1.4 "Independence of Directors" of this Universal Registration Document). In any event, the Board of Directors meets prior to any meeting of the Board of Directors ruling on the setting of the compensation of general management members or on the distribution of compensation allocated to Directors.

3.2.1.3 / Corporate, Environmental and Social Responsibility Committee

The Company's Board of Directors has established a Corporate, Environmental and Social Responsibility Committee and set the terms of its internal regulations as follows.

Composition

The Corporate, Environmental and Social Responsibility Committee is composed of five members, who are appointed for an indefinite period (such appointment shall terminate, in all circumstances, when they cease to be a member of the Board of Directors). When selecting members of the Committee, particular consideration is given to their independence, as well as to their expertise in assessing issues relating to corporate, environmental and social responsibility.

The Corporate, Environmental and Social Responsibility Committee is composed of five members: Jean-Marc Janaillac (Independent Director and Chairman), Caroline Grégoire Sainte Marie (Independent Director), Brigitte Taittinger-Jouyet (Independent Director), Daniela Weber-Rey (Independent Director) and Enrique Martinez.

Jean-Marc Janaillac has been the chairman of various boards of directors, particularly in the transportation sector, which enabled him to gain expertise in governance issues and business ethics and a sound knowledge of climate issues in these industries. He is also actively involved in associations focusing on issues of diversity, equal opportunities and solidarity activities.

Caroline Grégoire Sainte Marie, who has been a member of several CSR committees, such as that of Vinci and Wienerberger, has a sound knowledge of climate issues in industry. Her positions on various boards of directors, both in France and abroad, have provided her with extensive experience in governance matters. She is also a member of Chapter 0 France, an initiative of the World Economic Forum made up of non-executive directors, which aims to make boards of directors more aware of climate issues.

Brigitte Taittinger-Jouyet has been a member of various CSR committees, including Suez and Fnac Darty, the latter of which she chaired from June 2013 to July 2022. At Suez, she worked on fundamental environmental issues for the organization, as well as aspects of health and safety, a major concern for this industry. In her role as Chair of the Suez Governance Committee, she also worked on ethical issues at Sciences Po.

Daniela Weber-Rey, strongly committed to issues of climate change and transition, has also worked extensively on issues of gender equality and diversity within management bodies. For 12 years, she was a member of the German Government Commission for the German Corporate Governance Code and served on the Board of the European Corporate Governance Institute (ECGI) in Brussels. For three years, she also worked as the Chief Governance Officer of Deutsche Bank.

Enrique Martinez focused on ecological transition issues by significantly changing Fnac Darty's business model in favor of responsible and more sustainable consumption. His commitment to governance issues is continuously displayed through terms of office on the Boards of Directors at Nuxe in France and internationally at The Shaker, and most recently by his establishment of a separate and enhanced governance department at Fnac Darty.

Duties

The duties of the Corporate, Environmental and Social Responsibility Committee focus on the three components of sustainable development identified by the Company: corporate responsibility, environmental responsibility and social responsibility.

This committee reviews the actions and results of the previous year and presents Fnac Darty's strategic priorities for the current year.

It covers such topics as social dialogue, equal treatment, gender balance, employment of young people and older workers, diversity, environmental impact management, cultural initiatives, and social inclusion. It also helps to evaluate the performance of executives in terms of CSR [(1)].

The Committee also ensures that the disclosures in Chapter 2 "Non-financial Performance Declaration [(2)]" of this document have been verified by an independent third-party body to certify their compliance with Article L. 225-102-1, paragraphs 5 and 6.

Accordingly, the Corporate, Environmental and Social Responsibility Committee's internal regulations define its main duties as follows:

- *examining the corporate, environmental and social policies enacted by the Company* – The Committee conducts the annual examination of the corporate, environmental and social policies enacted by the Company, the targets set and the results obtained in these areas. The Committee assesses these areas in light of the business activities of the Company and of its subsidiaries, and any information it may have on suppliers and their subcontractors. To this end, it also reviews the Group's Business Code of Conduct, which is distributed to employees, suppliers, partners, and subcontractors of the Group.

  Once a year, the Committee also examines a summary of ratings awarded to the Company and its subsidiaries by the non-financial rating agencies.

  In addition, the Committee examines the quality of social dialogue within the Company and reviews any opinion surveys that may have been conducted.

  Lastly, the Committee annually identifies the priority areas for corporate, environmental and social policies, proposes objectives and defines actions to achieve them;

- *examining the main corporate, environmental and social risks and opportunities for the Company* – Each year, the Committee prepares a presentation mapping any risks related to the corporate, environmental and social responsibilities of the Company in light of specific challenges in the Company's business activities. It examines the risks identified, reviews the procedures for protecting against those risks and monitors their development;

- *examining the Company's publications in the areas of corporate, environmental and social responsibility* – Each year, the Committee reviews all information published by the Company that relates to issues of corporate, environmental and social responsibility. In this respect, the Committee reviews the reporting, assessment and control systems annually, to enable the Group to produce reliable information for these areas;

- *examining issues relating to the promotion of diversity, equity and equality* – Each year, the Committee examines all issues relating to the promotion of diversity, equity and equality in the Company. Where necessary, it summarizes its observations as recommendations and submits them to the Board of Directors. It also monitors and distributes the recommendations adopted by the Board of Directors;

- *examining of the impact of the brands' business on the environment* – Each year, the Committee examines the impact of the Company's business on the environment. It prioritizes questions concerning energy consumption, carbon dioxide emissions arising directly or indirectly from the Company's activities, and initiatives promoting the collection and recycling of end-of-life products. Where necessary, it summarizes its observations as recommendations and submits them to the Board of Directors. It also monitors and distributes the recommendations adopted by the Board of Directors;

- *involving the brands in a sustainable societal approach* – The Committee pays particular attention to changes in societal trends strongly linked to the Group's activities, such as the fight against cultural exclusion, freedom of expression, the rise of digital technology and automation, and the development of a more responsible approach to consumption.

  It supports initiatives to promote these values among the general public, inviting people to become involved with initiatives undertaken by the Company (such as offering to act as partners with non-profit associations, a solidarity sign-up program, collecting entertainment products for redistribution to those most in need of them, etc.);

- *involving employees in the brands' corporate, environmental and social policies* – Each year, the Committee draws up proposals to strengthen employees' involvement in the Company's corporate, environmental and social policies. In this respect, it identifies how best to communicate the key messages to the greatest number of people, to further employees' awareness of these messages, and to provide training on its key corporate, environmental and social policies. It also reviews changes to proposals that have previously been adopted and implemented and, where necessary, proposes additional changes and/or further actions to be taken; and

- *examining fair practices in light of the Group's ethical principles set out in the Fnac Darty Business Code of Conduct* – In this context, the Committee examines and makes proposals to the Board specifically on issues relating to the prevention and detection of corruption and influence peddling.

(1) See section 3.2.1 on collaboration with the various committees in this URD.

(2) On the role of the Audit Committee in the DPEF preparation process: see section 3.2.1 on collaboration with the various committees and section 3.2.1.1 on the duties of the Audit Committee. On the role of the CSR Committee in the DPEF preparation process: see section 2.3.1.1 of this URD.

Practices

A meeting of the Corporate, Environmental and Social Responsibility Committee is valid when there is a quorum of two members in attendance. The Corporate, Environmental and Social Responsibility Committee's proposals are adopted by a simple majority of those attending the meeting, each member having one vote. The Committee meets as many times as it deems necessary, and at least once a year, prior to the Board meeting to convene the Company's Annual General Meeting.

3.2.1.4 / Strategy Committee

In 2019, the Company's Board of Directors decided to establish a Strategy Committee and set the terms of its internal regulations as follows.

Composition

The Committee is composed of (i) the Chairman of the Board of Directors, (ii) the Executive Corporate Officer (if this role is not combined with that of the Chairman of the Board), (iii) the Chair of the Audit Committee, (iv) the Chairman of the Appointments and Compensation Committee, and (v) the Chair of the Corporate, Environmental and Social Responsibility Committee, i.e. a minimum of four members in the case of accumulation of directorships as indicated above and a maximum of five members if no accumulation of directorships as indicated above.

The Executive Corporate Officer (if not a Director) and the Group's Chief Financial Officer attend the meetings of the Strategy Committee.

The Committee is chaired by the Chairman of the Board of Directors, unless this role is combined with that of Chief Executive Officer.

The Chairman of the Committee may invite certain Directors who are not members of the Committee to attend the meetings.

This committee is therefore composed as follows: the Chairman is Jacques Veyrat (Chairman of the Board of Directors and Independent Director) and its four other members are: Brigitte Taittinger-Jouyet (Chair of the CNR and Independent Director), Sandra Lagumina (Chair of the Audit Committee and Independent Director), Jean-Marc Janaillac (Chair of CRSES and Independent Director) and Enrique Martinez (Chief Executive Officer and Director).

Duties

The Strategy Committee has two main tasks:

a) general role: the general role of the Committee is to consider the broad strategic priorities of the Group that may be implemented by the executives, specifically in the fields of business, investment, partnerships or any other matter considered central to the Group's future and, where appropriate, make recommendations to the Board of Directors in this regard;

b) specific role: at the request of the Chairman, the Executive Corporate Officer or the Board of Directors, the Committee may also be required to provide an opinion on planned investments or divestments, including the acquisition, sale or exchange of shareholdings in any existing companies or companies to be created, which must be subject to prior authorization by the Board of Directors.

If necessary, the Committee may delegate the task of formulating any opinion on a particular subject to the Chairman, one of its members or any sub-committee composed of several of its members.

In this context, the Strategy Committee carries out the following main tasks:

- the Committee may speak with the Executive Corporate Officer (if not a Director) and, if necessary, interview the managers of any operational or functional entities that may be relevant to the execution of its tasks. The Chairman shall give advance notification thereof to the Executive Corporate Officer, unless they are a member of the Committee. In particular, the Committee is entitled to interview the Director of Strategy and M&A or any person designated by them; and
- the Committee may request external expert studies on matters falling within its competence at the Company's expense, subject to reporting back to the Board on these matters.

Practices

A meeting of the Strategy Committee is valid when there is a quorum of two members in attendance. The Strategy Committee's proposals are adopted by a simple majority of those attending the meeting, each member having one vote. The Strategy Committee meets at least once a year and as many times as it deems necessary.

3.2.2 / CONDITIONS FOR THE PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD OF DIRECTORS

3.2.2.1 / Internal regulations of the Board, Market Ethics Charter and the handling of insider information

The Board of Directors assumes the duties and exercises the powers conferred by law, the bylaws and the internal regulations of the Board, which are available on the Governance pages of the Group's website (https://www.fnacdarty.com/en/group/governance/).

It establishes and assesses the direction, objectives and performance of the Company and ensures that they are implemented in accordance with the corporate interest, taking into account the social and environmental challenges of its business. Subject to the powers expressly attributed to the General Meetings and within the limits of the corporate purpose, it handles all issues affecting the Company's operations and regulates the Company's affairs by its deliberations.

The Board carries out the audits and verifications it deems necessary.

The conditions for the preparation and organization of the work of the Board of Directors are defined by law, the Company's bylaws, the Board's internal regulations and the work of the Board of Directors' specialized committees. The Board has drawn up internal regulations for each of the committees.

In accordance with the law and its internal regulations, the Board of Directors meets at least four times per year and at any other time, as often as the Company's interests so require. To enable the Directors to prepare as well as possible for the issues that are to be reviewed in meetings, a comprehensive dossier that includes the necessary information for each subject on the agenda is sent to them in a timely manner ahead of the meeting.

The internal regulations define the frequency and conditions for Board meetings and provide for the possibility of participating by videoconference and/or teleconference. The bylaws also provide for the possibility of Directors making decisions by means of written consultation.

They also establish the principle of regular evaluation of the Board's functioning and define the procedures for distributing Directors' fees under the conditions provided for by the regulations.

The internal regulations require the Directors to inform the Chairman of the Board of Directors of any conflict of interest, including potential conflicts of interest, between their duties to the Company and their private interests and/or other duties. Directors are not allowed to abstain from taking part in any discussions or voting on any item that concerns them directly or indirectly.

A Market Ethics Charter, updated at the meeting of October 17, 2019, has been adopted by the Board of Directors. The Charter reiterates the regulatory obligations of corporate officers, persons exercising responsibilities, executives and insiders, in particular those relating to the prevention of insider trading. It also defines rules regarding restrictions on trading in the Company's shares or, more generally, the Group's shares, by stipulating "blackout periods" implemented in advance of the publication of annual and half-yearly results and quarterly financial information, and reiterates the rules for the declaration of securities transactions by executives and persons closely linked to them. The Market Ethics Charter also designates an Ethics Officer responsible for addressing any questions and concerns from insiders with regard to the Charter.

3.2.2.2 / Limitations imposed by the Board of Directors on the powers of the Chief Executive Officer

Under the law, the Chief Executive Officer is vested with the broadest powers to act in the name of the Company in all circumstances. He exercises those powers within the limits of the corporate purpose and the powers expressly assigned by law to the General Meeting and to the Board of Directors.

As regards the Board of Directors' statutory duty to set the strategic priorities for the Company's business and ensure their implementation, and without prejudice to the legal provisions concerning authorizations that must be granted by the Board, the internal regulations of the Board of Directors require certain decisions made by the Chief Executive Officer to be submitted to the Board of Directors for prior approval, due to the type of decision or its material nature.

The limitations of powers provided for in the internal regulations of the Board of Directors, in Article 3.3, are as follows:

"The Chief Executive Officer must obtain the Board's prior consent for any of the following transactions:

a) issues and transactions that materially affect the Group's strategy, financial structure or scope of business;

b) the following transactions conducted by the Company or any entity controlled by the Company if they exceed the threshold set by the Board of Directors:

(i) any investment or divestment, including an acquisition or disposal or exchange of interests in any companies currently existing or to be created, insofar as such transactions exceed an amount defined by the Board and valid for the duration set by the Board in its decision,

(ii) any surety, endorsement or guarantee of any kind, insofar as such transactions exceed an amount defined by the Board and valid for the duration set by the Board in its decision, and

(iii) any borrowing (or series of borrowings) or loans, of any type, or the early repayment of a debt, insofar as such transactions exceed an amount defined by the Board and valid for the duration set by the Board in its decision.

The Board also ensures that, if a strategic or significant transaction falls outside the strategy announced by the Company, sufficient information is provided to enable prior authorization to be obtained from the Board of Directors."

In this context and at its meeting of July 29, 2021, the Board of Directors decided to submit for prior authorizations any transactions which exceed the following thresholds:

- any surety, endorsement, or guarantee issued in excess of an annual overall limit of €50 million;
- any investment or divestment, including an acquisition or sale or exchange of interests in any companies currently existing or to be created, that exceeds €30 million; and
- any borrowing (or series of borrowings) or lending of money of any kind or prepayment of a loan that exceeds €50 million.

At this meeting, the Board decided that these authorizations and thresholds should be set for a period of two years expiring on July 31, 2023.

At its meeting of February 23, 2023, the Board of Directors granted the Chief Executive Officer the authority to:

- guarantee the commitments made by the Group's subsidiaries ("controlled companies within the meaning of section II of Article L. 233-16" of the French Commercial Code), up to an annual overall limit of €50 million, provided that the Chief Executive Officer reports this to the Board at least once a year; and
- provide sureties, endorsements, or guarantees to the tax and customs authorities on behalf of the Company, with no maximum amount.

This authorization was granted for a period expiring at the Board meeting held in 2024 to approve the annual financial statements.

Furthermore, the Board is regularly notified of the financial position, the cash position and the commitments of the Company and the Group. In fact, the Group's Chief Financial Officer attends all Board meetings (with the exception of those held in the absence of the Chief Executive Officer) during which he can highlight, where appropriate, any facts or significant events relating to these matters.

3.2.2.3 / Work of the Board and its specialized committees

Assessment of the Board of Directors and the specialized committees

Pursuant to the provisions of the Board's internal regulations and the AFEP-MEDEF Corporate Governance Code, once a year the Board devotes one item on the agenda to a review of the composition, organization and functioning of the Board and its committees and the effective contribution of the Directors to the Board's work. An assessment is made by an independent third party every three years.

In accordance with the provisions of the Board's internal regulations, a new triannual assessment of the Board took place this year, carried out by an independent third party. This review covered the functioning of the Board during the year ended December 31, 2022.

At its meeting of February 23, 2023, the Board of Directors reviewed the conclusions presented by an external consultancy. Interviews were conducted with all members of the Board after completing an interview guide and a self-assessment. The Board noted the very positive assessment of the Directors on its members' profile, its functioning as well as that of its committees, the effectiveness with which the Chair conducts their work and the practice of separate governance. In general, the Directors saw an improvement in the functioning of the Board and noted that a number of recommendations made during previous assessments had been implemented.

The composition of the Board, its gender balance, the diversity of profiles, and the skills represented are deemed to be satisfactory. Knowledge of the business lines, the markets in which the Group operates, and digital competence will always be considered in future appointments, as will consideration of the escalation of CSR issues. A more detailed assessment of CSR skills and training tailored to these issues appear to be important for the Board.

Individual skills on the Board are valued and give no cause for concern.

The Directors assessed the extent to which comments and recommendations made last year were taken into account, particularly the improvement of the induction process, unanimously welcomed by the new Directors.

The Directors this year wish to further strengthen the Board's involvement in strategic thinking with a seminar that could be extended. They would also like more information between meetings in addition to competitive intelligence and the press reviews already prepared and highly appreciated.

Board of Directors

In 2022, the Board of Directors met seven times with an overall attendance rate of 98%.

Various Group employees also provided advice on certain topics: the Secretary General, the Director of Transformation and Strategy, the Director of Human Resources and the Financing and Treasury Director.

Individual attendance figures for Directors at meetings of the Board of Directors are given at the end of this chapter (3.2.2.3).

Work of the Board of Directors in 2022

Board Meeting of January 26, 2022 — **Attendance rate: 92%**

At its meeting of January 26, 2022, the Board of Directors:

- reviewed the business performance in the fourth quarter of 2021 and the preliminary results for 2021;
- established the budget priorities for 2022;
- conducted the annual review of regulated agreements; and
- conducted the annual evaluation of current agreements concluded under normal conditions.

Board Meeting of February 23, 2022 — **Attendance rate: 100%**

At its meeting of February 23, 2022, the Board of Directors:

- approved the annual financial statements and reports for 2021, after taking into account the work undertaken by the Audit Committee in 2021, the 2022 audit plan and the 2021 risk mapping;
- reviewed and approved the 2022 budget;
- reviewed the draft shareholder feedback policy;
- took note of the work of the CNR on February 16, 2022:
  - approved the variable compensation for 2021 of the Chief Executive Officer and the amount. The Chief Executive Officer and the Chairman of the Board were not in attendance when this decision was made by the Directors,
  - approved the compensation policy for corporate officers, in particular the terms regarding the fixed compensation for the Chairman and the Chief Executive Officer and the variable compensation for 2022 for the Chief Executive Officer. The Chief Executive Officer and the Chairman of the Board were not in attendance when this decision was made by the Directors;
- reviewed the assessment of the functioning of the Board of Directors, in accordance with its internal regulations and the AFEP-MEDEF Corporate Governance Code;
- approved the special report on stock subscription options and the allocation of bonus shares issued during the year (in application of Articles L. 225-184 and L. 225-197-4 of the French Commercial Code);
- reviewed the work of the CRSES, which met on February 15, 2022, and approved the corporate and environmental information to be published in the Management Report;
- approved the Report on Corporate Governance; and
- approved the draft resolutions and the agenda for the General Meeting of Shareholders of May 18, 2022.

Board Meeting of April 4, 2022 — **Attendance rate: 100%**

At its meeting of April 04, 2022, the Board of Directors:

- reviewed an application for a Director position;
- set the place and amended the agenda for the General Meeting of Shareholders of May 18, 2022;

- provided an update on economic news and the business environment.

Board Meeting of May 18, 2022 | **Attendance rate: 100%**

At its meeting of May 18, 2022, the Board of Directors:

- provided an update on how governance is organized, chairmanship and the composition of the Board and its committees;
- reviewed the compensation of the Chairman of the Board as part of the proposal to renew his Directorship at the Combined General Meeting of May 18, 2022;
- approved the implementation of the stock buyback program, subject to approval of this program by the Combined General Meeting of May 18, 2022;
- approved the long-term incentive plan for certain senior executives of the Group; and
- prepared for the Combined Ordinary and Extraordinary General Meeting of May 18, 2022.

Board Meeting of July 27, 2022 | **Attendance rate: 100%**

At its meeting of July 27, 2022, the Board of Directors:

- reviewed the work of the Audit Committee meeting of July 25, 2022 on the approval of the half-year financial statement;
- examined and approved the half-year financial statements as of June 30, 2022; and
- co-opted Ms. Laure Hauseux as Director, replacing Ms. Carole Ferrand.

Board Meeting of October 19, 2022 | **Attendance rate: 92%**

At its two meetings of October 19, 2022, the Board of Directors, initially meeting as the full Board and then in the absence of the Chief Executive Officer:

- reviewed the business performance in the third quarter of 2022;
- approved the Company's management planning documents;
- examined the work of the Audit Committee meeting of October 14, 2022 and the CSR Committee meeting of September 20, with particular focus on the Group's climate roadmap (see section 2.3 of Chapter 2 "Reducing our impact on the climate and the environment" of this Universal Registration Document).

At the end of this meeting, the Board of Directors, without the attendance of the Chief Executive Officer, decided to schedule a new meeting in January 2023.

Board Meeting of December 12, 2022 | **Attendance rate: 100%**

At its meeting of December 12, 2022, the Board of Directors specifically granted authorization for the Company to conclude a delayed draw term loan.

Work of the Board of Directors from January 1 to February 23, 2023

Board Meeting of January 17, 2023 | **Attendance rate: 100%**

At its meeting of January 17, 2023, the Board of Directors examined the first revenue and earnings trends of the 2022 period.

Board Meeting of January 26, 2023 | **Attendance rate: 100%**

At its two meetings of January 26, 2023, the Board of Directors, initially meeting as the full Board and then in the absence of the Chief Executive Officer:

- reviewed business performance for the fourth quarter of 2022 and the preliminary results for 2022;
- examined the budget priorities for 2023;
- took note of the work of the Audit Committee meetings of November 23, 2022 and December 7, 2022 and of the CRSES meeting of December 20, 2022;
- conducted an annual review of the regulated agreements and read the report on the evaluation of agreements relating to current transactions concluded under normal conditions;
- examined the new recommendations resulting from the AFEP-MEDEF Code revision of December 20, 2022.

At the end of this meeting, the Board of Directors met in the absence of the Chief Executive Officer. Discussions lasting 60 minutes took place in the presence of the Directors only. The Chief Executive Officer was not in attendance. The discussions focused on the management of Group activities and monitoring the strategic plan Everyday. This meeting was attended by: Mr. Jacques Veyrat, Chairman of the Board, Ms. Sandra Lagumina, Vice-Chair of the Board, Ms. Daniela Weber-Rey, Ms. Brigitte Taittinger Jouyet, Ms. Caroline Grégoire Sainte Marie, Ms. Stefanie Meyer, Ms. Laure Hauseux, Mr. Jean-Marc Janaillac, Mr. Javier Santiso, Mr. Nonce Paolini, Mr. Franck Maurin and Mr. Julien Ducreux.

Board Meeting of February 23, 2023 | **Attendance rate: 100%**

- reviewed the work of the Audit Committee that met on February 21, 2023 for the year 2022, the 2023 audit plan approved by the Audit Committee, and approved the mapping of risks, annual financial statements and reports for 2022 the financial year;

- reviewed and approved the 2023 budget;
- reviewed the work of the Appointments and Compensation Committee meeting of February 16, 2023, and approved the variable compensation for 2022 of the Chief Executive Officer and the amount and terms of the Chief Executive Officer's fixed and variable compensation for 2023. The Chief Executive Officer was not in attendance when this decision was made by the Directors;
- established the distribution of Directors' fees (formerly "attendance fees") for 2022;
- reviewed the work of the CSR Committee and of the joint meeting with the Audit Committee of February 15, 2023, and approved the corporate and environmental information to be published in the Management Report;
- approved the Report on Corporate Governance, the Board's Management Report, and the Board's Draft Resolutions Report and the draft resolutions of the Annual Combined General Meeting.

Audit Committee

Work of the Audit Committee in 2022 and up to February 21, 2023

Work of the Audit Committee in 2022

In 2022, the Audit Committee met seven times, with an average attendance rate of 100%.

The Committee meeting of January 26, 2022 mainly focused on: **Attendance rate: 100%**

- the annual summary report on feedback from the ethics and compliance alert line;
- the presentation of the internal audit plan for 2022.

The Committee meeting of February 21, 2022 mainly focused on: **Attendance rate: 100%**

- reviewing the work to close the parent company and consolidated financial statements and their notes as of December 31, 2021;
- reviewing the Statutory Auditor's Supplementary Report;
- reviewing the collection process and the quality of information provided in the Non-Financial Performance Declaration;
- reviewing the progress of the recommendations made by Internal Audit Department;
- an update on actions to strengthen the front line.

The Committee meeting of April 21, 2022 focused solely on: **Attendance rate: 100%**

- reviewing the follow-up work on services other than the certification of the financial statements, as of March 31, 2022;
- reviewing revenue for the first quarter of 2022, including reviewing business activity and examining the draft press release on revenue for the first quarter of 2022;
- an update on internal audit activities and assignments for the first quarter;
- reviewing the crisis management process.

The Committee meeting of July 25, 2022 mainly focused on: **Attendance rate: 100%**

- a presentation of the Fnac Darty financial statements as of June 30, 2022 and a review of the Half-Year Financial Report;
- reviewing the work to close the half-year financial statements for the period ended June 30, 2021;
- a meeting held with the Statutory Auditors on their limited review of the half-year financial statements;
- reviewing the internal audit work for the first half of 2022;
- reviewing the draft press release on the half-year results;
- reviewing the follow-up work on services other than the certification of the financial statements, as of June 30, 2022;
- reviewing the plan for monitoring and remedying "cyber-attacks and security" risk and the IT capacity to support the Group's transformation.

The Committee meeting of October 14, 2022 mainly focused on: **Attendance rate: 100%**

- reviewing the follow-up work on services other than the certification of the financial statements, as of September 30, 2022;
- a presentation of the approach taken by the statutory auditors to the revenue audit;
- reviewing the financing strategy;
- an update on the renewal of the term of office of the statutory auditors;
- presentation of the compliance program: GDPR;
- reviewing the main legal and tax disputes underway within the Group's scope of consolidation;

- presentation of the Competition compliance program;
- presentation of the compliance program: Sapin 2;
- reviewing internal audit activities and the plan to the end of September 2021.

The Committee meeting of November 23, 2022 mainly focused on: Attendance rate: 100%

- reviewing the mapping of the Group's major risks (method and outcome);
- presentation of risks associated with the development of the service model;
- presentation of risks associated with franchises.

The Committee meeting of December 7, 2022 mainly focused on: Attendance rate: 100%

- reviewing the follow-up work on services other than the certification of the financial statements, as of November 23, 2022;
- examining the business plan and reviewing impairments;
- reviewing the end-of-year work;
- reviewing the new financing project;
- plan for monitoring and remedying major risk: growth in operational activities;
- update on the captive insurance project and the Comet dispute;
- progress report for Project Phoenix.

Work of the Audit Committee from January 1 to February 21, 2023

The Committee meeting of February 21, 2023 mainly focused on: Attendance rate: 100%

- reviewing the work to close the parent company and consolidated financial statements and their notes as of December 31, 2022;
- reviewing the independence and objectivity of the Statutory Auditors, the amount of fees paid to them, the total amount of fees paid for services other than the certification of the financial statements, as well as the nature of those services provided that are directly related to their duties as Statutory Auditors;
- reviewing the Statutory Auditor's Supplementary Report;
- reviewing the progress of the recommendations made by the Internal Audit Department and presenting the internal audit plan for 2023.

The Audit Committee reported on its work and made recommendations to the Board of Directors.

Appointments and Compensation Committee

Work of the Appointments and Compensation Committee in 2022 and up to February 16, 2023

Work of the Appointments and Compensation Committee in 2022

In 2022, the Appointments and Compensation Committee met five times, with an average attendance rate of 100%.

The first meeting was held on February 16, 2022 and mainly focused on: Attendance rate: 100%

- the composition of the Board of Directors and the specialized committees:
  - an update on the proportion of men and women on the Board of Directors and the diversity thereof,
  - proposal for renewal,
  - reviewing the independence criteria for Directors and the issuing of an opinion on the independence of each Director. Directors who sit on the Appointments and Compensation Committee did not take part in the decisions concerning their own independence,
  - Audit Committee: reviewing the specific financial, accounting or statutory audit expertise of the members of the Audit Committee,
  - gender balance in governing bodies;
- assessing the work of the Board and the specialized committees;
- reviewing the draft Report on Corporate Governance;
- reviewing the components of the 2021 variable compensation for the Chief Executive Officer;
- reviewing and proposing a compensation policy for corporate officers, in particular:
  - reviewing and proposing a structure for the 2022 fixed and variable compensation of the Chief Executive Officer,
  - reviewing and proposing 2022 fixed compensation for the Chairman of the Board,
  - reviewing and making proposals to the Board regarding how to distribute the compensation allocated to Directors for 2021 and reviewing the proposed rules for 2022;
- reviewing the ex-ante and ex-post Say on Pay draft resolutions to be submitted to the vote of the 2022 General Meeting;
- reviewing the draft resolution authorizing the Board to allocate stock options, to be submitted to a vote at the 2022 General Meeting;

- reviewing the policy of the Company (Fnac Darty SA) on equal opportunities and equal pay.

The Committee meeting of March 30, 2022 mainly focused on: **Attendance rate: 100%**

- reviewing and proposing the appointment to the Board of Directors of Ms. Stefanie Meyer to replace Ms. Delphine Mousseau.

The Committee meeting of May 12, 2022 mainly focused on: **Attendance rate: 100%**

- an update on the composition of the Board of Directors and the specialized committees;
- reviewing candidates for subsequent appointment to the Board of Directors;
- reviewing and proposing a draft long-term incentive plan for 2022;
- reiterating the obligation for corporate officers to hold shares received from bonus share awards and the exercise of stock options.

The Committee meeting of July 21, 2022 mainly focused on: **Attendance rate: 100%**

- reviewing and proposing the cooption to the Board of Directors of Ms. Laure Hauseux to replace Ms. Carole Ferrand;
- an update on the composition of the Board of Directors and the specialized committees.

The Committee meeting of October 17, 2022 mainly focused on: **Attendance rate: 100%**

- reviewing and proposing rules for adjusting the 2022 annual variable objectives of the Chief Executive Officer and managers in the context of the economic crisis.

Work of the Appointments and Compensation Committee in 2023, up to February 16, 2023

The Committee meeting of February 16, 2023 mainly focused on: **Attendance rate: 100%**

- the evaluation of the work of the Board and of the specialized committees by an independent firm;
- the composition of the Board of Directors and the specialized committees:
  - an update on the proportion of men and women on the Board of Directors and the diversity thereof,
  - a proposal for renewing and appointing new Directors,
  - reviewing the independence criteria for Directors and the issuing of an opinion on the independence of each Director. Directors who sit on the Appointments and Compensation Committee did not take part in the decisions concerning their own independence,
  - Audit Committee: reviewing the specific financial, accounting or statutory audit expertise of the members of the Audit Committee;
- reviewing the diversity policy;
- reviewing succession plans;
- reviewing the components of the 2022 variable compensation for the Chief Executive Officer;
- reviewing and proposing a compensation policy for corporate officers, in particular:
  - reviewing and proposing the conditions and components of compensation for 2023 for the Group's main executives,
  - reviewing and proposing a structure for the 2023 fixed and variable compensation of the Chief Executive Officer,
  - reviewing and proposing 2023 fixed compensation for the Chairman of the Board,
  - defining the method for distributing Directors' fees for 2023;
- reviewing the distribution of Directors' fees for 2022;
- reviewing and proposing the ex-ante and ex-post Say on Pay, and any other draft resolution to be submitted to the vote of the 2023 General Meeting;
- reviewing the draft Report on Corporate Governance;
- reviewing the policy of the Company (Fnac Darty SA) on equal opportunities and equal pay.

The Appointments and Compensation Committee reported on its work and made recommendations to the Board of Directors.

Corporate, Environmental and Social Responsibility Committee

Work of the Corporate, Environmental and Social Responsibility Committee in 2022 and up to February 15, 2023

The Corporate, Environmental and Social Responsibility Committee met three times in 2022, with all members of the Committee in attendance.

On February 15, 2022, the Committee reviewed in particular: **Attendance rate: 100%**

- the Group's compliance with the obligations of the Non-Financial Performance Declaration and 2021 projects;
- the CSR roadmaps for 2022.

This meeting was held in the presence of members of the Audit Committee.

On September 20, 2022, the Committee reviewed in particular: **Attendance rate: 100%**

- the Group's climate roadmap;
- emissions avoided;
- ongoing projects (materiality matrix, extreme climate risks, transition to "reasonable assurance" on certain key performance indicators);
- implementation of training on climate issues for Directors.

On December 20, 2022, the Committee focused on: **Attendance rate: 100%**

- the report on the materiality matrix work.

On February 15, 2023, the Committee reviewed: **Attendance rate: 100%**

- the presentation of the 2022 Non-Financial Performance Declaration and approval of it;
- the management roadmaps for the various CSR pillars and the 2023 action plans.

All information relating to the Group's CSR policies and performance is disclosed in Chapter 2 "Non-financial Performance Declaration" of this document.

This meeting was held in the presence of members of the Audit Committee.

The Corporate, Environmental and Social Responsibility Committee reported on its work and made recommendations to the Board of Directors.

Strategy Committee

Work of the Strategy Committee in 2022

The Strategy Committee met once in 2022 and continued its work on the strategic plan. It invited all members of the Board of Directors to get together for a day, on November 18, 2022, with members of the Executive Committee, the Deputy Director of Strategy and the Legal Director. The meeting was preceded by a visit to the Bezons repair site. At this meeting, the Committee:

- shared information about the strategic plan Everyday 2022 balance sheet;
- reported on the trajectory announced;
- reviewed priorities for 2023, particularly on services (challenges and prospects for developments in terms of after-sales service, Darty Max, delivery) and the performance plan.

Attendance of Directors at meetings of the Board of Directors and specialized committees

2022	Board of Directors	Audit Committee	CNR	CRSES	Strategy Committee
Jacques Veyrat	7/7	n.a.	n.a.	n.a.	1/1
Brigitte Taittinger-Jouyet [(a)]	7/7	n.a.	5/5	3/3	1/1
Delphine Mousseau [(b)]	n.a.	n.a.	n.a.	n.a.	n.a.
Daniela Weber-Rey [(c)]	7/7	4/4	n.a.	3/3	n.a.
Sandra Lagumina [(d)]	7/7	7/7	n.a.	n.a.	1/1
Antoine Gosset-Grainville [(e)]	3/4	n.a.	3/3	n.a.	n.a.
Nonce Paolini	7/7	n.a.	5/5	n.a.	n.a.
Caroline Grégoire Sainte Marie [(f)]	6/7	7/7	n.a.	2/2	n.a.
Carole Ferrand [(g)]	4/4	3/3	n.a.	n.a.	n.a.
Enrique Martinez	7/7	n.a.	n.a.	n.a.	1/1
Javier Santiso [(h)]	7/7	n.a.	1/1	n.a.	n.a.
Jean-Marc Janaillac [(i)]	7/7	n.a.	n.a.	3/3	1/1
Franck Maurin	7/7	n.a.	5/5	n.a.	n.a.
Julien Ducreux	7/7	n.a.	n.a.	n.a.	n.a.
Laure Hauseux [(j)]	2/2	n.a.	n.a.	n.a.	n.a.
Stefanie Meyer [(k)]	3/3	n.a.	n.a.	n.a.	n.a.

(a) Ms. Brigitte Taittinger-Jouyet was appointed Chair of the CNR on July 27, 2022 – She was Chair of the CRSES until July 27, 2022.
(b) Ms. Delphine Mousseau resigned as Director, member of the CRSES on January 26, 2022.
(c) Ms. Daniela Weber-Rey was appointed to the Audit Committee on May 18, 2022.
(d) Ms. Sandra Lagumina was appointed Chair of the Audit Committee on May 18, 2022.
(e) Mr. Antoine Gosset-Grainville resigned as Director, member of the Strategic Committee and Chair of the CNR on June 28, 2022.
(f) Ms. Caroline Grégoire Sainte Marie was appointed member of the CRSES on July 27, 2022.
(g) Ms. Carole Ferrand resigned as Director, member of the Strategic Committee and Chair of the Audit Committee on May 18, 2022.
(h) Mr. Javier Santiso was appointed member of the CNR on July 27, 2022.
(i) Mr. Jean-Marc Janaillac was appointed Chair of the CRSES on July 27, 2022.
(j) Ms. Laure Hauseux was co-opted as Director on July 27, 2022, replacing Ms. Carole Ferrand.
(k) Ms. Stefanie Meyer was appointed as Director by the Annual General Meeting of May 18, 2022.

3.2.2.4 / Procedure for the regular evaluation of current agreements concluded on normal terms

In accordance with the provisions of Article L. 22-10-12 of the French Commercial Code, at its meeting of October 17, 2019, the Board of Directors implemented a procedure to evaluate, on a regular basis, whether agreements relating to current transactions concluded under normal conditions, entered into directly or through an intermediary, between Fnac Darty SA and any of its corporate officers or shareholders holding more than 10% of the voting rights, or in which any such person has an indirect interest, or entered into between Fnac Darty SA and another company, if the Chief Executive Officer, any of the chief operating officers or any of the Directors of the Company is the owner, a fully liable partner, a manager, a Director or a member of the Supervisory Board or, more generally, a person in any way involved in the management of that company, fulfill these conditions.

The procedure stipulates that the Group's Legal and Financial Departments conduct an annual evaluation of the current agreements concluded under normal conditions, on the basis of the definitions of "current transactions" and "normal conditions" set out in the guidance on regulated and current agreements issued in 2014 by the French national auditing body (Compagnie Nationale des Commissaires aux Comptes). If necessary, they may engage the Statutory Auditors in order to identify any agreements that might be reclassified as regulated agreements.

Individuals that have a direct or indirect interest in any such agreements are not involved in their evaluation.

Any agreements concluded by Fnac Darty SA with companies in which Fnac Darty SA directly or indirectly holds all of the capital, minus the minimum number of shares required to comply with legal requirements, if applicable, are excluded from the scope of the evaluation procedure.

The Legal and Financial Departments report their evaluation annually to the Audit Committee and the Board of Directors, which may request to hear from representatives of the Legal and Financial Departments as part of the process of approving the results of this evaluation.

As no agreements were reported to the Legal and Financial Departments, the Members of the Board of Directors were reminded of the procedure for evaluating agreements relating to current transactions concluded under normal conditions at the Board meeting of January 26, 2023. The Board of Directors has concluded that there are no current agreements concluded under normal conditions as described in the procedure.

3.2.3 / STATEMENT ON CORPORATE GOVERNANCE

The Company refers to the recommendations of the AFEP-MEDEF Corporate Governance Code for listed companies (the “AFEP-MEDEF Code”), updated in December 2022.

The AFEP-MEDEF Code to which the Company refers may be consulted online [1]. The Company makes copies of this Code available to members of its corporate bodies.

The Company unreservedly complies with all its recommendations.

3.2.4 / SHARE TRANSACTIONS BY DIRECTORS

The transactions mentioned in Article L. 621-18-2 of the French Monetary and Financial Code carried out during the 2022 period and until March 1, 2023 and notified to the Company were as follows.

Enrique Martinez, Chief Executive Officer and Director

Acquisition of shares (February 25, 2022)	
Total amount	€45.5103
Number of shares	4,280
Unit price	€45.19 (for 445 shares) €45.14 (for 445 shares) €45.33 (for 445 shares) €45.54 (for 445 shares) €45.66 (for 2,500 shares)
Full vesting of bonus shares (May 24, 2022)	
Total amount	€0
Number of shares	22,227
Unit price	€0

(1) *https://afep.com/wp-content/uploads/2022/12/Code-AFEP-MEDEF-version-de-decembre-2022.pdf.*

3.3 / Compensation and benefits for administrative and executive bodies

3.3.1 / COMPENSATION POLICY FOR CORPORATE OFFICERS: CHAIRMAN OF THE BOARD OF DIRECTORS, CHIEF EXECUTIVE OFFICER (AND/OR ANY EXECUTIVE CORPORATE OFFICER), MEMBERS OF THE BOARD OF DIRECTORS

General prior notice

The term of office of the corporate officers is specified in section 3.1 of this document.

3.3.1.1 / Compensation policy

On the recommendation of the Appointments and Compensation Committee, and taking into account the recommendations of the AFEP-MEDEF Code, the shareholder vote, where applicable the opinions expressed during the General Meeting, and dialogue with investors, the Board of Directors has established a compensation policy for each of the Company's corporate officers in accordance with its corporate interest, contributing to its sustainability and forming part of its business strategy as presented in Chapter 1 of this document.

It is defined in such a way as to be both competitive in order to attract and retain high-performance executives and proportionate to the scope of the duties and responsibilities entrusted to each of the Chairman, executive corporate officers and Board members in order to align with the corporate interests of the Company.

The Chairman's compensation may consist of fixed compensation, compensation in respect of Directors' duties and benefits adapted to his role within the Company. In accordance with the recommendations of the AFEP-MEDEF Code, there is no provision for variable compensation.

The compensation of the Chief Executive Officer and/or any other executive corporate officer is assessed in a comprehensive and exhaustive manner and is structured so as to have a balance between fixed annual compensation, annual variable compensation and long-term compensation in order to adapt to the various challenges faced by the Company. The executive corporate officer also receives benefits tailored to his role within the Company. Where applicable, and under very specific circumstances, exceptional compensation may be submitted to the vote of the General Meeting. If he is a Director, he may receive compensation in respect of these functions.

The fixed component of the compensation is determined in accordance with market practices.

The variable component of the compensation, whether annual or long-term, is subject to the achievement of objectives established in accordance with criteria based on the Company's strategic priorities. In accordance with the recommendations of the AFEP-MEDEF Code, the variable compensation of executive corporate officers incorporates several criteria related to CSR, including at least one criterion related to the Company's climate objectives. These criteria, defined precisely, reflect the social and environmental challenges that are the most important for the Company. Quantifiable criteria are preferred. These criteria are reviewed on a regular basis although long-term stability is favored. The objectives to be achieved for each criterion are determined annually in order that they may be adapted to the Company's goals and to the expected timeframe for each system (short-term for the annual variables, long-term for stock purchase options and performance shares).

With regard to annual variable compensation, the economic and financial criteria are paramount.

The maximum potential compensation for remunerating and encouraging outperformance is determined with regard to market practices.

No element of compensation, of any type whatsoever, can be determined, allocated or paid by the Company, and no commitment made by the Company if it does not comply with the approved compensation policy or, in the absence thereof, with the compensation or practices existing within the Company.

However, in exceptional circumstances, the Board of Directors may, on the proposal of the Appointments and Compensation Committee and as permitted by Article L. 22-10-8 of the French Commercial Code, depart from the application of this compensation policy where such exemption is temporary, in line with the company's interests and necessary to guarantee the continuity or the viability of the company. In this context, the Board of Directors may, on the recommendations of the Appointments and Compensation Committee, adjust the criteria and performance conditions for long-term annual variable compensation without the adjustments exceeding the ceilings set out in the compensation policy as a result. Any change needs to be justified and must remain in line with the interests of shareholders and beneficiaries.

The determination, review and implementation of the compensation policy of each of the corporate officers are conducted by the Board of Directors on the recommendation of the Appointments and Compensation Committee. In order to prevent any risk of conflict of interest, it is specified that neither the Chairman of the Board, nor the Chief Executive Officer, nor any other executive corporate officer shall participate in the deliberations or votes of the Board on these matters, specifically with regard to themselves.

As part of the decision-making process used for determining and reviewing the compensation policy, the compensation and employment conditions of the Company's employees are taken into account by the Appointments and Compensation Committee and the Board, which also examines the conditions and compensation elements of the Group's main executives on an annual basis. The Board thus ensures alignment and consistency between the principles of compensation of the executive corporate officers and Group executives with the Company's priority objectives, regarding both the structure of their compensation and the performance criteria for annual variable and long-term compensation.

This compensation policy was drawn up by the Board of Directors on the recommendations of the Appointments and Compensation Committee. In this context, the Board of Directors decided to make changes to the Chief Executive Officer's annual variable compensation structure to more closely align the interests of the managers and shareholders and to strengthen the link between compensation and performance; to add, as permitted by law, a waiver clause to the compensation policy and to increase the fixed annual sum to be allocated to the Board of Directors in order to take into account the increasing importance of the role of the Corporate, Environmental and Social Responsibility Committee in the governance of the Company.

In the event of the appointment of a new Chief Executive Officer during the financial year, the principles, criteria and compensation elements set out in the current compensation policy for the Chief Executive Officer shall apply.

Similarly, in the event of the appointment of a new Chairman of the Board of Directors or a new director, the compensation policy applicable to the Chairman of the Board of Directors and to the directors shall apply to them respectively.

It is specified that in the event of the appointment of Chief Operating Officers, the compensation policy for the Chief Executive Officer and/or any other executive corporate officer would apply to them. In this regard, they would be entitled to an employment contract as provided by the law.

In the event that the positions of Chairman and Chief Executive Officer become combined, the compensation policy of the Chief Executive Officer and/or any other executive corporate officer shall apply.

On the recommendation of the Appointments and Compensation Committee, the Board of Directors may adjust the amount and compensation structure of any appointment to take into account the personal circumstances, experience and responsibilities of the person in question.

3.3.1.2 / Compensation policy of the Chairman of the Board of Directors

The compensation policy submitted to the vote of the next General Meeting is set by the Board of Directors on the recommendation of the Appointments and Compensation Committee.

The Chairman is appointed for the full term of his or her directorship. The term of office of Mr. Jacques Veyrat as Chairman of the Board of Directors is three years. It will end in 2025, at the General Meeting called to approve the financial statements for the year 2024. The Chairman of the Board of Directors may be dismissed at any time by the Board of Directors. He is not bound by any employment contract with the Company or any other Group company.

The elements comprising the total compensation and benefits of any kind that may be granted to the Chairman of the Board in respect of the office concerned are as follows:

Fixed compensation

The fixed annual compensation for the Chairman must be determined in accordance with market practices.

This analysis takes into account the key aspects of the Company and the scope of the executive's field of action, such as:

- revenue, budget, staff;
- the context in which the duties are performed, with the assessment of strategic challenges, and short- and long-term growth prospects; and
- the level and the complexity of responsibilities.

The Board of Directors reviews the fixed compensation of the Chairman of the Board annually with the objective of revising it only at relatively long intervals, in accordance with the recommendations of the AFEP-MEDEF Code.

It is specified that, for information purposes, at its meeting of February 23, 2023, on the recommendation of the Appointments and Compensation Committee, the Board of Directors decided to maintain the fixed compensation of its Chairman for 2023 at €200,000.

Annual variable and long-term compensation, stock options and performance shares

In accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors is not planning to grant variable compensation, long-term compensation, stock options or allot bonus performance shares to the Chairman of the Board.

Compensation awarded in respect of the office of director

The Chairman may receive compensation for his role as a Director, the amount of which is set, distributed and allotted according to rules applicable to all members of the Board.

The rules for the allotment of Directors' fees are currently as follows:

- €320,000 is allocated to members of the Board of Directors;
- this amount is comprised 30% of a fixed component and 70% of a variable component, which reflects Directors' attendance at Board meetings;
- subject to approval by the Annual General Meeting of May 24, 2023 of the increase in the fixed annual amount to be allocated to the Board of Directors, from €515,000 to €550,000, in order to take into account the increasing importance of the Corporate, Environmental and Social Responsibility Committee's role in the governance of the Company and the responsibility of the Directors who serve there, the balance of €230,000 is allocated to the members of the specialized committees, broken down as follows: €90,000 to the Audit Committee, €70,000 to the Appointments and Compensation Committee (compared to €69,000 in 2022) and €70,000 to the Corporate, Environmental and Social Responsibility Committee (compared to €36,000 in 2022). These portions are allotted strictly on the basis of members' attendance at committee meetings;
- in the event that the proposal to increase the annual fixed amount to be allocated to the Board is rejected, the balance of €195,000 will be allocated to the members of the specialized committees and, as in 2022, broken down as follows: €90,000 to the Audit Committee, €69,000 to the Appointments and Compensation Committee and €36,000 to the Corporate, Environmental and Social Responsibility Committee. These portions are allotted strictly on the basis of members' attendance at committee meetings;
- the Chairman of the Board of Directors and the committee chairs receive a 50% higher fee for their attendance at each meeting;
- no specific compensation is allocated to the members of the Strategy Committee, as they are also members of the Board of Directors and (with the exception of the Executive Corporate Officer) serve as Chairman of the Board or chairs of the specialized committees.

For information purposes, it is specified that, in accordance with the decision of the Board of Directors of July 17, 2017, Jacques Veyrat no longer receives any compensation for his role as Director, since he was appointed Chairman of the Board of Directors on that date.

Other benefits

The Chairman of the Board may have a company car consistent with the Company's current vehicle policy and market practices; for information purposes, it is specified that Jacques Veyrat has never had one.

3.3.1.3 / Compensation policy of the Chief Executive Officer and/or any other executive corporate officer

The compensation policy submitted to the vote of the next General Meeting is set by the Board of Directors on the recommendation of the Appointments and Compensation Committee.

It is the responsibility of the Board of Directors to set the term of office of the Chief Executive Officer. By decision dated July 17, 2017, the Board decided to appoint Mr. Enrique Martinez as Chief Executive Officer for an indefinite term. He may be dismissed at any time by the Board of Directors. He is bound to the company by an employment contract, suspended when he took office in July 2017.

The elements comprising the total compensation and benefits of any kind that may be granted to the Chief Executive Officer and/ or any other executive corporate officer in respect of the mandate concerned are as follows:

Fixed compensation

The fixed annual compensation for the executive corporate officers must be determined in accordance with market practices.

This analysis takes into account the key aspects of the Company and the scope of the executive's field of action, such as:

- revenue, budget, staff;
- the context in which the duties are performed, with the assessment of strategic challenges, and short- and long-term growth prospects; and
- the level and the complexity of responsibilities.

The Board of Directors reviews the fixed compensation of the executive corporate officer (s) annually with the objective of revising it only at relatively long intervals, in accordance with the recommendations of the AFEP-MEDEF Code.

For information purposes, it is specified that the gross annual fixed compensation of Enrique Martinez for 2023 is €750,000. This amount has not changed since 2019.

Annual variable compensation

On the recommendation of the Appointments and Compensation Committee, the Board of Directors decided to award the variable annual compensation of executive corporate officers, in whole or in part, in the form of performance shares. This deferred and conditional allotment of the Company's shares strengthens the alignment of the interests of the executive corporate officers and the shareholders.

The performance conditions and the annual variable compensation ceiling remain unchanged.

For 2023, all annual variable compensation will be awarded in the form of performance shares, subject to approval at the Combined General Meeting of May 24, 2023 of this compensation policy and to the authorization to be granted to the Board of Directors to proceed with the allotment of bonus shares to directors and executive officers as part of annual plans.

The annual variable compensation of executive corporate officers is determined by the Board of Directors which, every year, sets the nature of the quantitative objectives and qualitative goals along with their relative weighting for the variable component of compensation. Variable compensation is proportional and may currently represent between 0% (no objective achieved) and 100% of fixed annual compensation if objectives are achieved. Overall, this variable compensation may reach a maximum of 150% of annual fixed compensation if the objectives are exceeded (outperformance).

The allotment of shares is subject to compliance with:

- a one-year vesting period;
- followed by a two-year lock-up period.

The payment of variable compensation or the vesting of shares may only take place with the approval of the General Meeting and in accordance with provisions of Article L. 22-10-34, II of the French Commercial Code.

Annual variable compensation remains in line with the guidelines of the strategic plan Everyday presented in February 2021. Economic and financial criteria remain predominant. Variable compensation is broken down as 60% on business and financial targets, 10% on a customer experience target, 10% on objectives relating to corporate, social and environmental responsibility, and 20% on qualitative goals.

The weight of the various economic and financial criteria is balanced in order to emphasize:

- free cash-flow, the recurring generation of which is a major objective of the strategic plan Everyday;
- revenue, with ambitious growth targets, thanks in particular to the combination of in-store and online sales;
- current operating income, which remains a fundamental indicator of the Company's economic performance.

An objective linked to customer experience, a historical hallmark of Fnac Darty, was included in 2021 and continues to be maintained. This is further strengthened by the ambition of the Group's brands to embody the new standards of omnichannel retail, placing advice, sustainability, and service at the heart of its customers' daily lives.

As social and environmental commitments lie at the heart of the strategic plan Everyday, objectives associated with Corporate Social Responsibility have been retained.

In addition, on the recommendation of the Appointments and Compensation Committee, the Board of Directors resolved to cap the potential compensation for qualitative goals at 100% of the potential at achieved target on these criteria, with no possibility of compensation for outperformance. The maximum unused potential is reallocated to the financial criteria.

The specific criteria and the structure of the current annual variable compensation are described below.

The business and financial targets set by the Board of Directors for the variable component are as follows:

- Group current operating income (COI) corresponding to 20% of the total bonus for a level of achievement of 100% of the target, with a maximum of 166.7% in the event of outperformance;
- Group free cash-flow (FCF) corresponding to 20% of the total bonus for a level of achievement of 100% of the target, with a maximum of 166.7% in the event of outperformance;
- Group revenue corresponding to 20% of the total bonus for a level of achievement of 100% of the target, with a maximum of 166.7% in the event of outperformance.

The targets for these three criteria are the same as in the Group's budget for 2023.

The customer experience target set by the Board of Directors for the variable component is as follows:

- the Net Promoter Score corresponding to 10% of the total bonus for a level of achievement of 100% of the target, with a maximum of 150% in the event of outperformance.

The objectives related to the Company's corporate, social and environmental responsibility set by the Board of Directors for the variable component are as follows:

- the reduction in Fnac Darty's energy consumption in France accounts for 5% of the total objective for an achievement level of 100%, with a maximum of 150% in the case of overperformance. This objective, common to all Group managers eligible for annual variable compensation, replaces the non-financial rating criterion in 2023. This demonstrates, on the one hand, the Group's willingness to take into account criteria that are more specific to the Company, an aspect highlighted during regular dialogue with shareholders, and, on the other hand, the importance attached to this major ecological issue, which is also an important economic challenge for the Company. This criterion, introduced in our Non-Financial Performance Declaration, is part of our Everyday strategy and forms part of our objective to reduce our CO_2 emissions by 50% by 2030;

- Group employee engagement, also presented in our Non-financial Performance Declaration and measured monthly using a questionnaire sent to all Group employees, corresponds to 5% of the total objective for a target achievement rate of 100%, with a maximum of 150% in the event of outperformance.

The expected achievement level of each of the business and financial targets, as well as for the objectives relating to customer experience and corporate, social and environmental responsibility set for the executive corporate officers, are pre-determined each year by the Board of Directors using a specific methodology, but are not published for confidentiality reasons.

Every business, financial, customer experience target, and corporate, social and environmental responsibility objective is subject to:

- a trigger threshold below which no compensation is payable for the target concerned; and
- an achievement level above which the compensation is capped for the objective concerned.

For each economic or financial target, customer experience, and every corporate social and environmental responsibility goal, when the result reported is between the trigger threshold and the target set, the variable compensation percentage for the target or goal concerned is determined on a straight-line basis between the two (to reach 100%). The same applies when the result observed is between the target and the cap (to achieve 166.7% for financial criteria and 150% for customer experience or corporate, social and environmental responsibility criteria).

With regard to qualitative criteria, the Board of Directors has set the following objectives for 2023:

- the implementation of the strategic plan with criteria refocused on:
  - development of the services policy,
  - ensuring that execution of the performance plan corresponds to 10% of the total objective for a 100% target achievement rate;
- ensuring that the quality of the working environment corresponds to 10% of the total objective for a 100% target achievement rate.

These objectives were established in advance by the Board of Directors, and partly correspond to a quantified ambition. They are not made public for reasons of confidentiality.

The potential compensation for qualitative goals is capped at 100% of the target potential achieved on these criteria, with no possibility of compensation for outperformance.

These variable compensation criteria are aligned with the Group's strategic objectives and the Group's Corporate Social Responsibility objectives; they contribute in particular to the Group's business, financial and economic performance objectives.

The weight of revenue reflects the Company's business ambitions set out in its strategic plan Everyday, spearheaded by the acceleration of the Group's omnichannel model, the growing digitalization of consumption, and the unique regard in which customers hold its brands thanks to the advice and services provided. Through its various brands and retail channels, Fnac Darty is able to offer an unrivaled range of value-added, committed and engaging products and services, with a strong ambition in our main categories of products and services.

The profitability objectives with current operating income and cash-flow generation seek to bolster the Company's financial strength, allow it to continue its development and ensure its continuity.

The strength of the current operating income will be reinforced in particular with the profitability at the end of the plan of all integrated stores, and the development of new promising formats such as kitchens or small local formats.

The generation of cash-flow will be enhanced by the transformation of the service offering, with the development of a new subscription-based business model, with recurring cash-flows, which consolidates a long-term quality relationship with the Company's customers and works to extend the life span of its products.

The Net Promoter Score, a measure of customer experience, shows Fnac Darty's ambition to reinvent the way it serves its customers, in particular through its digital ecosystem, allowing it to showcase the advice and recommendations that are the strength of the Group's brands, to make the customer experience more fluid, and to strengthen daily a trust-based relationship with its customers, on the basis of a new subscription-based home assistance service.

Since 2019, the measurement of social and environmental responsibility criteria has provided for alignment with the mission of the Group, i.e. "committing to providing an educated choice and sustainable consumption" to its customers, which provides a way to stand out and to create value. Replacement of the Group's non-financial rating with the reduction in energy consumption, the common objective of all managers eligible for annual variable compensation, reflects the desire to take an impactful collective approach to address the Group's climate and economic challenges. Furthermore, the monitoring of employee commitment, the Company's main asset, particularly within a context of major transformation and economic uncertainty, demonstrates the importance of human capital for the Group, whose employees strive to guide consumers in order to enable them to make the best choice, an educated choice, thereby marking significant competitive differentiation.

Finally, the qualitative goals, reviewed each year, encourage high-quality operational performance and the rapid and effective roll-out of key projects for the Company's transformation, which create value. For 2023, these objectives were partly renewed as part of a coherent and continuous implementation of the ambitions for the year under the strategic plan Everyday. The specific focus this year is on:

- the development of its services policy demonstrating the Group's ambition to transform further while ensuring high-quality for its customers;
- the performance plan focuses on the actions essential to controlling our costs;
- the quality of the social climate is once again a major issue in an unstable economic environment.

These qualitative goals partly correspond to quantified ambitions.

At its meeting called to approve the annual financial statements, the Board of Directors measures each of the economic and financial, customer experience, and social and environmental responsibility criteria, based on the performance for the entirety of the year in question. The qualitative criteria are assessed at the same meeting on the basis of the Appointments and Compensation Committee's evaluation.

		% of fixed compensation		
		Minimum	**Target**	**Maximum**
Economic and financial targets (60% of total variable compensation)	Group current operating income (COI)	0.0%	20.0%	33.3%
	Group free cash-flow (FCF)	0.0%	20.0%	33.3%
	Group revenue	0.0%	20.0%	33.3%
Customer experience target (10% of total variable compensation)	Net Promoter Score (NPS)	0.0%	10.0%	15.0%
Corporate Social Responsibility objectives (10% of total variable compensation)	Reduction in energy consumption	0.0%	5.0%	7.5%
	Employee engagement	0.0%	5.0%	7.5%
Qualitative goals (20% of total variable compensation)	Development of the services policy, execution of the performance plan	0.0%	10.0%	10.0%
	Social climate	0.0%	10.0%	10.0%
TOTAL VARIABLE COMPENSATION AS A % OF FIXED COMPENSATION		**0.0%**	**100.0%**	**150.0%**

In the event of a departure that takes place during the financial year, annual variable compensation will be paid, or shares will be vested, taking into account how far into the financial year in question the departure occurs, and in accordance with the level of achievement of the performance conditions.

As an exception to the foregoing, in the event of death or disability corresponding to classification in the second or third categories provided for in Article L. 341-4 of the French Social Security Code, the beneficiary will not lose their entitlement to annual variable compensation for the portion paid in securities.

On February 23, 2023, in accordance with Articles L. 225-185 and L. 225-197-1 of the French Commercial Code, the Board of Directors reviewed the retention conditions applicable to executive corporate officers and decided that:

- the executive corporate officers must hold, in registered form, until the end of their term of office, a minimum number of shares corresponding to 25% of their fully vested shares (net of fees and taxes and the disposals necessary to exercise options) on each of the bonus share and option plans allotted to them by the Board on or after the date of their appointment; it is specified that the plans from which they may have benefited earlier as employees are not included in this requirement; and
- however, this percentage is reduced to 10% (instead of 5% previously), as resulting from the decision of the Board of Directors dated February 23, 2023, if the number of shares held by the executive corporate officers under the bonus share allotment and the exercise of options, under all plans, represents an amount that is equal to twice their gross annual fixed compensation, which is the minimum number of shares that the executive corporate officers must hold in registered form until the termination of their duties under Section 24 of the French AFEP-MEDEF Code.

In accordance with the recommendations of the AFEP-MEDEF Code, the executive corporate officers who receive share options and/or performance shares formally commit not to hedge their risk on the options, the shares resulting from the exercise of options, or the performance shares, until the end of the share lock-up period set by the Board of Directors.

Long-term compensation, stock options and performance shares

The executive corporate officers are eligible for the long-term incentive plans that the Board of Directors awards to the other members of the Executive Committee. The plans granted to the executive corporate officers may take the form of stock option plans, bonus shares subject to performance conditions, or plans paid in cash, also subject to performance conditions. The purpose of these plans is to align the interests of the executive corporate officers more closely with the interests of shareholders.

In accordance with the recommendations of the AFEP-MEDEF Code, the grant value of such plans within the IFRS 2 framework is proportionate to the annual fixed and variable components. The Board of Directors also ensures that it is consistent with market practices.

Thus, the value of the long-term compensation at the time of its initial allocation may represent a maximum of 50% of the total compensation (this total is equal to the sum of the annual fixed compensation, the maximum variable compensation and the long-term compensation).

These plans do not include a vesting period less than three years.

Vesting in these plans is subject to:

- satisfying a condition of employment at maturity, except in exceptional circumstances set out in the plan rules, for example in the event of death, disability or a change in control of the Company, it being specified that, in the event of termination of their term of office, plans awarded to Directors and executive corporate officers during the vesting period are lost, unless the Board of Directors expressly decides, in view of special circumstances, to maintain them by applying a pro rata reduction in the number of securities that may still vest at maturity;
- satisfying several performance conditions set by the Board of Directors, of which:
  - at least one will be associated with the Company's Corporate Social Responsibility objective,
  - at least one will be associated with one of the Company's economic criteria (an indicator linked to the balance sheet and/or the income statement),
  - at least one will be associated with the Company's share price, except in the case of stock option allocations for which the implementation of a condition associated with the Company's share price will be possible, but not necessary, insofar as this condition exists intrinsically, as stock options require an absolute increase in the share price in order to be exercised.

The performance criteria, which are identical to those used for Executive Committee member plans, are stringent. They do not allow these plans to be vested if a trigger threshold is not reached. They are measured over a period covering the financial years covered by the plans. The results may vary depending on the criteria selected and may include a change in performance between the start of the plan or a period preceding it, and the end of the plan. When performance against a criterion is measured in relative terms by comparison with an index or a peer group, the performance threshold below which no compensation for the criterion is payable is either the median or the average of the index of the comparison group.

The performance conditions will be assessed at the end of each plan in accordance with the procedures set out in the plan regulations in order to allow the Board, or the executive corporate officer by virtue of the sub-delegation by the Board of Directors, to record the fulfillment of the acquisition criteria for the long-term compensation (performance conditions and presence conditions).

On February 23, 2023, in accordance with Articles L. 225-185 and L. 225-197-1 of the French Commercial Code, the Board of Directors reviewed the retention conditions applicable to executive corporate officers and decided that:

- the executive corporate officers must hold, in registered form, until the end of their term of office, a minimum number of shares corresponding to 25% of their fully vested shares (net of fees and taxes and the disposals necessary to exercise options) on each of the bonus share and option plans allotted to them by the Board on or after the date of their appointment; it is specified that the plans from which they may have benefited earlier as employees are not included in this requirement; and
- however, this percentage is reduced to 10% (instead of 5% previously), as resulting from the decision of the Board of Directors dated February 23, 2023, once the number of shares held by the executive corporate officers under the bonus share allotment and the exercise of options, under all plans, represents an amount that is equal to twice their gross annual fixed compensation, which is the minimum number of shares that the executive corporate officers must hold in registered form until the termination of their duties under Section 24 of the French AFEP-MEDEF Code.

In accordance with the recommendations of the AFEP-MEDEF Code, the executive corporate officers who receive share options and/or performance shares formally commit not to hedge their risk on the options, the shares resulting from the exercise of options, or the performance shares, until the end of the share lock-up period set by the Board of Directors.

By aligning the long-term interests of the executives and shareholders, establishing performance conditions based on market performance, whether or not this is intrinsic to the vehicle allotted, but also on economic, financial or social and environmental responsibility criteria based on the Group's strategic priorities, the variable long-term compensation contributes to the objectives of the compensation policy. Furthermore, by stipulating, in accordance with Articles L. 225-185 and L. 225-197-1 of the French Commercial Code, rules for retaining the shares fully vested under each of the bonus share and option plans in registered form, this method of compensation supports the continuity of the Company.

Exceptional compensation

In accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors does not intend to award exceptional compensation to the executive corporate officers except in very special circumstances. The payment of such compensation must be able to be justified by an event such as the achievement of a major transaction for the Company or specific substantial outperformance that is not measured as part of the annual variable compensation. The value of exceptional compensation awarded may represent up to 100% of the annual fixed compensation and the maximum annual variable compensation. In any event, payment of this compensation may only take place with the approval of the General Meeting and in accordance with provisions of Article L. 22-10-34, II of the French Commercial Code.

Compensation awarded in respect of the office of director

Where an executive corporate officer is also a director of the Company, they may receive compensation in this capacity. This compensation is determined, distributed and awarded to an executive corporate officer in accordance with the rules applicable to all the directors.

The rules for the allotment of Directors' fees are currently as follows:

- €320,000 is allocated to members of the Board of Directors;
- this amount is comprised 30% of a fixed component and 70% of a variable component, which reflects Directors' attendance at Board meetings;
- subject to approval by the Annual General Meeting of May 24, 2023 of the increase in the fixed annual amount to be allocated to the Board of Directors, from €515,000 to €550,000, in order to take into account the increasing importance of the Corporate, Environmental and Social Responsibility Committee's role in the governance of the Company and the responsibility of the Directors who serve there, the balance of €230,000 is allocated to the members of the specialized committees, broken down as follows: €90,000 to the Audit Committee, €70,000 to the Appointments and Compensation Committee (compared to €69,000 in 2022) and €70,000 to the Corporate, Environmental and Social Responsibility Committee (compared to €36,000 in 2022). These portions are allotted strictly on the basis of members' attendance at committee meetings;
- in the event that the proposal to increase the annual fixed amount to be allocated to the Board is rejected, the balance of €195,000 will be allocated to the members of the specialized committees and, as in 2022, broken down as follows: €90,000 to the Audit Committee, €69,000 to the Appointments and Compensation Committee and €36,000 to the Corporate, Environmental and Social Responsibility Committee. These portions are allotted strictly on the basis of members' attendance at committee meetings;
- the Chairman of the Board of Directors and the committee chairs receive a 50% higher fee for their attendance at each meeting;
- no specific compensation is allocated to the members of the Strategy Committee, as they are also members of the Board of Directors and (with the exception of the Executive Corporate Officer) serve as Chairman of the Board or chairs of the specialized committees.

The Chief Executive Officer was not paid any compensation in this capacity. On the occasion of the renewal of his term of office, to be put to the vote of the shareholders at the General Meeting of May 24, 2023, the Board of Directors decided, on February 23, 2023, on the recommendation of the Compensation Committee, to allow Mr. Enrique Martinez to receive compensation for his office as a director in accordance with the aforementioned rules applicable to directors. This compensation makes it possible to take into account the quality of the work of the individual concerned on the Board of Directors and is justified in view of the renewal of his or her term of office.

Other benefits

In the absence of an employment contract with the Company, executive corporate officers benefit from an unemployment insurance plan specifically for non-salaried corporate officers, to compensate, to some extent, for the lack of unemployment insurance similar to that provided for employees.

Executive corporate officers have company cars consistent with the Company's current vehicle policy and market practices.

Commitments

Severance package

Executive corporate officers may receive a severance package upon termination of their appointment, which will be subject to compliance with criteria of a financial and, where applicable, non-financial nature that contribute to the objectives of the compensation policy. If such a commitment were to be implemented by the Board of Directors, it would comply with the recommendations of the AFEP-MEDEF Code concerning the cap of two years' compensation (annual fixed and variable) on the package.

Enrique Martinez does not benefit from such a commitment, whether as Chief Executive Officer or under the terms of his employment contract, which was suspended when he took office in July 2017.

In the event of termination of the employment contract, three months' notice shall be provided. If the termination is at the initiative of the Chief Executive Officer, no severance pay is due. If the termination is at the initiative of the Company, legal or conventional compensation shall be provided.

Non-compete agreement

Executive corporate officers may be subject to a non-compete agreement limited to a period of two years from the end of their term of office, in return for which they may receive, in installments over the duration of the agreement, a gross allowance of up to 80% of their fixed monthly compensation, with the Board of Directors having the option to waive implementation of this clause.

The non-compete agreement falls within the recommendations of the AFEP-MEDEF Code, which provides a cap of two years' compensation (annual fixed and variable), together with any severance pay.

In addition, the payment of compensation under the non-compete agreement is precluded as soon as the executive exercises his or her pension rights. In any event, no such compensation may be paid when the recipient is older than 65 years of age.

In this context, Enrique Martinez is subject to a non-compete agreement in the specialized retail market for entertainment and electronic products and domestic appliances for the consumer market in the countries where the Group operates. This non-compete agreement is limited to two years starting at the end of his term of office. In consideration for this agreement, Enrique Martinez will receive, in installments for its duration, a gross allowance representing 70% of his fixed monthly compensation, for a period of two years from the effective end of his term of office. The Board of Directors is entitled to waive implementation of this clause.

This commitment was approved by the General Meeting of May 18, 2018 in its Fifth Resolution and was the subject of an amendment approved by the General Meeting of May 23, 2019 to bring it into line with the recommendations of the AFEP-MEDEF Code.

Supplementary pension scheme

The executive corporate officers may benefit from a supplementary defined-contribution pension scheme.

Accordingly, Enrique Martinez is a member of the supplementary defined-contribution pension scheme recognized under Article 83 of the French General Tax Code, which benefits all executives of Fnac Darty companies in France included in this policy, all on the same terms.

This agreement was approved by the General Meeting held on May 18, 2018 as part of resolution five.

Provident insurance plan

Executive corporate officers may benefit from participation in a provident insurance plan.

Accordingly, Enrique Martinez is a member of the provident insurance plan (medical expenses, incapacity and disability, death benefits) covering all employees of Fnac Darty companies in France included in this policy, all on the same terms.

This agreement was approved by the General Meeting held on May 18, 2018 as part of resolution five.

3.3.1.4 / Compensation policy of members of the Board of Directors

Compensation allocated to the members of the Board of Directors

Directors' terms of office run for a maximum period of 4 years. Directors may be dismissed at any time by the General Meeting.

The General Meeting determines the total amount of compensation to be paid to the members of the Board of Directors.

Based on the recommendations of the Appointments and Compensation Committee, the Board of Directors has established the compensation policy of the members of the Board of Directors, which, in accordance with the regulations, is subject to the vote of the next General Meeting. This policy involves the distribution of Directors' fees according to the actual attendance of members at meetings of the Board and the specialized committees held during the year concerned.

The criteria for distributing the annual fixed amount allocated by the General Meeting to the members of the Board have been set by the Board on the proposal of the Appointments and Compensation Committee and are as follows:

- €320,000 is allocated to members of the Board of Directors;
- this amount is comprised 30% of a fixed component and 70% of a variable component, which reflects Directors' attendance at Board meetings;

- subject to approval by the Annual General Meeting of May 24, 2023 of the increase in the fixed annual amount to be allocated to the Board of Directors, from €515,000 to €550,000, in order to take into account the increasing importance of the Corporate, Environmental and Social Responsibility Committee's role in the governance of the Company and the responsibility of the Directors who serve there, the balance of €230,000 is allocated to the members of the specialized committees, broken down as follows: €90,000 to the Audit Committee, €70,000 to the Appointments and Compensation Committee (compared to €69,000 in 2022) and €70,000 to the Corporate, Environmental and Social Responsibility Committee (compared to €36,000 in 2022). These portions are allotted strictly on the basis of members' attendance at committee meetings;
- in the event that the proposal to increase the annual fixed amount to be allocated to the Board is rejected, the balance of €195,000 will be allocated to the members of the specialized committees and, as in 2022, broken down as follows: €90,000 to the Audit Committee, €69,000 to the Appointments and Compensation Committee and €36,000 to the Corporate, Environmental and Social Responsibility Committee. These portions are allotted strictly on the basis of members' attendance at committee meetings;
- the Chairman of the Board of Directors and the committee chairs receive a 50% higher fee for their attendance at each meeting;
- no specific compensation is allocated to the members of the Strategy Committee, as they are also members of the Board of Directors and (with the exception of the Executive Corporate Officer) serve as Chairman of the Board or chairs of the specialized committees.

The portion of the compensation calculated but not paid to Directors who elect not to receive their compensation is not reallocated to the other Directors.

In accordance with Article 7 of its internal regulations, the Board of Directors may allocate exceptional compensation to some of its members for missions or mandates entrusted to them and which will therefore be subject to the regulated agreements regime.

Furthermore, it is specified that certain Directors may receive compensation under an employment contract as provided by the law, in particular the Directors representing the employees with an open-ended employment contract.

3.3.2 / INFORMATION REFERRED TO IN PARAGRAPH I OF ARTICLE L. 22-10-9 OF THE FRENCH COMMERCIAL CODE FOR EACH CORPORATE OFFICER OF THE COMPANY

It is specified that the total compensation of the Chairman and the Chief Executive Officer complies with the compensation policy approved by the General Meeting of May 18, 2022 under the Eleventh and Twelfth Resolutions.

The information referred to in paragraph I of Article L. 22-10-9 of the French Commercial Code and indicated below for each corporate officer shall be submitted to the vote of the next General Meeting in the context of a general resolution. In addition, the compensation items paid during 2022 or allocated for 2022 to the Chairman of the Board of Directors and the Chief Executive Officer referred to below shall each be the subject of a specific resolution submitted to the vote of the General Meeting in accordance with Article L. 22-10-34 II of the French Commercial Code.

3.3.2.1 / Compensation and benefits paid to the Chairman of the Board of Directors

The Company is a French limited company with a Board of Directors. The duties of the Chairman of the Board of Directors and the Chief Executive Officer are separated and have been exercised by Jacques Veyrat and Enrique Martinez, respectively, since July 17, 2017.

Jacques Veyrat does not have an employment contract.

At its meeting of February 23, 2022, on the recommendation of the Appointments and Compensation Committee, the Board of Directors considered and decided on the elements of the compensation package for its Chairman, Jacques Veyrat.

The stated amounts allocated correspond to all compensation awarded to Jacques Veyrat for each of the years mentioned, irrespective of the date of payment. The amounts paid correspond to all compensation received by Jacques Veyrat during each of the years mentioned.

These components were determined in accordance with the compensation policy approved by the General Meeting of May 18, 2022 in its Eleventh Resolution.

Fixed compensation

The Chairman's 2022 gross annual fixed compensation was set at €200,000 and has not changed since 2017. The gross amount paid and allocated for 2022 was €200,000.

For reference, in 2021, the gross amount allocated and paid for that year was €200,000.

Compensation awarded in respect of the office of director

At its meeting of July 17, 2017, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, resolved that, as Jacques Veyrat would now receive fixed annual compensation as Chairman, he would no longer be entitled to compensation for his directorship after his appointment. Jacques Veyrat did not receive any compensation for his directorship for 2022.

The Chairman of the Board of Directors has not received any compensation from a company within the scope of consolidation.

Summary table of compensation, options and performance shares awarded to the Chairman of the Board of Directors

Table 1 in accordance with the recommendations of the AFEP-MEDEF Code and AMF position-recommendation No. 2021-02

Jacques VEYRAT Chairman of the Board of Directors	2021	2022
Gross compensation allocated for the period	€200,000	€200,000
Valuation of multi-year variable compensation allocated during the period	n.a.	n.a.
Valuation of options awarded during the period [(a)]	n.a.	n.a.
Valuation of performance shares awarded during the period [(b)]	n.a.	n.a.
Valuation of other long-term compensation plans	n.a.	n.a.
TOTAL	**€200,000**	**€200,000**

(a) No options were awarded in 2021 or 2022.
(b) No performance shares were awarded in 2021 or 2022.

Table summarizing the compensation of the Chairman of the Board of Directors

Table 2 in accordance with the recommendations of the AFEP-MEDEF Code and AMF position-recommendation No. 2021-02

Jacques VEYRAT Chairman of the Board of Directors	2021		2022	
	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Fixed compensation	€200,000	€200,000	€200,000	€200,000
Annual variable compensation	n.a.	n.a.	n.a.	n.a.
Multi-year variable compensation	n.a.	n.a.	n.a.	n.a.
Exceptional compensation	n.a.	n.a.	n.a.	n.a.
Compensation awarded in respect of the office of Director	n.a.	n.a.	n.a.	n.a.
Benefits in kind	n.a.	n.a.	n.a.	n.a.
Supplementary pension schemes	n.a.	n.a.	n.a.	n.a.
Provident insurance plans	n.a.	n.a.	n.a.	n.a.
TOTAL	**€200,000**	**€200,000**	**€200,000**	**€200,000**

Summary of the benefits paid to the Chairman of the Board of Directors

Table 11 in accordance with the recommendations of the AFEP-MEDEF Code and AMF position-recommendation No. 2021-02

Jacques VEYRAT Chairman of the Board of Directors	Employment contract		Supplementary pension scheme		Compensation or benefits payable or likely to be payable as a result of termination or change of position		Compensation associated with a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Term of office start date: 07/18/2017 Term of office end date: General Meeting 2025		X		X		X		X

3.3.2.2 / Compensation and benefits paid to the Chief Executive Officer

Given Enrique Martinez's length of service in the Group as of 2017 (19 years) and his status as an inpatriate, the Board of Directors decided, at its July 17, 2017 meeting, on the recommendation of the Appointments and Compensation Committee, to suspend Enrique Martinez's employment contract for the duration of his term as Chief Executive Officer.

At its meeting of February 23, 2022, on the recommendation of the Appointments and Compensation Committee, the Board of Directors considered and decided on the elements of the annual fixed and variable compensation of its Chief Executive Officer, Enrique Martinez.

The stated amounts allocated correspond to all compensation awarded to the Chief Executive Officer for each of the years mentioned, irrespective of the date of payment. The amounts paid correspond to all compensation received by the Chief Executive Officer during each of the years mentioned.

These components were determined in accordance with the compensation policy approved by the General Meeting of May 18, 2022 in its Twelfth Resolution.

This section presents the compensation and benefits paid and allocated for the previous period to Enrique Martinez as Chief Executive Officer.

Fixed compensation

Chief Executive Officer's 2022 gross annual fixed compensation was set at €750,000 and has not changed since 2019.

The gross amount paid and allocated for 2022 was €750,000.

For reference, in 2021, the gross amount allocated and paid for that year was €750,000.

Annual variable compensation

For 2022, the Chief Executive Officer's annual variable compensation may range from 0% if no objective is reached to 100% of the annual fixed compensation if the objectives are achieved. This variable compensation may reach a maximum of 150% of annual fixed compensation if the objectives are exceeded.

To take account of the priorities of the strategic plan Everyday presented on February 23, 2021, the Board of Directors resolved, on the recommendation of the Appointments and Compensation Committee, to make changes to its structure, which was renewed in 2022. Economic and financial criteria remain the predominant considerations when structuring annual variable compensation. It is broken down as 60% on business and financial targets, 10% on a customer experience target, 10% on objectives relating to corporate, social and environmental responsibility, and 20% on qualitative goals.

The weight of the various economic and financial criteria is balanced in order to emphasize:

- free cash-flow, the recurring generation of which is a major objective of the strategic plan Everyday;
- revenue, with ambitious growth targets, thanks in particular to the combination of in-store and online sales;
- current operating income, which remains a fundamental indicator of the Company's economic performance.

On the recommendation of the Appointments and Compensation Committee, the Board of Directors resolved to cap the potential compensation for qualitative goals at 100% of the potential at achieved target on these criteria, with no possibility of compensation for outperformance. The maximum unused potential is reallocated to the financial criteria.

The 2022 economic and financial targets set for the variable component are as follows:

- Group current operating income (COI) corresponding to 20% of the total bonus for a level of achievement of 100% of the target, with a maximum of 166.7% in the event of outperformance;
- Group free cash-flow (FCF) corresponding to 20% of the total bonus for a level of achievement of 100% of the target, with a maximum of 166.7% in the event of outperformance;
- Group revenue corresponding to 20% of the total bonus for a level of achievement of 100% of the target, with a maximum of 166.7% in the event of outperformance.

The targets for these three criteria are the same as in the Group's budget for 2022.

The customer experience objective set for the variable compensation is as follows:

- the Net Promoter Score corresponding to 10% of the total bonus for a level of achievement of 100% of the target, with a maximum of 150% in the event of outperformance.

The objectives related to the Company's corporate, social and environmental responsibility for 2022 set for the variable component are as follows:

- the Group's non-financial rating corresponding to 5% of the total bonus for a level of achievement of 100% of the target, with a maximum of 150% in the event of outperformance; and
- employee commitment corresponding to 5% of the total bonus for a level of achievement of 100% of the target, with a maximum of 150% in the event of outperformance.

The 2022 qualitative goals set for the variable portion of the remuneration are as follows:

- implementation of the strategic plan Everyday:
  - development of the services policy,
  - execution of the digital strategy,
  - achievement of the sustainability objectives,
  - execution of the performance plan,
  - the design and implementation of a new structure that strengthens risk control and cybersecurity, corresponding to 15% of the total bonus for an achievement rate of 100%;
- strengthen the quality of management and the social climate, corresponding to 5% of the total bonus for an achievement rate of 100%.

The level of attainment of the above criteria has been precisely established for each one. Every business, financial, customer experience target, and corporate, social and environmental responsibility objective is subject to:

- a trigger threshold below which no compensation is payable for the target concerned; and
- an achievement level above which the compensation is capped for the objective concerned.

For each economic or financial target, customer experience, and every corporate social and environmental responsibility goal, when the result reported is between the trigger threshold and the target set, the variable percentage for the target or goal concerned is determined on a straight-line basis between the two (to reach 100%). The same applies when the result observed is between the target and the cap (to achieve 166.7% for financial criteria and 150% for customer experience or corporate, social and environmental responsibility criteria).

At its meeting called to approve the annual financial statements, the Board of Directors measures each of the economic, financial and social and environmental responsibility criteria, based on the performance for the whole of 2022. The qualitative criteria are assessed at the same meeting on the basis of the Appointments and Compensation Committee's evaluation.

At its meeting of October 19, 2022, on the recommendation of the Appointments and Compensation Committee and in consideration of the extraordinary impact of the economic and geopolitical crisis on the company's business, the Board of Directors reviewed the trigger threshold levels for the 2022 annual variable compensation of the Chief Executive Officer. The objectives of this decision were to take into account the context of the economic crisis in the performance assessment of the Chief Executive Officer. The decision taken prior to the critical end-of-year period for the company's business allowed it to maintain ambitious and motivating objectives (the targets of which remain unchanged) by taking both incentivizing and reasonable measures. It also made it possible to align the performance assessment of the Chief Executive Officer with that of the company's executives receiving annual variable compensation, with the inclusion of an adjustment. Only the criteria for current operating income, free cash-flow and revenue were affected by this decision; the customer experience criteria and those related to social and environmental responsibility were not revised. Only the trigger threshold levels have been reviewed, with the target and maximum objectives remaining unchanged.

The qualitative goals were assessed by the Board of Directors' meeting on February 23, 2023.

The potential compensation for qualitative goals is capped at 100% of the target potential achieved on these criteria, with no possibility of compensation for outperformance.

		Assessment
Economic and financial targets (60% of total variable compensation)	Group current operating income (COI) (20% of total variable compensation)	The target for current operating income in 2022 was not achieved, despite the resilience of the current operating margin and good cost control in particularly difficult circumstances for retail. The result, down compared to 2021, falls between the threshold objective and the target. This result is also slightly below the initial threshold objective prior to review by the Board. As such, the objective was met at 83.49%, and the percentage of compensation under this criterion is 53.49% of the maximum compensation attached to this criterion.
	Group free cash-flow (FCF) (20% of total variable compensation)	The free cash-flow objective for 2022, impacted by a drop in sales in December and by the negative effects of WCR, was not achieved. With a slightly negative free cash-flow, the result is below the threshold objective. Accordingly, no compensation is due under this criterion.
	Group revenue (20% of total variable compensation)	Despite strong sales resilience in 2022, the revenue objective for 2022 was not achieved. With revenue down slightly compared to the historic level of 2021, the result is between the threshold objective and the target objective. This result is also higher than the initial threshold target prior to review by the Board. As such, the objective was met at 96.90%, and the percentage of compensation under this criterion is 58.26% of the maximum compensation attached to this criterion.
Customer experience target (10% of total variable compensation)	Net Promoter Score (NPS) (10% of total variable compensation)	Also experiencing a sharp upturn compared with 2021, the Net Promoter Score objective was significantly exceeded. The result is above the maximum objective. As such, the objective was met at 104.40%, and the percentage of compensation under this criterion is 100% of the maximum compensation attached to this criterion.
Corporate Social Responsibility objectives (10% of total variable compensation)	Group non-financial rating (5% of total variable compensation)	The social and environmental responsibility objective as measured by the Group's non-financial rating was again exceeded, with a further significant improvement in the social and environmental responsibility rating in 2022, in excess of the cap. As such, the objective was met at 110.91%, and the percentage of compensation under this criterion is 100% of the maximum compensation attached to this criterion.
	Employee engagement (5% of total variable compensation)	The employee engagement objective was exceeded, with a further increase seen in the indicator measured from the employees' own responses. These results are achieved thanks to an analysis of the monthly results of the Group's employee surveys and the concrete actions they enable. The result falls between the target set and the cap. As such, the objective was met at 101.39%, and the percentage of compensation under this criterion is 83.33% of the maximum compensation attached to this criterion.
Qualitative goals (20% of total variable compensation)	Strategic plan Everyday: development of the services policy; execution of the digital strategy; achievement of sustainability objectives; execution of the performance plan; design and implementation of a new structure to strengthen risk control and cyber security (15% of total variable)	On the recommendation of the Appointments and Compensation Committee, the Board of Directors acknowledged the excellent quality of the work carried out by Enrique Martinez with regard to all the various component factors required to fulfill the first qualitative criterion, but also noted that there was room for improvement over the past year as far as this objective is concerned, in particular with regard to performance relating to digital strategy. The Board noted: ■ the services policy and the acceleration of new customers with 800,000 Darty Max subscribers versus 500,000 in the previous year, with a high level of customer satisfaction for home service calls; ■ digital technology and the accelerated roll-out of the video sales advice service in both the Fnac and Darty brands in France to restore the quality of in-store sales advice, even remotely, with 285,000 conversations by video and chat, i.e. double last year; ■ sustainability and the achievement of the sustainability score objective of 115 versus 111 last year, with an increasing number of repaired products at 2.3 million in 2022; ■ the performance plan, with savings objectives exceeded by 20%; ■ the implementation of the new risk control and cyber security structure – the first actions of their roadmaps having already delivered results.
	Quality of management, social climate (5% of total variable)	■ With regard to the second qualitative criterion, the Board noted the positive social climate developed in 2022 that led, in particular, to the signing of numerous agreements within the Group. In addition, it noted the positive development of the e-NPS (monthly measure of employee satisfaction), which was up in 2022 despite a more difficult economic, geopolitical and social environment.
TOTAL VARIABLE COMPENSATION AS A % OF FIXED COMPENSATION		

Weighting of criteria as a % of fixed compensation			Achieved		
Minimum	Target	Maximum	Achieved	Compensation as a % of the maximum for the criterion	Amount *(in euros)*
0.0%	20.0%	33.3%	€230.6 million	53.49%	133,707
0.0%	20.0%	33.3%	-€30.2 million	0.0%	0
0.0%	20.0%	33.3%	€7,949.4 million	58.26%	145,623
0.0%	10.0%	15.0%	60.8	100.0%	112,500
0.0%	5.0%	7.5%	61.0	100.0%	56,250
0.0%	5.0%	7.5%	73.0%	83.33%	46,875
0.0%	15.0%	15.0%		96.0%	108,000
0.0%	5.0%	5.0%		100.0%	37,500
0.0%	**100.0%**	**150.0%**		**56.93%**	**€640,455**

The total achievement rate of the 2022 variable portion was 56.93% of the maximum, and the gross amount allocated for 2022 is €640,455.

On February 23, 2023, the Board of Directors, on the proposal of the Appointments and Compensation Committee, decided that annual variable compensation should not be paid in cash but in the form of bonus shares in order to better align the interests of the Chief Executive Officer and the shareholders.

The shares will be allotted to the Chief Executive Officer at the Board of Directors' meeting following the Combined General Meeting of May 24, 2023, subject to the approval of the latter.

The number of shares allotted depends on the level of achievement of the performance conditions in place at the time the annual variable compensation is awarded.

The total annual variable compensation payable for 2022, i.e. €640,455 gross, will be paid in the form of bonus shares. The valuation used is that of the stock market price on the day of the Board of Directors' meeting or an average of the previous prices.

The shares allocated will be subject to a vesting period of one year, followed by a two-year lock-in period.

In addition, the Chief Executive Officer must comply with the lock-in obligation provided by the Board of Directors which, in accordance with Articles L. 225-185 and L. 225-197-1 of the French Commercial Code, decided at its meeting on April 28, 2017 that:

- the executive corporate officers must hold, in registered form, until the end of their term of office, a minimum number of shares corresponding to 25% of their fully vested shares (net of fees and taxes and the disposals necessary to exercise options) on each of the bonus share and option plans allotted to them by the Board on or after the date of their appointment; it is specified that the plans from which they may have benefited earlier as employees are not included in this requirement; and
- however, this percentage is reduced to 10% (instead of 5% previously), as resulting from the decision of the Board of Directors dated February 23, 2023, once the number of shares held by the executive corporate officers under the bonus share allotment and the exercise of options, under all plans, represents an amount that is equal to twice their gross annual fixed compensation, which is the minimum number of shares that the executive corporate officers must hold in registered form until the termination of their duties under Section 23 of the French AFEP-MEDEF Code.

Lastly, in accordance with the recommendations of the AFEP-MEDEF Code, Enrique Martinez has formally committed not to hedge his risk on the options or shares resulting from the exercise of options, or on the performance shares, until the end of the share lock-up period set by the Board of Directors.

It should also be noted that, to the Company's knowledge, no hedging instruments have been put in place by Enrique Martinez for the options or shares resulting from the exercise of options, or the performance shares, and that this shall be the case until the end of the share lock-up period set by the Board of Directors.

Pursuant to the provisions of Article L. 22-10-34 II of the French Commercial Code, payment of this annual variable compensation (in cash or in the form of bonus shares) is subject to the approval by the General Meeting of the May 24, 2023 of the compensation and benefits of any kind paid during the 2022 financial year or awarded in respect of the 2022 financial year to Mr. Enrique Martinez.

As a reminder, the total achievement rate of the variable compensation awarded for 2021 was 93.94% of the maximum, and the gross amount allocated for the service of the Chief Executive Officer in 2021 was €1,056,782.

The amount of €1,056,782 was paid in May 2022, after the approval of the General Meeting of May 18, 2022, in accordance with the provisions of Article L. 22-10-34 II of the French Commercial Code.

Long-term compensation, stock options and performance shares

The Chief Executive Officer is eligible for the long-term incentive plans granted by the Board of Directors, which may take the form of stock option plans, bonus shares subject to performance conditions, or plans paid in cash, also subject to performance conditions.

In accordance with the recommendations of the AFEP-MEDEF Code, the grant value of these plans as adopted under IFRS 2 is proportionate to the annual fixed and variable component of the compensation, and is capped at up to 50% of total compensation (this being the sum of fixed annual compensation, the maximum variable compensation, and the long-term compensation) in accordance with the compensation policy approved by the General Meeting of May 18, 2022 in its Twelfth Resolution. It is determined by the Board of Directors in light of market practices in accordance with the compensation policy approved by the General Meeting.

Performance shares awarded during the period to the Chief Executive Officer

At its meeting on May 18, 2022, on the recommendation of the Appointments and Compensation Committee, and in accordance with the authorization granted to it by the extraordinary Twentieth Resolution of the General Meeting of May 28, 2020, the Board of Directors decided to implement a long-term compensation system in the form of free performance shares.

These shares will be vested upon expiration of a three-year vesting period (May 18, 2022 to May 17, 2025), subject to the beneficiary's continued employment within the Group at the end of the vesting period. The vesting of the shares will be conditional upon:

- for 25%, a Fnac Darty share performance condition based on the Company's total shareholder return (TSR) when compared to a panel of companies in the general public retail sector (more specialized panel allowing better comparability than the more general SBF 120), to be measured in 2025 for the period 2022-2024;

- for 50%, satisfying a performance condition related to the achievement of a level of free cash-flow measured in 2025 following publication of the Group's annual results for 2024, taking into account the cash flow generated by the Group during 2022, 2023 and 2024, for the entire period; and
- for 25%, the Company's Corporate Social Responsibility performance measured during 2022, 2023 and 2024, for the entire period, taking into account:
  - for 15%, the average annual increase in the Group's sustainability score,
  - for 10%, the average annual reduction in CO_2 emissions.

These two criteria, presented in the Non-financial Performance Declaration and audited with reasonable assurance, are an integral part of the Group's strategy. They demonstrate the importance of climate challenges for Fnac Darty.

On May 18, 2025, when the vesting period ends, 48,316 shares may be vested under this plan. The valuation of the gross amounts at the grant date and according to IFRS 2 rules, before apportionment of expenses over the vesting period of the equivalent in bonus shares granted in 2022, was €1,599,984. This valuation, for market items, was calculated using the Black & Scholes method based on the following parameters: a reference share price equal to €46.80 per share (price on the first day of vesting, May 18, 2022), volatility of 27% and the Euribor Swap risk-free interest rate. For non-market items, the valuation was calculated based on the best estimate of the achievement of future performance conditions.

Each performance condition is measured at the end of the plan, taking into account the performance over the entire period. Each performance criterion has a trigger threshold below which no shares linked to this criterion may be vested. As regards the comparative TSR criterion, the Company's target objective is to be in the first quartile. Furthermore, if performance falls below the median performance of the selection of companies from the general public retail sector during the period measured, no shares will vest.

The performance conditions of the performance shares plan are detailed below:

	Criterion weighting	By criterion, % of shares vested below the threshold	By criterion, % of shares vested above the threshold	By criterion, % of shares vested above the target	Threshold objective	Target objective
Comparative TSR	25%	0.00%	12.50%	25.00%	Median	1st quartile
Free cash-flow	50%	0.00%	12.50%	50.00%	80% of the target	Target
CSR – Average annual growth rate of sustainability score	15%	0.00%	3.75%	15.00%	Target -0.6 points	Target
CSR – Average annual reduction in CO_2 emissions	10%	0.00%	2.50%	10.00%	Target +0.71 points	Target
Total	**100%**	**0%**	**31.25%**	**100%**		

TSR panel: Kingfisher, Currys, Best Buy, WH Smith, Carrefour, Casino, Maison du monde, Ceconomy, Fnac Darty.

Performance shares allotted during the financial year

Table 6 in accordance with the recommendations of the AFEP-MEDEF Code and AMF position-recommendation No. 2021-02

No. and date of plan	Number of shares allotted during the financial year	Valuation of shares according to the method used for the consolidated financial statements	Date of vesting	Date of availability	Performance conditions
Plan No. 7 2022	48,316	€1,599,984	05/17/2025	05/17/2025	Comparative TSR Achievement of free cash-flow target CSR average annual growth rate of sustainability score CSR average annual reduction in CO_2 emissions

Performance shares fully vested by the Chief Executive Officer during the financial year

For reference, in 2019, Mr. Enrique Martinez was awarded 31,752 bonus shares, due to vest fully on May 22, 2022, pursuant to Plan No. 4 2019 referred to in AFEP-MEDEF table No. 9.

The full vesting of these bonus shares is conditional upon:

- for 30%, a Fnac Darty share performance condition based on the Company's total shareholder return (TSR) compared to that of the companies in the SBF 120;
- for 50%, a performance condition linked to achieving a level of free cash-flow; and
- for 20%, on the Company's Corporate Social Responsibility performance, measured taking into account the Group's non-financial ratings.

In 2022, TSR is measured in respect of 2019-2021, for the entire period. The level of free cash-flow is assessed in 2022 after publication of the Group's annual results for 2021, taking into account the cash flow generated by the Group during 2019, 2020 and 2021, for the entire period, and the Company's Corporate Social Responsibility performance is assessed by taking into account the Group's non-financial ratings for 2019, 2020 and 2021, over the entire period.

Each performance condition is measured at the end of the plan, taking into account the performance over the entire period. Each performance criterion has a trigger threshold below which no shares linked to this criterion may be vested.

Definitive acquisition of these bonus shares containing a single tranche is also subject to a three-year service condition (May 23, 2019 – May 22, 2022).

The total shareholder return (TSR) was measured in 2022 for the period 2019-2021. With a ranking of 103rd place, the objective for this period was not achieved. The Company's objective was to be ranked among the top 35 companies in the SBF 120. The result falls below the trigger threshold. Therefore, the vesting rate is 0% for this criterion.

The average level of free cash-flow was assessed in 2022 for the years 2019, 2020 and 2021. With an average free cash-flow over the period of €181.6 million, the objective for 2022 was achieved in full. The result is above the target. Therefore, the vesting rate is 100% for this criterion.

The average of the Group's non-financial ratings obtained in 2019, 2020 and 2021 was assessed in 2022. With an average rating over the period of 48.7, the objective was achieved in full. The result is above the target. Therefore, the vesting rate is 100% for this criterion.

Given the relative weight of each criterion, Mr. Enrique Martinez acquired 70% of the bonus shares initially awarded in 2019, i.e. 22,227 shares with a gross acquisition value of €1,011,328.50, valued at €45.50 per share, Fnac Darty's opening price on May 23, 2022.

Performance shares vested during the period

Table 7 in accordance with the recommendations of the AFEP-MEDEF Code and AMF position-recommendation No. 2021-02

N°. and date of plan	Number of shares vested during the period	Percentage of shares initially granted and vested taking into account the performance conditions
Plan N°. 4 2019	22,227	70%

In addition, pursuant to Articles L. 225-185 and L. 225-197-1 of the French Commercial Code, the Board decided at its meeting of April 28, 2017 that:

- the executive corporate officers must hold, in registered form, until the end of their term of office, a minimum number of shares corresponding to 25% of their fully vested shares (net of fees and taxes and the disposals necessary to exercise options) on each of the bonus share and option plans allotted to them by the Board on or after the date of their appointment; it is specified that the plans from which they may have benefited earlier as employees are not included in this requirement; and
- this percentage would be lowered to 5% once the number of shares held by the executive corporate officers from bonus share allotments and options exercised in all plans represents an amount equal to twice their gross annual fixed compensation, which is the minimum number of shares that the executive corporate officers must hold in registered form until the end of their term of office, as recommended in paragraph 23 of the AFEP-MEDEF Code.

Lastly, in accordance with the recommendations of the AFEP-MEDEF Code, Enrique Martinez has formally committed not to hedge his risk on the options or shares resulting from the exercise of options, or on the performance shares, until the end of the share lock-up period set by the Board of Directors.

It should also be noted that, to the Company's knowledge, no hedging instruments have been put in place by Enrique Martinez for the options or shares resulting from the exercise of options, or the performance shares, and that this shall be the case until the end of the share lock-up period set by the Board of Directors.

History of the share subscription or share purchase options awarded to the Chief Executive Officer

Table 8 in accordance with the recommendations of the AFEP-MEDEF Code and AMF position-recommendation No. 2021-02

Information on subscription and purchase options

	Plan No. 1 2018 [(a)]
Date of meeting	06/17/2016
Date of Board of Directors' meeting	05/18/2018
Total number of shares that may be subscribed or purchased, of which the number of shares that may be subscribed or purchased by:	97,438
Enrique Martinez	41,766
Start date for exercising options	
1st tranche	*05/18/2020*
2nd tranche	*05/18/2021*
Expiration date	
1st tranche	*05/17/2021*
2nd tranche	*05/17/2022*
Subscription or purchase price	€89.43 (average of the last 20 closing prices of the Fnac Darty share prior to May 18, 2018)
Conditions of exercise	Between 05/18/2020 and 05/17/2021 for the first tranche and between 05/18/2021 and 05/17/2022 for the second tranche
Number of shares subscribed as of 12/31/2022	0
Cumulative number of share subscription or purchase options canceled or expired	97,438
Share subscription or purchase options outstanding at the end of the period	0

(a) In view of the performance conditions, 47.1% of the options initially awarded under the first tranche of the 2018 plan were fully vested, but were unable to be exercised during the period as a result of the Fnac Darty share price. No options were vested in respect of the second tranche.

History of the performance shares awarded to the Chief Executive Officer

Table 9 in accordance with the recommendations of the AFEP-MEDEF Code and Table 10 in accordance with AMF position-recommendation No. 2021-02

Information on performance shares							
	Plan No. 1 2017 [(a)]	Plan No. 2 2018 [(b)]	Plan No. 3 2019 [(c)]	Plan No. 4 2019 [(d)]	Plan No. 5 2020	Plan No. 6 2021	Plan No. 7 2022
Date of meeting	06/17/2016	06/17/2016	06/17/2016	06/17/2016	05/23/2019	05/28/2020	05/28/2020
Date of Board of Directors' meeting	12/15/2017	05/18/2018	05/23/2019	05/23/2019	05/28/2020	05/27/2021	05/18/2022
Total number of shares awarded to all beneficiaries, of which the number awarded to:	92,500	109,817	214,449	31,752	616,496	244,660	297,105
Enrique Martinez	15,391	9,983	0	31,752	76,997	39,911	48,316
Vesting date of shares	03/02/2020	05/17/2020 for the first tranche (66.67%) 05/17/2021 for the second tranche (33.33%)	05/22/2021 for the first tranche (33.33%) 05/22/2022 for the second tranche (66.67%)	05/22/2022	05/27/2023	05/26/2024	05/17/2025
End date of the holding period	03/02/2020	05/17/2020 for the first tranche (66.67%) 05/17/2021 for the second tranche (33.33%)	05/22/2021 for the first tranche (33.33%) 05/22/2022 for the second tranche (66.67%)	05/22/2022	05/27/2023	05/26/2024	05/17/2025
Performance conditions	For 20% of shares, the performance condition is based on the market performance of the Fnac Darty share (TSR) For 40% of the shares, the performance condition is based on the achievement of synergy goals For 40% of the shares, the performance condition is based on specific income goals (current operating income)	For 30% of shares, the performance condition is based on the market performance of the Fnac Darty share (TSR) For 70% of the shares, the performance condition is based on achieving specific income goals (Current operating income)	For 30% of shares, the performance condition is based on the market performance of the Fnac Darty share (TSR) For 50% of shares, the performance condition is based on achieving a Free Cash-Flow (CFL) target For 20% of shares, the performance condition is based on achieving a CSR criterion (improvement in the Vigeo non-financial rating)	For 30% of shares, the performance condition is based on the market performance of the Fnac Darty share (TSR) For 50% of shares, the performance condition is based on achieving a Free Cash-Flow (CFL) target For 20% of shares, the performance condition is based on achieving a CSR criterion (improvement in the Vigeo non-financial rating)	For 30% of shares, the performance condition is based on the market performance of the Fnac Darty share (TSR) For 50% of shares, the performance condition is based on achieving a Free Cash-Flow (CFL) target For 20% of shares, the performance condition is based on achieving a CSR criterion (improvement in the Vigeo non-financial rating)	For 30% of shares, the performance condition is based on the market performance of the Fnac Darty share (TSR) For 50% of shares, the performance condition is based on achieving a Free Cash-Flow (CFL) target For 20% of shares, the performance condition is based on achieving a CSR criterion (improvement in the Vigeo non-financial rating)	For 25% of shares, the performance condition is based on the market performance of the Fnac Darty share (TSR) For 50% of shares, the performance condition is based on achieving a Free Cash-Flow (CFL) target For 25% of shares, the performance condition is based on achieving two CSR criteria (15% related to improving the sustainability score and 10% related to reducing CO_2 emissions)
Number of shares purchased as of 12/31/2021	50,580	32,432	130,575	22,227	0	0	0
Cumulative number of shares canceled or expired	41,920	77,385	83,874	9,525	72,716	18,700	0
Performance shares remaining at the year end	0	0	0	0	543,780	225,960	297,105

(a) In view of the performance conditions, 62.2% of the shares initially awarded under the 2017 plan were fully vested.
(b) In view of the performance conditions, 47.1% of the shares initially awarded under the first tranche of the 2018 plan were fully vested and no shares were vested under the second tranche.
(c) In view of the performance conditions, 70% of the shares initially awarded under the first and second tranches of the 2019 plan were fully vested.
(d) In view of the performance conditions, 70% of the shares initially awarded under the 2019 plan were fully vested.

In-kind benefits and other benefits

Enrique Martinez is provided with a company car in accordance with the Company's current vehicle policy and market practices, which in 2022 represented an in-kind benefit of €4,709 (accounting valuation). This benefit amounted to €4,612 in 2021.

Enrique Martinez also benefits from an unemployment insurance plan for non-employee corporate officers, for which contributions were paid in the amount of €13,347 for 2022. These contributions are subject to social security and employer taxes and are therefore treated as benefits in kind. In 2021, the contributions paid for unemployment insurance amounted to €13,347.

Supplementary pension scheme

The Board of Directors authorized Enrique Martinez's participation in the supplementary defined-contribution pension scheme (Article 83 of the French General Tax Code) which benefits all executives of Fnac Darty's French companies included in this policy.

Premiums amounted to €11,325 in both 2022 and in 2021.

Provident insurance plan

On July 17, 2017, the Board of Directors authorized Enrique Martinez's participation in the provident insurance plan that benefits all employees of Fnac Darty's French companies included in this policy.

Contributions paid by the Company in 2022 and 2021 amounted to €9,705 and €9,687, respectively.

Compensation awarded in respect of the office of director

At its meeting of February 20, 2019, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, decided that Enrique Martinez would not receive any compensation in respect of his term of office as a Director, approved by the General Meeting of May 23, 2019. Enrique Martinez did not receive any compensation for his Directorship for 2022.

Total compensation

The amounts paid in 2022 and 2021 in total compensation and its components, as detailed above, totaled €1,845,867 and €1,532,500 respectively, broken down as follows: fixed compensation of €750,000 and €750,000 respectively; annual variable compensation of €1,056,782 (for 2021) and €743,530 (for 2020); in-kind benefits and other benefits of €18,055 and €17,958 respectively; supplementary pension scheme contributions of €11,325 for each year; lastly, company provident insurance plan contributions of €9,705 and €9,687 respectively. In addition, the amount allocated for 2022 and to be paid in 2023 as annual variable compensation, subject to the approval of the General Meeting, was €640,455.

Summary table of compensation, options and performance shares awarded to the Chief Executive Officer

Table 1 in accordance with the recommendations of the AFEP-MEDEF Code and AMF position-recommendation No. 2021-02

Enrique MARTINEZ **Chief Executive Officer**	**2021**	**2022**
Gross compensation allocated for the period	€1,845,752	€1,429,540
SUB-TOTAL GROSS MONETARY COMPENSATION DUE FOR THE PERIOD	**€1,845,752**	**€1,429,540**
Valuation of multi-year variable compensation allocated during the period	n.a.	n.a.
Valuation of options awarded during the period [(a)]	n.a.	n.a.
Valuation of performance shares awarded during the year	€1,600,032	€1,599,984
Valuation of other long-term compensation plans	n.a.	n.a.
TOTAL GROSS MONETARY COMPENSATION AND ALLOTMENT OF SECURITIES SUBJECT TO PERFORMANCE AND ATTENDANCE CONDITIONS	**€3,445,784**	**€3,029,524**

(a) No options were awarded in 2021 or 2022.

Summary table of the compensation of the Chief Executive Officer

Table 2 in accordance with the recommendations of the AFEP-MEDEF Code and AMF position-recommendation No. 2021-02

	2021		2022	
Enrique MARTINEZ **Chief Executive Officer**	**Amounts allocated**	**Amounts paid**	**Amounts allocated**	**Amounts paid**
Fixed compensation	€750,000	€750,000	€750,000	€750,000
Annual variable compensation [(a)]	€1,056,782	€743,530	€640,455	€1,056,782
Multi-year variable compensation	n.a.	n.a.	n.a.	n.a.
Exceptional compensation	n.a.	n.a.	n.a.	n.a.
Compensation awarded in respect of the office of Director	n.a.	n.a.	n.a.	n.a.
Benefits in kind [(b)]	€17,958	€17,958	€18,055	€18,055
Supplementary pension schemes	€11,325	€11,325	€11,325	€11,325
Provident insurance plans	€9,687	€9,687	€9,705	€9,705
TOTAL	**€1,845,752**	**€1,532,500**	**€1,429,540**	**€1,845,867**

(a) For the 2022 financial year, all annual variable compensation will be paid in the form of bonus shares.
(b) Enrique Martinez benefits from a company car and an unemployment insurance plan.

Non-compete agreement

The Board of Directors has approved a non-compete agreement with Enrique Martinez in the specialized retail market for entertainment and electronic products and domestic appliances for the consumer market in the countries where the Group operates. This non-compete agreement is limited to two years starting at the end of his term of office. In consideration for this agreement, Enrique Martinez will receive, in installments for its duration, a gross allowance representing 70% of his fixed monthly compensation, for a period of two years from the effective end of his term of office. The Board of Directors is entitled to waive implementation of this clause. The payment of compensation under the non-compete agreement is precluded as soon as the executive exercises his or her pension rights. In any event, no such compensation may be paid when the recipient is older than 65 years of age.

This commitment was implemented by the Board of Directors on July 17, 2017 and was approved by the General Meeting of May 18, 2018. On February 20, 2019, it was revised by the Board of Directors in order to align it with the new recommendations of the AFEP-MEDEF Code of June 2018. This amendment was approved by the General Meeting of May 23, 2019.

No amount was due for either 2022 or 2021.

The Chief Executive Officer has not received any compensation from a company within the scope of consolidation.

Summary of the Chief Executive Officer's benefits

Table 11 in accordance with the recommendations of the AFEP-MEDEF Code and AMF position-recommendation No. 2021-02

Enrique MARTINEZ Chief Executive Officer	Employment contract [(a)]		Supplementary pension scheme		Compensation or benefits payable or likely to be payable as a result of termination or change of position		Compensation associated with a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Term of office start date: 07/18/2017 Open-ended term of office of Chief Executive Officer		X	X			X	X	

(a) *The employment contract of Enrique Martinez was suspended after he took up his new position as Chief Executive Officer, as indicated in the preamble to section 3.3.2.2 of this document.*

Tables 4, 5 and 10 do not apply to the Chief Executive Officer.

3.3.2.3 / Compensation of corporate officers

Compensation paid to members of the Board of Directors

Compensation to be paid in 2022 for 2021

The General Meeting determines the total amount of compensation to be paid to the members of the Board of Directors.

Based on recommendations from the Appointments and Compensation Committee, the Board of Directors determines how the compensation allocated to Directors is to be distributed according to the actual attendance of members at meetings of the Board and the specialized committees held during the period in question, in accordance with the compensation policy approved by the General Meeting.

The General Meeting of May 28, 2020 set this amount at €500,000 for 2020, to be maintained until decided otherwise.

In order to take into account the appointment of a Director representing employees to the Appointments and Compensation Committee in 2021, in accordance with the recommendations of the AFEP-MEDEF Code, the Board considered it appropriate, on the recommendation of the Appointments and Compensation Committee, to propose increasing the overall annual compensation allocated to Directors to €515,000. The General Meeting of May 27, 2021 set this amount at €515,000 for 2021, to be maintained until decided otherwise.

Based on recommendations from the Appointments and Compensation Committee, on February 23, 2023 the Board of Directors decided, in accordance with the compensation policy approved by the General Meeting, on the distribution of the compensation allocated to members of the Board and specialized committees who attended meetings held in 2022.

For 2021, the rules for awarding the compensation allocated to directors are as follows:

- 62% of the €515,000 representing the total annual amount of compensation is allocated to members of the Board of Directors, i.e. €320,000;
- this amount is comprised 30% of a fixed component and 70% of a variable component, which reflects Directors' attendance at Board meetings;
- the balance, of €195,000, is allocated to the members of the specialized committees and distributed as follows: €90,000 to the Audit Committee, €69,000 to the Appointments and Compensation Committee and €36,000 to the Corporate, Environmental and Social Responsibility Committee. These portions are allocated based on attendance at committee meetings;
- the Chairman of the Board of Directors and the committee chairs receive a 50% higher fee for their attendance at each meeting;
- no specific compensation is allocated to the members of the Strategy Committee, as they are also members of the Board of Directors and (with the exception of the Executive Corporate Officer) serve as Chairman of the Board or chairs of the specialized committees.

Potential compensation of members of the Board of Directors and the specialized committees, taking into account the composition of the Board and of the committees in 2022:

	Fixed component	Proportion	Variable component proportional to attendance at meetings	Proportion	Maximum amounts attributable	
Board of Directors	**€96,000**	**30%**	**€224,000**	**70%**	**€320,000**	**100%**
Chairman	€9,931	30%	€23,172	70%	€33,103	100%
Vice-Chairmen	€6,621	30%	€15,448	70%	€22,069	100%
Members (10)	€66,207	30%	€154,483	70%	€220,690	100%
Members representing employees (2)	€13,241	30%	€30,897	70%	€44,138	100%
Audit Committee	**n.a.**	**n.a.**	**€90,000**	**100%**	**€90,000**	**100%**
Chairman	n.a.	n.a.	€38,571	100%	€38,571	100%
Members (2)	n.a.	n.a.	€51,429	100%	€51,429	100%
Appointments and Compensation Committee	**n.a.**	**n.a.**	**€69,000**	**100%**	**€69,000**	**100%**
Chairman	n.a.	n.a.	€23,000	100%	€23,000	100%
Members (3)	n.a.	n.a.	€46,000	100%	€46,000	100%
Corporate, Environmental and Social Responsibility Committee	**n.a.**	**n.a.**	**€36,000**	**100%**	**€36,000**	**100%**
Chairman	n.a.	n.a.	€12,000	100%	€12,000	100%
Members (3)	n.a.	n.a.	€24,000	100%	€24,000	100%
Strategy Committee	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**

n.a.: not applicable.

Of the €515,000 total annual allocation for Directors' fees for 2021, a total amount of €448,029 was paid in 2022, broken down as follows:

Name	Amounts paid in 2021 for 2020 *(in euros)*	Amounts paid in 2021 for 2022 *(in euros)*	Amounts allocated in 2022 (to be paid in 2023) *(in euros)*
Jacques Veyrat	0	0	0
Enrique Martinez	0	0	0
Carole Ferrand [(a)]	58,756	60,877	29,277
Antoine Gosset-Grainville [(a)]	43,865	45,305	23,359
Nonce Paolini	36,419	37,639	37,639
Brigitte Taittinger-Jouyet	48,001	47,432	48,505
Delphine Mousseau [(a)]	29,250	30,305	0
Caroline Grégoire Sainte Marie	29,250	45,527	51,146
Daniela Weber-Rey	46,347	30,591	44,999
Sandra Lagumina	43,365	48,020	55,367
Jean-Marc Janaillac	29,250	30,305	32,972
Javier Santiso	21,528	22,305	25,372
Laure Hauseux	0	0	6,373
Stefanie Meyer	0	0	9,559
Franck Maurin	21,528	27,417	37,639
Julien Ducreux	0	22,305	22,305
TOTAL	**407,560**	**448,029**	**424,513**

(a) Members who have left the Board of Directors.

Directors do not receive any other compensation, with the exception of the following.

Jacques Veyrat, Chairman of the Board of Directors, no longer receives any compensation for his directorship since his appointment as Chairman, as indicated in section 3.3.2.1 of the Universal Registration Document.

Enrique Martinez, Chief Executive Officer, does not receive any compensation for his directorship, as indicated in section 3.3.2.2 of the Universal Registration Document.

Franck Maurin, Director representing employees, receives compensation under the terms of his employment contract.

In 2022, the amounts paid to Franck Maurin amounted to €104,378, including fixed compensation of €80,016, annual variable compensation of €18,132, supplementary pension scheme contributions, Article 83 of the French General Tax Code (to which all executives of Fnac Darty's French companies included in this policy are entitled under the same conditions and regulations as those above) of €2,572, Company provident insurance plan contributions of €2,926, and finally, €732 in profit-sharing and incentive bonuses.

To be noted, the amount allocated in 2022 and paid in 2023 as part of the annual variable compensation is not yet determined on the date of publication of this document.

Julien Ducreux, Director representing employees, receives compensation under the terms of his employment contract.

In 2022, the amounts paid to Mr. Julien Ducreux amounted to €128,628, including fixed compensation of €105,329, annual variable compensation of €13,058, supplementary pension scheme contributions with defined contributions, Article 83 of the French General Tax Code (to which all executives of Fnac Darty's French companies included in this policy are entitled, under the same conditions and rules as those above) of €3,339, Company provident insurance plan contributions of €3,531, a benefit in kind related to the use of a company vehicle, in accordance with the Company's current mobility solution, of €2,628 and, finally, €743 in profit-sharing and incentive bonuses.

To be noted, the amount allocated in 2022 and paid in 2023 as part of the annual variable compensation is not yet determined on the date of publication of this document.

Lastly, on May 18, 2022, the Board of Directors, acting on the recommendation of the Appointments and Compensation Committee, decided to award Julien Ducreux 1,307 performance-based bonus shares under the plan described in section 7.2.4 of this Universal Registration Document, pursuant to the same conditions as for the other 172 beneficiaries of this plan.

In correspondence dated October 14, 2020, before he officially took a seat on the Fnac Darty Board of Directors, Julien Ducreux informed the Chairman of the Board that he wished for all compensation amounts due to be allotted to him as a Director for his entire term of office to instead be paid to the union that nominated him as a Director representing employees. Julien Ducreux therefore received no compensation for his directorship for 2022.

Compensation to be paid in 2023 for 2022

Of the total amount of €515,000 in Directors' fees allocated in 2023 for 2022, on February 23, 2022 the Board of Directors allocated €320,000, to the Board members and the remaining €195,000, to the members of the specialized committees.

Of the €320,000 allocated to the Board of Directors, 30% was fixed and 70% was variable. The variable component was allocated based on members' attendance at Board of Directors' meetings.

The remaining €195,000 allocated to the specialized committees was distributed as follows: €90,000 to the Audit Committee, €69,000 to the Appointments and Compensation Committee and €36,000 to the Corporate, Environmental and Social Responsibility Committee. These portions are allotted strictly on the basis of members' attendance at committee meetings.

No specific compensation has been allocated to the members of the Strategy Committee, as they are also members of the Board of Directors and, with the exception of the Executive Corporate Officer, serve as Chairman of the Board or chairs of the specialized committees.

The portion of the compensation calculated but not paid to the Chairman of the Board and the Chief Executive Officer has not been reallocated to the other Directors.

The Chairman of the Board of Directors and the committee chairs receive a 50% higher fee for their attendance at each meeting.

The Board of Directors meeting of February 23, 2023 allocated a total of €424,513 to members of the Board of Directors and its committees to be paid in 2023 for 2022.

It should be noted that the Board of Directors is composed in accordance with the first paragraph of Article L. 225-18-1 of the French Commercial Code.

The General Meeting of May 18, 2022 approved, with a 98.347% majority, the resolution relating to the information referred to in section I of Article L. 22-10-9 of the French Commercial Code.

3.3.2.4 / Comparison of the level of compensation of corporate officers and that of employees of the Company, and of the Company's performance

In accordance with Article L. 22-10-9 of the French Commercial Code, and in compliance with the AFEP guidelines updated in February 2021, the table below presents the level of compensation owed or allocated in respect of one year to each of the executive corporate officers, set against the average and median compensation owed or allocated in respect of the same year to the employees of the Company other than the corporate officers on a full-time equivalent basis and changes in this ratio over the last five years.

It also presents the annual change:

- in the compensation of corporate officers;
- in the average compensation on a full-time equivalent basis of the Company's employees, other than corporate officers;
- in equity ratios;
- and in the Company's performance.

The scope presented in the second section of the table is that of the listed company, Fnac Darty SA.

The scope presented in the third section of the table is that of the registered office functions, including the listed company. The scope covers a wide variety of functions carried out within the Group, in particular with the teams responsible for trading, purchasing, marketing & digital, support functions and corporate functions.

The scope presented in the fourth section of the table is that of Fnac and Darty companies in France, including the head office companies and the listed company. In addition to those functions included in the scope outlined in the previous paragraph, it covers duties performed in stores, logistics platforms, remote customer relations services, delivery services, after-sales services, and so on. Ratios across this broader Group scope could not be calculated over the last five years, due to the merger between Fnac and Darty during this period. This scope meets the recommendations of the AFEP-MEDEF Code and accounts for more than 90% of the employees of Fnac Darty's French companies.

Table of ratios under section I, paragraphs 6 and 7 of Article L. 22-10-9 of the French Commercial Code

	2018	2019 or change 2019/2018	2020 or change 2020/2019	Change 2020/2018	2021 or change 2021/2020	Change 2021/2018	2022 or change 2022/2021	Change 2022/2018
Change *(in %)* in the compensation of Enrique MARTINEZ, Chief Executive Officer since July 18, 2017		32%	2%	35%	10%	48%	-12%	30%
Change *(in %)* in the compensation of Jacques VEYRAT, Chairman of the Board of Directors since July 18, 2017		0%	0%	0%	0%	0%	0%	0%
Information on the scope of the listed company: Fnac Darty SA								
Change *(in %)* in average employee compensation		1%	-11%	-10%	19%	7%	-14%	-9%
Ratio of the Chief Executive Officer to average employee compensation	3.69	4.86	5.53		5.14		5.27	
Ratio of the Chairman to average employee compensation	0.32	0.32	0.36		0.30		0.35	
Change in the Chairman and Chief Executive Officer's ratio *(in %)*								
Change in the Chief Executive Officer's ratio *(in %)*		32%	14%	50%	-7%	39%	3%	43%
Change in the Chairman's ratio *(in %)*		-1%	12%	11%	-16%	-6%	17%	10%
Ratio of the Chief Executive Officer to median employee compensation	3.42	4.27	5.77		4.86		5.18	
Ratio of the Chairman to median employee compensation	0.30	0.28	0.37		0.28		0.34	
Change in the Chairman and Chief Executive Officer's ratio *(in %)*								
Change in the Chief Executive Officer's ratio *(in %)*		25%	35%	69%	-16%	42%	7%	51%
Change in the Chairman's ratio *(in %)*		-6%	33%	25%	-24%	-4%	21%	16%
Additional information on registered office functions								
Change *(in %)* in average employee compensation		0%	-1%	-2%	5%	3%	0%	2%
Ratio of the Chief Executive Officer to average employee compensation	35.72	47.38	49.00		51.57		45.51	
Ratio of the Chairman to average employee compensation	3.10	3.10	3.15		3.01		3.03	
Change in the Chairman and Chief Executive Officer's ratio *(in %)*								
Change in the Chief Executive Officer's ratio *(in %)*		33%	3%	37%	5%	44%	-12%	27%
Change in the Chairman's ratio *(in %)*		0%	1%	2%	-4%	-3%	0%	-2%
Ratio of the Chief Executive Officer to median employee compensation	43.47	57.88	59.10		61.60		54.07	

	2018	2019 or change 2019/ 2018	2020 or change 2020/ 2019	Change 2020/ 2018	2021 or change 2021/ 2020	Change 2021/ 2018	2022 or change 2022/ 2021	Change 2022/ 2018
Ratio of the Chairman to median employee compensation	3.77	3.79	3.80		3.60		3.59	
Change in the Chairman and Chief Executive Officer's ratio *(in %)*								
Change in the Chief Executive Officer's ratio *(in %)*		33%	2%	36%	4%	42%	-12%	24%
Change in the Chairman's ratio *(in %)*		1%	0%	1%	-5%	-5%	0%	-5%
Additional information on Fnac and Darty in France, including registered office functions								
Change *(in %)* in average employee compensation			1%		5%		-4%	
Ratio of the Chief Executive Officer to average employee compensation		83.04	83.87		88.18		80.32	
Ratio of the Chairman to average employee compensation		5.44	5.39		5.15		5.34	
Change in the Chief Executive Officer's ratio *(in %)*			1%		5%		-9%	
Change in the Chairman's ratio *(in %)*			-1%		-4%		4%	
Ratio of the Chief Executive Officer to median employee compensation		101.45	102.35		107.64		96.62	
Ratio of the Chairman to median employee compensation		6.65	6.58		6.29		6.42	
Change in the Chief Executive Officer's ratio *(in %)*			1%		5%		-10%	
Change in the Chairman's ratio *(in %)*			-1%		-4%		2%	
Company performance								
Free cash-flow from operations, excluding IFRS 16	152.7	172.9	192.4		170.1		-30.2	
Current operating income/revenue	4.0%	4.0%	2.9%		3.4%		2.9%	
TSR vs SBF 120 ranking (base 2017)	47	85	100		90		89	
Total Net Income	149.9	103.9	-6		159.8		-28.1	
Vigeo non-financial rating	35	44	48		54		61	
Change *(in %)* in free cash-flow from operations		13%	11%	26%	-12%	11%	-118%	-120%
Change *(in %)* in current operating income/revenue		0%	-28%	-28%	16%	-16%	-14%	-27%
Change in TSR vs SBF 120 ranking (base 2017)		-38	-15	-53	10	-43	1	-42
Change *(in %)* in total net income		-31%	-106%	-104%	-2,763%	7%	-118%	-119%
Change in Vigeo non-financial rating		9	4	13	6	19	7	26

For each year, the employees taken into account were those who were present throughout the year.

In accordance with the AFEP's guidelines on multiple compensation, the items owed or allocated for an accounting period take into account, for both the corporate officers and the employees:

- the fixed component;
- the annual variable component owed in respect of the year and therefore paid the following year. Since it is not definitive at the date of publication of this document, the variable compensation payable in 2023 for 2022 has been estimated for employees, while for the Chief Executive Officer it is the amount established by the Board of Directors at its meeting on February 23, 2023, payment of which is subject to approval by the General Meeting of May 24, 2023;
- the compensation related to the office of Director, where it has been paid to the executive, in respect of the year and the office;
- the long-term compensation (stock options, performance shares, other long-term compensation instruments and multi-year variable compensation), allocated in respect of the year, valued at IFRS value. These accounting valuations performed on the allotment date are not the amounts that might be received by the beneficiaries upon vesting of the shares, subject to performance and continued employment conditions;
- benefits in kind.

To facilitate year-on-year comparisons, it is made clear that compensation paid in 2020 both to corporate officers and employees has been adjusted for the effects of the health crisis. As such, the compensation taken into account for corporate officers is the compensation before salary reduction in light of the health crisis, as set out in the introduction to Chapter 3.3.2 of the 2020 Universal Registration Document. The compensation taken into account for employees is adjusted for the impact of any periods of furlough measures.

Through the performance criteria presented above, Fnac Darty demonstrates its ability to deliver solid results over time thanks to the strength of its model and the successful execution of the strategic plans Confiance + and, since 2021, Everyday.

The generation of cash essential to ensure the Group's development is regular and significant with an average volume over the whole period of €131.6 million (€172 million over the period 2018-2021).

In 2022, free cash-flow from operations (excluding IFRS 16) was slightly negative at -€30.2 million, down on 2021 in relation to the drop in current operating income during the year and the effects of delays in outgoing and incoming payments between 2021 and 2022. Given the level of free cash-flow in 2022, the Group has decided to extend the period of its initial objective for the generation of expected free cash-flow to €500 million cumulatively over the period from 2021 to 2024 inclusive, compared to 2021 to 2023 previously. Throughout the period, Fnac Darty is demonstrating year-on-year the robustness of its omnichannel model, as well as its strong ability to preserve its operating margins, significantly limiting the impact of various crises on its profitability: the health crisis in 2020 and 2021 and the geopolitical and macroeconomic crisis in 2022. Thus, its average operating profitability (current operating income against revenue) over the last five years is 3.4%. The period of economic stability prior to 2020 allowed the Group to achieve a rate of 4.0%. Demonstrating its strong resilience, the Group's profitability was only moderately impacted during the crises from 2020 to 2022 thanks to changes to its more service-focused economic model and sustainable and responsible offerings, cost control and the ability to seize profitable growth opportunities with revenue growth over the period of around €8 billion.

The Company's TSR is measured by comparing Fnac Darty's stock market performance each year with the market performance of the SBF 120 companies from 2017, the reference year preceding the five-year period presented. Since 2019, the stock market performance of Fnac Darty has been between the third and the fourth quartile in a market environment that is unstable and particularly unfavorable for the retail sector. Over the period preceding 2020, the average share price was €70.50. The share price saw a logical decrease during the crisis years of 2020 and 2022 (average share price of €39.32) with a rebound in 2021 (average share price of €54.74).

The net income of the Consolidated Group has fluctuated significantly from one year to the next, due in particular to the impact of changes in scope (acquisition of Darty in 2016 and Nature & Découvertes in 2019, disposal of the Brazilian subsidiary in 2017, sale of BCC in 2020), as well as the corresponding integration and restructuring costs. Net income was also impacted over the period by costs related to the restructuring of the Group's debt and the exceptional expense in 2022 related to the Group's sentencing in connection with the dispute relating to the disposal of Comet in 2012. In addition to their impact on net income, these various events are also a marker of the Group's agility.

Beyond its long-term financial performance, Fnac Darty's non-financial performance is continuously recognized by the major rating agencies. In addition to the increase in the rating assigned to the Group by Moody's ESG, from a score of 35 in 2018 to 61 in 2022, the Group has been placed for the first time in the "Advanced" (A1+) category, which ranks it among the top 5% worldwide and fifth out of 76 in the specialized retail sector in Europe. CDP and MSCI have also assigned leading ratings to the Group of A- and AA respectively.

The compensation policy structured with a short-term compensation portion and a long-term compensation portion supports this performance. The economic and financial indicators, and the criteria related to corporate, social and environmental responsibility that are used to measure short-term performance during these years (revenue, change in market share, free cash-flow generation, current operating income, non-financial ratings, and employee recommendation rates) have allowed the Group to steadily achieve these ambitious objectives, encouraged the preservation of operating income during the various crises (health crisis in 2020 and 2021 and geopolitical and macroeconomic crisis in 2022) and enabled the Group to quickly deploy the strategic plan Everyday, where it can continue to measure initial successes in terms of the three goals it has set itself for 2025 (embody new standards for successful digital and human omnichannel retail in the future; help consumers adopt sustainable practices; roll out the reference subscription-based home assistance service). Long-term compensation, initially subject to the achievement of market performance conditions following Fnac's flotation in 2013, and subsequently also conditional upon the achievement of non-market performance conditions, in line with the Company's long-term profitability and cash-flow objectives, promotes the search for sustainable performance. The introduction in 2019 of a criterion related to social and environmental responsibility, strengthened in 2022 with the measurement of two new criteria more specific to the Group, reflects the desire to place Fnac Darty's mission at the heart of its strategy and the actions of its employees and to respond to climate challenges.

In this context, changes to the compensation of executives and, in particular, executive corporate officers, are marked on the one hand by changes in the fixed compensation and annual variable potential of Mr. Enrique Martinez between 2018 and 2019. Indeed, when he took office in July 2017, in order to safeguard the interests of the Company and its shareholders and to stimulate performance, the Board had wished to award compensation below the market rate to Enrique Martinez. Noting the successful performance of Enrique Martinez, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, reassessed the fixed compensation and the maximum potential variable compensation in 2019. This compensation has remained unchanged since then.

The change in the compensation of the executive corporate officer over the period is also marked by the alignment of his variable compensation with the overall performance of the company. Variable compensation decreased during the 2020 and 2022 financial years, the crisis years, and was higher during 2021, a year of economic recovery.

Furthermore, excluding the noria effect, the average growth in the fixed compensation of employees working at a registered office present over the entire period between 2018 and 2022 was 12.2%. Still excluding the noria effect, the average growth in the fixed compensation of Fnac Darty company employees present over the entire period between 2019 and 2022 (including those working at a registered office), representative of more than 90% of the employees in France, was 8.9%.

3.4 / Profit-sharing, collective incentive plans and long-term incentive plans

3.4.1 / PROFIT-SHARING AGREEMENTS AND INCENTIVE PLANS

3.4.1.1 / Profit-sharing agreements in France

For companies with at least 50 employees and taxable income of more than 5% of its shareholders' equity, implementation of a profit-sharing agreement in accordance with Articles L. 3322-2 and L. 3324-1 of the French Labor Code is mandatory.

Fnac Darty companies have profit-sharing agreements in place.

3.4.1.2 / Collective incentive plans in France

Collective incentives are optional plans whose purpose is to enable the Company to involve employees more closely (by means of a calculation formula) in the running of the Company and, more particularly, in its results and performance by paying bonuses that are available immediately, in accordance with Article L. 3312-1 of the French Labor Code. Incentive plan agreements have been concluded for a number of the Group's French entities. Each agreement includes its own formula for calculating the incentive bonus.

3.4.1.3 / Group savings plans

Companies that have implemented a profit-sharing agreement must implement a Company savings plan in accordance with Article L. 3332-3 of the French Labor Code.

An amendment to the regulations governing the Fnac Darty Group savings plans concluded on March 15, 2018 instituted a Group employee savings plan for all Fnac Darty entities in France, with the exception of Nature & Découvertes which has its own company savings plan. All Group employees in France, with the exception of those employed by Nature & Découvertes, may now immediately allocate all the sums paid to them under the profit-sharing and incentive plan to the same corporate mutual funds (fonds communs de placement d'entreprise or "FCPE") and benefit from the services of the same administrative manager. One of the options offered to employees through this Group savings plan is to invest in units of the dedicated "Fnac Darty Employees" FCPE, which is invested in listed securities of the Company.

3.4.2 / LONG-TERM INCENTIVES

The main executives of the Group benefit from annual long-term variable compensation, the first plans of which were implemented in 2013. The different vesting periods of the plans run until May 17, 2025.

During 2022, on the recommendation of the Appointments and Compensation Committee, on May 18, 2022 the Board of Directors decided to award bonus shares to certain Group employees (173 beneficiaries) in order to make them partners in the Company's performance through an increase in the value of its stock. Settlement will be in equity instruments. This first plan awarded in 2022 applies to French residents only.

The duration of this plan is three years (May 18, 2022 – May 17, 2025). These shares will be vested upon expiration of a vesting period (May 18, 2022 to May 17, 2025), subject to the beneficiary's continued employment within the Group at the end of the vesting period. The vesting of these shares will be subject to a Fnac Darty share performance condition based on the Company's total shareholder return (TSR) compared to that of a selection of companies in the general public retail sector, as measured in 2025 for the 2022–2024 period in respect of the entire period, and to performance conditions associated with achieving a target level of free cash-flow assessed in 2025 upon publication of the Group's annual results for 2024, taking into account the cash flow generated by the Group during 2022, 2023 and 2024, for the entire period, as well as to performance conditions associated with the Company's Corporate Social Responsibility performance assessed in 2025 by taking into account the average annual increase in the Group's sustainability score and the average annual reduction in CO_2 emissions for 2022, 2023 and 2024, over the entire period.

During 2022, on the recommendation of the Appointments and Compensation Committee, on May 18, 2022 the Board of Directors decided to award bonus shares to certain Group employees other than the Executive Corporate Officer (56 beneficiaries) in order to make them partners in the Company's performance through an increase in the value of its stock. Settlement will be in equity instruments. This second plan awarded in 2022 applies primarily to non-French residents.

The duration of this plan is three years (May 18, 2022 – May 17, 2025). These shares will be vested upon expiration of a vesting period (May 18, 2022 to May 17, 2025), subject to the beneficiary's continued employment within the Group at the end of the vesting period. The vesting of these shares will be subject to a Fnac Darty share performance condition based on the Company's total shareholder return (TSR) compared to that of a selection of companies in the general public retail sector, as measured in 2025 for the 2022–2024 period in respect of the entire period, and to performance conditions associated with achieving a target level of free cash-flow assessed in 2025 upon publication of the Group's annual results for 2024, taking into account the cash flow generated by the Group during 2022, 2023 and 2024, for the entire period, as well as to performance conditions associated with the Company's Corporate Social Responsibility performance assessed in 2025 by taking into account the average annual increase in the Group's sustainability score and the average annual reduction in CO_2 emissions for 2022, 2023 and 2024, over the entire period.

Each performance condition is measured at the end of each period, taking into account the performance over the period. For each period, each performance criterion has a trigger threshold below which no shares linked to this criterion may be vested. Shares lost in one period are not available the following period.

These two 2022 bonus share plans (detailed in section 7.2.4 of this Universal Registration Document), as with the 2020 and 2021 bonus share plans, provide for the early vesting of shares in the following cases: a change of control of the Company; a public tender offer for the Company's shares; a public exchange offer for the Company's shares; a merger or demerger; or a public withdrawal offer.

During 2022, on the recommendation of the Appointments and Compensation Committee, on May 18, 2022 the Board of Directors decided to award bonus shares to certain Group employees other than the Executive Corporate Officer (49 beneficiaries). Settlement will be in equity instruments. This third, specific plan awarded in 2022 applies to French residents only.

The duration of this plan is three years (May 18, 2022 – May 17, 2025).

This plan is not subject to performance conditions and aims to recognize the commitment of managers who have not yet been awarded Fnac Darty bonus shares in the past (or on an exceptional basis). The vesting of the shares is subject to the beneficiary's continued employment within the Group on the maturity date of this plan.

3.5 / Factors that could have an impact during a public tender offer

Pursuant to Article L. 22-10-11 of the French Commercial Code, we are presenting the following factors that could have an impact on a public tender offer:

- the ownership structure as well as the direct and indirect holdings known to the Company and all relevant information are described in sections 7.1.2.6 and 7.3.1;
- there are no restrictions in the bylaws on the exercise of voting rights, with the exception of the deprivation of voting rights that may be requested by one or more shareholders holding at least 3% of the Company's share capital or voting rights, if the 3% threshold or any multiple of 1% above 3% is not declared (Article 9 of the bylaws) – see section 7.1.2.6;
- there is no restriction in the bylaws on the transfer of shares;
- to the Company's knowledge, there are no shareholders' agreements or other commitments signed by shareholders;
- there is no security carrying special control rights;
- the voting rights attached to the Fnac Darty shares held by employees through the FCPE Actions fund are exercised by a representative appointed by the FCPE Supervisory Board to represent it at the General Meeting;
- the rules for appointing and dismissing members of the Board of Directors are the legal rules and bylaws provided for in Articles 12, 17 and 18 of the bylaws described in section 7.1.2.3;
- with respect to the powers of the Board of Directors, the current delegations are described in this document in section 7.2.3.1 (share buyback program) and in the table of capital increase delegations set forth in section 7.2.1; the authorization for share buybacks and delegations to conduct capital increases are suspended during a public tender offer, with the exception of a delegation to employees participating in a Company savings plan (PEE);
- the bylaws of our Company are amended in accordance with the laws and regulations;
- the agreements signed by the Company, which are amended or ended if control of the Company changes, are as follows: the Loan Agreement and the High Yield bond described in section 4.2.2.2 include a clause under which the creditors of Fnac Darty could request full or partial early repayment of the loans in the event of a change of control;
- there are no specific agreements providing for compensation in the event of termination of the duties of members of the Board of Directors or employees, if they resign or are dismissed without real and serious cause or if their employment is terminated as a result of a public tender or exchange offer.

3.6 / Other information

The procedures for shareholders to participate in General Meetings are provided in section 7.1.2.4.

The table of financial delegations for capital increases is given in section 7.2.1.

3.7 / Special Auditors' Report on Regulated Agreements

General Meeting called to approve the financial statements for the year ended December 31, 2022

To the General Meeting of Fnac Darty,

As the Statutory Auditors of your Company, we are presenting our report on regulated agreements.

On the basis of the information provided to us, it is our responsibility to inform you of the characteristics, principal terms and conditions and reasons justifying the interest for the Company of the agreements of which we have been informed or which we may have discovered during our assignment. We are not required to express an opinion as to their utility or suitability, nor to investigate whether other agreements exist. Under Article R. 225-31 of the French Commercial Code, it is your responsibility to assess the appropriateness of entering into these agreements for the purpose of approving them.

In addition, it is our responsibility, as applicable, to communicate to you the information stipulated in Article R. 225-31 of the French Commercial Code regarding the previous year's performance of the agreements already approved by the General Meeting.

We have applied the procedures we considered necessary pursuant to the professional standards of the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this assignment.

AGREEMENTS SUBJECT TO APPROVAL BY THE GENERAL MEETING

Agreements authorized and concluded during the last year

We hereby notify you that we have not been given notice of any agreement authorized and concluded during the last year to be submitted for approval of the General Meeting pursuant to the provisions of Article L. 225-38 of the French Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE GENERAL MEETING

Agreements approved in previous periods which continued to be executed during the last year

We hereby inform you that we have not been advised of any agreement already approved by the General Meeting which continued to be executed during the last year.

Paris La Défense, March 16, 2023

Statutory Auditors

KPMG Audit
A department of KPMG SA

Éric Ropert
Partner

Caroline Bruno-Diaz
Partner

Deloitte & Associés

Guillaume Crunelle
Partner

4

Comments on the period

4.1 / Analysis of business activities and consolidated results

Definitions and alternative performance indicators

Definition of revenue

The Group's "real" 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 a constant exchange rate:

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

2. Change in revenue at a comparable scope of consolidation:

Change in revenue at a comparable scope of consolidation means that the impact of changes in the scope of consolidation is corrected so as to exclude the modifications (acquisition, sale of subsidiary). Revenue of 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 of stores opened or closed since January 1 of period N-1 is excluded from calculations of the change.

Definition of current operating income

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

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

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

Current operating income is an intermediate line item intended to facilitate the understanding of the entity's operating performance and 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 current EBITDA

In addition to the results published, the Group presents the current EBITDA performance indicator, which excludes Interest, Taxes, Depreciation, Amortization and provisions on operational fixed assets from current operating income. With effect from the publication of this document the Group has changed the name of EBITDA to current EBITDA. This change of name does not change its definition or the way in which it is calculated. The Group believes that this information assists investors in their analysis of the Group's performance. Current EBITDA is not an indicator stipulated by IFRS and does not appear in the Group consolidated financial statements. Current 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. The application of IFRS 16 significantly changes the Group's current EBITDA. Current EBITDA excluding IFRS 16 is used in the context of the applicable financial covenants under the Loan Agreement.

Current EBITDA is defined as current operating income before net expense for depreciation, amortization and provisions on non-current operating assets recognized in 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 operating cash flow and gross operating investment flow (defined as acquisitions and disposals of property, plant and equipment and intangible assets, and the change in trade payables for non-current assets). The application of IFRS 16 significantly changes the Group's free cash-flow from operations.

Free cash-flow from operations is defined as net cash flows related to operating activities plus net cash flows from net operating investments.

Definition of net cash

Net cash consists of gross cash and cash equivalents, minus gross debt including accrued interest not yet due as defined by the French National Accounting Council's recommendation No. 2013-03 on November 7, 2013. The application of IFRS 16 significantly changes the Group's net cash.

Definition of net financial debt

Net financial debt consists of gross debt including accrued interest not yet due as defined by the French National Accounting Council's recommendation No. 2013-03 on November 7, 2013, minus gross cash and cash equivalents. The application of IFRS 16 significantly changes the Group's net financial debt.

Application of IFRS 16

On January 13, 2016, the IASB published IFRS 16 – "Leases." IFRS 16 replaces the IAS 17 standard and its interpretations. This standard, which is mandatory for annual periods beginning on or after January 1, 2019, requires the recognition of an asset (the right of use) and a liability (leasing debt) on the basis of discounted in-substance fixed lease payments.

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

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

With application of IFRS 16	IFRS 16 Restatement	Without application of IFRS 16
Current EBITDA Current operating income before depreciation, amortization and provisions on fixed operational assets	**Rents within the scope of IFRS 16**	**Current EBITDA excluding IFRS 16** Current EBITDA including leasing expenses within the scope of IFRS 16
Free cash-flow from operations Net cash-flow from operating activities, less net operating investments	**Disbursement of rents within the scope of IFRS 16**	**Free cash-flow from operations, excluding IFRS 16** Free cash-flow from operations, including cash impacts relating to rent within the scope of application of IFRS 16
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.

4.1.1 / KEY FINANCIAL INFORMATION

The reported financial information presented below is derived from the consolidated financial statements for the periods ended December 31, 2021 and 2022, prepared in accordance with IFRS as adopted by the European Union, set forth in section 5.1 "Group consolidated financial statements as of December 31, 2022 and 2021" of this Universal Registration Document.

The financial data presented below should be read in conjunction with:

- the consolidated financial statements for the periods ended December 31, 2021 and 2022, set forth in section 5.1 "Group consolidated financial statements as of December 31, 2022 and 2021" of this Universal Registration Document;
- the analysis of the Group's cash and equity presented in section 4.2 "Group cash and equity" of this Universal Registration Document;
- the information on trends and targets presented in section 4.3 "Recent events and outlook" of this Universal Registration Document.

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

- for 2022, to Fnac Darty's audited IFRS consolidated financial statements for the year ended December 31, 2022, incorporating 12 months of operating activity for all Group brands;
- for 2021, to Fnac Darty's audited IFRS consolidated financial statements for the year ended December 31, 2021, incorporating 12 months of operating activity for all Group brands.

Key figures from the Group income statement

(€ million)	2022	2021	Change
Revenue	7,949.4	8,042.6	(1.2%)
Gross margin	2,409.9	2,373.5	1.5%
Current operating income	230.6	270.7	(14.8%)
Operating income	203.6	260.4	(21.8%)
Net income from continuing operations	103.9	144.5	(28.1%)
Net income from continuing operations, Group share	100.0	145.0	(31.0%)
Consolidated net income	(28.1)	159.8	(117.6%)
Consolidated net income, Group share	(32.0)	160.3	(120.0%)
(as % of revenue)			
Gross margin rate	30.3%	29.5%	0.8 pt
Current operating margin	2.9%	3.4%	(0.5) pt
Data not derived from the financial statements			
Current EBITDA [(a)]	579.9	620.8	(6.6%)
Current EBITDA excluding IFRS 16 [(b)]	326.1	373.9	(12.8%)

(a) Current EBITDA is defined as current operating income before net expense for depreciation, amortization and provisions on non-current operating assets recognized in current operating income.
(b) Current EBITDA excluding IFRS 16 corresponds to current EBITDA restated for rents within the scope of IFRS 16.

Selected segment information

	2022		2021	
	(€ million)	*(as % of the total)*	*(€ million)*	*(as % of the total)*
Revenue				
France and Switzerland	6,613.3	83.2%	6,700.9	83.3%
Iberian Peninsula	719.6	9.0%	701.5	8.7%
Belgium and Luxembourg	616.5	7.8%	640.2	8.0%
TOTAL	**7,949.4**	**100.0%**	**8,042.6**	**100.0%**
Current operating income				
France and Switzerland	202.6	87.9%	244.6	90.4%
Iberian Peninsula	16.9	7.3%	10.8	4.0%
Belgium and Luxembourg	11.1	4.8%	15.3	5.6%
TOTAL	**230.6**	**100.0%**	**270.7**	**100.0%**

Key balance sheet data for the Group

(€ million)	2022	2021	Change
Non-current assets	4,008.3	3,981.9	26.4
of which non-current assets related to IFRS 16	*1,115.2*	*1,115.2*	*0.0*
Current assets	2,738.6	2,978.0	(239.4)
Shareholders' equity	1,522.6	1,563.6	(41.0)
Non-current liabilities	2,146.5	2,254.8	(108.3)
of which non-current liabilities related to IFRS 16	*896.9*	*891.1*	*5.8*
Current liabilities	3,077.8	3,141.5	(63.7)
of which current liabilities related to IFRS 16	*243.6*	*238.9*	*4.7*
Net cash excluding IFRS 16	(5.1)	246.7	(251.8)
of which cash and cash equivalents	*931.7*	*1,181.1*	*(249.4)*
of which financial debt excluding IFRS 16	*936.8*	*934.4*	*2.4*
Net financial debt with IFRS 16	1,145.6	883.3	262.3
of which cash and cash equivalents	*931.7*	*1,181.1*	*(249.4)*
of which financial debt excluding IFRS 16	*936.8*	*934.4*	*2.4*
of which financial debt related to IFRS 16	*1,140.5*	*1,130.0*	*10.5*

Key data from the Group cash flow statement

(€ million)	2022	2021	Change
Cash flow before tax, dividends and interest	571.6	637.4	(65.8)
Change in working capital requirement	(155.3)	(39.7)	(115.6)
Net cash flows from operating activities	346.5	528.3	(181.8)
Operating investments	(138.4)	(116.8)	(21.6)
Operating divestments	7.0	0.5	6.5
Operating investments net of divestments	**(131.4)**	**(116.3)**	**(15.1)**
Change in payables and receivables relating to non-current assets	8.5	7.3	1.2
Net cash flows from financial investment activities	(7.7)	(0.4)	(7.3)
Net cash flows from financing activities excluding IFRS 16	(84.9)	(36.1)	(48.8)
Net flows related to the application of IFRS 16	(253.8)	(249.2)	(4.6)
Net cash excluding IFRS 16	(5.1)	246.7	(251.8)

4.1.2 / GENERAL PRESENTATION

4.1.2.1 / Introduction

The following table provides a breakdown of the Group's 2022 revenue by geographical region and by category of products and services.

	Consumer electronics		Editorial products		Domestic appliances		Other products and services Total		Total	
	(€ million)	*(as % of the region's revenue)*	*(€ million)*	*(as % of the region's revenue)*	*(€ million)*	*(as % of the region's revenue)*	*(€ million)*	*(as % of the region's revenue)*	*(€ million)*	*(as % of revenue from all regions)*
France and Switzerland	3,104.2	46.9%	1,075.4	16.3%	1,438.8	21.8%	994.9	15.0%	6,613.3	83.2%
Iberian Peninsula	410.3	57.0%	213.0	29.6%	0.0	0.0%	96.3	13.4%	719.6	9.0%
Belgium and Luxembourg	315.5	51.2%	55.6	9.0%	199.8	32.4%	45.6	7.4%	616.5	7.8%
REVENUE	**3,830.0**	**48.2%**	**1,344.0**	**16.9%**	**1,638.6**	**20.6%**	**1,136.8**	**14.3%**	**7,949.4**	**100.0%**

The Group manages its operations on the basis of the following geographical segments:

- **France and Switzerland** *(83.2% of Group revenue in 2022, 87.9% of Group current operating income in 2022).* The "France and Switzerland" region makes the largest contribution to Group revenue, with €6,613.3 million in 2022.

  Nature & Découvertes and its subsidiaries are managed from France. At the end of 2022, there were 90 directly operated Nature & Découvertes stores (including 4 stores in Belgium and 1 in Luxembourg), plus a network of 14 franchises (7 in Switzerland, 1 in Portugal, and 5 in the French overseas territories).

  As of the end of 2022, the Group's activity in France and Switzerland is therefore driven by:

  - directly operated stores (403 in France and 9 in Switzerland),
  - 27 Fnac shop-in-shops within Manor stores in Switzerland,
  - as well as the 414 stores operated under franchise in France (including the stores in Cameroon, Congo, Ivory Coast, Luxembourg, Qatar, Senegal, Switzerland and Tunisia),
  - and its websites including fnac.com, darty.com, fnac.ch and natureetdecouvertes.com;
- **Iberian Peninsula** *(9.0% of Group revenue in 2022, and 7.3% of Group current operating income in 2022).* The Iberian Peninsula region covers the Group's operations in Spain and Portugal and posted revenue of €719.6 million in 2022. The Group conducts its business in the Iberian Peninsula through networks of directly operated stores (36 in Spain and 33 in Portugal at the end of 2022), franchise stores (4 in Spain and 2 in Portugal) and through the fnac.es and fnac.pt websites;
- **Belgium and Luxembourg** *(7.8% of Group revenue in 2022, 4.8% of Group current operating income in 2022).* The Belgium and Luxembourg region covers the Group's activities managed from Belgium and recorded revenue of €616.5 million in 2022. At year-end 2022, Fnac Darty operated 85 directly owned stores in Belgium and 1 in Luxembourg, as well as the fnac.be and vandenborre.be websites.

Product and service categories

In each geographical region where it operates, the Group analyzes its sales by category of products and services. This analysis is divided into four main segments:

- **consumer electronics** *(48.2% of Group revenue in 2022).* The consumer electronics category generated revenue of €3,830.0 million in 2022. It includes two sub-categories of products:
  - *"Microcomputing"* represents sales of the following products: desktop computers, laptops, tablets, software, printers, e-readers, telephones and office products and accessories, as well as all connected products,
  - *"Retail Electronics"* includes sales of the following products: cameras and photography accessories, televisions and video accessories such as DVD players, Blu-Ray players and other accessories (home cinema), and audio items and accessories (headphones, docking stations and related accessories);
- **editorial products** *(16.9% of Group revenue in 2022).* The editorial products category generated revenue of €1,344.0 million in 2022. It includes two sub-categories of products:
  - *"Books"* covers hard copy and digital books,
  - *"Discs and Gaming"* includes discs comprising music (CDs and vinyl) and video (DVDs and Blu-Ray discs); gaming, comprising video games (new and used) and games consoles; and tie-in products (gadgets, t-shirts, musical instruments and others);
- **domestic appliances** *(20.6% of Group revenue in 2022).* The domestic appliances category generated €1,638.6 million in revenue in 2022. It includes two sub-categories of products:
  - *"Large domestic appliances"* are refrigerators/freezers, cooking equipment, dishwashers and washing machines/dryers,
  - *"Small domestic appliances"* includes vacuum cleaners, food processors, body care and water/air treatment appliances;
- **other products and services** *(14.3% of Group revenue in 2022).* This category includes, firstly, products in the development phase, which generated revenue of €520.7 million in 2022, specifically:
  - Kitchen units,
  - Home & Design products,
  - Toys and Games,
  - Urban Mobility,
  - Stationery,
  - Well-being,

and secondly, “services” and “other income” items, both of which generated €616.1 million in revenue in 2022 and include the following items:

- services related to goods sold, such as the sale of warranty extensions, sales of product maintenance and repair subscriptions, product insurance sales, after-sales service and deliveries and installations,
- rental services for consumer electronics and delivery services,
- ticketing,
- gift boxes,
- sales of membership cards for the Group’s loyalty program,
- invoicing of shipping costs to online customers,
- commissions received through Marketplace, and partnerships with suppliers, and
- royalties from stores operated under franchise.

Number of stores as of December 31, 2022

The following table shows the growth in the number of stores over the period:

	2022			2021		
Number of stores	**Owned**	**Franchise**	**Total**	**Owned**	**Franchise**	**Total**
France and Switzerland [(a)]	412	414	826	413	385	798
Iberian Peninsula	69	6	75	69	5	74
Belgium and Luxembourg	86	0	86	85	0	85
TOTAL	**567**	**420**	**987**	**567**	**390**	**957**

(a) Excluding 27 Fnac shop-in-shops within Manor stores in 2022, and 13 Fnac shop-in-shops within Manor stores in 2021.

The Group opened 7 directly owned stores and 46 stores under franchise in 2022. At the same time, the Group closed 7 directly owned stores and 16 franchise stores. The Nature & Découvertes store network includes 90 directly owned stores and 14 franchises.

The financial results of directly owned stores are fully consolidated in the Group’s financial statements. The Group analyzes the change in its revenue over a given period on a basis which includes all stores, as well as on a same-store basis, i.e. the revenue generated by stores that, as of January 1 of year N, were in operation for the full 12 months of year N-1.

With regard to stores operated under franchise, the goods sold to franchised stores are recognized under Group product revenue, while franchise fees on revenue generated by the franchises through business with their customers are recognized under Group services revenue.

Unless otherwise indicated, all financial data in this chapter include the full scope of consolidation and are presented on a current exchange rate basis.

Traffic, average checkout value, checkout transactions and number of loyalty program members

The Group’s revenue is a function of the number of checkout transactions and average checkout values. Checkout transactions depend on customer traffic (visits to a store or website) and the sales conversion rate.

The number of Group loyalty program members rose by +4.6% to a total of 10.4 million at the end of 2022.

Seasonality

The Group’s business is highly seasonal and is characterized by a substantial increase in store traffic and website traffic toward the end of the year, from Black Friday in late November to the Christmas and New Year holidays (see section 6.4 “Financial risks” of this Universal Registration Document). In 2022, the Group generated 33.6% of its consolidated revenue for the year during the fourth quarter, down slightly compared to 2021.

Fluctuations in foreign exchange rates

The impact of fluctuations in foreign exchange rates is limited and primarily consists of the impact of exchange rate fluctuations on the income statements resulting from the translation of the local-currency results of the Group’s subsidiaries in Switzerland into euros.

In 2022, the Group recorded a decrease of -1.2% in reported revenue. At a constant exchange rate, the change in revenue is -1.3%.

The foreign exchange risk incurred on purchases made by the Group is relatively low as the Group’s subsidiaries make the vast bulk of their sales and generate the vast bulk of their costs in the local currency, i.e. primarily in euros.

4.1.2.2 / Key highlights and analysis of 2022 results

2022 was marked by rising inflation in an uncertain geopolitical environment, which impacted visibility on business activity throughout the year. Against this backdrop, the Group once again demonstrated its ability to adapt quickly and its operational agility, which enable it to offer customers a good level of availability of products and services that meet their expectations. As announced, Fnac Darty managed to maintain its gross margin by strengthening its positioning that is increasingly focused on premium products and tactically stimulating the market during peak sales periods. The 2022 results also confirm the Group's strategic choice to transform its model and its position as a key player in omnichannel retail.

Fnac Darty's 2022 revenue was €7,949 million, down -1.2% on a reported basis and -1.9% on a like-for-like basis [(1)] compared to 2021, but up +7.0% compared to pro-forma 2019 figures [(2)]. This performance was achieved in a context of pressure on purchasing power linked to a high level of inflation that lasted throughout the year, and follows a record year in 2021. In the second half of 2022, the Group achieved a good level of sales during back-to-school and Black Friday promotions, helped by sales events, while sales in December were down -€56 million, accounting for the entire fall in sales in the second half of the year.

Changes by distribution channel

In 2022, in-store sales posted solid momentum, while online sales normalized after two years of strong growth connected to the health measures that disrupted store operating conditions. As such, online sales in 2022 accounted for 22% of the Group's total sales, up +3 points on the pre-crisis level of 2019. In addition, digital revenue was up +25% compared to pro-forma 2019 figures [(2)]. Omnichannel sales remained high at 49% of the Group's online sales, up +3 points compared to the previous year, demonstrating the relevance of the omnichannel model, which enables us to meet consumer expectations, regardless of what is happening in the world.

Changes by product category

In 2022, a year marked by pressures on purchasing power and therefore low visibility on business growth, the Group's sales teams worked closely with all suppliers to adjust inventory levels to be able to offer good levels of product availability throughout the year, while meeting the expectations of consumers looking for innovative and premium products at attractive prices. While changes compared to 2021 are mixed depending on the main product categories, they have all increased compared to 2019.

The categories recording increases this year were editorial products, which continued to post growth, driven primarily by book sales offsetting gaming sales, which were down due to the shortage of consoles on the market. Services also continued to grow strongly, with a rise in the number of Darty Max subscribers and the recovery of ticketing, which, thanks to a rich line-up, returned to pre-crisis levels of activity following the lifting of the last health measures at the end of February 2022. Finally, diversification categories posted solid growth, mainly driven by urban mobility, and electric scooters in particular.

Conversely, both categories that had benefited from two consecutive years of household ownership and renewal, saw their sales fall this year. This was the case for domestic appliances in a market which recorded falling sales volumes that were not offset by the continued increase in average selling prices. Consumer electronics recorded good momentum in telephony, audio and photography, which was more than offset by the decline in the television and IT equipment categories.

Changes by geographical region

Sales in France and Switzerland remained relatively strong at -2.1% on a like-for-like basis [(1)] over the year. In France, the Group outperformed the market over the year [(3)]. Sluggish household consumption linked both to high inflation levels, coupled with a very high basis for comparison after two years of strong household ownership, impacted sales in IT equipment and large and small domestic appliances. Editorial products continued their growth momentum, which was also driven by the Culture Pass. At the same time, services posted solid growth linked to the continued deployment of Darty Max and the recovery of ticketing. Finally, Nature & Découvertes posted a growth in sales compared to last year, a period during which stores were still closed during the first half of the year.

(1) Like-for-like data: excludes the effect of changes in foreign exchange rates, changes in scope, and openings and closures of stores.
(2) Excluding BCC and including Nature & Découvertes on a full-year basis.
(3) Market data for 2022 published by Banque de France.

In the Iberian Peninsula, revenue was up +2.1% on a like-for-like basis [1] over the year. This growth is driven by Portugal with very good in-store sales momentum in all product categories. Spain posted a decline in an environment that remained competitive. After a slower recovery than in other geographical regions where the Group operates due to a gradual lifting of health restrictions, in 2022 the Iberian Peninsula returned to a level of sales that was nearly in line (at -0.4%) with pro-forma 2019 figures [2].

The Belgium and Luxembourg region recorded a drop in sales of -4.7% on a like-for-like basis [1] over the year, mainly due to the fall in sales volumes for domestic appliances and consumer electronics in a context of a very high comparison basis and particularly strong inflation in these countries. On the other hand, services continued to perform well. Compared to 2019 pro-forma figures [2], the region continued to post sales growth of +3.6%.

The gross margin rate reached 30.3% in 2022, up +80 basis points from 2021. This strong growth was primarily the result of a more favorable product mix effect as a result of strong in-store sales, which particularly benefited sales of editorial products. This increase was also driven by services, with an increase in the number of Darty Max subscribers and the recovery of ticketing, which for the majority of the year, benefited from an absence of health restrictions. These factors more than compensated for the dilutive technical effect of the franchise, which had a negative impact of -15 basis points this year.

Operating costs were €2,179 million in 2022, an increase of just +3.6% compared to 2021, against a backdrop of high inflation. In 2022, the main increase in costs came from payroll, which rose by +3% between 2021 and 2022. However, the increase in inflation-related costs remained contained thanks to the performance plans implemented by the Group. As a result, the Group's 2022 operating costs, expressed as a percentage of revenue, are up by just +1.3 points compared to last year.

Current EBITDA amounted to €580 million, including €254 million related to the application of IFRS 16, down -€41 million from 2021.

Current operating income from continuing operations reached €231 million in 2022. In a climate of pressures on purchasing power, the Group demonstrated its successful strategy to preserve its gross margin, which increased by +€36 million year on year, meaning the fall in current operating income was limited to just -€40 million compared to last year.

Operating income amounted to €204 million in 2022 after taking into account non-current items, which amounted to -€27 million in 2022, compared with -€10 million in 2021. This difference is mainly due to the exceptional expenses incurred by the restructuring of the property portfolio, including the closure of the Fnac Italie 2 store.

Net income from continuing operations, Group share amounted to €100 million in 2022 after taking into account non-current items, financial expenses stable over the year at €45 million and a tax expense of €54 million. This last item is down -€20 million compared to last year, in line with the reduction in the Group's results. Consequently, the effective tax rate was almost stable (+0.5 points) compared to 2021.

Net income from discontinued operations was -€132 million. In connection with the litigation relating to the disposal of Comet Group Limited in 2012 [3], Fnac Darty was ordered to pay €129.3 million (£111.9 million, of which £89.6 million in penalties and £22.3 million in interest and legal costs). The net income of -€132 million also includes €2.6 million in attorney fees incurred in connection with this dispute. The Group has appealed this decision [4].

As a result, consolidated net income, Group share, amounted to -€28 million in 2022, compared with €160 million in 2021.

Financial structure

The Group's net financial debt excluding IFRS 16 amounted to €5 million as of December 31, 2022, compared to a net cash position of €247 million as of December 31, 2021.

(1) Like-for-like data: excludes the effect of changes in foreign exchange rates, changes in scope, and openings and closures of stores.

(2) Excluding BCC and including Nature & Découvertes on a full-year basis.

(3) See press release issued by the Group on November 17, 2022: https://www.fnacdarty.com/wp-content/uploads/2022/11/fnac-darty-cp-comet-vdef-vang.pdf.

(4) On the date of this press release, the High Court granted the Group leave to appeal on most, but not all, of the grounds requested. An application for permission to appeal on the grounds not granted at first instance is pending before the Court of Appeal.

The change in financial debt compared to the end of 2021 is mainly due to:

- free cash-flow from operations excluding IFRS 16 at -€30 million in 2022, compared with €170 million in 2021. About one third of the variance with the previous year's free cash-flow reflects a decline in cash flow. This is in line with the current operating income for the year. In addition, the -€155 million change in working capital reflects reduced cash inflows, which are in line with lower-than-expected sales in December, and more cash outflows early in the year, due to especially robust activity in late 2021. Inventory levels remain healthy and under control, rising by just +3% as a result of lower-than-expected activity at the very end of the year. Finally, operating investments [1] for 2022 totaled €131 million, up slightly compared to last year by +€15 million, which was better than expected;
- payment of the entire amount in connection with the litigation relating to the disposal of Comet Group Limited in 2012, i.e. €131 million, including the penalty, interest, court costs and legal fees. With regard to this, the Group strongly contests the High Court's decision and has announced its appeal of the judgment [2];
- dividend payments for a total amount of €55 million.

At December 31, 2022, the amount of cash and cash equivalents was €932 million, and there was also an as-yet undrawn €500 million revolving credit facility, the maturity of which has been extended until 2027. The Group still has an option to extend its confirmed revolving credit facility until March 2028.

Last December, the Group chose to secure the refinancing of its next major bond debt maturity of €300 million maturing in May 2024 well in advance [3]. To this end, the Group has put in place an additional undrawn bank credit line, in the form of a delayed drawn term loan of €300 million. This line of credit can be drawn only once and only to repay the bond loan maturing in 2024. It will have a maturity of three years, in case of a drawdown, which can be extended by two years. This option means the Group can maintain its current bond debt until it matures in May 2024 while benefiting from the low initial annual coupon of 1.875%, and therefore secure its level of financial expenses.

In addition, on December 31, 2022, all the Group's financing covenants were met.

Lastly, the Group is rated by the rating agencies Standard & Poor's, Scope Ratings and Moody's, which assigned ratings of BB+, BBB and Ba2 respectively during the first half of 2022, all with a stable outlook.

A group that is deeply committed to its customers and to sustainable consumption

Once again this year, the Group has been able to count on the commitment and involvement of its teams in the pursuit of its ambition to commit to providing an educated choice and more sustainable consumption, accelerating its achievements in the areas of customer experience, services and repairs, which are key pillars of its strategic plan Everyday.

Customer experience at the heart of the Group's strategy

Once again, the omnichannel model implemented by the Group is proving to be the winning model. After two years of store closures as a result of the health crisis, customers have naturally returned to in-store purchasing. Fnac Darty therefore pays particular attention to how it can serve its customers on a daily basis, both in its stores and on its e-commerce platforms.

Boosting video calls with salespeople

This year, the Group accelerated the rollout of sales video services for both the Fnac and Darty brands in France, so as to provide quality advice from in-store salespeople, albeit remotely. This video service is available for consumer electronics and has also been extended to large domestic appliances. 285,000 video and chat conversations took place in 2022, i.e. almost double the amount of the previous year. Thanks to more than 3,000 salespeople who are trained in this new service, the conversion rate of a web customer using video can be up to four times higher than that of a standard web customer.

Improving customer satisfaction

All of these initiatives enable the Group to improve the mix of customers between the store and web channels and thus offer a complete omnichannel experience. As such, the Group is very attentive to customer satisfaction, which is measured throughout the customer journey. This continued to improve in 2022 with an aggregate NPS (Net Promoter Score) above 60, up +3 points compared to 2021, i.e. an improvement of +8 points since the strategic plan Everyday was launched two years ago. In 2022, the main areas for improvement focused on the Fnac and Darty remote customer service, as well as on Marketplace and sustainability (Fnac and Darty after-sales service workshops).

(1) Operating investments net of divestments.

(2) On the date of this press release, the High Court granted the Group leave to appeal on most, but not all, of the grounds requested. An application for permission to appeal on the other grounds is pending before the Court of Appeal.

(3) See press release issued by the Group: https://www.fnacdarty.com/wp-content/uploads/2022/12/cp-ddtl-fd-vang-vdef.pdf.

Making the most of our customer base

Fnac Darty has a solid, loyal customer base with a subscriber/member network of over 11 million at the end of 2022. The Fnac brand alone had more than 10 million subscribers, including more than 7 million in France. In order to make the most over the long term of this network of committed customers, and in line with the Group's *raison d'être* "committed to providing an educated choice and more sustainable consumption," Fnac has recently changed its loyalty program. Since February 15, existing and future customers, members and subscribers have thus benefited from a new relationship platform, Fnac & moi. This includes a responsible loyalty voucher, which means that it rewards, via a credit in euro, each customer's more responsible behavior, such as purchasing a second-hand product, choosing click&collect delivery or using the Group's after-sales service to repair a product.

An optimized store network

Opening stores as opportunities arise

At the end of 2022, Fnac Darty had a network of 987 stores, 43% of which are franchises, i.e. +2 points more than at the end of 2021. In accordance with its strategic plan, new stores continued to be opened as opportunities arose, primarily as franchises, such as the opening of Fnac Travel outlets at Roissy and Orly airports and in stations to support returning passengers, the second Fnac store in Senegal, enabling the Group to strengthen its presence in Africa, or the opening of the first Nature & Découvertes store in French Guiana. The Kitchen business also continued to expand this year with the opening of 11 points of sale, including 6 Darty stores dedicated exclusively to this offering [(1)]. As a result, by the end of 2022, the Group had more than 198 Kitchen points of sale, including 38 stores dedicated exclusively to kitchens [(1)].

Continue work to achieve a 100% profitable store network

For the few stores identified as still unprofitable, the Group reached an agreement for all the stores concerned, and for some, the action plans have already been executed. For example, the Group transferred stores in order to reduce the retail floor space and/or benefit from a more attractive catchment area to increase productivity per square meter, such as the Fnac store that moved from the Évry 2 shopping mall to the Carré Sénart shopping mall, or Colmar. In some cases, when the operating conditions available are no longer in line with the Group's expectations, it may close stores, as was the case this year for the Fnac Italie 2 and Darty Bercy stores. More recently, Fnac Spain announced a real estate restructuring of its flagship store in Callao in the center of Madrid, starting in the second quarter of 2023, in order to reduce the retail floor space while offering a more immersive customer experience and meeting the new challenges of omnichannel retail.

However, the Group still aims to make 100% of its integrated stores profitable by 2025.

Promoting sustainable consumption and an educated choice

Fnac Darty is recognized as a major player in the circular economy and a champion of extending product life span, in line with the Group's *raison d'être* "Committed to providing an educated choice and more sustainable consumption."

Supporting customers in their decision-making

This year, Fnac Darty published the fifth edition of its "After-Sales Service Barometer." This benchmark source of information provides the general public with a durability score so they can learn about the repairability and reliability of hundreds of products [(2)]. This score was created by Fnac Darty so that all product categories and brands can be compared. For the 2022 edition, the reparability section was enhanced with a new criterion: the price of spare parts. This score reached 115 in 2022 compared to 111 in 2021, with a significant improvement in the availability of spare parts. Fnac Darty confirms its ambition to reach a sustainability score of 135 by 2025.

The After-Sales Service Barometer plays an important role in encouraging electronic product and domestic appliance manufacturers to ramp up their efforts to extend the life span of their products. For the first time since the publication of the initial After-Sales Service Barometer, the price of spare parts is fully integrated into the sustainability score. The price of spare parts can be a significant disincentive to repairing a device, never more so than during a period of high inflation. With regard to this very issue, the availability of spare parts continues to improve, with a gain of seven months compared to the previous edition of the barometer.

(1) Some Darty Kitchens, exclusively dedicated to this offer, also include a bedding offer.

(2) Sustainability score: average of a reliability score and a reparability score, calculated on the basis of data collected by Fnac Darty's After-Sales Service Department over the last two years for each product listed, weighted by the volume of products sold by the Group in the year in question.

Speeding up product repair

Fnac Darty facilitates product repairs by both encouraging suppliers to embrace eco-design and better informing consumers about product sustainability. As a result, 2.3 million products were repaired in 2022, up from 2021. Fnac Darty can also count on the 141 WeFix points of sale, the French leader in express smartphone repair, acquired in October 2018.

The Group is therefore on track to reach the target of 2.5 million products repaired by 2025.

Continuing to grow the second life service

To meet the growing environmental concerns of our customers, we also continued to develop our second life service, which includes the same quality guarantees and the same delivery conditions and services as the new products we sell.

Fnac Darty stepped up its ambitions in the second life segment with the implementation of a sustainable product sourcing strategy within the Group's internal and external ecosystem (suppliers, reconditioning partners, B2B and B2C customers, etc.). All of the Group's product categories are now covered, with most second life business volumes generated by telephony and IT equipment. In total, the Group has increased the volume of second life products sold directly to customers [1] by 34% in 2022 compared to 2021. On Marketplace, nearly one sale in three is a second-hand product, with books being a strong driver.

Expanding the spaces dedicated to repair and second life

At the end of the year, Fnac Darty inaugurated its new site in Tours Val de Loire, a center of nearly 8,000 square meters dedicated to the Group's Services activities, i.e. Second Life activities, four repair workshops (micro-computing, audio/video, small domestic appliances, urban mobility), last mile delivery and home service calls. This site will have a repair capacity of nearly 220,000 devices per year.

Investments in this new space have been made as part of a commitment to meet the challenges of Fnac Darty's strategic plan Everyday in terms of repairs and sustainability. The Tours site will serve to support the shift toward new consumption patterns in France, with people increasingly favoring use over ownership, and repair over replacement. It will make home delivery and the next-day delivery service more efficient, and will contribute to continuously improving customer satisfaction.

At the same time, Fnac Darty also opened a new service center in Chilly-Mazarin with a surface area of more than 10,000 square meters, designed to be the hub of the Group's repair activities. The site has three main departments: the central spare parts warehouse with more than 40,000 products and 140,000 parts in stock, the "repair" area with a workshop reserved for practical training of the Group's future technicians, and a "second life" area for repaired or reconditioned Fnac and Darty products that will be resold in-store or online. The objective of this site is to be able to respond to the growing demand for repairs, boosted in particular by the development of our Darty Max subscriber base.

Integrate climate issues into all the Group's businesses

The Group has set itself a target of reducing its CO_2 emissions by 50% by 2030, compared to 2019 levels. The scope defined concerns transport (direct and indirect emissions) and site energy. On this scope, Fnac Darty recorded a -17% reduction in CO_2 emissions in 2022, compared to 2019. The Group relies on strengthened governance structured around a Climate Committee, in order to monitor the trajectory of its CO_2 emissions, draw up action plans, ensure the follow-up of the roadmaps of the various operational sectors and work toward the expansion of the low-carbon strategy to other indirect emission items.

As a committed and responsible company, Fnac Darty signed the EcoWatt commitment charter in the fall of 2022, thus confirming the implementation of new initiatives in favor of energy sobriety. Such actions are in keeping with the Group's numerous existing initiatives aiming to reduce its energy consumption, underlining its commitment to controlled electricity consumption.

At the same time, at the end of the year, the Group received validation from the SBTi (Science Based Targets initiative) of its CO_2 emission reduction targets for its most direct emissions (Scopes 1 and 2) and for its indirect emissions (Scope 3). These objectives are as follows:

- reduce scope 1 and scope 2 emissions by 50% by 2030 compared to 2019;
- reduce emissions from the use of products sold by 22% per product sold by 2030 compared to 2019;
- have suppliers, representing 80% of product manufacturing emissions, set targets aligned with climate science for 2026 compared to 2021.

(1) Excluding Marketplace.

Improved results recognized by the major non-financial rating agencies

Fnac Darty's concrete commitments in terms of corporate social responsibility were once again recognized in 2022 by the non-financial rating agencies. Thus, for the second consecutive year the Group obtained an A- rating from the CDP, above the average for European companies (B) and the average for the specialized retail market (C). This recognition is in addition to that received from Moody's ESG Solutions, which awarded an ESG score of 61/100, an increase of +7 points in one year, and the renewal by MSCI of Fnac Darty's AA rating for the fourth consecutive year.

A standard-setting player aiming to become a subscription provider

Ramp-up in new repair subscribers

Fnac Darty is accelerating the rollout of its Darty Max repair service subscription in order to become the leader in home assistance services. As a result, the drive to win new customers gathered pace, with more than 800,000 subscribers by the end of 2022, compared with nearly 500,000 by the end of 2021. This acceleration was made possible by the regular store opening conditions this year, the full-year impact of the extension of the range to three packages (Essentiel at €9.99/month, Evolution at €14.99/month and Intégral at €19.99/month), the marketing of the subscription in Fnac stores since last June, and the increase in the number of subscribers to Vanden Borre Life, a package equivalent to Darty Max, launched in Belgium in 2021. As a result of Darty Max, more than 6 million products are covered [1] by repairs.

High-value Darty Max customers in the long term

Increasing the number of Darty Max subscribers is one of the major pillars of the strategic plan, with the aim of exceeding one million subscribers this year and reaching two million by 2025. This subscriber base ensures long-term value creation for the Group.

While the vast majority of new subscribers sign up to the Essential package, nearly one-third of Darty Max customers go on to upgrade to the other two packages, Evolution and Intégral, even though these packages have only been available for 18 months.

Finally, the average churn rate over 2022 was maintained at less than 3% and the level of satisfaction among Darty Max subscribers is high, with an NPS [2] for home service calls above the Group average.

In addition, Darty Max customers create value for the Group: this value goes well beyond the price of the subscription paid each month, as Darty Max subscribers have a purchase frequency and average basket that are both 50% higher on average than a standard Darty customer, proof of a definite increase in value linked to our service offerings.

The Group is continually enhancing the exclusive services and customer experience of Darty Max subscribers, including the development of maintenance tips to help prevent breakdowns and the rollout of a video assistance service to complement the repair services.

Intensify the training and recruitment of repair technicians

In order to support the Group's commitment to responsible consumption and, in particular, to extend product life span, as well as the rapid increase in the number of Darty Max subscribers, Fnac Darty is intensifying its training and recruitment of repair technicians.

Today, more than 2,500 technicians throughout France are already working to ensure product sustainability, and Fnac Darty's ambition is to strengthen the teams with 500 new technicians by 2025. To achieve this objective, the Group has opened 41 Tech Academies since 2019, which have now welcomed more than 488 trainees across France, 220 of whom have already been recruited on permanent contracts after receiving their diploma; the others are still in training. More recently, the Group has become the first retailer to open its own apprentice training center (CFA) in Metz Ennery where it trains apprentices from all backgrounds (high school, professional reintegration, retraining, etc.) in the profession of domestic appliance repair technician. Other centers are scheduled to open in 2023 in Marseille, Île-de-France and Nice. Upon completion of their training, graduates will be offered a permanent contract by the Group.

(1) Number of Darty Max subscribers by average number of products per subscriber covered by Darty Max.
(2) Net Promoter Score.

4.1.3 / COMPARISON OF THE GROUP'S ANNUAL RESULTS FOR 2021 AND 2022

The table below shows the Group's consolidated income statement for the periods ended December 31, 2021 and December 31, 2022, in millions of euros and as a percentage of consolidated revenue for the periods in question.

	2022		2021		
	(€ million)	*(as % of revenue)*	*(€ million)*	*(as % of revenue)*	**Change**
Revenue	**7,949.4**	**100.0%**	**8,042.6**	**100.0%**	**(1.2%)**
Gross margin	**2,409.9**	**30.3%**	**2,373.5**	**29.5%**	**1.5%**
Personnel expenses	(1,202.7)	(15.1%)	(1,171.7)	(14.6%)	(2.6%)
Other current operating income and expense	(976.8)	(12.3%)	(930.9)	(11.6%)	(4.9%)
Share of profit from equity associates	0.2	0.0%	(0.2)	(0.0%)	202.2%
Current operating income	**230.6**	**2.9%**	**270.7**	**3.4%**	**(14.8%)**
Other non-current operating income and expense	(27.0)	(0.3%)	(10.3)	(0.1%)	(162.1%)
Operating income	**203.6**	**2.6%**	**260.4**	**3.2%**	**(21.8%)**
(Net) financial expense	(45.3)	(0.6%)	(41.8)	(0.5%)	(8.4%)
Income tax	(54.4)	(0.7%)	(74.1)	(0.9%)	26.6%
Net income from continuing operations	**103.9**	**1.3%**	**144.5**	**1.8%**	**(28.1%)**
Group share	*100.0*	*1.3%*	*145.0*	*1.8%*	*(31.0%)*
share attributable to non-controlling interests	*3.9*	*0.0%*	*(0.5)*	*0.0%*	*880.0%*
Net income from discontinued operations	**(132.0)**	**(1.7%)**	**15.3**	**0.2%**	**(962.7%)**
Consolidated net income	**(28.1)**	**(0.4%)**	**159.8**	**2.0%**	**(117.6%)**
Group share	*(32.0)*	*(0.4%)*	*160.3*	*2.0%*	*(120.0%)*
share attributable to non-controlling interests	*3.9*	*0.0%*	*(0.5)*	*0.0%*	*880.0%*

4.1.3.1 / Revenue

The Group recorded a decrease in its revenue in 2022: -1.2% in the reported data.

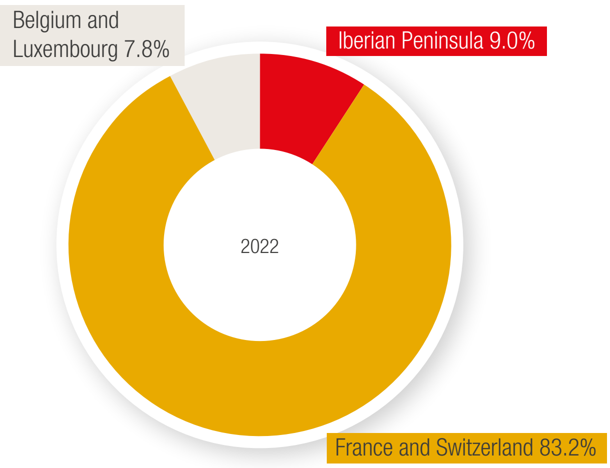
The impact of foreign exchange rates on revenue was negligible. On a same-store basis and at a comparable scope of consolidation, Group revenue declined by -1.9% in 2022 within a particularly difficult environment for the retail sector, with increased pressure on household purchasing power, which impacted the key year-end for the Group in particular, and after a record year in 2021. However, the Group's revenue increased by +7.0% compared to 2019 on a pro-forma basis (12 months of Nature & Découvertes activity and the Dutch BCC entities reclassified as discontinued operations).

An analysis of the distribution of revenue among the Group's principal countries shows a mature market in France and Switzerland, and in Belgium and Luxembourg. In 2021, the Iberian Peninsula continued to be impacted by the restrictions linked to the health crisis and a less favorable macroeconomic environment.

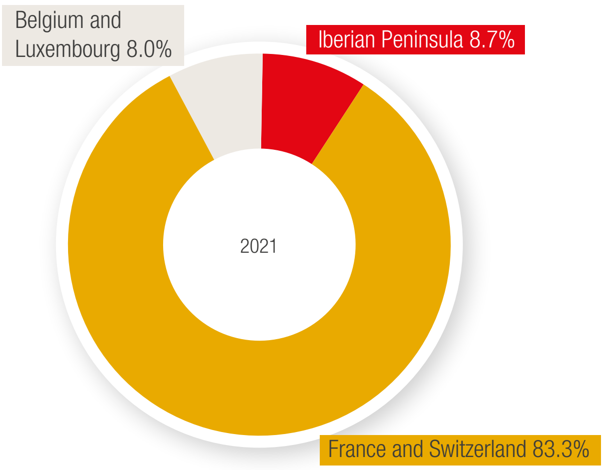
The table below provides a breakdown of revenue for the periods ended December 31, 2021 and December 31, 2022 by geographical region.

	2022		2021					
	(€ 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	6,613.3	83.2%	6,700.9	83.3%	(1.3%)	(1.3%)	(1.5%)	(2.1%)
Iberian Peninsula	719.6	9.0%	701.5	8.7%	2.6%	2.6%	2.6%	2.1%
Belgium and Luxembourg	616.5	7.8%	640.2	8.0%	(3.7%)	(3.7%)	(3.7%)	(4.7%)
REVENUE	**7,949.4**	**100.0%**	**8,042.6**	**100.0%**	**(1.2%)**	**(1.2%)**	**(1.3%)**	**(1.9%)**

Breakdown of 2022 revenue by geographical region



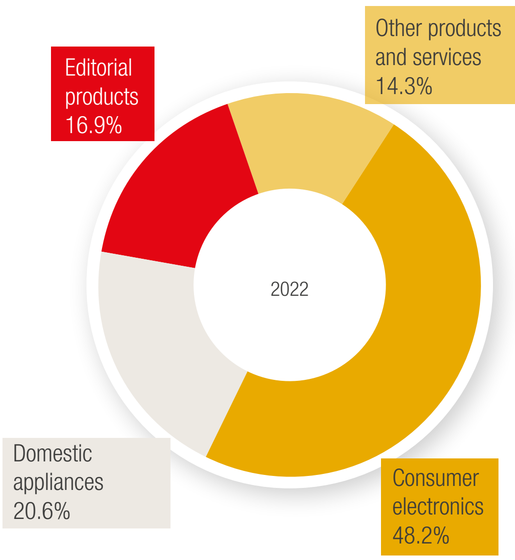
Breakdown of 2021 revenue by geographical region



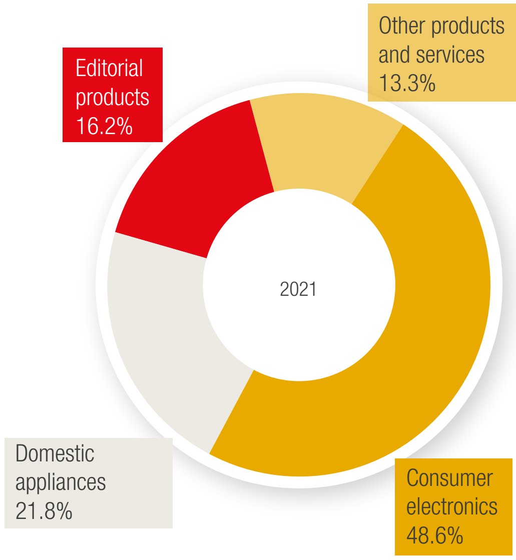
The table below provides a breakdown of revenue for the years ended December 31, 2022 and December 31, 2021 by category of products and services.

	2022		2021					
	(€ million)	*(as % of the total)*	*(€ million)*	*(as % of the total)*	**Change at current exchange rate**	**Change at comparable scope of consolidation**	**Change at constant foreign exchange rates and comparable scope of consolidation**	**Change at constant foreign exchange rates, comparable scope of consolidation and on a same-store basis**
Consumer electronics	3,830.0	48.2%	3,910.7	48.6%	(2.1%)	(2.1%)	(2.2%)	(3.0%)
Domestic appliances	1,638.6	20.6%	1,755.1	21.8%	(6.6%)	(6.6%)	(6.6%)	(6.3%)
Editorial products	1,344.0	16.9%	1,305.1	16.2%	3.0%	2.9%	2.5%	1.5%
Other products and services	1,136.8	14.3%	1,071.7	13.3%	6.1%	6.3%	6.2%	4.9%
REVENUE	**7,949.4**	**100.0%**	**8,042.6**	**100.0%**	**(1.2%)**	**(1.2%)**	**(1.3%)**	**(1.9%)**

Breakdown of 2022 revenue by category of products and services



Breakdown of 2021 revenue by category of products and services



Consumer electronics were down, penalized by a high basis of comparison in the hardware and television categories, which had benefited from the strong demand for equipment for remote working and learning at home in connection with the health crisis.

Sales of domestic appliances were down sharply, mainly due to a decline in market volumes coupled with a strong base effect, despite an increase in the average selling price.

Editorial products showed solid momentum, in line with the increase in store traffic, driven by books, audio and video, while gaming declined due to a shortage of consoles on the market.

Other products and services grew significantly thanks to the increase in services, which had been impacted by store closures in the first half of 2021, as well as the development of the Home & Design, Urban Mobility and Toys & Games sectors. The ticketing business was boosted by the end of the health restrictions, while also benefiting from a high-quality and varied offering. In addition, Nature & Découvertes posted a recovery in sales with a return of in-store foot traffic to stores that were closed for much of the first half of last year.

Online activities returned to a more normal level, due in particular to the very strong increase in sales during the period of store closures last year, amounting to €1,758.7 million and thus representing 22.1% of Group sales in 2022, down -3.5 points compared with 2021. However, the weight of online sales remained higher than in 2019, with an increase of +3.2 points.

4.1.3.2 / Gross margin and gross margin rate

The Group's gross margin came to €2,409.9 million for 2022, up from the total of €2,373.5 million in 2021.

This resulted in a profit margin of 30.3% in 2022, compared to 29.5% in 2021.

The gross margin rate in 2022 was up +80 basis points from 2021. This growth was mainly due to a favorable channel/product mix effect, with an excellent performance in book sales, the positive impact of services related to the continued rollout of Darty Max, and the recovery of the ticketing business. These items are partially offset by the dilutive technical effect of the franchise business.

4.1.3.3 / Personnel expenses

Personnel expenses totaled €1,202.7 million (15.1% of revenue) for 2022, compared with €1,171.7 million (14.6% of revenue) for 2021, i.e. a slight increase in the ratio of payroll expenses to revenue due to a low basis of comparison in 2021, primarily as a result of store closures related to the health crisis in the first half of 2021 and the resulting use of short-time working measures for employees in stores and in head offices, to the payment of an exceptional purchasing power bonus (*prime exceptionnelle de pouvoir d'achat* – PEPA) amounting to more than €6 million in the first half of 2022, and to annual salary increases awarded to employees.

4.1.3.4 / Other current operating income and expense

Other current operating income and expense amounted to €976.8 million (12.3% of revenue) for 2022, compared with €930.9 million (11.6% of revenue), representing a -0.7-point deterioration in the return on revenue, due in particular to a basis of comparison that had benefited from lease repayments in the first half of 2021, as well as to aid granted by the French State.

4.1.3.5 / Current operating income

Current operating income amounted to €230.6 million for 2022, compared with €270.7 million in 2021, a decrease of -14.8%.

The current operating margin was 2.9% in 2022 compared with 3.4% in 2021.

	2022		2021	
	(€ million)	*(as % of the total)*	*(€ million)*	*(as % of the total)*
France and Switzerland	202.6	87.9%	244.6	90.4%
Iberian Peninsula	16.9	7.3%	10.8	4.0%
Belgium and Luxembourg	11.1	4.8%	15.3	5.7%
CURRENT OPERATING INCOME	**230.6**	**100.0%**	**270.7**	**100.0%**

4.1.3.6 / Current EBITDA

The following table shows the trend in current EBITDA over the period.

	2022		2021		
	(€ million)	*(as % of revenue)*	*(€ million)*	*(as % of revenue)*	**Change**
Current operating income	**230.6**	**2.9%**	**270.7**	**3.4%**	**(14.8%)**
Net depreciation, amortization and provisions [(a)]	349.3	4.4%	350.1	4.4%	(0.2%)
Current EBITDA	**579.9**	**7.3%**	**620.8**	**7.7%**	**(6.6%)**
IFRS 16 impact on current EBITDA	253.8	3.2%	246.9	3.1%	2.8%
CURRENT EBITDA EXCLUDING IFRS 16	**326.1**	**4.1%**	**373.9**	**4.6%**	**(12.8%)**

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

In addition to the results published, the Group presents the current EBITDA performance indicator, which excludes Interest, Taxes, Depreciation, Amortization and provisions on operational fixed assets from current operating income. With effect from the publication of this document the Group has changed the name of EBITDA to current EBITDA. This change of name does not change its definition or the way in which it is calculated. The Group believes that this information assists investors in their analysis of the Group's performance. Current EBITDA is not an indicator stipulated by IFRS and does not appear in the Group consolidated financial statements. Current EBITDA has no standard definition and, therefore, the definition used by the Group may not match the definition of this term used by other companies. Since January 1, 2019, the application of IFRS 16 has significantly changed the Group's current EBITDA. Current EBITDA excluding IFRS 16 is used in the context of the applicable financial covenants under the Loan Agreement.

4.1.3.7 / Other non-current operating income and expense

In 2022, other non-current income and expense amounted to a net expense of €27.0 million. In 2021, other non-current income and expense amounted to a net expense of €10.3 million.

The following table shows the breakdown of this item in 2022 and 2021.

(€ million)	2022	2021
Impairment of Nature & Découvertes brand	(4.0)	0.0
Restructuring of proprietary real estate	(14.5)	0.0
Other restructuring costs	(5.3)	(7.3)
Other net non-current income and expense	(3.2)	(3.0)
OTHER NON-CURRENT OPERATING INCOME AND EXPENSE	**(27.0)**	**(10.3)**

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 2022, these represented a net expense of €27.0 million, broken down as follows:

- the annual impairment tests, conducted in the second half of 2022, resulted in a €4.0 million impairment of the Nature & Découvertes brand. The Nature & Découvertes brand had been valued at €26.0 million in 2019 when the brand was acquired. As of December 31, 2022, the net value of the Nature & Découvertes brand on the Group's balance sheet was €22.0 million;
- €14.5 million in non-current expenses related to the restructuring of proprietary real estate, including the closure of the Fnac Italy 2 store in France;
- €5.3 million in restructuring costs for employee and structural adaptation plans in France and abroad;
- €3.2 million in expenses related to various non-current disputes.

In 2021, they represented a net expense of €10.3 million, broken down as follows:

- €7.3 million in restructuring costs for employee and structural adaptation plans in France and abroad;
- €3.0 million in expenses related to various one-off disputes.

4.1.3.8 / Operating income

For 2022, the Group's operating income was €203.5 million, compared with €260.4 million for 2021.

4.1.3.9 / Net financial expense

In 2022, net financial income comprised a financial expense of €45.3 million, compared with a net financial expense of €41.8 million in 2021.

The breakdown of the Group's net financial expense in 2022 and 2021 is as follows:

(€ million)	2022	2021	Change
Costs related to Group debt	(23.0)	(25.3)	9.1%
Interest on leasing debt	(24.3)	(21.2)	(14.6%)
Other financial income and expense	2.0	4.7	(57.4%)
NET FINANCIAL EXPENSE	**(45.3)**	**(41.8)**	**(8.4%)**

In 2022 and 2021, costs relating to the Group's net financial debt consist mainly of interest on the €650 million bond issue and the €100 million loan from the European Investment Bank, and of financial interest and the actuarial expense of the €200 million OCEANE convertible bonds issued by the Group in March 2021. These costs also include the apportionment of the costs of setting up the Group's financial structure.

In 2022, costs relating to the Group's net financial debt decreased by €2.3 million. This improvement is mainly due to the guarantee and implementation costs for the €500 million state-guaranteed loan, repaid in full in March 2021.

Interest expense on leasing debt related to the application of IFRS 16 amounted to €24.3 million in 2022, compared with €21.2 million in 2021.

Other financial income and expense primarily includes the cost of consumer lending, the financial impacts related to post-employment benefits for employees and the remeasurement at fair value through profit or loss of the Group's financial assets. The deterioration in this item compared to 2021 is mainly due to the revaluation of the fair value of the Group's shares in the Daphni Purple fund amounting to +€6.6 million in 2022, compared to +€9.0 million in 2021.

4.1.3.10 / Income tax

Income tax includes any tax paid or for which a provision is recorded for the period, together with any potential tax reassessments paid or provisioned during the period. For 2022, the total tax expense was €54.4 million, compared to €74.1 million for 2021, a decrease of €19.7 million. The decrease in total tax expense in 2022 is in line with the reduced level of business activity. The increase in the effective tax rate by +0.47 points to 34.37% is mainly due to the current tax expense related to corporate value-added tax (CVAE), which in 2022 was equivalent to 2021.

(€ million)	**2022**	**2021**
Pre-tax income	**158.3**	**218.6**
Current tax expense	(46.2)	(74.2)
Current tax expense related to corporate value-added tax (CVAE)	(11.1)	(11.0)
Deferred tax income/(expense)	2.9	11.1
TOTAL TAX EXPENSE	**(54.4)**	**(74.1)**
Effective tax rate	**34.37%**	**33.90%**

4.1.3.11 / Net income from continuing operations

Net income from continuing operations recorded a profit of €103.9 million for 2022, versus a profit of €144.5 million for 2021.

Net income from continuing operations, Group share recorded a profit of €100.0 million for 2022, versus a profit of €145.0 million for 2021.

Net income from continuing operations attributable to non-controlling interests recorded a profit of €3.9 million for 2022, versus a loss of €0.5 million for 2021.

4.1.3.12 / Net earnings per share

The weighted average number of ordinary shares of the Group used to calculate net earnings per share was 26,828,473 for 2022 versus 26,696,442 in 2021, a decrease of 132,031 shares.

Group net earnings per share for continuing operations came to €3.71 per share as of December 31, 2022, compared with €5.45 per share as of December 31, 2021.

For 2022, Group net earnings per share amounted to -€1.19. It came to €6.02 the previous year.

4.1.4 / ANALYSIS OF REVENUE AND CURRENT OPERATING INCOME BY GEOGRAPHICAL REGION FOR 2021 AND 2022

4.1.4.1 / Comparison of results for 2021 and 2022 for the France and Switzerland segment

The following table shows the key items in the income statement for the France and Switzerland segment for the periods ended December 31, 2021 and December 31, 2022.

(€ million)	2022	2021	Change
Revenue	6,613.3	6,700.9	(1.3%)
Current operating income	202.6	244.6	(17.2%)
Operating profitability	3.1%	3.7%	(0.6) pt

Revenue for the France and Switzerland segment

Revenue amounted to €6,613.3 million for 2022 compared to €6,700.9 million for 2021, a decrease of -1.3%. The France and Switzerland segment opened 5 directly owned stores (including 1 Nature & Découvertes store), and closed 6 directly owned stores (including 1 Nature & Découvertes store). At the same time, Fnac opened 14 shop-in-shops within Manor stores in Switzerland during the first half of 2022. At constant exchange rates and on a same-store basis, the decrease in revenue was -2.3%.

The growth of franchise stores (led operationally by France) continued, with 45 new stores opened in 2022 (including 24 Darty stores in mainland France, 7 Fnac proximity format stores, 8 Fnac Travel retail stores, 3 traditional Fnac stores and 3 Nature & Découvertes stores).

The number of Fnac loyalty program members in France was up slightly year-on-year, totaling more than 7.6 million.

A breakdown of revenue by product category is included in note 4.1 "Information by operating segment" of the Notes to the consolidated financial statements, in section 5.2 of this Universal Registration Document.

Consumer electronics were down, penalized by a high basis of comparison in the hardware and television categories, which had benefited from the strong demand for equipment for remote working and learning at home in connection with the health crisis.

Sales of domestic appliances were down sharply, mainly due to a decline in market volumes coupled with a strong base effect. Sales of washing machines, small kitchen appliances, breakfast appliances and vacuum cleaners were particularly affected by this decline in activity.

Editorial products showed solid momentum, in line with the increase in store traffic, driven by books, audio and video, while gaming declined.

Other products and services grew significantly thanks to the increase in services, greatly impacted by store closures in the first half of 2021, as well as the development of the Home & Design, Urban Mobility and Toys & Games sectors. The ticketing business was boosted by the easing of the health restrictions, while also benefiting from a high-quality and varied offering. In addition, Nature & Découvertes posted a recovery in sales with a return of in-store foot traffic to stores that were closed for much of the first half of last year.

Online activities returned to a more normal level, due in particular to the very strong increase in sales during the period of store closures last year, amounting to €1,459.5 million and thus representing 22.1% of sales in the France and Switzerland segment, down -3.5 points compared with 2021 but up +2.5 points compared to 2019.

Current operating income for the France and Switzerland segment

Current operating income for the France and Switzerland segment amounted to €202.6 million in 2022, compared to €244.6 million in 2021.

The gross margin increased, with the margin rate improving due to a favorable channel/product mix effect, resulting from an increase in store traffic and a slight decline in online sales, with an excellent performance in book sales in particular, as well as the recovery in ticket sales, partially offset by the dilutive technical impact of the franchise business. This increase in gross margin was more than offset by the rise in personnel expenses, with a basis of comparison impacted by the closure of stores linked to the health crisis in the first half of 2021 and the use of short-time working for employees in stores and at head offices, the payment of the PEPA bonus for more than €6 million in the first half of 2022, and other operating expenses due to a basis of comparison that benefited from lease repayments in the first half of 2021 and aid granted by the French State, Manor's launch costs and the inflationary context.

Current operating profitability was 3.1% in 2022, down -0.6 percentage points over 2021.

4.1.4.2 / Comparison of results for 2021 and 2022 in the Iberian Peninsula

The following table shows the key items in the income statement for the Iberian Peninsula for the periods ended December 31, 2021 and December 31, 2022.

(€ million)	2022	2021	Change
Revenue	719.6	701.5	2.6%
Current operating income	16.9	10.8	56.5%
Operating profitability	2.3%	1.5%	0.8 pt

Revenue for the Iberian Peninsula

Revenue recorded in the Iberian Peninsula amounted to €719.6 million in 2022, compared to €701.5 million in 2021, an increase of +2.6%.

The performance posted for this region is related to a very low basis of comparison in 2021, with in-store sales suffering from the ongoing significant restrictions on traffic. Despite continued competitive pressure, mainly in Spain, the stores posted strong growth in the region, more than offsetting the return to norm for digital sales.

In 2022, the Iberian Peninsula opened 1 new directly owned store in Spain and 1 franchised store in Portugal, and closed 1 directly owned store in Spain. In 2021, the Group had opened 3 new stores, all in Spain. Revenue increased by +2.1% over 2022 on a same-store basis.

A breakdown of revenue by product category is included in note 4.1 "Information by operating segment" of the Notes to the consolidated financial statements, in section 5.2 of this Universal Registration Document.

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

Revenue from editorial products also increased, driven by the strong growth in book sales.

Revenue from other products and services increased in 2022. There was growth in services, which were particularly affected by the restrictions on store traffic last year.

Online activities represented 17.8% of sales in the Iberian Peninsula in 2022, down -4.7 points from 2021.

Current operating income in the Iberian Peninsula

Current operating income in the Iberian Peninsula came to €16.9 million in 2022 compared to €10.8 million in 2021. The gross margin was up compared to 2021, with an increase in revenue as well as a significantly improved margin rate, driven by growth in services and an improved channel/product mix. This improved margin was partially offset by the increase in operating costs over the period.

Current operating profitability reached 2.3%, a +0.8-percentage-point increase from 2021.

4.1.4.3 / Comparison of results for 2021 and 2022 for the Belgium and Luxembourg segment

The following table shows the key items in the income statement for the Belgium and Luxembourg segment for the periods ended December 31, 2021 and December 31, 2022.

(€ million)	2022	2021	Change
Revenue	616.5	640.2	(3.7%)
Current operating income	11.1	15.3	(27.5%)
Operating profitability	1.8%	2.4%	(0.6) pt

Revenue from the Belgium and Luxembourg segment

The revenue generated in the Belgium and Luxembourg segment amounted to €616.5 million for 2022, compared with €640.2 million for 2021, a decrease of -3.7%. The Belgium and Luxembourg segment opened 1 new directly owned Fnac store. Revenue decreased by -4.7% over 2022 on a same-store basis.

A breakdown of revenue by product category is included in note 4.1 “Information by operating segment” of the Notes to the consolidated financial statements, in section 5.2 of this Universal Registration Document.

Revenue from consumer electronics was down, penalized by a high basis of comparison in the hardware and telephony categories, which had benefited from the strong demand for equipment for remote working and learning at home in connection with the health crisis.

Sales of domestic appliances were also down. Sales of dryers, vacuum cleaners and washing machines were hit particularly hard by this decline in activity.

Revenue from editorial products was up, driven by books and audio, while gaming and video were down.

Revenue from other products and services increased over the period, thanks to the performance of services.

Online activities returned to normal, representing 27.7% of sales in the Belgium and Luxembourg region in 2022, down -2.5 points from 2021.

Current operating income from the Belgium and Luxembourg segment

Current operating income for the Belgium and Luxembourg segment was €11.1 million in 2022, compared with €15.3 million in 2021.

Current operating profitability fell from 2.4% to 1.8% between 2021 and 2022. This decrease was due to higher operating costs, following the opening of a new Fnac store in May 2022, higher personnel expenses linked to the automatic wage indexation mechanism (wages were index-adjusted six times in Belgium between September 2021 and the end of 2022), as well as the inflationary environment, which had a particularly unfavorable impact on rental expenses and energy costs.

4.1.5 / USE OF ESTIMATES AND ASSUMPTIONS

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

The main estimates and assumptions made by management in preparing the financial statements concern the valuation and useful lives of operating assets; property, plant and equipment, intangible assets and goodwill; the amount of the provisions for contingencies and other provisions relating to the Group’s business, primarily in relation to inventories and income from ordinary activities; and the assumptions used to calculate the obligations relating to employee benefits, share-based payments and deferred tax. In particular, the Group uses discount rate assumptions, based on market data, in order to estimate its long-term assets and liabilities.

For a description of the assumptions used by the Group in the preparation of its financial statements, see note 2.3.2 “Use of estimates and assumptions” to the annual financial statements included in section 5.2 “Notes to the consolidated financial statements for the year ended December 31, 2022” of this Universal Registration Document.

4.2 / Group cash and equity

4.2.1 / GENERAL PRESENTATION

Fnac Darty's main cash requirements stem from its working capital requirements and operating investments.

In March 2021, the Group restructured its long-term debt, with an extended maturity profile, diversified sources of financing, and optimized cost, thereby securing its long-term liquidity. In March 2022, the Group exercised the option to extend its €500 million RCF from March 2026 to March 2027. This option was subscribed at 100% of banking commitments. The Group has an additional extension option until March 2028.

Amid increased volatility on the financial markets, Fnac Darty opted to secure the refinancing of its next major €300 million bond debt maturity maturing in May 2024. Accordingly, in December 2022, the Group set up an additional undrawn bank credit line in the form of a delayed drawn term loan (DDTL) of €300 million, which may be drawn down once and only to repay the bond loan maturing in 2024. This new line is based on a banking contract with conditions similar to those of the existing RCF of €500 million. It will have a maturity of three years in the event of drawdown (i.e. until December 2025), which may be extended by two years (i.e. until December 2027). It also incorporates a Corporate Social Responsibility (CSR) component that will allow the Group to improve its financing conditions if the objectives, set in line with those of the strategic plan Everyday, are achieved. This option means the Group can maintain its current bond debt until it matures in May 2024 while benefiting from the low initial annual coupon, and therefore secure its level of financial expenses.

Thanks to this new undrawn bank line, the Group does not have a major repayment maturity date before 2026.

In 2022, within an unfavorable economic environment, free cash-flow from operations amounted to -€30.2 million (excluding the impact of IFRS 16), compared with a free cash-flow of €170.1 million in 2021 (excluding the impact of IFRS 16). At December 31, 2022, net cash was negative at -€5.1 million (excluding the impact of IFRS 16). This negative cash flow includes an outflow of €131.1 million related to the unfavorable outcome of the legal proceedings concerning the litigation regarding the disposal of Comet Group Limited in 2012, as well as associated legal fees.

4.2.2 / FINANCIAL RESOURCES

4.2.2.1 / Overview

In 2022, the Group had the following financing sources:

- *cash:*

  Cash and cash equivalents amounted to €931.7 million as of December 31, 2022, compared to €1,181.1 million as of December 31, 2021. As of December 31, 2022, cash includes an outflow of €131.1 million related to the unfavorable outcome of the legal proceedings concerning the litigation regarding the disposal of Comet Group Limited in 2012, as well as associated legal fees;

- *liquidity:*

  In addition to this amount of available cash, a Revolving Credit Facility of €500 million had not been used at December 31, 2022, giving total liquidity of €1,431.7 million;

- *free cash flow:*

  In view of the unfavorable economic environment, operating and investing activities generated a negative net cash flow of -€30.2 million in 2022, compared with a positive cash flow of €170.1 million in 2021;

- *financial debt:*

  The Group's gross financial debt as of December 31, 2022 stood at €936.8 million. It mainly consists of senior bonds with a cumulative principal amount of €650 million, the debt component of bonds convertible into and/or exchangeable for new and/or existing shares (OCEANE bonds) amounting to €184.0 million, and the €100 million European Investment Bank loan; gross financial debt was €934.4 million at December 31, 2021.

The Group's net cash position breaks down as follows:

(€ million)	2022	2021
Cash and cash equivalents	931.7	1,181.1
Gross financial debt	(936.8)	(934.4)
NET CASH	**(5.1)**	**246.7**

Including leasing debt, the Group's net financial debt breaks down as follows:

(€ million)	2022	2021
Leasing debt	1,140.5	1,130.0
Net cash	(5.1)	246.7
NET FINANCIAL DEBT WITH IFRS 16	**1,145.6**	**883.3**

4.2.2.2 / Financial debt

Financial debt as of December 31, 2022

The Group's gross financial debt as of December 31, 2022 stood at €936.8 million. It amounted to €2,077.3 million including the leasing debt relating to the application of IFRS 16.

(€ million)	2022	2021
2026 bonds and capitalized interest	350.7	350.7
2024 bonds and capitalized interest	300.6	300.6
European Investment Bank loan	100.0	100.0
Financial debt component of the OCEANE bonds	184.0	180.4
Other financial debt	1.5	2.7
TOTAL FINANCIAL DEBT EXCLUDING IFRS 16	**936.8**	**934.4**
Leasing debt IFRS 16	1,140.5	1,130.0
TOTAL FINANCIAL DEBT WITH IFRS 16	**2,077.3**	**2,064.4**

The table below sets out the Group's gross debt by currency as of December 31, 2022.

(€ million)	2022	2021
Euro	936.8	934.4
TOTAL FINANCIAL DEBT EXCLUDING IFRS 16	**936.8**	**934.4**
Euro	1,120.8	1,106.7
Swiss franc	18.8	22.1
Other currencies	0.9	1.2
TOTAL FINANCIAL DEBT WITH IFRS 16	**2,077.3**	**2,064.4**

The table below sets out the maturities of the Group's financial debt as of December 31, 2022:

	2022						
(€ million)	Total	N+1	N+2	N+3	N+4	N+5	N+6 and beyond
Long-term borrowings and financial debt	**917.3**		**316.7**	**16.7**	**366.7**	**200.7**	**16.5**
2026 bonds	350.0				350.0		
2024 bonds	300.0		300.0				
European Investment Bank loan	83.3		16.7	16.7	16.7	16.7	16.5
Financial debt component of the OCEANE bonds	184.0					184.0	
Short-term borrowings and financial debt	**19.5**	**19.5**					
European Investment Bank loan	16.7	16.7					
Capitalized interest on bond issues	1.3	1.3					
Other financial debt	1.5	1.5					
TOTAL FINANCIAL DEBT EXCLUDING IFRS 16	**936.8**	**19.5**	**316.7**	**16.7**	**366.7**	**200.7**	**16.5**
%	**100.0%**	**2.1%**	**33.8%**	**1.8%**	**39.1%**	**21.4%**	**1.8%**
Leasing debt IFRS 16	**1,140.5**	**243.6**	**238.0**	**214.8**	**139.9**	**82.1**	**222.1**
Long-term IFRS 16 leasing debt	896.9		238.0	214.8	139.9	82.1	222.1
Short-term IFRS 16 leasing debt	243.6	243.6					
TOTAL FINANCIAL DEBT WITH IFRS 16	**2,077.3**	**263.1**	**554.7**	**231.5**	**506.6**	**282.8**	**238.6**

Sources of Group financing

The Group's sources of financing are diversified, which ensures an optimized cost and secures its long-term liquidity.

They mainly consist of senior bonds with a cumulative principal amount of €650 million, the debt component of bonds convertible into and/or exchangeable for new and/or existing shares (OCEANE bonds) amounting to €200.0 million (whose debt component is €184.0 million as of December 31, 2022), and the €100 million European Investment Bank loan.

In addition, the Group has an RCF of €500 million. This credit line, originally with a maturity of 5 years, was extended at the request of Fnac Darty until March 2027. In this respect, the Group has an additional extension option until March 2028. In line with the goals of the strategic plan, Everyday, this credit facility includes a Corporate Social Responsibility (CSR) component that will allow the Group to improve its financing terms if the designated targets are achieved.

Amid increased volatility on the financial markets, Fnac Darty opted to secure the refinancing of its next major €300 million bond debt maturity maturing in May 2024. Accordingly, in December 2022, the Group set up an additional undrawn bank credit line in the form of a delayed drawn term loan (DDTL) of €300 million, which may be drawn down once and only to repay the bond loan maturing in 2024. This new line is based on a banking contract with conditions similar to those of the existing RCF of €500 million. It will have a maturity of three years in the event of drawdown (i.e. until December 2025), which may be extended by two years (i.e. until December 2027). It also incorporates a Corporate Social Responsibility (CSR) component that will allow the Group to improve its financing conditions if the objectives, set in line with those of the strategic plan Everyday, are achieved. This option means the Group can maintain its current bond debt until it matures in May 2024 while benefiting from the low initial annual coupon, and therefore secure its level of financial expenses.

Thanks to this new undrawn bank line, the Group does not have a major repayment maturity date before 2026.

2024 and 2026 Senior Notes

On May 15, 2019, Fnac Darty refinanced its senior bonds with a cumulative principal amount of €650 million, composed of a cumulative principal amount of €300 million in senior bonds maturing in 2024, and a cumulative principal amount of €350 million in senior bonds maturing in 2026. The 2024 bonds pay an annual coupon of 1.875% and the 2026 bonds pay an annual coupon of 2.625%.

These bonds rank pari passu with the Senior Credit Facility. Interest is payable half-yearly.

The High Yield Bonds are listed for trading on the Global Exchange Market of the Irish Stock Exchange.

The 2024 bonds were redeemable in whole or in part at any time until May 30, 2021 at a price equal to the amount of the nominal value plus an early repayment premium and accrued interest not yet due. Since May 30, 2021, they have been redeemable in full or in part at the values shown in the table below:

2024 Bonds

Redemption period commencing:	Redemption price *(as % of the principal)*
May 30, 2021	100.9375%
May 30, 2022	100.4688%
May 30, 2023 and beyond	100.0000%

The 2026 bonds were redeemable in whole or in part at any time until May 30, 2022, at a price equal to the amount of the nominal value plus an early repayment premium and accrued interest not yet due. Since May 30, they have been redeemable in full or in part at the values shown in the table below:

2026 Bonds

Redemption period commencing:	Redemption price *(as % of the principal)*
May 30, 2022	101.3125%
May 30, 2023	100.6563%
May 30, 2024 and beyond	100.0000%

The agreement for the High Yield Bond issue contains customary clauses that specifically restrict the Group's ability to incur additional debt, pay dividends or make any other distribution, grant pledges and guarantees, dispose of assets, execute transactions with affiliated companies or merge or consolidate with other entities.

The offering memorandum is available on the Irish Stock Exchange website.

Delayed drawn term loan (DDTL)

Amid increased volatility on the financial markets, Fnac Darty opted to secure the refinancing of its next major €300 million bond debt maturity maturing in May 2024. Accordingly, in December 2022, the Group set up an additional undrawn bank credit line in the form of a delayed drawn term loan (DDTL) of €300 million, which may be drawn down once and only to repay the bond loan maturing in 2024. This new line is based on a banking contract with conditions similar to those of the existing RCF of €500 million. It will have a maturity of three years in the event of drawdown (i.e. until December 2025), which may be extended by two years (i.e. until December 2027). It also incorporates a Corporate Social Responsibility (CSR) component that will allow the Group to improve its financing conditions if the objectives, set in line with those of the strategic plan Everyday, are achieved. This option means the Group can maintain its current bond debt until it matures in May 2024 while benefiting from the low initial annual coupon, and therefore secure its level of financial expenses.

Thanks to this new undrawn bank line, the Group does not have a major repayment maturity date before 2026.

OCEANE bonds

In March 2021, the Group succeeded in placing its issue of bonds convertible into and/or exchangeable for new and/or existing shares (OCEANE), maturing in 2027, for a nominal amount of €200 million corresponding to 2,468,221 bonds with a nominal value of €81.03 per bond. Based on the initial conversion/exchange ratio of one share per bond, dilution was approximately 9.28% of the Company's outstanding share capital as of March 16, 2021. As a result of the distribution of a dividend of €2.00 per share to Fnac Darty shareholders as of June 23, 2022, the conversion/exchange rate was increased from 1.019 Fnac Darty shares per OCEANE bond to 1.070 Fnac Darty shares per OCEANE bond as of June 23, 2022.

Senior Credit Facility

The Group has an RCF credit line of €500 million. This credit line, originally with a maturity of 5 years, was extended at the request of Fnac Darty until March 2027. In this respect, the Group has an additional extension option until March 2028. In line with the goals of the strategic plan, Everyday, this credit facility includes a Corporate Social Responsibility (CSR) component that will allow the Group to improve its financing terms if the designated targets are achieved.

Drawdowns under the Senior Credit Facility are made in euros and bear interest at a rate equal to the sum of the EURIBOR reference rate for the period and a margin that can be adjusted based on the Group's rating.

As of December 31, 2022, the RCF credit line was not in use.

The loan agreement includes two financial covenants which are tested on a half-yearly basis and exclude the impact of IFRS 16:

- an adjusted leverage ratio:

  this ratio is defined as "total adjusted debt" (i.e. net debt plus five times the amount of the rent as shown in the latest consolidated financial statements of the Group) divided by "consolidated EBITDAR" (i.e. the Group's current operating income plus net changes to depreciation, amortization and provisions on non-current operating assets and rent as shown in the latest consolidated financial statements of the Group); and

- an adjusted rate hedging ratio:

  this ratio is defined as "consolidated EBITDAR" (see definition above) divided by "financial expense (net)" plus rent as shown in the latest consolidated financial statements of the Group.

However, as of December 31, 2022, all annual financial covenants have been observed.

The target values of the covenants to be achieved vary at each test period.

The loan agreement also includes general restrictive covenants that are customary for this kind of agreement, including certain restrictions related to the granting of pledges or guarantees, the disposal or acquisition of assets, the execution of merger or restructuring transactions, to debt or to dividend distribution (see section 7.5 "Dividend distribution policy").

Loan agreement with the European Investment Bank

On February 18, 2019, Fnac Darty announced the signing of a loan agreement for €100 million with the European Investment Bank (EIB). Issued under the "Juncker Plan," this loan will be used to finance the Group's digital transformation investments. This financing has a maximum maturity of nine years, on very attractive terms. As of December 31, 2022, €100 million of the EIB credit line was used.

Negotiable securities program

Fnac Darty also implemented a program of short-term negotiable debt instruments ("NEU CP") in 2018, designed to replace the drawdowns on the revolving credit facility for the Group's seasonal financing needs. This program, which has a ceiling of €400 million, consists of issues that are executed on the short-term debt market and have a maximum maturity of one year.

As of December 31, 2022, this program had not been used.

The program documentation is available on the Banque de France website.

4.2.3 / ANALYSIS OF CASH FLOWS

(€ million)	**2022**	**2021**
Net cash flows from operating activities	346.5	528.3
Net cash flows from operating investment activities	(122.9)	(109.0)
Free cash-flow from operations	**223.6**	**419.3**
Net cash flows from financial investing activities	(7.7)	(0.4)
Net cash flows from financing activities	(338.7)	(285.3)
Net cash flows from discontinued operations	(131.1)	(1.4)
Impact of changes in foreign exchange rates	2.1	0.6
CHANGE IN NET CASH	**(251.8)**	**132.8**
Net cash at start of period	**246.7**	**113.9**
NET CASH AT END OF PERIOD	**(5.1)**	**246.7**

4.2.3.1 /NET CASH FLOWS FROM OPERATING ACTIVITIES AND INVESTMENTS

(€ million)	2022	2021
Cash flow before tax, dividends and interest	571.6	637.4
Change in working capital requirement	(155.3)	(39.7)
Income tax paid	(69.8)	(69.4)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**346.5**	**528.3**
Operating investments	(138.4)	(116.8)
Operating divestments	7.0	0.5
Operating investments net of divestments	**(131.4)**	**(116.3)**
Change in payables and receivables relating to non-current assets	8.5	7.3
NET CASH FLOWS FROM OPERATING INVESTMENT ACTIVITIES	**(122.9)**	**(109.0)**
FREE CASH-FLOW FROM OPERATIONS	**223.6**	**419.3**

(€ million)	2022	2021
Free cash-flow from operations	**223.6**	**419.3**
Repayment of leasing debt and interest	(253.8)	(249.2)
FREE CASH-FLOW FROM OPERATIONS, EXCLUDING IFRS 16	**(30.2)**	**170.1**

Excluding impacts related to the application of IFRS 16, cash flows from operating activities and operating investments in 2022 amounted to -€30.2 million in 2022, compared to €170.1 million in 2021.

Operating investments in 2022

In 2022, the Group's operating investments net of divestments amounted to €131.4 million, compared to €116.3 million in 2021. In particular, investments were used to open new points of sale, to renovate existing points of sale, to expand logistical storage and delivery capacity, to push forward with the convergence of the Fnac and Darty IT systems, and to develop websites.

Generally, investments are made in order to support the Group's strategic plan, particularly the complementary features of the Fnac and Darty banners, the omnichannel platform and the digital segment.

The table below shows gross operating investments by geographical area for 2022 and 2021:

(€ million)	France and Switzerland	Iberian Peninsula	Belgium and Luxembourg	Total
2022				
Store investments (excluding IT)	19.5	4.1	2.6	26.2
IT investments	74.0	3.5	2.1	79.6
Logistics investments	12.9	2.3	0.4	15.6
Other operating investments	9.7	0.2	0.1	10.0
TOTAL OPERATING INVESTMENTS [(a)]	**116.1**	**10.1**	**5.2**	**131.4**
2021				
Store investments (excluding IT)	29.6	1.4	2.6	33.6
IT investments	61.8	3.6	1.5	66.9
Logistics investments	10.7	1.8	0.1	12.6
Other operating investments	2.7	0.4	0.1	3.2
TOTAL OPERATING INVESTMENTS [(a)]	**104.8**	**7.2**	**4.3**	**116.3**

(a) Total net investments of divestments.

4.2.3.2 / Net cash flows from financial investment activities

(€ million)	2022	2021
Acquisitions and disposals of subsidiaries net of debt	(1.9)	(2.0)
Acquisitions of other financial assets	(11.0)	(0.7)
Sales of other financial assets	5.2	2.3
Interest and dividends received	0.0	0.0
Net cash flows from financial investing activities	**(7.7)**	**(0.4)**

The Group's net financial investments represented an outflow of €7.7 million in 2022 versus an outflow of €0.4 million in 2021.

In 2022, acquisitions and disposals of subsidiaries net of debt represented a net cash outflow of €1.9 million linked to investments in associates, the acquisition of NeXT Services France and the payment of a price adjustment by a subsidiary. In October 2022, the Group acquired NeXT Services France (NSF), an assistance and repair company for household appliances, television, audio, video and hi-fi equipment. It also offers IT services such as audits of IT stock, info-management services and training. NSF is fully consolidated.

In 2021, acquisitions and disposals of subsidiaries net of debt represented a net outflow of €2.0 million, related to the acquisition of minority interests in Group companies.

In 2022, acquisitions of other financial assets for a cash outflow of €11.0 million related mainly to various financial investments made by the Group and, to a lesser extent, the provision of security deposits to lessors.

In 2021, the acquisition of other financial assets for an outflow of €0.7 million related to the first capital subscription call for the Raise Seed for Good holding fund, the first European venture capital fund to integrate CSR criteria into its investment and support strategy from the seed stage, to nurture the future European leaders of responsible tech.

In 2022, disposals of other financial assets for €5.2 million include an inflow of €1.0 million corresponding to the sale of Fnac Darty's entire holding in Izneo (i.e. 50% of capital), as well as an inflow of €4.2 million corresponding to a reimbursement of the nominal value of the shares held in the Daphni Purple fund for €4.6 million, partially offset by an additional call for funds in the amount of €0.4 million. As of December 31, 2022, the Group agreed to underwrite the remaining 17% of the Daphni Purple fund for €1.2 million.

Disposals of other financial assets for €2.3 million in 2021 included the return of security deposits to funding providers for €1.3 million, as well as the repayment of the nominal value of units held in the Daphni Purple fund for €1.0 million.

4.2.3.3 / Net cash flows from financing activities

(€ million)	2022	2021
Purchases or sales of treasury stock	(1.0)	(0.6)
Dividends paid to shareholders	(55.0)	(27.3)
Equity component of the OCEANE bonds	0.0	20.8
Repayment of leasing debt	(230.8)	(228.0)
Interest paid on leasing debt	(23.0)	(21.2)
Interest and equivalent payments	(27.7)	(26.7)
Financing of the Comet pension fund	(1.2)	(2.3)
Net cash flows from financing activities	**(338.7)**	**(285.3)**

In 2022, net financial flows from financing activities included the effect of the application of IFRS 16 for an amount of €253.8 million (repayment and interest on leasing debt). Excluding IFRS 16, net financial flows from financing activities amounted to an expense of €84.9 million in 2022 compared to an expense of €36.1 million in 2021.

In 2022:

- acquisitions of treasury stock for €1.0 million correspond to financial flows related to the acquisition of Fnac Darty shares carried out under the liquidity agreement. As of December 31, 2022, the Group held 142,697 treasury shares;
- an ordinary dividend of €2.00 gross per share for 2021, representing a total amount of €53.5 million, was paid in cash as of June 23, 2022. As of December 31, 2022, dividends paid in the amount of €55.0 million are composed of €53.5 million of dividends paid by Fnac Darty to its shareholders and €1.5 million of dividends paid by Group subsidiaries to minority shareholders;
- repayments of leasing debt and interest paid on leasing debt for a total of €253.8 million, in respect of rental payments falling within the scope of IFRS 16;
- net outflows for interest paid and similar items of €27.7 million mainly include interest paid on financing instruments and fees for the use and non-use of credit lines. They also include the costs of setting up the additional delayed drawn term loan (DDTL) credit line for €1.2 million, as well as costs relating to the extension of the RCF credit line for €0.3 million;
- financing of the Comet pension fund for €1.2 million includes, for 2022, management fees of the British Comet pension fund holding the pension liabilities for former Comet employees in the UK.

In 2021:

- acquisitions of treasury stock for €0.6 million corresponded to financial flows related to the acquisition of Fnac Darty shares carried out under the liquidity agreement. As of December 31, 2021, the Group held 67,723 treasury shares;
- dividends paid to shareholders mainly represent the payment of the first ordinary dividend of €1.00 per Group share, paid in cash on July 7, 2021, for a total amount of €26.7 million;
- the conversion of the OCEANE bond issued by Fnac Darty resulted in the delivery of a fixed number of shares in return for a fixed cash amount, and the terms and conditions provided for "full dividend protection" with a corresponding adjustment to parity as soon as a dividend is paid. As the "fixed for fixed" condition is fulfilled, the conversion option has therefore been classified as an equity instrument. The fair value of this component was determined at the time of its issue and recognized in shareholders' equity for a gross amount of €20.8 million;
- repayments of leasing debt and interest paid on leasing debt for a total of €249.2 million, in respect of rental payments falling within the scope of IFRS 16;
- net outflows for interest paid and similar items mainly included interest paid on financing instruments and fees for the use and non-use of credit lines in the amount of €21.0 million. They also included an outflow to cover the guarantee cost of €2.5 million for the state-guaranteed loan, costs related to the extension of the RCF credit line in the amount of €1.7 million, and costs of €1.5 million associated with setting up the OCEANE bonds;
- financing of the Comet pension fund in the amount of €2.3 million included, for 2021, management fees of the British Comet pension fund holding the pension liabilities for former Comet employees in the UK, as well as the costs of legal proceedings incurred by the Group in connection with the Comet lawsuit.

4.2.3.4 / Net cash flows from discontinued operations

Net flows from discontinued operations in 2022 represented a cash outflow of €131.1 million, primarily related to the adverse outcome of the legal proceedings in respect of the dispute relating to the disposal of the Comet Group Limited in 2012, for which the Group was ordered to pay €129.3 million (£111.9 million, of which £89.6 million in penalties and £22.3 million in interest and legal costs). In addition, attorney fees were disbursed in connection with this dispute for €1.8 million.

Net cash flows from discontinued operations in 2021 represented a cash outflow of €1.4 million, related to the residual costs paid in 2021 in connection with the disposal of the Dutch subsidiary BCC on November 25, 2020.

4.2.3.5 / Change in net cash

The change in net cash in 2022 and 2021 was as follows:

(€ million)	**2022**	**2021**
Free cash-flow from operations	223.6	419.3
Acquisitions and disposals of subsidiaries net of cash acquired or transferred	(1.9)	(2.0)
Acquisition/disposal of other financial assets (net)	(5.8)	1.6
Interest and dividends received	0.0	0.0
Equity component of the OCEANE bonds	0.0	20.8
Dividends paid to shareholders, parent company	(55.0)	(27.3)
Interest paid net of interest and dividends received	(27.7)	(26.7)
Repayment of leasing debt	(230.8)	(228.0)
Interest paid on leasing debt	(23.0)	(21.2)
Capital increase/(decrease)	0.0	0.0
Other transactions with shareholders	0.0	0.0
Purchases or sales of treasury stock	(1.0)	(0.6)
Financing of the Comet pension fund	(1.2)	(2.3)
Net cash flows from discontinued operations	(131.1)	(1.4)
Impact of changes in exchange rates	2.1	0.6
Change in Net Cash excl. IFRS 16	**(251.8)**	**132.8**
Net cash excluding IFRS 16 at January 1	**246.7**	**113.9**
Net cash excluding IFRS 16 at end of period	**(5.1)**	**246.7**

4.3 / Recent events and outlook

Refocusing the number of points of sale in Switzerland

In order to significantly strengthen the presence of the Fnac brand in all regions of Switzerland, the company entered into a partnership for the deployment of 27 shop-in-shops within Manor stores, the last of which were opened in the first half of 2022. However, the difficult economic climate in Switzerland, with a particular impact on Manor, led the Group make an announcement at the end of January 2023 concerning the refocusing of its partnership on 17 priority points of sale for the two brands, mainly in French-speaking Switzerland. Therefore, Fnac Switzerland and Manor are continuing their commercial commitment to operate shop-in-shops for Fnac cultural products, domestic appliances and technology within Manor stores. At the end of the first half of 2023, Fnac's presence will have tripled on the Swiss market in less than three years, with 26 stores (9 integrated stores and 17 shop-in-shops within Manor). The market remains an important region for the Group, which will continue to invest there.

Dividend

Fnac Darty will propose that the General Meeting scheduled for May 24, 2023 approves the distribution of a dividend of €1.40 per share. This amount represents a payout ratio of 38% of net income, Group share from continuing operations, in line with last year and with the shareholder return policy set out in the strategic plan Everyday.

Shareholders will be offered the option of receiving the full dividend either in cash or in new shares of the company. Subject to the approval of the General Meeting, the price of the new shares issued in payment of the dividend will be 95% of the average opening price of the share during the 20 trading days prior to the General Meeting, less the net dividend amount and rounded up to the nearest euro cent.

The ex-date is June 13, 2023 and the payment date (or date for issue of new shares) is July 6, 2023. Shareholders may choose to receive the dividend payment in newly issued shares between June 15, 2023 and June 29, 2023 inclusive. If the shareholder has not chosen the option of payment in new shares, they will receive the dividend in cash on the payment date.

Energy

In 2023, the Group's energy costs are expected to rise sharply with energy prices higher than last year and taking into account the Group's different sources of supply, which can be broken down as follows:

- as in 2022, about half of the volumes will be subject to the ARENH [1], for which the rate is expected to remain stable compared to 2022, at €42/MWh;
- almost 10% of the volumes will come from the corporate PPA [2], signed by the Group with Valeco at the beginning of 2022 and which will come into force in mid-2023;
- the remainder, approximately 40% of volumes, will be subject to market rates. The Group hedges this remainder on a rolling basis throughout the year on a standard Bloc + Spot contract in order to benefit from any fall in market prices.

  In addition to the market context of a generalized increase in energy costs, there is the contractual failure of our historical electricity supplier. Although Fnac Darty had signed a contract with Solvay Energy Services, a wholly owned subsidiary of the Solvay Group, enabling it to cover itself against a possible price increase during peak network hours (Monday to Friday from 8 am to 8 pm), also known as Peakload hours, for the 2020 to 2024 volumes, pressure on energy prices resulted in Solvay wanting to unilaterally revise the agreed price calculation formula for the Group's 2023 and 2024 volumes, at the time that Fnac Darty was about to begin setting its supplies for 2023 and 2024.

  As no agreement could be reached between the parties to revise the agreed price formula and as Fnac Darty considered Solvay's request for revision to be unjustified and excessive, the Group was forced to duly note of the early termination of the contract and to urgently find a new leading supplier within a tense environment in order to benefit from the ARENH scheme. As a result, the Group has started legal action against Solvay to compensate for the financial damage caused.

At the same time, Fnac Darty is stepping up its ambition to reduce energy consumption with a massive investment plan for its stores, which account for nearly 80% of the Group's total energy consumption in France. The share of investment dedicated each year to the store network will be largely allocated to reducing energy consumption as part of the energy efficiency plan. The Group is also working to install more energy-efficient and better-controlled systems in all of its Fnac and Darty integrated stores by the end of 2024. This involves equipping the stores with LED lighting and installing a centralized system to control the heating and air conditioning (BMS/TCM). The Group's objective is to reduce electricity consumption in France by at least 15% by 2024 compared to 2022 [3]. In any case, the investments of nearly €20 million allocated to this project will be included in the standard annual budget of around €120 million.

Consequently, for the year 2023, the Group expects a significant increase in its energy-related costs estimated at between +€30 million and +€50 million. The impact on the second half of the year should be less significant than on the first part of the year, given the initial positive effects of investments to reduce consumption in stores and potentially lower market rates.

Statement of objections received by Darty

As highlighted in the press release published by the Group on March 3, 2023, several players in the domestic appliances manufacturing and retail sector have received a statement of objections from the investigation services of the French Competition Authority (*Autorité de la concurrence* – ADLC) in which a number of suppliers are accused of having taken part in a vertical agreement with some of their retailers.

Of all the objections raised by the ADLC, only one concerns Darty and covers a limited period ending in December 2014, i.e. almost 10 years ago, and therefore prior to Fnac's acquisition of Darty in 2016. Moreover, this objection relates to a limited number of well-identified product categories only.

A statement of objections in no way implies the guilt of the companies concerned. Only once the investigation has been completed and following an all-party hearing, will the Board of the French Competition Authority determine, with complete independence, whether the objections are well-founded.

(1) ARENH: Accès régulé à l'electricité nucléaire historique (regulated access to historic nuclear energy).
(2) Power purchase agreement.
(3) Consumption adjusted to unified degree days; i.e. adjusted to standard weather (based on a benchmark climate calculated using the average of the last 20 years).

Conclusions and outlook

The objectives presented below are based on data, assumptions and estimates considered reasonable by the Group at the date of filing this document.

These data and assumptions may change or be modified due to uncertainties related to the financial, accounting, competitive, regulatory and tax environment or other factors of which the Group is not aware at the date of filing this document.

In addition, the achievement of forecasts requires the successful implementation of the Group's strategy. As such, the Group makes no commitment or assurances that the forecasts set out in this section will be achieved.

The objectives presented below and the underlying assumptions have also been prepared in accordance with the provisions of Delegated Regulation (EU) 2019/980, supplementing Regulation (EU) 2017/1129, and the ESMA's recommendations on forecasts.

Assumptions

The uncertain environment is expected to have an ongoing impact during 2023, resulting in a further contraction in volumes due to sluggish consumption coupled with rising prices.

In this context, and on a comparable basis to historical financial information, and in accordance with the accounting policies applied to the Group's consolidated financial statements for the year ended December 31, 2022 as described in the consolidated financial statements, and without any major regulatory and macroeconomic changes compared to 2022, the Group is expected to post slightly lower sales in the first half of 2023, coupled with a sharp rise in costs, particularly for energy, with an expected increase of between +€30 million and +€50 million. However, the Group is expected to benefit from less unfavorable market conditions in the second half with inflation expected to be lower than in the first half.

Group objectives:

As a result, the Group will ensure that it:

- remain fully committed to continuing to outperform the markets thanks to its operational agility and the complementary nature of its stores and websites, important assets in markets with reduced visibility;
- maintain its gross margin level as much as possible thanks to a positioning focused on premium products, which allows the Group to pass on price increases more easily, and to a growing contribution from services, which guarantee differentiation from other retailers;
- continue its tight cost control through performance plans that offset a significant portion of the inflation in 2022 (see section 4.1.2.2). In 2023, in an environment where inflation is expected to weigh more heavily on costs, especially energy and payroll costs, the Group will be particularly attentive to limiting this cost increase as much as possible through performance plans expected to be at least twice the level of previous years;
- carefully manage its goods purchasing policy and maintains a controlled level of inventories with good rotation, essential in a market with limited visibility on consumption;
- adjust its operational investment budget in line with the standard level of investment announced in the strategic plan Everyday. Also, after a year in which investments amounted to €131 million in 2022, the Group is aiming for a maximum operational investment budget of €120 million in 2023.

Accordingly, the Group expects current operating income for 2023 to be around €200 million, in line with or higher than 2022 excluding the impact of the expected increase in energy costs. In addition, the fall in current operating income in 2023 is expected to be more pronounced in the first half of the year than in the second half, due to the greater weight of fixed costs in the business and higher energy costs in that period.

Furthermore, the Group confirms the objectives announced in the press release estimating its 2022 performance published on January 17, 2023. The Group also aims to achieve cumulative free cash-flow from operations excluding IFRS 16 of approximately €500 million over the 2021-2024 period, and free cash-flow from operations excluding IFRS 16 of at least €240 million on an annual basis from 2025.

These objectives are derived from the Group's budgeting and medium-term planning processes and have been prepared on a basis comparable to historical financial information and in accordance with the accounting policies applied to the Group's consolidated financial statements for the year ended December 31, 2022, as described in the consolidated financial statements, without any major regulatory and macroeconomic changes compared to 2022.

5

Financial statements

5.1 / Group consolidated financial statements as of December 31, 2022 and 2021

CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(€ million)	Notes	2022	2021
INCOME FROM ORDINARY ACTIVITIES	**4-5**	**7,949.4**	**8,042.6**
Cost of sales		(5,539.5)	(5,669.1)
GROSS MARGIN		**2,409.9**	**2,373.5**
Personnel expenses	6-7	(1,202.7)	(1,171.7)
Other current operating income and expense		(976.8)	(930.9)
Share of profit from equity associates	8	0.2	(0.2)
CURRENT OPERATING INCOME	**9**	**230.6**	**270.7**
Other non-current operating income and expense	10	(27.0)	(10.3)
OPERATING INCOME		**203.6**	**260.4**
(Net) financial expense	11	(45.3)	(41.8)
PRE-TAX INCOME		**158.3**	**218.6**
Income tax	12	(54.4)	(74.1)
NET INCOME FROM CONTINUING OPERATIONS		**103.9**	**144.5**
Group share		*100.0*	*145.0*
share attributable to non-controlling interests		*3.9*	*(0.5)*
NET INCOME FROM DISCONTINUED OPERATIONS	**31**	**(132.0)**	**15.3**
Group share		*(132.0)*	*15.3*
share attributable to non-controlling interests		*0.0*	*0.0*
CONSOLIDATED NET INCOME		**(28.1)**	**159.8**
Group share		*(32.0)*	*160.3*
share attributable to non-controlling interests		*3.9*	*(0.5)*
NET INCOME, GROUP SHARE		**(32.0)**	**160.3**
Earnings per share *(€)*	13	(1.19)	6.02
Diluted earnings per share *(€)*	13	(1.05)	5.38
NET INCOME FROM CONTINUING OPERATIONS, GROUP SHARE		**100.0**	**145.0**
Earnings per share *(€)*	13	3.71	5.45
Diluted earnings per share *(€)*	13	3.28	4.86

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(€ million)	Notes	2022	2021
NET INCOME		**(28.1)**	**159.8**
Translation differences		1.8	(1.2)
Fair value of hedging instruments		(0.6)	1.8
Items that may be reclassified subsequently to profit or loss	**14**	**1.2**	**0.6**
Revaluation of net liabilities for defined benefit plans		34.9	28.0
Items that may not be reclassified subsequently to profit or loss	**14**	**34.9**	**28.0**
OTHER ITEMS OF COMPREHENSIVE INCOME, AFTER TAX	**14**	**36.1**	**28.6**
TOTAL COMPREHENSIVE INCOME		**8.0**	**188.4**
Group share		*3.9*	*188.9*
share attributable to non-controlling interests		*4.1*	*(0.5)*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Assets

(€ million)	Notes	2022	2021
Goodwill	15	1,654.4	1,654.3
Intangible assets	16	561.7	528.2
Property, plant and equipment	17	570.3	574.5
Right-of-use assets related to lease agreements	18	1,115.2	1,115.2
Investments in associates	8	2.1	0.6
Non-current financial assets	20	44.4	40.2
Deferred tax assets	12.2.2	60.2	68.8
Other non-current assets	24.2	0.0	0.1
NON-CURRENT ASSETS		**4,008.3**	**3,981.9**
Inventories	22	1,143.7	1,104.3
Trade receivables	23	249.5	303.9
Tax receivables due	12.2.1	5.6	1.4
Other current financial assets	24.1	19.1	9.4
Other current assets	24.1	389.0	377.9
Cash and cash equivalents	21	931.7	1,181.1
CURRENT ASSETS		**2,738.6**	**2,978.0**
ASSETS HELD FOR SALE	**31**	**0.0**	**0.0**
TOTAL ASSETS		**6,746.9**	**6,959.9**

Liabilities and shareholders' equity

(€ million)	Notes	2022	2021
Share capital		26.9	26.8
Equity-related reserves		971.0	971.0
Translation reserves		(3.9)	(5.7)
Other reserves and net income		517.7	563.3
SHAREHOLDERS' EQUITY, GROUP SHARE	**25**	**1,511.7**	**1,555.4**
Shareholders' equity – share attributable to non-controlling interests	25	10.9	8.2
SHAREHOLDERS' EQUITY	**25**	**1,522.6**	**1,563.6**
Long-term borrowings and financial debt	28.1	917.3	932.3
Long-term leasing debt	28.2	896.9	891.1
Provisions for pensions and other equivalent benefits	26	145.4	187.8
Other non-current liabilities	24.2	22.0	78.7
Deferred tax liabilities	12.2.2	164.9	164.9
NON-CURRENT LIABILITIES		**2,146.5**	**2,254.8**
Short-term borrowings and financial debt	28.1	19.5	2.1
Short-term leasing debt	28.2	243.6	238.9
Other current financial liabilities	24.1	10.2	8.7
Trade payables	24.1	1,965.1	2,036.9
Provisions	27	36.6	31.0
Tax liabilities payable	12.2.1	0.0	8.3
Other current liabilities	24.1	802.8	815.6
CURRENT LIABILITIES		**3,077.8**	**3,141.5**
PAYABLES RELATING TO ASSETS HELD FOR SALE	**31**	**0.0**	**0.0**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**6,746.9**	**6,959.9**

CONSOLIDATED CASH FLOW STATEMENT AS OF DECEMBER 31, 2022 AND 2021

(€ million)	Notes	2022	2021
NET INCOME FROM CONTINUING OPERATIONS		**103.9**	**144.5**
Income and expense with no impact on cash		362.6	363.2
CASH FLOW	**30.1**	**466.5**	**507.7**
Financial interest income and expense		47.8	44.4
Dividends received		0.0	0.0
Net tax expense payable	12.1	57.3	85.3
CASH FLOW BEFORE TAX, DIVIDENDS AND INTEREST		**571.6**	**637.4**
Change in working capital requirement	24	(155.3)	(39.7)
Income tax paid		(69.8)	(69.4)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**30.1**	**346.5**	**528.3**
Acquisitions of intangible assets and property, plant & equipment		(138.4)	(116.8)
Change in payables on intangible assets, property, plant and equipment		8.5	7.3
Disposals of intangible assets, property, plant and equipment		7.0	0.5
Acquisitions and disposals of subsidiaries net of cash acquired and transferred		(1.9)	(2.0)
Acquisitions of other financial assets		(11.0)	(0.7)
Sales of other financial assets		5.2	2.3
Interest and dividends received		0.0	0.0
NET CASH FLOWS FROM INVESTING ACTIVITIES	**30.2**	**(130.6)**	**(109.4)**
Purchases or sales of treasury stock		(1.0)	(0.6)
Dividends paid to shareholders		(55.0)	(27.3)
Bonds issued		0.0	200.0
Bonds repaid		(1.4)	(700.0)
Repayment of leasing debt	28.2	(230.8)	(228.0)
Interest paid on leasing debt	11	(23.0)	(21.2)
Increase in other financial debt		0.0	0.2
Interest and equivalent payments		(24.1)	(26.7)
Financing of the Comet pension fund	30.4	(1.2)	(2.3)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**30.3**	**(336.5)**	**(805.9)**
Net cash flows from discontinued operations	31	(131.1)	(1.4)
Impact of changes in exchange rates		2.3	0.8
NET CHANGE IN CASH		**(249.4)**	**(387.6)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**21**	**1,181.1**	**1,568.7**
CASH AND CASH EQUIVALENTS AT PERIOD-END	**21**	**931.7**	**1,181.1**

CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2022 AND 2021

						Shareholders' equity		
(€ million)	Number of shares outstanding [(a)]	Share capital	Equity-related reserves	Translation reserves	Other reserves and net income	Group share	Non-controlling interests	Total
AS OF DECEMBER 31, 2020	**26,608,571**	**26.6**	**971.2**	**(4.5)**	**375.2**	**1,368.5**	**4.9**	**1,373.4**
Total comprehensive income				**(1.2)**	**190.1**	**188.9**	**(0.5)**	**188.4**
Capital increase/(decrease)	152,547	0.2	(0.2)			(0.0)		(0.0)
Treasury stock					0.1	0.1		0.1
Valuation of share-based payments					13.2	13.2		13.2
Equity component of the OCEANE bonds					15.4	15.4		15.4
Dividend					(26.7)	(26.7)	(0.6)	(27.3)
Change in scope					(4.4)	(4.4)	4.4	0.0
Other movements					0.4	0.4		0.4
AS OF 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				**1.8**	**2.1**	**3.9**	**4.1**	**8.0**
Capital increase/(decrease)	110,735	0.1	0.0			0.1		0.1
Treasury stock					(3.5)	(3.5)		(3.5)
Valuation of share-based payments					9.4	9.4	0.1	9.5
Dividend					(53.5)	(53.5)	(1.5)	(55.0)
Change in scope						0.0		0.0
Other movements					(0.1)	(0.1)		(0.1)
AS OF DECEMBER 31, 2022	**26,871,853**	**26.9**	**971.0**	**(3.9)**	**517.7**	**1,511.7**	**10.9**	**1,522.6**

(a) €1 nominal value of shares.

5.2 / Notes to the consolidated financial statements for the year ended December 31, 2022

NOTE 1 GENERAL INFORMATION

1.1 / General information

Fnac Darty, the parent company of the Group, is a French limited company (société anonyme) with a Board of Directors. Its registered office is at 9, rue des Bateaux-Lavoirs, ZAC Port d'Ivry, 94200 Ivry-sur-Seine, France. The Company is registered under No. 055800296 with the Créteil Trade and Companies Registry. Fnac Darty is subject to all laws governing commercial companies in France, including the provisions of the French Commercial Code.

The consolidated financial statements as of December 31, 2022 reflect the financial position of Fnac Darty and its subsidiaries, as well as its interests in associates and joint ventures.

On February 23, 2023, the Board of Directors approved the consolidated financial statements for the year ended December 31, 2022. These statements are not final until they have been ratified by the General Meeting of Shareholders, scheduled for May 24, 2023.

1.2 / Reporting context

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

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

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

NOTE 2 ACCOUNTING PRINCIPLES AND POLICIES

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2.1 / General principles and statement of compliance

Pursuant to European Regulation 1606/2002 of July 19, 2002, the Group's consolidated financial statements for 2022 have been prepared in accordance with international accounting standards as adopted by the European Union (https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/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. Over the periods presented, the standards and interpretations adopted by the European Union are similar to the mandatory standards and interpretations published by the IASB (International Accounting Standards Board). Therefore, the Group's financial statements have been prepared in compliance with the standards and interpretations as published by the IASB (https://www.ifrs.org/issued-standards/list-of-standards/).

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

The consolidated financial statements presented do not take into account any standards and interpretations that, at period-end, were still at the exposure draft stage with the IASB and IFRIC, or standards whose application was not mandatory in 2022.

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

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

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

2.2 / IFRS guidelines applied

2.2.1 Standards, amendments and interpretations adopted by the European Union and non-mandatory, applicable in advance for reporting periods beginning on or after January 1, 2022

The IASB published the following regulations, adopted by the European Union and applicable in advance, for which the Group does not anticipate a significant impact:

- amendment to IAS 1 – Information to be provided on accounting principles and methods; and update of Practice Statement 2 "Making Materiality Judgements";
- amendment to IAS 8 – Definition of Accounting Estimates;
- amendment to IAS 12 – Deferred Tax on Assets and Liabilities arising from a Single Transaction;
- IFRS 17 – Insurance policies, with amendments, including amendments to IFRS 17 and IFRS 9 published relating to comparative information.

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

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

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

  This amendment removes the exception to the general principle that incidental income generated before a property, plant or piece of equipment is ready for use cannot be taken into account (as a deduction) for determining the cost of this fixed asset, by prohibiting the entity from deducting the net proceeds generated during fixed asset operational testing from the cost of the property, plant or piece of equipment. The proceeds from the sale of such items will be recognized in the income statement.

  Furthermore, the amendment specifies that:

  - items produced before a property, plant or piece of equipment is ready for use must be valued according to the provisions of IAS 2, Stocks;
  - for proceeds from the sale of items that are not part of the company's ordinary business, the issuers must (i) separately show the proceeds of these sales and their associated production costs recognized in the income statement and (ii) specify the income statement lines impacted by these items.

  The amendment provides for the provisions to be applied retrospectively, but only for property, plant and equipment which have been transferred to their place of operation and prepared for use in the manner intended by management, from the beginning of the first period presented in the financial statements in which the entity applies the changes for the first time. The cumulative effect of the adjustments resulting from the first application of this amendment must be recognized in the shareholders' equity for this first period.

  The application of this amendment has no impact on the Group's financial statements as of December 31, 2022.

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

  Following discussions with the IFRS Interpretations Committee (IC) in 2018, in May 2020 the IASB published an amendment to IAS 37 to specify the items to be taken into account when determining contract performance costs, which was subsequently adopted by the European Union on June 28, 2021.

  IAS 37 specifies that the amount to be provisioned under a loss-making contract must reflect the net cost of exiting the contract, that is to say, the lower of the costs of performing the contract or of any compensation or penalty resulting from failing to do so. According to the amendment, the items to be taken into account when determining the costs of performing the contract are:

  - incremental costs of contract execution (for example, direct labor and commodity costs); and
  - an allocation of direct costs directly related to the contract (for example, an allocation of the depreciation expenses for the non-current assets needed to perform the contract).

The amendment also clarifies that before recording a provision for a loss-making contract, an entity must conduct an impairment test on all the assets used to fulfill the contract, and not only those assets dedicated solely to the contract.

On the transition date, the amendment will apply to all costs of the contracts in progress. The comparative information presented will not be restated and the cumulative impact of the first application of the amendment will be presented as an adjustment of opening equity on the date of the initial application.

The application of this amendment has no impact on the Group's financial statements as of December 31, 2022.

- **Amendment to IFRS 3 – Reference to the conceptual framework**

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

On the acquisition date, the purchaser must record, separately from goodwill, any identifiable assets acquired or liabilities taken over and any non-controlling interest in the acquired company which constitutes an asset or liability as defined in the conceptual framework on the acquisition date. As the conceptual framework was amended in 2018, the amendment to IFRS 3 makes reference to this new framework.

Until amendment IFRS 3 comes into force, IFRS 3 continues to refer to the conceptual framework adopted by the IASB in 2001 for the definition of assets and liabilities acquired and assumed as part of a business combination.

In practice, this amendment should not have an impact on the identification of assets and liabilities when businesses combine. However, for taxes within the scope of IFRIC 21, the amendment explicitly states that a liability is recognized only when the conditions for recognition under IFRIC 21 have been met (on the acquisition date, there is a fiscal operative event generating the obligation to pay the tax). For any provisions and liabilities within the scope of IAS 37, the amendment also specifies that a liability is recognized only when, at the date of acquisition, a current obligation exists due to past events.

For any provisions and liabilities covered by IAS 37, the purchaser must apply IAS 37 instead of the conceptual framework to identify the obligations that they have assumed in a business combination.

The application of this amendment has no impact on the Group's financial statements as of December 31, 2022.

- **Improvement to IFRS Standards 2018–2020 Cycle**

Standards concerned:

- IAS 41 – Agriculture – Taxation included in the fair value assessment (the application of this standard has no impact on the Group's accounts as of December 31, 2022);
- IFRS 1 – Subsidiary as a First-time Adopter;
- IFRS 9 – Derecognition of Financial Liabilities: charges and fees to be included in the 10% test;
- IFRS 16 – Illustrative examples, concessions made to tenants.

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

The IASB also published the following regulations, which could not be anticipated in 2022 as they were not adopted by the European Union, for which the Group does not expect a significant impact:

- changes to IAS 1 – Classification of liabilities as current or non-current liabilities and subsequent amendments published on October 31, 2022;
- amendment IFRS 16 – Lease liabilities as part of a leaseback.

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

2.3.1 Bases for evaluation

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

- certain financial assets and liabilities, which were measured at fair value;
- defined benefit plan assets, which were measured at fair value;
- the proportion of securities held by a subsidiary or associate, which was measured at fair value at the moment of loss of control or significant influence; and
- non-current assets held for sale, which were measured and recognized at the lower of net book value or fair value less cost to sell where their sale is considered highly probable. These assets cease to be amortized from the date of their qualification as assets (or group of assets) held for sale.

2.3.2 Use of estimates and assumptions

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

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

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

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

Estimate		Nature of the estimate

Notes 2.8, 18 and 28.2	Lease agreements	Assumption regarding the lease term used: To determine the lease term to be taken into account for each contract, a dual approach has been adopted:
		■ contractual, based on analysis of the contracts:
		  ■ for stores considered strategic or standard, the lease term used corresponds to the contractual end date of the lease, plus any renewal options available solely to the lessee,
		  ■ for stores considered non-strategic, the end date of the contract corresponds to the first possible exit option, with a minimum period of 12 months;
		■ an economic approach based on the classification of the underlying assets being leased, depending on the criteria of location, performance, commercial interest and in keeping with the amortization periods for non-transferable non-current assets.
		In practice:
		The economic approach recommended by the IFRS IC is applied to all lease contracts and, for each contract, results in:
		■ either the maintenance of the contractual end date of the lease, as this reflects the reasonably certain remaining lease term; or
		■ the extension of the remaining term if it is deemed too short in relation to the reasonably certain lease term based on the economic approach.
		Assumption regarding discount rates: a rate schedule by maturity has been drawn up for each country. The discount rates are calculated using a Midswap index, by currency and by maturity, plus a spread (spread applied to the most recent Group borrowings + country risk premium + subsidiary rating). The maturity of the rate used depends on the duration of each lease agreement, which in turn depends on the payment profile. The maturity of the rates depends on the residual term of the contract up to its expiration, as from the date of the event.

Notes 2.9 and 22	Inventories	Inventory run-down forecasts for impairment calculations.
Notes 2.10 and 19	Impairment tests on non-financial assets	Level of cash-generating unit combination for impairment test. Main assumptions used for the construction of value-in-use (discount rates, growth rates in perpetuity, anticipated cash flow). Assessment of the economic and financial context of the countries in which the Group operates.
Note 2.11.3	Fair value of hedging derivatives	Fnac Darty measures the fair value of derivatives using the valuations provided by financial institutions.
Note 20	Non-current financial assets	Estimation of their realizable value, either according to calculation formulas based on market data or on the basis of private quotations.
Notes 2.13 and 12	Tax	Assumptions used to recognize deferred tax assets related to tax loss carry-forwards and timing differences, as well as deferred tax rate assumptions.
Notes 2.15 and 27	Provisions	Underlying assumptions for assessing the legal position and risk valuation.
Notes 2.16 and 26	Employee benefits and similar payments	Discount rate and wage growth rate. The wage growth rate is based on historical observation and is in line with the Euro zone's long-term inflation targets.
Notes 2.18 and 5	Income from ordinary activities	Spread of revenue related to sales of loyalty cards and sales of warranty extensions over the term for which services are rendered reflecting the schedule of benefits offered. Recognition of income from ordinary activities in gross sales or commissions according to the analysis of the Group's involvement as principal or agent. The main indicators for assessing the agent/principal classification are: ■ primary responsibility for performance of the agreement; ■ exposure to inventory risk; ■ determination of the selling price.

Estimate		Nature of the estimate
Note 2.19	Cost of merchandise sales	At period-end, a valuation of discounts and commercial services to be collected is conducted based on the contracts signed with suppliers. This valuation is primarily based on total annual purchases, quantities of items purchased or other contract conditions, such as thresholds reached or growth in purchasing volumes for discounts and the performance of services rendered to suppliers for commercial cooperation.
Notes 2.12 and 7	Performance-based compensation plans	Assumptions used to measure the fair value of allotted instruments (expected volatility, dividend yield, discount rate, expected turnover of beneficiaries), estimates of achievement of future performance conditions.
Notes 2.17 and 31	Non-current assets held for sale and discontinued operations	Assets held for sale are valued and recognized at the lower of their net book value and fair value minus cost of disposal.

2.3.3 Cash flow statement

The Fnac Darty cash flow statement has been prepared in accordance with IAS 7 using the indirect method based on the net income of the consolidated entity. It can be broken down into three categories:

- cash flows from operating activities (including tax-related cash flows);
- cash flows from investment activities (in particular, acquisitions and disposals of equity interests and non-current assets, excluding lease agreements); and
- cash flows from financing activities (in particular, the issuance and redemption of borrowings, share buybacks, dividend payments) and the repayment of the leasing debt and associated interest related to the application of IFRS 16.

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

2.4 / Principles of consolidation

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

2.4.1 Subsidiaries

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

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

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

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

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

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

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

2.4.2 Equity associates

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

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

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

2.4.3 Business combinations

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

Business combinations are recognized using the purchase method:

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

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

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

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

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

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

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

2.5 / Translation of foreign currencies

2.5.1 Functional currency and reporting currency

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

2.5.2 Recognition of transactions in foreign currencies

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

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

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

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

2.5.3 Translation of the financial statements of foreign entities

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

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

2.5.4 Net investment in a foreign entity

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

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

2.6 / Goodwill

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

As of the acquisition date, goodwill is allocated to cash generating units defined by the Group. After initial recognition, goodwill is not amortized. The cash generating units to which the goodwill is allocated are subject to an annual impairment test in the second half of the year and whenever events or circumstances indicate that a loss of value may occur. The impairment test for the period ended is described in Chapter 5.2, note 19.

Impairment is recognized under “Other non-current operating income and expense” on the income statement and is included in the Group’s operating income.

2.7 / Intangible assets

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

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

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

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

With regard to software accessible by the cloud under a SaaS contract, the method for recording configuration and customization costs was specified by the IFRS Interpretations Committee in 2021. These costs are recognized as intangible assets if, within the meaning of IAS 38, the customer controls the separate asset resulting from said configuration or customization. If control within the meaning of IAS 38 is not proven, these costs must be recognized as current operating expenses and may be spread across the term of the contract if they cannot be distinguished from the main service of the software provision.

2.8 / Property, plant and equipment

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

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

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

Treatment of leases under IFRS 16

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

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

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

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

IFRS IC decision on IFRS 16 – Leases

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

According to the IFRS IC,

- the lease term must reflect the reasonably certain period during which the leased asset will be used. The enforceability of the lease must be considered not only from a legal point of view, but also an economic one;
- the term used in measuring the leasing debt must be consistent with the useful life of non-removable leasehold improvements.

With this in mind, the Group has changed the term of certain agreements:

- the extension of the agreements renewed tacitly for an additional year (given that their term is 3 years);
- current leases being extended on a case-by-case basis (for example, 3/6/9 leases in France) according to point-of-sale performance criteria and location quality.

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

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

Definition of a lease

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

Impact on the accounting of the Group as a lessee

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

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

Exemptions and reductions

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

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

In the case of leaseback transactions carried out at fair value, the Group's processing will be as follows:

- derecognition of the underlying asset;
- recognition of the sale at fair value;
- recognition of the income relating to the rights transferred to the buyer-lessor;
- recognition of an asset (right of use) for an amount equivalent to the previous book value of the underlying asset share retained; and
- recognition of a leasing debt.

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

Methods applied

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.9 / Inventories

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

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

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

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

The Group may need to record an impairment on inventories:

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

2.10 / Impairment of non-financial assets

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

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

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

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

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

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

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

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

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

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

Consideration of the application of IFRS 16 in impairment tests

The recoverability of the right-of-use asset is tested as soon as events or environmental modifications on the market indicate an impairment risk for the asset. The provisions for the implementation of the impairment tests are identical to those for intangible assets and property, plant and equipment as described in notes 2.6, 2.7 and 2.8. For the impairment tests as of December 31, 2022, the Group chose to apply the practical reduction in which the value to be tested includes the right-of-use assets deducted from the leasing debt. The business plan projections, the terminal value and the discount rate are determined in accordance with the position before the application of IFRS 16. The business plan projections, the terminal value and the discount rate do not account for the application of IFRS 16.

2.11 / Financial assets and liabilities

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

All these instruments are disclosed in Chapter 5.2, note 34.

2.11.1 Financial assets

IFRS 9 presents a model for classifying and measuring financial assets in three categories, based on the contractual characteristics of cash flows and the economic model for managing these assets:

- financial assets valued at fair value on the income statement:

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

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

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

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

  Financial assets recognized at fair value are:

  - debt instruments that are not measured at amortized cost or at fair value through other items of comprehensive income,
  - equity instruments that are held on a speculative basis, or
  - equity instruments for which the option of fair value recognition through other items of comprehensive income has not been selected by the Company;

- financial assets at amortized cost:

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

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

  These assets are impaired according to the expected loss model.

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

- financial assets are held as part of a management model designed to collect contractual cash flows, and
- the contractual cash flows consist solely of payments of principal and interest (the SPPI criterion);

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

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

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

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

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

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

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

2.11.2 Financial liabilities

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

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

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

Hedging relationships are detailed in section 2.11.3 "Derivative instruments."

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

2.11.3 Derivative instruments

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

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

Derivative instruments that are designated as hedging instruments are classified by category of hedge according to the nature of the hedged risks. These derivatives are used to hedge the risk of changes in cash flows associated with recognized assets or liabilities or a highly probable planned transaction that could affect the consolidated income statement.

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

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

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

As of December 31, 2022, the only derivatives Fnac Darty had in its portfolio were forward currency derivatives used to hedge commercial transactions, which qualified as cash flow hedges:

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

2.11.4 Cash and cash equivalents

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

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

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

2.11.5 Net financial debt

The Group's net financial debt includes:

- cash and cash equivalents (see 2.11.4);
- short-term and long-term loans as well as bank overdrafts: this item mainly includes bonds maturing in 2024 and 2026, where the debt component of the bonds is convertible into and/or exchangeable for new and/or existing shares (OCEANE) maturing in 2027, and the loan from the European Investment Bank (Chapter 5.2 note 28);
- since January 1, 2019 following the application of IFRS 16, net financial debt with IFRS 16 includes leasing debt related to operating lease agreements.

2.12 / Share-based payments

Share-based transactions payable in cash

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

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

Share-based transactions paid in equity instruments

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

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

2.13 / Income tax

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

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

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

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

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

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

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

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

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

IFRIC 23 clarifies the application of the provisions of IAS 12 – Income Taxes relating to recognition and measurement when there is uncertainty over a tax treatment. To this end, the IFRIC 23 interpretation sets out a single uniform method for recognizing tax risks. In 2019, the Group standardized its tax risk recognition process, implementing standardized procedures for communication between the subsidiaries of all tax jurisdictions and the Group's Tax Department. Under the new process, if an uncertain tax position is likely not to be accepted by the tax authorities, this situation will be reflected in the financial statements in tax payable or deferred taxes. All uncertain tax positions are presented as tax expenses in the income statement, and as taxes payable or deferred on the balance sheet.

2.14 / Treasury stock and other equity instruments

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

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

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

2.15 / Provisions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.18 / Recognition of income from ordinary activities

Income from ordinary activities consists of pre-tax revenue and other revenue.

Pre-tax revenue corresponds to revenue generated in stores, on e-commerce sites (sales to end customers) and in warehouses (sales to franchises).

Other revenue consists of ticketing activities, the sale of gift boxes, certain warranty extensions and internet sales generated on behalf of suppliers (Marketplaces).

Recognition of revenue and other income

Revenue from in-store sales, which represents the bulk of the Group's revenue, is recognized at the time of customers' checkout transactions in accordance with IFRS 15. Transfer of control occurs when the goods and services are transferred to the customers. Sales do not include any other performance obligations that have not been fulfilled at that date. When in-store sales are accompanied by a right of return, the conditions for exercising this right are limited to certain categories of products and are time-limited in accordance with the regulations of the countries concerned and/or in accordance with the Group's general terms and conditions of sale. In this case, a provision for return of merchandise is recorded.

E-commerce sales consist both of revenue from sales made on the Group's e-commerce sites (direct sales) and of commissions received for e-commerce sales made by the Group on behalf of third parties (Marketplaces). The Group acts as the principal for sales it makes on its own behalf on the Group's e-commerce sites (direct sales). Revenue from direct sales is recognized when delivery has taken place (date of transfer of control of the goods sold).

As with in-store sales of goods, direct e-commerce sales are subject to a right of return, the exercise of which is time-limited.

For sales in Marketplaces, the Group acts as an agent; the revenue recognized corresponds to fees invoiced to suppliers for the sales made.

Revenue from sales to the franchises is recognized when delivery has taken place (date of transfer of control of the goods sold).

The accounting treatment of franchise fees is governed by the specific provisions of IFRS 15 on intellectual property licenses (right of access license).

Recognition of customer loyalty programs

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

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

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

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

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

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

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

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

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

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

	Agent	Principal
Internet/Store		
Marketplace	X	
Photo developing	X	
E-Books	X	
Games and software downloads	According to service provider	
Gift cards (banner)		X
Gift cards (non-banner)	X	
Custom kitchens		X
Ticketing		
Sale of tickets	X	
Sale of event cancellation insurance	X	
Boxed sets		
Gift boxes	X	
Additional services		
Sale of warranties or warranty extensions	X	
Sale of insurance	X	
Second-hand products		
Second-hand products		X
Subscriptions		
Energy and telecoms	X	
Security and sharing (Serenity pack)		X
Repair (Darty Max and Vanden Borre Life)		X
Other services		
Financing	X	
Out-of-warranty repair services		X
Delivery		X
Training	X	
After-sales service		X

2.19 / Operating income

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

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

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

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

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

2.20 / Earnings per share

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

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

2.21 / Operating segments

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

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

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

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

The new operating segments reflect the Group's structure.

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

NOTE 3 HIGHLIGHTS

In 2022, Fnac Darty followed its policy of providing a return to shareholders. An ordinary dividend of €2.00 gross per share for 2021, representing a total amount of €53.5 million, was paid in cash on June 23, 2022 and therefore allocated in the first half of 2022.

As a result of distributing this dividend, the conversion/exchange rate increased from 1.019 Fnac Darty shares per OCEANE bond to 1.070 Fnac Darty shares per OCEANE bond, as of June 23, 2022.

Under IAS 36 (Impairment of Assets), each cash-generating unit (CGU) and its assets with an indefinite useful life are required to be tested for impairment. The test must be carried out at least once a year on a set date or at any time if there is evidence of impairment. The annual impairment tests, conducted in the second half of 2022, resulted in a €4.0 million impairment of the Nature & Découvertes brand. The Nature & Découvertes brand had been valued at €26.0 million in 2019 when the brand was acquired. As of December 31, 2022, the net value of the Nature & Découvertes brand in the Group's balance sheet was €22.0 million.

The closure of the Group's stores due to the health crisis led Fnac Darty to start negotiations with its lessors in order to obtain temporary rent cuts during the lockdown period. In accordance with the amendment to IFRS 16 published by the IASB on May 28, 2020, the reductions negotiated in connection with the health crisis were recognized for the period concerned.

On March 22, 2022, Fnac Darty and Natixis ODDO BHF SCA signed a second addendum to the liquidity contract signed on September 25, 2018 (the first amendment was signed on March 22, 2019), concerning its ordinary shares admitted for trading on Euronext Paris, compliant with AMF decision No. 2021-01 of June 22, 2021 establishing liquidity agreements on equity securities as part of permitted market practice. Still within the limit set out in AMF decision No. 2021-01 of June 22, 2021, Fnac Darty accordingly decided to increase the resources of the liquidity agreement by €4.0 million. Furthermore, on August 1, 2022, in accordance with the provisions of Article 4 of AMF decision No. 2021-01 of June 22, 2021 (the "AMF Decision"), Fnac Darty reduced by €0.4 million the resources allocated to the implementation of the liquidity agreement entrusted to Natixis ODDO BHF SCA.

In March 2022, Fnac Darty exercised the option to extend its €500 million confirmed RCF from March 2026 to March 2027. This option was subscribed at 100% of banking commitments. The Group still has an option to extend its confirmed revolving credit facility until March 2028.

Amid increased volatility on the financial markets, Fnac Darty opted to secure the refinancing of its next major €300 million bond debt maturity maturing in May 2024. Accordingly, in December 2022, the Group set up an additional undrawn bank credit line in the form of a delayed drawn term loan (DDTL) of €300 million, which may be drawn down once and only to repay the bond loan maturing in 2024. This new line is based on a banking contract with conditions similar to those of the existing RCF of €500 million. It will have a maturity of three years in the event of drawdown (December 2025), which may be extended by two years (December 2027). It also incorporates a Corporate Social Responsibility (CSR) component that will allow the Group to improve its financing conditions if the objectives, set in line with those of the strategic plan Everyday, are achieved. This option means the Group can maintain its current bond debt until it matures in May 2024 while benefiting from the low initial annual coupon, and therefore secure its level of financial expenses. Thanks to this new undrawn bank line, the Group does not have a major repayment maturity date before 2026.

On November 17, 2022, the High Court of Justice in London ordered Darty Holdings SAS, a subsidiary of Fnac Darty, to pay a total amount of £111.9 million (including £89.6 million in penalties and £22.3 million in interest and legal costs) with regard to the sale of Comet Group Limited by the Kesa group in 2012. In February 2020, Fnac Darty confirmed that it had received notice of a claim served by the liquidator of Comet Group Limited against Darty Holdings SAS, in its capacity as successor to Kesa International Limited (KIL). In 2012, Kesa Holdings Limited, now dissolved, sold Comet Group, whose business was running electronic consumer goods stores in the United Kingdom. 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. In the context of this dispute, Fnac Darty has, from the outset, taken the necessary measures to defend its interests. For this reason, the Group strongly disputes the High Court's decision and plans to use all possible means of appeal to challenge this decision (see Chapter 5, note 32.5). Payment of this amount was made in full in December 2022. Over the reported periods, the income related to the Comet dispute is presented on a separate line in the income statement, under "Discontinued operations," and is restated in the cash flow statement under "Net cash flows from discontinued operations."

Lastly, the Group is rated by the rating agencies Standard & Poor's, Scope Ratings and Moody's, which assigned ratings of BB+, BBB and Ba2 respectively during the first half of 2022, all with a stable outlook.

Changes in the scope of consolidation

In 2022, there were no major changes in the scope of consolidation. Acquisitions in 2022 concerned NeXT Services France, which is fully consolidated, and equity associates Repair & Run and Minteed.

In October 2022, the Group acquired NeXT Services France (NSF), a company operating in the areas of support, troubleshooting and repair for household appliances, television, audio, video and hi-fi, covering all brands. It also offers IT services such as audits of IT stock, info-management services and training. NSF is fully consolidated.

In June 2022, Fnac Darty invested in the company Minteed, via shares (25% of the capital) and convertible bonds. Minteed is a platform for creating non-fungible tokens (NFTs) in the art sector (digital photography and digital works of art). Given the nature of the Group's influence over Minteed, this company is consolidated using the equity method.

In July 2022, Fnac Darty took a 20% stake in Repair & Run, a company specializing in the repair and servicing of multi-brand bicycles and soft mobility devices. Given the nature of the Group's influence over Repair & Run, this company is consolidated using the equity method.

In May 2022, Fnac Darty sold its entire holding in Izneo, representing 50% of the company's share capital.

NOTE 4 OPERATING SEGMENTS

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

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

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

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

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

The operating segments break down as follows:

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

The new operating segments reflect the Group's structure.

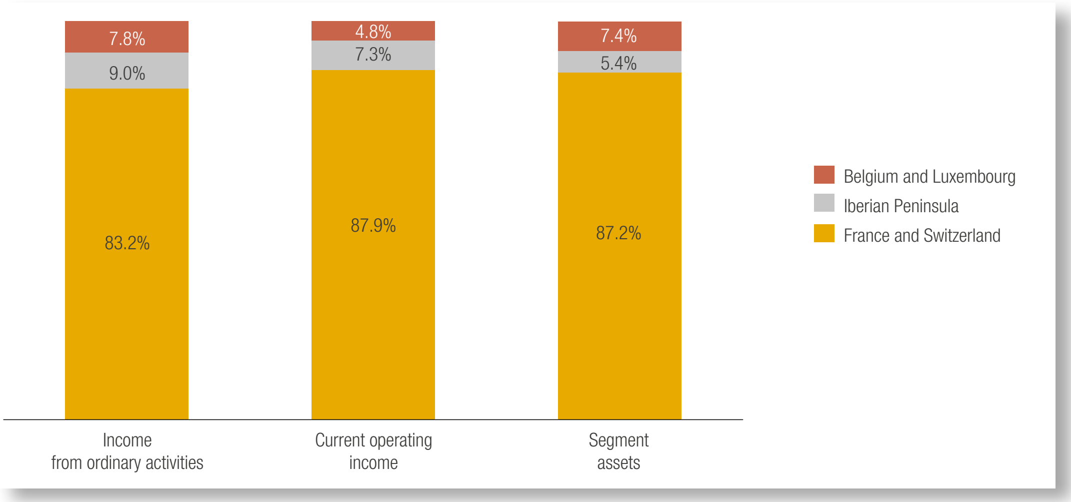
4.1 / Information by operating segment

(€ million)	France and Switzerland	Iberian Peninsula	Belgium and Luxembourg	Total
DECEMBER 31, 2022				
INCOME FROM ORDINARY ACTIVITIES	**6,613.3**	**719.6**	**616.5**	**7,949.4**
Consumer electronics	3,104.2	410.3	315.5	3,830.0
Domestic appliances	1,438.8	0.0	199.8	1,638.6
Editorial products	1,075.4	213.0	55.6	1,344.0
Other products and services	994.9	96.3	45.6	1,136.8
CURRENT OPERATING INCOME	**202.6**	**16.9**	**11.1**	**230.6**
Operating investments and divestments	116.1	10.1	5.2	131.4
SEGMENT ASSETS	**4,956.8**	**304.9**	**422.2**	**5,683.9**
SEGMENT LIABILITIES	**2,356.8**	**251.9**	**181.4**	**2,790.1**

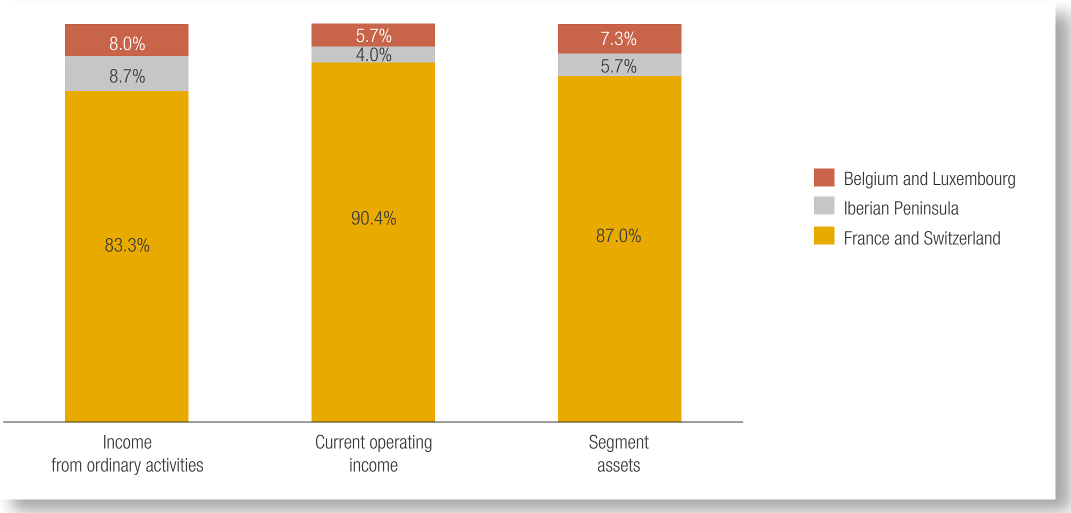
(€ million)	France and Switzerland	Iberian Peninsula	Belgium and Luxembourg	Total
FY DECEMBER 31, 2021				
INCOME FROM ORDINARY ACTIVITIES	**6,700.9**	**701.5**	**640.2**	**8,042.6**
Consumer electronics	3,173.3	409.5	327.9	3,910.7
Domestic appliances	1,539.5	0.0	215.6	1,755.1
Editorial products	1,048.1	202.5	54.5	1,305.1
Other products and services	940.0	89.5	42.2	1,071.7
CURRENT OPERATING INCOME	**244.6**	**10.8**	**15.3**	**270.7**
Operating investments and divestments	104.8	7.2	4.3	116.3
SEGMENT ASSETS	**4,922.8**	**321.3**	**414.3**	**5,658.4**
SEGMENT LIABILITIES	**2,491.9**	**255.2**	**184.8**	**2,931.9**

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

In 2022



In 2021



4.2 / Reconciliation of segment assets and liabilities

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

(€ million)	**2022**	**2021**
Goodwill	1,654.4	1,654.3
Intangible assets	561.7	528.2
Property, plant and equipment	570.3	574.5
Right-of-use assets related to lease agreements	1,115.2	1,115.2
Other non-current assets	0.0	0.1
Non-current segment assets	**3,901.6**	**3,872.3**
Inventories	1,143.7	1,104.3
Trade receivables	249.5	303.9
Other current assets	389.0	377.9
SEGMENT ASSETS	**5,683.8**	**5,658.4**
Non-current financial assets	44.4	40.2
Investments in associates	2.1	0.6
Deferred tax assets	60.2	68.8
Tax receivables due	5.6	1.4
Other current financial assets	19.1	9.4
Cash and cash equivalents	931.7	1,181.1
Assets held for sale	0.0	0.0
TOTAL ASSETS	**6,746.9**	**6,959.9**

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

(€ million)	**2022**	**2021**
Trade payables	1,965.1	2,036.9
Other current liabilities	802.8	815.6
Other non-current liabilities	22.0	78.7
SEGMENT LIABILITIES	**2,789.9**	**2,931.2**
Shareholders' equity, Group share	1,511.7	1,555.4
Shareholders' equity – share attributable to non-controlling interests	10.9	8.2
Long-term borrowings and financial debt	917.3	932.3
Long-term leasing debt	896.9	891.1
Deferred tax liabilities	164.9	164.9
Provisions for pensions and other equivalent benefits	145.4	187.8
Short-term borrowings and financial debt	19.5	2.1
Short-term leasing debt	243.6	238.9
Other current financial liabilities	10.2	8.7
Provisions	36.6	31.0
Tax liabilities payable	0.0	8.3
Payables relating to assets held for sale	0.0	0.0
TOTAL LIABILITIES	**6,746.9**	**6,959.9**

NOTE 5 INCOME FROM ORDINARY ACTIVITIES

(€ million)	2022	2021
Net sales of goods	6,812.6	6,970.9
Net sales of other products and services	1,136.8	1,071.7
INCOME FROM ORDINARY ACTIVITIES	**7,949.4**	**8,042.6**

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

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

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

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

NOTE 6 PERSONNEL EXPENSES

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

(€ million)	2022	2021
France and Switzerland	(1,040.7)	(1,017.0)
Iberian Peninsula	(76.3)	(71.1)
Belgium and Luxembourg	(85.7)	(83.6)
TOTAL PERSONNEL EXPENSES	**(1,202.7)**	**(1,171.7)**

Personnel expenses totaled €1,202.7 million (15.1% of revenue) for 2022, compared with €1,171.7 million (14.6% of revenue) for 2021, i.e. a slight increase in the ratio of payroll expenses to revenue due to a record low for 2021, primarily as a result of store closures related to the health crisis in the first half of 2021 and the resulting use of short-time working measures for employees in stores and in head offices, to the payment of an exceptional purchasing power bonus (*prime exceptionnelle de pouvoir d'achat* – PEPA) amounting to over €6 million in the first half of 2022, and to annual salary increases awarded to employees.

Personnel expenses in 2022 included an expense of €8.8 million related to the application of IFRS 2 for all share-based transactions involving Group shares. This expense is linked to performance-based compensation plans.

In 2021, expenses related to performance-based compensation plans amounted to €17.3 million.

The application of IFRS 2 on share-based payments resulted in an offsetting entry to personnel expense allocated on a straight-line basis over their vesting period. All plans in the process of being acquired as of December 31, 2022 will be settled in equity instruments.

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

(€ million)	**2022**	**2021**
France and Switzerland	17,161	17,441
Iberian Peninsula	2,886	2,830
Belgium and Luxembourg	1,584	1,671
TOTAL AVERAGE PAID WORKFORCE	**21,631**	**21,941**

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

(€ million)	**2022**	**2021**
France and Switzerland	19,674	19,860
Iberian Peninsula	3,931	4,058
Belgium and Luxembourg	1,688	1,795
TOTAL AVERAGE PAID WORKFORCE	**25,293**	**25,713**

NOTE 7 PERFORMANCE-BASED COMPENSATION PLANS

The fair value of market performance conditions for all long-term performance-based compensation plans (performance share plans) is measured using the Black & Scholes method. The volatility assumption for Fnac Darty shares is 35% for plans awarded in 2020 and 2021, and 27% for plans awarded in 2022. The fair value of non-market performance conditions (free cash-flow, social and environmental responsibility) is assessed according to actual performance based on criteria that may be measured, and the best estimate of the execution of future performance conditions for the others. At the end of each plan, the number of shares to be vested in respect of market and non-market conditions is adjusted, if necessary, depending on the effective execution of the performance conditions measured.

7.1 / Bonus share plans

The IFRS 2 expense recognized as of December 31, 2022 under the bonus share plans awarded in 2019, 2020, 2021 and 2022 stands at €8.8 million and includes income of €1.8 million in adjustments for social security charges for historical plans intended for foreign beneficiaries.

2022 plans

On the recommendation of the Appointments and Compensation Committee, on May 18, 2022, the Board of Directors decided to award bonus shares to certain Group employees (173 beneficiaries) in order to make them partners in the Company's performance through an increase in the value of its stock. Settlement will be in equity instruments. This first plan awarded in 2022 applies to French residents only.

The duration of this plan is three years (May 18, 2022 – May 17, 2025). These shares will be vested upon expiration of a vesting period (May 18, 2022 to May 17, 2025), subject to the beneficiary's continued employment within the Group at the end of the vesting period. The vesting of these shares will be subject to a Fnac Darty share performance condition based on the Company's total shareholder return (TSR) compared to that of a selection of companies in the general public retail sector, as measured in 2025 for the 2022–2024 period in respect of the entire period, and to performance conditions associated with achieving a target level of free cash-flow assessed in 2025 upon publication of the Group's annual results for 2024, taking into account the cash flow generated by the Group during 2022, 2023 and 2024, for the entire period, as well as to performance conditions associated with the Company's Corporate Social Responsibility performance assessed in 2025 by taking into account the average annual increase in the Group's sustainability score and the average annual reduction in CO_2 emissions for 2022, 2023 and 2024, over the entire period.

The total IFRS 2 expense recognized as of December 31, 2022 for the first 2022 bonus share plan amounted to €1.0 million.

The main features are summarized below:

Main features	2022-2025 bonus share plan
Date of Board of Directors' meeting	May 18, 2022
Vesting period	3 years (May 18, 2022 – May 17, 2025)
Number of beneficiaries at inception	173
Number of beneficiaries as of December 31, 2022	173
Performance conditions	Yes

Number of bonus shares	2022-2025 bonus share plan
Allotted	297,105
Vested in 2022	0
Canceled in 2022	0
Being vested as of December 31, 2022	**297,105**

On the recommendation of the Appointments and Compensation Committee, on May 18, 2022 the Board of Directors decided to award bonus shares to certain Group employees (56 beneficiaries) other than the Executive Corporate Officer in order to make them partners in the Company's performance through an increase in the value of its stock. Settlement will be in equity instruments. This second plan awarded in 2022 applies primarily to non-French residents.

The duration of this plan is three years (May 18, 2022 – May 17, 2025). These shares will be vested upon expiration of a vesting period (May 18, 2022 to May 17, 2025), subject to the beneficiary's continued employment within the Group at the end of the vesting period. The vesting of these shares will be subject to a Fnac Darty share performance condition based on the Company's total shareholder return (TSR) compared to that of a selection of companies in the general public retail sector, as measured in 2025 for the 2022–2024 period in respect of the entire period, and to performance conditions associated with achieving a target level of free cash-flow assessed in 2025 upon publication of the Group's annual results for 2024, taking into account the cash flow generated by the Group during 2022, 2023 and 2024, for the entire period, as well as to performance conditions associated with the Company's Corporate Social Responsibility performance assessed in 2025 by taking into account the average annual increase in the Group's sustainability score and the average annual reduction in CO_2 emissions for 2022, 2023 and 2024, over the entire period.

The total IFRS 2 expense recognized as of December 31, 2022 for the second 2022 bonus share plan amounted to €0.2 million.

The main features are summarized below:

Main features	2022-2025 bonus share plan
Date of Board of Directors' meeting	May 18, 2022
Vesting period	3 years (May 18, 2022 – May 17, 2025)
Number of beneficiaries at inception	56
Number of beneficiaries as of December 31, 2022	55
Performance conditions	Yes

Number of bonus shares	2022-2025 bonus share plan
Allotted	66,019
Vested in 2022	0
Canceled in 2022	300
Being vested as of December 31, 2022	**65,719**

On the recommendation of the Appointments and Compensation Committee, on May 18, 2022 the Board of Directors decided to award bonus shares to certain Group employees (49 beneficiaries) other than the Executive Corporate Officer. Settlement will be in equity instruments. This third, specific plan awarded in 2022 applies to French residents only.

The duration of this plan is three years (May 18, 2022 – May 17, 2025).

This plan is not subject to performance conditions and aims to recognize the commitment of managers who have not yet been awarded Fnac Darty bonus shares in the past (or on an exceptional basis). The vesting of the shares is subject to the beneficiary's continued employment within the Group on the maturity date of this plan.

The total IFRS 2 expense recognized as of December 31, 2022 for the third 2022 bonus share plan amounted to €0.2 million.

The main features are summarized below:

Main features	2022-2025 bonus share plan
Date of Board of Directors' meeting	May 18, 2022
Vesting period	3 years (May 18, 2022 – May 17, 2025)
Number of beneficiaries at inception	49
Number of beneficiaries as of December 31, 2022	48
Performance condition	No

Number of bonus shares	2022-2025 bonus share plan
Allotted	17,240
Vested in 2022	0
Canceled in 2022	450
Being vested as of December 31, 2022	**16,790**

2021 plans

The total IFRS 2 expense recognized as of December 31, 2022 for the first 2021 bonus share plan amounted to €1.1 million.

Main features	2021-2024 bonus share plan
Date of Board of Directors' meeting	May 27, 2021
Vesting period	3 years (May 27, 2021 – May 26, 2024)
Number of beneficiaries at inception	176
Number of beneficiaries as of December 31, 2022	161
Performance conditions	Yes

Number of bonus shares	2021-2024 bonus share plan
Allotted	244,660
Being vested as of January 1, 2022	**239,893**
Vested in 2022	0
Canceled in 2022	13,933
Being vested as of December 31, 2022	**225,960**

The total IFRS 2 expense recognized as of December 31, 2022 for the second 2021 bonus share plan amounted to €0.3 million.

Main features	2021-2024 bonus share plan
Date of Board of Directors' meeting	May 27, 2021
Vesting period	3 years (May 27, 2021 – May 26, 2024)
Number of beneficiaries at inception	51
Number of beneficiaries as of December 31, 2022	46
Performance conditions	Yes

Number of bonus shares	2021-2024 bonus share plan
Allotted	54,376
Being vested as of January 1, 2022	**53,077**
Vested in 2022	0
Canceled in 2022	2,215
Being vested as of December 31, 2022	**50,862**

The total IFRS 2 expense recognized as of December 31, 2022 for the third 2021 bonus share plan amounted to €0.3 million.

Main features	2021-2024 bonus share plan
Date of Board of Directors' meeting	May 27, 2021
Vesting period	3 years (May 27, 2021 – May 26, 2024)
Number of beneficiaries at inception	49
Number of beneficiaries as of December 31, 2022	45
Performance conditions	No

Number of bonus shares	2021-2024 bonus share plan
Allotted	14,005
Being vested as of January 1, 2022	**13,505**
Vested in 2022	0
Canceled in 2022	500
Being vested as of December 31, 2022	**13,005**

2020 plans

Plan awarded by the Board of Directors on May 28, 2020:

The total IFRS 2 expense recognized as of December 31, 2022 for the 2020 bonus share plan amounted to €6.0 million.

The main features are summarized below:

Main features	2020-2023 bonus share plan
Date of Board of Directors' meeting	May 28, 2020
Vesting period	3 years (May 28, 2020 – May 27, 2023)
Number of beneficiaries at inception	231
Number of beneficiaries as of December 31, 2022	209
Performance conditions	Yes

Number of bonus shares	2020-2023 bonus share plan
Allotted	616,496
Being vested as of January 1, 2022	**557,606**
Vested in 2022	0
Canceled in 2022	13,826
Being vested as of December 31, 2022	**543,780**

Plan awarded by the Board of Directors on June 16, 2020:

The 2020 special bonus share plan expired on June 15, 2022, for foreign residents.

This plan was implemented in the specific context of Covid-19 and allowed certain Group employees, with the express exclusion of the Executive Corporate Officer, to receive all or part of their annual variable compensation for 2019 in the form of bonus shares.

This plan was not subject to continued employment or performance conditions.

Main features	2020-2022 bonus share plan
Date of Board of Directors' meeting	June 16, 2020
Vesting period	
French residents	1 year (June 16, 2020 – June 15, 2021)
Non-French residents	2 years (June 16, 2020 – June 15, 2022)
Holding period	
French residents	1 year (June 16, 2021 – June 15, 2022)
Number of beneficiaries at inception	138
Number of beneficiaries as of December 31, 2022	0
Performance condition	No

Number of bonus shares	2020-2022 bonus share plan
Allotted	98,743
Being vested as of January 1, 2022	**4,557**
Vested in 2022	4,557
Canceled in 2022	0
Being vested as of December 31, 2022	**0**

2019 plans

The second tranche of the 2019 bonus share plan and the 2019 bonus share plan for the Executive Corporate Officer expired on May 22, 2022. This plan, which was composed of two tranches, was awarded to certain Group employees, with the express exclusion of the Executive Corporate Officer. At the time, the Board of Directors awarded the latter a three-year plan, composed of a single tranche, which is also detailed in this section.

- The total shareholder return (TSR) was measured in 2022 for the period 2019-2021. The objective for this period was not achieved. The Company's objective was to be ranked among the top 35 companies in the SBF 120. The result falls below the trigger threshold. Therefore, the vesting rate is 0% for this criterion.
- The average level of free cash-flow was assessed in 2022 for the years 2019, 2020 and 2021. The objective for 2022 was achieved in full. The result is above the target. Therefore, the vesting rate is 100% for this criterion.
- The average of the Group's non-financial ratings obtained in 2019, 2020 and 2021 was assessed in 2022. The objective was achieved in full. The result is above the target. Therefore, the vesting rate is 100% for this criterion.

Given the relative weight of each criterion, the overall vesting rate is 70% for the beneficiaries and for the executive corporate officer in service on May 22, 2022.

The total IFRS 2 expense recognized as of December 31, 2022 for the 2019 bonus share plan (excluding the Executive Corporate Officer) amounted to €1.6 million.

The main features are summarized below:

Main features	2019-2022 bonus share plan
Date of Board of Directors' meeting	May 23, 2019
Vesting period	2 years/3 years (May 23, 2019 to May 22, 2021 for the first period and May 23, 2019 to May 22, 2022 for the second period)
Number of beneficiaries at inception	210
Number of beneficiaries as of December 31, 2022	0
Performance conditions	Yes

Number of bonus shares	2019-2022 bonus share plan
Allotted	214,449
Being vested as of January 1, 2022	**121,909**
Vested in 2022	83,951
Canceled in 2022	37,958
Being vested as of December 31, 2022	**0**

The total IFRS 2 expense recognized as of December 31, 2022 for the 2019 bonus share plan of the Executive Corporate Officer amounted to €0.1 million.

The main features are summarized below:

Main features	2019-2022 bonus share plan
Date of Board of Directors' meeting	May 23, 2019
Vesting period	3 years (May 23, 2019 – May 22, 2022)
Number of beneficiaries at inception	1
Number of beneficiaries as of December 31, 2022	0
Performance conditions	Yes

Number of bonus shares	2019-2022 bonus share plan
Allotted	31,752
Being vested as of January 1, 2022	**31,752**
Vested in 2022	22,227
Canceled in 2022	9,525
Being vested as of December 31, 2022	**0**

7.2 / Sensitivity to changes in market performance conditions and to changes in non-market performance conditions

As of December 31, 2022, changes in the fair value of the commitment to plans in respect of non-market performance conditions (free cash flow, social and environmental responsibility) are assessed according to actual performance based on criteria that may be measured, and the best estimate of the execution of future performance conditions for the others.

The fair value of the commitment of the plans in respect of market performance conditions is measured using the Black & Scholes method assuming 35% price volatility of Fnac Darty shares for plans granted in 2020 and 2021 and 27% for plans granted in 2022.

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

NOTE 8 ASSOCIATES

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

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

The following changes were seen across its associates in 2022:

- in May 2022, the Group disposed of its entire shareholding in Izneo of €1.0 million, representing 50% of that company's share capital;
- in June 2022, Fnac Darty invested in the company Minteed, via shares (25% of the capital) and convertible bonds. Minteed is a platform for creating non-fungible tokens (NFTs) in the art sector (digital photography and digital works of art). Given the nature of the Group's influence over Minteed, this company is consolidated using the equity method;
- in July 2022, Fnac Darty took a 20% stake in Repair & Run, a company specializing in the repair and servicing of multi-brand bicycles and soft mobility devices.

8.1 / Share of profit from equity associates

(€ million)	2022	2021
France and Switzerland	0.2	(0.3)
Iberian Peninsula	0.0	0.0
Belgium and Luxembourg	0.0	0.1
SHARE OF PROFIT FROM EQUITY ASSOCIATES	**0.2**	**(0.2)**

(€ million)	2022	2021
Repair & Run	0.1	
Izneo	0.1	(0.3)
Minteed	0.0	
Vanden Borre Kitchen	0.0	0.1
SHARE OF PROFIT FROM ASSOCIATES	**0.2**	**(0.2)**

There was a profit of €0.2 million from equity associates in 2022, compared with a loss of €0.2 million in 2021.

Repair & Run is a company specializing in the repair and servicing of multi-brand bicycles and soft mobility devices.

Minteed is a platform for creating non-fungible tokens (NFTs) in the art sector (digital photography and digital works of art).

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

8.2 / Investments in associates

The change in the item “Investments in associates” breaks down as follows:

(€ million)	Associates	Repair & Run	Izneo	Minteed	Vanden Borre Kitchen
INVESTMENTS IN ASSOCIATES AS OF DECEMBER 31, 2021	**0.6**	**0.0**	**0.6**	**0.0**	**0.0**
Profit from associates	0.2	0.1	0.1		
Dividends paid	0.0				
Change to scope of consolidation	1.3	1.0	(0.7)	1.0	
Other changes	0.0				
Translation differences	0.0				
INVESTMENTS IN ASSOCIATES AS OF DECEMBER 31, 2022	**2.1**	**1.1**	**0.0**	**1.0**	**0.0**

8.3 / Data on investments in associates

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

	2022		
(€ million)	**Repair & Run**	**Minteed**	**Vanden Borre Kitchen**
Non-current assets	1.0	0.7	0.0
Current assets	2.0	2.5	1.5
Non-current liabilities	0.1	1.5	0.0
Current liabilities	0.3	0.0	2.7
Revenue	1.0	0.0	1.9
Operating income	0.0	0.0	0.1
Net income	0.0	0.0	0.1

NOTE 9 CURRENT OPERATING INCOME

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

(€ million)	**2022**	**2021**
France and Switzerland	202.6	244.6
Iberian Peninsula	16.9	10.8
Belgium and Luxembourg	11.1	15.3
CURRENT OPERATING INCOME	**230.6**	**270.7**

Current operating income was €230.6 million in 2022 (compared with €270.7 million in 2021).

Current operating income for 2022 and 2021 corresponds to Fnac Darty's audited IFRS consolidated financial statements for the years ended December 31, 2022 and 2021, incorporating 12 months of operating activity for all Group brands.

NOTE 10 OTHER NON-CURRENT OPERATING INCOME AND EXPENSE

(€ million)	**2022**	**2021**
Impairment of Nature & Découvertes brand	(4.0)	0.0
Restructuring of proprietary real estate	(14.5)	0.0
Other restructuring costs	(5.3)	(7.3)
Other net non-current income and expense	(3.2)	(3.0)
OTHER NON-CURRENT OPERATING INCOME AND EXPENSE	**(27.0)**	**(10.3)**

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 2022, these represented a net expense of €27.0 million, broken down as follows:

- the annual impairment tests, conducted in the second half of 2022, resulted in a €4.0 million impairment of the Nature & Découvertes brand. The Nature & Découvertes brand had been valued at €26.0 million in 2019 when the brand was acquired. As of December 31, 2022, the net value of the Nature & Découvertes brand on the Group's balance sheet was €22.0 million;
- €14.5 million in non-current expenses related to the restructuring of proprietary real estate, including the closure of the Fnac Italy 2 store in France;
- €5.3 million in restructuring costs for employee and structural adaptation plans in France and abroad;
- €3.2 million in expenses related to various non-current disputes.

In 2021, they represented a net expense of €10.3 million, broken down as follows:

- €7.3 million in restructuring costs for employee and structural adaptation plans in France and abroad;
- €3.0 million in expenses related to various one-off disputes.

NOTE 11 (NET) FINANCIAL EXPENSE

In 2022, net financial income comprised a financial expense of €45.3 million, compared with a net financial expense of €41.8 million in 2021.

The breakdown of the Group's net financial expense in 2022 and 2021 is as follows:

(€ million)	2022	2021
Costs related to Group debt	(23.0)	(25.3)
Interest on leasing debt	(24.3)	(21.2)
Other financial income and expense	2.0	4.7
NET FINANCIAL EXPENSE	**(45.3)**	**(41.8)**

In 2022 and 2021, costs relating to the Group's net financial debt consist mainly of interest on the €650 million bond issue and the €100 million loan from the European Investment Bank, and of financial interest and the actuarial expense of the €200 million OCEANE convertible bonds issued by the Group in March 2021. These costs also include the apportionment of the costs of setting up the Group's financial structure.

In 2022, costs relating to the Group's net financial debt decreased by €2.3 million. This improvement is mainly due to the guarantee and implementation costs for the €500 million state-guaranteed loan, repaid in full in March 2021.

Interest expense on leasing debt related to the application of IFRS 16 amounted to €24.3 million in 2022, compared with €21.2 million in 2021.

Other financial income and expense primarily includes the cost of consumer lending, the financial impacts related to post-employment benefits for employees and the remeasurement at fair value through profit or loss of the Group's financial assets. The deterioration in this item compared to 2021 is mainly due to the revaluation of the fair value of the Group's shares in the Daphni Purple fund amounting to +€6.6 million in 2022, compared to +€9.0 million in 2021.

NOTE 12 TAX

12.1 / Analysis of the tax expense on continuing operations

12.1.1 Tax expense

(€ million)	2022	2021
PRE-TAX INCOME	**158.3**	**218.6**
Current tax expense excluding corporate value-added tax (CVAE)	(46.2)	(74.2)
Current tax expense related to corporate value-added tax (CVAE)	(11.1)	(11.0)
Deferred tax income/(expense)	2.9	11.1
TOTAL TAX EXPENSE	**(54.4)**	**(74.1)**
EFFECTIVE TAX RATE	**34.37%**	**33.90%**

Income tax includes any tax paid or for which a provision is recorded for the period, together with any potential tax reassessments paid or provisioned during the period. For 2022, the total tax expense was €54.4 million, compared to €74.1 million for 2021, a decrease of €19.7 million. The decrease in total tax expense in 2022 is in line with the reduced level of business activity. The increase in the effective tax rate by +0.47 points to 34.37% is mainly due to the current tax expense related to corporate value-added tax (CVAE), which in 2022 was equivalent to 2021.

12.1.2 Streamlining of the income tax rate

(as % of pre-tax income)	2022	2021
TAX RATE APPLICABLE IN FRANCE	**25.83%**	**28.41%**
Impact of the taxation of foreign subsidiaries	0.02%	(0.29%)
THEORETICAL TAX RATE	**25.85%**	**28.12%**
Impact of items taxed at a lower rate	0.00%	0.00%
Impact of permanent differences	0.31%	2.55%
Impact of unrecognized tax-loss carry-forwards	2.89%	0.40%
Impact of corporate value-added tax (CVAE)	5.20%	3.62%
Effect of change in the tax rate	(0.04%)	0.60%
Other exceptional taxes	0.16%	(1.39%)
EFFECTIVE TAX RATE	**34.37%**	**33.90%**

The tax rate applicable in France is equal to the basic rate of 25.0% plus the 3.3% social security contribution for French companies, bringing it to 25.83%, versus 28.41% in 2021. The difference between the rate applicable in France and the effective tax rate of the Group is mainly linked to the rate effect of corporate value-added tax (CVAE).

12.2 / Change in balance sheet items

12.2.1 Tax due

(€ million)	2021	Income	Change in working capital requirement	Changes in scope	Changes in foreign exchange rates	2022
Tax receivables due	1.4					5.6
Tax liabilities payable	(8.3)					0.0
TAXES PAYABLE	**(6.9)**	**(57.3)**	**69.8**	**0.0**	**0.0**	**5.6**

(€ million)	2020	Income	Change in working capital requirement	Changes in scope	Changes in foreign exchange rates	2021
Tax receivables due	3.6					1.4
Tax liabilities payable	(30.0)					(8.3)
TAXES PAYABLE	**(26.4)**	**(85.2)**	**104.7**	**0.0**	**0.0**	**(6.9)**

12.2.2 Deferred tax

(€ million)	2021	Income	Items recognized in shareholders' equity	Other changes	Changes in scope	Changes in foreign exchange rates	2022
Deferred tax assets	68.8	3.0	(11.6)				60.2
Deferred tax liabilities	(164.9)						(164.9)
NET DEFERRED TAXES	**(96.1)**	**2.9**	**(11.6)**	**0.0**	**0.0**	**0.1**	**(104.7)**

(€ million)	2021	Income	Items recognized in shareholders' equity	Other changes	Changes in scope	Changes in foreign exchange rates	2022
Provisions for pensions and other equivalent benefits	46.1	1.5	(11.8)				35.8
Tax losses and tax credits recognized	5.8	(3.4)					2.4
Brands	(96.7)	1.5					(95.2)
Other assets & liabilities	(51.3)	3.3	0.2			0.1	(47.7)
NET DEFERRED TAX ASSETS (LIABILITIES)	**(96.1)**	**2.9**	**(11.6)**	**0.0**	**0.0**	**0.1**	**(104.7)**

(€ million)	2020	Income	Items recognized in shareholders' equity	Other changes	Changes in scope	Changes in foreign exchange rates	2021
Deferred tax assets	67.3	9.6	(8.1)				68.8
Deferred tax liabilities	(164.6)	1.5	(0.3)	(1.5)			(164.9)
NET DEFERRED TAXES	**(97.3)**	**11.1**	**(8.4)**	**(1.5)**	**0.0**	**0.0**	**(96.1)**

(€ million)	2020	Income	Items recognized in shareholders' equity	Other changes	Changes in scope	Changes in foreign exchange rates	2021
Provisions for pensions and other equivalent benefits	45.6	2.8	(2.3)				46.1
Tax losses and tax credits recognized	3.9	1.9					5.8
Brands	(97.2)	0.5					(96.7)
Other assets & liabilities	(49.6)	5.9	(6.1)	(1.5)			(51.3)
NET DEFERRED TAX ASSETS (LIABILITIES)	**(97.3)**	**11.1**	**(8.4)**	**(1.5)**	**0.0**	**0.0**	**(96.1)**

12.3 / Deferred tax not recognized

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

(€ million)	2022	2021
Unrecognized tax losses	195.4	174.0
Unrecognized timing differences	0.0	0.0
TOTAL UNRECOGNIZED TAX BASES	**195.4**	**174.0**

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

12.4 / Tax loss changes and schedule

(€ million)	Total	of which non-capitalized	of which capitalized
AS OF DECEMBER 31, 2021	**196.0**	**174.0**	**22.0**
Deficits generated during the period	16.3	14.8	1.5
Losses charged or time-barred during the period	(2.2)	0.7	(2.9)
Reclassifications	0.0	12.0	(12.0)
Changes in scope	0.0		
Changes in foreign exchange rates	(6.1)	(6.1)	0.0
AS OF DECEMBER 31, 2022	**204.0**	**195.4**	**8.6**
Tax-loss carry-forwards with a maturity of	4.9	3.5	1.4
Less than 5 years	0.0		
More than 5 years	4.9	3.5	1.4
Indefinite tax-loss carryforwards	199.1	195.4	3.7
TOTAL	**204.0**	**198.9**	**5.1**

NOTE 13 EARNINGS PER SHARE

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

In 2022, the Group held an average of 126,439 treasury shares through Natixis ODDO BHF, with which a liquidity agreement was signed. This agreement is designed to promote transaction liquidity and consistency in the Group's share price.

As of December 31, 2022, the Group held 142,697 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 instruments convertible and exchangeable for shares.

In March 2021, the Group succeeded in placing its issue of bonds convertible into and/or exchangeable for new and/or existing shares (OCEANE), maturing in 2027, for a nominal amount of €200 million corresponding to 2,468,221 bonds with a nominal value of €81.03 per bond. Based on the initial conversion/exchange ratio of one share per bond, dilution was approximately 9.28% of the Company's outstanding share capital as of March 16, 2021. As a result of the distribution of a dividend of €2.00 per share to Fnac Darty shareholders as of June 23, 2022, the conversion/exchange rate was increased from 1.019 Fnac Darty shares per OCEANE bond to 1.070 Fnac Darty shares per OCEANE bond as of June 23, 2022.

The instruments issued by the Group had a diluting effect over 2022, in the amount of 910,106 shares for shares granted to employees in share-based payment transactions and 2,640,996 shares for convertible and exchangeable instruments.

Convertible and exchangeable instruments represent the issue of bonds convertible into and/or exchangeable for new and/or existing shares (OCEANE bonds), placed by the Group in March 2021 as part of the restructuring of its long-term debt.

The number of shares that could potentially become diluting during a subsequent year is 156,209.

Earnings per share as of December 31, 2022

	Group share		
(€ million)	Consolidated Group	Continuing operations	Discontinued operations
NET INCOME ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	**(32.0)**	**100.0**	**(132.0)**
Weighted average number of ordinary shares issued	26,828,473	26,828,473	26,828,473
Weighted average number of treasury stocks	126,439	126,439	126,439
Weighted average number of ordinary shares	**26,954,912**	**26,954,912**	**26,954,912**
BASIC EARNINGS PER SHARE *(€)*	**(1.19)**	**3.71**	**(4.90)**

	Group share		
(€ million)	Consolidated Group	Continuing operations	Discontinued operations
NET INCOME ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	**(32.0)**	**100.0**	**(132.0)**
Weighted average number of ordinary shares	26,954,912	26,954,912	26,954,912
Convertible and exchangeable instruments	2,640,996	2,640,996	2,640,996
Dilutive ordinary shares	910,106	910,106	910,106
Weighted average number of diluted ordinary shares	**30,506,014**	**30,506,014**	**30,506,014**
DILUTED EARNINGS PER SHARE *(€)* [(a)]	**(1.05)**	**3.28**	**(4.33)**

(a) Earnings per share after dilution linked to financial instruments giving access to share capital.

Earnings per share as of December 31, 2021

	Group share		
(€ million)	Consolidated Group	Continuing operations	Discontinued operations
NET INCOME ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	**160.3**	**145.0**	**15.3**
Weighted average number of ordinary shares issued	26,696,442	26,696,442	26,696,442
Weighted average number of treasury stocks	(68,923)	(68,923)	(68,923)
Weighted average number of ordinary shares	**26,627,519**	**26,627,519**	**26,627,519**
BASIC EARNINGS PER SHARE *(€)*	**6.02**	**5.45**	**0.57**

	Group share		
(€ million)	Consolidated Group	Continuing operations	Discontinued operations
NET INCOME ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	**160.3**	**145.0**	**15.3**
Weighted average number of ordinary shares	26,627,519	26,627,519	26,627,519
Convertible and exchangeable instruments	2,515,117	2,515,117	2,515,117
Dilutive ordinary shares	680,248	680,248	680,248
Weighted average number of diluted ordinary shares	**29,822,884**	**29,822,884**	**29,822,884**
DILUTED EARNINGS PER SHARE *(€)* [(a)]	**5.38**	**4.86**	**0.51**

(a) Earnings per share after dilution linked to financial instruments giving access to share capital.

NOTE 14 OTHER COMPREHENSIVE INCOME ITEMS

Other comprehensive income items mainly represent:

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

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

	2022		
(€ million)	Gross	Tax	Net
Translation differences	1.8		1.8
Effective portion of the change in fair value of instruments designated as cash flow hedges	(0.8)	0.2	(0.6)
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	**1.0**	**0.2**	**1.2**
Revaluation of net liabilities for defined benefit plans	46.7	(11.8)	34.9
Items that may not be reclassified subsequently to profit or loss	**46.7**	**(11.8)**	**34.9**
OTHER ITEMS OF COMPREHENSIVE INCOME AS OF DECEMBER 31, 2022	**47.7**	**(11.6)**	**36.1**

	2021		
(€ million)	Gross	Tax	Net
Translation differences	(1.2)		(1.2)
Effective portion of the change in fair value of instruments designated as cash flow hedges	2.5	(0.7)	1.8
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	**1.3**	**(0.7)**	**0.6**
Revaluation of net liabilities for defined benefit plans	30.4	(2.4)	28.0
Items that may not be reclassified subsequently to profit or loss	**30.4**	**(2.4)**	**28.0**
OTHER ITEMS OF COMPREHENSIVE INCOME AS OF DECEMBER 31, 2021	**31.7**	**(3.1)**	**28.6**

The change in the revaluation of the net defined benefit plan liability is related to the change in discount rates in 2022 and 2021 (see note 26.3).

NOTE 15 GOODWILL AND BUSINESS COMBINATIONS

(€ million)	Gross	Impairment	Net
GOODWILL AS OF JANUARY 1, 2021	**1,729.7**	**(75.4)**	**1,654.3**
From acquisitions			0.0
Disposals and withdrawals			0.0
Changes in foreign exchange rates			0.0
Assets and liabilities held for sale			0.0
Other changes			0.0
GOODWILL AS OF DECEMBER 31, 2021	**1,729.7**	**(75.4)**	**1,654.3**
From acquisitions	0.1		0.1
Disposals and withdrawals			0.0
Changes in foreign exchange rates			0.0
Assets and liabilities held for sale			0.0
Other changes			0.0
GOODWILL AS OF DECEMBER 31, 2022	**1,729.8**	**(75.4)**	**1,654.4**

There was no significant change in goodwill in 2022 and in 2021.

In 2022, the €0.1 million increase in goodwill related to the acquisition of the subsidiary NeXT Services France (NSF). In October 2022, the Group acquired NSF, which operates in the areas of support, troubleshooting and repair for household appliances, television, audio, video and hi-fi, covering all brands. It also offers IT services such as audits of IT stock, info-management services and training.

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

As of December 31, 2022, there was no evidence of impairment. Pursuant to the IFRS standards, annual impairment tests were conducted on the assets. These impairment tests show a value-in-use greater than the value of the net assets for each of the cash generating units tested. No additional impairment of goodwill was therefore necessary. See note 19 for more information.

Goodwill was allocated as follows:

(€ million)	2022	2021
France	1,513.0	1,512.9
Belgium	139.2	139.2
Portugal	2.2	2.2
TOTAL	**1,654.4**	**1,654.3**

NOTE 16 INTANGIBLE ASSETS

(€ million)	Brands	Software	Other intangible assets	Total
GROSS VALUE AS OF DECEMBER 31, 2021	**375.4**	**592.3**	**96.5**	**1,064.1**
Amortization, depreciation and impairment	(14.2)	(502.9)	(18.8)	(535.9)
NET VALUE AS OF DECEMBER 31, 2021	**361.2**	**89.3**	**77.7**	**528.2**
Acquisitions		70.4	2.2	72.6
Disposals		(0.8)		(0.8)
Amortization, depreciation and impairment	(4.0)	(32.5)	(1.9)	(38.4)
Change in scope				0.0
Changes in foreign exchange rates		0.1		0.1
Other changes		0.8	(0.9)	(0.0)
Assets held for sale				0.0
NET VALUE AS OF DECEMBER 31, 2022	**357.2**	**127.4**	**77.1**	**561.7**

(€ million)	Brands	Software	Other intangible assets	Total
GROSS VALUE AS OF DECEMBER 31, 2020	**375.4**	**654.0**	**71.8**	**1,101.2**
Amortization, depreciation and impairment	(14.2)	(565.3)	(16.1)	(595.6)
NET VALUE AS OF DECEMBER 31, 2020	**361.2**	**88.7**	**55.7**	**505.6**
Acquisitions		41.5	17.0	58.5
Disposals				(0.0)
Amortization, depreciation and impairment		(40.9)	(3.3)	(44.2)
Change in scope				0.0
Changes in foreign exchange rates				0.0
Other changes			8.3	8.3
Assets held for sale				0.0
NET VALUE AS OF DECEMBER 31, 2021	**361.2**	**89.3**	**77.7**	**528.2**

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

With regard to software accessible by the cloud under a SaaS contract, the method for recording configuration and customization costs was specified by the IFRS Interpretations Committee in 2021. These costs are recognized as intangible assets if, within the meaning of IAS 38, the customer controls the separate asset resulting from said configuration or customization. If control within the meaning of IAS 38 is not proven, these costs must be recognized as current operating expenses and may be spread across the term of the contract if they cannot be distinguished from the main service of the software provision.

Group brands consist of the following:

(€ million)	**2022**	**2021**
Darty brand	287.5	287.5
Vanden Borre brand	35.3	35.3
Nature & Découvertes brand	22.0	26.0
Billetreduc.com brand	11.3	11.3
WeFix brand	1.1	1.1
TOTAL BRANDS	**357.2**	**361.2**

Under IAS 36 – Impairment of Assets, each cash-generating unit (CGU) and its assets with an indefinite useful life are required to be tested for impairment. The test must be carried out at least once a year on a set date or at any time if there is evidence of impairment. Following the health crisis that began in the first half of 2020, these tests led to a €14.2 million impairment for the Darty brand. The Darty brand had been valued at €301.7 million in 2016 when Darty was acquired. Following this impairment, Darty's net carrying amount in the Group's financial statements was €287.5 million.

Cash flow projections were made in 2022 based on updated forecasts and on medium-term plans over a three-year period that tie in with the Group's strategic plan. The 2022 annual impairment tests resulted in a €4.0 million impairment of the Nature & Découvertes brand. The Nature & Découvertes brand had been valued at €26.0 million in 2019 when the brand was acquired. As of December 31, 2022, the net value of the Nature & Découvertes brand in the Group's balance sheet was €22.0 million.

NOTE 17 PROPERTY, PLANT AND EQUIPMENT

(€ million)	**Land & buildings**	**Fixtures, fittings and commercial facilities**	**Technical and telephony equipment**	**Other property, plant and equipment**	**Total**
GROSS VALUE AS OF DECEMBER 31, 2021	**415.7**	**1,162.8**	**282.3**	**126.8**	**1,987.6**
Amortization, depreciation and impairment	(138.6)	(973.9)	(236.6)	(64.0)	(1,413.1)
NET VALUE AS OF DECEMBER 31, 2021	**277.1**	**188.9**	**45.7**	**62.8**	**574.5**
Acquisitions	2.1	55.1	14.1	6.4	77.7
Disposals	(3.7)	(3.2)		(0.1)	(7.0)
Amortization, depreciation and impairment	(11.5)	(47.4)	(13.4)	(2.6)	(75.0)
Change in scope					0.0
Changes in foreign exchange rates		0.3	0.1	0.3	0.6
Other changes	1.1	5.2	0.6	(7.3)	(0.4)
Assets held for sale					0.0
NET VALUE AS OF DECEMBER 31, 2022	**265.1**	**198.9**	**46.9**	**59.4**	**570.3**

(€ million)	Land & buildings	Fixtures, fittings and commercial facilities	Technical and telephony equipment	Other property, plant and equipment	Total
GROSS VALUE AS OF DECEMBER 31, 2020	**429.9**	**1,135.2**	**270.4**	**117.4**	**1,952.8**
Amortization, depreciation and impairment	(165.1)	(906.7)	(223.6)	(63.2)	(1,358.6)
NET VALUE AS OF DECEMBER 31, 2020	**264.8**	**228.5**	**46.8**	**54.2**	**594.2**
Acquisitions	2.3	35.5	12.6	17.9	68.3
Disposals		(1.6)	(1.1)		(2.8)
Amortization, depreciation and impairment	(8.8)	(53.8)	(13.3)	(2.2)	(78.1)
Change in scope					0.0
Changes in foreign exchange rates		0.2	0.1	0.3	0.5
Other changes	18.8	(19.8)	0.7	(7.4)	(7.7)
Assets held for sale					0.0
NET VALUE AS OF DECEMBER 31, 2021	**277.1**	**188.9**	**45.7**	**62.8**	**574.5**

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

NOTE 18 RIGHT-OF-USE ASSETS RELATED TO LEASE AGREEMENTS

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

(€ million)	Stores	Offices	Platforms	Other	Total
NET VALUE AS OF DECEMBER 31, 2021	**914.4**	**75.9**	**62.2**	**62.7**	**1,115.2**
Increase (inflows and revaluation of assets)	214.9	16.4	20.4	31.6	283.4
Decrease (amortization, depreciation, terminations)	(220.5)	(16.3)	(14.7)	(24.9)	(276.5)
Other changes	(7.4)	0.5			(6.9)
NET VALUE AS OF DECEMBER 31, 2022	**901.4**	**76.5**	**67.8**	**69.4**	**1,115.2**

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

NOTE 19 IMPAIRMENT TESTS ON NON-FINANCIAL ASSETS

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

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

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

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

19.1 / Consideration of the impact of climate change in impairment testing

For a retailer such as Fnac Darty, global warming poses a multitude of short-, medium- and long-term physical and transition risks. These are included in the Group's mapping of risks (see Chapter 6) and are subject to an analysis of specific risks (see Chapter 2, section 2.3.1.2 "Climate challenges embedded in strategic priorities and risk management").

The specialized retail maret is not considered to be a sector with a significant climate challenges. When developing its new strategic plan, the Group did not use tools for analyzing prospective climate scenarios. However, strategic monitoring and numerous prospective studies, particularly relating to changes in consumer behavior, did inform the analyses conducted; these helped shape the Group's strategy, transforming transition risks into business opportunities. The integration of climate risks and opportunities in the strategy is described in detail in Chapter 1, section 1.1.3 Strategic challenges, sources of opportunity, aligned with the sustainable development objectives.

In addition, Fnac Darty's climate change risk assessment is based on the IPCC scenarios and the transition scenarios developed by Ademe. The assumptions favored by the Group are increasing carbon regulations and taxation, an increase in the cost of raw materials and energy, and a slow but sustained change in consumer behavior.

In its impairment testing, Fnac Darty may need to consider whether there is any evidence of impairment due to climate change and, if so, perform additional tests to those required annually.

Furthermore, the Group has considered the most relevant way to reflect climate risks and the commitments made in the impairment tests. The potential impacts of climate challenges have been taken into account through:

- cash flows: expected future cash flow forecasts were drawn up during the second half of the year on the basis of budgets and medium-term plans over a three-year timeframe. Medium-term budgets and plans are based on the strategic plan Everyday which incorporates the climate strategy;
- the discount rate: the assessment of climate risk is included in the risk premiums.

As of December 31, 2022, the Group had not identified any material impacts associated with climate change to be included in the assumptions on cash flow forecasts and the discount rate.

19.2 / Assumptions used for impairment tests

The perpetual growth rates and discount rates, after tax, that are applied to the projected cash flows under the economic assumptions and estimated operating conditions used by the Group for the brands and for those cash generating units that recorded goodwill as of December 31, 2022 are as follows:

	Discount (a)		Perpetual growth	
	2022	2021	2022	2021
Cash generating unit France	9.8%	8.9%	1.0%	1.0%
Cash generating unit Belgium	9.7%	8.8%	1.0%	1.0%
Darty brand	10.8%	9.9%	1.0%	1.0%
Vanden Borre brand	10.7%	9.8%	1.0%	1.0%
Nature & Découvertes brand	10.8%	9.9%	1.0%	1.0%
Billetreduc.com brand	10.8%	9.9%	1.0%	1.0%
WeFix brand	10.8%	9.9%	2.0%	2.0%

(a) Weighted average cost of capital.

Cash flow projections were made in 2022 based on updated forecasts and on medium-term plans over a three-year period that tie in with the Group's strategic plan. The annual impairment tests, conducted in the second half of 2022, resulted in a €4.0 million impairment of the Nature & Découvertes brand. The Nature & Découvertes brand had been valued at €26.0 million in 2019 when the brand was acquired. As of December 31, 2022, the net value of the Nature & Découvertes brand in the Group's balance sheet was €22.0 million.

19.3 / Impairment tests of principal values

19.3.1 Determination of the recoverable value of the cash-generating units and brands

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

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

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

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

19.3.2 Assets and brands to be tested

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

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

The brands are subject to a specific impairment test.

Pursuant to IAS 36, property, plant and equipment and intangible assets are tested for impairment when there is evidence of impairment, and at least once a year for assets with an indefinite useful life (goodwill and brands). The assets subject to impairment tests are grouped within cash generating units, the use of which generates independent cash flows.

When the recoverable value of a cash generating unit is lower than its net book value, an impairment is recognized in operating income.

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

As of December 31, 2022, in accordance with market practice for the right-of-use asset test under IFRS 16, the Group continued to apply the simplified approach in which the value to be tested includes the rights-of-use assets deducted from leasing liabilities. The business plan projections, the terminal value and the discount rate are determined in accordance with the position before the application of IFRS 16.

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

19.3.3 Sensitivity analyses

Sensitivity analyses performed as of December 31, 2022, in the event of a reasonable change in base assumptions and, in particular, in the event of a change of plus or minus 0.5 percentage points in the discount rate and plus or minus 0.5 percentage points in the perpetuity growth rate, did not result in any additional impairment on the Group's cash generating units or brands.

19.4 / Impairment recognized during the period

The Group conducted annual impairment tests for each of its cash-generating units (CGUs) and non-current assets with an indefinite useful life. For these annual tests, all financial and operating assumptions were updated.

Cash flow projections were made in 2022 based on updated forecasts and on medium-term plans over a three-year period that tie in with the Group's strategic plan. The annual impairment tests conducted in 2022 resulted in a €4.0 million impairment of the Nature & Découvertes brand. The Nature & Découvertes brand had been valued at €26.0 million in 2019 when the brand was acquired. As of December 31, 2022, the net value of the Nature & Découvertes brand in the Group's balance sheet was €22.0 million. Based on updated forecasts and medium-term plans over a three-year period in line with the Group's strategic plan, no impairment was recognized for the cash generating units (CGU).

In 2021, based on updated forecasts and medium-term plans over a three-year period that tie in with the Group's strategic plan, no impairment was recognized.

NOTE 20 NON-CURRENT FINANCIAL ASSETS

Non-current financial assets consist of the following items:

(€ million)	2022	2021
Debt instruments at fair value through profit or loss	22.2	19.7
Deposits and guarantees	20.4	20.2
Other	1.8	0.3
NON-CURRENT FINANCIAL ASSETS	**44.4**	**40.2**

Debt instruments at fair value mainly represent the investment in the Daphni Purple and Raise Seed for Good funds.

Their increase of €2.5 million is related to the following items:

- nominal value redemption of units held in the Daphni Purple fund for -€4.2 million;
- revaluation of the net asset value of the units held in the Daphni Purple fund for €6.6 million;
- first call for funds by Raise Seed for Good for €0.3 million in July 2022.

Deposits and guarantees represent the real estate lease guarantees.

NOTE 21 CASH AND CASH EQUIVALENTS

21.1 / Analysis by cash category

This item breaks down as follows:

(€ million)	2022	2021
Cash	931.7	1,181.1
Cash equivalents	0.0	0.0
CASH AND CASH EQUIVALENTS	**931.7**	**1,181.1**

In 2022, the net decrease in cash and cash equivalents of €249.4 million was linked to the drop in activity at the end of the year, to disbursements related to dividends paid in 2022 and to net cash flows from discontinued operations.

In addition, as of December 31, 2022, cash included €3.0 million allocated as part of the implementation of the liquidity agreement. This agreement is designed to promote transaction liquidity and consistency in the Group's share price. As of December 31, 2021, the amount was likewise €3.0 million.

The items recognized by the Group as "Cash and cash equivalents" meet the criteria set out in the ANC's response of November 27, 2018 to the AMF concerning the accounting treatment of approved money market funds under the MMF Regulation. In particular, investments are regularly reviewed in accordance with Group procedures and in strict compliance with the qualification criteria defined under IAS 7 and the ANC's response. As of December 31, 2022, these analyses did not lead to changes in the accounting classification already adopted.

21.2 / Analysis by currency

(€ million)	2022	%	2021	%
Euro	898.4	96.4%	1,156.6	97.9%
Swiss franc	20.4	2.2%	20.7	1.8%
US dollar	11.3	1.2%	2.7	0.2%
Other currencies	1.6	0.2%	1.1	0.1%
CASH AND CASH EQUIVALENTS	**931.7**	**100.0%**	**1,181.1**	**100.0%**

NOTE 22 INVENTORIES

(€ million)	2021	Change in working capital requirement	Change in scope	Change in foreign exchange rates	Assets and liabilities held for sale	2022
Gross sales inventories	1,135.8	38.0		2.0		1,175.8
Inventory impairment	(31.5)	(0.5)		(0.1)		(32.1)
NET INVENTORY VALUE	**1,104.3**	**37.5**	**0.0**	**1.9**	**0.0**	**1,143.7**

In 2022, the increase in inventories was linked to the drop in activity at the end of the year.

The Group may need to record an impairment on inventories:

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

Change in impairment *(€ million)*	2022	2021
AS OF JANUARY 1	**(31.5)**	**(33.4)**
(Additions)/reversals	(0.5)	1.9
Change in scope	0.0	0.0
Change in foreign exchange rates	(0.1)	0.0
Assets and liabilities held for sale	0.0	0.0
AS OF DECEMBER 31	**(32.1)**	**(31.5)**

NOTE 23 TRADE RECEIVABLES

(€ million)	2021	Change in working capital requirement	Change in scope	Change in foreign exchange rates	Assets and liabilities held for sale	2022
Gross trade receivables	324.8	(55.5)	0.4			269.7
Impairment of trade receivables	(20.9)	0.7				(20.2)
NET VALUE	**303.9**	**(54.8)**	**0.4**	**0.0**	**0.0**	**249.5**

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

Change in impairment *(€ million)*	2022	2021
AS OF JANUARY 1	**(20.9)**	**(22.0)**
(Additions)/reversals	0.7	1.1
Change in scope	0.0	0.0
Change in foreign exchange rates	0.0	0.0
Assets and liabilities held for sale	0.0	0.0
AS OF DECEMBER 31	**(20.2)**	**(20.9)**

NOTE 24 CURRENT ASSETS AND LIABILITIES AND OTHER NON-CURRENT ASSETS AND LIABILITIES

24.1 / Current assets and liabilities

(€ million)	2021	Change in working capital requirement	Change in scope	Change in foreign exchange rates	2022
Inventories (1)	1,104.3	37.4	0.2	1.8	1,143.7
Trade receivables due (2)	303.9	(52.1)	0.4	(2.7)	249.5
Trade receivables payable (3)	(42.4)	4.4	0.0	(0.2)	(38.2)
NET TRADE RECEIVABLES (2)+(3)	**261.5**	**(47.7)**	**0.4**	**(2.9)**	**211.3**
Trade payables due (4)	(2,036.9)	73.2	(0.1)	(1.3)	(1,965.1)
Trade payables receivable and provisions (5)	225.3	17.3	0.0	0.0	242.6
NET TRADE PAYABLES (4)+(5)	**(1,811.6)**	**90.5**	**(0.1)**	**(1.3)**	**(1,722.5)**
Payroll liabilities (6)	(277.9)	(7.5)	(0.1)	(0.1)	(285.6)
Tax payables and receivables (excluding income tax) (7)	(83.6)	2.9	(0.1)	0.0	(80.8)
Other operating payables and receivables (8)	(229.9)	14.9	0.0	0.9	(214.1)
OTHER OPERATING WCR (Σ 6 TO 8)	**(591.4)**	**10.2**	**(0.2)**	**0.8**	**(580.5)**
OPERATING WCR (Σ 1 TO 8)	**(1,037.2)**	**90.4**	**0.3**	**(1.6)**	**(948.0)**
Other current financial assets and liabilities	0.7	8.2	0.0	0.0	8.9
Payables and receivables on non-current operating assets	(29.2)	(8.5)	0.0	0.0	(37.7)
Tax receivables and payables due	(6.9)	12.5	0.0	0.0	5.6
CURRENT ASSETS AND LIABILITIES [(a)]	**(1,072.6)**	**102.8**	**0.3**	**(1.7)**	**(971.2)**

(a) Excluding current provisions, borrowings and short-term financial debt, and cash and cash equivalents.

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

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

In 2022, the Group was involved in two reverse factoring programs with major Group suppliers.

These programs were as follows:

1) a long-standing program with appliance suppliers. This program was used in full as of December 31 in 2022 and 2021;

2) an additional program had been set up in October 2020, with a consumer electronics supplier. This program was used in full as of December 31, 2022 and 2021.

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

Neither program has a term limit.

24.2 / Other non-current assets and liabilities

(€ million)	2022	2021
Warranty extensions for more than one year	(21.5)	(77.7)
Performance-based earn-outs	(0.5)	(1.0)
Other non-current assets	0.0	0.1
TOTAL OTHER NET NON-CURRENT ASSETS AND LIABILITIES	**(22.0)**	**(78.6)**

As of December 31, 2022, other net non-current assets and liabilities stood at €22.0 million, €21.5 million of which represents the portion of income from Darty warranty extensions of one year or more. The fall in the portion of income from warranty extensions of one year or more is linked to a drop in the provision for warranty extensions gradually replaced by the Darty Max program. As of December 31, 2022, other net non-current assets and liabilities also includes the valuation of price adjustments subject to conditions representing net liabilities of €0.5 million.

As of December 31, 2021, other net non-current assets and liabilities amounted to €78.6 million, of which €77.7 million for the portion of income from Darty warranty extensions of one year or more, and €1.0 million for the valuation of performance-based earn-outs for subsidiaries.

As of December 31, 2022 and 2021, the Group's other non-current assets were not material.

NOTE 25 SHAREHOLDERS' EQUITY

25.1 / Share capital

As of December 31, 2022, share capital was €26,871,853, consisting of 26,871,853 fully paid-up shares with a nominal value of €1. In 2022, the capital increase corresponds to the creation of 110,735 shares to serve the capital increase reserved for the allocation of bonus shares under the performance-based compensation plans and the 2020 bonus securitization plan for employees of international subsidiaries.

25.2 / Appropriation of earnings

In 2022, the Group continued its policy of providing a return to shareholders as part of its strategic plan Everyday. A first ordinary dividend of €2.00 gross per share for 2021, representing a distribution rate of around 37% [(1)] and a total amount of €53.5 million, was awarded for the first half of 2022. The ex-dividend date was June 21, 2022, and the dividend was paid in cash on June 23, 2022.

As a result of distributing this dividend, the conversion/exchange rate increased from 1.019 Fnac Darty shares per OCEANE bond to 1.070 Fnac Darty shares per OCEANE bond, as of June 23, 2022.

25.3 / Change in shareholders' equity

	Shareholders' equity		
(€ million)	Group share	Non-controlling interests	Total
AS OF DECEMBER 31, 2021	**1,555.4**	**8.2**	**1,563.6**
Total comprehensive income	**3.9**	**4.1**	**8.0**
Capital increase/(decrease)	0.1	0.0	0.1
Treasury stock	(3.5)	0.0	(3.5)
Valuation of share-based payments	9.4	0.1	9.5
Dividend	(53.5)	(1.5)	(55.0)
Change in scope	0.0	0.0	0.0
Other movements	(0.1)	0.0	(0.1)
AS OF DECEMBER 31, 2022	**1,511.8**	**10.9**	**1,522.7**

In 2022, the change in shareholders' equity was largely due to:

- the payment of dividends;
- comprehensive income for the year;
- the valuation of share-based payments.

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

NOTE 26 EMPLOYEE BENEFITS AND SIMILAR PAYMENTS

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

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

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

Retirement benefits and long-service awards in France

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

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

Mandatory supplementary pension plans (LPP) in Switzerland

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

The Group has no obligations with respect to medical costs.

Pension and pre-retirement savings in Belgium

The Belgium pension plan is composed of three pillars:

- pillar 1: statutory pension paid by the State;
- pillar 2: Group insurance: a supplementary company retirement plan which pays its beneficiaries a lump sum on retirement;
- pillar 3: pre-retirement savings: pension saved by the worker in a fund with a tax incentive. From the start of this pre-retirement until pension age, the pre-pensioner receives an unemployment benefit from the state and a supplement from the employer. This amount is determined by a collective agreement. At the time of the pre-retirement decision (made individually for each person and according to defined criteria), the employer makes provision for the supplement it will pay until the pre-retirement age.

United Kingdom pension fund

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

Supplementary pension plans

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

26.1 / Changes during the period

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

(€ million)	2022	2021
DISCOUNTED VALUE OF THE COMMITMENT AS OF JANUARY 1	**949.6**	**912.1**
Cost of services provided during the period	11.1	10.1
Contributions paid by the members	1.1	1.0
Financial interest expense	3.7	1.5
Cost of past services	0.0	0.6
Revaluation of liabilities	(305.8)	7.5
Reductions	(4.4)	(7.0)
Benefits paid	(21.6)	(24.3)
Change in scope	0.0	0.0
Change in foreign exchange rates	(27.1)	48.0
Liabilities held for sale	0.0	0.0
DISCOUNTED VALUE OF THE COMMITMENT AS OF DECEMBER 31	**606.6**	**949.6**

The decrease in the commitment amount in 2022 is mainly due to the discounting for €305.8 million of the provision for employee benefits in a climate of sharp rises in interest rates. Furthermore, a decrease of €27.1 million is linked to the change in the exchange rate of the British Comet pension fund, which is denominated in pounds sterling.

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

(€ million)	2022	2021
Pension funds – United Kingdom	428.3	725.8
Retirement benefits – France	144.0	185.4
Supplementary pension plans (LPP) – Switzerland	15.7	13.4
Supplementary pension plans – France	1.0	1.1
Long-service awards – France	6.0	7.2
Pension savings – Belgium	11.6	16.7
DISCOUNTED VALUE OF THE COMMITMENT AS OF DECEMBER 31	**606.6**	**949.6**

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

(€ million)	2022	2021
FAIR VALUE OF THE DEFINED BENEFIT PLAN ASSETS AS OF JANUARY 1	**761.8**	**706.0**
Employer contributions	0.7	(9.8)
Contributions paid by the members	1.1	0.6
Financial interest on assets	0.2	0.1
Benefits paid	(18.0)	(20.6)
Actual return on assets	(257.3)	38.6
Other changes	(0.1)	(0.1)
Change in scope	0.0	0.0
Change in foreign exchange rates	(27.2)	47.0
FAIR VALUE OF THE DEFINED BENEFIT PLAN ASSETS AS OF DECEMBER 31	**461.2**	**761.8**

For all plans, the payments of expected benefits in 2023 are estimated at €24.5 million.

As of December 31, 2022, 61.6% of funded defined benefit plans were invested in debt instruments.

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

1) yield-oriented investment funds; and

2) guarantee funds with limited risk.

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

(€ million)	**2022**	**2021**	**2020**	**2019**	**2018**
Discounted value of the commitment	606.6	949.6	912.1	842.7	739.7
Fair value of the defined benefit plan assets	(461.2)	(761.8)	(706.2)	(666.0)	(578.2)
DEFICIT/(SURPLUS)	**145.4**	**187.8**	**205.9**	**176.7**	**161.5**
NET PROVISIONS RECOGNIZED UNDER LIABILITIES ON THE BALANCE SHEET	**145.4**	**187.8**	**205.9**	**176.7**	**161.5**
including provisions – continuing operations	*145.4*	*187.8*	*205.9*	*176.7*	*161.5*
including provisions – discontinued operations	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*

(€ million)	**2022**	**2021**
Pension funds – United Kingdom	0.0	0.0
Retirement benefits – France	136.8	175.8
Supplementary pension plans (LPP) – Switzerland	1.3	3.1
Supplementary pension plans – France	1.0	1.1
Long-service awards – France	6.0	7.2
Pension savings – Belgium	0.3	0.6
NET PROVISIONS RECOGNIZED UNDER LIABILITIES ON THE BALANCE SHEET	**145.4**	**187.8**

26.2 / Expenses recognized

The total expense of €7.9 million in 2022 and €7.2 million in 2021 recognized for defined benefit plans breaks down as follows:

(€ million)		**2022**	**2021**
Cost of services provided		9.3	12.5
Other costs		0.1	0.1
Net financial cost		2.7	1.4
Cost of past services taken to income		0.0	0.0
Decreases and payments		(4.2)	(6.8)
TOTAL EXPENSE		**7.9**	**7.2**
Of which recognized	*as operating expenses*	*5.2*	*5.8*
	net financial expense	*2.7*	*1.4*
	discontinued operations	*0.0*	*0.0*

26.3 / Actuarial assumptions

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

	2022	2021
Discount rate	4.8% United Kingdom, 2.25% Switzerland, 3.80% France, 3.95% Belgium	1.9% United Kingdom, 0.25% Switzerland, 1% France, 1% Belgium
Expected rate of increase in salaries	1.75% France, 1.25% Switzerland, 10% Belgium	1.5% France, 1.25% Switzerland, 1.80% Belgium

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

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

(€ million)	Retirement benefits	Long-service awards – France	Supplementary pension plans (LPP) – Switzerland	Supplementary pension plans – France	Pension funds – United Kingdom	Belgium	Total
Discount rate -50 basis points	151.1	6.1	16.4	1.0	462.8	12.2	**649.6**
Discounted value of the 2022 commitment	143.9	6.0	15.7	1.0	428.5	11.6	**606.6**
Discount rate +50 basis points	137.2	5.8	15.1	1.0	397.6	10.9	**567.7**

NOTE 27 PROVISIONS

(€ million)	2021	Additions	Reversal used	Reversal not used	Change in scope	Change in foreign exchange rates	Other changes	2022
Provisions for restructuring	1.3	4.8	(1.2)					4.9
Provisions for litigation and disputes	26.2	13.8	(7.5)	(4.5)			0.4	28.5
Other provisions	3.5			(0.2)				3.3
CURRENT PROVISIONS	**31.0**	**18.6**	**(8.7)**	**(4.7)**	**0.0**	**0.0**	**0.4**	**36.6**
TOTAL	**31.0**	**18.6**	**(8.7)**	**(4.7)**	**0.0**	**0.0**	**0.4**	**36.6**
IMPACT ON OPERATING INCOME		**(18.6)**		**4.7**				**(13.9)**
■ current operating income		(11.3)		3.9				(7.4)
■ other non-current operating income and expense		(3.9)		(0.3)				(4.2)
■ discontinued operations		(3.4)		1.1				(2.3)

In 2022, the change in provisions for contingencies corresponds mainly to various disputes and lawsuits.

(€ million)	2020	Additions	Reversal used	Reversal not used	Change in scope	Change in foreign exchange rates	Other changes	2021
Provisions for restructuring	0.6	1.3	(0.6)					1.3
Provisions for litigation and disputes	26.3	12.8	(4.4)	(7.0)			(1.5)	26.2
Other provisions	3.7	1.3		(1.5)				3.5
CURRENT PROVISIONS	**30.6**	**15.4**	**(5.0)**	**(8.5)**	**0.0**	**0.0**	**(1.5)**	**31.0**
TOTAL	**30.6**	**15.4**	**(5.0)**	**(8.5)**	**0.0**	**0.0**	**(1.5)**	**31.0**
IMPACT ON OPERATING INCOME		**(15.4)**		**8.5**				**(6.9)**
■ current operating income		(9.5)		2.6		0.0		(6.9)
■ other non-current operating income and expense		(4.6)		5.9				1.3
■ discontinued operations		(1.3)						(1.3)

In 2021, the change in provisions for contingencies corresponds mainly to various disputes and lawsuits.

NOTE 28 FINANCIAL DEBT

28.1 / Analysis of debt by repayment maturity

(€ million)	2022	Y+1	Y+2	Y+3	Y+4	Y+5	Beyond
LONG-TERM BORROWINGS AND FINANCIAL DEBT	**917.3**		**316.7**	**16.7**	**366.7**	**200.7**	**16.5**
2026 bonds	350.0		0.0	0.0	350.0	0.0	0.0
2024 bonds	300.0		300.0	0.0	0.0	0.0	0.0
European Investment Bank loan	83.3		16.7	16.7	16.7	16.7	16.5
Financial debt component of the OCEANE bonds	184.0		0.0	0.0	0.0	184.0	0.0
Other financial debt	0.0		0.0	0.0	0.0	0.0	0.0
SHORT-TERM BORROWINGS AND FINANCIAL DEBT	**19.5**	**19.5**					
European Investment Bank loan	16.7	16.7					
Capitalized interest on bond issues	1.3	1.3					
Bank overdrafts	0.0	0.0					
Other financial debt	1.5	1.5					
TOTAL FINANCIAL DEBT EXCLUDING IFRS 16	**936.8**	**19.5**	**316.7**	**16.7**	**366.7**	**200.7**	**16.5**
%	**100.0%**	**2.1%**	**33.8%**	**1.8%**	**39.1%**	**21.4%**	**1.8%**
LEASING DEBT IFRS 16	**1,140.5**	**243.6**	**238.0**	**214.8**	**139.9**	**82.1**	**222.1**
Long-term IFRS 16 leasing debt	896.9		238.0	214.8	139.9	82.1	222.1
Short-term IFRS 16 leasing debt [(a)]	243.6	243.6					
TOTAL FINANCIAL DEBT WITH IFRS 16	**2,077.3**	**263.1**	**554.7**	**231.5**	**506.6**	**282.8**	**238.6**

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

The Group's sources of financing are diversified, which ensures an optimized cost and secures its long-term liquidity.

They mainly consist of senior bonds with a cumulative principal amount of €650 million, the debt component of bonds convertible into and/or exchangeable for new and/or existing shares (OCEANE bonds) amounting to €200.0 million (whose debt component is €184.0 million as of December 31, 2022), and the €100 million European Investment Bank loan.

In addition, the Group has an RCF of €500 million. This credit line, originally with a maturity of 5 years, was extended at the request of Fnac Darty until March 2027. In this respect, the Group has an additional extension option until March 2028. In line with the goals of the strategic plan, Everyday, this credit facility includes a Corporate Social Responsibility (CSR) component that will allow the Group to improve its financing terms if the designated targets are achieved.

Amid increased volatility on the financial markets, Fnac Darty opted to secure the refinancing of its next major €300 million bond debt maturity maturing in May 2024. Accordingly, in December 2022, the Group set up an additional undrawn bank credit line in the form of a delayed drawn term loan (DDTL) of €300 million, which may be drawn down once and only to repay the bond loan maturing in 2024. This new line is based on a banking contract with conditions similar to those of the existing RCF of €500 million. It will have a maturity of three years in the event of drawdown (December 2025), which may be extended by two years (December 2027). It also incorporates a Corporate Social Responsibility (CSR) component that will allow the Group to improve its financing conditions if the objectives, set in line with those of the strategic plan Everyday, are achieved. This option means the Group can maintain its current bond debt until it matures in May 2024 while benefiting from the low initial annual coupon, and therefore secure its level of financial expenses. Thanks to this new undrawn bank line, the Group does not have a major repayment maturity date before 2026.

(€ million)	**2021**	**Y+1**	**Y+2**	**Y+3**	**Y+4**	**Y+5**	**Beyond**
LONG-TERM BORROWINGS AND FINANCIAL DEBT	**932.3**		**17.9**	**317.4**	**16.7**	**366.7**	**213.6**
2026 bonds	350.0		0.0	0.0	0.0	350.0	0.0
2024 bonds	300.0		0.0	300.0	0.0	0.0	0.0
European Investment Bank loan	100.0		16.7	16.7	16.7	16.7	33.2
Financial debt component of the OCEANE bonds	180.4		0.0	0.0	0.0	0.0	180.4
Other financial debt	1.9		1.2	0.7	0.0	0.0	0.0
SHORT-TERM BORROWINGS AND FINANCIAL DEBT	**2.1**	**2.1**					
European Investment Bank loan	0.0	0.0					
Capitalized interest on bond issues	1.3	1.3					
Bank overdrafts	0.0	0.0					
Other financial debt	0.8	0.8					
TOTAL FINANCIAL DEBT EXCLUDING IFRS 16	**934.4**	**2.1**	**17.9**	**317.4**	**16.7**	**366.7**	**213.6**
%	**100.0%**	**0.2%**	**1.9%**	**34.0%**	**1.8%**	**39.2%**	**22.9%**
LEASING DEBT IFRS 16	**1,130.0**	**238.9**	**226.2**	**208.7**	**137.7**	**84.4**	**234.1**
Long-term IFRS 16 leasing debt	891.1		226.2	208.7	137.7	84.4	234.1
Short-term IFRS 16 leasing debt [(a)]	238.9	238.9					
TOTAL FINANCIAL DEBT WITH IFRS 16	**2,064.4**	**241.0**	**244.1**	**526.1**	**154.5**	**451.1**	**447.7**

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

28.2 / Leasing debt

Leasing debt is broken down as follows:

(€ million)	As of December 31, 2021	New agreements and revaluations	Devaluations	Redemptions	Change in foreign exchange rates	Reclassification	Other changes	As of December 31, 2022
Leasing debt with a maturity of less than one year	238.9	17.6	(16.8)	(230.8)	0.2	235.0	(0.5)	243.6
Leasing debt with a maturity of more than one year	891.1	268.3	(27.8)		0.8	(235.0)	(0.5)	896.9
LEASING DEBT	**1,130.0**	**285.9**	**(44.6)**	**(230.8)**	**1.0**	**0.0**	**(1.0)**	**1,140.5**

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

(€ million)	2022	2021
Y+1	243.6	238.9
Y+2	238.0	226.2
Y+3	214.8	208.7
Y+4	139.9	137.7
Y+5	82.1	84.4
More than 5 years	222.1	234.1
LEASING DEBT	**1,140.5**	**1,130.0**

Exemptions, concessions and other information related to IFRS 16

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

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

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

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

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

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

(€ million)	**2022**	**2021**
Variable rental expenses	7.5	3.3
Expenses on low-value contracts	0.8	1.0
Expenses on short-term contracts	0.3	0.7
Sublease income	1.4	0.9

(€ million)	**2022**	**2021**
Leasing commitment on short-term contracts	0.1	0.3
Finance lease assets	0.0	0.1
Finance lease liabilities	0.0	0.0
Leasehold rights reclassified as right-of-use assets	37.9	39.0

28.3 / Analysis by repayment currency

(€ million)	**2022**	**Long-term borrowings and financial debt**	**Short-term borrowings and financial debt**	**%**	**2021**	**%**
Euro	2,057.6	1,799.6	258.0	99.1%	2,041.1	98.9%
Swiss franc	18.8	14.1	4.7	0.9%	22.1	1.1%
Other currencies	0.9	0.5	0.4	0.0%	1.2	0.1%
TOTAL FINANCIAL DEBT WITH IFRS 16	**2,077.3**	**1,814.2**	**263.1**		**2,064.4**	

28.4 / Gross debt by category

The Group's gross debt is as follows:

(€ million)	**2022**	**2021**
2026 bonds	350.7	350.7
2024 bonds	300.6	300.6
European Investment Bank loan	100.0	100.0
Financial debt component of the OCEANE bonds	184.0	180.4
Other financial debt	1.5	2.7
TOTAL FINANCIAL DEBT EXCLUDING IFRS 16	**936.8**	**934.4**
Leasing debt IFRS 16	**1,140.5**	**1,130.0**
Long-term IFRS 16 leasing debt	896.9	891.1
Short-term IFRS 16 leasing debt [(a)]	243.6	238.9
TOTAL FINANCIAL DEBT WITH IFRS 16	**2,077.3**	**2,064.4**

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

NOTE 29 NET FINANCIAL DEBT

The Group's net financial debt excluding leasing debt under IFRS 16 represents negative net cash of €5.1 million as of December 31, 2022, versus surplus net cash of €246.7 million as of December 31, 2021:

(€ million)	2022	2021
Cash and cash equivalents	931.7	1,181.1
Gross financial debt	(936.8)	(934.4)
NET CASH	**(5.1)**	**246.7**

The Group's net financial debt, including lease liabilities under IFRS 16, represents net financial debt of €1,145.6 million as of December 31, 2022, versus net financial debt of €883.3 million as of December 31, 2021:

(€ million)	2022	2021
Leasing debt	1,140.5	1,130.0
Net cash	(5.1)	246.7
NET FINANCIAL DEBT WITH IFRS 16	**1,145.6**	**883.3**

NOTE 30 CASH FLOW STATEMENT

Net cash from bank overdrafts stood at €931.7 million as of December 31, 2022 and corresponds to the cash and cash equivalents presented in the cash flow statement.

(€ million)	2022	2021
CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET	**931.7**	**1,181.1**
Bank overdrafts	0.0	0.0
CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT	**931.7**	**1,181.1**

The change in cash and cash equivalents between December 31, 2021 and December 31, 2022 represented a decrease of €249.4 million.

(€ million)	2022	2021
Net cash flows from operating activities	346.5	528.3
Net cash flows from investing activities	(130.6)	(109.4)
Net cash flows from financing activities	(336.5)	(805.9)
Net cash flows from discontinued operations	(131.1)	(1.4)
Impact of changes in foreign exchange rates	2.3	0.8
NET CHANGE IN CASH	**(249.4)**	**(387.6)**

30.1 / Net cash flows from operating activities

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

(€ million)	2022	2021
Cash flow before tax, dividends and interest	571.6	637.4
Change in working capital requirement	(155.3)	(39.7)
Income tax paid	(69.8)	(69.4)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**346.5**	**528.3**

In 2022, net cash flows from operating activities generated a resource of €346.5 million, versus €528.3 million in 2021.

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

(€ million)	2022	2021
Net income from continuing operations	**103.9**	**144.5**
Additions and reversals on non-current assets and provisions for contingencies and expenses	364.0	370.1
Current proceeds from the disposal of operating assets	0.3	0.8
Non-current proceeds from the disposal of operating assets	2.0	0.3
Deferred tax income and expense	(2.4)	(11.2)
Discounting of provisions for pensions & other similar benefits	4.5	11.4
Other items with no impact on cash	(5.8)	(8.1)
Income and expense with no impact on cash	**362.6**	**363.3**
CASH FLOW	**466.5**	**507.8**
Financial interest income and expense	47.8	44.3
Dividends received	0.0	0.0
Net tax expense payable	57.3	85.3
CASH FLOW BEFORE TAX, DIVIDENDS AND INTEREST	**571.6**	**637.4**

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

30.2 / Net cash flows from investing activities

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

The operating and financial investments made by the Group in 2022 amounted to €130.6 million. In 2021, they represented an expenditure of €109.4 million.

(€ million)	**2022**	**2021**
Acquisitions of intangible assets and property, plant & equipment	(138.4)	(116.8)
Disposals of intangible assets and property, plant & equipment	7.0	0.5
Acquisitions of intangible assets, property, plant and equipment net of disposals	**(131.4)**	**(116.3)**
Change in payables on intangible assets, property, plant and equipment	8.5	7.3
Net operating investments	**(122.9)**	**(109.0)**
Net financial investments	(7.7)	(0.4)
CASH FLOWS FROM INVESTING ACTIVITIES	**(130.6)**	**(109.4)**

Acquisitions of intangible assets and property, plant and equipment net of disposals made by the Group during the 2022 financial year represented expenditure of €131.4 million. In particular, investments were used to open new points of sale, to renovate existing points of sale, to expand logistical storage and delivery capacity, to push forward with the convergence of the Fnac and Darty IT systems, and to develop websites.

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

(€ million)	**2022**	**2021**
Acquisitions of intangible assets	(72.6)	(58.5)
Acquisitions of property, plant & equipment	(65.8)	(58.3)
TOTAL ASSET ACQUISITIONS BEFORE CHANGE IN PAYABLES ON NON-CURRENT ASSETS	**(138.4)**	**(116.8)**
Disposals of intangible assets and property, plant & equipment	7.0	0.5
ACQUISITIONS OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT NET OF DISPOSALS	**(131.4)**	**(116.3)**
Change in payables on intangible assets, property, plant and equipment	8.5	7.3
TOTAL ASSET ACQUISITIONS AND DISPOSALS	**(122.9)**	**(109.0)**

The Group's net financial investments represented an outflow of €7.7 million in 2022 versus an outflow of €0.4 million in 2021.

(€ million)	**2022**	**2021**
Acquisitions and disposals of subsidiaries net of cash acquired and transferred	(1.9)	(2.0)
Acquisitions of other financial assets	(11.0)	(0.7)
Sales of other financial assets	5.2	2.3
Interest and dividends received	0.0	0.0
(NET) FINANCIAL INVESTMENTS	**(7.7)**	**(0.4)**

In 2022, acquisitions and disposals of subsidiaries net of debt represented a net cash outflow of €1.9 million linked to investments in associates, the acquisition of NeXT Services France and the payment of a price adjustment by a subsidiary. In October 2022, the Group acquired NeXT Services France (NSF), an assistance and repair company for household appliances, television, audio, video and hi-fi equipment. It also offers IT services such as audits of IT stock, info-management services and training. NSF is fully consolidated.

In 2021, acquisitions and disposals of subsidiaries net of debt represented a net outflow of €2.0 million, related to the acquisition of minority interests in Group companies.

In 2022, acquisitions of other financial assets for a cash outflow of €11.0 million related mainly to various financial investments made by the Group and, to a lesser extent, the provision of security deposits to lessors.

In 2021, the acquisition of other financial assets for an outflow of €0.7 million related to the first capital subscription call for the Raise Seed for Good holding fund, the first European venture capital fund to integrate CSR criteria into its investment and support strategy from the seed stage, to nurture the future European leaders of responsible tech.

In 2022, disposals of other financial assets for €5.2 million include an inflow of €1.0 million corresponding to the sale of Fnac Darty's entire holding in Izneo (i.e. 50% of capital), as well as an inflow of €4.2 million corresponding to a reimbursement of the nominal value of the shares held in the Daphni Purple fund for €4.6 million, partially offset by an additional call for funds in the amount of €0.4 million. As of December 31, 2022, the Group agreed to underwrite the remaining 17% of the Daphni Purple fund for €1.2 million.

Disposals of other financial assets for €2.3 million in 2021 included the return of security deposits to funding providers for €1.3 million, as well as the repayment of the nominal value of units held in the Daphni Purple fund for €1.0 million.

30.3 / Net cash flows from financing activities

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

(€ million)	**2022**	**2021**
Purchases or sales of treasury stock	(1.0)	(0.6)
Dividends paid to shareholders	(55.0)	(27.3)
Bonds issued	0.0	200.0
Bonds repaid	(1.4)	(700.0)
Repayment of leasing debt	(230.8)	(228.0)
Interest paid on leasing debt	(23.0)	(21.2)
Increase in other financial debt	0.0	0.2
Interest and equivalent payments	(24.1)	(26.7)
Financing of the Comet pension fund	(1.2)	(2.3)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(336.5)**	**(805.9)**

Net cash flows from financing activities amounted to a net outflow of €336.5 million in 2022, compared to a net resource of €805.9 million in 2021.

In 2022:

- acquisitions of treasury stock for €1.0 million correspond to financial flows related to the acquisition of Fnac Darty shares carried out under the liquidity agreement. As of December 31, 2022, the Group held 142,697 treasury shares;
- an ordinary dividend of €2.00 gross per share for 2021, representing a total amount of €53.5 million, was paid in cash as of June 23, 2022. As of December 31, 2022, dividends paid in the amount of €55.0 million are composed of €53.5 million of dividends paid by Fnac Darty to its shareholders and €1.5 million of dividends paid by Group subsidiaries to minority shareholders;
- repayments of leasing debt and interest paid on leasing debt for a total of €253.8 million, in respect of rental payments falling within the scope of IFRS 16;
- net outflows for interest paid and similar items of €24.1 million mainly include interest paid on financing instruments and fees for the use and non-use of credit lines. They also include the costs of setting up the additional delayed drawn term loan (DDTL) credit line for €1.2 million, as well as costs relating to the extension of the RCF credit line for €0.3 million.

In 2021:

- acquisitions of treasury stock for €0.6 million corresponded to financial flows related to the acquisition of Fnac Darty shares carried out under the liquidity agreement. As of December 31, 2021, the Group held 67,723 treasury shares;
- dividends paid to shareholders mainly represented the payment of the first ordinary dividend of €1.00 per Group share, paid in cash on July 7, 2021, for a total amount of €26.7 million;
- in March 2021, the Group succeeded in placing its issue of bonds with an option for conversion and/or exchange for new and/or existing shares (OCEANE), maturing in 2027, for a nominal amount of €200 million corresponding to 2,468,221 bonds with a nominal value of €81.03 per bond. Based on the initial conversion/exchange ratio of one share per bond, dilution was approximately 9.28% of the Company's outstanding share capital as of March 16, 2021;
- the issue of OCEANE bonds was allocated to the repayment of the €200 million Senior Term Loan Facility, maturing in April 2023. At the same time, the Group repaid the state-guaranteed loan in full, underwritten for €500 million in April 2020. Representing a total repayment of €700 million;
- repayments of leasing debt and interest paid on leasing debt for a total of €249.2 million, in respect of rental payments falling within the scope of IFRS 16;
- net outflows for interest paid and similar items mainly included interest paid on financing instruments and fees for the use and non-use of credit lines in the amount of €21.0 million. They also included an outflow to cover the guarantee cost of €2.5 million for the state-guaranteed loan, costs related to the extension of the RCF credit line in the amount of €1.7 million, and costs of €1.5 million associated with setting up the OCEANE bonds.

30.4 / Financing of the Comet pension fund

Financing of the Comet pension fund includes, for 2022 and 2021, management fees of the British Comet pension fund holding the pension liabilities for former Comet employees in the UK.

NOTE 31 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

31.1 / Net income from discontinued operations

(€ million)	**2022**	**2021**
INCOME FROM ORDINARY ACTIVITIES		
Cost of sales		
GROSS MARGIN	**0.0**	**0.0**
Personnel expenses		
Other current operating income and expense		
CURRENT OPERATING INCOME	**0.0**	**0.0**
Other non-current operating income and expense	(132.0)	(1.4)
OPERATING INCOME	**(132.0)**	**(1.4)**
(Net) financial expense		
PRE-TAX INCOME	**(132.0)**	**(1.4)**
Income tax	0.0	16.7
NET INCOME	**(132.0)**	**15.3**

In 2022, net income from discontinued operations represented a loss of €132.0 million, compared to a profit of €15.3 million in 2021.

On November 17, 2022, the High Court of Justice in London ordered Darty Holdings SAS, a subsidiary of Fnac Darty, to pay a total of £111.9 million (including £89.6 million in penalties and £22.3 million in interest and legal costs) with regard to the sale of Comet Group Limited by the Kesa group in 2012. In February 2020, Fnac Darty confirmed that it had been served a notice of dispute by the liquidator of Comet Group Limited against Darty Holdings SAS, in its capacity as successor to Kesa International Limited (KIL). In 2012, Kesa Holdings Limited, now dissolved, sold Comet Group, whose business was running electronic consumer goods stores in the United Kingdom. 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. In the context of this dispute, Fnac Darty has, from the outset, taken the necessary measures to defend its interests. For this reason, the Group strongly disputes the High Court’s decision and plans to use all possible means of appeal to challenge this decision (see Chapter 5, note 32.5). Payment of this amount was made in full in December 2022.

In 2022, this was primarily related to the adverse outcome of the legal proceedings in respect of the dispute relating to the disposal of the Comet Group Limited in 2012, for which the Group was ordered to pay €129.3 million (£111.9 million, of which £89.6 million in penalties and £22.3 million in interest and legal costs). The result of €132.0 million also includes €2.6 million in attorney fees incurred in connection with this dispute.

In 2021, the income from discontinued operations mainly related to the 2021 adjustment of the tax treatment of the 2020 disposal of Dutch subsidiary BCC. It also includes residual costs of €1.4 million paid in 2021 in relation to this disposal.

31.2 / Net cash flows from discontinued operations

(€ million)	2022	2021
Net cash flows from operating activities	(131.1)	(1.4)
Net cash flows from investing activities		
Net cash flows from financing activities		
NET CASH FLOWS FROM DISCONTINUED OPERATIONS	**(131.1)**	**(1.4)**

Net flows from discontinued operations in 2022 represented a cash outflow of €131.1 million, primarily related to the adverse outcome of the legal proceedings in respect of the dispute relating to the disposal of the Comet Group Limited in 2012, for which the Group was ordered to pay €129.3 million (£111.9 million, of which £89.6 million in penalties and £22.3 million in interest and legal costs). In addition, attorney fees were disbursed in connection with this dispute for €1.8 million.

Net cash flows from discontinued operations in 2021 represented a cash outflow of €1.4 million, related to the residual costs paid in 2021 in connection with the disposal of the Dutch subsidiary BCC on November 25, 2020.

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

No assets held for sale or debt associated with assets held for sale are included in the Group's financial statements as of December 31, 2022, and December 31, 2021.

NOTE 32 CONTINGENT LIABILITIES, UNRECOGNIZED CONTRACTUAL COMMITMENTS AND CONTINGENT RISKS

32.1 / Contractual obligations

The table below sets out all of the Group's contractual commitments and obligations, excluding the commitments relating to employee benefits detailed in note 26.

	Payments due according to maturity			
(€ million)	Less than one year	One to five years	More than five years	2022
Irrevocable purchase obligations	23.6	5.9	0.3	29.8
TOTAL COMMITMENTS GIVEN	**23.6**	**5.9**	**0.3**	**29.8**

	Payments due according to maturity			
(€ million)	Less than one year	One to five years	More than five years	2021
Irrevocable purchase obligations	19.3	11.3	0.3	30.9
TOTAL COMMITMENTS GIVEN	**19.3**	**11.3**	**0.3**	**30.9**

32.2 / Pledges and guarantees

In March 2021, Fnac Darty renegotiated the terms of its credit facilities by amending its RCF (Revolving Credit Facility) credit line to raise the total amount to €500 million from the previous amount of €400 million.

In parallel, the Group renegotiated the guarantees given for all its existing financial debts, namely the bond loan, the RCF credit line and the loan taken out with the European Investment Bank.

This renegotiation resulted in the complete cancellation of the guarantees pledged as security for these loans by the following companies: Fnac Darty Participations et Services, Fnac Direct, Établissements Darty et Fils, Darty Grand Est, Darty Grand Ouest, Fnac Belgium and Vanden Borre.

32.3 / Other commitments

Other commitments are as follows:

	Payments due according to maturity				
(€ million)	Less than one year	One to five years	More than five years	2022	2021
Amount of credit facility not used at period-end			500.0	500.0	500.0
Amount of undrawn additional credit line (DDTL)		300.0		300.0	0.0
Other guarantees received	38.1	35.3	13.2	86.6	81.1
TOTAL COMMITMENTS RECEIVED	**38.1**	**335.3**	**513.2**	**886.6**	**581.1**
Rent guarantees and real estate guarantees	9.5	10.9	21.1	41.5	40.3
Other commitments	53.2	2.0	163.1	218.3	214.3
TOTAL COMMITMENTS GIVEN	**62.7**	**12.9**	**184.2**	**259.8**	**254.6**

The revolving credit facility in the amount of €500 million was not drawn as of December 31, 2022 and thus represents an off-balance sheet commitment received.

Amid increased volatility on the financial markets, Fnac Darty opted to secure the refinancing of its next major €300 million bond debt maturity maturing in May 2024. Accordingly, in December 2022, the Group set up an additional undrawn bank credit line in the form of a delayed drawn term loan (DDTL) of €300 million, which may be drawn down once and only to repay the bond loan maturing in 2024. This new line is based on a banking contract with conditions similar to those of the existing RCF of €500 million. It will have a maturity of three years in the event of drawdown (December 2025), which may be extended by two years (December 2027). It also incorporates a Corporate Social Responsibility (CSR) component that will allow the Group to improve its financing conditions if the objectives, set in line with those of the strategic plan Everyday, are achieved. This option means the Group can maintain its current bond debt until it matures in May 2024 while benefiting from the low initial annual coupon, and therefore secure its level of financial expenses. This line was not drawn down as of December 31, 2022 and is thus considered an off-balance sheet commitment received. Thanks to this new undrawn bank line, the Group does not have a major repayment maturity date before 2026.

Other commitments given include a £60 million (equivalent to €67.7 million) 20-year guarantee given in 2017 (maturing July 31, 2037) by the Group to secure its obligations in the Comet pension fund in the UK.

32.4 / Group dependence on patents, licenses or supply contracts

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

32.5 / Proceedings and litigation

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

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

A preliminary question to the continuation of the main proceedings was raised in 2020 concerning the applicability to the case of Section 239 of the Insolvency Act 1986, a prerequisite for the admissibility of the dispute. At the end of proceedings on this preliminary issue, which was argued on appeal before the High Court in March 2021, an order dated April 23, 2021, concluded that the conditions of Section 239 of the Insolvency Act 1986 applied to the case at hand.

Following a ruling handed down on November 17, 2022, the High Court ordered Darty Holdings SAS, a subsidiary of Fnac Darty, to reimburse the liquidator a total of £111.9 million (€131.1 million), which included interest accrued prior to the ruling, and the reimbursement of a portion of the costs incurred by the liquidator. The judge ruled that the relevant amount must be paid to the Court pending appeal, with post-ruling interest at the rate of 8% (but noted that the parties could reach an agreement on this point) and that in return for tying up this sum, Darty Holding SAS should receive interest at a rate of approximately 2.25%. In addition, the judge granted Darty Holdings SAS permission to lodge an appeal against the ruling on a number of the grounds presented.

The Group is exploring all the options available to it, including the possibility of seeking leave to appeal to the Court of Appeal on all the grounds presented at the first instance.

In 2016, Fnac Darty launched the Fnac Connect format, dedicated to the sale of telephony and mobile products in small stores. Since the Covid crisis, complaints have been received from franchisees about this format. The Group is seeking amicable solutions with the five franchise groups that opened the fifteen stores of this type either to abandon or to adapt the Connect concept. To this end, negotiations are underway with these various partners. The latest development is that two franchisees have taken legal action against us and a ruling is expected to be handed down the summer of 2023 if no amicable agreement is reached by then.

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

The first dispute, for around €2.2 million, mainly concerns the processing of online click&collect sales at franchised stores, an issue that many franchise networks are facing in view of the growth in online sales across all sectors. The Group and Darty brought this case before the arbitrator of the Paris Commercial Court and, following several arbitration meetings, an agreement was reached under which Darty will pay each franchisee a credit note representing a total value of €300,000 for the whole of the dispute, relating to deferred rates of earnings. This agreement was ratified in a protocol approved by the judge on June 21, 2021.

The second dispute, for around €12.8 million, is based on allegations that seek to have Fnac Darty cover the impact of the closure of franchised stores during the lockdown period. Fnac Darty firmly disputes the merits of this claim. The dispute was discussed in arbitration before the Paris Commercial Court but the parties did not reach an agreement, and proceedings remain pending. The parties exchanged several sets of findings, and speeches for the defense were scheduled for January 16, 2023 before the Paris Commercial Court.

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

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

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

NOTE 33 EXPOSURE TO MARKET RISK, INTEREST RATE RISK, CURRENCY RISK AND SHARE PRICE FLUCTUATIONS

As of December 31, 2022, exposure to various market risks was as follows:

33.1 / Exposure to interest rate risks

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

		Maturity for 2022		
(€ million)	2022	Less than one year	One to five years	More than five years
Investment securities and cash	690.4	690.4	0.0	0.0
FLOATING-RATE FINANCIAL ASSETS	**690.4**	**690.4**	**0.0**	**0.0**
Other financial debt	0.0	0.0	0.0	0.0
FLOATING-RATE FINANCIAL LIABILITIES	**0.0**	**0.0**	**0.0**	**0.0**

		Maturity for 2021		
(€ million)	2021	Less than one year	One to five years	More than five years
Investment securities and cash	1,060.9	1,060.9	0.0	0.0
FLOATING-RATE FINANCIAL ASSETS	**1,060.9**	**1,060.9**	**0.0**	**0.0**
Other financial debt	0.0	0.0	0.0	0.0
FLOATING-RATE FINANCIAL LIABILITIES	**0.0**	**0.0**	**0.0**	**0.0**

Interest rate risk sensitivity analysis

The Group's debt currently consists entirely of fixed-rate financing. It mainly comprises the bond issue for €650 million, the OCEANE bonds for €200 million and the European Investment Bank loan for €100 million.

As such, there is no impact on income arising from sensitivity to interest rate fluctuations.

(€ million)	Impact on income
As of December 31, 2022	
Change of +50 basis points	0.0
Change of -50 basis points	0.0

33.2 / Exposure to currency risks

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

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

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

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

As of December 31, 2022, and December 31, 2021, these derivative instruments mainly comprised a currency hedge contract in dollars.

(€ million)	2022	US dollar
HEDGING DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS	**89.8**	**89.8**
Forwards & forward swaps	89.8	89.8

(€ million)	2021	US dollar
HEDGING DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS	**90.3**	**90.3**
Forwards & forward swaps	90.3	90.3

The Group's balance sheet exposure to non-euro currencies as of December 31, 2022 was as follows:

(€ million)	2022	US dollar	Swiss franc	Hong Kong dollar	GBP
Exposed trade receivables	13.8	2.1	11.7		
Other exposed financial assets	33.3	11.3	20.4	1.4	0.2
Exposed trade payables	37.1		36.4	0.7	
Exposed financial debt	0.0				
GROSS BALANCE SHEET EXPOSURE	**10.0**	**13.4**	**(4.3)**	**0.7**	**0.2**
Hedging instruments	13.4	13.4			
GROSS EXPOSURE AFTER MANAGEMENT	**(3.4)**	**0.0**	**(4.3)**	**0.7**	**0.2**

(€ million)	2022	US dollar	Swiss franc	Hong Kong dollar	GBP
Monetary assets	47.1	13.4	32.1	1.4	0.2
Monetary liabilities	37.1	0.0	36.4	0.7	0.0
GROSS BALANCE SHEET EXPOSURE	**10.0**	**13.4**	**(4.3)**	**0.7**	**0.2**
Hedging instruments	13.4	13.4			
GROSS EXPOSURE AFTER MANAGEMENT	**(3.4)**	**0.0**	**(4.3)**	**0.7**	**0.2**

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

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

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

Currency risk sensitivity analysis

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

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

33.3 / Exposure to risks of share price fluctuations

In the context of its current operations, the Group trades the shares issued by the Group. As of December 31, 2022, no derivative instrument was used to hedge equity risk in the sense of IFRS 9.

33.4 / Other market risks – Credit risks

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

33.5 / Liquidity risk

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

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

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

Cash flow relating to currency derivatives is not material.

	2022				
(€ million)	**Book value**	**Cash flows**	**Less than one year**	**One to five years**	**More than five years**
Other financial debt	2,077.3	(2,077.3)	(263.1)	(1,575.6)	(238.6)
Trade payables	1,965.1	(1,965.1)	(1,965.1)		
TOTAL	**4,042.4**	**(4,042.4)**	**(2,228.2)**	**(1,575.6)**	**(238.6)**

	2021				
(€ million)	**Book value**	**Cash flows**	**Less than one year**	**One to five years**	**More than five years**
Other financial debt	2,064.4	(2,064.4)	(241.0)	(1,375.7)	(447.7)
Trade payables	2,036.9	(2,036.9)	(2,036.9)		
TOTAL	**4,101.3**	**(4,101.3)**	**(2,277.9)**	**(1,375.7)**	**(447.7)**

NOTE 34 ACCOUNTING CLASSIFICATION AND MARKET VALUE OF FINANCIAL INSTRUMENTS

	2022	Breakdown by accounting classification					2021
(€ million)	Market value	Balance sheet value	Fair value through profit or loss	Fair value through equity	Amortized cost	valuation level	Balance sheet value
NON-CURRENT ASSETS							
Non-current financial assets	44.4	44.4	23.7		20.7		40.2
Debt instruments at fair value	*23.7*	*23.7*	*23.7*			*Level 2*	*19.7*
Deposits and guarantees	*20.4*	*20.4*			*20.4*		*20.2*
Other non-current financial assets	*0.3*	*0.3*			*0.3*		*0.3*
CURRENT ASSETS							
Trade receivables	249.5	249.5			249.5		303.9
Other current financial assets	19.1	19.1	9.4		9.7		9.4
Derivative instrument assets with hedge accounting						*Level 2*	*0.5*
Other current financial assets	*19.1*	*19.1*	*9.4*		*9.7*		*8.9*
Cash and cash equivalents	931.7	931.7	931.7			Level 1	1,181.1
NON-CURRENT LIABILITIES							
Long-term borrowings and financial debt	1,769.4	1,814.2			1,814.2		1,823.4
2026 bonds	*332.6*	*350.0*			*350.0*	*Level 1*	*350.0*
2024 bonds	*294.2*	*300.0*			*300.0*	*Level 1*	*300.0*
Long-term leasing debt	*896.9*	*896.9*			*896.9*		*891.1*
European Investment Bank loan	*83.3*	*83.3*			*83.3*		*100.0*
Medium-term credit facility	*0.0*	*0.0*			*0.0*		*0.0*
Financial debt component of the OCEANE bonds	*162.4*	*184.0*			*184.0*		*180.4*
Other financial debt	*0.0*	*(0.0)*			*(0.0)*		*1.9*
CURRENT LIABILITIES							
Short-term borrowings and financial debt	263.1	263.1			263.1		241.0
European Investment Bank loan	*16.7*	*16.7*			*16.7*		*0.0*
Capitalized interest on bond issues	*1.3*	*1.3*			*1.3*		*1.3*
Short-term leasing debt	*243.6*	*243.6*			*243.6*		*238.9*
Other financial debt	*1.5*	*1.5*			*1.5*		*0.8*
Other current financial liabilities	10.2	10.2	0.0	0.3	9.9		8.7
Derivative instrument liabilities with hedge accounting	*0.3*	*0.3*		*0.3*	*0.0*	*Level 2*	
Other current financial liabilities	*9.9*	*9.9*			*9.9*		*8.7*
Trade payables	1,965.1	1,965.1			1,965.1		2,036.9

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

- **level 1 category:** financial instruments quoted on an active market;
- **level 2 category:** financial instruments for which the fair value measurement uses valuation techniques based on observable market parameters; and
- **level 3 category:** financial instruments for which the fair value measurement uses valuation techniques based on unobservable parameters (parameters whose value is produced by assumptions that are not based on observable transaction prices on the markets on the same instrument, or on observable market data available at period-end) or on parameters that are only partially observable.

NOTE 35 RELATED PARTY TRANSACTIONS

Related party having control over Fnac Darty

As of December 31, 2022, the Ceconomy Retail International group held 24.2% of the share capital and 24.2% of the voting rights of Fnac Darty. In 2022, there were no transactions between Fnac Darty consolidated companies and the Ceconomy Retail International group. Ceconomy does not have a representative on the board of Fnac Darty.

As of December 31, 2022, the Vesa Equity Investments company held 23.0% of the share capital and 23.0% of the voting rights in Fnac Darty. There were no transactions between any Fnac Darty consolidated companies and VESA Equity Investments. Vesa Equity does not have a representative on the board of Fnac Darty.

As of December 31, 2022, Indexia Développement, formerly SFAM Group, held 11.3% of the share capital and 11.3% of the voting rights of Fnac Darty and did not have a representative on the Fnac Darty Board of Directors. Therefore, Indexia Développement is not a related party.

As of December 31, 2021, the Ceconomy Retail International group held 24.3% of the share capital and 24.3% of the voting rights of Fnac Darty. In 2021, there were no transactions between Fnac Darty consolidated companies and the Ceconomy Retail International group. Ceconomy did not have a representative on the board of Fnac Darty.

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

NOTE 36 COMPENSATION OF EXECUTIVE OFFICERS

Short-term benefits

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

(€ million)	2022 [(a)]	2021 [(a)]
Short-term benefits	8.5	10.0
Severance packages	0.0	0.1

(a) Amounts including employee social security expenses.

Long-term benefits

In 2022, two multi-year variable remuneration plans based on bonus shares expired.

In line with IFRS 2, the number of instruments expiring, canceled and allotted during the year was updated. The volatility rate of the Fnac Darty share price was set at 35% for plans granted in 2020 and 2021, and 27% for plans granted in 2022. The expense measured in accordance with IFRS 2 of these multi-year compensation plans amounted to €3.6 million expensed in 2021 and €6.3 million in 2022. Final vesting of these multi-year plans is subject to performance and continued employment conditions. All these plans are listed in Chapter 5, note 7.

The second tranche of the 2019 bonus share plan and the 2019 bonus share plan for the Executive Corporate Officer expired on May 22, 2022. In light of the Fnac Darty share performance conditions based on the Company's total shareholder return (TSR) compared to that of companies in the SBF 120, the achievement of a target level of free cash-flow, and the performance condition linked to the Company's social and environmental responsibility assessed via analysis of the Group's non-financial ratings (detailed in note 7.1 "Bonus share plan" in the Notes to the consolidated financial statements), 70% of the shares were vested for the beneficiaries and the Executive Corporate Officer in service on May 22, 2022.

NOTE 37 STATUTORY AUDITORS' FEES

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

	2022							
	Deloitte & Associés				KPMG			
	Statutory Auditors		Network		Statutory Auditors		Network	
(€ million)	Amount	%	Amount	%	Amount	%	Amount	%
Certification and limited half-year review of parent company and consolidated financial statements								
■ Issuer	0.3	43%		0%	0.2	29%		0%
■ Fully consolidated subsidiaries	0.4	57%	0.2	100%	0.5	71%	0.1	50%
SUBTOTAL	**0.7**	**100%**	**0.2**	**100%**	**0.7**	**100%**	**0.1**	**50%**
Services other than certification of financial statements								
■ Issuer	0.0	0%		0%	0.0	0%		0%
■ Fully consolidated subsidiaries	0.0	0%		0%	0.0	0%	0.1	50%
SUBTOTAL	**0.0**	**0%**	**0.0**	**0%**	**0.0**	**0%**	**0.1**	**50%**
TOTAL	**0.7**	**100%**	**0.2**	**100%**	**0.7**	**100%**	**0.2**	**100%**

	2021							
	Deloitte & Associés				KPMG			
	Statutory Auditors		Network		Statutory Auditors		Network	
(€ million)	Amount	%	Amount	%	Amount	%	Amount	%
Certification and limited half-year review of parent company and consolidated financial statements								
■ Issuer	0.2	33%		0%	0.2	29%		0%
■ Fully consolidated subsidiaries	0.4	67%	0.2	100%	0.5	71%	0.1	100%
SUBTOTAL	**0.6**	**100%**	**0.2**	**100%**	**0.7**	**100%**	**0.1**	**100%**
Services other than certification of financial statements								
■ Issuer	0.0	0%		0%	0.0	0%		0%
■ Fully consolidated subsidiaries	0.0	0%		0%	0.0	0%		0%
SUBTOTAL	**0.0**	**0%**	**0.0**	**0%**	**0.0**	**0%**	**0.0**	**0%**
TOTAL	**0.6**	**100%**	**0.2**	**100%**	**0.7**	**100%**	**0.1**	**100%**

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

NOTE 38 POST-BALANCE SHEET EVENTS

Refocusing the number of points of sale in Switzerland

In order to significantly strengthen the presence of the Fnac brand in all regions of Switzerland, the company entered into a partnership for the deployment of 27 shop-in-shops within Manor stores, the last of which were opened in the first half of 2022. However, the difficult economic climate in Switzerland, with a particular impact on Manor, led the Group make an announcement at the end of January 2023 concerning the refocusing of its partnership on 17 priority points of sale for the two brands, mainly in French-speaking Switzerland. Therefore, Fnac Switzerland and Manor are continuing their commercial commitment to operate shop-in-shops for Fnac cultural products, domestic appliances and technology within Manor stores. At the end of the first half of 2023, Fnac's presence will have tripled on the Swiss market in less than three years, with 26 stores (9 integrated stores and 17 shop-in-shops within Manor). The market remains an important region for the Group, which will continue to invest there.

Dividend

Fnac Darty will propose that the General Meeting scheduled for May 24, 2023 approves the distribution of a dividend of €1.40 per share. This amount represents a payout ratio of 38% of net income, Group share from continuing operations, in line with last year and with the shareholder return policy set out in the strategic plan Everyday.

Shareholders will be offered the option of receiving the full dividend either in cash or in new shares of the company. Subject to the approval of the General Meeting, the price of the new shares issued in payment of the dividend will be 95% of the average opening price of the share during the 20 trading days prior to the General Meeting, less the net dividend amount and rounded up to the nearest euro cent.

The ex-date is June 13, 2023 and the payment date (or date for issue of new shares) is July 6, 2023. Shareholders may choose to receive the dividend payment in newly issued shares between June 15, 2023 and June 29, 2023 inclusive. If the shareholder has not chosen the option of payment in new shares, they will receive the dividend in cash on the payment date.

Energy

In 2023, the Group's energy costs are expected to rise sharply with energy prices higher than last year and taking into account the Group's different sources of supply, which can be broken down as follows:

- as in 2022, about half of the volumes will be subject to the ARENH [1], for which the rate is expected to remain stable compared to 2022, at €42/MWh;
- almost 10% of the volumes will come from the corporate PPA [2], signed by the Group with Valeco at the beginning of 2022 and which will come into force in mid-2023;
- the remainder, approximately 40% of volumes, will be subject to market rates. The Group hedges this remainder on a rolling basis throughout the year on a standard Bloc + Spot contract in order to benefit from any fall in market prices.

  In addition to the market context of a generalized increase in energy costs, there is the contractual failure of our historical electricity supplier. Although Fnac Darty had signed a contract with Solvay Energy Services, a wholly owned subsidiary of the Solvay Group, enabling it to cover itself against a possible price increase during peak network hours (Monday to Friday from 8 am to 8 pm), also known as Peakload hours, for the 2020 to 2024 volumes, pressure on energy prices resulted in Solvay wanting to unilaterally revise the agreed price calculation formula for the Group's 2023 and 2024 volumes, at the time that Fnac Darty was about to begin setting its supplies for 2023 and 2024.

  As no agreement could be reached between the parties to revise the agreed price formula and as Fnac Darty considered Solvay's request for revision to be unjustified and excessive, the Group was forced to duly note of the early termination of the contract and to urgently find a new leading supplier within a tense environment in order to benefit from the ARENH scheme. As a result, the Group has started legal action against Solvay to compensate for the financial damage caused.

At the same time, Fnac Darty is stepping up its ambition to reduce energy consumption with a massive investment plan for its stores, which account for nearly 80% of the Group's total energy consumption in France. The share of investment dedicated each year to the store network will be largely allocated to reducing energy consumption as part of the energy efficiency plan. The Group is also working to install more energy-efficient and better-controlled systems in all of its Fnac and Darty integrated stores by the end of 2024. This involves equipping the stores with LED lighting and installing a centralized system to control the heating and air conditioning (BMS/TCM). The Group's objective is to reduce electricity consumption in France by at least 15% by 2024 compared to 2022 [3]. In any case, the investments of nearly €20 million allocated to this project will be included in the standard annual budget of around €120 million.

Consequently, for the year 2023, the Group expects a significant increase in its energy-related costs estimated at between +€30 million and +€50 million. The impact on the second half of the year should be less significant than on the first part of the year, given the initial positive effects of investments to reduce consumption in stores and potentially lower market rates.

Statement of objections received by Darty

As highlighted in the press release published by the Group on March 3, 2023, several players in the domestic appliances manufacturing and retail sector have received a statement of objections from the investigation services of the French Competition Authority (*Autorité de la concurrence* – ADLC) in which a number of suppliers are accused of having taken part in a vertical agreement with some of their retailers.

Of all the objections raised by the ADLC, only one concerns Darty and covers a limited period ending in December 2014, i.e. almost 10 years ago, and therefore prior to Fnac's acquisition of Darty in 2016. Moreover, this objection relates to a limited number of well-identified product categories only.

A statement of objections in no way implies the guilt of the companies concerned. Only once the investigation has been completed and following an all-party hearing, will the Board of the French Competition Authority determine, with complete independence, whether the objections are well-founded.

(1) ARENH: Accès régulé à l'electricité nucléaire historique *(regulated access to historic nuclear energy).*
(2) Power purchase agreement.
(3) Consumption adjusted to unified degree days; i.e. adjusted to standard weather (based on a benchmark climate calculated using the average of the last 20 years).

Conclusions and outlook

The objectives presented below are based on data, assumptions and estimates considered reasonable by the Group at the date of filing this document.

These data and assumptions may change or be modified due to uncertainties related to the financial, accounting, competitive, regulatory and tax environment or other factors of which the Group is not aware at the date of filing this document.

In addition, the achievement of forecasts requires the successful implementation of the Group's strategy. As such, the Group makes no commitment or assurances that the forecasts set out in this section will be achieved.

The objectives presented below and the underlying assumptions have also been prepared in accordance with the provisions of Delegated Regulation (EU) 2019/980, supplementing Regulation (EU) 2017/1129, and the ESMA's recommendations on forecasts.

Assumptions:

The uncertain environment is expected to have an ongoing impact during 2023, resulting in a further contraction in volumes due to sluggish consumption coupled with rising prices.

In this context, and on a comparable basis to historical financial information, and in accordance with the accounting policies applied to the Group's consolidated financial statements for the year ended December 31, 2022 as described in the consolidated financial statements, and without any major regulatory and macroeconomic changes compared to 2022, the Group is expected to post slightly lower sales in the first half of 2023, coupled with a sharp rise in costs, particularly for energy, with an expected increase of between +€30 million and +€50 million. However, the Group is expected to benefit from less unfavorable market conditions in the second half with inflation expected to be lower than in the first half.

Group objectives:

As a result, the Group will ensure that it:

- remain fully committed to continuing to outperform the markets thanks to its operational agility and the complementary nature of its stores and websites, important assets in markets with reduced visibility;
- maintain its gross margin level as much as possible thanks to a positioning focused on premium products, which allows the Group to pass on price increases more easily, and to a growing contribution from services, which guarantee differentiation from other retailers;
- continue its tight cost control through performance plans that offset a significant portion of the inflation in 2022 (see section 4.1.2.2). In 2023, in an environment where inflation is expected to weigh more heavily on costs, especially energy and payroll costs, the Group will be particularly attentive to limiting this cost increase as much as possible through performance plans expected to be at least twice the level of previous years;
- carefully manage its goods purchasing policy and maintains a controlled level of inventories with good rotation, essential in a market with limited visibility on consumption;
- adjust its operational investment budget in line with the standard level of investment announced in the strategic plan Everyday. Also, after a year in which investments amounted to €131 million in 2022, the Group is aiming for a maximum operational investment budget of €120 million in 2023.

Accordingly, the Group expects current operating income for 2023 to be around €200 million, in line with or higher than 2022 excluding the impact of the expected increase in energy costs. In addition, the fall in current operating income in 2023 is expected to be more pronounced in the first half of the year than in the second half, due to the greater weight of fixed costs in the business and higher energy costs in that period.

Furthermore, the Group confirms the objectives announced in the press release estimating its 2022 performance published on January 17, 2023. The Group also aims to achieve cumulative free cash-flow from operations excluding IFRS 16 of approximately €500 million over the 2021-2024 period, and free cash-flow from operations excluding IFRS 16 of at least €240 million on an annual basis from 2025.

These objectives are derived from the Group's budgeting and medium-term planning processes and have been prepared on a basis comparable to historical financial information and in accordance with the accounting policies applied to the Group's consolidated financial statements for the year ended December 31, 2022, as described in the consolidated financial statements, without any major regulatory and macroeconomic changes compared to 2022.

NOTE 39 LIST OF SUBSIDIARIES CONSOLIDATED AS OF DECEMBER 31, 2022

The Group's subsidiaries are as follows:

- Fully consolidated: F
- Consolidated under the equity method: E

Fnac Darty consolidation scope as of December 31, 2022

Company	% interest			
	12/31/2022		12/31/2021	
Fnac Darty (parent company)				
FNAC BANNER				
France				
Alizé – SFL	F	100.00	F	100.00
Codirep	F	100.00	F	100.00
Fnac Darty Participations et Services	F	100.00	F	100.00
Fnac Accès	F	100.00	F	100.00
Fnac Appro Groupe	F	100.00	F	100.00
Fnac Darty Captive Solutions	F	100.00	F	100.00
Fnac Direct	F	100.00	F	100.00
Fnac Logistique	F	100.00	F	100.00
Fnac Paris	F	100.00	F	100.00
Fnac Périphérie	F	100.00	F	100.00
Fnac Tourisme	Merged in September 2022		F	100.00
France Billet	F	52.00	F	52.00
Izneo	Sold in May 2022		E	50.00
MSS	F	100.00	F	100.00
Relais Fnac	F	100.00	F	100.00
Tick & Live	F	26.00	F	26.00
WeFix	F	100.00	F	100.00
WeFix Immo	F	100.00	F	100.00
123Billets (Billetreduc.com)	F	52.00	F	52.00
CTS Eventim France	F	52.00	F	52.00
Minteed	E	25.00	/	0.00
Repair & Run	E	18.03	/	0.00
Belgium				
Belgium Ticket	F	39.00	F	39.00
Fnac Belgium	F	100.00	F	100.00
WeFix (Belgium)	F	100.00	F	100.00
Luxembourg				
Fnac Luxembourg	F	100.00	F	100.00
Spain				
Fnac España	F	100.00	F	100.00
Monaco				
Fnac Monaco	F	100.00	F	100.00

Company	% interest 12/31/2022		% interest 12/31/2021	
Portugal				
Fnac Portugal	F	100.00	F	100.00
Switzerland				
Fnac Suisse	F	100.00	F	100.00
Swissbillet	F	100.00	F	100.00
Germany				
WeFix (Germany)	Dissolved in April 2022		F	100.00
DARTY BANNER				
United Kingdom				
Darty Limited	F	100.00	F	100.00
Kesa Holdings Limited	Dissolved in March 2022		F	100.00
France				
Fnac Darty Services	F	100.00	F	100.00
Darty Holdings SAS	F	100.00	F	100.00
Kesa France SA	F	99.71	F	99.71
Participations Distribution Services SNC	F	99.71	F	99.71
Darty Développement SAS	F	99.71	F	99.71
A2I Darty Ouest SNC	F	99.71	F	99.71
A2I Darty Rhône Alpes SNC	F	99.71	F	99.71
A2I Île-de-France SNC	F	99.71	F	99.71
Compagnie Européenne de Commerce et de Distribution SAS (CECD)	F	100.00	F	100.00
Etablissements Darty & Fils SAS	F	99.71	F	99.71
Darty Grand Ouest SNC	F	99.71	F	99.71
Darty Grand Est SNC	F	99.71	F	99.71
NeXT Services France (NSF)	F	100.00	/	0.00
Belgium				
Fnac Vanden Borre	F	100.00	F	100.00
New Vanden Borre Transport NV	F	100.00	F	100.00
VDBK (Vanden Borre Kitchen)	E	50.00	E	50.00
Other countries				
Darty Asia Consulting Limited (CH)	F	100.00	F	100.00
Fnac Darty Asia Limited (HK)	F	100.00	F	100.00
NATURE & DÉCOUVERTES BANNER				
France				
Nature & Découvertes	F	100.00	F	100.00
Terre d'Oc Évolution	F	100.00	F	100.00
Belgium				
Nimmer Dor Belgie	F	100.00	F	100.00
Luxembourg				
Nimmer Dor Luxembourg	F	100.00	F	100.00
Germany				
Nature & Découvertes Deutschland	F	100.00	F	100.00

NOTE 40 EXCHANGE RATES USED FOR THE TRANSLATION OF COMPANIES WORKING WITH FOREIGN CURRENCY

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

	2022		2021	
for €1	**Closing rate**	**Average rate**	**Closing rate**	**Average rate**
Pound sterling	0.89	0.85	0.84	0.86
Swiss franc	0.98	1.00	1.03	1.08

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

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

5.3 / Parent company financial statements as of December 31, 2022 and 2021

INCOME STATEMENT

(€ million)	Notes	2022	2021
Operating income		10.8	12.3
Operating expenses		(15.1)	(15.9)
OPERATING INCOME (LOSS)	**3**	**(4.3)**	**(3.6)**
Charges and interest on debt owed to non-Group entities		(19.2)	(19.6)
Additions/reversals of impairment provisions		22.1	68.0
Other financial income and expense		2.4	0.6
NET FINANCIAL INCOME	**4**	**5.3**	**49.0**
CURRENT INCOME (LOSS) BEFORE TAX		**1.0**	**45.4**
Non-recurring income	5	(1.7)	(2.7)
Employee profit-sharing		0.0	0.0
Income tax	6	32.8	31.4
NET INCOME (LOSS) FOR THE PERIOD		**32.1**	**74.1**

BALANCE SHEET ASSETS

(€ million)	Notes	Gross value	Amortization, depreciation, provisions	As of December 31, 2022 Net value	As of December 31, 2021 Net value
NON-CURRENT ASSETS					
Equity investments		1,955.2	0.0	1,955.2	1,928.6
Other non-current financial assets		295.0	0.0	295.0	298.1
TOTAL NON-CURRENT FINANCIAL ASSETS	**7**	**2,250.2**	**0.0**	**2,250.2**	**2,226.7**
Property, plant and equipment and intangible assets	8	0.0	0.0	0.0	0.0
TOTAL NON-CURRENT ASSETS		**2,250.2**	**0.0**	**2,250.2**	**2,226.7**
CURRENT ASSETS					
Receivables	9	27.5	0.0	27.5	42.7
Investment securities	10	8.0	0.0	8.0	0.0
Cash and cash equivalents	10	3.8	0.0	3.8	3.7
TOTAL CURRENT ASSETS		**39.3**	**0.0**	**39.3**	**46.4**
TOTAL ASSETS		**2,289.5**	**0.0**	**2,289.5**	**2,273.1**

BALANCE SHEET LIABILITIES

(€ million)	Notes	As of December 31, 2022	As of December 31, 2021
Shareholders' equity			
Share capital		26.9	26.8
Additional paid-in capital		971.0	971.0
Reserves		2.7	2.6
Retained earnings		223.3	202.7
Regulatory provisions		26.9	26.9
Net profit (loss) for the period		32.1	74.1
TOTAL SHAREHOLDERS' EQUITY	**11**	**1,282.9**	**1,304.1**
Provisions			
Provisions for contingencies and expenses	12	6.2	0.6
Debts			
Bonds	13	651.7	651.7
OCEANE [(a)]	13	200.0	200.0
Other financial debt	13	100.4	100.4
Other debts	14	48.3	16.3
TOTAL LIABILITIES		**2,289.5**	**2,273.1**

(a) OCEANE = bonds convertible into new or existing shares.

CASH FLOW STATEMENT

(€ million)	Notes	2022	2021
Net income		32.1	74.1
Income and expense with no impact on cash		(21.1)	(66.5)
CASH FLOW		**11.0**	**7.6**
Change in working capital requirements		48.0	312.9
CHANGE IN CASH FLOW FROM OPERATING ACTIVITIES	**16**	**59.0**	**320.5**
(Acquisitions)/disposals of non-current operating assets		0.0	0.0
Change in non-current financial assets		3.1	(289.2)
CHANGE IN CASH FLOW FROM INVESTING ACTIVITIES	**16**	**3.1**	**(289.2)**
Net change in financial debt		(0.6)	(504.6)
Change in shareholders' equity		0.0	0.0
Dividends paid		(53.5)	(26.7)
CHANGE IN CASH FLOW FROM FINANCING ACTIVITIES	**16**	**(54.1)**	**(531.3)**
CHANGE IN CASH POSITION		**8.1**	**(499.9)**
CASH AT BEGINNING OF PERIOD		**3.7**	**503.6**
CASH AT END OF PERIOD		**11.8**	**3.7**

CHANGE IN SHAREHOLDERS' EQUITY AND OTHER CAPITAL

(€ million before appropriation of earnings)	Number of shares outstanding [(a)]	Share capital	Additional paid-in capital and other shareholders' equity	Reserves and retained earnings	Net profit (loss) for the period	Shareholders' equity
AS OF DECEMBER 31, 2020	26,608,571	26.6	971.2	330.3	(73.0)	1,255.0
Appropriation of 2020 earnings				(73.0)	73.0	0.0
Capital increase	152,547	0.2	(0.2)			0.0
Regulatory provisions				1.7		1.7
Dividends				(26.7)		(26.7)
2021 Profit/Loss					74.1	74.1
AS OF DECEMBER 31, 2021	26,761,118	26.8	971.0	232.2	74.1	1,304.1
Appropriation of 2021 earnings				74.1	(74.1)	0.0
Capital increase	110,735	0.1	0.0			0.1
Regulatory provisions						0.0
Dividends				(53.5)		(53.5)
2022 Profit/Loss					32.1	32.1
AS OF DECEMBER 31, 2022	26,871,853	26.9	971.0	252.9	32.1	1,282.9

(a) €1 nominal value of shares.

5.4 / Notes to the company financial statements for the year ended December 31, 2022

NOTE 1 HIGHLIGHTS OF THE PERIOD

Dividends paid

In 2022, Fnac Darty followed its policy of providing a return to shareholders. An ordinary dividend of €2.00 gross per share for the financial year 2021, representing a total amount of €53.5 million, was allocated to the first half of the year 2022. The ex-dividend date was June 21, 2022, and the dividend was paid in cash on June 23, 2022.

Securitization of financial debt

Amid increased volatility on the financial markets, Fnac Darty opted to secure the refinancing of its next major €300 million bond debt maturity maturing in May 2024. On December 16, 2022, the Group set up an additional undrawn bank credit line in the form of a delayed drawn term loan (DDTL) of €300 million, which may be drawn down once and only to repay the bond loan maturing in 2024. This new line is based on a banking contract with conditions similar to those of the existing RCF of €500 million. Its maturity will be three years if drawn down, which may be extended by two years. It also incorporates a Corporate Social Responsibility (CSR) component that will allow the Group to improve its financing conditions if the objectives, set in line with those of the strategic plan Everyday, are achieved. This option means the Group can maintain its current bond debt until it matures in May 2024 while benefiting from the low initial annual coupon, and therefore secure its level of financial expenses.

Bonus share plan

On the recommendation of the Appointments and Compensation Committee, on May 18, 2022, the Board of Directors decided to award bonus shares to certain Group employees (173 beneficiaries) in order to make them partners in the Company's performance through an increase in the value of its stock. Settlement will be in equity instruments. This first plan awarded in 2022 applies to French residents only.

The duration of this plan is three years (May 18, 2022 – May 17, 2025). These shares will be vested upon expiration of a vesting period (May 18, 2022 to May 17, 2025), subject to the beneficiary's continued employment within the Group at the end of the vesting period. The vesting of these shares will be subject to a Fnac Darty share performance condition based on the Company's total shareholder return (TSR) compared to that of a selection of companies in the general public retail sector, as measured in 2025 for the 2022–2024 period in respect of the entire period, and to performance conditions associated with achieving a target level of free cash-flow assessed in 2025 upon publication of the Group's annual results for 2024, taking into account the cash flow generated by the Group during 2022, 2023 and 2024, for the entire period, as well as to performance conditions associated with the Company's Corporate Social Responsibility performance assessed in 2025 by taking into account the average annual increase in the Group's sustainability score and the average annual reduction in CO_2 emissions for 2022, 2023 and 2024, over the entire period.

On the recommendation of the Appointments and Compensation Committee, on May 18, 2022, the Board of Directors decided to award bonus shares to certain Group employees (56 beneficiaries) other than the Executive Corporate Officer in order to make them partners in the Company's performance through an increase in the value of its stock. Settlement will be in equity instruments. This second plan awarded in 2022 applies primarily to non-French residents.

The duration of this plan is three years (May 18, 2022 – May 17, 2025). These shares will be vested upon expiration of a vesting period (May 18, 2022 to May 17, 2025), subject to the beneficiary's continued employment within the Group at the end of the vesting period. The vesting of these shares will be subject to a Fnac Darty share performance condition based on the Company's total shareholder return (TSR) compared to that of a selection of companies in the general public retail sector, as measured in 2025 for the 2022–2024 period in respect of the entire period, and to performance conditions associated with achieving a target level of free cash-flow assessed in 2025 upon publication of the Group's annual results for 2024, taking into account the cash flow generated by the Group during 2022, 2023 and 2024, for the entire period, as well as to performance conditions associated with the Company's Corporate Social Responsibility performance assessed in 2025 by taking into account the average annual increase in the Group's sustainability score and the average annual reduction in CO_2 emissions for 2022, 2023 and 2024, over the entire period.

On the recommendation of the Appointments and Compensation Committee, on May 18, 2022, the Board of Directors decided to award bonus shares to certain Group employees (49 beneficiaries) other than the Executive Corporate Officer. Settlement will be in equity instruments. This third, specific plan awarded in 2022 applies to French residents only.

The duration of this plan is three years (May 18, 2022 – May 17, 2025).

This plan is not subject to performance conditions and aims to recognize the commitment of managers who have not yet been awarded Fnac Darty bonus shares in the past (or on an exceptional basis). The vesting of the shares is subject to the beneficiary's continued employment within the Group on the maturity date of this plan.

The second tranche of the 2019 bonus share plan and the 2019 bonus share plan for the Executive Corporate Officer expired on May 22, 2022. In light of the Fnac Darty share performance conditions based on the Company's total shareholder return (TSR) compared to that of companies in the SBF 120, the achievement of a target level of free cash-flow, and the performance condition linked to the Company's social and environmental responsibility assessed via analysis of the Group's non-financial ratings (detailed in note 7.1 "Bonus share plan" in the Notes to the consolidated financial statements), 70% of the shares were vested for the beneficiaries and the Executive Corporate Officer in service on May 22, 2022.

The 2020 special bonus share plan expired on June 15, 2022, for foreign residents.

This plan was implemented in the specific context of Covid-19 and allowed certain Group employees, with the express exclusion of the Executive Corporate Officer, to receive all or part of their annual variable compensation for 2019 in the form of bonus shares.

This plan was not subject to continued employment or performance conditions.

NOTE 2 ACCOUNTING PRINCIPLES AND POLICIES

The annual financial statements for 2022 were drawn up in accordance with the provisions of ANC Regulation 2016-07 on the French General Accounting Plan, established by the French accounting standards authority on November 4, 2016, and approved by the Ministerial Order of December 26, 2016 (*Official Journal* of December 28, 2016, updated for all regulations amending it thereafter).

General accounting conventions were applied with respect to the principle of prudence and in accordance with basic assumptions (going concern, consistency of accounting policies from one period to the next, independence of periods) and in accordance with the general rules for preparation and presentation of annual financial statements.

These financial statements are presented in euros, Fnac Darty's functional currency. The following tables contain individually rounded data. The arithmetical calculations based on rounded data may present some differences with the aggregates or subtotals reported.

The basic method used to value the items recognized in the accounts is the historical cost method. The principal methods used are as follows:

2.1 / Non-current financial assets

Equity investments

Securities are classified as "Equity investments" when their ownership is deemed useful to the Company's operations, particularly because it enables influence or control over the issuing company.

On the entry date, equity investments are recognized at the acquisition cost, including transfer taxes, fees, commissions and legal costs. The Company opted for including the acquisition costs in the entry cost of the shares.

Since the Darty Group was acquired by the Fnac Group, the value-in-use of the equity investments of Fnac Darty Participations et Services (FDPS) and Darty Limited held by Fnac Darty SA, has been determined on the basis of the observation of Fnac Darty's market capitalization on the combined value of the two distinct sub-entities.

As a result of synergies and the Group's operational reorganization, which was gradually implemented and finalized in 2022, both sub-entities are valued as a unique entity in the Group's discounted cash flows. Consequently, as of the 2022 financial year, the Group has decided to monitor the valuation of FDPS and Darty Limited equities on the basis of the intrinsic value generated by the discounted future cash flows that FDPS and Darty Limited and their respective subsidiaries contribute to the Fnac Darty Group. By applying economic criteria, this value-in-use can be allocated between the two subsidiaries. This valuation takes the Company's debt into account.

When the value in use is lower than the book value, an impairment is recorded for the amount of this difference.

As of December 31, 2022, the effect of this change in accounting estimates resulted in a reversal of the impairment provision for €26.6 million. Following this recovery, the net book value of the Darty Limited shares is €1,116.8 million.

Treasury stock

Treasury stock acquired under a liquidity agreement is recorded in other non-current financial assets. Treasury stock is recognized on the delivery date at acquisition price excluding transaction fees. At the time of sale, the cost price of the shares transferred was established using the First-In-First-Out (FIFO) method.

As of December 31, 2022, Fnac Darty holds 142,697 treasury shares.

2.2 / Receivables and payables

Receivables and payables are recognized at nominal value. Where appropriate, receivables are provisioned to take into account any potential recovery difficulties.

2.3 / Investment securities and cash and cash equivalents

Investment securities are recognized in the balance sheet at their acquisition price.

Acquisition costs of investment securities are expensed in accordance with the option provided by Article 321-10 of the French General Accounting Plan applicable to marketable securities.

Potential impairment provisions are determined by comparing this value with the probable trading value or average share price from the previous month for listed securities.

Mutual fund (Sicav)

Mutual fund (Sicav) shares are recognized at their acquisition cost. They are estimated at period-end at their net asset value. Any unrealized capital loss is provisioned for impairment. Any unrealized capital gain is not taken into account.

2.4 / Tax consolidation

Fnac Darty notified the French tax authorities in writing on March 15, 2013, that the Company and all of its subsidiaries were opting for the tax consolidation rules for groups implemented by Article 68 of the 1988 finance law. The tax consolidation agreement took effect on January 1, 2013.

The tax consolidation agreement entered into on July 1, 2013 between Fnac Darty and its subsidiaries and second-tier subsidiaries is effective from January 1, 2013. As of December 31, 2022, it covered 30 companies.

Under these rules, Fnac Darty acts as a corporate tax collector for the subsidiaries and is solely responsible for paying this tax to the Public Treasury.

Conditions for distribution of the corporate income tax are as follows:

- the tax paid by each subsidiary is the same as the tax the subsidiary would have incurred if it had not been consolidated for tax purposes; and
- Fnac Darty immediately takes into account the tax savings or expense resulting from the difference between the sum of the tax that would have been paid by each of the companies had they paid their own tax and the tax payable on the total taxable income.

2.5 / Operating income (loss)

Operating income (loss) results from income and expense related to the Company's current operations.

2.6 / Net financial income (loss)

Net financial income (loss) results from income and expense related to the Company's financing and cash management.

2.7 / Non-recurring income

Non-recurring income includes income and expense that, by their nature, occurrence or material character, do not fall within the Company's ordinary operating activities.

2.8 / Performance-based compensation plans

The Company applies the French General Accounting Plan (PCG) Article 642-1 et seq. relating to the accounting treatment of stock options and bonus share allotment plans granted to employees. This regulation stipulates that whenever it is probable that the Company will deliver existing shares to plan beneficiaries, a liability should be recognized on the basis of the probable outflow of resources.

NOTE 3 OPERATING INCOME (LOSS)

(€ million)	**2022**	**2021**
Group royalties	9.7	10.2
Payroll expenses	(7.8)	(8.2)
Purchasing, external costs, and income and other taxes	(6.2)	(5.6)
TOTAL	**(4.3)**	**(3.6)**

In 2022, purchasing, external costs, and income and other taxes were primarily comprised of Group head office expenses for €3.0 million, the deferral of costs in respect of the OCEANE bond issue for €1.0 million, and fees for €1.4 million. The remainder of this item comprises of bank and borrowing fees, as well as attendance fees.

In 2021, this item consisted mainly of Group head office expenses for €3.0 million, the deferral of costs in respect of the OCEANE bond issue for €1.0 million, and fees for €1.3 million. The remainder of this item comprises of bank and borrowing fees, as well as attendance fees.

NOTE 4 NET FINANCIAL INCOME

(€ million)	**2022**	**2021**
Charges and interest on debt	(19.2)	(19.6)
Reversals of impairment provisions	*26.6*	*68.0*
Additions of impairment provisions	*(4.5)*	*0.0*
Additions/reversals of impairment provisions	22.1	68.0
Other financial income and expense	2.4	0.6
TOTAL	**5.3**	**49.0**

In 2022 and 2021, debt interest and expense were mainly composed of:

- financial interest on the €650 million bonds;
- financial interest on the €100 million loan from the European Investment Bank;
- fees for the non-use of the €500 million Revolving Credit Facility (RCF);
- financial interest on the €200 million OCEANE bonds issued in March 2021.

At period-end, the Company values its equity investments in Fnac Darty Participations et Services (FDPS) and Darty Limited at their value-in-use. The methods used to estimate the value in use, based until 2021 mainly on the average market capitalization of the Fnac Darty share, were reviewed at the end of the 2022 financial year, leading to the adoption of a discounted cash flow estimation approach, which better reflects the value creation resulting from the industrial transformation performed within the Group with a view to managing the investment over the long term. In fact, the circumstances on which the estimate was based changed over time, and the transformation undertaken to restructure the Group and its operational organization (pooling of purchases, optimization of certain activities, integration of different functions, etc. – see note 2.1) was completed during the 2022 financial year. When the value in use is lower than the book value, an impairment is recorded for the amount of this difference. As a result, the Company reversed a provision for impairment of Darty Limited shares in the amount of €26.6 million. Following this recovery, the net book value of the Darty Limited shares is €1,116.8 million.

In 2021, shares of Darty Limited were subject to a reversal of provision for impairment in the amount of €68.0 million.

The €4.5 million provision for impairment relates to the provision for the negative net position of Fnac Luxembourg.

In 2022 and 2021, other financial income and expenses represent a net income, relating mainly to interest on the intra-group loan and the result of transactions on its own shares.

NOTE 5 NON-RECURRING INCOME

(€ million)	**2022**	**2021**
Exceptional amortization	0.0	(1.7)
Other	(1.7)	(1.0)
TOTAL	**(1.7)**	**(2.7)**

In 2022, the miscellaneous item for €1.7 million consists primarily of the provision for the acquisition of shares to be allocated to employees and allocated to performance compensation plans.

In 2021, non-recurring income consisted primarily of exceptional amortization of €1.7 million related to the fiscal amortization of the costs of the Darty acquisition. The miscellaneous item for €1.0 million consisted primarily of the provision for the acquisition of shares to be allocated to employees and allocated to performance compensation plans.

NOTE 6 INCOME TAX

(€ million)	**2022**	**2021**
Tax consolidation gain/loss	32.8	31.4
TOTAL	**32.8**	**31.4**

In 2022, net profit from tax consolidation amounted to €32.8 million. It stood at €31.4 million in 2021.

The cumulative total of Fnac Darty tax loss carry-forwards as of December 31, 2022 was €260.0 million. It stood at €237.5 million in 2021.

NOTE 7 NET NON-CURRENT FINANCIAL ASSETS

(€ million)	As of December 31, 2021	Increase	Decrease	As of December 31, 2022
Equity investments	1,955.2			1,955.2
Loans	290.0			290.0
Daphni Purple stake	4.2		(4.1)	0.1
Treasury stock	3.9	1.0		4.9
GROSS VALUE	**2,253.3**	**1.0**	**(4.1)**	**2,250.2**
Equity investments	(26.6)		26.6	0.0
IMPAIRMENT	**(26.6)**	**0.0**	**26.6**	**0.0**
NET VALUES	**2,226.7**	**1.0**	**22.5**	**2,250.2**

Equity investments

As of December 31, 2022, Fnac Darty held primarily:

- 46,421,807 shares of FDPS (Fnac Darty Participations et Services) out of 46,421,808 shares for a gross value of €838.4 million;
- 31,000 shares of Fnac Luxembourg out of 31,000 shares for a gross value of €0.031 million, and a net value of zero after impairment of the entire gross value in 2022. In addition, provision for a negative net position of €4.5 million was recorded in 2022;
- 529,553,216 shares of Darty Limited's 529,553,216 shares for a gross value of €1,116.8 million, and a net value of the same amount after a reversal of provision of €26.6 million in 2022.

At period-end, the Company values its equity investments in Fnac Darty Participations et Services (FDPS) and Darty Limited at their value-in-use. The methods used to estimate the value in use, based until 2021 mainly on the average market capitalization of the Fnac Darty share, were reviewed at the end of the 2022 financial year, leading to the adoption of a discounted cash flow estimation approach, which better reflects the value creation resulting from the industrial transformation performed within the Group with a view to managing the investment over the long term. In fact, the circumstances on which the estimate was based changed over time, and the transformation undertaken to restructure the Group and its operational organization (pooling of purchases, optimization of certain activities, integration of different functions, etc. – see note 2.1) was completed during the 2022 financial year. When the value in use is lower than the book value, an impairment is recorded for the amount of this difference. As a result, the Company reversed a provision for impairment of Darty Limited shares in the amount of €26.6 million. Following this recovery, the net book value of the Darty Limited shares is €1,116.8 million.

In 2021, the Company reviewed the €94.6 million impairment on the shares of Darty Limited as of December 31, 2020, by reversing the impairment in the amount of €68.0 million. Thus, as of December 31, 2021, the impairment of Darty Limited shares was €26.6 million, with a net value of €1,090.2 million.

Other non-current financial assets

- Loans: corresponds to a long-term loan in the amount of €290.0 million to the subsidiary Fnac Darty Participations.
- Daphni stake: As of December 31, 2022, other non-current financial assets also included an equity interest in the Daphni Purple investment fund for €5.8 million, corresponding to a first drawdown of 83% out of a total commitment of €7.0 million. Fnac Darty has agreed to subscribe for the remaining 17% of shares for €1.2 million by 2026. In 2022, Daphni repaid the nominal value of shares in favor of Fnac Darty for a total amount of €4.5 million, partially offset by an additional call for funds of €0.4 million, thus reducing the gross value of the financial assets. As a result, the net value of the investment in the Daphni fund decreased from €4.2 million as of December 31, 2021 (following previous repayments in 2020 and 2021) to stand at €0.1 million as of December 31, 2022.
- Treasury stock: this is recorded as non-current financial assets and represents an asset of €4.9 million as of December 31, 2022, compared to €3.9 million as of December 31, 2021. In 2022, under the liquidity agreement, 806,062 shares were purchased at an average price of €40.21 for a total amount of €32,415,067, and 731,088 shares were sold at an average price of €39.50 for a total of €28,877,568.

NOTE 8 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

As of December 31, 2022 and 2021, Fnac Darty had no property, plant and equipment or intangible assets.

NOTE 9 RECEIVABLES

(€ million)	As of December 31, 2022	As of December 31, 2021
Current accounts of subsidiary	0.0	25.5
State – income tax	14.1	1.8
Group customers	4.8	8.0
Daphni commitment	1.2	1.6
Deferred expenses	6.5	5.4
Other receivables	0.9	0.4
TOTAL	**27.5**	**42.7**

As of December 31, 2022:

- receivables from the Group, which amount to €4.8 million, consist of receivables from the Fnac Darty Participations et Services subsidiary and from Group companies internationally;
- the Group committed to underwriting 17% of the remaining Daphni shares for €1.2 million;
- prepaid expenses in the amount of €6.5 million primarily reflect the fees and commissions paid in connection with the refinancing of the bonds and the credit facilities granted for Group financing.

As of December 31, 2021, the negative current account balance of €25.5 million corresponded to a current account debt to the Fnac Darty Participations et Services subsidiary. This current account is in credit as of December 31, 2022.

NOTE 10 INVESTMENT SECURITIES AND CASH AND CASH EQUIVALENTS

(€ million)	As of December 31, 2022	As of December 31, 2021
Financial investments	8.0	0.0
Impairment	0.0	0.0
Investment securities	**8.0**	**0.0**
Bank deposits and fund transfers	3.8	3.7
Cash and cash equivalents	**3.8**	**3.7**
CASH DEBT	**11.8**	**3.7**

As of December 31, 2022, investment securities and cash and cash equivalents stood at €11.8 million, consisting mainly of financial investments for €8.0 million and bank deposits for €3.8 million, including €3.0 million of cash and cash equivalents linked to the liquidity agreement.

In 2021, investment securities and cash and cash equivalents comprised bank deposits in the amount of €3.7 million, including €3.0 million in cash linked to the liquidity agreement.

NOTE 11 SHAREHOLDERS' EQUITY

(€ million)	As of December 31, 2022	As of December 31, 2021
Share capital	26.9	26.8
Additional paid-in capital	971.0	971.0
TOTAL SHARE CAPITAL AND PREMIUMS	**997.9**	**997.8**
Legal reserve	2.7	2.6
Regulated reserves	0.0	0.0
Other reserves	0.0	0.0
TOTAL RESERVES	**2.7**	**2.6**
Retained earnings	223.3	202.7
Regulatory provisions	26.9	26.9
Net profit (loss) for the period	32.1	74.1
TOTAL SHAREHOLDERS' EQUITY	**1,282.9**	**1,304.1**

Over the course of 2022, the increase in share capital of €0.1 million related to the creation of 110,735 shares, corresponding to the allotment of bonus shares. Over the course of 2021, the increase in share capital of €0.2 million resulted from the creation of 152,547 shares, corresponding to the allotment of bonus shares.

For the 2022 financial year, the issue premiums item remained stable.

Amounts allocated to the additional paid-in capital item are not distributable but may subsequently be reincorporated into the capital or used to amortize corporate losses.

The change in reserves and retained earnings corresponds to the appropriation of Fnac Darty's 2021 earnings, as well as the distribution in 2022 of an ordinary dividend of €2.00 gross per share in respect of the 2021 financial year, representing a total amount of €53.5 million, allocated in the first half of 2022. The ex-dividend date was June 21, 2022, and it was paid on June 23, 2022.

The regulatory provisions represent the exceptional fiscal amortization of the costs for the Darty acquisition, for a total of €26.9 million as of December 31, 2022.

NOTE 12 PROVISIONS FOR CONTINGENCIES AND EXPENSES

(€ million)	As of December 31, 2021	Increase	Decrease	As of December 31, 2022
Provision for negative net position	0.0	4.5		4.5
Provision for the purchase of shares intended to be allocated to employees	0.6	1.1		1.7
PROVISIONS FOR CONTINGENCIES AND EXPENSES	**0.6**	**5.6**	**0.0**	**6.2**

The €4.5 million provision for impairment relates to the provision for the negative net position of Fnac Luxembourg.

The provision for the purchase of shares to be allocated to employees corresponds to the outflow of resources expected by the company under the bonus share plans. It is calculated on the basis of the following two elements: the entry cost of the shares at the date of their allocation to the plan and the probable number of shares to be delivered to beneficiaries.

The provision is spread over the period during which the beneficiaries will render the services, thus on a straight-line basis over the vesting period.

NOTE 13 FINANCIAL DEBT

As of December 31, 2022, Fnac Darty's financial debt comprised three components:

- **bonds:** on May 15, 2019, Fnac Darty completed the transaction to renegotiate its bonds issue after successfully refinancing its senior bonds with a cumulative principal amount of €650 million, composed of a cumulative principal amount of €300 million in senior bonds maturing in 2024, and a cumulative principal amount of €350 million in senior bonds maturing in 2026;
- **OCEANE bonds:** in March 2021, the Group succeeded in placing its issue of bonds convertible into and/or exchangeable for new and/or existing shares (OCEANE), maturing in 2027, for a nominal amount of €200 million corresponding to 2,468,221 bonds with a nominal value of €81.03 per bond. Based on the initial conversion/exchange ratio of one share per bond, dilution was approximately 9.28% of the Company's outstanding share capital as of March 16, 2021. As a result of the distribution of a dividend of €2.00 per share to Fnac Darty shareholders as of June 23, 2022, the conversion/exchange rate was increased from 1.019 Fnac Darty shares per OCEANE bond to 1.070 Fnac Darty shares per OCEANE bond as of June 23, 2022;
- **loan agreement with the European Investment Bank:** on February 18, 2019, Fnac Darty announced the signing of a loan agreement in the amount of €100 million with the European Investment Bank (EIB). Issued under the "Juncker Plan," this loan will be used to finance the Group's digital transformation investments. This financing has a maximum maturity of nine years, on very attractive terms. As of December 31, 2022, €100 million of the EIB credit line was used.

	As of December 31, 2022			
(€ million)	Total	Less than one year	1 to 5 years	More than 5 years
Bonds	651.7	1.7	650.0	
OCEANE bonds	200.0		200.0	
European Investment Bank loan	100.0	16.6	66.8	16.6
Other financial debt	0.4	0.4		
FINANCIAL DEBT	**952.1**	**18.7**	**916.8**	**16.6**

	As of December 31, 2021			
(€ million)	Total	Less than one year	1 to 5 years	More than 5 years
Bonds	651.7	1.7	650.0	
OCEANE bonds	200.0			200.0
European Investment Bank loan	100.0		66.8	33.2
Other financial debt	0.4	0.4		
FINANCIAL DEBT	**952.1**	**2.1**	**716.8**	**233.2**

The bonds bear annual interest at 1.875% and 2.625% and are redeemable in 2024 and 2026 respectively (High Yield Bonds). Interest is payable half-yearly. The High Yield Bonds are listed for trading on the Global Exchange Market of the Irish Stock Exchange.

The 2024 bonds were redeemable in whole or in part at any time until May 30, 2021 at a price equal to the amount of the nominal value plus an early repayment premium and accrued interest not yet due. Since May 30, 2021, they have been redeemable in full or in part at the values shown in the table below:

2024 Bonds

Redemption period commencing:	Redemption price *(as % of the principal)*
May 30, 2021	100.9375%
May 30, 2022	100.4688%
May 30, 2023 and beyond	100.0000%

The 2026 bonds were redeemable in whole or in part at any time until May 30, 2022, at a price equal to the amount of the nominal value plus an early repayment premium and accrued interest not yet due. As of May 30, 2022, they became redeemable in full or in part at the values shown in the table below:

2026 Bonds

Redemption period commencing:	Redemption price *(as % of the principal)*
May 30, 2022	101.3125%
May 30, 2023	100.6563%
May 30, 2024 and beyond	100.0000%

The redemption premiums will be amortized over the life of the loan as applicable.

NOTE 14 OTHER DEBTS

(€ million)	As of December 31, 2022	As of December 31, 2021
Tax consolidation current accounts	9.2	4.2
Current accounts of subsidiary	28.4	0.0
Tax and social security liabilities	4.1	4.8
Other liabilities	6.6	7.3
TOTAL	**48.3**	**16.3**

As of December 31, 2022, the current account credit balance of €28.4 million corresponds to a current account debt to the Fnac Darty Participations et Services subsidiary.

As of December 31, 2022, other liabilities consist primarily of Group royalties invoiced by FDPS (€3.6 million), Fnac Darty's commitment of €1.2 million in the context of its stake in the Daphni Purple fund, as well as those associated with indirect suppliers.

NOTE 15 OFF-BALANCE SHEET COMMITMENTS

Retirement benefits

The Company applies the option provided by ANC Recommendation 2013-02 to recognize all retirement and similar commitments as off-balance sheet commitments. The amount of the retirement benefits was €1.1 million as of December 31, 2022, and €1.4 million as of December 31, 2021.

The main actuarial assumptions used to estimate the retirement commitments of Fnac Darty are as follows:

(€ million)	**2022**	**2021**
Discount rate	3.80%	1.00%
Expected rate of increase in salaries	1.75%	1.50%

Other commitments:

The Group has an RCF (revolving credit facility) in the amount of €500 million. This credit line, originally with a maturity of 5 years, was extended at the request of Fnac Darty until March 2027. In this respect, the Group has an additional extension option until March 2028. The terms and conditions of this credit line were renegotiated in March 2021. In parallel, the Group renegotiated the guarantees given for all its existing financial debts, namely the bond loan, the RCF credit line and the loan taken out with the European Investment Bank. This renegotiation resulted in the complete cancellation of the guarantees pledged as security for these loans by the following companies: Fnac Darty Participations et Services SA, Fnac Direct, Établissements Darty et Fils, Darty Grand Est, Darty Grand Ouest, Fnac Belgium and Fnac Vanden Borre. The RCF (revolving credit facility) was not drawn down as of December 31, 2022 and is thus considered an off-balance sheet commitment received.

Amid increased volatility on the financial markets, Fnac Darty opted to secure the refinancing of its next major €300 million bond debt maturity maturing in May 2024. On December 16, 2022, the Group set up an additional undrawn bank credit line in the form of a delayed drawn term loan (DDTL) of €300 million, which may be drawn down once and only to repay the bond loan maturing in 2024. This new line is based on a banking contract with conditions similar to those of the existing RCF of €500 million. Its maturity will be three years if drawn down, which may be extended by two years. It also incorporates a Corporate Social Responsibility (CSR) component that will allow the Group to improve its financing conditions if the objectives, set in line with those of the strategic plan Everyday, are achieved. This option means the Group can maintain its current bond debt until it matures in May 2024 while benefiting from the low initial annual coupon, and therefore secure its level of financial expenses. This line was not drawn down as of December 31, 2022 and is thus considered an off-balance sheet commitment received.

NOTE 16 CASH FLOW STATEMENT

(€ million)	**2022**	**2021**
Net income	32.1	74.1
Income and expense with no impact on cash	(21.1)	(66.5)
CASH FLOW	**11.0**	**7.6**
Change in working capital requirements	48.0	312.9
CHANGE IN CASH FLOW FROM OPERATING ACTIVITIES	**59.0**	**320.5**
(Acquisitions)/disposals of non-current operating assets	0.0	0.0
Change in non-current financial assets	3.1	(289.2)
CHANGE IN CASH FLOW FROM INVESTING ACTIVITIES	**3.1**	**(289.2)**
Net change in financial debt	(0.6)	(504.6)
Change in shareholders' equity	0.0	0.0
Dividends paid	(53.5)	(26.7)
CHANGE IN CASH FLOW FROM FINANCING ACTIVITIES	**(54.1)**	**(531.3)**
CHANGE IN CASH POSITION	**8.1**	**(499.9)**
CASH AT BEGINNING OF PERIOD	**3.7**	**503.6**
CASH AT END OF PERIOD	**11.8**	**3.7**

In 2022, the net change in the cash position represented an improvement of €8.1 million. This improvement is primarily the result of the combination of:

- €59.0 million positive change in the cash position from operating activities, mainly due to the positive change in the current account of the Fnac Darty Participations et Services (FDPS) subsidiary in the amount of €53.9 million;
- the positive change in the cash position from investing activities for €3.1 million, related to a repayment of the nominal value of shares held in the Daphni Purple fund for €4.6 million, partially offset by a call for funds of €0.4 million and outflows for the acquisition of treasury shares for €1.0 million;
- the negative change in the cash position for €53.5 million related to the distribution of dividends to shareholders.

In 2021, the net change in the cash position represented a decline of €499.9 million. This decline was primarily linked to:

- the positive change in the cash position resulting from operating activities for €320.5 million was mainly due to the decrease in the current account receivable of the subsidiary Fnac Darty Participations et Services for €306.6 million;
- the unfavorable change in cash flow from investing activities for €289.2 million was related to the establishment of a long-term loan in favor of Fnac Darty Participations et Services for €290.0 million, as well as the repayment of the nominal value of shares held in the Daphni Purple fund for €1.0 million, partially offset by the change in treasury shares for €0.6 million;
- the negative change in the cash position resulting from financing activities for €531.3 million was mainly due to the repayment of the state-guaranteed loan for €500.0 million and the distribution of dividends paid to shareholders for €26.7 million.

NOTE 17 OTHER INFORMATION

17.1 / Compensation paid to the Chairman of the Board of Directors

In 2022, the gross amount paid to Jacques Veyrat, Chairman of the Board of Directors, for his duties during 2022 amounted to €200,000.

This payment consists of fixed annual compensation only, as the Chairman of the Board stopped receiving compensation in respect of his directorship as of the date of his appointment as Chairman.

17.2 / Compensation paid to the Chief Executive Officer

In 2022, the gross amount paid to Enrique Martinez, Chief Executive Officer, for his current duties, including benefits in kind, other benefits and supplementary pension scheme contributions, amounted to €1,845,867, of which €750,000 represented his fixed annual compensation, €1,056,782 represented his 2021 variable annual remuneration following approval by the General Meeting of May 18, 2022, €18,055 represented benefits in kind and other benefits, €11,325 represented supplementary pension scheme contributions and €9,705 represented provident insurance plan contributions.

The Chief Executive Officer does not receive any compensation in respect of his directorship.

17.3 / Average number of employees

In 2022, the average number of employees of Fnac Darty was 12.

17.4 / Related-party transactions

As of December 31, 2022, the Ceconomy Retail International group held 24.2% of the share capital and 24.2% of the voting rights of Fnac Darty. In 2022, there were no transactions between Fnac Darty consolidated companies and the Ceconomy Retail International group. Ceconomy does not have a representative on the board of Fnac Darty.

As of December 31, 2022, the Vesa Equity Investments company held 23.0% of the share capital and 23.0% of the voting rights in Fnac Darty. There were no transactions between any Fnac Darty consolidated companies and VESA Equity Investments. Vesa Equity does not have a representative on the board of Fnac Darty.

As of December 31, 2022, Indexia Développement, formerly SFAM Group, held 11.3% of the share capital and 11.3% of the voting rights of Fnac Darty and did not have a representative on the Fnac Darty Board of Directors. Therefore, Indexia Développement is not a related party.

As of December 31, 2021, the Ceconomy Retail International group held 24.3% of the share capital and 24.3% of the voting rights of Fnac Darty. In 2021, there were no transactions between Fnac Darty consolidated companies and the Ceconomy Retail International group. Ceconomy did not have a representative on the board of Fnac Darty.

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

17.5 / Supplier and customer payment schedules

	Invoices received, not paid and due at period-end							Invoices issued, not paid and due at period-end						
(€ million)	Invoices not yet due	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total 1 day and over	Invoices not yet due	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total 1 day and over
A) Late payment tranches														
Number of invoices concerned	41	2					0	23	0					0
Total incl. tax of invoices concerned	3.8	0.0	0.0	0.0	0.0	0.0	0.0	4.8	0.0	0.0	0.0	0.0	0.0	0.0
Fnac Darty	*3.6*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*4.8*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Percentage of total incl. tax for purchases for the period	46.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%							
Percentage of revenue incl. tax for the period								38.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
B) Invoices excluded from A) for disputed or unrecognized payables and receivables														
Number of invoices excluded	10							None						
Total incl. tax of invoices excluded – invoices not arrived	0.6							None						
C) Reference payment deadlines used (contractual or legal period – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)														
Payment deadlines used to calculate late payments	Contractual deadlines: general expenses = 45 days end of month Contractual deadlines: Group invoices = 25th of the following month Legal deadlines: 60 days from invoice date							Contractual deadlines: Group invoices = 25th of the following month Legal deadlines: 60 days from invoice date						

NOTE 18 INFORMATION ON POST-BALANCE SHEET EVENTS

Fnac Darty will propose that the General Meeting scheduled for May 24, 2023 approves the distribution of a dividend of €1.40 per share. This amount represents a payout ratio of 38% of net income, Group share from continuing operations, in line with last year and with the shareholder return policy set out in the strategic plan Everyday.

Shareholders will be offered the option of receiving the full dividend either in cash or in new shares of the company. Subject to the approval of the General Meeting, the price of the new shares issued in payment of the dividend will be 95% of the average opening price of the share during the 20 trading days prior to the General Meeting, less the net dividend amount and rounded up to the nearest euro cent.

The ex-date is June 13, 2023 and the payment date (or date for issue of new shares) is July 6, 2023. Shareholders may choose to receive the dividend payment in newly issued shares between June 15, 2023 and June 29, 2023 inclusive. If the shareholder has not chosen the option of payment in new shares, they will receive the dividend in cash on the payment date.

NOTE 19 TABLE OF SUBSIDIARIES AND SHAREHOLDINGS

(€ million)	Share capital	Share-holders' equity excluding capital & income	Share of capital held	Book value of securities held		Loans made by Fnac Darty not yet repaid	Guarantees and endorsements given by Fnac Darty	Revenue before tax of previous period	Profit or (loss) for last period ended	Dividends received by Fnac Darty during the period
				Gross	Net					
Subsidiaries owned at +50%										
Fnac Darty Participations et Services	325.0	405.2	100%	838.4	838.4	290.0	0.0	4,484.1	15.5	0.0
Darty Limited	149.3	381.4	100%	1,116.8	1,116.8	0.0	0.0	0.0	(0.6)	0.0
Fnac Luxembourg SA	0.0	(3.3)	100%	0.0	0.0	0.0	0.0	6.0	(1.0)	0.0

NOTE 20 FIVE-YEAR RESULTS

Five-year results	2022	2021	2020	2019	2018
CAPITAL AT PERIOD-END					
Share capital *(€)*	26,871,853	26,761,118	26,608,571	26,515,572	26,605,439
Number of ordinary shares outstanding	26,871,853	26,761,118	26,608,571	26,515,572	26,605,439
Transactions and results for the period *(€ thousand)*					
Income from ordinary operating activities	10,574.0	11,940.5	10,490.3	18,626.7	18,117.8
Earnings before tax, employee profit-sharing, amortization, depreciation and provisions	(21,741.8)	(23,067.7)	(28,463.8)	(45,482.6)	(55,170.5)
Income tax (expense)/credit	(32,789.9)	(31,440.5)	(55,411.5)	(41,826.7)	(43,193.2)
Employee profit-sharing payable for the period	2.1	(2.1)	7.7	5.3	16.1
Additions (reversals) of depreciation and provisions	(21,008.7)	(65,747.1)	100,018.6	5,331.7	5,429.6
Net income	32,054.7	74,122.0	(73,078.6)	(8,992.9)	(17,422.9)
Distributed earnings [(a)]	0.0	53,476.1	26,689.4	0.0	0.0
DATA PER SHARE *(€)*					
Earnings after tax, employee profit-sharing, and before amortization, depreciation and provisions	0.41	0.31	1.01	(0.14)	(0.45)
Earnings after tax, employee profit-sharing, and amortization, depreciation and provisions	1.19	2.77	(2.75)	(0.34)	(0.65)
Dividend:					
net dividend per share	0.00	2.00	1.00	0.00	0.00
EMPLOYEES					
Average number of employees during the period	12	11	11	9	10
Total payroll for the year *(€ thousand)*	5,312.5	6,040.8	4,241.9	4,653.4	3,793.2
Amount paid for employee benefits for the period *(€ thousand)*	2,476.0	2,177.5	1,941.8	2,065.3	2,507.3

(a) The amount of the 2022 dividends will be definitively known after the Annual General Meeting of May 24, 2023.

5.5 / Material change in financial or commercial positions

To the best of Fnac Darty's knowledge, no event likely to have a material influence on Fnac Darty's activity, financial position and net assets has occurred since December 31, 2022.

5.6 / Auditors' Report on the consolidated financial statements

Year ended December 31, 2022

To the General Meeting of FNAC DARTY,

Opinion

In execution of the mission assigned to us by the General Meetings, we have audited the FNAC DARTY consolidated financial statements for the year ended December 31, 2022, as attached to this report.

We hereby certify that the consolidated financial statements present a true and fair view of the results of the operations for the past year and of the financial position and net assets at period-end of the group formed by the persons and entities included in the consolidation in accordance with IFRS guidelines as adopted in the European Union.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis of the opinion

Audit standards

We conducted our audit in accordance with professional standards applicable in France. We believe the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our responsibilities under these standards are set forth in the section "Responsibilities of the Auditor for auditing the consolidated financial statements" contained in this report.

Independence

We conducted our audit in compliance with the applicable rules on independence set out in the French Commercial Code and the Code of Ethics of the auditing profession, over the period from January 1, 2022, to the date we issued our report, and specifically we provided no services prohibited by Article 5, Section 1 of Regulation (EU) 537/2014.

Justification of the assessments – Key points of the audit

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code regarding the justification of our assessments, we are hereby informing you of the key points of the audit relating to the risks of material misstatement which, in our professional judgment, were the most important for the audit of the consolidated financial statements for the financial year, and our responses to these risks.

The assessments made are part of our process of auditing the consolidated financial statements as a whole and thus contributed to our opinion as expressed above. We are expressing no opinion on elements of these consolidated financial statements taken in isolation.

Valuation and recognition of discounts and commercial cooperation received and to be received from suppliers

(Notes 2.3.2 and 2.19 of the Notes to the consolidated financial statements)

Risk identified	Audit response provided
Within the Group, there is a large number of purchasing contracts and agreements with suppliers that stipulate: ■ commercial discounts given to the Group based on quantities purchased or other contractual conditions, such as reaching thresholds or growth in purchasing volumes ("discounts"); ■ amounts paid to the Group in respect of services to suppliers ("commercial cooperation"). Discounts and commercial cooperation received and to be received by the Group from its suppliers are valued on the basis of contracts signed with suppliers. These are recognized as a reduction in the cost of sales. Given the large number of contracts and the features specific to each supplier, the correct valuation and recognition of discounts and commercial cooperation to be received and to be received with respect to contractual provisions and annual purchasing volumes constitute a key point of the audit.	We were informed of the internal control process and key controls established by the Group concerning the process to value and recognize discounts and commercial cooperation, and tested their effectiveness on a sampling of contracts. Our other work, involving surveys, consisted of: ■ reconciling the commercial terms used in the calculation of discounts and commercial cooperation with the conditions stipulated in the purchasing contracts and agreements with suppliers; ■ comparing the estimates made of discount and commercial cooperation amounts for the previous year with the corresponding actual data in order to assess the reliability of the estimation process; ■ corroborating the volumes of business chosen with the volumes of business recorded in the Group's purchasing information systems to calculate the amount of rebates to be collected at the end of the financial year; ■ obtaining evidence of the completion of the services rendered as of December 31, 2022; ■ obtaining evidence of payment for amounts already collected as of December 31, 2022.

Valuation of the Darty and Vanden Borre brands

(Notes 2.3.2, 2.7, 2.10, 16 and 19 of the Notes to the consolidated financial statements)

Risk identified	Audit response provided
The Darty and Vanden Borre brands are recognized for a net amount of €287.5 million and €35.3 million respectively. They were valued using the relief from royalty method (for royalties received from franchisees for use of the brand) by an independent expert, for the purpose of allocating the Darty purchase price in 2016. During each fiscal year, when events or circumstances indicate that impairment is likely to occur, management ensures that the net book value of these brands is not greater than their recoverable value. The recoverable value of the brands is their fair value minus exit costs or their value-in-use, whichever is higher. The recoverable value of the brands was determined on the basis of their value-in-use, which is calculated by discounting the royalty savings generated by and received from the franchisees for the use of the brand (net of maintenance costs and taxes). Royalty savings projections were made in the second half of the year, for a three-year period, based on budgets and medium-term plans. To calculate recoverable value, a terminal value equal to capitalization in perpetuity of a normative saving is added to the value of the expected future savings. In this context, we considered the measurement of the recoverable value and specifically the calculation of the recoverable value of the Darty and Vanden Borre brands to be a key point of the audit because of their particularly material amount on the balance sheet assets as of December 31, 2022, uncertainties related to the probability of achieving the budgets and medium-term plans used as the basis for projections of flows of future royalty savings used in the measurement of their recoverable value, and sensitivity to changes in the data and assumptions on which the estimates were based.	We were informed of the process implemented by management in order to determine the value-in-use of the Darty and Vanden Borre brands. Our work consisted of: ■ assessing the relevance of the principles and method for determining values-in-use in terms of market practices used to value brands; ■ assessing the consistency of the projected revenue growth rates with available outside analyzes, and with regard to the inflationary environment that began in 2022; ■ assessing the royalty rates applied to the brands in calculating value based on future revenue; ■ assessing the reasonable nature of the discount rates applied to the estimated royalty flows, specifically by verifying that the various parameters comprising the weighted average cost of capital for each brand can approach the rate of return expected by market participants for similar activities; ■ performing sensitivity tests on the various assumptions. We also assessed the appropriateness of the information presented in note 19 of the notes to the consolidated financial statements.

Assessment of the recoverable value of goodwill allocated to the France Cash Generating Unit (CGU)

(Notes 2.3.2, 2.6, 2.10, 15 and 19 of the Notes to the consolidated financial statements)

Risk identified	Audit response provided
The Cash Generating Units (CGUs) to which the goodwill is allocated are subject to a systematic annual impairment test in the second half of the year and whenever events or circumstances indicate that a loss of value may occur. If the recoverable value of a CGU is lower than its net book value, an impairment is recognized. The recoverable value of a CGU is its fair value less exit costs or its value-in-use, whichever is higher. Value-in-use is determined in relation to projections of the expected future cash flows of a CGU, taking into account the time value and specific risks related to the CGU. Cash flow projections were made during the second half of the year, for a period of three years, based on budgets and medium-term plans. For the value-in-use calculation, a terminal value equal to capitalization in perpetuity of a normative annual cash flow is added to the value of expected future cash flows. As of December 31, 2022, the net book value of the goodwill allocated to the France CGU was €1,513 million. We considered the measurement of the recoverable value of the goodwill allocated to the France CGU to be a key point of the audit because of its weight in total assets as of December 31, 2022, uncertainties related to the probability of achieving the projected future cash flows used in the measurement of the value-in-use, and sensitivity to changes in the financial data and assumptions used.	We were informed of the process implemented by management to determine the recoverable value of the goodwill allocated to the France CGU. Our work consisted of: ▪ checking that the items comprising the net book value of the France CGU to which the goodwill is attached are appropriate; ▪ ensuring that the principles and methods for determining the recoverable value of the France CGU are consistent with IAS 36; ▪ assessing the reasonableness of the cash-flow projections for the France CGU in terms of management's assumptions and the economic environment in which the Group operates in France, particularly with regard to the inflationary environment; ▪ assessing the consistency of the growth rate used for projected flows for calculating the terminal value with information from available outside analyses and with the help of our specialists; ▪ assessing the reasonableness of the discount rate applied to the cash flows, estimated with the help of our specialists, by specifically verifying that the various parameters comprising the weighted average cost of capital of the France CGU approaches the rate of return expected by market participants for similar activities; ▪ comparing the accounting estimates of cash flow projections from previous periods with the corresponding actual data in order to assess reliability; ▪ performing sensitivity tests on the various assumptions. We also assessed the appropriateness of the information presented in note 19 of the notes to the consolidated financial statements.

Specific verifications

Consistent with professional standards applicable in France, we also performed the specific verifications required by the legal and regulatory texts of information relating to Group data in the Board of Directors' Management Report.

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

We certify that the consolidated Non-Financial Performance Declaration provided for by Article L. 225-102-1 of the French Commercial Code is included in the information relating to the Group given in the Management Report, on the understanding that, pursuant to the provisions of Article L. 823-10 of the said Code, we have not verified the fairness or consistency of the information contained in this report with the consolidated financial statements, and that it must be the subject of a report by an independent third party.

Other verifications or information required by laws and regulations

Format of the consolidated financial statements intended for inclusion in the annual financial report

In line with the professional standard on due diligence of statutory auditors in relation to annual and consolidated financial statements presented in accordance with the Single European Electronic Reporting Format, we have also verified compliance with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018, in the presentation of the consolidated financial statements intended for inclusion in the annual financial report referred to in Section I of Article L. 451-1-2 of the French Monetary and Financial Code, established under the responsibility of the Chief Executive Officer. With regard to the consolidated financial statements, our procedures include verifying that the mark-up of these financial statements complies with the format set out in the above-mentioned Regulation.

Based on our work, we conclude that in all material respects, the presentation of the consolidated financial statements for inclusion in the annual financial report complies with the Single European Electronic Reporting Format.

Due to the technical limitations inherent in the block-tagging of the consolidated financial statements prepared in accordance with the European Single Electronic Format (ESEF), the content of some of the tags in the Notes may not be rendered identically to the consolidated financial statements attached to this report.

Furthermore, it is not our responsibility to verify that the consolidated financial statements which will effectively be included by your company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Auditors

Deloitte & Associés was appointed auditor of FNAC DARTY by the General Meeting of June 22, 1993, and KPMG Audit, a division of KPMG SA, was appointed at the General Meeting of April 17, 2013.

As of December 31, 2022, the two firms were in the tenth year of their appointment since the Company's shares had been listed for trading on a regulated market. Deloitte & Associés is in the thirtieth year of its appointment without interruption, and KPMG SA in its tenth year.

Responsibilities of management and the individuals comprising corporate governance for the consolidated financial statements

It is the responsibility of management to prepare consolidated financial statements that present a fair image, in accordance with IFRS guidelines as adopted in the European Union, and to implement the internal controls it believes necessary for the preparation of consolidated financial statements containing no material anomalies, whether as a result of fraud or errors.

During preparation of the consolidated financial statements, it is management's responsibility to assess the Company's ability to continue operations, to present in these statements any information concerning operating as a going concern, and to apply the going concern accounting principle, unless it is planned to liquidate the Company or cease operations.

It is the responsibility of the Audit Committee to monitor the process of preparing the financial information and to monitor the effectiveness of the internal control and risk management systems and, if applicable, the internal audit system, with regard to the procedures for preparing and processing the accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the Auditor for auditing the consolidated financial statements

Audit purpose and approach

It is our responsibility to prepare a report on the consolidated financial statements. Our goal is to obtain reasonable assurance that the consolidated financial statements, considered in their entirety, contain no material anomalies.

Reasonable assurance corresponds to a high level of assurance without, however, guaranteeing that an audit conducted in accordance with professional standards will systematically detect any material anomaly. Anomalies may result from fraud or error and are considered material when one can reasonably expect that, individually or together, they could influence the economic decisions made by users of the financial statements based on those statements.

As specified by Article L. 823-10-1 of the French Commercial Code, our mission to certify the financial statements does not consist of guaranteeing the viability or quality of your Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the auditor exercises professional judgment throughout the audit. Moreover:

- the auditor identifies and measures the risks that the consolidated financial statements contain material anomalies, whether as a result of fraud or error, defines and implements audit procedures in light of these risks, and collects information deemed sufficient and appropriate on which to base an opinion. The risk of failure to detect a material anomaly resulting from fraud is greater than the risk of failure to detect a material anomaly resulting from error, because fraud may involve collusion, falsification, voluntary omissions, false statements or bypassing of internal controls;
- the auditor reviews the internal controls relevant to the audit in order to define appropriate audit procedures under the circumstances, and not in order to express an opinion on the effectiveness of the internal controls;
- the auditor assesses the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as information on these elements provided in the consolidated financial statements;
- the auditor assesses the appropriateness of management's application of the going concern accounting convention and, based on information collected, the existence or absence of material uncertainty related to events or circumstances that could call into question the Company's ability to continue operations. This assessment is based on information collected up to the date of the auditor's report; it is, however, noted that subsequent circumstances or events could call into question the Company operating as a going concern. If the auditor concludes that a material uncertainty exists, he calls the attention of readers of the audit report to information provided in the consolidated financial statements concerning this uncertainty or, if this information is not provided or is not pertinent, the auditor certifies with reservations or refuses to certify the financial statements;
- the auditor assesses the overall presentation of the consolidated financial statements and evaluates whether they reflect and provide a fair picture of the underlying transactions and events;
- for financial information on persons or entities included within the scope of consolidation, the auditor collects information believed to be sufficient and appropriate in order to express an opinion on the consolidated financial statements. The auditor is responsible for the management, supervision and completion of the audit of the consolidated financial statements and for the opinion on those statements.

Report to the Audit Committee

We are submitting a report to the Audit Committee specifically describing the scope of the audit work and the work conducted, as well as the conclusions arising from our work. We are also informing the Committee of any significant weaknesses in the internal controls we have identified in the procedures for preparing and processing the accounting and financial information.

The elements communicated in the report to the Audit Committee include the risks of material anomalies which we believe were the most important for the audit of the annual consolidated financial statements and which therefore constitute the key points of the audit which it is our responsibility to describe in this report.

We are also providing the Audit Committee with the declaration stipulated by Article 6 of Regulation (EU) 537/2014 confirming our independence, under the rules applicable in France specifically as established by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics for the auditing profession. As necessary, we discuss with the Audit Committee any risks impacting our independence and the safeguards taken.

Paris-La Défense, March 16, 2023

Statutory Auditors

Deloitte & Associés	**KPMG Audit** *A department of KPMG SA*	
Guillaume Crunelle *Partner*	Éric Ropert *Partner*	Caroline Bruno-Diaz *Partner*

5.7 / Auditors' Report on the annual financial statements

Year ended December 31, 2022

To the General Meeting of Fnac Darty,

Opinion

In execution of the mission assigned to us by the General Meeting, we have audited the Fnac Darty annual financial statements for the year ended December 31, 2022, as attached to this report.

We hereby certify that the annual financial statements present a true and fair view of the results of the operations for the past year and of the financial position and net assets of the Company at year-end in accordance with French accounting rules and principles.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis of the opinion

Audit standards

We conducted our audit in accordance with professional standards applicable in France. We believe the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our responsibilities under these standards are set forth in the section "Auditors' responsibilities for the audit of the annual financial statements" contained in this report.

Independence

We conducted our audit in compliance with the applicable rules on independence set out in the French Commercial Code and the Code of Ethics of the auditing profession, over the period from January 1, 2022, to the date we issued our report, and specifically we provided no services prohibited by Article 5, Section 1 of Regulation (EU) 537/2014.

Justification of the assessments – Key points of the audit

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code regarding the justification of our assessments, we are hereby informing you of the key points of the audit relating to the risks of material misstatement which, in our professional judgment, were the most important for the audit of the annual financial statements for the financial year, and our responses to these risks.

The assessments made are part of our process of auditing the annual financial statements as a whole and thus contributed to our opinion as expressed above. We are expressing no opinion on elements of these annual financial statements taken in isolation.

Valuation of equity investments

(Notes 2.1 "Non-current financial assets," 4 "Net financial income," 7 "Net non-current financial assets" and 19 "Table of subsidiaries and shareholdings" in the notes to the annual financial statements)

Key points of the audit	Audit response provided
As of December 31, 2022, equity investments are recorded on the balance sheet at a net book value of €1,955.2 million, or 85% of total assets, of which Fnac Darty Participations et Services (FDPS) stocks for €838.4 million and Darty Limited stocks for €1,116.8 million. On the entry date, they are recognized at acquisition cost, including related costs and fees. At period-end, the gross value of equity investments is compared to their value-in-use. The value-in-use of the equity investments of FDPS and Darty Limited is determined on the basis of the discounted future cash flows that FDPS and Darty Limited, as well as their respective subsidiaries, contribute to the Fnac Darty Group. Note 2.1 describes the change in accounting estimate implemented by the company in 2022 regarding the methodology used to determine this value-in-use, which was based on the market capitalization of the Fnac Darty share prior to 2022. By applying economic criteria, this value-in-use can be allocated between the two subsidiaries. This valuation takes the Company's debt into account. When this value is lower than the acquisition cost of the securities, an impairment is recorded for the amount of this difference. The reversal of a provision for impairment of Darty Limited shares was recognized during the year in the amount of €26.6 million. Estimating the value-in-use of equity investments requires significant judgment by Management, in particular to determine the discounted future cash flows contributed by each of the two subsidiaries, as well as their respective subsidiaries, to the Group. Given the weight of equity investments on the balance sheet as well as their sensitivity to changes in data and assumptions on which management's estimates are based to determine the value-in-use, we have considered the correct assessment of the value-in-use of equity investments as a key point of our audit.	In order to assess the reasonableness of the estimate of the value-in-use of the equity investments between the FDPS and Darty Limited equities, on the basis of the information provided to us, our work mainly consisted of: ■ assessing whether the estimated value-in-use provided to the Group by each of the two subsidiaries and their respective subsidiaries and determined by Management is based on appropriate justification of the valuation method and the figures used; ■ assessing the reasonableness of the cash flow forecasts provided to the Group by each of the two subsidiaries and their respective subsidiaries with regard to Management's assumptions and the economic environment in which the Group operates, particularly in view of inflationary pressures; ■ assessing the consistency of the growth rate used for projected flows for calculating the terminal value with information from available outside analyses and with the help of our specialists; ■ assessing the reasonableness of the discount rate applied to the estimated cash flows, with the help of our specialists; ■ assessing the consistency and arithmetical control of how the chosen allocation criteria were distributed between the equity investments of the subsidiaries of FDPS and Darty Limited; ■ assessing the effect of the change in accounting estimate on the valuation of equity investments and the appropriateness of the information on this change in estimate appearing in the Notes to the annual financial statements.

Specific verifications

Consistent with professional standards applicable in France, we also performed the specific verifications required by the legal and regulatory texts in effect.

Information provided in the Management Report and other documents on the financial position and the annual financial statements sent to shareholders

We have no observations to make as to the fair presentation and consistency with the annual financial statements of the information provided in the Board of Directors' Management Report, the documents on the financial position, and the annual financial statements sent to shareholders.

We certify the fairness and consistency with the financial statements of the information regarding the payment periods outlined in Article D. 441-6 of the French Commercial Code.

Information on corporate governance

We certify the existence of the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code in the section of the Board of Directors' Management Report dedicated to Corporate Governance.

As regards the information provided pursuant to Article L. 22-10-9 of the French Commercial Code on compensation and benefits paid or awarded to corporate officers and the commitments made to them, we have verified that it is consistent with the financial statements or with the data used to prepare these statements and, as applicable, with the evidence gathered by your Company from companies controlled by your Company that are within the scope of consolidation. On the basis of this work, we certify the accuracy and fairness of this information.

With respect to information on the items which your Company believes could have an impact in the event of a public tender or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code, we verified its consistency with the documents from which the information was drawn and which were provided to us. On the basis of this work, we have no comment to make about this information.

Other information

As required by law, we have made certain that various information on the acquisition of interests and control and the identity of shareholders and voting rights has been provided to you in the Management Report.

Other verifications or information required by laws and regulations

Format of the annual financial statements intended for inclusion in the annual financial report

In line with the professional standard on due diligence of statutory auditors in relation to annual and consolidated financial statements presented in accordance with the Single European Electronic Reporting Format, we have also verified compliance with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018, in the presentation of the annual financial statements intended for inclusion in the annual financial report referred to in Section I of Article L. 451-1-2 of the French Monetary and Financial Code, established under the responsibility of the Chief Executive Officer.

Based on our work, we conclude that in all material respects, the presentation of the annual financial statements for inclusion in the annual financial report complies with the Single European Electronic Reporting Format.

It is not our responsibility to verify that the annual financial statements which will effectively be included by your company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Auditors

Deloitte & Associés was appointed auditor of Fnac Darty by the General Meeting of June 22, 1993, and KPMG Audit, a division of KPMG SA, was appointed at the General Meeting of April 17, 2013.

As of December 31, 2022, the two firms were in the tenth year of their appointment since the Company's shares had been listed for trading on a regulated market. Deloitte & Associés is in the thirtieth year of its appointment without interruption, and KPMG SA in its tenth year.

Responsibilities of management and the individuals comprising corporate governance for the annual financial statements

It is the responsibility of management to prepare annual financial statements that present a fair image, in accordance with French accounting rules and principles, and to implement the internal controls it believes necessary for the preparation of annual financial statements containing no material anomalies, whether as a result of fraud or error.

During preparation of the annual financial statements, it is management's responsibility to assess the Company's ability to continue operations, to present in these statements any information concerning operating as a going concern, and to apply the going concern accounting principle, unless it is planned to liquidate the Company or cease operations.

It is the responsibility of the Audit Committee to monitor the process of preparing the financial information and to monitor the effectiveness of the internal control and risk management systems and, if applicable, the internal audit system, with regard to the procedures for preparing and processing the accounting and financial information.

The annual financial statements have been approved by the Board of Directors.

Responsibilities of the Auditor for auditing the annual financial statements

Audit purpose and approach

It is our responsibility to prepare a report on the annual financial statements. Our goal is to obtain reasonable assurance that the annual financial statements, considered in their entirety, contain no material anomalies. Reasonable assurance corresponds to a high level of assurance without, however, guaranteeing that an audit conducted in accordance with professional standards will systematically detect any material anomaly. Anomalies may result from fraud or error and are considered material when one can reasonably expect that, individually or together, they could influence the economic decisions made by users of the financial statements based on those statements.

As specified by Article L. 823-10-1 of the French Commercial Code, our mission to certify the financial statements does not consist of guaranteeing the viability or quality of your Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the auditor exercises professional judgment throughout the audit. Moreover:

- the auditor identifies and measures the risks that the annual financial statements contain material anomalies, whether as a result of fraud or error, defines and implements audit procedures in light of these risks, and collects information deemed sufficient and appropriate on which to base an opinion. The risk of failure to detect a material anomaly resulting from fraud is greater than the risk of failure to detect a material anomaly resulting from error, because fraud may involve collusion, falsification, voluntary omissions, false statements or bypassing of internal controls;
- the auditor reviews the internal controls relevant to the audit in order to define appropriate audit procedures under the circumstances, and not in order to express an opinion on the effectiveness of the internal controls;
- the auditor assesses the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as information on these elements provided in the annual financial statements;
- the auditor assesses the appropriateness of management's application of the going concern accounting convention and, based on information collected, the existence or absence of material uncertainty related to events or circumstances that could call into question the Company's ability to continue operations. This assessment is based on information collected up to the date of the auditor's report; it is, however, noted that subsequent circumstances or events could call into question the Company operating as a going concern. If the auditor concludes that a material uncertainty exists, he calls the attention of readers of the audit report to information provided in the annual financial statements concerning this uncertainty or, if this information is not provided or is not pertinent, the auditor certifies with reservations or refuses to certify the financial statements;
- the auditor assesses the overall presentation of the annual financial statements and evaluates whether they reflect and provide a fair picture of the underlying transactions and events.

Report to the Audit Committee

We are submitting a report to the Audit Committee specifically describing the scope of the audit work and the work conducted, as well as the conclusions arising from our work. We are also informing the Committee of any significant weaknesses in the internal controls we have identified in the procedures for preparing and processing the accounting and financial information.

The elements communicated in the report to the Audit Committee include the risks of material anomalies which we believe were the most important for the audit of the annual financial statements and which therefore constitute the key points of the audit which it is our responsibility to describe in this report.

We are also providing the Audit Committee with the declaration stipulated by Article 6 of Regulation (EU) 537/2014 confirming our independence, under the rules applicable in France specifically as established by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics for the auditing profession. As necessary, we discuss with the Audit Committee any risks impacting our independence and the safeguards taken.

Paris La Défense, March 16, 2023

Statutory Auditors

KPMG Audit
A department of KPMG SA

Éric Ropert
Partner

Caroline Bruno-Diaz
Partner

Deloitte & Associés

Guillaume Crunelle
Partner

6

Risk factors and management

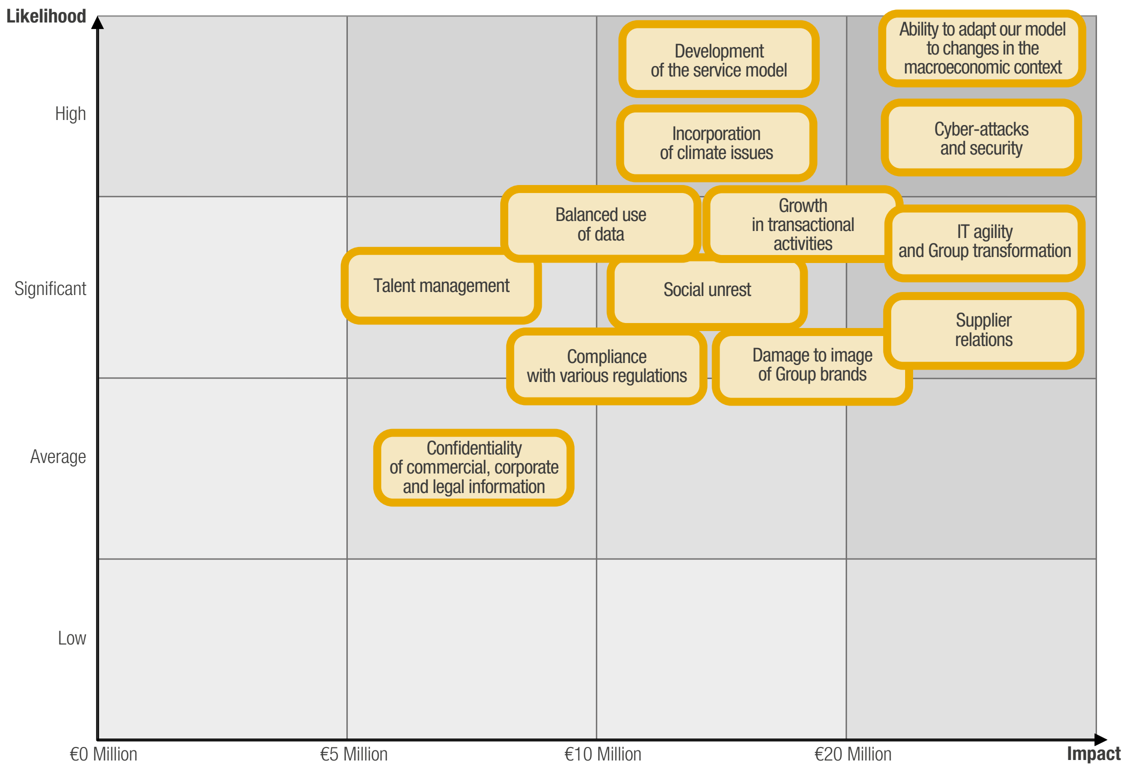
The Group operates in a constantly changing environment and is therefore exposed to both external and internal risks in developing its activities relating to its strategic plan. Moreover, the Group has conducted a review and assessment of the risks that could potentially have a material adverse impact on its activities, its financial position, its net assets, its income, its ability to achieve its objectives, its image and its reputation. This chapter sets out the main risks identified to which the Group considers itself to be exposed, as well as the internal control and risk management procedures implemented to prevent, manage and mitigate these risks. The risk mapping was presented and approved at the Audit Committee meeting in December 2022.

The most substantial risk factors within each category are presented first. The importance of each risk is calculated as of the date of this document, based on an assessment of the estimated level of impact of the risk and the likelihood of its occurrence.

Main risks identified to which the Group considers itself to be exposed

Type	Description	Page
Strategic risks	Ability to adapt the organization to changes in the economic climate (inflation, energy costs)	422
	IT agility and Group transformation	423
	Relations with suppliers	424
	Development of the service model	425
	Incorporation of climate issues	426
	Damage to the brand image of Group banners	427
	Confidentiality of commercial, social and legal information	427
Operational risks	Cyber-attacks and information system security	428
	Growth in transactional activities	429
	Social unrest	429
	Talent management	430
Regulatory risks	Balance use of data	431
	Compliance with various regulations	432
Financial risks	Liquidity risk	433
	Pension plan	434

Assessment of risks according to their likelihood of occurrence and estimated financial impact



6.1 / Strategic risks

Against the backdrop of the crisis, Fnac Darty needs to persist with transforming its omnichannel model while continuing to adapt its organization and investing in IT systems and operational resources. Product and service lines must continue to be updated to achieve a better fit with changing consumer behaviors. However, the Group strives to balance its expenses and investments so as to maintain the profitability of its economic model, and keeps a close eye on developments and the economic outlook.

Strategic risks – Ability to adapt the organization to changes in the economic climate (inflation, energy costs)

Risk identification	Risk management
Fnac Darty operates in a competitive retail sector with low margins. The easiest, most impactful, and most readily implementable cost-saving plans have already been accomplished through the synergies achieved at the time of the Fnac Darty merger. The Group must nevertheless continually seek cost-savings to ensure that its operational efficiency and its results remain as resilient as possible to the complexity of the economic climate, particularly the impact of inflation on our cost structure (payroll expenses, transportation costs, rents, energy bills, etc.). As such, the Group may not be able to implement sufficient cost-saving plans to offset unprecedented levels of inflation.	The performance culture is central to the Group's strategy, to ensure that all of the Group's business lines and entities contribute to the search for potential cost savings while maintaining operational efficiency, which has been in place for several years. A governance structure and action plans to support its staff have been identified, primarily through a matrix structure that permits decision-making without hampering Group-wide development and pays special attention to any potential human resource impacts in its entities. Performance plan management is monitored monthly by the Executive Committee.

Strategic risks – IT agility and Group transformation

Risk identification	Risk management
Fnac Darty's ambition, as expressed through its strategic plan and the multiplication of the Group's growth drivers (online platforms, Marketplace, services, franchises, partnerships, etc.), requires significant investment and the extremely rapid and successful transformation of its information systems. Some applications used by the Group need to be updated to improve the customer experience and strengthen operational continuity during busy periods. For historical reasons, there is a lack of standardization across the applications used by the Group's various entities. Moreover, the Group may fail to deliver this transformation successfully, both in terms of its capacity and its speed of execution.	The governance for a three-year IT master plan was set up in 2018 and updated at the end of 2020. This master plan is sponsored at Executive Committee level in close collaboration with the business lines. Its main measures include: ■ the monthly monitoring of key issues and IT and digital investment strategies at Executive Committee level within a dedicated committee; ■ the continued rollout of agile development within a dedicated structure, and the improved efficiency of digital factory production launches (combined IT and business line structure); ■ the insourcing of key IT resources, enabling control of core business components over time and facilitating the success of the plan to converge the Fnac and Darty IT systems; ■ the strengthening of the service continuity system for the most critical applications in place; ■ the use of public cloud resources to provide faster support for new business strategies; ■ the annual review of the application assets; ■ the regular update of the master plan.

Strategic risks – Relations with suppliers

Risk identification	Risk management
Fnac Darty offers a wide range of products and is supplied by a large number of suppliers. In France, in particular, purchases from the top twenty suppliers represented around 60% of the total purchases made in 2022. A major portion of the Group's operations depends on its capacity to negotiate under good commercial conditions and maintain contracts and long-term business relations with its suppliers, especially those for whose products there is no substitute as far as customers are concerned (e.g. Apple, Dyson, etc.). Any deterioration in the brands' relationships with their main suppliers, partners or service providers, the imposition of stricter conditions by these parties, or the non-renewal or early termination of their main supply or service agreements may have a material adverse effect on the Group's image, operations, earnings, financial position and outlook. In addition, amid a global shortage of components, the Group could also be faced with its suppliers' inability to deliver the expected volumes.	The Group's sales policy is designed to develop strategic partnerships with suppliers, partners and contractors in its primary markets: ■ aligning our interests and those of suppliers around the value strategy with the opportunities and constraints it presents (channel management, exclusive offers, sustainability value, etc.) by entering into partnerships that shape the entire relationship (purchasing, communication, demonstrations, merchandising); ■ developing partnerships and exclusive offers (WeFix and Apple, for example); ■ spreading risk on the supplier portfolio; ■ conducting annual negotiations that value growth prospects at fair values; ■ developing services for our suppliers: data supply (after-sales service, LaboFnac, inventories, customers, courses), web-based customer experience (livestreams, chats, SEA, etc.), in-store customer experience (training, events), MyRetailLink, repair, second life; ■ strengthening the role of services in commercial negotiations, particularly around subscriptions and financing solutions; ■ supporting the divestment of Chinese TV and Telephony brands.

Strategic risks – Development of the service model

Risk identification	Risk management
The significant changes in the Fnac Darty service model involve speedy adjustments within the organization. We need to develop appropriate IT systems, align our internal processes, and train and gear up our technical and sales teams. To achieve the expected profitability of this model over time, it is essential that we provide the quality of service promised to the customer and that the business is managed effectively. The Group must also tighten up controls to guard against the various risks inherent in these activities.	The Group relies on its own ecosystem and partnerships to make its services accessible to as many customers as possible. The Group has set up a team dedicated to helping stores to put on promotional events for the sale of services. It is organized to acquire the right skills for managing subscriptions and driving its profitability (churn, NPS, payment problems). The Group is recruiting and training more than 500 technicians over the plan period to provide the capacity to meet the customer demand for repairs generated by the increase in Darty Max repair subscriptions. Training is provided via the Tech Academies, the launch of the first training center for business apprentices, as well as our in-house Training Center. It is expanding its IT platform to include new subscription management functionality, and continues to develop control reporting tools.

Strategic risks – Incorporation of climate issues

Risk identification	Risk management
The profound environmental crisis that is facing our societies is gradually calling into question the production and consumption methods of the last 50 years. Against this backdrop, public authorities are strengthening the legislative arsenal to force companies to reduce their environmental impacts, particularly those related to transport, energy, waste and consumer goods. The number of consumers seeking to consume better, or consume less, is steadily increasing. Young workers are increasingly conscious of CSR commitments, and many investors are investing in companies with the best ratings from non-financial rating agencies. The Group must incorporate this growing dimension and develop its business model to prevent contradictions or inconsistencies that, in some extreme cases, could lead to smear campaigns on social networks or demonstrations outside head offices, stores or warehouses. The Group must also ensure compliance with new climate regulations and anticipate future changes in the regulatory framework. Failure to incorporate these environmental issues into its strategy would expose the Group to multiple risks, such as: ■ damage to the Group's reputation; ■ decline in popularity; ■ loss of business; ■ loss of certain investors; ■ non-compliance and penalties; ■ the impact of climate change (extreme events) on its sites and activities. Finally, in order to prepare for the impacts of climate change, the Group must be able to identify the main physical risks likely to affect its operations and its value chain, and to assess its level of resilience in response to these risks. A detailed description of the risks identified by the Group is presented in Chapter 2, section 2.3.1.2.	Aside from these risks, Fnac Darty believes that the incorporation of environmental issues into its business model represents an opportunity to enhance the strong and historic assets of the Group's brands (responsible image, after-sales service, technical laboratory, sales expertise, store network, etc.). By integrating the sustainability objective into its strategic plan, the Group is demonstrating its desire to position itself as a standard-setting player in responsible, sustainable retail. In this regard, the Group has implemented four major initiatives: **1 /** definition of a *raison d'être* that embeds environmental concerns within a context of hyperchoice and over-consumption: "committed to providing an educated choice and more sustainable consumption." This ambition guides the Company in its strategic decisions and its day-to-day activity and management; **2 /** strengthening governance: social and environmental responsibility is driven by the Executive Committee and the Board of Directors. Since 2021, a CSR objective has been incorporated into the variable compensation of the Chief Executive Officer, the members of the Executive Committee and all managers: ■ a Climate Committee is steering the Group's target of a 50% reduction in CO_2 emissions by 2030 (compared to 2019) for transport and energy, established in line with the science and in order to limit global warming to 1.5°C, ■ a Circular Economy Committee oversees cross-functional initiatives to promote repair, reuse and recycling, ■ a CSR Committee steers the roadmaps of the operational departments in France and internationally, and instigates projects aimed at reducing the environmental impact of the Group's activities; **3 /** developing services and advice that promote a circular economy: launch of the "sustainability score" and the "Sustainable Choice" label, a subscription-based repair service (Darty Max), a repair assistance platform, expansion of the second life and second-hand activities, etc.; **4 /** measurement of the Group's exposure to extreme climate risks conducted in 2022. The management of this risk, the governance, the decarbonization strategy, the objectives and all actions taken to address this risk are detailed in Chapter 2, section 2.3 ("Reduce our impact on the climate and the environment") and section 2.2 ("Promote sustainable consumption and an educated choice").

Strategic risks – Damage to the brand image of Group's banners

Risk identification	Risk management
The success of our banners relies in part on the strong reputation and consumers' high opinion of our Fnac, Darty and Nature & Découvertes brands. In the context of the growth of its network of franchises and of Marketplace, the development of external partnerships, increasingly fierce competition and the development of social media that encourage the rapid dissemination of opinions, comments and reviews, the Group's ability to maintain the consideration, preference and distinctive character of its brands, the ability to integrate CSR and ethical issues into the choice of our suppliers and partners, and to retain the membership of its customer loyalty programs, are key factors for longevity. Moreover, our banners' brand image could be affected by exceptional events such as liability incurred for marketing faulty products, the ability to integrate CSR and ethical issues in the choice of our suppliers and partners, or non-compliance with applicable regulations.	A number of measures have been implemented to reduce the aforementioned risks: ■ an ongoing monitoring mechanism flags any event likely to affect the Group's image and reputation. This system relies on various departments working together, in particular the Marketing Department, Internal Communications and the Security Department; ■ a mechanism to monitor the reputation of our leading third parties has been initiated under the Sapin II law; ■ Fnac Darty's Business Code of Conduct, which was updated at the end of 2021, is available on the Company's internal network and appended to our contracts and agreements with third parties; it sets out the Group's ethical commitments and the behaviors required; ■ a crisis management policy and associated operating procedures are circulated within the Group. These are the subject of regular reminders; ■ furthermore, the IT Charter sets out the rules governing the use of the IT tools available to employees in compliance with the Group's ethical rules.

Strategic risks – Confidentiality of commercial, social and legal information

Risk identification	Risk management
In the context of its current operations and strategic development, the Group processes and stores key information that could be used for malicious purposes. The Group must, at all times, ensure the controlled management of any confidential information upon which the market success of the year's major commercial operations depends.	The Group ensures the confidentiality of its key information by means of: ■ an internal authorization and rights policy for the various shared tools and networks; ■ the monitoring of key employees' inboxes for suspicious emails; ■ regular awareness-raising among all employees about the risk of phishing; ■ the management of key commercial information in a siloed, restricted manner and in accordance with a "just-in-time" data approach; ■ a reminder of the best practices to adopt when using tools and managing information, provided in the Group's IT Charter.

6.2 / Operational risks

Operational risks – Cyber-attacks and information system security

Risk identification	Risk management
Most of the Group's operations rely on information systems developed or administered by internal resources or outside contractors. Any fragility or failure of these systems could disrupt business operations and potentially have major repercussions on the Group's sales and financial results, particularly with regard to websites and ordering and payment systems, and especially during peak business activity, such as of the end of the year. Our Group's commercial websites could be subject to cyber-attacks and our databases might be corrupted. Our Group could also be the subject of internal malicious actions through privilege escalation, particularly due to inadequate security of our access to information systems and networks. Our employees and customers could be subject to phishing scams (wrongful use of the Fnac Darty identity) resulting in unlawful data capture.	Fnac Darty's Information Systems Department ensures that all IT applications are consistent throughout the Group through a coordinated strategy that aims to anticipate operational incidents, particularly in the context of sharing tools due to the consolidation of the two banners, Fnac and Darty, and to arrange emergency plans. The Group aims to ensure the security of the information systems and the data they contain, through: ■ appropriate cross-departmental governance to manage this risk and the associated action plans in all subsidiaries, technical solutions, shared standards, and a common policy; ■ continuously improving the security of our commercial websites, our messaging and our outflows (Endpoint Detection and Response); ■ digital identity management and cyber resilience; ■ verifying external IT service providers by obtaining contractual guarantees ensures the confidentiality and security of the data processed (PCI-DSS compliance of service providers processing banking data); ■ raising awareness of cyber security among Group employees on a regular basis – mandatory training for all employees, campaigns about phishing, etc.; ■ organizing cyber crisis exercises (operational and governance); ■ annual anti-intrusion audits carried out by specialist external consultants, where necessary resulting in immediate action plans; ■ distributing the IT charter to employees.

Operational risks – Growth in transactional activities

Risk identification	Risk management
The development of our omnichannel model and the growth of our online sales are placing increasing pressure on Fnac Darty's operations (logistics, last mile deliveries and customer relations, in particular). The Group needs to support its growth ambition by maintaining its delivery capacity and ensuring high-class service in dealing with the challenges of controlling the costs of availability, order preparation, shipment and delivery. The Group must also be able to absorb an increase in unit costs (linked to the geographical expansion of the franchise, the rise in energy costs and/or subcontractor costs, etc.). Finally, the Group must ensure that it accurately forecasts future (short-/medium-/long-term) sales volumes, which has an impact on the Group's projects and affects its operations (logistics, last mile deliveries and customer relations, in particular).	The structure of our operating model is changing to bring our capacity more closely into line with increasing demand: ■ the Group invests in high-quality modern equipment that mechanizes and automates order preparation and shipment. The aim of these investments over the term of the plan is to ensure a significant improvement in productivity and service quality; ■ the development of click&collect helps to mitigate the impact of transportation costs on online sales with the store network being used as warehouses and delivery locations; ■ incremental capacity management (overflows, space optimization) helps to ensure overloading is efficiently managed; ■ passing on the increase in unit costs (paid deliveries, franchise fees, etc.) helps to offset its impact.

Operational risks – Social unrest

Risk identification	Risk management
Faced with social tension and/or large-scale protests related to changes in the macroeconomic situation, the Group must ensure that it has measures in place to limit the impact on its operating activities. The Group must also maintain good relations with employee representatives, thereby enabling it to obtain signatures in labor negotiations that are to key to supporting the Group's transformation.	The Group ensures high-quality labor relations through, in particular: ■ strengthening transparent communication; ■ the ongoing establishment of local social dialogue (working conditions, purchasing power, roll out of structuring projects, etc.). In addition, discussions are underway around the implementation of business continuity plans at the Group's warehouses and stores, in order to protect operating activities from any social unrest.

Operational risks – Talent management

Risk identification	Risk management
The Group needs to maintain the commitment of its employees and ensure that it retains the talent required to implement the strategy and develop the various business activities. Failure to control workforce turnover would mean the Group was unable to capitalize on employees' experience, which could therefore impede its operational efficiency. The Group could also find it difficult to hire for existing business lines that will be crucial in the future. In particular, the Group's strategy commits us to strengthening our technical business lines and our digital skills.	The Group has various systems in place: ■ the Group plans changes to its workforce per business line based on demographic data and assumptions contained in the strategic plan, thereby making it possible to pre-empt changes and establish appropriate action plans; ■ development reviews, carried out in order to identify talent and support these individuals in their career path within the Group; ■ a monthly survey of employees covering various topics, for them to give their views on issues such as strategy, the transformation of the Group and quality of life at work, by answering three questions. This mechanism is also an opportunity for them to freely express their expectations, which facilitates the creation of concrete action plans. Monitoring committees have been set up for this purpose; ■ the Group has adjusted its structure and work environment in order to facilitate a collaborative approach and agility within digital business lines; ■ support for Group employees and managers on new collaborative ways of working has been implemented with the roll-out of teleworking, management through accountability and the activity-based office; ■ the compensation policy has been adjusted for a number of Group business lines; ■ development of the Fnac Darty Academy, with a total of 41 classes, allowing the Group to establish a pool of experts in the technical business lines. This academy has been fully in-house since October 24, 2022; ■ actions undertaken to modernize the employer image with technicians (various communication plans); ■ recruitment models and practices have been modernized to provide faster and more targeted hiring. In addition, the use of dedicated tools and resources, the development of links with specialized schools, the use of sponsorship and the recruitment of staff (especially in the context of work-study programs) with digital skills are intended to foster employee retention in these areas within the Group.

6.3 / Regulatory risks

Regulatory risks – Balanced use of data

Risk identification	Risk management
As part of its ongoing activities and strategic development, the Group processes and maintains significant volumes of personal data in a complex and innovative technological environment. As such, the Group could be exposed to malicious external uses or attacks. In an aggressive competitive environment, the Group also ensures, within the context of its activities, a balance between using personal data for commercial purposes and protecting the privacy of its customers.	In 2017, Fnac Darty appointed a Group Data Protection Officer (DPO) with the CNIL (Commission Nationale de l'Informatique et des Libertés – French data protection authority). Three people were employed to strengthen the data protection team. Each country subsidiary also has a Data Protection Officer or person responsible for monitoring this issue. Specific governance of personal data protection has been implemented across the entire scope of the business. As part of a continuous improvement process, an action plan is carried out with particular regard to the following elements (see section 2.5.3.1 "Protecting the personal data of employees and customers"): ■ dedicated governance led by a Management Committee and a report at the Executive Committee level; "data protection" champions in each department; ■ keeping a register of personal data processing operations; ■ raising awareness and training of employees; ■ documentation and procedures for all the scopes affected (Fnac Darty and subsidiaries); ■ information for customers and employees; ■ retention of personal data for limited periods of time; ■ security of information systems; ■ introduction of formal contracts (Data Protection Agreements) with subcontractors and partners; ■ strengthening information on the Group's use of customer data on our e-commerce websites and in-store; ■ systematic analysis of projects as part of a Privacy by Design approach.

Regulatory risks – Compliance with the various regulations

Risk identification	Risk management
Because of its in-store and online retail activities, the Group is exposed to changes in the legal and regulatory environment in the countries in which it operates. In particular, the Group's activities are subject to controls, investigations and regulations relating to consumer protection, competition, e-commerce, intermediation in consumer credit and insurance, personal data protection, digital and physical book prices, contractual warranties for customers, and store safety and accessibility. The Sapin II Law and the law establishing a duty of care places a heavier obligation on our Group to put in place an annual declaration on interest representation activities, as well as measures to combat corruption and influence-peddling, and a vigilance plan covering the risks of infringements of human rights, the health and safety of people and the environment, in every country where the Group is present. The Group's business is also affected by environmental regulations, which may have an impact on the products our banners distribute (such as obligations to dispose of or recycle consumer electronics and domestic appliances), the organization of after-sales services, the methods and cost of transporting products distributed, or the costs our banners incur for the rental of retail space. Moreover, financial penalties and/or the requirement to publish such penalties may be imposed on the Group if its compliance is considered to be insufficiently robust, impacting the Group's earnings and image.	Legal and regulatory requirements are monitored and incorporated at the country level by the local Finance and Legal Department with the support of the Group's advisory network, under the supervision of the Group's Legal, Finance and Tax Departments. The Group's Business Code of Conduct, updated in 2021, reaffirms our commitments to compliance with legal and regulatory obligations toward Group employees and the third parties with which we enter into contracts. This system is supplemented by letters of representation signed in-house by key employees. Employees are reminded of our obligations through specific mandatory in-house training courses carried out in a classroom or via e-learning modules. The Group participates in discussions that may affect its environment, by presenting its actions and innovations to the public authorities, by participating alongside the authorities in discussions prior to the drafting of legislative and regulatory texts, and by defending its positions and proposals during hearings with the government, parliamentarians, local elected representatives, or independent authorities. The Group aims to support political objectives in terms of a commitment to a more circular economy, consumer protection, and equal treatment of economic operators, while preserving the interests of the companies concerned. The Group provides technical expertise useful for political decision-making in a fully transparent manner. As part of a constructive approach with the public authorities, the Group is able to promote innovative proposals thanks to its operational experience, but also to warn about the economic, social and environmental risks to which certain measures might expose the sector's stakeholders. In the latter case, the Group is responsible for working proactively on compromise solutions that are satisfactory and acceptable to all stakeholders. Its approach to interest representation alternates between its own commitments and participation within groups of stakeholders under the aegis of the professional federations – national or local – of which it is a member.

6.4 / Financial risks

Financial risks – Liquidity risk

Risk identification	Risk management
The Group's activity is seasonal and is marked by a significant spike in its activity at the end of the year with the Black Friday period at the end of November and the Christmas celebrations in December. Group revenue and current EBITDA are therefore significantly higher in the fourth quarter than in the other quarters of the year. The Group's working capital requirements fluctuate during the year and are normally highest in the third quarter of each year, leading to significant liquidity needs. As of December 31, 2022, the Group's gross debt consisted mainly of: ■ €200 million convertible bond, maturing March 2027; ■ €650 million in senior bonds maturing in April 2024 and April 2026 with capitalized interest; ■ €100 million in loans from the EIB. In a particularly challenging retail climate, with this key year-end for the Group particularly impacted by heightened pressure on household purchasing power, free cash-flow from operations was -€30 million in 2022. About one third of the variance with the previous year's free cash-flow reflects a decline in EBITDA, including non-current items. This is in line with the current operating income for the year. In addition, this year, working capital includes reduced cash inflows, which are in line with lower-than-expected sales in December, and more cash outflows early in the year, due to especially robust activity in late 2021. Inventory levels remain healthy and under control, rising only about +€40 million compared with the end of 2021. Lastly, operating investments for 2022 are slightly better than expected, at nearly €130 million. This underperformance in 2022 had a negative impact on the Group's available cash at the end of the year. As a result, in 2023, Fnac Darty will remain particularly vigilant about its liquidity needs, particularly if the macroeconomic situation deteriorates.	Liquidity risk for the Group and each of its subsidiaries is closely and regularly evaluated by the Group through periodic financial reporting. In order to manage liquidity requirements, the Group has diversified its sources of financing, set up a €300 million NEU CP program in the first quarter of 2018 (increased to €400 million in June 2020), and has access to an unused €500 million revolving line of credit maturing in March 2027 +1. Furthermore, the process of diversifying financing and renegotiating the Group's financial instruments launched in early 2018, which contributes to risk management and mitigation, continued in 2022. In 2019, the Group refinanced the €650 million bond issue from 2016 in two tranches of €300 million and €350 million maturing in 2024 and 2026 respectively, and raised financing of €100 million, amortizable over nine years, from the European Investment Bank. In 2021, the Group refinanced the term loan maturing in March 2023 by issuing a €200 million convertible bond maturing in March 2027. In addition, due to the Covid-19 crisis, in April 2020 the Group raised €500 million in financing in the form of a state-guaranteed loan from a group of French banks. This financing was repaid in full in March 2021. In 2022, the Group activated its first option to extend the maturity of the revolving credit line until March 2027. Finally, in order to address the maturity of its 2024 bond, Fnac Darty set up an undrawn line of bank credit of €300 million maturing in three years with two options to extend for one year each, for the purpose of refinancing the 2024 senior bond. This new line enables the Group to use the full maturity period in 2024 in order to benefit from a particularly attractive coupon and thus secure its low level of financial expenses, in a context of sharp rate increases. The Group will remain agile and attuned to financing opportunities in 2023, particularly if the macroeconomic situation deteriorates.

Risk identification	Risk management
The EIB contract, the bank loan, the state-guaranteed loan and the bond issue contain clauses customary for these types of financing, namely financial commitments, general restrictive covenants and early repayment clauses. As of December 31, 2022, the Company was in compliance with its financial covenants under the loan agreement (see section 2.11.5 "Financial debt" of this Universal Registration Document). The Company conducts a specific periodic review of its liquidity risk. The terms and conditions of the Group's financing lines are detailed in section 2.11.5 "Financial debt" of this Universal Registration Document.	**Centralized cash management** Fnac Darty Participations et Services has entered into centralized cash management agreements for an unlimited term with its main French and its non-French subsidiaries. The purpose of these agreements is to centralize the Group's cash management ("cash pool") in order to encourage coordination and optimization in using cash surpluses or in covering aggregate cash requirements at Group level. Pursuant to the agreements, these subsidiaries deposit any cash surpluses they do not use to finance their operation and their capital expenditure program with Fnac Darty Participations et Services, in exchange for which Fnac Darty Participations et Services finances their working capital requirements and capital expenditure program.

Financial risks – Pension plan

Risk identification	Risk management
The pension plan, known as the "Comet pension plan," which is funded by Darty in the United Kingdom, has been taken over as part of the Fnac Darty consolidation. Fnac Darty's financing obligations depend on the future performance of the assets, the level of interest rates used to measure future commitments, actuarial projections and experience of changes in pension plans and the applicable regulations. Due to the many variables that determine the pension financing obligations, which are hard to predict, as well as any statutory changes, the future financing obligations for this pension plan in terms of cash could be larger than the amounts estimated as of December 31, 2022. In this case, these financing obligations could have a negative impact on the Group's financial position. Since October 1, 2021, the regulation of pension funds in the UK has changed with an increased supervisory role for the UK regulator. The Group is complying with this new regulation by assessing the impact that key decisions taken by the Company may have on the financing of the pension fund.	The monitoring of the commitments under this pension fund is jointly managed by the Financial Operations and Transformation Department and the Financing and Treasury Department. Commitments are reassessed jointly every three years by the Group and the Comet Board of Trustees. Following the three-year negotiation that took place in 2022, it was confirmed that contributions to the fund would be suspended for an additional three years and that operating fees would be paid directly by the Fund, and no longer by Fnac Darty. The Group is a member of the Comet pension fund Board, which meets approximately once per quarter. The Group uses a valuation model to formalize key decisions that could have an impact on the financing of the fund, in particular when these decisions relate to the Group's sources of financing, share buybacks or dividend payments.

6.5 / Insurance

Policy for managing insurable risks

The policy for managing insurable risks is led by the Group's Legal Department, in close collaboration with the Group's other departments.

The relevant departments work to identify, assess and prevent risk, prior to transferring residual risks to insurance companies. More specifically, the policy for managing insurable risks consists of:

- identifying the risks and the various potential claim scenarios (maximum potential claim and reasonably estimated claim);
- assessing the impact of the risks identified, in particular the financial impact in the event of a claim being made;
- defining risk mitigation plans and implementing appropriate prevention measures;
- deciding between retaining certain risks and transferring them to the insurance market.

This analysis enables the Group to determine its insurance requirements and to provide the best protection for people and property.

On this basis, the Group's Legal Department negotiates with recognized companies in the insurance industry to provide the insurance cover that is most appropriate for the Group's risks.

Insurable risk prevention policy

The Group continues to implement and develop prevention measures to improve its insurable risks in order to reduce the likelihood of certain claims arising and/or their severity when they do occur.

The Fnac Darty Insurance Committee includes members from several departments involved in risk management. Its role is to improve the effectiveness of the insurable risk management system, and its tasks include:

- implementing initiatives to prevent and mitigate risk and providing information about them;
- and monitoring the implementation of these initiatives.

Policy for transferring insurable risks

The Group conducts a policy of transferring its material risks to insurance companies. The Group still assumes risks where the likelihood of occurrence and the severity is low.

The Group ensures it maintains a strategy that enables it to generate a positive insurance value by seeking the best balance between risk cover and premiums. This assessment is made with advice from brokers and professional insurance consultants.

Uninsured risks are those for which no coverage is offered on the insurance market or where insurance is offered at a cost that is disproportionate to the potential benefits of such insurance. The Group's insurance requirements are reviewed regularly by the Insurance Committee, which relies on the mapping of insurable risks, in order to verify their suitability with regard to developments within the Group and the insurance market.

The main insurance programs taken out by the Group cover all of its subsidiaries and are supplemented, where applicable, by specific local arrangements that comply with the regulations of the various countries in which the Group operates.

The Group remains cautious about disclosing information on its insurance programs and about disclosing certain information that may be prejudicial to it in contractual negotiations or in the event of a claim.

By way of example, the Group has taken out insurance policies to cover the risks of property damage and operating losses, third-party liability and mandatory insurance policies, such as for the vehicle fleet:

- **damage to property and operating losses:** this policy insures the Group against damage resulting from fire, explosions, water damage, theft, natural disasters and the operating losses resulting from such damage.

  This insurance cover was taken out as a result of the policy for managing insurable risk, and is based on determining the level of cover required to cope with the reasonably estimated occurrence of the risks that the Group wishes to transfer to the insurance market for each facility and company concerned;
- **third-party liability:** in order to cover operating risks and post-delivery or post-service risks, the Group has taken out a third-party liability insurance policy. This policy covers the financial consequences that may result from physical injury or material damage for which the Group is liable, that may be caused to third parties due to the activity of any of its subsidiaries or products sold;
- **vehicle fleet:** this mandatory insurance policy covers the Group's vehicle fleet against the risk of liability and damage that may occur while vehicles are being driven.

The levels of cover are determined by the various policies described above, taking into account the financial risks and the terms and conditions of cover available on the insurance market. The level of insurance cover is weighed against the financial terms available.

In accordance with market practices, conditions and constraints, the insurance policies described include exclusions of cover, limitations and deductibles. Insurance cover will change as the Group's business evolves and depending on market conditions when policies are renewed.

6.6 / Risk management

The AMF defines risk as the possibility of an event whose consequences are likely to impact the persons, assets, environment and objectives of the Company, its image or its reputation.

Risk management includes areas that encompass far more than just financial risks: strategic, operational, market, corruption, image, reputation or compliance risks. Risk management is a management tool that contributes to:

- creating and protecting the Company's value, assets, image and reputation;
- preserving the longevity of the Company's short-, medium- and long-term activities;
- securing the Company's decision-making process and other processes to achieve its objectives;
- encouraging consistency between the Company's actions and its values; and
- mobilizing the Company's workforce around a shared vision of the main risks.

The Group closely associates risk management with internal control. The Group's risk management and internal control systems rely on a series of resources, procedures and actions aimed at ensuring that proper measures are taken to identify, analyze and control:

- risks that could have a significant impact on the Company's assets or the achievement of its objectives, whether operational, financial or related to compliance with laws and regulations; and
- the activities, efficiency of its operations and efficient use of resources.

6.6.1 / THE RISK MANAGEMENT SYSTEM

The implementation of the risk management system in the Group is based on an organizational framework, a three-step risk management procedure and ongoing oversight.

6.6.1.1 / Risk management structure and coordination with internal control

Organizational framework

The organizational framework includes:

- a structure that defines the roles and responsibilities of those concerned, establishes clear and consistent procedures and standards within the system; and
- a risk management policy that formalizes the system objectives.

Organization of risk management at country level

Managing the exposure to decentralized risks is the responsibility of the country CEO and local managers, who are closest to the risks associated with the activities they exercise or supervise:

- monthly performance reviews help to detect the appearance or occurrence of risks;
- country Security Departments are responsible for the security of the Company's physical and intangible assets and for the security and safety of all persons present at all the Group's sites; they implement all human, organizational and technical means to handle risks of an accidental or intentional nature; and
- the Support Services Departments, in their role of securing and driving progress, may identify risks and propose an action plan to the reporting line for their containment.

Organization of risk management at Group level

The Internal Audit Department organizes, for management, the process of mapping the Group's major internal and external risks based on a formalized approach for identifying and assessing risks.

The Security Department circulates a set of rules and best practices to control the risks within its remit. The network of individual country Security Directors also rely on these rules and best practices. Its objectives at Group level are to harmonize procedures, reduce risks and optimize safety costs by promoting synergies and raising the awareness of all personnel within the Group's banners.

The Legal Department identifies and analyzes the Group's material legal risks and the insurable risks to be included in the Group's financial statements.

Preparation of the strategic plan by the Strategy Department provides the opportunity to assess the major external risks and update the mapping of the Group's major risks.

The organization of internal control and risk management described above is likely to be strengthened in 2023.

The Group has completely overhauled its risk control and management model in order to adapt it to changes in its business model and environment.

Implemented in January 2023, the new model clarifies the roles and responsibilities within the three steps of the process and aims to widely disseminate the risk management culture Group-wide.

It draws mainly on an operational control structure intended to assist management with the day-to-day monitoring of activities (detection, strengthening, training).

Reporting to the Group's General Secretariat, a Risk Department has been created to improve the coordination of operational control, internal control, internal audit, ethical compliance and security.

The organization of internal control has been developed to help management identify the risks inherent to their business and to ensure that suitable controls are in place to mitigate these risks (mapping, structured processes & procedures, reporting).

Internal audit has also strengthened its structure to extend its remit to operational, IT and corporate issues across the whole Group (monitoring and assurance of the risk control and management system).

Lastly, in response to the increased risk of fraud, the Group also decided to create an entity dedicated to the detection, prevention and resolution of incidents of internal and external fraud. This sits under the aegis of the Group's Security Department.

Risk management policy

The Group instituted its risk management policy based on the COSO II framework.

A three-step risk management process

- Risk identification: the Group treats risk identification as an ongoing business process. Risk identification helps to categorize and centralize major risks either with the Security Department or with the Internal Audit Department, depending on the type of risk.
- Risk assessment: in terms of the Group's activities, this approach is documented at least once a year during a risk self-assessment process headed by the Internal Audit Department. The risk management policy sets out the criteria and procedures for these assessments. The aim is to review potential consequences of the main risks (consequences that may be of a financial, HR, legal, image-related or reputational nature) and assess the likelihood of their occurrence, as well as the level of risk management.
- Handling risk: the last step of the risk management process includes identifying the action plan (s) best suited to the Company.

Managing risk management procedures

The risk management system is subject to regular monitoring and review, which allows it to be continually improved.

The Audit Committee reviews on an annual basis the risk map prepared by the Internal Audit Department and validated by the Group's senior management. The Audit Committee monitors the progress of dedicated action plans for major risks through specific presentations made by the sponsors of the various risks.

The Group also conducts regular internal audits in France and abroad to assess and improve the effectiveness of its risk management systems.

Links between risk management and internal control

The risk management and internal control systems are complementary to the management of the Group's activities:

- the risk management system aims to identify and analyze the main risks. Such risks are addressed and are the subject of action plans. These plans may propose a change to the organization, the implementation of projects and the introduction of controls. Any such controls to be implemented come within the internal control system and may be reviewed in light of the risk mapping;
- the internal control system relies on the risk management system to identify the main risks to be contained;
- the audit plan relies mainly on risk mapping to test the assessment of the level of control of identified risks.

The coordination and balance between the two systems depend on their shared underlying control environment, and, more specifically, the Company's specific risk and control culture, and the ethical values specified in the Group's Business Code of Conduct.

6.6.1.2 / General internal control principles

Internal control definition and objectives

The internal control system within the Group encompasses a number of tailored resources, policies, practices, procedures and initiatives, the purpose of which is to ensure that the required measures are taken to control:

- the activities, efficiency of its operations and efficient use of resources;
- the risks likely to have a material impact on the Company's assets or its ability to meet its objectives, whether of an operational, financial or compliance nature.

Internal control is defined as a process conducted by senior management under the control of the Board of Directors, and implemented by the Directors and all employees. Irrespective of the quality and scope of internal control, it cannot entirely guarantee that the objectives in the following areas will be achieved:

- compliance with applicable laws and regulations;
- application of instructions and strategy adopted by senior management;
- proper functioning of internal processes, including those contributing to the protection of the Company's assets;
- reliability of financial information.

Internal control limits

The following limitations inherent in any internal control system affect the probability that the Company will achieve its established objectives, in particular:

- human errors or malfunctions that occur when decisions are made or implemented;
- deliberate collusion between several persons, making it possible to elude the control system in place;
- deliberate fraud by management;
- where the implementation, or even maintenance, of a control would be more burdensome than the risk which it is supposed to alleviate;
- when, in endeavoring to achieve the above-mentioned objectives, companies are confronted with events and hazards that are outside of their control (unforeseen changes in markets and competition, unforeseen change in the geopolitical situation, errors in forecasting or estimating the impact of such changes on the organization, etc.).

Internal control components

The quality of the internal control system depends on the following components:

- a control environment based on rules of conduct and integrity that are upheld by the management and communicated to all employees;
- the existence of clearly and appropriately defined roles and responsibilities;
- a system for categorizing, analyzing and managing the main risks;
- ongoing monitoring of the internal control system, and regular review of its performance.

The Group's internal control environment

This environment is structured around the principles and values that are detailed in the Group's internal codes and charters and govern the behavior and ethics of all employees. It relies on the management of human resources to ensure the competence, ethics and involvement of employees.

Principles and values

- The Business Code of Conduct was updated in 2021. The aim is to reaffirm the basic principles that should govern each person's behavior in their professional life, both individually and collectively. These principles are reaffirmed through respecting people, respecting Company property, respecting trade regulations, and through the Group's commitments to social and environmental responsibility.

- A "Gifts and Benefits Charter," updated in 2021, outlines the Group's internal rules for accepting gifts and hospitality. Its aim is to help employees deal more confidently with the offer of various gifts and enticements from suppliers, third parties and partners.
- A "Prevention of Conflicts of Interest Charter," launched in 2021, aims to raise awareness of conflicts of interest. Its intention is to help employees avoid them and understand how to conduct themselves when faced with them. For members of the Leadership Group and employees potentially at risk, this is combined with an annual conflict of interest disclosure. Through the process related to this disclosure, nearly 1,200 people received conflict of interest training in 2022. All reported conflict of interest situations are reviewed by the Internal Audit Department and, if necessary, measures are taken to avoid them. This approach has a dual objective of education and protection.
- The "ethics alert line" enables staff to report with complete confidence and confidentiality any behavior that contravenes the ethical framework and any serious situation or event identified within the Company or within our partners/suppliers on our ethics alert and compliance website. The existing system was harmonized with the requirements of the French Waserman law at the end of 2022.
- Fnac Darty's key unifying values are respect, loyalty and transparency. These shared underlying values are reiterated in the updated Business Code of Conduct.
- An Ethics Charter for Securities Trading, updated in 2019, in compliance with AMF instructions, defines the obligations incumbent on persons holding inside information.
- A charter relating to the appropriate use of information systems is updated every year to raise awareness and increase user responsibility among Fnac Darty employees in respect of their rights and duties.

These codes and charters have been validated by the Group's Executive Committee. They are available to all employees for reference on the intranet sites of the Group's banners.

"Fnac Darty's Essential Rules," updated in 2020, set forth the 15 main operational and administrative cycles of the Group's activities and the key internal control rules to follow in respect of legal or regulatory compliance, and in respect of efficiently allocating resources in order to achieve these objectives. In addition to these rules, there is a "Store Best Practices" corpus and a "Risk Prevention in management" glossary.

Human resources policy

The human resources policy contributes to internal control, in particular via the delegation of power and responsibilities, descriptions of functions, an employee assessment system and investments in training.

- Given the size of the Group and its workforce, the diversity of its activities, and the geographical dispersion of its different entities, it is necessary to delegate powers and responsibilities for the business to operate effectively. Responsibilities are delegated to appropriate people and entities, along with all the powers and resources they need to carry them out, in compliance with applicable regulations. Official job descriptions exist for key functions. The descriptions refer to the necessary controls for the supervision of the activity and also serve as a framework for the individual assessment system. The identification and description of key skills (managerial and business-specific) for the Group allows for the gradual implementation of a shared system for managing skills.
- Training, a component of annual plans, is focused on business-specific skills, combining specialist know-how, management expertise, and mandatory and regulatory knowledge. It is provided from the time new recruits first join the Group and continues throughout their careers, ensuring their individual development and that they follow essential rules on safety and compliance.
- All Group managers and employees benefit from an annual performance and skills appraisal and a professional interview designed to identify their training and professional development needs. Group Human Resources is responsible for the Group's senior executives (recruitment, international mobility, career management and training). Succession plans are in place for the principal Group management positions.
- Employees are asked to give their opinion on various themes every month by answering three questions. This mechanism is also an opportunity for them to freely express their expectations, which facilitates the creation of concrete action plans. Monitoring committees have been set up for this purpose.
- Compensation policies are managed and controlled by Group Human Resources for the principal management functions and at country level for other functions, in accordance with the main defined goals.

Organization

The structure of the Group's internal control involves persons throughout the chain of command, from the Executive Committee to all employees and supervisory and assessment bodies, including the Board of Directors, the Audit Committee, the Appointments and Compensation Committee, the Corporate, Environmental and Social Responsibility Committee and the Statutory Auditors.

The allocation of responsibilities and application of the rule on the division of functions ensures control and provides the basis on which the respective roles of the various decision-making bodies are built.

The Executive Committee

The Executive Committee determines the Group's main strategic policies and their impact on the major financial and management goals. It reviews the development of the business and decides which directions to take and which action plans to follow.

It is chaired by the Chief Executive Officer of Fnac Darty, and in 2022 will include, in addition to the latter, the Chief Executive Officer of Belgium and Luxembourg, the Group General Secretary, the Director of Human Resources, the Director of Sales, the Customer, Marketing and Business Development Director, the Director of Services and Operations, the Director of Operations, the Director of Administration and Finance, the Chief Executive Officer of Fnac Spain, the Director of E-commerce and Digital, the Director of Communications and Public Affairs, and the Executive Director of Transformation and Strategy.

Investment Committees

The Group Investment Committee examines and authorizes all investment decisions on major projects and projects related to:

- the creation of directly owned or franchised stores;
- the acquisition or disposal of companies or businesses.

The Group Investment Committee is chaired by the Chief Executive Officer and its permanent members are the Group Chief Financial Officer (CFO), the Group Deputy CFO in charge of performance, and the Group Deputy CFO in charge of financial operations and financial transformation. Country projects are presented by the country CEO, assisted by his or her Chief Financial Officer and the experts involved in the projects (e.g. the Property Department for a real estate project).

The IT Investment Committee examines and authorizes all investment decisions on major IT projects.

The IT Investment Committee is chaired by the Group Deputy CFO in charge of performance and its permanent members are:

- the Group Director of Operations and Information Systems;
- the Group Deputy CFO in charge of financial operations and financial transformation.

Country projects are presented by the country CEO, assisted by his or her Chief Financial Officer.

Operational managers and employees

Management is the operational agent for internal control and relies on it for the achievement of its targets; the exercise of appropriate controls is therefore one of the prime responsibilities of every Group manager. This responsibility begins at the first level of supervision. Awareness of these controls among the main participants is formalized by the signing of delegations of powers and responsibilities.

As part of their delegated powers and formalized responsibilities, each Director and manager defines, implements and manages the internal control system. In particular, store, subsidiary and entity Directors are responsible for maintaining a satisfactory level of internal control over the assets and cash flows of the unit or company they manage.

Employees must be aware of the internal control systems for the objectives assigned to them, and must comply with the control principles and rules. They may help to improve and detect malfunctions. They are informed of the existing measures when they sign their employment contracts and by the internal regulations of the legal entities to which they report.

Other internal control participants

- The Group Legal Department advises and assists the operational departments and subsidiaries on major legal questions.
- The Group Tax Department advises and assists the operational departments and subsidiaries on major tax issues.
- The Group Financial Operations Department is in charge of implementing and ensuring compliance with the procedures for reporting and preparing the consolidated financial statements.
- The Group Human Resources Department advises on and ensures compliance of internal practices with labor laws and regulations.

- The Group Security Department and the Group Architecture, Works and Maintenance Department conduct specific risk analyses and propose action plans for security and safety.
- The CSR Department advises operational departments and subsidiaries and helps them with the actions to be implemented in order to comply with societal and environmental responsibilities and duty of care.

Supervisory and internal control assessment bodies

- The Board of Directors contributes to the general control environment through the skills of its members. It is regularly informed of major internal control and risk management methodologies and describes them in its Activity Report. The Board of Directors relies in particular on the work carried out by the following three committees:
  - part of the Audit Committee's responsibility is "to ensure the implementation and relevance of internal control procedures and to identify and hedge Company risks, in particular risks relating to its financial or commercial assets (whether physical or intangible) as well as any type of contingent risk relating to employees, customers or third parties arising from the activities of the Company and/or its subsidiaries." To this end, the Audit Committee regularly reviews the progress made on the mitigation plans for major risks;
  - part of the Appointments and Compensation Committee's responsibility is "to evaluate the independence of the members of the Board of Directors, propose the appointment of its members, senior management and the specialized committees, and to examine and propose to the Board all elements and conditions for the compensation of members of senior management and the Group's main Directors;"
  - under its rules, part of the Corporate, Environmental and Social Responsibility Committee's responsibility is "to examine the principal risks and opportunities for the Group in corporate, social and environmental matters." It also oversees the risks associated with the duty of care.
- The Group's senior management relies on the work carried out by the following committees to manage compliance and risk management issues:
  - set up in 2019, the Climate Committee meets once per quarter and comprises three sponsors from the Executive Committee (the Group General Secretary, the Director of Services and Operations and the Commercial Director), as well as the Directors of Indirect Purchasing, CSR, Logistics, National Transportation, Services Policy and After-Sales Service. It is responsible for deploying and verifying compliance with the Group's climate roadmap, ensuring that climate awareness is incorporated into the Company's global strategy and driving the reduction objectives for greenhouse gas emissions;
  - in January 2018, the Group's Ethics Committee was set up. It is chaired by the General Secretary, and its permanent members are the Human Resources Director, the Legal Director, the Security Director, the Internal Audit Director, the CSR Director and the Data Protection Officer. This Committee's primary responsibilities are to ensure that the Group's codes, charters and policies are kept up to date, to monitor the effectiveness of risk reduction plans when mapping specific risks involving corruption, duty of care, and data protection, and to prepare an annual report of its work for the Executive Committee;
  - the Group's small Ethics Committee was established in July 2020 and is chaired by the General Secretary. Its permanent members are the Group Director of Human Resources, Group Legal Director, Group Risk Prevention Manager and Group Internal Audit Manager. The Committee's main duty is to oversee the follow-up and management of information reported via the ethics and compliance alert line;
  - a GDPR committee was set up in 2017 to oversee compliance and adherence with the European General Data Protection Regulation (GDPR) of May 25, 2018. This Committee is chaired by the Data Protection Officer (DPO) appointed by the Group for France, who coordinates the DPOs appointed for other countries. The main objectives of this Committee, which meets every three months in the presence of the GDPR representatives of each major department, are explained in Chapter 2 of this Universal Registration Document, in particular in section 2.5.3 "Using and protecting personal data, cybersecurity;"
  - the Group's Insurable Risks Committee was created in 2019. It has the authority to validate, assess and improve the effectiveness of the risk management system in place, particularly in order to reduce net risk. This Committee meets at least once every quarter and is chaired by the Group General Secretary. Its permanent members are the Legal Director, the Financial Control Director, the Security Director, the Internal Audit Director, the Director of Internal Control France and the Head of Insurance.
- The Group Internal Audit Department, which contributes to the assessment of the internal control system through its missions, draws up recommendations for the improvement of its operations. The Internal Audit Department is in charge of managing and coordinating risk management, in particular through annual risk mapping and monitoring of action plans. It is also in charge of the central administration and analysis of internal control pursuant to the Financial Security Law and the AMF's reference framework set out in the section below, "Oversight of the system." The Group Internal Audit Department, which reports to the Group's General Secretary, reports the main results of its assessments to executive management and the Audit Committee.

- The Statutory Auditors take note of the elements of internal control that are pertinent for the audit in order to take into consideration those factors that may generate risks of material anomalies in the financial statements, and not for the purpose of formulating an opinion on the efficacy of the internal control.

  At the time they deem appropriate, the Statutory Auditors communicate to management, at the appropriate level of responsibility, those weaknesses in the internal control system identified during the audit that they believe to be of sufficient importance to merit attention, unless the Auditors believe that this approach would be inappropriate under the circumstances. They submit this communication in writing when detailing weaknesses believed to be significant. The Statutory Auditors communicate the significant internal control weaknesses in writing to the bodies cited in Article L. 823-16 of the French Commercial Code, at the time they deem appropriate.

Oversight of the system

The ongoing oversight of the internal control system and the regular review of its functioning entail three types of tasks: annual self-assessment exercises, internal audits and observations made by the Statutory Auditors, as indicated in the previous paragraph.

Self-assessment

Those responsible are asked to apply the internal control system and to self-assess their level of achievement using controls that are essential to the proper functioning of their activities.

This approach helps to:

- raise awareness among operational and functional managers of the internal control procedures for which they are responsible;
- provide a structured and objective risk analysis framework;
- launch action plans and, if necessary, improvement plans.

The internal control analysis strategy is based on the following principles:

- an annual exercise for the self-assessment of Fnac Darty's essential rules, through questionnaires filled in by key operational staff in each Group country organization. In 2022, 15 cycles were self-evaluated. The questionnaire for the "Finance, Accounting and Management" cycle sent to country Chief Financial Officers takes into account the AMF's reference framework and, in particular, its application guide.

  These questionnaires help operational staff to assess the quality of the internal control procedures for which they are responsible. They standardize the level of internal control across all activities and allow operational staff to update themselves regarding best practices. They enable the launch of improvement action plans based on the results obtained.

Internal audit

In 2022, the Internal Audit Department continued to strengthen its system for assessing the organizations' internal control and risk management. The main actions undertaken concern:

- Internal Control Committees for all French and international subsidiaries, as well as for major departments. The purpose of these committees includes:
  - formalizing feedback from operational managers concerning identified and/or proven risks, and
  - ensuring that control activities are implemented and that they cover the subsidiary's risks.

  These Internal Control Committees met between January and December with the country and subsidiary CEOs and CFOs, and the Legal Department, Tax Department, Financial Department, Internal Audit Department, Data Protection Department and Information Security Department;
- the performance of specific audits in connection with the risk mapping.

Statutory Auditors

Within the framework of their assignment to certify the financial statements, the Statutory Auditors make observations. At the time they deem appropriate, the Statutory Auditors communicate to management, at the appropriate level of responsibility, those weaknesses in the internal control system identified during the audit that they believe to be of sufficient importance to merit attention, unless the Auditors believe that this approach would be inappropriate under the circumstances. They submit this communication in writing when detailing weaknesses believed to be significant. The Statutory Auditors communicate the significant internal control weaknesses in writing to the bodies cited in Article L. 823-16 of the French Commercial Code, at the time they deem appropriate.

6.6.1.3 / Internal control procedures relating to the preparation of financial information

General principles relating to the organization of accounting and financial internal control

Definition and objectives

Accounting and financial internal control includes the processes that provide accounting data: the financial information production process, account-closing process and the communications process.

The accounting and financial internal control system aims to ensure:

- compliance with accounting regulations and proper implementation of the principles on the basis of which the financial statements are prepared;
- implementation of senior management's instructions on financial reporting;
- the preservation of assets;
- the quality of information reported for the preparation of published financial statements and the reliability of their centralized processing for Group consolidation, with a view to the distribution and use of that information for management purposes;
- the control of production of financial, accounting and management items.

Scope

The scope of application of internal control procedures relating to the preparation and handling of financial and accounting information comprises the parent company and all subsidiaries included in the consolidated financial statements.

Organization and management process of the accounting and finance function

Organization

Group financial and accounting information is prepared by the Group Finance Department.

In 2022, the Group's Finance Department was made up of the following departments:

- the Financial Operations and Transformation Department, including consolidation, financial control, the accounting shared services center, commercial administration and a single Group finance project manager;
- the Financial Performance Department, which brings together the management control functions in France, internal control and the Finance Directors of all countries and BUs;
- the Tax Department;
- the Investor Relations Department;
- the Security Department;
- the Treasury and Finance Department;
- the Real Estate Department.

Standards

Accounting standards

The Group has a body of accounting rules and policies which must be applied to all consolidated subsidiaries.

These accounting rules, which are regularly updated, take into account changes in accounting regulations and standards.

The accounting standards establish the principles required for the consistent processing of transactions. They specify, in particular, the recording methods pursuant to International Financial Reporting Standards (IFRS).

The budgetary and closure procedures ensure consistency in the processing of data.

Management standards

Management standards not only specify the rules applying to the valuation of certain major account balance sheets and income statements, but also the controls and validations applying to key processes.

The Financial Control Department is responsible for updating these rules and improving the quality of their formalization.

Management process

The production and analysis of financial and accounting information is based on a set of management procedures, such as:

- the medium-term plan, which measures the consequences of the strategic directions on the Group's major financial and management goals. The plan is also used annually by the Group to assess the value-in-use of assets relating to the various cash generating units;
- the annual budget, compiled after discussions with Country and Group operational departments and general management: this budget, which identifies the major financial goals and operational action plans, is prepared in the fourth quarter of the year and is definitively adopted in the following first quarter after any intervening events are taken into account;
- the annual budget is updated at least twice a year to ascertain whether the budgetary targets have been met and, if necessary, to revise said targets in light of the results to date and any changes in the internal and external environment. In addition, a rolling monthly forecast is provided as part of the monthly budget update, with the entities sending in their revised monthly earnings and cash flow forecasts based on their business activity estimates;

- the reporting that is carried out each month on the basis of monthly result closures performed by all entities dependent on the Group allows rapid reporting of financial information and regular monitoring of operational performance. The Financial Operations Department, on the basis of the controls delegated to country or subsidiary Chief Financial Officers, makes sure that this reporting is consistent and complies with the applied accounting treatments.

  The Group's CEO, its Chief Financial Officer, and the regional, country or subsidiary CEOs meet regularly with the managers of the various activities to assess the development of the business, based on financial and operational aspects;
- the Financial Operations Department regularly monitors, for annual and semi-annual closures, the off-balance sheet commitments of consolidated legal entities, including as part of the statutory consolidation processes, which require them to list all their commercial or financial commitments and monitor them over the years.

Information systems

The purpose of the financial and accounting information systems implemented in the Group is to meet the requirements in terms of compliance, security, reliability, availability and traceability of information.

- Financial management and accounting data are managed with a single SAP information system in all Fnac banner activities to ensure consistent processing, comparison and control of accounting and financial information. Financial management and accounting data are managed using a different SAP information system for Darty France, using software developed in-house for Vanden Borre (Darty Belgium).
- Financial reporting data and budget construction and tracking data are managed using a single information system across all Group activities. This SAP BPC tool interfaces with the various accounting information systems.
- Consolidation data are collected in a single consolidation tool known as BPC Consolidation, which interfaces with Fnac Darty's SAP BPC consolidated reporting system.

To reinforce internal control of systems, the Organization and Information Systems Department has strengthened the system used for the division of functions and has improved right of access controls through a formalized annual review across the entire Group.

Preparation of accounting and financial information

Operational bookkeeping processes

All bookkeeping processes, including sales, purchases and inventory management, fixed assets, payroll and cash are the subject of specific monitoring procedures and accounting validation and authorization rules.

Consolidation of accounts

The statutory consolidation of accounts is performed monthly using a single consolidation tool that allows the consolidated subsidiaries' financial information to be transmitted in real time after a comprehensive validation process of the consolidation files by their Statutory Auditors, CEOs and CFOs, who sign a representation letter every six months, thus ensuring the quality of the financial information transmitted.

The Financial Control Department conducts the consolidation process.

Financial communication

The Investor Relations and Financial Communication Department, which reports to the Group Chief Financial Officer, is responsible for preparing a precise timetable for releasing the latest financial information on the Group's activities to the financial markets.

This timetable complies with the requirements of the market authorities. Managers verify, with help from the Legal Department, that the information is released within the required time and in compliance with the laws and regulations that it monitors on an ongoing basis.

All material information communicated to the financial community accurately and transparently reflects the situation of the Group's activity, and is released in accordance with the principle of equality of information between shareholders.

Statutory Auditors

As part of their ongoing assignment, the Statutory Auditors audit the annual and interim accounts and financial statements of consolidated entities. The Group's annual consolidated financial statements are prepared under the supervision of the Financial Operations Department under the responsibility of the Group Chief Financial Officer after validation by the entities' Finance Departments. The Chief Executive Officer and the Group Chief Financial Officer certify that the consolidated financial statements are true and present a fair view by signing a representation letter addressed to the Statutory Auditors.

6.6.2 / RISK MAPPING

Under its risk management and internal control procedures, the Group maps the principal risks to which it is exposed. The Group assesses the potential impact of each risk that is identified. The risk maps are updated regularly and allow the Group to define and monitor the various action plans that are implemented to reduce or manage these risks. The risks identified in the most recent Group risk mapping are described in the previous sections of Chapter 6 "Risk factors and management." Additionally, in order to comply with new regulatory requirements, mapping of specific risks (anti-corruption, duty of care, GDPR) has been carried out.

6.6.2.1 / Mapping of Group business risks

The key business risks identified are mapped at Group level with contributions from the Group's countries and main operational departments. This mapping is initially approved by the Executive Committee, then reviewed by the members of the Audit Committee in November each year before being presented to the Board of Directors.

Audit Committee members are updated on a regular basis on the progress of any risk mitigation plans.

6.6.2.2 / Specific mapping of Group corruption risks

In accordance with the Sapin 2 Law promulgated in December 2016, which came into effect in June 2017, the Group has established a corruption risk mapping process. Developed from interviews with the Group's various departments, it takes into account the geographical location of our activities, our interactions with third parties, the various business lines within the Group, our human resources policy, and existing procedures. The action plans defined in this regard have helped to strengthen our business ethics system (see Chapter 2, section 2.5.2 "Combating corruption"). The mapping of corruption risks is reviewed annually by the Group's Ethics Committee.

6.6.2.3 / Specific mapping of Group risks relating to duty of care

In consideration of the French law establishing a duty of care that must be exercised by parent companies and ordering companies, the Group, in conjunction with the Company's stakeholders, has mapped the specific risks relating to fundamental human rights and freedoms, personal health and safety, ethics and the environment that directly or indirectly result from its business activities. This work has helped us to define a robust Vigilance Plan that includes appropriate mitigation measures (see Chapter 2, section 2.5.4 "Vigilance Plan"). The mapping of risks relating to duty of care is reviewed annually by the Group's Ethics Committee.

6.6.2.4 / Specific mapping of Group GDPR risks

Under the General Data Protection Regulation that was adopted in 2016 and took effect in 2018, the Group has mapped its GDPR risks. Developed from interviews with the Group's various departments, it takes into account the geographical location of our activities, our interactions with third parties, and the various business lines within the Group. This mapping helps to direct actions for the GDPR compliance program in each business line (see Chapter 2, section 2.5.3 "Using and protecting personal data, cybersecurity"). The mapping of GDPR risks is reviewed annually by the Group's Ethics Committee.

7

Information on the Company, capital and shareholders

7.1 / The Company

7.1.1 / INFORMATION REGARDING THE COMPANY

7.1.1.1 / Corporate name

The name of the Company is "Fnac Darty."

7.1.1.2 / Place of registration, registration number and Legal Entity Identifier (LEI)

The Company is registered under No. 055 800 296 with the Créteil Trade and Companies Registry.

The Legal Entity Identifier (LEI) of the Company is 96950091FL62XSLPHO35.

7.1.1.3 / Date of incorporation and term

Date of incorporation

The Company was incorporated on December 15, 1917.

Term of the Company

The term of the Company is set at January 1, 2100, unless it is dissolved early or extended.

7.1.1.4 / Registered office, legal form, applicable legislation and website

Registered office

Fnac Darty's registered office is located at 9, rue des Bateaux-Lavoirs, ZAC Port d'Ivry, 94200 Ivry-sur-Seine, France (telephone: +33 1 55 21 57 93).

Legal form and applicable legislation

Fnac Darty is a French limited company (société anonyme) specifically governed by the provisions of Book II of the French Commercial Code.

Previous corporate form

The Company was initially incorporated as a limited company. It was transformed into a simplified joint stock company by a unanimous resolution of the shareholders on June 4, 2002. On September 26, 2012, the Company's partners approved the transformation of the Company into a limited company with a Board of Directors.

Website

The Company's website is www.fnacdarty.com.

7.1.2 / ARTICLES OF INCORPORATION AND BYLAWS

The Company's bylaws were written pursuant to the laws and regulations governing French limited companies with a Board of Directors. The principal stipulations described below are taken from the Company's bylaws, as adopted by the Company's Ordinary and Extraordinary General Meeting of April 17, 2013.

7.1.2.1 / Corporate purpose

Article 2 of the Company's bylaws provides that its purpose is to:

- create, operate, and develop commercial or industrial establishments in the sectors of the distribution of cultural, educational, musical, leisure, electronic and computer products and services, services for individuals and companies, or personal, home and office equipment, directly or indirectly by setting up subsidiaries or acquiring interests worldwide;
- acquire, administer, and sell financial securities or interests of any type in any entity with a lawful purpose, irrespective of the legal form, including unincorporated entities, throughout the world and for any length of time or duration, and carry out any transaction on these financial securities or interests, directly or indirectly by setting up subsidiaries or acquiring interests;
- carry out any transactions, including financial, investment, or real estate transactions, that directly or indirectly relate to, are necessary or useful in any way for, or are incidental or ancillary to the above.

To this end, the Company may act, directly or indirectly, on its own behalf or on behalf of third parties, either alone or in a partnership, association or company with any other company, individual or enterprise and carry out any transaction that comes within the scope of its purpose.

7.1.2.2 / Fiscal year

From January 1 to December 31 of each year.

7.1.2.3 / Administrative, management, supervisory and senior management bodies

Board of Directors

Composition of the Board of Directors (Article 12 of the bylaws and Article 1 of the Board's internal regulations)

The Board is composed of at least three and no more than eighteen members, subject to exceptions allowed by law, including in the case of a merger.

The Directors are appointed for a term of four years by the General Meeting under the conditions set forth by law. Article 12 of the bylaws provides for the option of appointing Directors for a shorter term of two or three years in order to implement or maintain the staggering of Board members' terms of office. This enables the Board members' terms of office to be organized in such a way that allows for the renewal of members as regularly as possible. The Directors are eligible for re-appointment and may be dismissed at any time by a General Meeting. If one or more directorships are vacant, the Board may, under the conditions set forth by law, make provisional appointments, which will be subject to ratification at the next Ordinary General Meeting. A Director appointed under these conditions to replace another Director remains in office for the remaining period of his or her predecessor's term of office.

The Board also includes one or two Directors representing employees, who are appointed for four years by the trade union organization(s) that obtained the most votes in the first round of the elections.

Senior management

Chief Executive Officer (Article 17 of the bylaws)

If the Board of Directors chooses to separate the functions of Chairman and Chief Executive Officer (CEO), it will appoint the CEO from among or outside its members, and will set the term of office, compensation and, as applicable, the limits to his or her powers.

No one who is over sixty-five (65) years of age may be appointed Chief Executive Officer; if over this age, the Chief Executive Officer will be deemed to have resigned.

Chief Operating Officers (Article 18 of the bylaws)

Upon the CEO's recommendation, whether this position is held by the Chairman of the Board or by another person, the Board may appoint one or more natural persons responsible for assisting the CEO with the title of Chief Operating Officer (COO). The maximum number of Chief Operating Officers is set at five.

No one over sixty-five (65) years of age may be appointed Chief Operating Officer. If over this age, the Chief Operating Officer will be deemed to have resigned.

Should the CEO cease to exercise or be prevented from exercising his or her duties, the Chief Operating Officer(s) shall retain their positions and duties until the appointment of the new CEO, unless otherwise decided by the Board of Directors.

7.1.2.4 / General Meetings (Article 22 of the bylaws)

Convening General Meetings

The Company's General Meetings are convened under the conditions and according to the procedures and timetables set forth by applicable laws and regulations and the Company's bylaws. They are held at the registered office or in any other place stated in the convening notice.

Attendance and voting at General Meetings

All shareholders may participate in General Meetings, in person or through a proxy, under the conditions defined by the regulations in force. They will need to prove their identity and their ownership of the securities through registration in their name (or in the name of the intermediary registered on the shareholder's behalf when Company shares are listed for trading on a regulated market, pursuant to the regulations in force). This must occur no later than midnight (Paris time) on the second business day preceding the Meeting, either in the registered securities accounts kept by the Company or in bearer share accounts kept by any authorized intermediary, when the Company's shares are listed for trading on a regulated market. Proof of shareholder status can be provided electronically, under the conditions set by the applicable regulations.

Shareholders who participate in the Meeting by video-conferencing or by any means of telecommunication, including online, which allow for their identification under the conditions provided by the regulations in force are deemed to be present for the purposes of calculating the quorum and majority pursuant to the Board of Directors' decision published in the Notice of Meeting that such forms of telecommunication are permitted.

Any shareholder may vote from a distance or by proxy, in accordance with the regulations in force, by completing a form provided by the Company and returned to it, in accordance with the regulations in force, including electronically or by remote transmission, pursuant to the Board of Directors' decision. To be accepted, this form must be received by the Company under the conditions provided by the regulations in force.

By prior decision of the Company's Board of Directors, electronic forms may be completed and signed using a reliable identification process that meets the conditions stated in the first sentence of the second paragraph of Article 1367 of the French Civil Code, which may consist of a user name and password, or any other means consistent with applicable regulations. Any proxy or vote issued electronically before the Meeting, as well as the confirmation of receipt issued, shall be considered as irrevocable written instructions enforceable against all parties. If ownership of securities is transferred before midnight (Paris time) on the second business day prior to the Meeting, the Company shall invalidate or accordingly modify the proxy or vote, as applicable, issued before that date and time.

Fnac Darty has implemented Votaccess, a service offering the option to vote online in advance of the General Meeting and to receive the Meeting invitation in electronic form.

Conduct of General Meetings

The meetings are chaired by the Chairman of the Board of Directors, or, in his or her absence, by a Board member specially delegated for that purpose by the Board. Otherwise, the Meeting shall elect its own Chairman.

The minutes of Meetings are prepared and copies are certified and issued in accordance with the regulations in force.

7.1.2.5 / Provisions of the bylaws that could have an impact on a change of control of the Company

The Company's bylaws do not contain any provisions that would, to the Company's knowledge, have the effect of delaying, deferring or preventing a change of its control.

7.1.2.6 / Shareholding thresholds and identification of shareholders (Article 9 of the bylaws)

Shareholding thresholds

While the Company's shares are admitted for trading on a regulated market, any individual or corporate entity acting alone or collectively who directly or indirectly comes to hold or ceases to hold 3% or more – or any multiple of 1% above 3% – of the Company's capital or voting rights must notify the Company thereof by registered letter with acknowledgment of receipt within the time limit stated in Article R. 233-1 of the French Commercial Code (at the time of writing, no later than the close of trading on the fourth trading day following the date that the shareholding threshold is crossed). This is in addition to the legal obligation to notify the Company of the holding of certain percentages of capital and voting rights. The provisions of paragraph VI bis of Article L. 233-7 of the French Commercial Code and of the AMF General Regulations apply mutatis mutandis to the thresholds referred to in this paragraph.

If not declared in accordance with the preceding paragraph, shares exceeding the percentage that should have been declared shall be stripped of their voting rights in General Meetings if the absence of a declaration has been noted at a Meeting and if one or more shareholders holding at least 3% of the Company's capital or voting rights so requests at said Meeting. This removal of voting rights applies to all General Meetings held until the expiration of a two-year period following the date on which the declaration is regularized.

Furthermore, any person who solely or jointly comes to hold a number of shares representing more than one-twentieth of the Company's capital or voting rights must include the information referred to in paragraph VII of Article L. 233-7 of the French Commercial Code in their declaration to the Company, as specified in the AMF General Regulations. This is applicable while the Company's shares are admitted to trading on a regulated market and is in addition to the thresholds provided by the regulations in force.

At the end of each six-month period following their first declaration, any shareholders who continue to hold a number of shares or voting rights greater than or equal to the fraction referred to in the previous paragraph must renew their declaration of intent for each subsequent six-month period, in accordance with the terms mentioned above.

The Company reserves the right to notify the public and shareholders of any information of which it has been advised or of any failure to comply with the abovementioned obligation by the person concerned.

The ownership percentages are determined using the shares and voting rights referred to in Articles L. 233-7 et seq. of the French Commercial Code and the provisions of Articles 233-11 et seq. of the AMF General Regulation.

Identification of shareholders

While the Company's shares are listed for trading on a regulated market, the Company is authorized to use the methods pursuant to the regulations in force to identify the holders of securities that grant immediate or future voting rights at the Company's Shareholders' Meetings.

7.2 / Share capital

7.2.1 / SHARE CAPITAL ISSUED AND SHARE CAPITAL AUTHORIZED BUT NOT ISSUED

As of December 31, 2022, and February 28, 2023, the Company's share capital was €26,871,853, divided into the equivalent number of shares with a nominal value of one (1) euro, fully subscribed and paid up and all of the same class. This represents the same number of theoretical voting rights and 26,729,156 actual voting rights as of December 31, 2022, and 26,731,451 actual voting rights as of February 28, 2023. The difference between the number of theoretical voting rights and the number of actual voting rights corresponds to the treasury shares, to which no voting right is attached. The Company has not, to the best of its knowledge, pledged a significant portion of its capital.

The table below shows the financial delegations and authorizations that were granted by the Company's Combined General Meetings on May 28, 2020, May 27, 2021 and May 18, 2022.

Date of General Meeting Resolution No.	Delegations and authorizations valid during 2022	Use during fiscal year 2022
Share buybacks and share capital reduction		
May 18, 2022 Sixteenth Resolution	Authorization to instruct the Company to buy back its own shares under Article L. 22-10-62 of the French Commercial Code **Duration (expiration):** 18 months from the AGM **Maximum amount:** 10% of the number of shares that make up the share capital on the day of the Meeting Maximum price per share: €80 Maximum amount of the transaction: €214,088,880 **Suspension during a public tender offer**	See 7.2.3.1
May 18, 2022 Seventeenth Resolution	Authorization to reduce capital by canceling treasury shares **Duration (expiration):** 26 months from the AGM **Individual cap:** 10% of share capital per 24 months	See 7.2.3.2
Issuance of securities		
May 27, 2021 Nineteenth Resolution	Issue of ordinary shares giving access, as applicable, to ordinary shares or to the allotment of Company debt instruments and/or investment securities giving access to ordinary shares with preemptive subscription rights **Duration (expiration):** 26 months from the AGM **Individual cap:** Shares: €13m [a] Debt issued: €260m [a] **Suspension during a public tender offer**	None
May 27, 2021 Twentieth Resolution	Issue of ordinary shares giving access, as applicable, to ordinary shares or to the allotment of debt instruments and/or investment securities giving access to ordinary shares, in the form of a public tender offer and/or as payment in a public exchange offer, with preemptive subscription rights waived and with a mandatory priority period **Duration (expiration):** 26 months from the AGM **Individual cap:** Shares: €2.60m [b] Debt issued: €260m [a] **Suspension during a public tender offer**	None

Date of General Meeting Resolution No.	Delegations and authorizations valid during 2022	Use during fiscal year 2022
May 27, 2021 Twenty-First Resolution	Issue of ordinary shares giving access, as applicable, to ordinary shares or to the allotment of Company debt instruments and/or investment securities giving access to ordinary shares, with preemptive subscription rights waived, in the form of a private placement **Duration (expiration):** 26 months from the AGM **Individual cap:** Shares: €2.60m [c] Debt issued: €260m [a] **Suspension during a public tender offer**	None
May 27, 2021 Twenty-Fourth Resolution	Issue of shares and/or investment securities giving access to share capital in return for contributions in kind of securities or investment securities giving access to share capital **Duration (expiration):** 26 months from the AGM **Individual cap:** Shares: 10% of share capital on the day of the AGM [c] Debt issued: €260m [a] **Suspension during a public tender offer**	None
May 27, 2021 Twenty-Second Resolution	Authorization granted to the Board of Directors, in the event of an issue with preemptive subscription rights waived, to set the issue price up to a limit of 10% of the share capital per year **Duration (expiration):** 26 months from the AGM **Individual cap:** 10% of share capital per year **Suspension during a public tender offer**	None
May 27, 2021 Eighteenth Resolution	Capital increase through the capitalization of reserves, profits and/or premiums **Duration (expiration):** 26 months from the AGM **Individual cap:** €13m [d] **Suspension during a public tender offer**	None
May 27, 2021 Twenty-Third Resolution	Increase in the number of shares to be issued in the event of a capital increase with or without preemptive subscription rights **Duration (expiration):** 26 months from the AGM **Individual cap:** As limited by applicable regulations (currently 15% of the initial issue) and the caps set by the General Meeting **Suspension during a public tender offer**	None
Issue reserved for employees and Directors		
May 18, 2022 Nineteenth Resolution	Capital increase through the issue of ordinary shares and/or investment securities giving access to share capital, with preferential subscription rights waived in favor of the members of a company savings plan **Duration (expiration):** 26 months from the AGM **Individual cap:** €1.3m [d]	None
May 18, 2022 Eighteenth Resolution	Award of stock subscription and/or purchase options, with preemptive subscription rights waived **Duration (expiration):** 38 months from the AGM **Individual cap:** 3% of share capital on the allotment date [e]	None
May 28, 2020 Twentieth Resolution	Bonus allotments of existing shares and/or shares to be issued to the Company's employees, with preemptive subscription rights waived **Duration (expiration):** From 09/28/2020 to 07/27/2023 **Individual cap:** 5% of share capital on the allotment date [e]	297,105 shares were allotted on May 18, 2022, i.e., 1.11% of the share capital [f]

(a) All delegations for capital increases count toward this overall cap on capital increases. Shared cap for debt instruments.

(b) Shared cap for capital increases totaling €2.6 million toward which the caps referred to in (c) count and which counts toward the overall cap referred to in (a).

(c) Included in the shared cap for capital increases referred to in (b).

(d) Included in the overall cap referred to in (a).

(e) Shared cap for authorizations relating to stock options and the allotment of bonus shares, it being understood that, for each authorization, the nominal amount of capital increases counts toward the overall cap referred to in (a). Shared sub-cap for authorizations relating to stock options and the allotment of bonus shares to executive officers: 0.6% of the share capital within the shared cap.

(f) Percentage of the authorization remaining: 2.97%.

€m: millions of euros.

The Company has implemented resolutions to authorize the Board of Directors to instruct the Company buy back its own shares under Article L. 22-10-62 of the French Commercial Code and the authorization granted to the Board of Directors to reduce the Company's share capital by canceling treasury shares held as described in section 7.2.3 below.

The Company has decided to make use of the delegation of authority granted to it by the General Meeting of May 23, 2019 in its seventeenth resolution and has decided to issue, by way of a public offering as provided for in Article L. 411-2 1o of the French Monetary and Financial Code (referred to as a "private placement"), convertible bonds known as "OCEANE bonds," up to a maximum nominal value of two hundred and sixty million euros (€260,000,000), with waiver of shareholders' preferential subscription rights and with no priority period. The Company has also decided to make a capital increase resulting from the potential conversion of the convertible bonds into new shares, up to a maximum nominal value of two million six hundred thousand euros (€2,600,000) (see section 7.2.4 "Other rights or securities giving access to capital – Bonds with an option for conversion and/or exchange for new and/or existing shares (OCEANE bonds)").

7.2.2 / SECURITIES NOT REPRESENTING SHARE CAPITAL

Since May 15, 2019, the Group has held senior bonds with a cumulative amount of €650 million, comprising a cumulative principal amount of €300 million in senior bonds maturing in 2024 and a cumulative principal amount of €350 million in senior bonds maturing in 2026. The 2024 bonds pay an annual coupon of 1.875% and the 2026 bonds pay an annual coupon of 2.625%, as described in section 4.2.2.2 "Financial debt."

On March 16, 2021, Fnac Darty announced that it had finalized the restructuring of its long-term debt, with an extended maturity profile, diversified sources of financing and optimized cost, thereby securing its long-term liquidity. Fnac Darty thus renegotiated the terms of its credit facilities by amending its RCF credit line to raise the total amount to €500 million from the previous amount of €400 million. This credit line will have an initial maturity of five years (March 2026) which may be extended at Fnac Darty's request until March 2028. In 2022, the Group activated its first option to extend the maturity until March 2027.

Furthermore, the Group set up an additional undrawn bank credit line this year, in the form of a delayed drawn term loan (DDTL) of €300 million, which may be drawn down once and only to repay the bond loan maturing in 2024. This new line is based on a banking contract with terms similar to those of the existing RCF credit line. It will have a maturity of three years in the event of drawdown (December 2025), which may be extended by two years (December 2027). In line with the strategic goals of the new strategic plan Everyday, and as with the RCF, this new credit facility includes a Corporate Social Responsibility (CSR) component that will allow the Group to improve its financing terms if the designated targets are achieved.

7.2.3 / SHARES CONTROLLED BY THE COMPANY, TREASURY SHARES AND THE COMPANY'S ACQUISITION AND CANCELLATION OF ITS OWN SHARES

The information relating to treasury stock is presented in Chapter 5 of this Universal Registration Document.

7.2.3.1 / Treasury share buyback program applicable at the Universal Registration Document preparation date and the Company's cancellation of its own shares

On May 18, 2022, the Ordinary General Meeting of the Company authorized the Company's Board of Directors to implement a buyback program for Company shares for a period of 18 months from the date of the Meeting, in accordance with the provisions of Article L. 22-10-62 et seq. and Article L. 225-210 et seq. of the French Commercial Code and pursuant to the AMF General Regulations, under the following conditions:

Transaction concerned	Duration of authorization	Maximum purchase price per share	Maximum amount	Maximum number of shares
Share buyback program authorized by the AGM of May 18, 2022	18 months	€80 (excluding acquisition costs)	€214,088,880	10% of the number of shares comprising the Company's share capital on the day of the AGM

On May 18, 2022, the Extraordinary General Meeting of the Company authorized the Company's Board of Directors to reduce the share capital, on one or more occasions through the cancellation of any amount of treasury shares in the proportions and at the times as it may decide. This authorization is for a period of 26 months from the date of the Meeting, within the limits authorized by law and in accordance with the following conditions:

Transaction concerned	Duration of authorization	Maximum term of the share cancellation period	Maximum number of shares that may be canceled
Cancellation of own shares held by the Company	26 months	24 months	10% of the shares comprising the Company's capital on the day of the cancellation decision

No treasury share buyback program was implemented by the Company in 2022, apart from redemptions under the liquidity agreement.

Authorized purposes

Acquisitions may be made for the following purposes:

a) to stimulate the secondary market or liquidity for Fnac Darty shares via a liquidity agreement with an investment services provider in accordance with the practice permitted by the regulations, it being understood that the number of shares used to calculate the aforementioned limit is the number of shares purchased minus the number of shares sold;

b) to hold the purchased shares for future sale as exchange or payment in the context of potential merger, demerger, asset transfer or external growth transactions;

c) to cover stock purchase options and/or bonus share allotment plans (or similar) for the benefit of employees and/or corporate officers of the Group, including associated economic interest groups and companies, as well as allotments of shares in connection with a company or group savings plan (or similar), company profit-sharing plan, and/or any other form of share allotments to employees and/or corporate officers of the Group, including associated economic interest groups and companies;

d) to cover investment securities that establish the right to allotment of Company shares, as required by applicable regulations; and

e) to potentially cancel the purchased shares, in accordance with the authorization granted or to be granted by an Extraordinary General Meeting.

This program is also intended to enable the Company to trade in its shares using any means and for any other authorized purpose or using any market practice permitted now or subsequently by applicable laws and regulations or those accepted by the French Financial Markets Authority, the AMF. If the Company undertakes any transactions outside the purposes mentioned above, it will inform its shareholders by means of a press release.

Buyback mechanism

Acquisitions, sales, trades and transfers may be arranged by any means, including by acquiring blocks of shares, and the Company reserves the right to use options or derivative instruments subject to applicable regulations.

If a third party files a public tender offer for the Company's shares, the Board of Directors may not use this delegation for the duration of the offer period, unless it receives prior authorization to do so from the General Meeting.

Redemptions under the liquidity agreement

From September 26, 2018, and for a term of one year renewable by tacit agreement, Fnac Darty entrusted the implementation of a market surveillance and liquidity agreement covering its ordinary shares to Oddo BHF and Natixis, in accordance with the practice permitted by regulations.

For the implementation of this contract, the following resources were allotted to the liquidity account:

- 97,750 Fnac Darty shares;
- €360,967.54

An amendment to the liquidity agreement was also signed in March 2019.

In 2022, under the liquidity agreement, 806,062 shares were purchased at an average price of €40.2141 for a total amount of €32,415,067.36, and 731,088 shares were sold at an average price of €39.4994 for a total of €28,877,569.86. Under this liquidity agreement, the following resources were in the liquidity account on December 31, 2022: 142,697 shares and €2,989,791.17.

It should be noted that an amendment was signed in March 2022 increasing the resources allocated to the liquidity agreement [1] and that a reduction in resources was made in August 2022 [2].

As of February 28, 2023, the Company held 140,402 shares.

(1) https://www.fnacdarty.com/wp-content/uploads/2022/03/cp-augmentation-de-moyens-au-contrat-de-liquidite-vang.pdf
(2) https://www.fnacdarty.com/wp-content/uploads/2022/08/fnac-darty-reduction-obligatoire-de-moyens-contrat-de-liquidite-eng.pdf

7.2.3.2 / Description of the share buyback program submitted to the General Meeting of May 24, 2023 for authorization

Presentation of the program submitted to the next General Meeting

A new authorization is being submitted for the approval of the Combined General Meeting of May 24, 2023 called to approve the financial statements for the year ended December 31, 2023. This authorization seeks authority for the Board of Directors to implement a new Company share buyback program pursuant to the provisions of Article L. 22-10-62 et seq. and Article L. 225-210 et seq. of the French Commercial Code and the AMF General Regulations, under the following conditions:

Transaction concerned	Duration of authorization	Maximum purchase price per share	Maximum amount	Maximum number of shares
Share buyback program	18 months	€80	€214,974,800	10% of the Company's share capital

Acquisitions may be made for the following purposes:

- to stimulate the secondary market or liquidity for Fnac Darty shares via a liquidity agreement with an investment services provider in accordance with the practice permitted by the regulations, it being understood that the number of shares used to calculate the aforementioned limit is the number of shares purchased minus the number of shares sold;
- to hold the purchased shares for future sale as exchange or payment in the context of potential merger, demerger, asset transfer or external growth transactions;
- to cover stock purchase options and/or bonus share allotment plans (or similar) for the benefit of employees and/or corporate officers of the Group, including associated economic interest groups and companies, as well as allotments of shares in connection with a company or group savings plan (or similar), company profit-sharing plan and/or any other form of share allotments to employees and/or corporate officers of the Group, including associated economic interest groups and companies;
- to cover investment securities that establish the right to allotment of Company shares, as required by applicable regulations; and
- to potentially cancel the purchased shares, in accordance with the authorization granted or to be granted by an Extraordinary General Meeting.

This program is also intended to enable the Company to trade in its shares using any means and for any other authorized purpose or using any market practice permitted now or subsequently by applicable laws and regulations or those accepted by the French Financial Markets Authority, the AMF. If the Company undertakes any transactions outside the purposes mentioned above, it will inform its shareholders by means of a press release.

Acquisitions, sales, trades and transfers may be arranged by any means, including by acquiring blocks of shares, and the Company reserves the right to use options or derivative instruments subject to applicable regulations.

If a third party files a public tender offer for the Company's shares, the Board of Directors may not use this delegation for the duration of the offer period, unless it receives prior authorization to do so from the General Meeting.

7.2.4 / OTHER RIGHTS OR SECURITIES GIVING ACCESS TO CAPITAL

As of December 31, 2022, the potential capital consists of 2,468,221 OCEANE bonds and 1,213,221 bonus shares in the process of vesting, as described below. The long-term compensation plan described in section 3.4.2 “Long-term incentives” is achieved mainly through bonus share allotments.

The principles and implementation of a long-term incentive plan for the Group’s main Directors (including the Executive Corporate Officer) were approved by the Board of Directors meetings on May 23, 2019, May 28, 2020, May 27, 2021 and May 18, 2022 on the recommendation of the Appointments and Compensation Committee. This was in accordance with the authorizations granted by the General Meeting of June 17, 2016 in its fourteenth resolution, the General Meeting of May 23, 2019 in its twenty-third resolution and the General Meeting of May 28, 2020 in its nineteenth and twentieth resolutions.

These plans consist of an allotment of bonus shares to the Executive Corporate Officer, main Directors, Group leadership Directors and high-potential Directors and managers, in order to link them to the Company’s performance through the appreciation of its share price.

The shares issued through the bonus share allotment plan awarded in 2019 vest gradually to the beneficiaries (other than Executive Corporate Officers), in tranches, at the end of successive vesting periods, subject to the beneficiary’s continued employment in the Group at the end of the relevant period, and are subject to a Fnac Darty share performance condition defined for each vesting period and to non-market performance conditions.

Shares issued through the bonus share allotment plans awarded in 2019 for the Executive Corporate Officers, and in 2020, 2021 and 2022 for all beneficiaries, vest to the beneficiaries at the end of a single vesting period and according to the same principle as the plans outlined above, subject to compliance with continued employment, share performance and non-market performance conditions.

The principles and implementation of a special long-term incentive plan for the Group’s main Directors, with the express exclusion of the Executive Corporate Officer, were decided by the Board of Directors meeting on June 16, 2020 on the recommendation of the Appointments and Compensation Committee. This was in accordance with the authorization granted by the General Meeting of May 28, 2020 in its nineteenth resolution relating to the allotment of bonus shares.

This special plan consists of an allotment of bonus shares, on an exceptional basis due to the specific circumstances concerning Covid-19, to a larger number of employees, Group executives, with the express exclusion of the Company’s corporate officers, without these allotted shares being considered exceptional compensation for the beneficiaries. This is in the Group’s interest at this particular time insofar as it protects the Group’s cash position compared to a cash-based compensation system, and strengthens the link between the interests of the beneficiaries and those of the shareholders.

Pursuant to Articles L. 225-185 and L. 225-197-1 of the French Commercial Code, on April 28, 2017, the Board decided that:

- the executive corporate officers must hold, in registered form, until the end of their term of office, a minimum number of shares corresponding to 25% of their fully vested shares (net of fees and taxes and the disposals necessary to exercise options) on each of the bonus share and option plans allotted to them by the Board on or after the date of their appointment; it is specified that the plans from which they may have benefited earlier as employees are not included in this requirement; and
- this percentage would be lowered to 5% once the number of shares held by the executive corporate officers from bonus share allotments and options exercised in all plans represents an amount equal to twice their gross annual fixed compensation, which is the minimum number of shares that the executive corporate officers must hold in registered form until the end of their term of office, as recommended in paragraph 23 of the AFEP-MEDEF Code.

In accordance with the recommendations of the AFEP-MEDEF Code, the executive corporate officers who receive share options and/or performance shares formally commit not to hedge their risk on the options, the shares resulting from the exercise of options, or the performance shares, until the end of the share lock-up period set by the Board of Directors.

To the Company’s knowledge, no hedging instruments are in place.

Stock options

Stock subscription or purchase options granted to the first ten non-executive corporate officer employees and the options exercised by these beneficiaries	Total number of options allotted/ shares subscribed or purchased	Weighted average price	Plan No. 1	Plan No. 2
Options granted during the period by the issuer and any company included within the scope of allotment of options, to the ten employees of the issuer and any company included within this scope, of which the number of options granted is the highest. (Global information)	0	n.a.	n.a.	n.a.
Options held on the issuer and the companies referred to above, exercised during the period by the ten employees of the issuer and these companies, of which the number of options thus purchased or subscribed is the highest. (Global information)	0	n.a.	n.a.	n.a.

Allotment of bonus shares

The plan (excluding the executive corporate officer) established by the Board of Directors on May 23, 2019 provides for a term of three years (May 23, 2019 to May 22, 2022) with two successive vesting periods: a first period of two years (May 23, 2019 to May 22, 2021) and a second period of three years (May 23, 2019 to May 22, 2022). The performance condition relating to the Fnac Darty share price based on the Company's total shareholder return (TSR) compared to that of SBF 120 companies is measured in respect of 2019-2020 for the first period, and in respect of 2019-2021 for the second period. The performance conditions associated with achieving a target level of free cash flow will be assessed in 2021 upon publication of the Group's annual results for 2020, taking into account the cashflow generated by the Group during the financial years 2019 and 2020 for the first period, and in 2022 upon publication of the Group's annual results for 2021, taking into account the cashflow generated by the Group during the financial years 2019, 2020 and 2021 for the second period. The Company's performance in the area of corporate, environmental and social responsibility will be assessed by taking into account the Group's non-financial ratings for 2019 and 2020 for the first period, and by taking into account the Group's non-financial ratings for 2019, 2020 and 2021 for the second period.

The plan in respect of the executive corporate officer established by the Board of Directors on May 23, 2019 provides for a term of three years with a single vesting period (May 23, 2019 to May 22, 2022). The performance condition relating to the Fnac Darty share price based on the Company's total shareholder return (TSR) compared to that of SBF 120 companies is measured in respect of 2019-2021 for the entire period. The performance conditions associated with achieving a target level of free cash flow will be assessed in 2022 upon publication of the Group's annual results for 2021, taking into account the cashflow generated by the Group during the financial years 2019, 2020 and 2021 for the entire period. The Company's performance in the area of corporate, environmental and social responsibility is assessed by taking into account the Group's non-financial ratings for 2019, 2020 and 2021 for the entire period.

The plan established by the Board of Directors on May 28, 2020 stipulates a duration of three years with a single vesting period (May 28, 2020 to May 27, 2023). The performance condition relating to the Fnac Darty share price based on the Company's total shareholder return (TSR) compared to that of SBF 120 companies is measured in 2023 in respect of 2020-2022 for the entire period. The performance conditions associated with achieving a target level of free cash flow will be assessed in 2023 upon publication of the Group's annual results for 2022, taking into account the cashflow generated by the Group during the financial years 2020, 2021 and 2022 for the entire period. The Company's performance in the area of corporate, environmental and social responsibility is assessed in 2023 by taking into account the Group's non-financial ratings for 2020, 2021 and 2022 for the entire period.

The special plan (with the express exclusion of the Executive Corporate Officer) established by the Board of Directors on June 16, 2020 stipulates a duration of two years: one vesting year (June 16, 2020 to June 15, 2021) and one lock-up year (June 16, 2021 to June 15, 2022) for French residents, and two vesting years (June 16, 2020 to June 15, 2022) for non-French residents. This special plan consists of an allotment of bonus shares, on an exceptional basis due to the specific circumstances concerning Covid-19, to a larger number of employees, Group executives, with the express exclusion of the Company's corporate officers, without these allotted shares being considered exceptional compensation for the beneficiaries. This is in the Group's interest at this particular time insofar as it protects the Group's cash position compared to a cash-based compensation system, and strengthens the link between the interests of the beneficiaries and those of the shareholders.

The first plan established by the Board of Directors on May 27, 2021 stipulates a duration of three years with a single vesting period (May 27, 2021 to May 26, 2024). This plan applies to French residents only. The performance condition relating to the Fnac Darty share price based on the Company's total shareholder return (TSR) compared to that of SBF 120 companies is measured in 2024 in respect of 2021-2023 for the entire period. The performance conditions associated with achieving a target level of free cash flow will be assessed in 2024 upon publication of the Group's annual results for 2023, taking into account the cashflow generated by the Group during the financial years 2021, 2022 and 2023 for the entire period. The Company's performance in the area of corporate, environmental and social responsibility is assessed in 2024 by taking into account the Group's non-financial ratings for 2021, 2022 and 2023 for the entire period.

The second plan (with the express exclusion of the Executive Corporate Officer) established by the Board of Directors on May 27, 2021 provides for a term of three years with a single vesting period (May 27, 2021 to May 26, 2024). This plan applies primarily to non-French residents. The performance condition relating to the Fnac Darty share price based on the Company's total shareholder return (TSR) compared to that of SBF 120 companies is measured in 2024 in respect of 2021-2023 for the entire period. The performance conditions associated with achieving a target level of free cash flow will be assessed in 2024 upon publication of the Group's annual results for 2023, taking into account the cashflow generated by the Group during the financial years 2021, 2022 and 2023 for the entire period. The Company's performance in the area of corporate, environmental and social responsibility is assessed in 2024 by taking into account the Group's non-financial ratings for 2021, 2022 and 2023 for the entire period.

The third plan (with the express exclusion of the Executive Corporate Officer) established by the Board of Directors on May 27, 2021 provides for a term of three years with a single vesting period (May 27, 2021 to May 26, 2024). This specific plan is subject to a condition that beneficiaries remain employed when it matures, but is not subject to performance conditions. It aims to recognize the commitment of managers who have not yet been awarded Fnac Darty bonus shares in the past (or on an exceptional basis).

The first plan established by the Board of Directors on May 18, 2022 stipulates a duration of three years with a single vesting period (May 18, 2022 to May 17, 2025). This plan applies to French residents only. The Fnac Darty share performance condition based on the Company's total shareholder return (TSR) compared to that of a selection of companies in the general public retail sector is measured in 2025 for the 2022–2024 period in respect of the entire period, and performance conditions associated with achieving a target level of free cash-flow assessed in 2025 upon publication of the Group's annual results for 2024, taking into account the cash flow generated by the Group during 2022, 2023 and 2024, for the entire period, as well as to performance conditions associated with the Company's Corporate Social Responsibility performance assessed in 2025 by taking into account the average annual increase in the Group's sustainability score and the average annual reduction in CO_2 emissions for 2022, 2023 and 2024, over the entire period.

The second plan (with the express exclusion of the Executive Corporate Officer) established by the Board of Directors on May 18, 2022 provides for a term of three years with a single vesting period (May 18, 2022 to May 17, 2025). This plan applies primarily to non-French residents. The Fnac Darty share performance condition based on the Company's total shareholder return (TSR) compared to that of a selection of companies in the general public retail sector is measured in 2025 for the 2022–2024 period in respect of the entire period, and performance conditions associated with achieving a target level of free cash-flow assessed in 2025 upon publication of the Group's annual results for 2024, taking into account the cash flow generated by the Group during 2022, 2023 and 2024, for the entire period, as well as to performance conditions associated with the Company's Corporate Social Responsibility performance assessed in 2025 by taking into account the average annual increase in the Group's sustainability score and the average annual reduction in CO_2 emissions for 2022, 2023 and 2024, over the entire period.

The third plan (with the express exclusion of the Executive Corporate Officer) established by the Board of Directors on May 18, 2022 provides for a term of three years with a single vesting period (May 18, 2022 to May 17, 2025). This specific plan is subject to a condition that beneficiaries remain employed when it matures, but is not subject to performance conditions. It aims to recognize the commitment of managers who have not yet been awarded Fnac Darty bonus shares in the past (or on an exceptional basis).

Vesting of the bonus shares is subject to a continuous service condition and Fnac Darty performance conditions, with the exception of the special 2020 plan and the specific 2021 and 2022 plans, these latters being subject to a performance condition.

Main features	2019 plan	2019 plan
Date of the authorization of the General Meeting	June 17, 2016	June 17, 2016
Date of Board of Directors' meeting	May 23, 2019	May 23, 2019
Performance conditions	TSR Achievement of free cash flow target CSR	TSR Achievement of free cash flow target CSR
Date of full vesting	May 22, 2021: for 33.33% May 22, 2022: for 66.67%	May 22, 2022: for 100%
End date of the holding period		
Number of bonus shares initially allotted	214,449	31,752
Enrique MARTINEZ, CEO since 07/17/2017		31,752
Number of beneficiaries as of December 31, 2022	0	0
Being vested as at December 31, 2022	0	0
Canceled or expired as at December 31, 2022	83,874	9,525
Vested as of December 31, 2022	130,575	22,227

Main features	2020 plan	Special 2020 plan
Date of the authorization of the General Meeting	May 23, 2019	May 28, 2020
Date of Board of Directors' meeting	May 28, 2020	June 16, 2020
Performance conditions	TSR Achievement of free cash flow target CSR	None
Date of full vesting	May 27, 2023: for 100%	For French residents: June 15, 2021 For non-French residents: June 15, 2022
End date of the holding period		For French residents: June 15, 2022
Number of bonus shares initially allotted	616,496	98,743
Enrique MARTINEZ, CEO since 07/17/2017	76,997	
Number of beneficiaries as of December 31, 2022	209	0
Being vested as at December 31, 2022	543,780	0
Canceled or expired as at December 31, 2022	72,716	0
Vested as of December 31, 2022	0	98,743

Main features	2021 plan	2021 plan	2021 plan
Date of the authorization of the General Meeting	May 28, 2020		
Date of Board of Directors' meeting	May 27, 2021	May 27, 2021	May 27, 2021
Performance conditions	TSR Achievement of free cash flow target CSR	TSR Achievement of free cash flow target CSR	None
Date of full vesting	May 26, 2024 for 100%	May 26, 2024 for 100%	May 26, 2024 for 100%
End date of the holding period			
Number of bonus shares initially allotted	244,660	54,376	14,005
Enrique MARTINEZ, CEO since 07/17/2017	39,911		
Number of beneficiaries as of December 31, 2022	161	46	45
Being vested as at December 31, 2022	225,960	50,862	13,005
Canceled or expired as at December 31, 2022	18,700	3,514	1,000
Vested as of December 31, 2022	0	0	0

Main features	2022 plan	2022 plan	2022 plan
Date of the authorization of the General Meeting	May 28, 2020		
Date of Board of Directors' meeting	May 18, 2022	May 18, 2022	May 18, 2022
Performance conditions	TSR Achievement of free cash flow target CSR	TSR Achievement of free cash flow target CSR	None
Date of full vesting	May 17, 2025 for 100%	May 17, 2025 for 100%	May 17, 2025 for 100%
End date of the holding period			
Number of bonus shares initially allotted	297,105	66,019	17,240
Enrique MARTINEZ, CEO since 07/17/2017	48,316		
Number of beneficiaries as of December 31, 2022	173	55	48
Being vested as at December 31, 2022	297,105	65,719	16,790
Canceled or expired as at December 31, 2022	0	300	450
Vested as of December 31, 2022	0	0	0
TOTAL BONUS SHARES BEING VESTED AT DECEMBER 31, 2022			**1,213,221**

No companies affiliated with Fnac Darty under the conditions laid down in Article L. 225-197-2 of the French Commercial Code or controlled by it as defined by Article L. 233-16 of the French Commercial Code have issued any stock purchase or subscription option plans.

Bonds with an option for conversion and/ or exchange for new and/or existing shares (OCEANE bonds)

On March 16, 2021, Fnac Darty issued bonds with an option for conversion and/or exchange for new and/or existing shares ("OCEANE bonds") maturing on March 23, 2027 via placement with qualified investors. The nominal value of the issue was €199,999,947.63, represented by 2,468,221 bonds with a unit nominal value of €81.03.

The net proceeds from the issue will be allocated to the repayment of some of the Group's financing, including the Senior Term Loan Facility in the amount of €200 million that matures in April 2023.

The OCEANE bonds were issued at par and will bear interest from the issue date at an annual rate of between 0.0% and 0.5%, payable annually in arrears on March 23 each year (or on the following business day if this date is not a business day) commencing on March 23, 2022. As a result of the distribution of a dividend of €2 per share to Fnac Darty shareholders as of June 23, 2022, the conversion/exchange rate was increased from 1.019 Fnac Darty shares per OCEANE bond to 1.070 Fnac Darty shares per OCEANE bond as of June 23, 2022.

As of December 31, 2022, there were no early conversions of OCEANE bonds.

Dilutive effect

As of December 31, 2022, the Company had 1,213,221 bonus shares in the process of vesting, 1,066,845 of which may result in the delivery of new shares. It should be noted that the second and third bonus share allotment plans awarded in 2021 and 2022 expressly provide for the delivery of existing shares and are therefore not dilutive. As at December 31, 2022, there were 26,871,853 Company shares. On that date, if all bonus shares that may result in the delivery of new shares had vested through the issue of new shares, 1,066,845 shares would have been created, representing a dilution of 3.97%.

The maximum dilution, estimated on the basis of the Company's capital and the conversion ratio of the 2,640,996 OCEANE bonds as of December 31, 2022, would be 9.83% if Fnac Darty resolved to deliver only new shares in the event that conversion rights were exercised for all OCEANE bonds.

On March 16, 2021, Fnac Darty announced its new financing strategy with the repayment in full of its €500 million state-guaranteed loan (PGE), the extension of its RCF to €500 million and the repayment of the €200 million Senior Term Loan Facility maturing in April 2023, as well as the placement of its first OCEANE bond in the amount of approximately €200 million.

Details of these various transactions are set out in section 4.3 "Recent events and outlook" of chapter 4 of this Universal Registration Document.

7.2.5 / TERMS GOVERNING ANY VESTING RIGHT AND/OR ANY OBLIGATION ATTACHED TO THE CAPITAL AUTHORIZED BUT NOT ISSUED

None.

7.2.6 / SHARE CAPITAL OF ANY GROUP COMPANY THAT IS SUBJECT TO AN OPTION OR AN AGREEMENT TO GRANT AN OPTION

Except as described in section 7.3 "Shareholders" of this Universal Registration Document, the Company is not aware of any options to acquire all or part of the capital of any company in the Group or any conditional or unconditional agreement to grant an option over all or part of the capital of any Group company.

7.2.7 / HISTORY OF THE SHARE CAPITAL OVER THE LAST FIVE YEARS

The table below presents the evolution of the Company's share capital over the last five full financial years.

Date	Nature of the transaction	Capital prior to the transaction *(€)*	Issue premium *(€)*	Number of shares prior to the transaction	Number of shares after the transaction	Par value after the transaction *(€)*	Capital after the transaction *(€)*
06/18/2018	Increase in the number of shares resulting from the full vesting of bonus shares	26,658,135	44,245	26,658,135	26,702,380	1.00	26,702,380
07/16/2018	Capital increase reserved for employees, corporate officers and eligible former employees subscribing to the Group Savings Plan	26,702,380	6,585,377.76	26,702,380	26,792,938	1.00	26,792,938
12/28/2018	Increase in the number of shares following the exercise of stock subscription options	26,792,938	463,368.10	26,792,938	26,803,689	1.00	26,803,689
12/28/2018	Capital reduction through the cancellation of shares	26,803,689	n.a.	26,803,689	26,605,439	1.00	26,605,439
03/07/2019	Increase in the number of shares resulting from the full vesting of bonus shares and following the exercise of stock subscription options	26,605,439	138,307.90	26,605,439	26,618,995	1.00	26,618,995
03/07/2019	Capital reduction through the cancellation of shares	26,618,995	n.a.	26,618,995	26,567,245	1.00	26,567,245
05/20/2019	Increase in the number of shares resulting from the full vesting of bonus shares and following the exercise of stock subscription options	26,567,245	752,353.60	26,567,245	26,643,288	1.00	26,643,288
05/20/2019	Capital reduction through the cancellation of shares	26,643,288	n.a.	26,643,288	26,498,288	1.00	26,498,288

Date	Nature of the transaction	Capital prior to the transaction *(€)*	Issue premium *(€)*	Number of shares prior to the transaction	Number of shares after the transaction	Par value after the transaction *(€)*	Capital after the transaction *(€)*
06/07/2019	Increase in the number of shares following the exercise of stock subscription options	26,498,288	394,451.90	26,498,288	26,504,635	1.00	26,504,635
07/17/2019	Capital increase reserved for employees, corporate officers and eligible former employees subscribing to the Group Savings Plan	26,504,635	6,128,159.88	26,504,635	26,615,572	1.00	26,615,572
09/13/2019	Capital reduction through the cancellation of shares	26,615,572	n.a.	26,615,572	26,515,572	1.00	26,515,572
03/02/2020	Increase in the number of shares resulting from the full vesting of bonus shares	26,515,572	n.a.	26,515,572	26,566,152	1.00	26,566,152
05/18/2020	Increase in the number of shares resulting from the full vesting of bonus shares	26,566,152	n.a.	26,566,152	26,598,464	1.00	26,598,464
06/17/2020	Increase in the number of shares resulting from the full vesting of bonus shares	26,598,464	n.a.	26,598,464	26,607,956	1.00	26,607,956
07/24/2020	Increase in the number of shares resulting from the full vesting of bonus shares	26,607,956	n.a.	26,607,956	26,608,571	1.00	26,608,571
05/03/2021	Increase in the number of shares resulting from the full vesting of bonus shares	26,608,571	n.a.	26,608,571	26,620,803	1.00	26,620,803
05/23/2021	Increase in the number of shares resulting from the full vesting of bonus shares	26,620,803	n.a.	26,620,803	26,666,932	1.00	26,666,932

Date	Nature of the transaction	Capital prior to the transaction *(€)*	Issue premium *(€)*	Number of shares prior to the transaction	Number of shares after the transaction	Par value after the transaction *(€)*	Capital after the transaction *(€)*
06/16/2021	Increase in the number of shares resulting from the full vesting of bonus shares	26,666,932	n.a.	26,666,932	26,761,118	1.00	26,761,118
05/23/2022	Increase in the number of shares resulting from the full vesting of bonus shares	26,761,118	n.a.	26,761,118	26,867,296	1.00	26,867,296
06/17/2022	Increase in the number of shares resulting from the full vesting of bonus shares	26,867,296	n.a.	26,867,296	26,871,853	1.00	26,871,853

The following major transactions involving the Company's share capital were completed between May 24, 2016 and the preparation date of this Universal Registration Document.

In accordance with the right to sub-delegate granted by the Board of Directors:

- the Chief Executive Officer, in a decision dated June 18, 2018, noted the capital increase of €44,245 through the issue of 44,245 new shares with a par value of €1, following the full vesting of bonus shares by the beneficiaries; the share capital was therefore raised from €26,658,135 to €26,702,380 (divided into 26,702,380 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated July 16, 2018, noted the capital increase of 90,558 new shares with a par value of €1 following the subscription of shares by employees, and eligible corporate officers and former employees subscribing to the Group Savings Plan for Fnac Darty's French companies, and to the International Group Savings Plan for Fnac Darty's non-French companies; the share capital was therefore raised from €26,702,380 to €26,792,938 (divided into 26,792,938 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated December 28, 2018, noted the capital increase of 10,751 new shares with a par value of €1 following the exercise of stock subscription options since October 1, 2018; the share capital was therefore raised from €26,792,938 to €26,803,689 (divided into 26,803,689 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated December 28, 2018, noted the capital reduction of 198,250 shares with a par value of €1 following the redemption of shares under the share buyback program implemented by the Company's Board of Directors; the share capital was therefore reduced from €26,803,689 to €26,605,439 (divided into 26,605,439 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated March 7, 2019, noted the capital increase of 13,556 shares with a par value of €1 following the full vesting of 10,347 bonus shares and the exercise of 3,209 stock subscription options, followed by a reduction of 51,750 shares with a par value of €1 following the redemption of shares under the share buyback program implemented by the Company's Board of Directors; the share capital was therefore reduced from €26,605,439 to €26,567,245 (divided into 26,567,245 shares with a par value of €1);

- the Chief Executive Officer, in a decision dated May 20, 2019, noted the capital increase of 76,043 shares with a par value of €1 following the full vesting of 58,587 bonus shares and the exercise of 17,456 stock subscription options, followed by a reduction of 145,000 shares with a par value of €1 following the redemption of shares under the share buyback program implemented by the Company's Board of Directors; the share capital was therefore reduced from €26,567,245 to €26,498,288 (divided into 26,498,288 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated June 7, 2019, noted the capital increase of 6,347 shares with a par value of €1 following the exercise of 6,347 stock subscription options; the share capital was therefore raised from €26,498,288 to €26,504,635 (divided into 26,504,635 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated July 17, 2019, noted the capital increase of 110,937 new shares with a par value of €1 following the subscription of shares by employees, and eligible corporate officers and former employees subscribing to the Group Savings Plan for Fnac Darty's French companies, and to the International Group Savings Plan for Fnac Darty's non-French companies; the share capital was therefore raised from €26,504,635 to €26,615,572 (divided into 26,615,572 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated September 13, 2019, noted the capital reduction of 100,000 shares with a par value of €1 following the redemption of shares under the share buyback program implemented by the Company's Board of Directors; the share capital was therefore reduced from €26,615,572 to €26,515,572 (divided into 26,515,572 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated March 02, 2020, noted the capital increase of €50,580 through the issue of 50,580 new shares with a par value of €1, following the full vesting of bonus shares by the beneficiaries; the share capital was therefore raised from €26,515,572 to €26,566,152 (divided into 26,566,152 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated May 18, 2020, noted the capital increase of €32,312 through the issue of 32,312 new shares with a par value of €1, following the full vesting of bonus shares by the beneficiaries; the share capital was therefore raised from €26,566,152 to €26,598,464 (divided into 26,598,464 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated June 17, 2020, noted the capital increase of €9,492 through the issue of 9,492 new shares with a par value of €1, following the full vesting of bonus shares by the beneficiaries; the share capital was therefore raised from €26,598,464 to €26,607,956 (divided into 26,607,956 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated July 24, 2020, noted the capital increase of €615 through the issue of 615 new shares with a par value of €1, following the full vesting of bonus shares by the beneficiaries; the share capital was therefore raised from €26,607,956 to €26,608,571 (divided into 26,608,571 shares with a par value of €1);

- the Chief Executive Officer, in a decision dated May 03, 2021, noted the capital increase of €12,232 through the issue of 12,232 new shares with a par value of €1, following the full vesting of bonus shares by the beneficiaries; the share capital was therefore raised from €26,608,571 to €26,620,803 (divided into 26,620,803 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated May 23, 2021, noted the capital increase of €46,129 through the issue of 46,129 new shares with a par value of €1, following the full vesting of bonus shares by the beneficiaries; the share capital was therefore raised from €26,620,803 to €26,666,932 (divided into 26,666,932 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated June 16, 2021, noted the capital increase of €94,186 through the issue of 94,186 new shares with a par value of €1, following the full vesting of bonus shares by the beneficiaries; the share capital was therefore raised from €26,666,932 to €26,761,118 (divided into 26,761,118 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated May 23, 2022, noted the capital increase of €106,178 through the issue of 106,178 new shares with a par value of €1, following the full vesting of bonus shares by the beneficiaries; the share capital was therefore raised from €26,761,118 to €26,867,296 (divided into 26,867,296 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated June 17, 2022, noted the capital increase of €4,557 through the issue of 4,557 new shares with a par value of €1, following the full vesting of bonus shares by the beneficiaries; the share capital was therefore raised from €26,867,296 to €26,871,853 (divided into 26,871,853 shares with a par value of €1).

7.3 / Shareholders

7.3.1 / SHAREHOLDING

To the Company's knowledge, as at December 31, 2022, the Company's share capital and voting rights were distributed as follows:

	Position as of December 31, 2022			
Shareholders	**Shares**	**% of share capital**	**% of theoretical voting rights**	**% of exercisable voting rights**
Ceconomy Retail International	6,501,845	24.20%	24.20%	24.32%
Vesa Equity Investment [(a)]	6,193,033	23.05%	23.05%	23.17%
Indexia Développement [(b)]	3,026,422	11.26%	11.26%	11.32%
Employee share ownership	508,423	1.89%	1.89%	1.90%
Treasury shares	142,697	0.53%	0.53%	-
Floating [(c)]	10,499,433	39.07%	39.07%	39.28%
TOTAL	**26,871,853**	**100.00%**	**100.00%**	**100.00%**

(a) Entity controlled by Mr. Daniel Kretinsky.
(b) Formerly the SFAM Group.
(c) Determined by deduction.

As of December 31, 2022, the closing date of the latest shareholder study, which identified 99.4% of Fnac Darty shareholders, more than 85% of floating shares were held by institutional investors, more than 40% of which are French.

To the best of the Company's knowledge and as of March 1, 2023, only Ceconomy Retail International, Vesa Equity Investment and Indexia Développement each have a direct or indirect holding of more than 5% of the share capital or voting rights.

	Position as of December 31, 2021				Position as of December 31, 2020			
	Shares	% of share capital	% of theoretical voting rights	% of exercisable voting rights	Shares	% of share capital	% of theoretical voting rights	% of exercisable voting rights
	6,501,845	24.30%	24.30%	24.36%	6,501,845	24.44%	24.44%	24.51%
	810,184	3.03%	3.03%	3.04%	0	0.00%	0.00%	0.00%
	3,026,422	11.31%	11.31%	11.34%	3,026,422	11.37%	11.37%	11.41%
	463,512	1.73%	1.73%	1.74%	306,479	1.15%	1.15%	1.16%
	67,723	0.25%	0.25%	-	78,750	0.30%	0.30%	-
	15,891,432	59.38%	59.38%	59.53%	16,695,075	62.74%	62.74%	62.93%
	26,761,118	**100.00%**	**100.00%**	**100.00%**	**26,608,571**	**100.00%**	**100.00%**	**100.00%**

The main shareholder movements between 2017 and 2022 were as follows:

- 2017: disposal of the Artémis shareholding from the capital of Fnac Darty (6,451,845 shares, i.e. 24.3% of the capital) for the benefit of the companies Ceconomy AG and Metro Vierzehnte, under the terms of a forward disposal agreement for Fnac Darty shares, concluded on July 26, 2017;
- 2018: Ceconomy remains the Group's reference shareholder with 24.3%. On February 6, 2018, the French insurance broker SFAM purchased Knight Vinke's 11.4% stake in Fnac Darty, thus becoming the Group's second-largest shareholder. On July 2, 2018, Vivendi exercised the right it secured at the start of the year to exit its 11% interest in Fnac Darty;
- 2022: Ceconomy remains the Group's reference shareholder with 24.2% of the share capital, followed by Vesa Equity Investment with 23.0% and Indexia Développement (formerly SFAM) with 11.3%.

Shareholding thresholds

The following major holding notifications were submitted to the AMF and/or the Company in relation to the year 2022, and up to March 08, 2023:

Company	Date of declaration	Date of crossing	Type of threshold	Increase or decrease versus threshold	Number of shares	% of share capital	% of voting rights
Vesa Equity Investment SARL	01/25/2022	n.p.	Statutory	Increase	1,070,390	4%	4%
Vesa Equity Investment SARL	02/22/2022	02/16/2022	Legal	Increase	1,350,000	5.04%	5.04%
Vesa Equity Investment SARL	03/03/2022	n.p.	Statutory	Increase	1,612,842	6%	6%
Vesa Equity Investment SARL	03/07/2022	n.p.	Statutory	Increase	2,204,085	8%	8%
Vesa Equity Investment SARL	03/10/2022	n.p.	Statutory	Increase	2,434,943	9%	9%
Amundi	03/10/2022	03/10/2022	Statutory	Decrease	994,073	3.71%	3.71%
Vesa Equity Investment SARL	03/11/2022	03/07/2022	Legal	Increase	2,702,770	10.10%	10.1%
Vesa Equity Investment SARL	03/14/2022	n.p.	Statutory	Increase	3,037,358	11%	11%
Vesa Equity Investment SARL	03/21/2022	n.p.	Statutory	Increase	3,262,352	12%	12%
Amundi	04/05/2022	n.p.	Statutory	Decrease	790,000	2.95%	2.95%
Vesa Equity Investment SARL	04/12/2022	n.p.	Statutory	Increase	3,625,811	13%	13%
Vesa Equity Investment SARL	05/03/2022	n.p.	Statutory	Increase	3,753,985	14%	14%
Vesa Equity Investment SARL	05/17/2022	05/11/2022	Legal	Increase	4,015,169	15%	15%
Vesa Equity Investment SARL	06/20/2022	06/14/2022	Statutory	Increase	4,403,286	16%	16%
Vesa Equity Investment SARL	06/22/2022	06/16/2022	Statutory	Increase	4,570,449	17%	17%
Vesa Equity Investment SARL	06/27/2022	06/21/2022	Statutory	Increase	4,846,842	18%	18%
Vesa Equity Investment SARL	07/05/2022	06/29/2022	Statutory	Increase	5,176,786	19%	19%
Vesa Equity Investment SARL	07/11/2022	07/05/2022	Legal	Increase	5,383,523	20%	20%
Vesa Equity Investment SARL	09/28/2022	09/22/2022	Statutory	Increase	5,644,533	21%	21%
Vesa Equity Investment SARL	10/06/2022	09/30/2022	Statutory	Increase	5,914,287	22%	22%
Vesa Equity Investment SARL	10/14/2022	10/10/2022	Statutory	Increase	6,193,033	23%	23%
Vesa Equity Investment SARL	01/26/2023	01/20/2023	Statutory	Increase	6,466,052	24%	24%

n.p.: not provided

Renewal of statements of intent

- In a letter dated February 22, 2023, Ceconomy reported that it held directly and indirectly through its subsidiary Ceconomy Retail International GmbH, 6,451,845 shares, representing 24.33% of the shares and theoretical voting rights making up Fnac Darty's capital and that, as of August 24, 2017, it had exceeded all the 1% thresholds for holding Fnac Darty's capital and voting rights between 3% and 24%, and in particular the statutory thresholds of 5%, 10%, 15% and 20%.

In the same letter it reiterated a previous statement of intent dated August 22, 2022, and made the following statement of intent:

"Ceconomy declares that, over the next six months, its intentions and those of Ceconomy Retail International, which it directly controls, are as follows:

- *the acquisition (of 6,451,845 Fnac Darty shares) was financed by the issue of promissory notes and commercial paper;*

- *Ceconomy controls Ceconomy Retail International and these entities are not parties to any concerted action with any third party with regard to Fnac Darty;*
- *Ceconomy and Ceconomy Retail International contemplate to purchase additional shares of Fnac Darty depending on financial markets opportunities, but will not exceed the threshold of 30% of the share capital and voting rights of Fnac Darty;*
- *Ceconomy and Ceconomy Retail International do not intend to take control of Fnac Darty;*
- *Ceconomy and Ceconomy Retail International support the strategy implemented by Fnac Darty and its management;*
- *Neither Ceconomy nor Ceconomy Retail International intend to propose that any of the transactions referred to in section 6 of Article 223-17-I of the AMF General Regulations should be implemented;*
- *Neither Ceconomy nor Ceconomy Retail International are party to any agreement or financial instrument referred to in sections 4 or 4 bis of Article L. 233-9-I of the French Commercial Code;*
- *Neither Ceconomy nor Ceconomy Retail International are party to agreements on a securities financing transaction involving Fnac Darty's shares or voting rights;*
- *Neither Ceconomy nor Ceconomy Retail International intends to seek appointment to Fnac Darty's Board of Directors, but they reserve the right to propose that a Ceconomy representative is appointed* [1]*."*

- In a letter sent on December 8, 2022, Indexia Développement reported that it continued to hold 3,026,422 Fnac Darty shares, representing 11.26% of Fnac Darty's capital.

  In the same letter, reiterating a previous statement of intent dated June 09, 2022, Indexia Développement stated, for a further period of six months, that:

  - *"it had not acquired or sold any Fnac Darty shares or securities giving access to the capital or voting rights of Fnac Darty, since its last statement;*
  - *it is not acting in concert with any third party;*
  - *it intends to acquire additional shares as market opportunities arise;*
  - *it has no intention of taking control of Fnac Darty;*
  - *it supports the strategy announced by the management team; therefore, no specific measures such as those listed in section 6 of Article 223-17-I of the AMF General Regulations need to be implemented; consequently Indexia Développement does not envisage the implementation of any of the measures listed in the above-mentioned Article;*
  - *it is not party to any agreement or financial instrument referred to in sections 4 or 4 bis of Article L. 233-9-I of the French Commercial Code;*
  - *it is not party to any temporary sale agreements involving the shares and/or voting rights of Fnac Darty;*
  - *it does not intend to request representation on the Board of Directors."*

- In a letter dated July 11, 2022, VESA Equity Investment stated that, for the next six months, its intentions were as follows:

  - the acquisitions made by Vesa Equity Investment were financed using shareholders' equity and a credit facility of an amount taken out with a consortium of international banks;
  - Vesa Equity Investment is not party to any concerted action in respect of Fnac Darty SA;
  - depending on market circumstances and conditions, Vesa Equity Investment plans to continue purchasing Fnac Darty shares in order to increase its stake;
  - Vesa Equity Investment has no intention of taking control of Fnac Darty;
  - Vesa Equity Investment does not intend to implement any of the measures listed in section 6 of Article 223-17 of the AMF General Regulations;
  - Vesa Equity Investment has not entered into any agreements and does not hold any financial instruments mentioned in sections 4 and 4 bis of Article L. 233-9-I of the French Commercial Code concerning Fnac Darty;
  - Vesa Equity Investment is not party to any temporary sale agreements involving the shares or voting rights of Fnac Darty;
  - Vesa Equity Investment does not intend to seek the appointment of one or more members to Fnac Darty's Board of Directors.

  VESA Equity Investment sent Fnac Darty a letter dated January 4, 2023, in which it renewed these same declarations and intentions.

(1) *As of the date of writing this Universal Registration Document, three independent directors proposed by Ceconomy are members of Fnac Darty's Board of Directors.*

7.3.2 / SHAREHOLDERS' VOTING RIGHTS

Each share of the Company entitles its holder to one voting right. The Company has not granted any double voting rights. The voting rights of Fnac Darty's main shareholders do not differ from those of its other shareholders.

7.3.3 / CONTROL STRUCTURE

No shareholder controls Fnac Darty.

Ceconomy holds 24.2% of the Company's share capital and voting rights at December 31, 2022 but is not represented on the Company's Board of Directors or Board committees. Three independent Directors, Daniela Weber-Rey, Caroline Grégoire Sainte Marie and Stefanie Meyer, were appointed on the recommendation of Ceconomy (see section 3.1.1 "Composition of the Board of Directors and its committees" of this Universal Registration Document).

Vesa Equity Investment SARL holds 23.05% of the Company's share capital and voting rights as of December 31, 2022, but is not represented on the Company's Board of Directors or Board committees. It does not intend to seek the appointment of one or more members to the Board of Directors.

7.3.4 / AGREEMENTS THAT COULD RESULT IN A CHANGE OF CONTROL OF THE COMPANY

None.

7.4 / Stock market information

7.4.1 / EQUITIES MARKET

Fnac Darty shares have been listed on Euronext Paris since June 20, 2013.

Codes and classification of Fnac Darty shares

ISIN code: FR0011476928

Mnemo: Fnac

Where listed: Euronext Paris

Compartment: B

Index: SBF 120

7.4.2 / FNAC DARTY SHARE PRICE AND TRADING VOLUMES

At the time of the IPO, the reference price for Fnac Darty shares was €22.00. On the first day of trading (June 20, 2013), the opening price was €20.03 and the closing price was €19.00.

As of December 31, 2022, the closing price for Fnac Darty shares was €34.44. In addition, Fnac Darty market capitalization reached €925 million.

(€)	Average closing price	High	Low	Number of shares traded on all platforms
January 2022	53.9390	57.7656	49.9968	1,255,407
February 2022	49.3762	51.6172	46.3840	2,953,276
March 2022	44.9878	47.0132	41.6751	3,837,650
April 2022	44.7575	45.3545	43.5815	2,507,622
May 2022	44.4594	45.9074	42.8952	1,839,315
June 2022	41.6955	43.5053	39.8449	3,334,534
July 2022	40.4438	43.1400	37.9600	1,788,241
August 2022	36.0790	37.8200	33.4800	1,827,192
September 2022	30.5143	32.3600	27.3800	2,222,127
October 2022	29.8619	31.3200	28.5400	1,833,247
November 2022	33.7590	36.5000	30.8200	1,412,298
December 2022	33.9000	35.3200	32.8400	954,022

(Source: Bloomberg for the share prices and for the number of shares traded on all platforms).

7.4.3 / FINANCIAL SERVICES ESTABLISHMENT

The securities are managed by:

Uptevia – Investor Relations

12, place des États-Unis, CS 40083, 92549 Montrouge Cedex, France
Tel.: +33 1 57 78 34 44 / Fax: +33 1 57 78 32 19 /
Email: ct-contact@uptevia.com

Uptevia was created on January 1, 2023, and now includes the Equity business of Corporate Trust Services in France, BNP Paribas and CACEIS' Issuer Services business.

7.5 / Dividend distribution policy

On February 26, 2020, Fnac Darty announced the launch of a shareholder return policy, with a target payout rate of 30% to 40%. The Group originally intended to recommend, at the General Meeting on May 28, 2020, the distribution of an ordinary dividend of €1.50 per share for 2019, corresponding to a distribution rate of 35%, in line with the objectives. Given how the Covid-19 epidemic developed, and in line with the conditions required for the implementation of a state-guaranteed loan, the Board of Directors withdrew the dividend proposal for 2019. As a result, the Group did not pay any dividends during 2020.

Given the 2020 results and the ambitions outlined on February 23, 2021, when the strategic plan Everyday was announced, Fnac Darty has reactivated its shareholder return policy.

For 2020, the Group distributed an initial ordinary dividend of €1.00 per share, which was paid in full in cash on July 7, 2021, for a total amount of €26.7 million.

For 2021, the Group distributed an ordinary dividend of €2.00 per share, which was paid in full in cash on June 23, 2022, for a total amount of €53.5 million.

For 2022, the Group will propose that the General Meeting scheduled for May 24, 2023, approves the distribution of a dividend of €1.40 per share. This amount represents a payout ratio of 38% of net income, Group share from continuing operations, in line with last year and with the shareholder return policy set out in the strategic plan Everyday.

Shareholders will be offered the option of receiving the full dividend either in cash or in new shares of the company. Subject to the approval of the General Meeting, the price of the new shares issued in payment of the dividend will be 95% of the average opening price of the share during the 20 trading days prior to the General Meeting, less the net dividend amount and rounded up to the nearest euro cent.

The ex-date is June 13, 2023 and the payment date (or date for issue of new shares) is July 6, 2023. Shareholders may choose to receive the dividend payment in newly issued shares between June 15, 2023 and June 29, 2023 inclusive. If the shareholder has not chosen the option of payment in new shares, they will receive the dividend in cash on the payment date.

Year	Total number of shares as of December 31	Dividend paid for the year *(in €/share)*	Paid on	Closing price on December 31 *(in €)*	Rate of return based on closing price
2019	26,515,572	-	-	52.80	-
2020	26,608,571	1.00	July 7, 2021	52.70	1.9%
2021	26,761,118	2.00	June 23, 2022	57.50	3.5%
2022	26,871,853	1.40 [a]	July 6, 2023	34.44	4.1%

(a) Subject to the approval of the General Meeting on May 24, 2023.

In addition, each year the Group will look at the possibility of making an additional distribution to shareholders in the form of an exceptional dividend or share buyback, after financing any M&A transactions and paying the ordinary dividend, subject to an overall maximum leverage of 2.0× [1]. This indicator will be assessed at the end of June each year in the belief that the position at this date will best reflect the Company's situation, given the seasonality of the business.

The target for the Group is twofold: to secure a recurring dividend distribution for shareholders and to ensure an acceptable level of debt over the long term.

Lastly, under the Loan Agreement, Fnac Darty may only make dividend distributions or other types of distributions related to its share capital in the following circumstances: (A) if the leverage at June 30 of the previous year, measured as the ratio of consolidated net debt excluding IFRS 16 to consolidated current EBITDA excluding IFRS 16, pro forma of the ongoing dividend distribution and all dividends or other distributions carried out after June 30 of the previous year, is less than or equal to 2.0×, there is no restriction on dividend distributions; (B) if the leverage at June 30 of the previous year, measured as the ratio of consolidated net debt excluding IFRS 16 to consolidated current EBITDA excluding IFRS 16, pro forma of the ongoing dividend distribution and all dividends or other distributions carried out after June 30 of the previous year, is greater than 2.0×, such a distribution and/or payment cannot exceed, in one financial year, 50% of the distributable profits for the previous year; and (C) as long as none of the default events provided for in the Loan Agreement have occurred or are likely to be triggered by such a distribution (see section 4.2.2.2 of this document on financing under the Loan Agreement).

(1) Leverage: net debt/current EBITDA excluding IFRS 16 measured at the end of June.

7.6 / Dialogue with shareholders and investors

Meetings with investors

Fnac Darty's management and Investor Relations team are in regular contact with analysts who monitor the Fnac Darty share price and with investors based in various countries that represent the Company's main regions of financial interest in terms of its business sector and its market capitalization, in particular in Europe (France, Germany, Spain, Switzerland, Italy), the United Kingdom and North America (United States, Canada).

These interactions take place in the form of roadshows, phone calls, and conferences on general or specific themes (retail sector, CSR). This year, in an environment of fewer health restrictions related to Covid-19, these meetings mainly took place as in-person events, particularly in France and Europe.

In addition, in a context of rising investor expectations regarding socially responsible investment (SRI), the Investor Relations Department regularly meets with analysts and investors to discuss these topics, either at traditional meetings or at conferences dedicated to CSR matters. In the latter case, the Investor Relations team is accompanied by the Group's CSR Director. These meetings with investment funds and SRI analysts are contributing to the Group's progress in the CSR field (see Chapter 2 "Non-financial Performance Declaration" of this document).

- **218** meetings with investors in 2022
- **10** roadshows and **14** conferences, including **3** devoted to CSR, in 2022
- **8** countries covered
- **9** analysts monitoring the share price

Communication policy

Fnac Darty regularly communicates its activities, strategy, and outlook to its institutional and individual investors and, more generally, to the financial community in compliance with best industry practices.

In terms of accessibility to information, Fnac Darty provides all financial information, in both French and English, in the "Investors" section of its website at www.fnacdarty.com; this includes regulated information pursuant to the provisions of Articles 221-1 et seq. of the AMF General Regulations.

The publication of the annual and half-year results as well as revenue for the first and third quarters are notified in press releases in French and English. These press releases, which are made available online on the Company's website and which are sent via the usual regulatory channels (wire), are also sent by email to the entire investor base within Fnac Darty's Customer Relationship Management (CRM), as well as to any individual who wishes to receive them. Investors can request a copy of these reports directly on the Company's website, under the heading "Contacts" of the "Investors" section, or by writing to the Investor Relations and Financial Communication Department by email to investisseurs@fnacdarty.com.

After each report is published, there is a conference call. These meetings are interpreted into English and broadcast by phone and online in French and English. Lastly, within a few days of each publication, a transcript of the discussions and a livestream recording are available on the website, under the "Investors" section.

- This year, Fnac Darty was ranked **15th** among SBF 120 companies in the corporate information Transparency ranking [(1)] and won in the Transparency Awards 2022 – Website category.

The following financial publication schedule for 2023 is also available from the "Investors"/ "Schedule" section of the Group's website, www.fnacdarty.com:

- February 23, 2023 (after trading): 2022 annual results;
- April 20, 2023 (after trading): revenue for Q1 2023;
- May 24, 2023: General Meeting;
- July 27, 2023 (after trading): 2023 half-year results;
- October 26, 2023 (after trading): revenue for Q3 2023.

Dialogue with shareholders

Dialogue with shareholders on topics related to governance is handled by senior management, the Chairman, the Investor Relations Department and the Legal Department. Shareholders also have a dedicated area on the Group's website under the heading "Shareholders" in the "Investors" section, where they can find all documents relating to the General Meetings and information about becoming a shareholder. Lastly, all shareholders are welcome to ask questions at any time, either by email to actionnaires@fnacdarty.com or by mail to the following address:

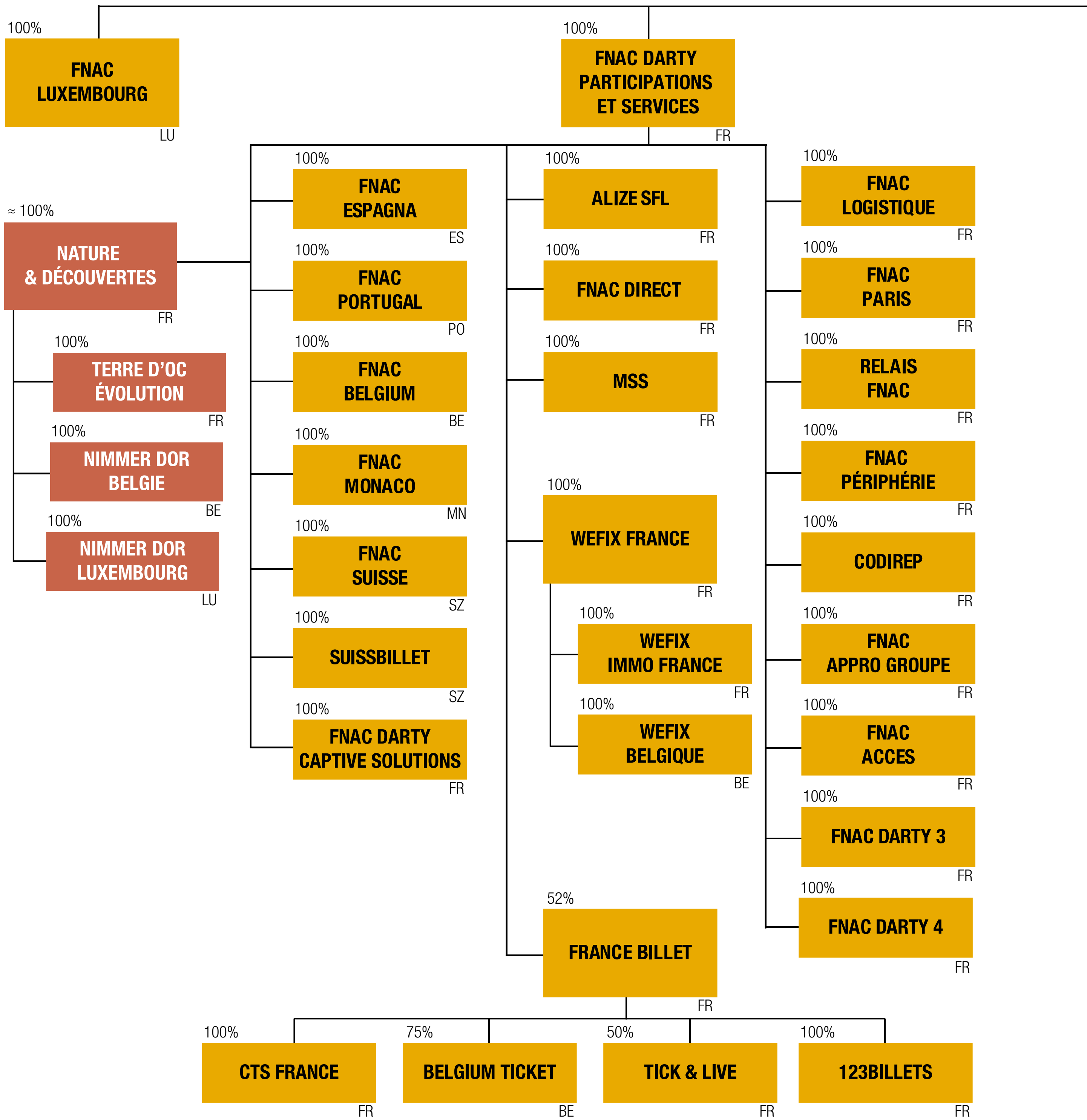
Fnac Darty – Shareholder Relations – 9, rue des Bateaux-Lavoirs 94200 Ivry-sur-Seine, France

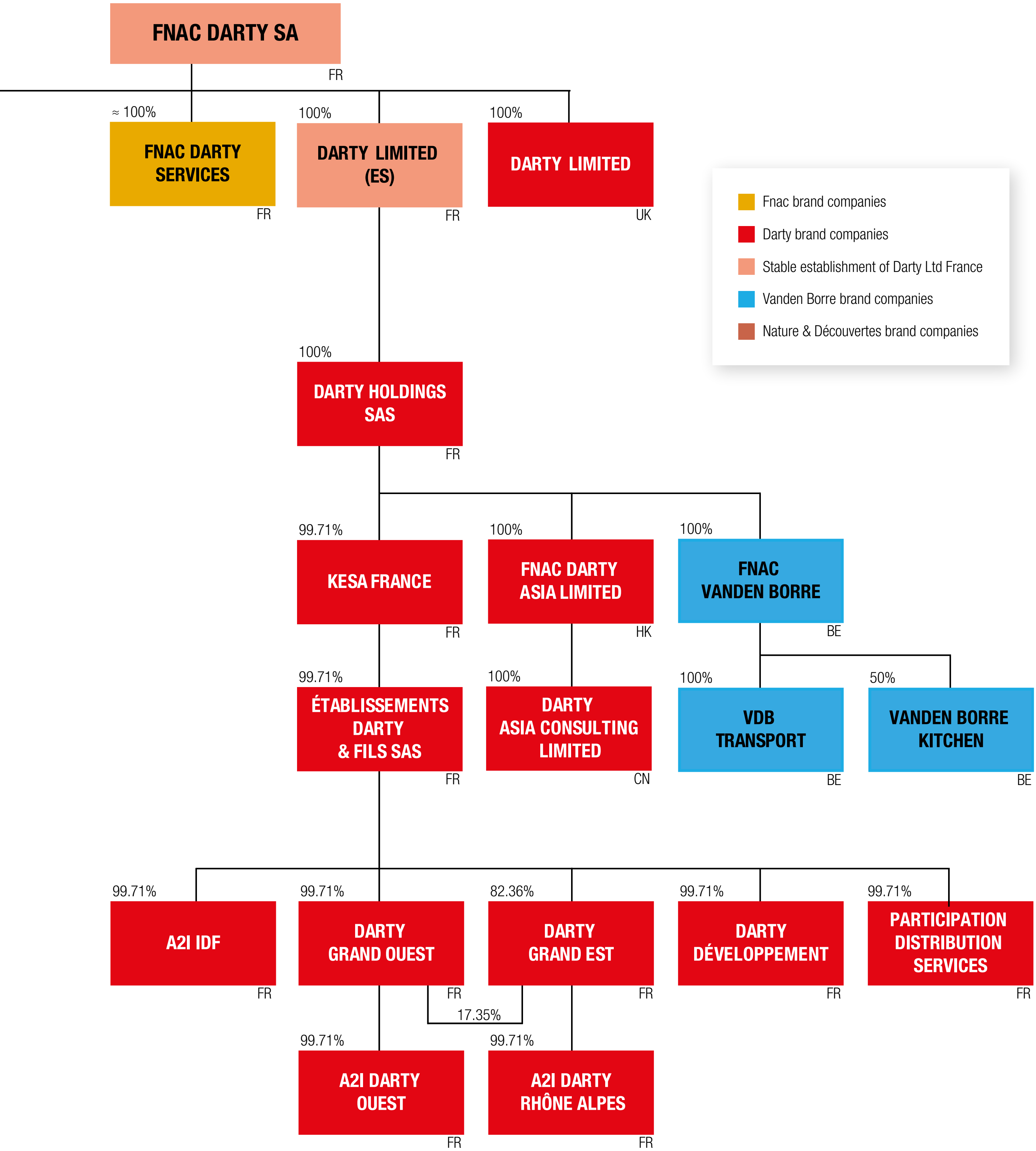
(1) Scientific Committee of the Transparency Awards 2022 organized by Labrador.

7.7 / Organization of the Group

7.7.1 / SIMPLIFIED GROUP ORGANIZATIONAL CHART

The following simplified organizational chart shows the legal structure of the Group's main subsidiaries as of December 31, 2022.




FNAC DARTY SA
FR
≈ 100%
FNAC DARTY SERVICES
FR
100%
DARTY LIMITED (ES)
FR
100%
DARTY LIMITED
UK
Fnac brand companies
Darty brand companies
Stable establishment of Darty Ltd France
Vanden Borre brand companies
Nature & Découvertes brand companies
100%
DARTY HOLDINGS SAS
FR
99.71%
KESA FRANCE
FR
100%
FNAC DARTY ASIA LIMITED
HK
100%
FNAC VANDEN BORRE
BE
99.71%
ÉTABLISSEMENTS DARTY & FILS SAS
FR
100%
DARTY ASIA CONSULTING LIMITED
CN
100%
VDB TRANSPORT
BE
50%
VANDEN BORRE KITCHEN
BE
99.71%
A2I IDF
FR
99.71%
DARTY GRAND OUEST
FR
82.36%
DARTY GRAND EST
FR
99.71%
DARTY DÉVELOPPEMENT
FR
99.71%
PARTICIPATION DISTRIBUTION SERVICES
FR
17.35%
99.71%
A2I DARTY OUEST
FR
99.71%
A2I DARTY RHÔNE ALPES
FR

7.7.2 / MAIN SUBSIDIARIES

7.7.2.1 / General Overview

Fnac Darty is the parent company of a group of companies including, as of December 31, 2022, 52 consolidated subsidiaries (35 in France, 1 in Monaco and 16 in other countries). The Company also heads a tax consolidation group consisting of 30 French subsidiaries.

The Company is a holding company with no operating activities in its own right. Its principal asset is nearly 100% of the shares of Fnac Darty Participations et Services SA and Darty Ltd. The simplified organizational chart provided in section 7.7.1 "Simplified Group organizational chart" includes the main subsidiaries and all direct and indirect holdings of the Company as at December 31, 2022. The consolidated subsidiaries are also listed in note 39 "List of subsidiaries consolidated as of December 31, 2022" of the Company's 2022 consolidated financial statements in section 5.2.

For a description of the main transactions occurring within the Group, see section 7.8.3 "Major intra-group transactions" of this Universal Registration Document.

7.7.2.2 / Main subsidiaries

Fnac Darty's main direct and indirect subsidiaries are described below:

- **Fnac Darty Participations et Services SA** is a French limited company (société anonyme) with capital of €324,952,656. Its registered office is located at ZAC Port d'Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 775661390. Fnac Darty holds nearly 100% of the capital and voting rights of Fnac Darty Participations et Services SA. Fnac Darty Participations et Services SA is directly or indirectly the parent company of all the subsidiaries of the banner and provides most of the management and support functions for the banner: Services and Operations Department, E-Commerce and Digital Department, Sales Department, Customer and Business Development Department, Transformation and Strategy Department, Operating Department, Communication and Public Affairs Department, Financial Department, General Secretariat, CSR and Human Resources Department.
- **Fnac Paris** is a French limited company (société anonyme) with capital of €58,500. Its registered office is located at ZAC Port d'Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 350127460. Fnac Darty indirectly holds 100% of the capital and voting rights of Fnac Paris. Fnac Paris' main business activity is the operation of the banner's stores.
- **Fnac Direct** is a French single-shareholder simplified joint stock company (société par actions simplifiée unipersonnelle) with capital of €13,583,280. Its registered office is located at ZAC Port d'Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 377853536. Fnac Darty indirectly holds 100% of the capital and voting rights of Fnac Direct. Fnac Direct's main business activity is the operation of the fnac.com website.
- **Relais Fnac** is a French single-shareholder simplified joint stock company (société par actions simplifiée unipersonnelle) with capital of €50,000. Its registered office is located at ZAC Port d'Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 334473352. Fnac Darty indirectly holds 100% of the capital and voting rights of Relais Fnac. Relais Fnac includes most of the Banner's regional departments and operates the banner's stores.
- **France Billet** is a French single-shareholder simplified joint stock company (société par actions simplifiée) with capital of €352,512. Its registered office is located at ZAC Port d'Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 414948695. Fnac Darty indirectly holds 52% of the capital and voting rights of France Billet. France Billet's main business activity is the marketing and retailing of tickets for sporting, artistic, cultural, tourism and entertainment events via a network of local points of sale, as well as on the fnac.com and francebillet.com websites. A minority share of 48% of France Billet's capital and voting rights is held by the CTS Eventim group. France Billet is governed by the company's bylaws and a shareholders' agreement under which Fnac Darty retains exclusive control of France Billet.

- **Codirep** is a French general partnership company (société en nom collectif) with capital of €23,085,326. Its registered office is located at ZAC Port d'Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 343282380. Fnac Darty indirectly holds 100% of the capital and voting rights of Codirep. Codirep's main business activity is the operation of the Banner's stores.
- **Alizé-SFL** (Société Française du Livre) is a French single-shareholder simplified joint stock company (société par actions simplifiée unipersonnelle) with capital of €38,962,737. Its registered office is located at 3, avenue Charles-Lindbergh in Wissous (91320) (France) and it is registered with the Évry Trade and Companies Registry under Number 349014472. Fnac Darty indirectly holds 100% of the capital and voting rights of Alizé-SFL. The principal activity of Alizé-SFL is the operation of a bookstore located at 11, rue Rottembourg in Paris in the 12th district, and the supply of services to municipalities, businesses and professionals for their book acquisitions.
- **Fnac Périphérie** is a French single-shareholder simplified joint stock company (société par actions simplifiée unipersonnelle) with capital of €8,559,675. Its registered office is located at ZAC Port d'Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 434 001 954. Fnac Darty indirectly holds 100% of the capital and voting rights of Fnac Périphérie. Fnac Périphérie's main business activity is the operation of the Banner's stores.
- **Fnac Logistique** is a French single-shareholder simplified joint stock company (société par actions simplifiée unipersonnelle) with capital of €50,000. Its registered office is located at ZAC Port d'Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 414 702 506. Fnac Darty indirectly holds 100% of the capital and voting rights of Fnac Logistique. Fnac Logistique's main business activity is the operation of the Banner's warehouses.
- **Fnac Darty Services** is a French simplified joint stock company (société par actions simplifiée) with share capital of €30,000. Its registered office is located at ZAC Port d'Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 844 973 214. Fnac Darty SA holds almost 100% of the capital and voting rights of Fnac Darty Services. Fnac Darty Services' main business is the design, development and marketing of services.
- **Grandes Almacenes Fnac España** is a Spanish single-shareholder limited company (SAU) with share capital of €1,202,000. Its registered office is located at Paseo del Club Deportivo 1, Edificio 11 – 2ª planta, 28223 Pozuelo de Alarcón (Spain) and it is registered with the Madrid Companies Registry under Number A-80/500200 (Tax ID number). Fnac Darty indirectly holds 100% of the capital and voting rights of Grandes Almacenes Fnac España. Grandes Almacenes Fnac España's main business activity is the operation of the Banner's Spanish stores (37 as of December 31, 2022) and website.
- **Fnac Portugal** is a Portuguese limited liability company (Sociedade por Quotas de Responsabilidade Limitada) with capital of €2,250,000. Its registered office is located at Edifício Amoreiras Plaza, Rua Professor Carlos Alberto Mota Pinto, No. 9-6B, 1070-374 Lisbon (Portugal) and it is registered with the Lisbon Companies Registry (Conservatoria do Registo Comercial) under Number 503952230. Fnac Darty indirectly holds 100% of the capital and voting rights of Fnac Portugal. Fnac Portugal's main business activity is the operation of the Banner's Portuguese stores (39 as of December 31, 2022) and website.
- **Fnac Belgium** is a Belgian limited company with share capital of €3,072,000. Its registered office is located at Slesbroekstraat 101, 1600 Sint-Pieters-Leeuw (Belgium) and it is registered with the Brussels Registry of Legal Entities under Number 0421 506 570. Fnac Darty indirectly holds 100% of the capital and voting rights of Fnac Belgium. Fnac Belgium's main business activity is the operation of the Banner's Belgian stores (13 points of sale as at December 31, 2022).
- **Fnac Suisse** is a Swiss limited company with capital of CHF 100,000. Its registered office is located at 5, route des Moulières, 1242 Satigny (Switzerland) and it is registered with the Canton of Geneva Trade Registry under Federal Number CH-660.0.404.000-9. Fnac Darty indirectly holds 100% of the capital and voting rights of Fnac Suisse. Fnac Suisse's main business activity is running Fnac's activities in Switzerland (nine points of sale and 27 shop-in-shops as at December 31, 2022).

- **Établissements Darty et Fils** is a French single-shareholder simplified joint stock company (société par actions simplifiée unipersonnelle) with share capital of €23,470,382. As of December 31, 2022, its registered office was located at ZAC Port d'Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 542 086 616. Établissements Darty et Fils SAS is the parent company of two regional subsidiaries. The first, Darty Grand Ouest, is a French general partnership company with capital of €30,612. Its registered office is located at Parc Tertiaire de l'Éraudière, 32, rue Coulongé, 44300 Nantes (France), and it is registered with the Nantes Trade and Companies Registry under Number 339 403 933. The second, Darty Grand Est, is a French general partnership company with capital of €394,205. Its registered office is located at RN 6 Lieu-dit l'Époux 69760 Limonest (France) and it is registered with the Lyon Trade and Companies Registry under Number 303 376 586. The main business activity of Établissements Darty et Fils SAS, Darty Grand Ouest SNC and Darty Grand Est SNC is the operation of Darty banner stores. Établissements Darty et Fils SAS also operates the website darty.com. These three subsidiaries had 222 points of sale as at December 31, 2022.
- **Darty Développement** is a French simplified joint stock company (société par actions simplifiée) with share capital of €17,621. As of December 31, 2022, its registered office was located at ZAC Port d'Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 490596020. The main business activity of Darty Développement SAS is the development of the network of franchise stores under the Darty banner and licensed stores. The network of franchise stores and licensed stores consisted of 264 points of sale as at December 31, 2022.
- **Fnac Vanden Borre SA** is a Belgian limited company with share capital of €22,652,461. Its registered office is located at Slesbroekstraat 101, 1600 Sint-Pieters-Leeuw (Belgium) and it is registered with the Brussels Registry of Legal Entities under Number BE 0412 723 419. The main business activity of Fnac Vanden Borre SA is operating Vanden Borre banner stores in Belgium (72 stores and 1 shop-in-shop as at December 31, 2022).
- **Nature & Découvertes** is a French limited company (société anonyme) with capital of €57,650,500. Its registered office is located at 11, rue des Étangs-Gobert, 78008 Versailles (France) and it is registered with the Versailles Trade and Companies Registry under Number 378702674. Its main business activity is operating Nature & Découvertes banner stores. Nature & Découvertes has 104 points of sale as at December 31, 2022.

7.7.2.3 / Recent acquisitions and disposals

The main acquisitions and disposals made by the Group during the period covered by the financial statements are described in note 3 "Changes in the scope of consolidation" in the consolidated financial statements in section 5.2.

7.8 / Related-party transactions

7.8.1 / RELATED PARTY TRANSACTIONS

Related party transactions are described in note 35 to the consolidated financial statements.

7.8.2 / REGULATED AGREEMENTS

Fnac Darty SA did not enter into any regulated agreements over the period ended December 31, 2022.

7.8.3 / MAJOR INTRA-GROUP TRANSACTIONS

- **Tax consolidation agreement:** in 2013, a regulated agreement was signed by Fnac Darty and its French subsidiaries in which it holds at least 95% of the share capital for the purposes of creating a tax consolidation group in France, effective January 1, 2013. This agreement was approved by the Ordinary General Meeting of May 15, 2014 pursuant to Article L. 225-40 of the French Commercial Code. In its annual review of regulated agreements in force, on February 26, 2015, the Board of Directors decided to reclassify this agreement as a current agreement concluded under normal conditions in accordance with Article L. 225-39 of the French Commercial Code. As of January 1, 2023, the Group's French subsidiaries that fulfill the holding criteria were signed up to the tax consolidation agreement.
- **Cash investment and financing agreement:** Fnac Darty Participations et Services has concluded cash agreements with the majority of Group companies. The purpose of these agreements is to centralize the Group's cash management in order to encourage coordination and optimization of the utilization of cash surpluses or coverage of aggregate cash requirements within the Group. Pursuant to the agreements, these subsidiaries deposit any cash surpluses they do not use to finance their operation and their capital expenditure program with Fnac Darty Participations et Services, in exchange for which Fnac Darty Participations et Services finances their working capital requirements and capital expenditure program.
- **Long-term intra-group lending agreements:** in addition to cash investment and financing agreements, Fnac Darty Participations et Services has set up long-term loans/borrowings with certain Group companies with recurring borrowing or lending positions. In 2021, such agreements were concluded with Codirep, Fnac Paris, Relais Fnac, Darty Holding, Kesa France, Fnac Vanden Borre and Fnac Darty.
- **Buying agent and reference centralized listing agreements**: some of the Group's French subsidiaries as well as its Spanish, Portuguese, Swiss and Belgian subsidiaries have concluded purchasing agent agreements with Fnac Darty Participations et Services or Fnac Appro Groupe ("FAG") for terms of one year that are renewable for each period for an identical term. The purpose of these agreements is to grant Fnac Darty Participations et Services or FAG, as appropriate, a mandate to define the relevant subsidiary's procurement policy, select its suppliers and certain products sold in its stores, negotiate the purchasing conditions for those products and distribute and disseminate those products and services. Fnac Darty Participations et Services has also entered into centralized product listing agreements with some of the Group's French subsidiaries that have a similar purpose to the purchasing agent agreements but also include the purchase of certain products on behalf of each contracting subsidiary. In exchange for these services, Fnac Darty Participations et Services or FAG, as appropriate, receives from the relevant subsidiary a percentage of the revenue from the products purchased on its behalf. A purchasing agent agreement between Fnac Darty Participations et Services, as the first party, and Établissements Darty & Fils, Darty Grand Ouest and Darty Grand Est, as the second party, also entered into force in 2018.

  In addition, Alizé-SFL has entered into **purchasing agent agreements** for terms of one year, renewable for additional periods of the same length, with some of the Group's French subsidiaries. The purpose of these agreements is to grant Alizé-SFL a mandate to negotiate the purchasing conditions and to purchase the merchandise, including books, on behalf of each relevant subsidiary. In exchange, Alizé-SFL receives a fixed payment from the relevant subsidiary per number of products billed.

- **Service agreements:** Fnac Darty entered into service agreements with Fnac Darty Participations et Services, Établissement Darty et Fils, Grandes Almacenes Fnac España SA, Fnac Portugal, FNAC (Suisse) SA, Fnac Belgium et Fnac Vanden Borre for a renewable one-year term. The purpose of these agreements is to provide the contracting subsidiaries with the expertise of Fnac Darty as it relates to the following: Chairmanship, Strategy Department, definition of the Group's marketing policy, organization and coordination of the finance function, definition of IT system requirements, definition of HR policy.
- Fnac Darty Participations et Services has entered into **service agreements** with some of its French subsidiaries and its foreign subsidiaries, generally for a term of one year and renewable for additional periods of the same length. The purpose of these agreements is to provide the contracting subsidiaries with the expertise of Fnac Darty Participations et Services as it relates to the following, according to the subsidiary: communication, accounting, risk prevention, optimization of cash pooling (for companies that use cash pooling), internal auditing, management of overheads, legal, management control, IT, human resources management, marketing, development, strategy, logistics and product marketing. Fnac Darty Participations et Services' compensation is determined on the basis of the annual expenses incurred to provide the relevant services and is allocated between the subsidiaries receiving the services based on criteria that take into account the beneficiaries' effective revenue and level of services provided.
- **"Fnac in a box" agreements:** Fnac Darty Participations et Services has entered into software license agreements with its Belgian and Swiss subsidiaries for Fnac in a Box (FIB); the agreements are for a two-year term and are renewable with tacit consent for three-year terms. The purpose of these agreements is to grant the relevant subsidiary a non-exclusive user license for the FIB software for its operating needs, solely within the territory of the country in which it is based. In exchange, Fnac Darty Participations et Services receives an annual license fee, calculated annually based on software development, maintenance and investment costs.
- **Trademark licensing agreements:** Fnac Darty Participations et Services has entered into two- or three-year trademark licensing agreements that are renewable for a one-year term with some of its French subsidiaries and all of its foreign subsidiaries. The purpose of these agreements is to grant, solely for the territory of the country in which the subsidiary is based, a non-exclusive license to use "Fnac" trademarks and all other templates and trademarks required to operate a Fnac store or websites belonging to the Group. In exchange, Fnac Darty Participations et Services receives an annual license fee based on a percentage of the relevant subsidiary's revenue.
- Fnac Darty Services and the subsidiaries operating Fnac and Darty brand stores have entered into a **subcontracting agreement to market** the Darty Max subscription to consumers.

  Fnac Darty Services, the subsidiaries operating Darty brand stores and Fnac Darty Participations et Services have signed a **maintenance and delivery service subcontracting agreement** under Darty Max consumer subscriptions.
- Fnac Darty Participations et Services SA has entered into (in its own name and in the name and on behalf of its subsidiary Fnac Direct) a trademark licensing agreement with its subsidiary **France Billet for the Fnac Spectacles and Fnac Tickets brands**. Fnac Darty Participations et Services SA has undertaken to include a link to the website www.fnacspectacles.com on the fnac.com website. This contract has been concluded for a term of 19 years.
- Fnac Darty Participations et Services SA and its subsidiaries that operate Fnac brand stores have entered into a 19-year contract with **France Billet for the retail of France Billet's ticketing catalog**.

Related party transactions are described in note 35 to the consolidated financial statements.

7.9 / Major contracts

The major contracts to which the Group has been party over the last two years are presented in section 4.2.2.2, paragraph "Sources of Group financing," and section 7.8 "Related party transactions" in this Universal Registration Document.

8

Additional information

8.1 / Persons responsible

8.1.1 / PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Enrique Martinez, Chief Executive Officer of Fnac Darty.

8.1.2 / CERTIFICATION OF THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

"I declare that the information contained in this Universal Registration Document is, to my knowledge, in accordance with the facts and contains no omission that might affect its import.

I declare that, to the best of my knowledge, these financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the financial position and profit or loss of the Company and of all consolidated companies, and that the Management Report (for which the cross-reference table is presented in section 8.8.1 herein) includes a fair review of the development and performances of the Company and the companies forming part of the consolidated Group, and that it describes the main risks and uncertainties they face."

Ivry-sur-Seine, March 17, 2023

Enrique Martinez

Chief Executive Officer of the Group

8.1.3 / PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Jean-Brieuc Le Tinier

Group Chief Financial Officer

Le Flavia 9,
rue des Bateaux-Lavoirs
94200 Ivry-sur-Seine
France

8.2 / Statutory Auditors

INCUMBENT STATUTORY AUDITORS

Deloitte & Associés

Represented by Guillaume Crunelle

6, place de la Pyramide
92908 Paris La Défense Cedex
France

Deloitte & Associés is a member of the Compagnie Régionale des Commissaires aux Comptes de Versailles (Regional Association of Auditors of Versailles).

KPMG Audit, a department of KPMG SA

Represented by Eric Ropert and Caroline Bruno Diaz

Tour Eqho
2, avenue Gambetta
CS 60055
92066 Paris la Défense Cedex
France

KPMG is a member of the Compagnie Régionale des Commissaires aux Comptes de Versailles (Regional Association of Auditors of Versailles).

8.3 / Statutory Auditors' fees

The Statutory Auditors' fees are presented in note 37 of section 5.2 "Notes to the consolidated financial statements for the period ended December 31, 2022," with regard to the consolidated financial statements of this Universal Registration Document.

8.4 / Information from third parties, expert certifications and declarations of interests

Some of the market data in Chapter 1 "Presentation of the Group" in this Universal Registration Document comes from third-party sources. The Company certifies that this information was faithfully reproduced and that, to the knowledge of the Company and based on the data reported or provided by these sources, no fact has been omitted that would render this information inaccurate or misleading.

8.5 / Availability of financial documents and reports

Copies of this Universal Registration Document are available free of charge from the Company's registered office. This document may also be viewed on the Company's website (www.fnacdarty.com) and on the website of the French Financial Markets Authority (www.amf-france.org).

While this Universal Registration Document is valid, the following documents (or a copy of these documents) may be viewed on the Company's website (www.fnacdarty.com):

- the latest available updated version of the Fnac Darty by-laws;
- any reports, correspondence and other documents, assessments and statements prepared by an expert at the Company's request, any part of which is included or referred to in the Universal Registration Document;
- information about the Darty plc acquisition offer; and
- historical information about Darty plc.

All such legal and financial documents relating to the Company and made available to shareholders in accordance with applicable regulations may be viewed at the Company's registered office.

Regulated information pursuant to the AMF General Regulations has also been available on the Company's website since the Company's shares were admitted to trading on Euronext Paris.

The Fnac Darty business Code of Conduct is also available on the Group's website, www.fnacdarty.com, under the ESG Commitments section.

Information on the Company's website (www.fnacdarty.com), except information incorporated by reference, is not part of this Universal Registration Document. As such, this information has not been reviewed or approved by the AMF.

For 2022, the list of financial documents and regulated reports published by Fnac Darty is as follows (information is available on the Company's website, www.fnacdarty.com, under the Investors section):

Date	Subject
01/04/2022	Half-yearly achievement report of Fnac Darty's liquidity agreement
01/06/2022	Information on the total number of voting rights and shares
02/10/2022	Information on the total number of voting rights and shares
02/23/2022	Full-year results 2021
03/02/2022	Information on the total number of voting rights and shares
03/10/2022	Fnac Darty announces the extension of its €500 million revolving credit facility
03/17/2022	Filing of the 2021 Universal Registration Document
03/22/2022	Standard & Poor's raises Fnac Darty's rating from BB to BB+
03/22/2022	Fnac Darty: increase in resources under the liquidity agreement with Natixis ODDO BHF
04/01/2022	Scope Ratings raises Fnac Darty's rating from BBB- to BBB, confirming its positioning in the Investment Grade category
04/04/2022	Information on the total number of voting rights and shares
04/21/2022	Revenue resilient in Q1 2022
04/26/2022	Fnac Darty: Arrangements regarding availability of documentation for the General Meeting
05/03/2022	Information on the total number of voting rights and shares
06/14/2022	Information on the total number of voting rights and shares
07/07/2022	Information on the total number of voting rights and shares
07/07/2022	Half-yearly achievement report of Fnac Darty's liquidity agreement
07/27/2022	Half-year results 2022
07/27/2022	Availability of 2022 Interim Financial Report
08/01/2022	Information on the total number of voting rights and shares
08/04/2022	Information on the total number of voting rights and shares
09/15/2022	Information on the total number of voting rights and shares
10/04/2022	Information on the total number of voting rights and shares
10/18/2022	Fnac Darty joins the best category, "Advanced" (A1+), of Moody's ESG Solutions, with a score of 61/100, up by +7 points, and now ranks fifth in its sector and in the top 5% worldwide
10/19/2022	Continued strong sales resistance in Q3 2022
11/03/2022	Information on the total number of voting rights and shares
11/17/2022	Fnac Darty information issued
12/02/2022	Information on the total number of voting rights and shares
12/19/2022	Fnac Darty secures the refinancing of its bond issue maturing in 2024

8.6 / Information on equity investments

Information relating to companies in which the Company holds a percentage of equity that could have a material impact on the value of its assets, financial position or its earnings is provided in section 7.7 "Organization of the Group" and in note 39 "List of subsidiaries consolidated as of December 31, 2022" in section 5.2, "Notes to the consolidated financial statements for the period ended December 31, 2022."

8.7 / Documents incorporated by reference

Pursuant to Article 19 of European Regulation 2017/1129, the following elements are incorporated by reference in this Universal Registration Document:

- for the period ended December 31, 2020: key figures, Group businesses, Business Report, investment policy, consolidated financial statements and the related Statutory Auditors' Report presented in 2020 Universal Registration Document No. D. 21-0154, filed with the AMF on March 19, 2021, on pages 200 to 202, 26 to 44, 197 to 226, 223 to 225, 231 to 318 and 339 to 350, respectively (https://www.fnacdarty.com/wp-content/uploads/2021/04/FNAC_DARTY_URD2020_EN_V3BIS_FINAL.pdf);
- for the period ended December 31, 2021: key figures, Group businesses, Business Report, investment policy, consolidated financial statements and the related Statutory Auditors' Report presented in 2021 Universal Registration Document No. D. 22-0112, filed with the AMF on March 17, 2022, on pages 244 to 246, 34 to 53, 241 to 273, 269 to 270, 275 to 361 and 381 to 391, respectively (https://www.fnacdarty.com/wp-content/uploads/2022/04/fnac-darty-urd-2021-veng-interactif-1.pdf);

The information contained in the 2020 Universal Registration Document and the 2021 Universal Registration Document, other than that mentioned above, is, where applicable, replaced or updated by the information contained in this Universal Registration Document. The 2020 Universal Registration Document and the 2021 Universal Registration Document are available at the Company's headquarters and on its website at www.fnacdarty.com, under the Investors section.

8.8 / Cross-reference tables

8.8.1 / MANAGEMENT REPORT CROSS-REFERENCE TABLE (ARTICLES L. 225-100 ET SEQ. OF THE FRENCH COMMERCIAL CODE)

Management Report categories	Section	Page
Information relating to the activity of the Company and the Group	**4.1**	**262**
Company and Group position during the period ended, foreseeable developments, and important events since the balance sheet date	4.3	292
Business and results of the Company, its subsidiaries and controlled companies by business line	4.1.3; 4.1.4	275; 281
Objective and exhaustive analysis of developments in the Company and the Group's business, results and financial position (in particular the debt level) – with reference to the amounts shown in the financial statements and additional explanations relating thereto	4.2	284
Key performance indicators of financial and non-financial nature, where relevant	4.1.1	264
Description of the main risks and uncertainties of the Company and the Group	6.1; 6.2; 6.3; 6.4	422; 428; 431; 433
Internal control and risk management procedures implemented by the Company relating to the preparation and processing of accounting and financial information for the Company and the Group	6.5; 6.6	435; 436
Objective and policy of hedging transactions for which hedge accounting is used by the Company and the Group Exposure to price, credit, liquidity and treasury risks of the Company and the Group Use of Company and Group financial instruments	5.2 notes 33 and 34	376; 379
Financial risks related to the effects of climate change and presentation of the measures taken by the Company and Group to reduce them (low-carbon strategy)	2.3	78
Research and development activity of the Company and the Group and its branches	1.6	40
Legal, financial and tax information of the Company		
Breakdown of shareholding structure and changes	7.3.1	468
Names of controlled companies and share of capital of the companies they hold	5.2 note 39; 7.7.2	385; 478
Status of existing branches	n.a.	n.a.
Material equity investments during the year in companies with registered offices in France	5.2. note 3	325
Disposal of cross-shareholdings	n.a.	n.a.
Employee share ownership	7.3.1	468
Acquisition and sale by the Company of treasury shares (share buybacks)	7.2.3	454
Adjustments to the basis of exercise of securities giving access to the share capital in the event of financial transactions	n.a.	n.a.
Adjustments to the basis of exercise of securities giving access to the capital in the event of share buybacks	n.a.	n.a.
Adjustments to the basis of exercise of share subscription and purchase options in the event of share buybacks	n.a.	n.a.

Management Report categories	Section	Page
Dividends distributed over the previous three fiscal years and amount of income distributed for these same fiscal years that is eligible and not eligible for the 40% tax allowance	5.4. note 20	407
Amount of expenses and charges that are not deductible for tax purposes	n.a.	n.a.
Injunctions or financial penalties imposed by the French Competition Authority	5.4. note 38	383
Supplier and customer payment schedules	5.4. note 17.5	405
Amount of intercompany loans	5.4. note 7	397
Information relating to the operation of SEVESO facilities (Art. L. 515-8 of the French Environmental Code)	n.a.	n.a.
Inclusion of the Vigilance Plan in the Management Report	2.5.4	135
Anti-corruption system (Law No. 2016-1691 of December 9, 2016, known as "Sapin 2")	2.5.2	131
Information on corporate officers		
Summary statement of securities transactions by persons exercising managerial responsibilities and closely related persons	3.2.4	225
CSR information		
Non-financial Performance Declaration	2	47
Documents appended to the Management Report		
Report on payments made to the authorities of each of the States or territories in which certain companies operate	n.a.	n.a.
Table of the Company's results for each of the last five years	5.4. note 20	407
Report on Corporate Governance	3	179

8.8.2 / CROSS-REFERENCE TABLE OF THE REPORT ON CORPORATE GOVERNANCE (ARTICLES L. 225-37 ET SEQ. OF THE FRENCH COMMERCIAL CODE)

Headings of Report on Corporate Governance	Section	Page
Information on compensation	3.3	226
Compensation policy for corporate officers	3.3.1	226
Information referred to in I of Article L. 22-10-9 of the French Commercial Code for each corporate officer	3.3.2	235
Compensation and benefits of all kinds paid during the year or granted in respect of the year to each corporate officer (L. 22-10-9, Section I, paragraph 1 of the French Commercial Code)	3.3.2	235
Relative proportion of fixed and variable compensation (L. 22-10-9, Section I, paragraph 2 of the French Commercial Code)	3.3.2	235
Use of the option to request the recovery of variable compensation (L. 22-10-9, Section I, paragraph 3 of the French Commercial Code)	n.a.	n.a.
Commitments of all kinds made by the Company in favor of its corporate officers, corresponding to compensation, indemnities or benefits due or likely to be due as a result of the assumption, termination or change in their duties or subsequent to the exercise thereof (L. 22-10-9, Section I, paragraph 4 of the French Commercial Code)	3.3.1	226
Compensation paid or allocated by a company falling within the scope of consolidation within the meaning of Article L. 233-16 of the French Commercial Code (L. 22-10-9, Section I, paragraph 5 of the French Commercial Code)	n.a.	n.a.
Ratios between the level of compensation of each executive corporate officer and the average and median compensation of the Company's employees (L. 22-10-9, Section I, paragraph 6 of the French Commercial Code)	3.3.2.4	252
Annual changes in compensation, Company performance, average compensation of Company employees and the above-mentioned ratios over the five most recent years (L. 22-10-9, Section I, paragraph 7 of the French Commercial Code)	3.3.2.4	252
Explanation of how total compensation complies with the compensation policy adopted, including how it contributes to the Company's long-term performance and how the performance criteria were applied (L. 22-10-9, Section I, paragraph 8 of the French Commercial Code)	3.3.2	235
Manner in which the vote of the last Ordinary Shareholders' Meeting scheduled in Section II of Article L. 225-100 of the French Commercial Code (until December 31, 2020) and in Section I of Article L. 22-10-34 (from January 1, 2021) of the French Commercial Code was taken into account (L. 22-10-9, Section I, of paragraph 9 of the French Commercial Code)	3.3.2	235
Variation from the procedure to implement the compensation policy and any exceptions (L. 22-10-9, Section I, paragraph 10 of the French Commercial Code)	n.a.	n.a.
Application of the provisions of paragraph two of Article L. 225-45 of the French Commercial Code (suspension of payment of Directors' compensation in the event of non-compliance with gender equality of the Board of Directors) (L. 22-10-9, Section I, paragraph 11 of the French Commercial Code)	n.a.	n.a.
Decision of the Board of Directors on the terms and conditions of lock-up of bonus shares and/or shares resulting from the exercise of stock options with respect to the corporate officers	3.3.1.3; 3.3.2.2	228; 238
Information relating to the composition, operation and powers of the Board of Directors	3.1.1	180

Headings of Report on Corporate Governance	Section	Page
List of all offices and functions held in any company by each corporate officer during the year	3.1.3	187
Agreements between a corporate officer or a shareholder holding more than 10% of the voting rights and a controlled company within the meaning of Article L. 233-3 (excluding current agreements)	n.a.	n.a.
Summary table of currently valid delegations of authority granted by the General Meeting for capital increases	7.2.1	451
Choice made of one of the two methods of exercising general management at the time of the first report or in the event of a change	3.1.6	205
Composition and conditions for the preparation and organization of the work of the Board of Directors	3.2.2	216
Description of the diversity policy applied to Board members and information on how the company seeks balanced representation of women and men on the committee put in place by senior management, as required, to assist it on a regular basis in carrying out its general duties, and on results regarding diversity within the 10% of positions with greater responsibility	3.1.1; 3.1.2; 3.2.1.2	180; 186; 211
Any limitations that the Board of Directors places on the powers of the Chief Executive Officer	3.2.2.2	216
Reference to a corporate governance code or, failing that, justification and indication of the rules adopted in addition to the legal requirements	3.2.3	225
Special arrangements for the participation of shareholders in the General Meeting or provisions of the bylaws providing for such arrangements	7.1.2.4	449
Description of the Company procedure in effect to regularly assess whether the agreements relating to current operations and concluded under normal conditions meet these conditions, and of its implementation	3.2.2.4	224
Information about factors likely to have an impact in the event of a public tender offer	3.5	259

8.8.3 / ANNUAL FINANCIAL REPORT CROSS-REFERENCE TABLE (ARTICLE 222-3 OF THE AMF GENERAL REGULATIONS AND L. 451-1-2 OF THE FRENCH MONETARY AND FINANCIAL CODE)

Annual Financial Report categories	Section	Page
Fnac Darty parent company financial statements	5.3; 5.4	388; 391
Fnac Darty consolidated financial statements	5.1; 5.2	296; 302
Management Report	See Management Report cross-reference table	
Statement by the person responsible for the Annual Financial Report	8.1.2	484
Auditors' Report on the consolidated financial statements	5.6	408
Auditors' Report on the annual financial statements	5.7	414

8.8.4 / CORRESPONDENCE WITH THE SECTIONS OF APPENDICES 1 AND 2 OF EUROPEAN REGULATION NO. 2019/980

New Universal Registration Document reference	Title	Section	Page
Section 1	**Persons responsible, information from third parties, expert reports and approval by the competent authority**		
Paragraph 1.1	Persons responsible for the information	8.1	484
Paragraph 1.2	Certification of persons responsible for the document	8.1.2	484
Paragraph 1.3	Expert statement	n.a.	n.a.
Paragraph 1.4	Other certifications in the event of information from third parties	n.a.	n.a.
Paragraph 1.5	Statement on the approval of the document	8.1.2	484
Section 2	**Statutory Auditors**		
Paragraph 2.1	Contact information	8.2	485
Paragraph 2.2	Changes	8.2	485
Section 3	**Risk factors**		
Paragraph 3.1	Description of major risks	6	419
Section 4	**Information on the issuer**		
Paragraph 4.1	Company and trading name	7.1	448
Paragraph 4.2	Place of registration and registration number	7.1	448
Paragraph 4.3	Date of incorporation and term	7.1	448
Paragraph 4.4	Registered office, legal form, applicable legislation, website, other	7.1; 8.5	448; 486
Section 5	**Business overview**		
Paragraph 5.1	Principal activities	1.4	26
Paragraph 5.2	Principal markets	1.4	26
Paragraph 5.3	Important events	1.2	25
Paragraph 5.4	Financial and non-financial strategy and targets	1.5	37
Paragraph 5.5	Degree of dependence	5.2. note 32.4	374
Paragraph 5.6	Competitive position	1.1; 1.4	6; 26
Paragraph 5.7	Investments	4.2.3	288
Section 6	**Organizational structure**		
Paragraph 6.1	Brief description of the Group/Organizational chart	7.7.1	476
Paragraph 6.2	List of main subsidiaries	7.7.2	478
Section 7	**Review of the Group's financial position and results**		
Paragraph 7.1	Financial position	4.2	284
Paragraph 7.2	Operating income (loss)	4.1	262
Section 8	**Cash and equity**		
Paragraph 8.1	Issuer equity	4.2.1	284
Paragraph 8.2	Cash flows	4.2.3	288
Paragraph 8.3	Financing needs and funding structure	4.2	284
Paragraph 8.4	Restriction on the use of capital	4.2	284
Paragraph 8.5	Anticipated sources of funds	4.2	284
Section 9	**Regulatory environment**		
Paragraph 9.1	Description of the regulatory environment and external influencing factors	1.8	45

New Universal Registration Document reference	Title	Section	Page
Section 10	**Information on recent trends**		
Paragraph 10.1	a) Recent main trends	4.3; 5.2 note 38	292; 382
	b) Material change in the Group's financial performance since the balance sheet date	1.5.4; 4.3; 5.2 note 38	39; 292; 382
Paragraph 10.2	Factors likely to have a material impact on the outlook	1.5.4; 4.3; 5.2 note 38	39; 292; 382
Section 11	**Profit forecasts or estimates**	1.5.4; 4.3; 5.2 note 38	39; 292; 382
Section 12	**Administrative, management and supervisory bodies and executive management**		
Paragraph 12.1	Information concerning the members of the Company's administrative and management bodies	3.1	180
Paragraph 12.2	Conflicts of Interest	3.1.4; 3.1.10	203; 207
Section 13	**Compensation and benefits**		
Paragraph 13.1	Compensation and benefits paid or granted	3.3	226
Paragraph 13.2	Retirement and other	3.3	226
Section 14	**Operation of administrative and management bodies**		
Paragraph 14.1	Terms of office	3.1.1	180
Paragraph 14.2	Service agreements	3.1.10	207
Paragraph 14.3	Committees	3.2.1	208
Paragraph 14.4	Compliance with corporate governance rules	3.2.3	225
Paragraph 14.5	Potential material impacts and future governance changes	3.1.2	186
Section 15	**Employees**		
Paragraph 15.1	Breakdown of employees	2.1	49
Paragraph 15.2	Share ownership and stock options	7.2.4	457
Paragraph 15.3	Employee share ownership agreement	3.4	257
Section 16	**Principal shareholders**		
Paragraph 16.1	Shareholder structure	7.3.1	468
Paragraph 16.2	Voting rights	7.3.2	472
Paragraph 16.3	Control of issuer	7.3.3	472
Paragraph 16.4	Shareholders' agreement	7.3.4	472
Section 17	**Related party transactions**		
Paragraph 17.1	Details of transactions	7.8	481
Section 18	**Financial information regarding the issuer's assets and liabilities, financial position and earnings**		
Paragraph 18.1	Historical financial information	5.1; 5.2	296; 302
Paragraph 18.2	Interim financial and other information	n.a.	n.a.
Paragraph 18.3	Audit of historical annual financial information	5.6; 5.7	408; 414
Paragraph 18.4	Pro forma financial information	n.a.	n.a.
Paragraph 18.5	Dividend policy	7.5	474
Paragraph 18.6	Judicial and arbitration proceedings	5.2. note 32.5	375
Paragraph 18.7	Material change in the issuer's financial position	5.5	407
Section 19	**Additional information**		
Paragraph 19.1	Share capital	7.2	451
Paragraph 19.2	Articles of incorporation and bylaws	7.1.2	448
Section 20	**Major contracts**		
Paragraph 20.1	Summary of each contract	7.9	482
Section 21	**Documents available to the public**		
Paragraph 21.1	Statement on available documents	8.5	486

8.8.5 / NON-FINANCIAL PERFORMANCE DECLARATION CROSS-REFERENCE TABLE

Components of the Non-financial Performance Declaration	Sections	Page
Business model	1.1.2	17
Description of the main risks related to the business of the Company or the Group, including, where relevant and proportionate, the risks created by business relationships, products or services	2.1.4; 2.1.5	53; 55
Due diligence policies and procedures	2.5	128
Results of these policies including key performance indicators	2.5	128
Mandatory topics outlined in Article L. 225-102-1		
Corporate information (employment, work organization, health and safety, employee relations, training, equal treatment)	2.4	113
Environmental information (general policy on environmental matters, pollution, circular economy, climate change, protection of biodiversity)	2.2; 2.3	59; 78
Respect for human rights	2.5.4	135
Combating corruption	2.5.2	131
Combating tax evasion	2.5.9	145
The consequences on climate change of the Company's activity and the use of the goods and services it produces	2.3	78
Societal commitments to the circular economy	2.2	59
Collective agreements concluded within the Company and their impacts on the economic performance of the Company and on employee working conditions	2.4.3; 2.4.4	120; 122
Actions to combat discrimination and promote diversity	2.4.2.2; 2.4.5.2	123; 126
Actions aimed at promoting the practice of physical activities and sports	2.4.5.2	126
Societal commitments to promote the fight against food waste	2.2.3.3	72
Measures taken for people with disabilities	2.4.5.2	126
Societal commitments in the fight against food insecurity	n.a.	n.a.
Societal commitments to promote the respect of animal welfare	n.a.	n.a.
Societal commitments to responsible, fair and sustainable food	2.2.1.2	64
Societal commitments to sustainable development	2.2; 2.3	59; 78
Specific information:		
■ the Company's risk prevention policy in respect of technological accidents;	n.a.	n.a.
■ the Company's ability to cover its civil liability to property and persons as a result of the use of such facilities;	n.a.	n.a.
■ resources scheduled by the Company to manage the compensation of victims in the event of a technological accident engaging its liability (L. 225-102-2 of the French Commercial Code)	n.a.	n.a.
Certification by the independent third-party organization on the information contained in the Non-financial Performance Declaration (L. 225-102-1, III and R. 225-105-2 of the French Commercial Code)	2.9	174

8.8.6 / DUTY OF CARE CROSS-REFERENCE TABLE

See section 2.5.4 of Chapter 2 of this document, page 135.

8.8.7 / TCFD CROSS-REFERENCE TABLE

In June 2017, the Task Force on Climate-Related Financial Disclosures (TCFD) published its recommendations on information relating to climate change to be published by companies.

The cross-reference table below identifies the actions carried out by the Group with regard to these recommendations. In addition to the information published in the Universal Registration Document, this table also refers to the Group's responses to the CDP Climate Change questionnaire, which have been taking the TCFD recommendations into account since 2018. The Group's responses are public and can be viewed at www.cdp.net.

Theme		TCFD recommendation	Source of information in Fnac Darty's Report
Governance	Describe the governance of the organization concerning climate risks and opportunities	a) Describe the supervision of climate risks and opportunities by the Board of Directors	URD 2022 – section 2.3.1.1 CDP – C1.1
		b) Describe the role of management in the assessment and management of climate risks and opportunities	URD 2022 – section 2.3.1.1 CDP – C1.2
Strategy	Describe the existing and potential impacts of climate risks and opportunities on the organization's activities, its strategy and its financial planning, insofar as the information is relevant	a) Describe the climate risks and opportunities that the Company has identified in the short, medium and long term	URD 2022 – section 2.3.1.2 CDP – C2
		b) Describe the impacts of climate risks and opportunities on the organization's activities, its strategy and its financial planning	URD 2022 – section 2.3.1.2 CDP – C2.3a, C2.4a
		c) Describe the resilience of the organization's strategy, taking into account various climate scenarios, including a scenario of 2°C or less	URD 2022 – section 2.3.2 CDP – C3
Risk management	Describe how the organization identifies, assesses and manages climate risks	a) Describe the organizational processes for identifying and assessing climate risks	URD 2022 – section 2.3.1.1, section 2.3.1.2, section 2.3.2 CDP – C2.2
		b) Describe the organizational processes for managing climate risks	URD 2022 – section 2.3.3, section 6.1 CDP – C2.2
		c) Describe how the processes for identifying, assessing and managing climate risks are incorporated in the organization's risk management	URD 2022 – section 2.1.4, section 2.3.2, section 6.1 CDP – C2.2
Indicators & objectives	Describe the indicators and objectives used to assess and manage climate risks and opportunities, insofar as the information is relevant	a) Describe the indicators used by the organization to assess climate risks and opportunities, in conjunction with its risk management strategy and process	URD 2022 – section 2.1.4, section 2.3.1, section 2.3.3 CDP – C6
		b) Publish the scope 1, scope 2 and, if relevant, scope 3 greenhouse gas (GHG) emissions and the corresponding risks	URD 2022 – section 2.3.3.2 CDP – C6
		c) Describe the objectives used by the organization to manage climate risks and opportunities, and its performance in relation to the objectives	URD 2022 – section 2.3.3 CDP – C4

8.8.8 / CROSS-REFERENCE TABLES AND RENEWAL OF ADHERENCE TO THE 10 PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

The Fnac Darty Group is a signatory to the United Nations Global Compact and is officially renewing its adherence for 2023 in order to demonstrate its willingness to act in support of its 10 fundamental principles, such as human rights, international labor standards, environmental protection and anti-corruption.

Categories	Principles	Subjects	Section
Human rights	1. Promote and respect the protection of international law relating to human rights within their sphere of influence	Audit procedure in factories	Section 2.5.4.2
		Ethics system	Section 2.5.1; section 2.5.2; section 2.5.8
		Supplier and responsible purchasing relationships	Section 2.5.7
		Vigilance Plan	Section 2.5.4
	2. Ensure that they are not complicit in human rights abuses	Combating corruption	Section 2.5.2
		Health and safety	Section 2.4.4; section 2.5.4.2
		Protection of personal data	Section 2.5.3
Employment conditions	3. Respect the freedom of association and recognize the right to collective bargaining	Ethics system	Section 2.5.1
		Open dialogue with stakeholders	Section 2.1.6
		Constructive social dialogue	Section 2.4.4.1
	4. Contribute to the elimination of all forms of forced or compulsory labor	Responsible purchasing	Section 2.5.7
	5. Contribute to the effective abolition of child labor	Audit procedure in factories	Section 2.5.4.2
	6. Contribute to the elimination of discrimination in employment and occupation	Gender equality	Section 2.4.2
		Anti-discrimination	Section 2.4.5.2
Environment	7. Apply the precautionary principle to environmental problems	Responsible purchasing policy	Section 2.5.7
		Roll-out of a climate strategy	Section 2.4
		Promoting biodiversity	Section 2.3
	8. Take initiatives to promote greater environmental responsibility	Promote sustainable consumption and an educated choice	Section 2.2
		Contribute to debate around sustainability	Section 2.2.5.1
		Raising employee awareness of environmental issues	Section 2.1.3
		Give a second life to products	Section 2.2.3
	9. Promote the development and dissemination of environmentally friendly technologies	Encourage repairs	Section 2.2.2
Combating corruption	10. Work against corruption in all its forms, including extortion and bribery	Ethics system	Section 2.5.2
		Combating corruption	Section 2.5.2
		Responsible purchasing policy	Section 2.5.7

8.9 / Glossary of alternative performance indicators and current terms

ALTERNATIVE PERFORMANCE INDICATORS

Indicator title	Indicator definition
Current EBITDA	Current operating income before depreciation, amortization and provisions on fixed operational assets
Current EBITDA excluding IFRS 16	Current EBITDA including rental expenses within the scope of IFRS 16
Free cash-flow from operations	Net cash flows related to operating activities less net operating investments
Free cash-flow from operations, excluding IFRS 16	Free cash flow from operations including impacts relating to rents within the scope of IFRS 16
Net financial income excluding IFRS 16	Financial result minus financial interest on leasing debt
Net financial debt	Gross debt minus gross cash and cash equivalents
Net financial debt excluding IFRS 16	Net financial debt excluding leasing debt
Net cash	Gross cash and cash equivalents, minus gross debt
Net cash excluding IFRS 16	Net cash excluding leasing debt
Change in revenue at a constant exchange rate	Change in revenue at a constant exchange rate means that the impact of changes in exchange rates has been excluded. The exchange rate impact is eliminated by recalculating sales for period N-1 using the exchange rates used for period N
Change in revenue at a comparable scope of consolidation	Change in revenue at a comparable scope of consolidation means that the impact of changes in the scope of consolidation is corrected so as to exclude the modifications (acquisition, sale of subsidiary). Revenue of subsidiaries acquired or sold since January 1 of period N-1 are, therefore, excluded when calculating said change
Change in revenue on a like-for-like basis	Change in revenue on a like-for-like basis means that the impact of directly owned store openings and closures is excluded. Revenue of stores opened or closed since January 1 of period N-1 are excluded from calculations of the change

CURRENT TERMS

Title	Definition
B2B	Business to business
B2C	Business to customer
B2B2C	Business to business to customer
CGU	Cash generating unit
Click&collect	Click&collect is a service offered to consumers whereby they reserve or order products online before collecting them directly in store
Click&mag	Click&mag is a service offered to consumers whereby a product that is not in stock in store can be delivered to them
Click & mortar	Click & mortar refers to companies that offer additional sales processes combined with traditional retail sales in store, or at physical points of sale (offline) and website sales (online)
Comex	Executive Committee
Consumer electronics	Photography, TV and video, sound (hi-fi, headsets and speakers), computers and tablets, telephony, connected objects
Current operating income	Current operating income
CSR	Corporate Social Responsibility
DPO	Data Protection Officer
Domestic appliances	Domestic appliances include large domestic appliances (refrigerators, cookers, washing machines) and small domestic appliances (vacuum cleaners, cleaning appliances and small kitchen appliances)
Editorial products	Books (physical or digital), audio (CD, vinyl), DVD/Blu-Ray, new and used video games and consoles, stationery
GDPR	General Data Protection Regulation
LHA	Large domestic appliances
NFPD	Non-financial Performance Declaration
OCEANE	OCEANE bonds or bonds convertible into new or existing shares are hybrid bonds, as the issuer reserves the right to exchange them for shares, until maturity
OIE	Other income and expense
Pure player	This refers to companies who only sell products online
SAV (after-sales service)	After-sales service
SDA	Small domestic appliances
Services	After-sales services, insurance and warranties, gift boxes and gift cards, ticketing, Marketplace and franchise fees
Stat. Aud.	Statutory Auditors
VB	Volume of business
VC	Venture capital
WEEE	Waste electrical and electronic equipment
Welcomer	Salesperson who greets and guides customers as they enter the store

8.10 / Index

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