FNAC DARTY

2023 financial statements

This is a free translation into English of the Chapter 4 of the 2023 Universal Registration Document of the Company issued in French and it is available on the website of the Issuer.
It is provided solely for the convenience of English-speaking readers.
In the event of a discrepancy, the French version will prevail.

4.1 / Group consolidated financial statements as of December 31, 2023 and 2022

CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(€ million)	Notes	2023	2022
Income from ordinary activities	**4-5**	**7,874.7**	**7,949.4**
Cost of sales		(5,494.8)	(5,539.5)
Gross margin		**2,379.9**	**2,409.9**
Personnel expenses	6-7	(1,221.7)	(1,202.7)
Other current operating income and expense		(987.6)	(976.8)
Share of profit from equity associates	8	0.1	0.2
Current operating income	**9**	**170.7**	**230.6**
Other non-current operating income and expense	10	(130.6)	(27.0)
Operating income		**40.1**	**203.6**
(Net) financial expense	11	(78.6)	(45.3)
Pre-tax income		**(38.5)**	**158.3**
Income tax	12	(30.6)	(54.4)
Net income from continuing operations		**(69.1)**	**103.9**
Group share		(75.0)	100.0
share attributable to non-controlling interests		5.9	3.9
Net income from discontinued operations	**31**	**124.7**	**(132.0)**
Group share		124.7	(132.0)
share attributable to non-controlling interests		-	-
Consolidated net income		**55.6**	**(28.1)**
Group share		49.7	(32.0)
share attributable to non-controlling interests		5.9	3.9
Net income, Group share		**49.7**	**(32.0)**
Earnings per share (€)	13	1.80	(1.19)
Diluted earnings per share (€)	13	1.61	(1.19)
Net income from continuing operations, Group share		**(75.0)**	**100.0**
Earnings per share (€)	13	(2.72)	3.71
Diluted earnings per share (€)	13	(2.72)	3.28

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(€ million)	Notes	2023	2022
Net income		**55.6**	**(28.1)**
Translation differences		(1.6)	1.8
Fair value of hedging instruments		-	(0.6)
Items that may be reclassified subsequently to profit or loss	**14**	**(1.6)**	**1.2**
Revaluation of net liabilities for defined benefit plans		(16.5)	34.9
Items that may not be reclassified subsequently to profit or loss	**14**	**(16.5)**	**34.9**
Other items of comprehensive income, after tax	**14**	**(18.1)**	**36.1**
Total comprehensive income		**37.5**	**8.0**
Group share		31.9	3.9
share attributable to non-controlling interests		5.6	4.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Assets

(€ million)	Notes	2023	2022
Goodwill	15	1,679.8	1,654.4
Intangible assets	16	565.5	561.7
Property, plant and equipment	17	544.2	570.3
Right-of-use assets related to lease agreements	18	1,104.6	1,115.2
Investments in associates	8	1.0	2.1
Non-current financial assets	20	22.4	44.4
Deferred tax assets	12.2.2	63.0	60.2
Other non-current assets	24.2	-	-
Non-current assets		**3,980.5**	**4,008.3**
Inventories	22	1,157.6	1,143.7
Trade receivables	23	188.7	249.5
Tax receivables due	12.2.1	8.2	5.6
Other current financial assets	24.1	22.4	19.1
Other current assets	24.1	536.0	389.0
Cash and cash equivalents	21	1,121.3	931.7
Current assets		**3,034.2**	**2,738.6**
Assets held for sale	**31**	**-**	**-**
Total assets		**7,014.7**	**6,746.9**

Liabilities and shareholders' equity

(€ million)	Notes	2023	2022
Share capital		27.8	26.9
Equity-related reserves		986.8	971.0
Translation reserves		(5.5)	(3.9)
Other reserves and net income		512.6	517.7
Shareholders' equity, Group share	**25**	**1,521.7**	**1,511.7**
Shareholders' equity – share attributable to non-controlling interests	25	16.5	10.9
Shareholders' equity	**25**	**1,538.2**	**1,522.6**
Long-term borrowings and financial debt	28.1	604.2	917.3
Long-term leasing debt	28.2	898.3	896.9
Provisions for pensions and other equivalent benefits	26	166.5	145.4
Other non-current liabilities	24.2	8.8	22.0
Deferred tax liabilities	12.2.2	198.5	164.9
Non-current liabilities		**1,876.3**	**2,146.5**
Short-term borrowings and financial debt	28.1	318.7	19.5
Short-term leasing debt	28.2	246.4	243.6
Other current financial liabilities	24.1	9.1	10.2
Trade payables	24.1	2,152.7	1,965.1
Provisions	27	114.5	36.6
Tax liabilities payable	12.2.1	1.3	-
Other current liabilities	24.1	757.5	802.8
Current liabilities		**3,600.2**	**3,077.8**
Payables relating to assets held for sale	**31**	**-**	**-**
Total liabilities and shareholders' equity		**7,014.7**	**6,746.9**

CONSOLIDATED CASH FLOW STATEMENT AS OF DECEMBER 31, 2023 AND 2022

(€ million)	Notes	2023	2022
Net income from continuing operations		**(69.1)**	**103.9**
Income and expense with no impact on cash		487.9	362.6
Cash flow	**30.1**	**418.8**	**466.5**
Financial interest income and expense		50.4	47.8
Dividends received		-	-
Net tax expense payable	12.1	26.2	57.3
Cash flow before tax, dividends and interest		**495.4**	**571.6**
Change in working capital requirement	24	69.6	(155.3)
Income tax paid		8.1	(69.8)
Net cash flows from operating activities	**30.1**	**573.1**	**346.5**
Acquisitions of intangible assets and property, plant and equipment		(132.3)	(138.4)
Change in payables on intangible assets, property, plant and equipment		(6.9)	8.5
Disposals of intangible assets and property, plant and equipment		16.9	7.0
Acquisitions and disposals of subsidiaries net of cash acquired and transferred		(15.2)	(1.9)
Acquisitions of other financial assets		(3.0)	(11.0)
Sales of other financial assets		10.5	5.2
Interest and dividends received		-	-
Net cash flows from investing activities	**30.2**	**(130.0)**	**(130.6)**
Purchases or sales of treasury stock		(9.1)	(1.0)
Dividends paid to shareholders		(21.4)	(55.0)
Bonds issued		-	-
Bonds repaid		(17.6)	(1.4)
Repayment of leasing debt	28.2	(237.0)	(230.8)
Interest paid on leasing debt	11	(33.7)	(23.0)
Increase in other financial debt		-	-
Interest and equivalent payments		(22.5)	(24.1)
Financing of the Comet pension fund	30.4	(0.7)	(1.2)
Net cash flows from financing activities	**30.3**	**(342.0)**	**(336.5)**
Net cash flows from discontinued operations	31	87.9	(131.1)
Impact of changes in exchange rates		0.6	2.3
Net change in cash		**189.6**	**(249.4)**
Cash and cash equivalents at the beginning of the period	**21**	**931.7**	**1,181.1**
Cash and cash equivalents at period-end	**21**	**1,121.3**	**931.7**

CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2023 AND 2022

	Number of shares outstanding [1]	Share capital	Equity-related reserves	Translation reserves	Other reserves and net income	Shareholders' equity		
(€ million)						Group share	Non-controlling interests	Total
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	-	-	-	**0.1**	-	**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	-	-	-	-	-	**-**	-	**-**
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**
Total comprehensive income	**-**	**-**	**-**	**(1.6)**	**33.5**	**31.9**	**5.6**	**37.5**
Capital increase/(decrease)	906,725	0.9	15.8	-	-	**16.7**	-	**16.7**
Treasury stock	-	-	-	-	(10.2)	**(10.2)**	-	**(10.2)**
Valuation of share-based payments	-	-	-	-	9.5	**9.5**	0.1	**9.6**
Dividend	-	-	-	-	(37.9)	**(37.9)**	(0.1)	**(38.0)**
Change in scope	-	-	-	-	-	**-**	-	**-**
Other movements	-	-	-	-	-	**-**	-	**-**
As of December 31, 2023	**27,778,578**	**27.8**	**986.8**	**(5.5)**	**512.6**	**1,521.7**	**16.5**	**1,538.2**

[1] €1 nominal value of shares.

4.2 / Notes to the consolidated financial statements for the year ended December 31, 2023

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, 2023 reflect the financial position of Fnac Darty and its subsidiaries, as well as its interests in associates and joint ventures.

On February 22, 2024, the Board of Directors approved the consolidated financial statements for the year ended December 31, 2023. These statements are not final until they have been ratified by the General Meeting of Shareholders, scheduled for May 29, 2024.

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, Saudi Arabia, 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 data. The arithmetical calculations based on rounded data may present some differences with the aggregates or subtotals reported.

NOTE 2 ACCOUNTING PRINCIPLES AND POLICIES

2.1 / General principles and statement of compliance

Pursuant to European Regulation 1606/2002 of July 19, 2002, the Group's consolidated financial statements for 2023 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 2022, 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 2023.

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, 2023

- Amendment to IFRS 16 – Lease Liability in a Sale and Leaseback

  The purpose of these changes is to specify the valuation methods to be applied by the seller-lessee to the leasing debt in a sale and leaseback transaction where control of the asset is transferred to the buyer-lessor, such that the seller-lessee does not immediately recognize any gain or loss that may be related to the right of use that it retains. They may particularly apply where rents paid by the seller-lessee are, in whole or in part, variable rents that are not based on an index or a rate.

  This regulation published by the IASB on September 22, 2022 and adopted by the EU on November 20, 2023 must take effect for reporting periods beginning on or after January 1, 2024 and must be applied retrospectively to sale and leaseback transactions concluded after the first application date. Early application is permitted.

2.2.2 Standards, amendments and interpretations adopted by the European Union and mandatory for reporting periods beginning on or after January 1, 2023

- Amendment to IAS 1 – Disclosure of Accounting Policies and update of Practice Statement 2: Making Materiality Judgements:

  The IASB published this amendment on February 12, 2021, which was adopted by the EU on March 2, 2022.

  These amendments contain guidelines and examples to help entities judge whether the information on their accounting policies provided in the notes is material.

  Their purpose is to help entities provide more useful information about their accounting policies by replacing the obligation to disclose "significant" accounting policies with an obligation to disclose "material" accounting policies. The information on the accounting policies is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions of the primary users of the financial statements. These amendments provide guidelines on how to apply the concept of materiality when selecting what information to provide on accounting policies.

  This amendment was taken into account by the Group in its presentation of the information on its accounting policies in the financial statements dated December 31, 2023.

- Amendment to IAS 8 – Definition of Accounting Estimates:

  On February 12, 2021, the IASB published an amendment to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, which was adopted by the EU on March 2, 2022.

  These amendments to IAS 8 make a distinction between changes in accounting estimates, changes in accounting policies and error corrections.

  They do this by replacing the definition of a change of accounting estimate with a definition of accounting estimates. According to this definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. The amendment also clarifies how entities should use valuation techniques and data to prepare accounting estimates.

  This regulation has had no impact on these financial statements.

- Amendment to IAS 12 – International Tax Reform—Pillar Two Model Rules

  These amendments to IAS 12, published by the IASB on May 23, 2023 and adopted by the EU on November 8, 2023, follow up on the rules of the second pillar of the OECD's international tax reform work on base erosion and profit shifting (BEPS), including the introduction of a minimum global tax rate of 15% on the profits of multinational companies that fall within the scope of the scheme (revenue greater than €750 million).

The amendment stipulates:

- a temporary mandatory exemption to the recognition of deferred tax arising from the implementation of Pillar Two model rules in national law. This exemption also applies to the publication of information regarding such deferred tax in the notes; and
- new information to be provided on an entity's exposure to income taxes arising from Pillar Two rules, particularly before its effective date.

The temporary mandatory exception applies immediately and must be mentioned in the notes if applied. The other information requirements apply to annual reporting periods beginning on or after January 1, 2023, but not to interim reporting periods ending no later than December 31, 2023.

In the absence of provisions in IFRS standards on this issue, the Group has adopted an accounting method that consists of applying the temporary exemption to the recognition of deferred tax and the publication of information on it in the notes.

During the 2023 reporting period, the Group conducted an analysis of the regulations and carried out a preliminary valuation of the impact of applying these rules for all Group entities based on data from the financial statements for the 2022 reporting period. Information on the Group's exposure is presented in Note 12.

- Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction:

  On May 7, 2021, the IASB published amendments to IAS 12 – Income Taxes. These amendments were adopted by the EU on August 11, 2022.

  The amendments made to IAS 12 reduce the scope of application of the exemption to the initial recognition of deferred tax. The exemption no longer applies to transactions that give rise to taxable and deductible timing differences of the same amount, such as leases and dismantling obligations. Entities are therefore required to recognize related deferred tax assets and liabilities, and any deferred tax assets are subject to the IAS 12 recoverability criteria.

  This amendment was taken into account by the Group in its presentation of the information on its accounting policies in the financial statements dated December 31, 2023.

- IFRS 17 – Insurance policies, with amendments, including amendments to IFRS 17 and IFRS 9 published relating to comparative information.

  IFRS 17, which was published by the IASB on May 18, 2017 and approved by the EU on November 23, 2021 and September 8, 2022, will replace the current IFRS 4 standard on insurance policies, for accounting periods beginning on January 1, 2023.

  IFRS 17 applies to all types of insurance policies, regardless of the type of entity issuing them, and to certain guarantees and financial instruments that include discretionary participation features (with some exemptions from the scope of application). This standard is based on a general model, supplemented by an adjustment for policies with direct participation features, and a simplified approach that is mainly applicable to short-term policies.

  The switchover to this new standard has had no impact on the Group's consolidated financial statements.

2.2.3 Standards, amendments and interpretations not yet adopted by the European Union and mandatory for post-2023 reporting periods

The IASB also published the following regulations, which could not be anticipated in 2023 as they were not adopted by the European Union, and for which the Group does not expect a significant impact.

The implementation dates mentioned below will take effect subject to adoption by the European Union.

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current, Classification of Liabilities as Current or Non-current — Deferral of Effective Date, and Non-current Liabilities with Covenants

  On October 31, 2022, the IASB published the latest amendments to IAS 1 – Presentation of Financial Statements. The combined amendments (published in 2020 and 2022) are included in the appendix to the amendments of October 2022.

  These regulations provide clarification on the rules for presenting liabilities as current or non-current, particularly with regard to their application to liabilities with covenants.

They clarify the concept of the right to defer settlement of liabilities for at least 12 months after the period-end. This right to defer settlement must be thoroughly assessed at the period-end.

The presentation of a liability as current or non-current is not affected by the probability that the entity will exercise its right to defer settlement or its intention to do so.

The only situation in which the terms of a liability will have no impact on its presentation as current or non-current is if a derivative incorporated into a convertible liability is itself an equity instrument.

Lastly, new information must be included in the notes where a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is conditional on compliance with covenants within 12 months.

The amendments are to take effect for reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

The Group is currently assessing the impact that the amendments will have on its current practices and whether existing loan agreements may require renegotiation.

- Amendment to IAS 7 and IFRS 7 – Supplier Finance Agreements

  These amendments, published by the IASB on May 25, 2023, require additional information to be included in the notes on the content of financing agreements with suppliers (such as reverse factoring agreements) and their effects on cash flows and exposure to liquidity risk.

  These amendments will enter into force for annual reporting periods beginning on or after January 1, 2024.

  The application of this regulation will involve the Group publishing new quantitative information on its reverse factoring programs.

This regulation is not expected to have a material impact on the Group's financial statements.

- Amendment to IAS 21 – Lack of Exchangeability

  This amendment published by the IASB on August 15, 2023 specifies how entities should determine whether a currency is exchangeable and how it should determine a spot exchange rate if there is a lack of exchangeability.

  A currency is considered exchangeable for another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative period and through markets or exchange mechanisms in which an exchange transaction creates enforceable rights and obligations.

  If a currency is not exchangeable for another currency, entities are required to estimate the spot exchange rate on the valuation date in a manner that reflects the rate at which a foreign exchange transaction would take place on the valuation date between market stakeholders under prevailing economic conditions. Entities may use an unadjusted observable exchange rate or any other estimation technique.

  These amendments will enter into force for annual reporting periods beginning on or after January 1, 2025.

  When applying the amendments, entities may not restate the comparative information.

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.

Estimate		Nature of the estimate
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.
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 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 compensation 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 of accounting for 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-cancellable period and whether the lessee is reasonably certain to exercise an option to renew 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, 2023, 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.

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 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.

Derecognition of financial assets:

- The Group derecognizes a financial asset if and only if the contractual rights to the cash flows associated with the asset expire, or if it transfers the financial asset and almost all of the risks and benefits associated with the ownership of the asset to another entity. If the Group neither transfers nor retains almost all of the risks and benefits associated with the ownership and continues to control the asset disposed of, it recognizes the share of the asset that it retains and an associated liability at the amounts that it is required to pay. If the Group retains almost all of the risks and benefits associated with the ownership of a financial asset disposed of, it recognizes the financial asset, in addition to recognizing the consideration received as a guaranteed loan.

- When a financial asset valued at amortized cost is derecognized, the difference between the book value of the asset and the amount of the consideration received or receivable is recognized in net income.

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 paragraph 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.

Derecognition of financial liabilities:

- The Group derecognizes financial liabilities if, and only if, the obligations to make cash payments stipulated in the contract are executed, are cancelled or have expired. The difference between the book value of the derecognized financial liability and the consideration paid and payable is recognized in net income.

- Where the Group exchanges a debt instrument with an existing lender for another debt instrument with substantially different terms, this exchange is recognized as the extinguishment of the initial financial liability and the recognition of a new financial liability. Similarly, the Group recognizes any substantial change in the conditions of an existing financial liability or a part thereof as the extinguishment of the initial financial liability and the recognition of a new financial liability. The conditions are assumed to be substantially different if the discounted value of the cash flows under the new conditions, including fees paid net of fees received and discounted by applying the initial effective interest rate, is at least 10% higher or lower than the discounted value of the initial financial liability’s remaining cash flows. If the change is not substantial, the difference between 1) the book value of the liability before the change and 2) the discounted value of the cash flows after the change must be recognized in net income as a profit or loss on change in other gains and losses.

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, 2023, 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 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 (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 certain 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 certain 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;
- a share buyback program.

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.

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 (brand)		X
Gift cards (non-brand)	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. When basic earnings per share are negative, no impact on the dilution is applied.

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, Saudi Arabia, 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 KEY HIGHLIGHTS

Shareholder return

In 2023, Fnac Darty followed its policy of providing a return to shareholders. An ordinary dividend of €1.40 gross per share for the 2022 financial year, representing a total amount of €37.9 million, was allocated to the first half of 2023. The Combined General Meeting of May 24, 2023 approved a dividend of €1.40 gross per share and decided to offer shareholders the option to receive the dividend in cash or in new shares. The dividend was paid on July 6, 2023, in cash totaling €21.2 million and in shares with the issue of 535,616 new shares representing a value of €16.7 million.

As a result, the conversion/exchange rate increased from 1.070 Fnac Darty shares per OCEANE bond to 1.115 Fnac Darty shares per OCEANE bond, as of July 6, 2023.

Implementation of a buyback program

On October 26, 2023, Fnac Darty announced the implementation of a share buyback program, as part of the buyback program authorized by the Annual General Meeting of May 24, 2023. The buyback mandate, which was issued to investment services provider NATIXIS, is for a maximum amount of €20 million. As of December 31, 2023, 422,475 shares had been redeemed for a gross amount of €10.7 million.

This step follows on from the Board of Directors' decision to buy back the proportion of shares necessary to offset the dilution resulting from the acquisition of free shares granted to employees.

Financing

In March 2023, Fnac Darty exercised the final option to extend its RCF from March 2027 to March 2028. This option was subscribed at 98.5% of banking commitments. The Group has an RCF of €500 million until March 2027 and of €492.5 million until March 2028.

In December 2023, Fnac Darty renegotiated its RCF of €500 million due to mature in March 2028, adding two new extension options of March 2029 and March 2030. These are exercisable at the request of Fnac Darty and subject to the approval of the lenders. The financial conditions remain unchanged.

Meanwhile, Fnac Darty exercised the first 12-month extension option of its Delayed Drawn Term Loan (DDTL). As a reminder, this €300 million credit line allows the Group to cover the refinancing of the senior bonds that it issued in 2019 and that will mature in 2024. This option was subscribed at 100% of banking commitments. This credit line will therefore mature in December 2026 in the event of drawdown.

French Competition Authority procedure

Several stakeholders 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 French Competition Authority, 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. In order to bring a swift end to this complex procedure and to be able to devote all its resources to the operational implementation of its strategic plan Everyday, Fnac Darty has decided not to challenge the only objection of which it has been notified and to request a settlement proposal, as provided for in Article L. 464-2 of the French Commercial Code.

This decision does not constitute an admission or acknowledgement of liability on Darty's part.

The exact amount of the penalty that could be imposed on Darty will not be known until the settlement proposal is received; in principle, this is expected during 2024. In anticipation of the French Competition Authority's decision to be made on that date, the Group made a provision for the sum of €85.0 million in the second quarter of 2023.

Strategic partnership with CTS Eventim

On August 2, 2023, Fnac Darty announced changes in its strategic ticketing partnership, launched in 2019, with the CTS Eventim Group, the European leader in the sector. In accordance with the terms of the agreement between the two parties, CTS Eventim notified Fnac Darty of its intention to exercise the purchase option available to it in order to become the majority shareholder of France Billet. The transaction is subject to obtaining the required authorizations from the European and Swiss competition authorities. As of December 31, 2023, the ticketing business remained consolidated, despite the purchase option having been exercised by CTS Eventim in August 2023. The process of obtaining authorization from the competition authorities is still in progress and remains at a preliminary stage, making the deadline for the completion of this transaction uncertain.

Finalization of the acquisition of MediaMarkt in Portugal

With the necessary authorizations having been obtained from the competent authorities, Fnac Darty finalized the acquisition of MediaMarkt in Portugal on September 28, 2023, in accordance with the terms disclosed on April 20, 2023, for completion on September 30, 2023. With effect from October 1, 2023, the entities of MediaMarkt Portugal are now fully consolidated into the Group's financial statements. MediaMarkt Portugal is a leading electronic products retailer operating ten stores and an online store, and employing approximately 450 people across the country. It offers a wide range of domestic appliances and consumer electronics, with an extensive selection of products and a recognized service offering. During the 2022-2023 financial year, MediaMarkt Portugal recorded revenue of approximately €126 million. Through this acquisition, Fnac Darty has consolidated its position as the second largest retailer in Portugal, a dynamic market for the Group. The transaction is an opportunity to accelerate growth in its core businesses, to diversify and expand in the large and small domestic appliance categories, and to enhance its services and improve its overall efficiency.

Fnac Darty and CEVA Logistics sign an agreement to create a joint venture focusing on e-commerce logistics and the SaaS Marketplace

On October 4, 2023, Fnac Darty and CEVA Logistics announced that they had signed an agreement to establish a joint venture with the aim of becoming a major European stakeholder in the e-commerce logistics market and the SaaS Marketplace. This joint venture, building on the expertise of Fnac Darty and CEVA Logistics, is to be named WEAVENN and aims to offer a unique, fully integrated service that combines the best marketplace technology solutions and high-performing logistics for multichannel distribution. This service, the only one of its kind, is intended to meet all the needs of e-commerce stakeholders, such as the full management of marketplaces, direct sales to consumers, and omnichannel delivery. The joint venture is set to provide its customers with the advantage and credibility of two experts: the Fnac Darty Group, which has a network of nearly 1,000 stores coupled with an established omnichannel model that receives 24 million unique visitors to its websites every month; and CEVA Logistics, a world leader in third-party logistics, which has access to a network covering more than 170 countries and an internationally recognized fulfillment[1] platform, Shipwire. CEVA Logistics is a subsidiary of the CMA CGM Group.

On January 3, 2024, Fnac Darty obtained the approval of the European Commission to create this joint venture. Operations are expected to start in the first half of 2024.

Dispute related to the disposal of Comet definitively concluded in favor of Fnac Darty

In its judgment handed down on October 9, 2023, the Court of Appeal in London unanimously rejected the arguments made by the opposing party against Darty Holdings SAS, a subsidiary of the Fnac Darty Group, in connection with the dispute related to the disposal of Comet Group Limited in 2012. With the first-instance ruling of the High Court in London having been overturned, the Group has to date received £83.5 million of the £112 million initially set. In November 2022, the High Court in London handed down a first-instance judgment in favor of Comet's liquidator. Fnac Darty was ordered to pay £112 million in December 2022, but strongly contested on the merits and appealed the ruling.

On February 12, 2024, the Supreme Court in London rejected the appeal of the liquidator for Comet Group Limited against the judgment handed down by the London Court of Appeal in October 2023 in favor of Darty Holdings SAS, a subsidiary of Fnac Darty. This decision definitively concludes the dispute related to the disposal of Comet Group Limited in 2012. Fnac Darty is expected to receive the balance of the sum initially paid in December 2022 along with the reimbursement of legal costs and interest. The positive impact of this on its cash flow is estimated to be at least €40 million.

Financial rating

[1] All the processes involved in the processing, packaging service, logistics solutions and management of orders placed on an e-commerce site, from the first step of ordering an item to its delivery to the final customer.

Lastly, the Group is rated by the rating agencies Standard & Poor's, Scope Ratings and Fitch Ratings, which assigned ratings of BB+, BBB and BB+ respectively during 2023, indicating a negative (S&P and Scope) or stable (Fitch) outlook.

NOTE 4 OPERATING SEGMENTS

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 investments involving non-current assets 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.

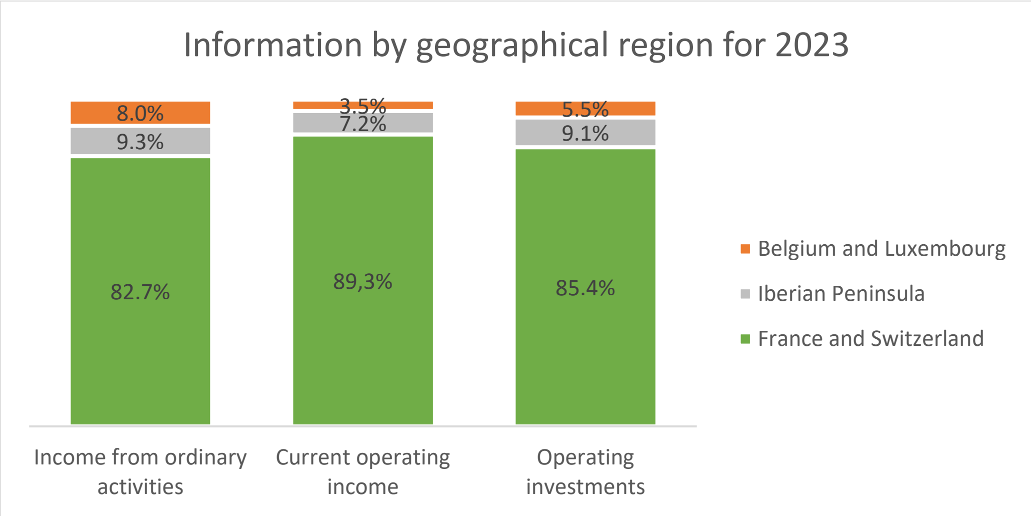
The operating segments are detailed in note 2.21.

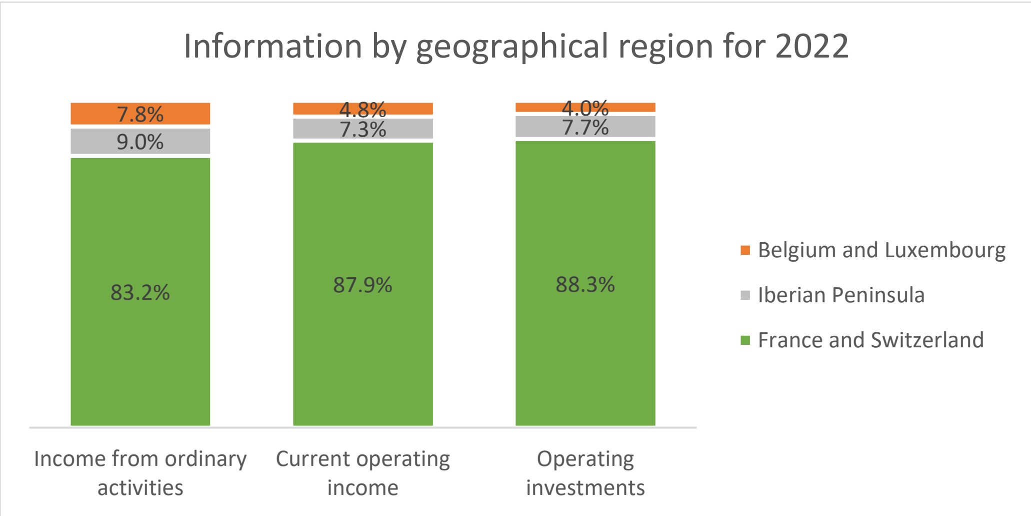
4.1 / Information by operating segment

(€ million)	France and Switzerland	Iberian Peninsula	Belgium and Luxembourg	Total
FY December 31, 2023				
Income from ordinary activities	**6,515.0**	**731.7**	**628.0**	**7,874.7**
- Consumer electronics	2,961.7	395.0	310.8	**3,667.5**
- Domestic appliances	1,373.9	-	203.4	**1,577.3**
- Editorial products	1,170.4	217.6	64.3	**1,452.3**
- Other products and services	1,009.0	119.1	49.5	**1,177.6**
Current operating income	**152.4**	**12.3**	**6.0**	**170.7**
Operating investments and divestments	98.5	10.5	6.4	**115.4**
Segment assets	**4,951.5**	**393.8**	**431.1**	**5,776.4**
Segment liabilities	**2,399.4**	**328.1**	**191.5**	**2,919.0**

(€ 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	-	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	**4,956.7**	**304.9**	**422.2**	**5,683.8**
Segment liabilities	**2,356.6**	**251.9**	**181.4**	**2,789.9**

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





4.2 / Reconciliation of segment assets and liabilities

Total segment assets are reconciled as follows in the Group's total assets:

(€ million)	**2023**	**2022**
Goodwill	1,679.8	1,654.4
Intangible assets	565.5	561.7
Property, plant and equipment	544.2	570.3
Right-of-use assets related to lease agreements	1,104.6	1,115.2
Other non-current assets	-	-
Non-current segment assets	**3,894.1**	**3,901.6**
Inventories	1,157.6	1,143.7
Trade receivables	188.7	249.5
Other current assets	536.0	389.0
Segment assets	**5,776.4**	**5,683.8**
Non-current financial assets	22.4	44.4
Investments in associates	1.0	2.1
Deferred tax assets	63.0	60.2
Tax receivables due	8.2	5.6
Other current financial assets	22.4	19.1
Cash and cash equivalents	1,121.3	931.7
Assets held for sale	-	-
Total assets	**7,014.7**	**6,746.9**

Total segment liabilities are reconciled as follows in the Group's total liabilities:

(€ million)	**2023**	**2022**
Trade payables	2,152.7	1,965.1
Other current liabilities	757.5	802.8
Other non-current liabilities	8.8	22.0
Segment liabilities	**2,919.0**	**2,789.9**
Shareholders' equity, Group share	1,521.7	1,511.7
Shareholders' equity – share attributable to non-controlling interests	16.5	10.9
Long-term borrowings and financial debt	604.2	917.3
Long-term leasing debt	898.3	896.9
Deferred tax liabilities	198.5	164.9
Provisions for pensions and other equivalent benefits	166.5	145.4
Short-term borrowings and financial debt	318.7	19.5
Short-term leasing debt	246.4	243.6
Other current financial liabilities	9.1	10.2
Provisions	114.5	36.6
Tax liabilities payable	1.3	-
Payables relating to assets held for sale	-	-
Total liabilities	**7,014.7**	**6,746.9**

NOTE 5 INCOME FROM ORDINARY ACTIVITIES

(€ million)	**2023**	**2022**
Net sales of goods	6,697.1	6,812.6
Net sales of other products and services	1,177.6	1,136.8
Income from ordinary activities	**7,874.7**	**7,949.4**

Sales of goods are presented net of various sales discounts granted to customers, including deferred discounts connected with loyalty programs.

Sales of other products incorporate diversification products, 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 4.1.

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)	**2023**	**2022**
France and Switzerland	(1,052.1)	(1,041.7)
Iberian Peninsula	(78.2)	(76.9)
Belgium and Luxembourg	(91.4)	(84.1)
Total personnel expenses	**(1,221.7)**	**(1,202.7)**

Personnel expenses amounted to €1,221.7 million (15.5% of revenue) for the 2023 financial year, compared with €1,202.7 million (15.1% of revenue) for the 2022 financial year. The increase in personnel expenses is mainly linked to the impact of the 2023 Mandatory Annual Negotiations (Négociations Annuelles Obligatoires – NAO) with the trade union, and was partially offset by the fall in expenses for performance compensation plans.

Personnel expenses in 2023 included an expense of €6.6 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 2022, expenses related to performance-based compensation plans amounted to €8.8 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, 2023 will be settled in equity instruments.

The average paid workforce for the Group's activities, in full-time equivalent, breaks down as follows:

	2023	2022
France and Switzerland	17,642	17,161
Iberian Peninsula	3,128	2,886
Belgium and Luxembourg	1,558	1,584
Total average paid workforce	**22,328**	**21,631**

The registered workforce as of December 31 for the Group's activities was as follows:

	2023	2022
France and Switzerland	18,887	19,674
Iberian Peninsula	4,198	3,931
Belgium and Luxembourg	1,650	1,688
Total registered workforce	**24,735**	**25,293**

As of 31 December 2023, the increase in the registered workforce on the Iberian Peninsula included the acquisition of the MediaMarkt Portugal workforce, totaling approximately 450 employees.

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, 27% for plans awarded in 2022 and 34% for plans awarded in 2023. This does not affect the plans linked to the securitization of the individual variable. The fair value of non-market performance conditions (free cash-flow, revenue, performance plan and corporate social responsibility) is assessed according to actual performance based on criteria that may be measured, and the best estimate of the fulfillment 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 total IFRS 2 expense recognized as of December 31, 2023 for the 2020, 2021, 2022 and 2023 bonus share plans amounted to €6.6 million.

The total IAS 19 expense recognized as of December 31, 2023 for the 2023 bonus share plan amounted to €2.4 million.

2023 plans

On the recommendation of the Appointments and Compensation Committee, on May 24, 2023, the Board of Directors decided to award bonus shares to certain Group employees (229 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 2023 applies to French and foreign residents.

The duration of this plan is three years (May 24, 2023 – May 23, 2026). These shares will be vested upon expiration of a three-year vesting period (May 24, 2023 to May 23, 2026), subject to the beneficiary's continued employment within the Group at the end of the vesting period. Vesting of the shares will be conditional upon:

- Fnac Darty share performance conditions based on the Company's total shareholder return (TSR) when compared to a panel of companies in the retail distribution sector and the growth in the stock market price of the Fnac Darty share, to be measured in 2026 for the period 2023-2025;

- satisfying financial performance conditions linked to the achievement of a level of free cash-flow and average revenue measured in 2026 following publication of the Group's annual results for 2025, taking into account the cash flow and revenue generated by the Group during 2023, 2024 and 2025, for the entire period; and
- and the performance conditions linked to the Company's corporate social responsibility assessed in 2026, taking into account the average Group sustainability scores measured during the 2023, 2024 and 2025 financial years for the entire period, and the reduction in CO_2 emissions measured in 2026, taking into account the Group's level of CO_2 emissions in 2025 compared to its emissions level in 2019.

On the recommendation of the Appointments and Compensation Committee, on May 24, 2023 the Board of Directors decided to award bonus shares to certain Group employees (56 beneficiaries) other than the Executive Corporate Officer. Settlement will be in equity instruments. This second, specific plan awarded in 2023 applies to French residents only.

The duration of this plan is three years (May 24, 2023 – May 23, 2026).

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.

On the recommendation of the Appointments and Compensation Committee, on May 24, 2023 the Board of Directors decided to award bonus shares to certain Group employees (168 beneficiaries) other than the Executive Corporate Officer and members of the Executive Committee 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 third plan awarded in 2023 applies to French and foreign residents.

The duration of this plan is two years (May 24, 2023 – May 23, 2025). These shares will be vested upon expiration of a two-year vesting period (May 24, 2023 to May 23, 2025), subject to the beneficiary's continued employment within the Group at the end of the vesting period. The vesting of shares will be conditional upon financial performance conditions linked to achieving a level of free cash-flow and performance plan assessed in 2025 following the publication of the Group's 2024 annual results, taking into account the cumulative cash-flow measured for the 2021, 2022, 2023 and 2024 financial years and the cumulative savings made under the Group's performance plan measured for the 2023 and 2024 financial years, and subject to their continued employment.

The total IFRS 2 expense recognized as of December 31, 2023 for the first three 2023 bonus share plans amounted to €3.7 million.

The main features are summarized below:

Main features	2023-2026 bonus share plan	2023-2026 bonus share plan	2023-2026 bonus share plan
Date of the authorization of the General Meeting	May 24, 2023	May 24, 2023	May 24, 2023
Date of Board of Directors' meeting	May 24, 2023	May 24, 2023	May 24, 2023
Vesting period	3 years (May 24, 2023 – May 23, 2026)	3 years (May 24, 2023 – May 23, 2026)	2 years (May 24, 2023 – May 23, 2025)
Number of beneficiaries at inception	229	56	168
Number of beneficiaries as of December 31, 2023	227	55	166
Performance conditions	TSR Share price growth Free cash-flow Revenue CSR Sustainability score CSR Reduction in CO2 emissions	None	Free cash-flow Performance plan

Number of bonus shares	2023-2026 bonus share plan	2023-2026 bonus share plan	2023-2026 bonus share plan
Initially awarded	436,799	22,209	114,166
Enrique Martinez, CEO since 07/17/2017	73,175	-	-
Vested in 2023	-	-	-
Canceled in 2023	3,574	395	1,912
Being vested as of December 31, 2023	**433,225**	**21,814**	**112,254**

In accordance with the resolutions approved by the General Meeting of May 24, 2023 regarding, firstly, the compensation policy of the Chief Executive Officer and/or any other executive corporate officer and, secondly, the fixed, variable and exceptional items comprising the total compensation and benefits of any kind paid or awarded to Mr. Martinez, Chief Executive Officer, for the preceding financial year, the Fnac Darty Board of Directors decided to grant the following compensation to Mr. Martinez at its meeting on May 24, 2023:

- 18,733 shares in respect of his 2022 annual variable compensation, paid in shares and not in cash. This number of shares corresponds to the amount due in respect of his 2022 annual variable compensation, i.e. €640,455.

  These shares will be fully vested upon expiration of a vesting period of one year in accordance with the plan description provided in section 3.3.2.2 of the 2022 Universal Registration Document.

- 32,906 shares in respect of his 2023 annual variable compensation, to be paid in shares and not in cash. This number of shares corresponds to €1,125,000, the maximum potential annual variable compensation for 2023.

The vesting of these performance shares is subject to the performance conditions set out in section 3.3.1.3 of the Company's most recent Universal Registration Document and to the approval of the General Meeting, in accordance with the provisions of Article L. 22-10-34 II of the French Commercial Code.

These two plans are subject to a total lock-up obligation of two years and to the lock-up obligation applicable to executive corporate officers in accordance with the provisions of the French Commercial Code described in section 3.3.1.3.

On the proposal of the Appointments and Compensation Committee, the Board of Directors decided on July 27, 2023 to change the structure of the annual variable compensation for certain employees for the 2023 financial year by allowing a portion to be paid out in the form of bonus shares. This creates an association between the beneficiaries and Fnac Darty's performance and strengthens the link between their interests and those of shareholders.

This plan is subject to a lock-up period of one year.

The total IAS 19 expense recognized as of December 31, 2023 for these three 2023 bonus share plans amounted to €2.4 million.

The main features are summarized below:

Main features	**2023-2026 bonus share plan**	**2023-2026 bonus share plan**	**2023-2025 bonus share plan**
Date of the authorization of the General Meeting	May 24, 2023	May 24, 2023	May 24, 2023
Date of Board of Directors' meeting	May 24, 2023	May 24, 2023	July 27, 2023
Vesting period	1 year (May 24, 2023 – May 24, 2024)	1 year (May 24, 2023 – May 24, 2024)	1 year (July 27, 2023 – July 29, 2024)
Holding period	2 years (May 24, 2024 – May 24, 2026)	2 years (May 24, 2024 – May 24, 2026)	1 year (July 29, 2024 – July 28, 2025)
Number of beneficiaries at inception	1	1	10
Number of beneficiaries as of December 31, 2023	1	1	10
Performance condition	Variable criteria 2022 Chief Executive Officer	Variable criteria 2023 Chief Executive Officer	Variable collective criteria 2023 Managers

Number of bonus shares	**2023-2026 bonus share plan**	**2023-2026 bonus share plan**	**2023-2025 bonus share plan**
Initially awarded	18,733	32,906	10,070
Enrique Martinez, CEO since 07/17/2017	18,733	32,906	-
Vested in 2023	-	-	-
Canceled in 2023	-	-	-
Being vested as of December 31, 2023	**18,733**	**32,906**	**10,070**

2022 plans

The total IFRS 2 expense recognized as of December 31, 2023 for the three 2022 bonus share plans amounted to €1.9 million.

The main features are summarized below:

Main features	2022-2025 bonus share plan	2022-2025 bonus share plan	2022-2025 bonus share 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
Vesting period	3 years (May 18, 2022 – May 17, 2025)	3 years (May 18, 2022 – May 17, 2025)	3 years (May 18, 2022 – May 17, 2025)
Number of beneficiaries at inception	173	56	49
Number of beneficiaries as of December 31, 2023	159	47	46
Performance conditions	TSR Free cash-flow CSR Sustainability score CSR Reduction in CO2 emissions	TSR Free cash-flow CSR Sustainability score CSR Reduction in CO2 emissions	None

Number of bonus shares	2022-2025 bonus share plan	2022-2025 bonus share plan	2022-2025 bonus share plan
Initially awarded	297,105	66,019	17,240
Enrique Martinez, CEO since 07/17/2017	48,316	-	-
Being vested as of January 1, 2023	297,105	65,719	16,790
Vested in 2023	-	-	-
Canceled in 2023	16,283	8,190	815
Being vested as of December 31, 2023	**280,822**	**57,529**	**15,975**

2021 plans

The total IFRS 2 expense recognized as of December 31, 2023 for the three 2021 bonus share plans amounted to €0.9 million.

Main features	**2021-2024 bonus share plan**	**2021-2024 bonus share plan**	**2021-2024 bonus share 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
Vesting period	3 years (May 27, 2021 – May 26, 2024)	3 years (May 27, 2021 – May 26, 2024)	3 years (May 27, 2021 – May 26, 2024)
Number of beneficiaries at inception	176	51	49
Number of beneficiaries as of December 31, 2023	148	41	41
Performance conditions	TSR Free cash-flow CSR non-financial rating	TSR Free cash-flow CSR non-financial rating	None

Number of bonus shares	**2021-2024 bonus share plan**	**2021-2024 bonus share plan**	**2021-2024 bonus share plan**
Initially awarded	244,660	54,376	14,005
Enrique Martinez, CEO since 07/17/2017	39,911	-	-
Being vested as of January 1, 2023	**225,960**	**50,862**	**13,005**
Vested in 2023	-	-	-
Canceled in 2023	11,863	5,747	1,089
Being vested as of December 31, 2023	**214,097**	**45,115**	**11,916**

2020 plan

The 2020 bonus share plan expired on May 27, 2023.

- The total shareholder return (TSR) was measured in 2023 for the period 2020-2022. 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 2023 for the years 2020, 2021 and 2022. The objective for 2023 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 2020, 2021 and 2022 was assessed in 2023. 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 in service on May 27, 2023.

The total IFRS 2 expense recognized as of December 31, 2023 for the 2020 bonus share plan amounted to €0.1 million.

The main features are summarized below:

Main features	**2020-2023 bonus share plan**
Date of the authorization of the General Meeting	May 23, 2019
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, 2023	-
Performance conditions	TSR Free cash-flow CSR non-financial rating

Number of bonus shares	**2020-2023 bonus share plan**
Initially awarded	616,496
Enrique Martinez, CEO since 07/17/2017	76,997
Being vested as of January 1, 2023	**543,780**
Vested in 2023	371,109
Canceled in 2023	172,671
Being vested as of December 31, 2023	**-**

7.2 / Sensitivity to changes in market performance conditions and to changes in non-market performance conditions

As of December 31, 2023, changes in the fair value of the commitment to plans in respect of non-market performance conditions (free cash-flow, revenue, performance plan and corporate social 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, 27% for plans granted in 2022 and 34% for plans granted in 2023. This does not affect the plans linked to the securitization of the individual variable.

At the end of each plan, the number of shares to be vested in respect of market and non-market performance conditions is adjusted, if necessary, depending on the effective execution of the performance conditions measured.

NOTE 8 ASSOCIATES

Fnac Darty exercises significant influence within certain companies, called associates. Associates are consolidated using the equity method. The activity of these companies forms part of the Group's operating activity. These companies are consolidated in the Group's internal reporting in accordance with IFRS 8, and their operating performance is monitored at the level of each business division to which they belong.

The Fnac Darty consolidated financial statements include the transactions executed by the Group within the normal context of its activities with associates. These transactions are executed under normal market conditions.

8.1 / Share of profit from equity associates

(€ million)	**2023**	**2022**
France and Switzerland	(0.1)	0.2
Iberian Peninsula	-	-
Belgium and Luxembourg	0.2	-
Share of profit from equity associates	**0.1**	**0.2**

(€ million)	**2023**	**2022**
Repair & Run	(0.1)	0.1
Izneo	-	0.1
Vanden Borre Kitchen	0.2	-
Share of profit from associates	**0.1**	**0.2**

There was a profit of €0.1 million from equity associates in 2023, compared with a loss of €0.2 million in 2022.

Repair & Run is a company specializing in the repair and servicing of multi-brand bicycles and soft mobility devices.

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***	***Minteed***	***Vanden Borre Kitchen***
Investments in associates as of December 31, 2022	**2.1**	***1.1***	***1.0***	***-***
Profit from associates	0.1	*(0.1)*	*-*	*0.2*
Dividends paid	-	*-*	*-*	
Change to scope of consolidation	-	*-*	*-*	*-*
Other changes	(1.2)	*-*	*(1.0)*	*(0.2)*
Translation differences	-	*-*	*-*	*-*
Investments in associates as of December 31, 2023	**1.0**	***1.0***	***-***	***-***

8.3 / Data on investments in associates

The data below is presented at 100% under IFRS standards:

		2023	
(€ million)	**Repair & Run**	**Minteed**	**Vanden Borre Kitchen**
Non-current assets	1.0	0.7	-
Current assets	1.9	-	2.1
Non-current liabilities	0.1	1.5	-
Current liabilities	0.2	-	3.3
Revenue	1.1	-	2.5
Operating income	(0.1)	-	0.1
Net income	-	-	-

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)	**2023**	**2022**
France and Switzerland	152.4	202.6
Iberian Peninsula	12.3	16.9
Belgium and Luxembourg	6.0	11.1
Current operating income	**170.7**	**230.6**

Current operating income was €170.7 million in 2023 (compared with €230.6 million in 2022).

Current operating income for 2023 and 2022 corresponds to Fnac Darty's audited IFRS consolidated financial statements for the years ended December 31, 2023 and 2022, incorporating 12 months of operating activity for all Group brands.

NOTE 10 OTHER NON-CURRENT OPERATING INCOME AND EXPENSE

(€ million)	**2023**	**2022**
Provision and costs related to fines issued by the French Competition Authority	(85.8)	-
Darty brand impairment	(16.4)	-
Impairment of Nature & Découvertes brand	(3.5)	(4.0)
Costs of closing Manor in German-speaking Switzerland	(5.9)	-
Restructuring of proprietary real estate	(2.0)	(14.5)
Other restructuring costs	(8.2)	(5.3)
Other net non-current income and expense	(8.8)	(3.2)
Other non-current operating income and expense	**(130.6)**	**(27.0)**

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 2023, these represented a net expense of €130.6 million, broken down as follows:

- €85.8 million in non-current expenses related to the cost of fines by the French Competition Authority, of which €85.0 million related to the provision for fines and €0.8 million to associated costs. Several stakeholders 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. In order to bring a swift end to this complex procedure and to be able to devote all its resources to the operational implementation of its strategic plan Everyday, Fnac Darty has decided not to challenge the only objection of which it has been notified and to request a settlement proposal, as provided for in Article L. 464-2 of the French Commercial Code. This decision does not constitute an admission or acknowledgement of liability on Darty's part. The exact amount of the penalty that could be imposed on Darty will not be known until the settlement proposal is received; in principle, this is expected during 2024. In anticipation of the French Competition Authority's decision to be made on that date, the Group made a provision for the sum of €85.0 million;
- the annual impairment tests, conducted in the second half of 2023, resulted in impairments of the Darty and Nature & Découvertes brands of €16.4 million and €3.5 million respectively. As of December 31, 2023, the net value of the Darty brand in the Group's balance sheet was €271.1 million, and the net value of the Nature & Découvertes brand was €18.5 million;
- €5.9 million in non-current expenses related to the costs of closing the Manor shop-in-shops in German-speaking Switzerland. The brand entered into a partnership for the roll-out 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.
- €2.0 million in non-current expenses related to the restructuring of proprietary real estate;
- €8.2 million in net non-current restructuring costs for employee and structural adaptation plans in France and abroad; and
- a net expense of €8.8 million related to various non-current lawsuits:
  - this expense includes a provision of €3.5 million in respect of the rulings of the French Court of Cassation (Cour de cassation) concerning the rights of employees to earn paid leave whilst on sick leave. In order to comply with the rulings of the Court of Cassation and European law, the Group did in fact make a provision for this right to paid leave in the 2023 accounts. The impact on the Group's accounts as of December 31, 2023 is a total expense of €5.3 million,

including €1.8 million in current income (corresponding to rights vested in 2023) and €3.5 million in non-current income (corresponding to the rights vested in 2022 and 2021);

- It also includes €2.8 million for the portion of the costs of the urban riots of June 2023 borne by the Group.

In 2022, they 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.

NOTE 11 (NET) FINANCIAL EXPENSE

In 2023, net financial income comprised a financial expense of €78.6 million, compared with a net financial expense of €45.3 million in 2022.

The breakdown of the Group's net financial expense in 2023 and 2022 is as follows:

(€ million)	**2023**	**2022**
Costs related to Group debt	(22.8)	(23.0)
Interest on leasing debt	(35.1)	(24.3)
Other financial income and expense	(20.7)	2.0
Net financial expense	**(78.6)**	**(45.3)**

In 2023 and 2022, costs relating to the Group's net financial debt consist mainly of interest on the €650 million bond issues and the €83.3 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.

Following the implementation in December 2022 of the additional delayed drawn term loan (DDTL) of €300 million, costs related to the Group's financial debt in 2023 include the related financial expenses.

In 2023, interest on leasing debt related to the application of IFRS 16 came to €35.1 million. This expense is an increase of +€10.8 million compared to 2022, following the increase in discount rates between the two periods.

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. In 2022, the Group recognized €6.6 million in proceeds from the adjustment to fair value of units in the Daphni Purple fund. These units were disposed of in 2023, generating a capital loss of €10.6 million compared to their fair value, in a context of market valuations normalizing. Since its initiation in 2016, the Group's investment in the Daphni Purple fund has generated a cumulative capital gain on disposal of €10.4 million.

NOTE 12 TAX

- Amendment to IAS 12 – International Tax Reform—Pillar Two Model Rules

The reform of international taxation approved by the OECD at the end of 2021, known as "Pillar 2", and amending IAS 12, with the aim of establishing a minimum tax rate of 15%, was adopted by the EU on November 8, 2023. It was adopted by France before December 31, 2023 as part of the French Finance Law for 2024. It will enter into force in France from the financial year beginning on January 1, 2024.

Given its revenue, Fnac Darty will fall within the scope of this reform from January 1, 2024. For these purposes, Fnac Darty SA is the ultimate parent entity (UPE) and may be liable for additional tax on its low-tax subsidiaries.

On May 23, 2023, the International Accounting Standards Board (IASB) published amendments to IAS 12, Income Tax, which provide for a temporary mandatory exemption from the recognition of deferred taxes associated with this additional tax ("top-up tax") in the financial statements, as well as the inclusion of specific additional information in the notes to the financial statements.

In its financial statements for the financial year ending 31 December 2023, the Group applied the exemption from recognizing deferred taxes related to Pillar Two as provided for in the amendments to IAS 12 – Income Taxes.

During the 2023 reporting period, the Group conducted an analysis of the regulations and carried out a preliminary valuation of the impact of applying these rules for all Group entities based on data from the financial statements for the 2022 reporting period.
Based on this, the Group concluded that it is not likely to be liable for any additional tax under the Pillar Two rules.

In 2024, the Group will continue to make preparations to comply with its reporting obligations under Pillar Two and will closely monitor any changes in its operations as well as any additional clarification of any regulations that may be published by the OECD or by the countries in which the Group operates. including France.

12.1 / Analysis of the tax expense on continuing operations

12.1.1 Tax expense

(€ million)	**2023**	**2022**
Pre-tax income	**(38.5)**	**158.3**
Current tax expense excluding corporate value-added tax (CVAE)	(20.6)	(46.2)
Current tax expense related to corporate value-added tax (CVAE)	(5.6)	(11.1)
Deferred tax income/(expense)	(4.4)	2.9
Total tax expense	**(30.6)**	**(54.4)**
Effective tax rate	**(79.48%)**	**34.37%**

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 2023, the total tax expense was €30.6 million, compared to €54.4 million for 2022, a decrease of €23.8 million. The decrease in total tax expense in 2023 is in line with the reduced level of net income. The effective tax rate for 2023 was -79.48%. This rate was significantly impacted by the provision in the amount of €85.0 million allocated in 2023 for fines imposed by the French Competition Authority, which is not tax deductible.

12.1.2 Streamlining of the income tax rate

(as % of pre-tax income)	**2023**	**2022**
Tax rate applicable in France	**25.83%**	**25.83%**
Impact of the taxation of foreign subsidiaries	0.26%	0.02%
Theoretical tax rate	**26.09%**	**25.85%**
Impact of items taxed at a lower rate	0.00%	0.00%
Impact of permanent differences	(78.64%)	0.31%
Impact of unrecognized tax-loss carry-forwards	(16.89%)	2.89%
Impact of corporate value-added tax (CVAE)	(10.83%)	5.20%
Effect of change in the tax rate	0.00%	(0.04%)
Other exceptional taxes	0.79%	0.16%
Effective tax rate	**(79.48%)**	**34.37%**

The tax rate applicable in France in 2022 and 2023 is equal to the basic rate of 25.0% plus the 3.3% social security contribution for French companies, bringing it to 25.83%. In 2023, the difference between the rate applicable in France and the Group's effective tax rate is mainly related to the effect of permanent differences, explained by the €85.0 million provision for fines imposed by the French Competition Authority in 2023, which is not tax deductible.

12.2 / Change in balance sheet items

12.2.1 Tax due

(€ million)	**2022**	**Income**	**Change in working capital requirement**	**Changes in scope**	**Changes in foreign exchange rates**	**2023**
Tax receivables due	5.6					8.2
Tax liabilities payable	-					(1.3)
Taxes payable	**5.6**	**(26.2)**	**26.0**	**1.5**	**-**	**6.9**

(€ 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)					-
Taxes payable	**(6.9)**	**(57.3)**	**69.8**	**-**	**-**	**5.6**

12.2.2 Deferred tax

Changes in deferred taxes in 2023:

(€ million)	2022	Income	Items recognized in shareholders' equity	Other changes	Changes in scope	Changes in foreign exchange rates	Assets and liabilities held for sale	2023
Deferred tax assets	60.2	(4.4)	5.4	-	1.8	-	-	63.0
Deferred tax liabilities	(164.9)	-	-	-	-	-	(33.6)	(198.5)
Net deferred taxes	**(104.7)**	**(4.4)**	**5.4**	**-**	**1.8**	**-**	**(33.6)**	**(135.5)**

The increase in deferred tax liabilities for €33.6 million is related to the decision of the Supreme Court in London on February 12, 2024 to reject the appeal of the liquidator for Comet Group Limited against the judgment handed down by the London Court of Appeal in October 2023 in favor of Darty Holdings SAS, a subsidiary of Fnac Darty. This decision definitively concludes the dispute related to the disposal of Comet Group Limited in 2012.

(€ million)	2022	Income	Items recognized in shareholders' equity	Other changes	Changes in scope	Changes in foreign exchange rates	Assets and liabilities held for sale	2023
Provisions for pensions and other equivalent benefits	35.8	(0.2)	5.0	-	-	-	-	40.6
Tax losses and tax credits recognized	2.4	(0.9)	-	-	-	-	-	1.5
Brands	(95.2)	5.5	-	-	-	-	-	(89.7)
IFRS 16 deferred tax assets	277.2	(1.7)	-	-	-	-	-	275.5
IFRS 16 deferred tax liabilities	(268.5)	5.0	-	-	-	-	-	(263.5)
Other assets & liabilities	(56.4)	(12.1)	0.4	-	1.8	-	(33.6)	(99.9)
Net deferred tax assets (liabilities)	**(104.7)**	**(4.4)**	**5.4**	**-**	**1.8**	**-**	**(33.6)**	**(135.5)**

Changes in deferred taxes in 2022:

(€ million)	2021	Income	Items recognized in shareholders' equity	Other changes	Changes in scope	Changes in foreign exchange rates	Assets and liabilities held for sale	2022
Deferred tax assets	68.8	3.0	(11.6)	-	-	-	-	60.2
Deferred tax liabilities	(164.9)	(0.1)	-	-	-	0.1	-	(164.9)
Net deferred taxes	**(96.1)**	**2.9**	**(11.6)**	**-**	**-**	**0.1**	**-**	**(104.7)**

(€ million)	2021	Income	Items recognized in shareholders' equity	Other changes	Changes in scope	Changes in foreign exchange rates	Assets and liabilities held for sale	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)**	**-**	**-**	**0.1**	**-**	**(104.7)**

12.3 / Deferred tax not recognized

The change in tax losses and unused tax credits is as follows:

(€ million)	2023	2022
Unrecognized tax losses	222.2	195.4
Unrecognized timing differences	-	-
Total unrecognized tax bases	**222.2**	**195.4**

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, 2022	**204.0**	***195.4***	**8.6**
Deficits generated during the period	28.3	*24.4*	3.9
Losses charged or time-barred during the period	(5.5)	-	(5.5)
Reclassifications	-	-	-
Changes in scope	-	-	-
Changes in foreign exchange rates	2.7	2.4	0.3
As of December 31, 2023	**229.5**	***222.2***	***7.3***
Tax-loss carry-forwards with a maturity of	**10.1**	**4.5**	**5.6**
Less than 5 years	-	-	-
More than 5 years	*10.1*	*4.5*	*5.6*
Indefinite tax-loss carryforwards	**219.4**	**217.7**	***1.7***
Total	**229.5**	**222.2**	***7.3***

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 2023, the Group held an average of 194,094 treasury shares, of which:

- An average of 149,251 were held under a liquidity agreement. This agreement with Natixis is designed to promote liquidity for transactions and stabilize the Group's share price;
- An average of 44,843 were held under the share buyback program announced on October 26, and were to be allocated to employees and assigned to specific plans.

As of December 31, 2023, the Group held 557,151 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. When basic earnings per share are negative, no impact on the dilution is applied.

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 €1.40 per share to Fnac Darty shareholders as of July 6, 2023, the conversion/exchange rate was increased from 1.070 Fnac Darty shares per OCEANE bond to 1.115 Fnac Darty shares per OCEANE bond as of July 6, 2023.

The instruments issued by the Group had a diluting effect over 2023, in the amount of 625,603 shares for shares granted to employees in share-based payment transactions and 2,752,066 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 449,453.

Basic earnings per share as of December 31, 2023 and December 31, 2022

(€ million)	Consolidated Group	Group share Continuing operations	Discontinued operations
		December 31, 2023	
Net income attributable to ordinary shareholders	**49.7**	**(75.0)**	**124.7**
Weighted average number of ordinary shares issued	27,355,723	27,355,723	27,355,723
Weighted average number of treasury stocks	194,094	194,094	194,094
Weighted average number of ordinary shares	**27,549,817**	**27,549,817**	**27,549,817**
Basic earnings per share (€)	**(1.80)**	**(2.72)**	**4.53**

(€ million)	Consolidated Group	Group share Continuing operations	Discontinued operations
		December 31, 2022	
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)**

Diluted earnings per share as of December 31, 2023 and December 31, 2022

(€ million)	Consolidated Group	Group share Continuing operations	Discontinued operations
		December 31, 2023	
Net income attributable to ordinary shareholders	**49.7**	**(75.0)**	**124.7**
Weighted average number of ordinary shares	27,549,817	27,549,817	27,549,817
Convertible and exchangeable instruments	2,752,066	2,752,066	2,752,066
Dilutive ordinary shares	625,603	625,603	625,603
Weighted average number of diluted ordinary shares	**30,927,487**	**30,927,487**	**30,927,487**
Diluted earnings per share (€)[1]	**1.61**	**(2.72)**	**(4.03)**

[1] Earnings per share after dilution linked to financial instruments giving access to share capital

(€ million)	Consolidated Group	Group share Continuing operations	Discontinued operations
		December 31, 2022	
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 (€) [1]	**(1.19)**	**3.28**	**(4.90)**

[1] 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:

	2023		
(€ million)	**Gross**	**Tax**	**Net**
Translation differences	(1.6)	-	(1.6)
Effective portion of the change in fair value of instruments designated as cash flow hedges	-	-	-
Items that may be reclassified subsequently to profit or loss	**(1.6)**	**-**	**(1.6)**
Revaluation of net liabilities for defined benefit plans	(21.9)	5.4	(16.5)
Items that may not be reclassified subsequently to profit or loss	**(21.9)**	**5.4**	**(16.5)**
Other items of comprehensive income as of December 31, 2023	**(23.5)**	**5.4**	**(18.1)**

	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**

The change in the revaluation of the net defined benefit plan liability is related to the change in discount rates in 2023 and 2022 (see note 26.3).

NOTE 15 GOODWILL AND BUSINESS COMBINATIONS

15.1 / Goodwill

(€ million)	Gross	Impairment	Net
Goodwill as of January 1, 2022	**1,729.7**	**(75.4)**	**1,654.3**
From acquisitions	0.1	-	0.1
Disposals and withdrawals	-	-	-
Goodwill as of December 31, 2022	**1,729.8**	**(75.4)**	**1,654.4**
From acquisitions	25.4	-	25.4
Disposals and withdrawals	-	-	-
Goodwill as of December 31, 2023	**1,755.2**	**(75.4)**	**1,679.8**

In 2023, the €25.4 million increase in goodwill was linked to the acquisition of MediaMarkt in Portugal.

The positive goodwill linked to the acquisition of MediaMarkt Portugal stems from the difference between the acquisition price and the fair value of the identifiable assets acquired or liabilities assumed on the date that they were incorporated into the Group's accounts. The MediaMarkt Portugal entities were incorporated on October 1, 2023. IFRS standards prohibit the amortization of goodwill and require impairment tests to be conducted at each closing date or each time there is acknowledgement of evidence of impairment.

The valuation of the assets and liabilities acquired was initiated on the acquisition date for all MediaMarkt Portugal entities. For more details on the calculation of the allotted purchase price, refer to note 15.2.

Pursuant to the IFRS standards, annual impairment tests were conducted on the assets. As of December 31, 2023, there was no evidence of impairment. 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)	2023	2022
France and Switzerland	1,513.0	1,513.0
Belgium and Luxembourg	139.2	139.2
Iberian Peninsula	27.6	2.2
Total	**1,679.8**	**1,654.4**

15.2/ Allocation of the acquisition price

The increase in goodwill on the Iberian Peninsula is linked to the acquisition of MediaMarkt Portugal

The table below shows:

- The consideration for the MediaMarkt Portugal acquisition;
- The identifiable assets acquired less the liabilities assumed recognized after remeasurement at fair value on the acquisition date of -€15.1 million;
- The final goodwill of €25.4 million, which corresponds to the difference between the consideration transferred and the net assets acquired at fair value of MediaMarkt Portugal.

(€ million)	**total consideration**	**Fair Value**
Total consideration	**10.3**	
Net assets acquired at fair value		**(15.1)**
Value of contractual relationships		0.5
Leasehold rights		(4.7)
Other intangible assets		0.1
IFRS 16 right of use		26.7
Other tangible assets		2.6
Financial assets		-
Working capital requirements		(8.1)
Net Financial Debt		(5.2)
Leasing debt		(26.7)
Provisions for contingencies and expenses		(0.2)
Other liabilities		-
Goodwill		**25.4**

For all the MediaMarkt companies acquired in 2023 and for their respective contributions to the Group's consolidated financial statements, the share of revenue was €39.3 million in the final quarter of 2023.
Due to the non-significant nature of the acquisition of MediaMarkt Portugal at Group level, the Group did not produce pro forma financial statements for 2022 or 2023.

NOTE 16 INTANGIBLE ASSETS

(€ million)	Brands	Software	Other intangible assets	Total
Gross value as of December 31, 2022	**375.4**	**651.1**	**97.8**	**1,124.3**
Amortization, depreciation and impairment	(18.2)	(523.7)	(20.7)	(562.6)
Net value as of December 31, 2022	**357.2**	**127.4**	**77.1**	**561.7**
Acquisitions	-	62.2	4.3	66.6
Disposals	-	(1.2)	-	(1.2)
Amortization, depreciation and impairment	(19.9)	(40.7)	(1.7)	(62.3)
Change in scope	-	-	0.7	0.7
Changes in foreign exchange rates	-	0.2	-	0.2
Other changes	-	-	-	-
Assets held for sale	-	-	-	-
Net value as of December 31, 2023	**337.3**	**147.8**	**80.3**	**565.5**

(€ 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)	(0.0)	(0.8)
Amortization, depreciation and impairment	(4.0)	(32.5)	(1.9)	(38.4)
Change in scope	-	-	-	-
Changes in foreign exchange rates	-	0.1	-	0.1
Other changes	-	0.8	(0.9)	(0.0)
Assets held for sale	-	-	-	-
Net value as of December 31, 2022	**357.2**	**127.4**	**77.1**	**561.7**

Depreciation and amortization additions are recognized in “Other current operating income and expense” in the income statement.

Group brands consist of the following:

(€ million)	**2023**	**2022**
Darty brand	271.1	287.5
Vanden Borre brand	35.3	35.3
Nature & Découvertes brand	18.5	22.0
Billetreduc.com brand	11.3	11.3
WeFix brand	1.1	1.1
Total brands	**337.3**	**357.2**

Under IAS 36 – Impairment of Assets, each cash-generating unit (CGU) and its non-current assets with an indefinite life span 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.

Cash flow projections were made in 2023 based on updated forecasts and on medium-term plans over a three-year period that tie in with the Group's strategic plan.

The 2023 annual impairment tests resulted in a €16.4 million impairment of the Darty brand and a €3.5 million impairment of the Nature & Découvertes brand. In 2022, the annual impairment tests had resulted in a €4.0 million impairment of the Nature & Découvertes brand.

As of December 31, 2023, the net value of the Darty brand in the Group's balance sheet was €271.1 million, and the net value of the Nature & Découvertes brand was €18.5 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, 2022	**410.4**	**1,198.3**	**292.9**	**125.2**	**2,026.8**
Amortization, depreciation and impairment	(145.3)	(999.4)	(246.0)	(65.8)	(1,456.5)
Net value as of December 31, 2022	**265.1**	**198.9**	**46.9**	**59.4**	**570.3**
Acquisitions	6.6	45.7	12.8	1.9	67.0
Disposals	(19.6)	(0.7)	(0.5)	(1.2)	(22.0)
Amortization, depreciation and impairment	(6.0)	(50.5)	(13.0)	(2.3)	(71.9)
Change in scope	-	0.1	-	2.6	2.7
Changes in foreign exchange rates	-	0.4	0.1	0.2	0.7
Other changes	0.1	(0.1)	0.9	(3.4)	(2.6)
Assets held for sale	-	-	-	-	-
Net value as of December 31, 2023	**246.1**	**193.7**	**47.3**	**57.2**	**544.2**

(€ million)	**Land & buildings**	**Fixtures, fittings and commercial facilities**	**Technical and telephony equipment**	**Other property, plant and equipment**	**Total**
Gross value as of December 31, 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	-	-	-	-	-
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	-	-	-	-	-
Net value as of December 31, 2022	**265.1**	**198.9**	**46.9**	**59.4**	**570.3**

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.

The items relating to leasing debt are presented in note 28.2.

(€ million)	Stores	Offices	Platforms	Other	Total
Net value as of December 31, 2022	**901.4**	**76.5**	**67.8**	**69.4**	**1,115.2**
Increase (inflows and revaluation of assets)	214.7	6.5	15.4	16.6	253.2
Decrease (amortization, depreciation, terminations)	(224.2)	(15.2)	(15.3)	(31.9)	(286.6)
Change in scope	26.7	-	-	-	26.7
Other changes	(4.0)	0.1	-	-	(3.9)
Net value as of December 31, 2023	**914.6**	**67.9**	**67.9**	**54.1**	**1,104.6**

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 risk mapping (see Chapter 5 of the Universal Registration Document) 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" of the Universal Registration Document).

The specialized retail market is not considered to be a sector with a significant climate challenges. When developing its 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 into the strategy is outlined in detail in Chapter 1, section 1.2.1 "Strategic challenges, sources of opportunity, aligned with the sustainable development objectives" of the Universal Registration Document.

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 tests, the Group began to look at the impact of climate risks (physical and transition) on the value in use of assets. In light of this, detailed estimations were produced on certain specific physical risks (increased air-conditioning requirements for stores, and the cost of reduced employee productivity due to heat waves in after-sales service sites and warehouses), with no significant medium-term impacts (through to 2030).

At a more general level, the Group's response to risks is:

- either included in the current investment budgets:
  - Relamping project: installation of LED lighting to tackle rising electricity costs,
  - CTM/TBM Project (Centralized Technical Management/Technical Building Management): upgrade or installation of management tools to tackle rising electricity costs,
  - Investments in modernizing heating/air conditioning equipment,
  - Rentals of buildings that comply with the latest environmental standards, such as HQE (High Environmental Quality) certification or BREEAM (Building Research Establishment Environmental Assessment Method) certification, seeking out the best EPC (Energy Performance Certificate) ratings,
  - Signing a 10-year Power Purchase Agreement (PPA) in February 2022.
- or set out as part of a medium-term or long-term approach, specifically relating to the potential impacts associated with transition risks (such as the extension of low emission zones, changes in consumer habits and energy-price volatility).

As of December 31, 2023, the climate impacts affecting the investment budgets had been incorporated into the assumptions of cash flow projections.

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, 2023 are as follows:

	Discount*		**Perpetual growth**	
	2023	**2022**	**2023**	**2022**
Cash generating unit France	10.1%	9.8%	1.0%	1.0%
Cash generating unit Belgium Luxembourg	10.1%	9.7%	1.0%	1.0%
Darty brand	11.1%	10.8%	1.0%	1.0%
Vanden Borre brand	11.1%	10.7%	1.0%	1.0%
Nature & Découvertes brand	11.1%	10.8%	1.0%	1.0%
Billetreduc.com brand	11.1%	10.8%	1.0%	1.0%
WeFix brand	11.1%	10.8%	2.0%	2.0%

** Weighted Average Cost of Capital*

Cash flow projections were made in 2023 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 2023, resulted in an impairment of €16.4 million for the Darty brand and an impairment of €3.5 million for the Nature & Découvertes brand. The Darty brand had been valued at €301.7 million in 2016 when Darty was acquired. Darty's net carrying amount in the Group's financial statements was €271.1 million. The Nature & Découvertes brand had been valued at €26.0 million in 2019 when the brand was acquired. As of December 31, 2023, the net value of the Nature & Découvertes brand in the Group's balance sheet was €18.5 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 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 non-current assets with an indefinite life span (goodwill and brands). The assets subject to impairment tests are grouped within cash generating units, the use of which generates independent cash flows.

When the recoverable value of a cash generating unit is lower than its net book value, an impairment is recognized in operating income.

The book value of a cash generating unit includes the book value of only the assets that can be directly attributed or assigned, on a reasonable and consistent basis, to the cash generating unit, and which will generate future cash inflows used to determine the CGU’s value-in-use.

As of December 31, 2023, 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.

19.4 / Impairments of cash generating units (CGU)

The Group conducted annual impairment tests for each of its cash-generating units (CGUs) and non-current assets with an indefinite life span. For these annual tests, all financial and operating assumptions were updated.

Cash flow projections were made in 2023 based on updated forecasts and on medium-term plans over a three-year period that tie in with the Group’s strategic plan.

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 2023.

19.5 / Sensitivity analyses on cash generating units (CGU)

The sensitivity of the impairment tests was checked in view of the reasonable changes in the underlying assumptions and, in particular, in case of a change in the following three main assumptions:

- Increase of 50 bps in the WACC;
- Decrease of 10 bps in the perpetual growth rate;
- Decrease of 10 bps in the perpetual net margin rate;

The margin for the tests, which corresponds to the difference between the value in use and the net book value, as well as the impact of changes in key assumptions on this margin, are shown by cash generating unit in the table below:

	Test margin	Impact on the test margin			
(€ million)	Based on the 2023 assumptions	WACC 10.6% (+50 bps)	Perpetual growth rate +0.9% (-10 bps)	Perpetual net margin rate (-10 bps)	Combination of the three factors
CGU France and Switzerland	331.1	(105.2)	(16.9)	(7.4)	(129.5)
CGU Belgium and Luxembourg	10.0	(6.7)	(1.1)	(0.7)	(8.5)

NOTE 20 NON-CURRENT FINANCIAL ASSETS

Non-current financial assets consist of the following items:

(€ million)	**2023**	**2022**
Debt instruments at fair value through profit or loss	1.4	22.2
Deposits and guarantees	20.7	20.4
Other	0.3	1.8
Non-current financial assets	**22.4**	**44.4**

In 2023, debt instruments at fair value mainly represented the investment in the Raise Seed for Good fund.

Compared to 2022, there was a reduction in debt instruments at fair value amounting to €20.8 million, due to:

- Mainly the disposal, during the first half of 2023, of the Group's stake in the Daphni fund, which was valued at €21.1 million as of December 31, 2022;
- A call for funds by Raise Seed for Good for €0.4 million in March 2023.

Deposits and guarantees mainly 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)	**2023**	**2022**
Cash	1,121.3	931.7
Cash equivalents	-	-
Cash and cash equivalents	**1,121.3**	**931.7**

In 2023, the net increase in cash and cash equivalents of €189.6 million was linked to the Group's operating cash flow generation and the receipt of €95.8 million in connection with the partial reimbursement for the Comet litigation, less operating investments, dividend distributions, the repayment of the first tranche of the European Investment Bank loan, payment of financial interest and the acquisition of MediaMarkt Portugal.

In addition, as of December 31, 2023, €3.0 million was allocated in connection with the implementation of the liquidity agreement. This agreement is designed to promote transaction liquidity and consistency in the Group's share price.

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, 2023, these analyses did not lead to changes in the accounting classification already adopted.

21.2 / Analysis by currency

(€ million)	**2023**	**%**	**2022**	**%**
Euro	1,082.4	96.5%	898.4	96.4%
Swiss franc	28.3	2.5%	20.4	2.2%
US dollar	8.8	0.8%	11.3	1.2%
Other currencies	1.8	0.2%	1.6	0.2%
Cash and cash equivalents	**1,121.3**	**100.0%**	**931.7**	**100.0%**

NOTE 22 INVENTORIES

(€ million)	2022	Change in working capital requirement	Change in scope	Change in foreign exchange rates	Assets and liabilities held for sale	2023
Gross sales inventories	1,175.8	(11.5)	19.3	2.3	-	1,185.9
Inventory impairment	(32.1)	4.6	(0.6)	(0.2)	-	(28.3)
Net inventory value	**1,143.7**	**(6.9)**	**18.7**	**2.1**	**-**	**1,157.6**

In 2023, the €18.7 million change in scope was linked to the acquisition of MediaMarkt Portugal.

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)*	**2023**	**2022**
As of January 1	**(32.1)**	**(31.5)**
(Additions)/reversals	4.6	(0.5)
Change in scope	(0.6)	-
Change in foreign exchange rates	(0.2)	(0.1)
Assets and liabilities held for sale	-	-
As of December 31	**(28.3)**	**(32.1)**

NOTE 23 TRADE RECEIVABLES

(€ million)	**2022**	**Change in working capital requirement**	**Change in scope**	**Change in foreign exchange rates**	**Assets and liabilities held for sale**	**2023**
Gross trade receivables	269.7	(65.5)	4.8	(0.2)	-	208.8
Impairment of trade receivables	(20.2)	0.2	(0.1)	-	-	(20.1)
Net value	**249.5**	**(65.3)**	**4.7**	**(0.2)**	**-**	**188.7**

In 2023, the decrease in trade receivables was mainly linked to the introduction of a factoring program (see Note 24). The €4.7 million change in scope is linked to the acquisition of MediaMarkt Portugal.

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)*	**2023**	**2022**
As of January 1	**(20.2)**	**(20.9)**
(Additions)/reversals	0.2	0.7
Change in scope	(0.1)	-
Change in foreign exchange rates	-	-
Assets and liabilities held for sale	-	-
As of December 31	**(20.1)**	**(20.2)**

NOTE 24 CURRENT ASSETS AND LIABILITIES AND OTHER NON-CURRENT ASSETS AND LIABILITIES

24.1 / Current assets and liabilities

(€ million)	**2022**	**Change in working capital requirement**	**Change in scope**	**Change in foreign exchange rates**	**Assets and liabilities held for sale**	**2023**
Inventories (1)	1,143.7	(7.0)	18.7	2.2	-	1,157.6
Trade receivables due (2)	249.5	(65.3)	4.7	(0.2)	-	188.7
Trade receivables payable (3)	(38.2)	0.6	(0.5)	(0.2)	-	(38.3)
Net trade receivables (2)+(3)	**211.3**	**(64.7)**	**4.2**	**(0.4)**	**-**	**150.4**
Trade payables due (4)	(1,965.1)	(146.6)	(38.4)	(2.6)	-	(2,152.7)
Trade payables receivable and provisions (5)	242.6	31.5	8.0	0.1	-	282.2
Net trade payables (4)+(5)	**(1,722.5)**	**(115.1)**	**(30.4)**	**(2.5)**	**-**	**(1,870.5)**
Social security liabilities (6)	(285.6)	5.5	(1.7)	(0.1)	-	(281.9)
Tax payables and receivables (excluding income tax) (7)	(80.8)	13.7	0.2	-	-	(66.9)
Other operating payables and receivables (8)	(214.1)	117.7	(0.6)	(1.2)	-	(98.2)
Other operating WCR (∑ 6 to 8)	**(580.5)**	**136.9**	**(2.1)**	**(1.3)**	**-**	**(447.0)**
Operating WCR (∑ 1 to 8)	**(948.0)**	**(49.9)**	**(9.6)**	**(2.0)**	**-**	**(1,009.5)**
Other current financial assets and liabilities	8.9	4.0	0.4	-	-	13.3
Payables and receivables on non-current operating assets	(37.7)	19.3	-	-	-	(18.4)
Tax receivables and payables due	5.6	(0.2)	1.5	-	-	6.9
Current assets and liabilities*	**(971.2)**	**(26.8)**	**(7.7)**	**(2.0)**	**-**	**(1,007.7)**

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

In 2023, the change in the scope of current assets and liabilities was linked to the acquisition of MediaMarkt Portugal.

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.

Trade receivables due:

The Fnac Darty Group's trade receivables are mainly made up of receivables from franchisees in relation to supplies of goods and royalties, as well as from business customers (B2B). Trade receivables are classified as financial assets measured at amortized cost. They are recognized initially at their initial invoice cost, and then at their amortized cost using the effective interest rate method (see Note 2.11.1) and are subject to impairment under the simplified impairment model based on the expected losses, as established by the IFRS 9 – Financial Instruments standard.

Since December 2023, the Group has used a factoring service provider (Société Générale Factoring SGF) to sell off some of its trade receivables in return for short-term financing.

The program has a three-year renewable term. This program has been rolled out in France.

As of December 31, 2023, the ceiling for the outstanding amounts in the program is €40.0 million and covers franchise customers.

The payment times for franchise customers are 67.5 days on average, which are reduced to 4.5 days via SGF financing.

The agreement is a non-recourse arrangement, meaning that any unpaid receivables covered by the factor are not repaid to the Group, as the factoring company assumes the customer insolvency risk up to the limit of the collateral provided. As of December 31, 2023, the amount financed stood at €39.9 million, out of a total amount sold of €47.3 million.

Receivables sold and financed are derecognized from trade receivables, in return for the cash received. In accordance with IFRS 9 (see the "Derecognition of financial assets" paragraph in Note 2.11.1), the receivables concerned are derecognized when the legal ownership of the receivables and the risks and benefits associated with them (most notably, the debtor insolvency and payment delay risks, as well as, where applicable, the foreign exchange risks) are substantially transferred to a third party.

As of December 31, 2023, this factoring agreement, which allows the company to transfer the legal ownership of the receivables to the factoring company, as well as a substantial proportion of the risks and benefits associated with holding these receivables, enabled the Group to derecognize the receivables concerned in the amount of €39.9 million. The only risk that is not transferred is dilution risk (associated with any reduction or cancellation, in whole or in part, of the nominal value of the receivable sold following the issue of operational assets: quantity/quality and/or repayment of outstanding income/sales discounts), which the Group does not believe is significant enough (particularly based on previous circumstances) to cast doubt on the substantiality of the transfer of the risks and benefits. This stance will be reviewed in subsequent financial years based on changes to the level of dilution risk.

Sold and non-financed receivables are removed from trade receivables and recognized in other receivables. As of December 31, 2023, these receivables stood at €7.4 million.

The Group's exposure to liquidity risk is outlined in Note 24.

Other operating payables and receivables:

The "Other operating payables and receivables" item includes loyalty program membership, warranty extensions, ticketing and customer gift boxes.

Trade payables owed:

Trade payables are classified as financial liabilities measured at amortized cost, as established by IFRS 9 – Financial Instruments. These financial liabilities are initially recognized at their nominal value (minus transaction costs incurred), as this is a reasonable estimate of their market value given their short-term nature, and then measured at amortized cost using the effective interest method (see Note 2.11.2).

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. These programs allow suppliers to receive early payment for their receivables in the ordinary course of purchases by establishing a reverse factoring program enabling them to sell their receivables to these financial institutions. 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. 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 2023, the Group was involved in two reverse factoring programs with major Group suppliers.

These programs were as follows:

1) A program involving a consumer electronics supplier, in partnership with Crédit Agricole Corporate and Investment Bank. This program has a one-year renewable term and covers France and Portugal. The usual payment time is 60 days. By comparison, the payment due dates for financial liabilities and for similar trade payables not covered by a financing agreement range from 45 to 60 days. The authorized ceiling for outstanding amounts under the reverse factoring program is €100 million from March to October each year, then €120 million from November to December. The amount of the program used as of December 31, 2023 was €120 million.

2) A program involving various domestic appliance suppliers, in partnership with the BNP Dublin Branch. This program has a one-year renewable term and covers France. The usual payment time is 60 days. By comparison, the payment due dates for financial liabilities and for similar trade payables not covered by a financing

agreement range from 45 to 60 days. The authorized ceiling for outstanding amounts under the reverse factoring program is €140 million. The amount of the program used as of December 31, 2023 was €18 million.

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 reverse factoring programs, the liability remained a trade payable. As of December 31, 2023, trade payables and other creditors included €138 million under a reverse factoring program (versus €229 million as of December 31, 2022).

The cash flows relating to these debts are included in the change in working capital requirement in the cash flow statement.

24.2 / Other non-current assets and liabilities

(€ million)	2023	2022
Warranty extensions for more than one year	(8.1)	(21.5)
Performance-based earn-outs	(0.7)	(0.5)
Total other net non-current assets and liabilities	**(8.8)**	**(22.0)**

As of December 31, 2023, other net non-current assets and liabilities stood at €8.8 million, €8.1 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, 2023, other net non-current assets and liabilities includes the valuation of price adjustments subject to conditions representing net liabilities of €0.7 million.

As of December 31, 2022, other net non-current assets and liabilities amounted to €22.0 million, of which €21.5 million for the portion of income from Darty warranty extensions of one year or more, and €0.5 million for the valuation of performance-based earn-outs for subsidiaries.

NOTE 25 SHAREHOLDERS' EQUITY

25.1 / Share capital

As of December 31, 2023, the share capital stood at €27,778,578, consisting of 27,778,578 fully paid-up shares with a nominal value of €1. In 2023, the capital increase of 906,725 shares was linked to:

- the creation of 535,616 shares to provide to shareholders who opted to receive the 2022 dividend payment in shares, as well as;
- the creation of 371,109 shares to be used for the capital increase reserved for the allocation of bonus shares under the performance-based compensation plans.

25.2 / Appropriation of earnings

In 2023, Fnac Darty followed its policy of providing a return to shareholders. An ordinary dividend of €1.40 gross per share for the 2022 financial year, representing a total amount of €37.9 million, was allocated to the first half of 2023. The Combined General Shareholders' Meeting on May 24, 2023 approved a gross dividend of €1.40 per share. It was paid on July 6, 2023, in cash totaling €21.2 million and in shares with the issue of 535,616 new shares.

As a result, the conversion/exchange rate increased from 1.070 Fnac Darty shares per OCEANE bond to 1.115 Fnac Darty shares per OCEANE bond, as of July 6, 2023.

25.3 / Change in shareholders' equity

In 2023, the change in shareholders' equity was largely due to:

- the payment of dividends;
- comprehensive income for the year;
- the valuation of share-based payments.

	Shareholders' equity		
(€ million)	**Group share**	**Non-controlling interests**	**Total**
As of December 31, 2022	**1,511.7**	**10.9**	**1,522.6**
Total comprehensive income	**31.9**	**5.6**	**37.5**
Capital increase/(decrease)	16.7	-	16.7
Treasury stock	(10.2)	-	(10.2)
Valuation of share-based payments	9.5	0.1	9.6
Dividend	(37.9)	(0.1)	(38.0)
Change in scope	-	-	-
Other movements	-	-	-
As of December 31, 2023	**1,521.7**	**16.5**	**1,538.2**

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 schemes (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, 20, 30 and 40 years of service in the Group.

Mandatory supplementary pension schemes (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.

The Fnac Darty Group is aware of the High Court judgment in the Virgin Media Ltd vs NTL Pension Trustees II Ltd & Ors case and is currently investigating to estimate any potential impacts for the Group that are currently unknown.

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)	**2023**	**2022**
Discounted value of the commitment as of January 1	**606.6**	**949.6**
Cost of services provided during the period	9.6	11.1
Contributions paid by the members	1.0	1.1
Financial interest expense	6.3	3.7
Cost of past services	(3.9)	-
Revaluation of liabilities	44.7	(305.8)
Reductions	(4.0)	(4.4)
Benefits paid	(28.9)	(21.6)
Change in scope	-	-
Change in foreign exchange rates	9.9	(27.1)
Liabilities held for sale	-	-
Discounted value of the commitment as of December 31	**641.3**	**606.6**

The increase in the commitment amount in 2023 stands at €34.7 million. This is mainly linked to the discounting for €44.7 million of the provision for employee benefits and similar payments against a backdrop of falling interest rates. Furthermore, exchange rate fluctuations caused a €9.9 million increase in the British Comet pension fund, which is denominated in pounds sterling.

The decrease in the commitment amount in 2022 was mainly due to the discounting of the provision for employee benefits against a backdrop of sharp rises in interest rates.

The breakdown of the discounted value of the commitment by type of plan and by country as of December 31, 2023 is as follows:

(€ million)	**2023**	**2022**
Pension funds – United Kingdom	442.9	428.3
Retirement benefits – France	162.5	144.0
Supplementary pension plans (LPP) – Switzerland	17.6	15.7
Supplementary pension plans – France	-	1.0
Long-service awards – France	6.2	6.0
Pension savings – Belgium	12.1	11.6
Discounted value of the commitment as of December 31	**641.3**	**606.6**

Changes in the fair value of the assets of defined benefit plans are as follows:

(€ million)	**2023**	**2022**
Fair value of the defined benefit plan assets as of January 1	**461.2**	**761.8**
Employer contributions	2.1	0.7
Contributions paid by the members	1.1	1.1
Financial interest on assets	1.4	0.2
Benefits paid	(23.4)	(18.0)
Actual return on assets	23.6	(257.3)
Other changes	(0.9)	(0.1)
Change in scope	-	-
Change in foreign exchange rates	9.7	(27.2)
Fair value of the defined benefit plan assets as of December 31	**474.8**	**461.2**

The decrease in the fair value of the defined benefit plan assets in 2022 was mainly due to the discounting of the provision for employee benefits and similar payments against a backdrop of sharp rises in interest rates.

For all plans, the payments of expected benefits in 2024 are estimated at €27.5 million.

As of December 31, 2023, 60.6% 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)	**2023**	**2022**	**2021**	**2020**	**2019**
Discounted value of the commitment	641.3	606.6	949.6	894.2	842.7
Fair value of the defined benefit plan assets	(474.8)	(461.2)	(761.8)	(688.3)	(666.0)
Shortfall/(Excess)	**166.5**	**145.4**	**187.8**	**205.9**	**176.7**
Net provisions recognized under liabilities on the balance sheet	**166.5**	**145.4**	**187.8**	**205.9**	**176.7**
including provisions – continuing operations	166.5	145.4	187.8	205.9	176.7
including provisions – discontinued operations	-	-	-	-	-

(€ million)	**2023**	**2022**
Pension funds – United Kingdom	-	-
Retirement benefits – France	156.8	136.8
Supplementary pension plans (LPP) – Switzerland	3.3	1.3
Supplementary pension plans – France	-	1.0
Long-service awards – France	6.2	6.0
Pension savings – Belgium	0.2	0.3
Net provisions recognized under liabilities on the balance sheet	**166.5**	**145.4**

26.2 / Expenses recognized

The total expense of €6.8 million in 2023 and €7.9 million in 2022 recognized for defined benefit plans breaks down as follows:

(€ million)	**2023**	**2022**
Cost of services provided	9.8	9.3
Other costs	0.9	0.1
Net financial cost	4.3	2.7
Costs (revenue) of past services taken to income	(4.3)	-
Decreases and payments	(3.9)	(4.2)
Total expense	**6.8**	**7.9**
Of which recognized as operating expenses	2.5	5.2
net financial expense	4.3	2.7

Total expense was down €1.1 million compared to 2022. It should be noted that, in 2023, €4.3 million in income was recognized as costs for past services, as a result of the pension reform in France, which constitutes a plan adjustment.

26.3 / Actuarial assumptions

The main actuarial assumptions used to calculate Fnac Darty's obligations are as follows:

	2023	2022
Discount rate	4.5% United Kingdom, 1.30% Switzerland, 3.20% France, 3.85% Belgium	4.8% United Kingdom, 2.25% Switzerland, 3.80% France, 3.95% Belgium
Expected rate of increase in salaries	1.75% France, 1.50% Switzerland, 2% Belgium	1.75% France, 1.25% Switzerland, 10% 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	171.6	6.5	18.6	-	473.5	12.8	**683.0**
Discounted value of the 2023 commitment	162.4	6.2	17.6	-	442.9	12.2	**641.3**
Discount rate +50 basis points	154.1	5.9	16.7	-	415.5	11.5	**603.7**

NOTE 27 PROVISIONS

The change in provisions for contingencies in 2023 related mainly to the addition of the provision of €85.0 million for fines from the French Competition Authority (Autorité de la concurrence – ADLC) and to various litigations and disputes:

(€ million)	2022	Additions	Reversal used	Reversal not used	Change in scope	Change in foreign exchange rates	Other changes	2023
Provisions for restructuring	4.9	0.8	(2.6)	(0.1)	-	-	-	3.0
Provisions for litigation and disputes	28.5	89.8	(4.9)	(4.8)	0.3	-	-	108.9
Other provisions	3.3	0.9	-	(1.5)	-	-	-	2.7
Current provisions	**36.6**	**91.5**	**(7.5)**	**(6.4)**	**0.3**	**-**	**-**	**114.5**
Total	**36.6**	**91.5**	**(7.5)**	**(6.4)**	**0.3**	**-**	**-**	**114.5**
Impact on operating income		**(91.5)**	**-**	**6.4**	**-**	**-**	**-**	**(85.1)**
- current operating income		(5.4)	-	6.2	-	-	-	**0.8**
- other non-current operating income and expense		(85.8)	-	0.1	-	-	-	**(85.7)**
- discontinued operations		(0.3)	-	0.1	-	-	-	**(0.2)**

In 2022, the change in provisions for contingencies corresponds mainly to various disputes and lawsuits:

(€ 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)**	**-**	**-**	**0.4**	**36.6**
Total	**31.0**	**18.6**	**(8.7)**	**(4.7)**	**-**	**-**	**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)**

NOTE 28 FINANCIAL DEBT

28.1 / Analysis of debt by repayment maturity

(€ million)	2023	Y+1	Y+2	Y+3	Y+4	Y+5	Beyond
Long-term borrowings and financial debt	**604.2**		**16.7**	**366.7**	**204.3**	**16.5**	**-**
2026 bonds	350.0		-	350.0	-	-	-
Financial debt component of the OCEANE bonds	187.6		-	-	187.6	-	-
European Investment Bank loan	66.6		16.7	16.7	16.7	16.5	-
Short-term borrowings and financial debt	**318.7**	**318.7**					
2024 bonds	300.0	300.0					
European Investment Bank loan	16.7	16.7					
Capitalized interest on bond issues	1.3	1.3					
Other financial debt	0.7	0.7					
Total financial debt excluding IFRS 16	**922.9**	**318.7**	**16.7**	**366.7**	**204.3**	**16.5**	**-**
%	**100.0%**	**34.5%**	**1.8%**	**39.7%**	**22.1%**	**1.8%**	**0.0%**
Leasing debt IFRS 16	**1,144.7**	**246.4**	**239.5**	**227.3**	**138.1**	**82.7**	**210.7**
Long-term IFRS 16 leasing debt	898.3		239.5	227.3	138.1	82.7	210.7
Short-term IFRS 16 leasing debt	246.4	246.4					
Total financial debt with IFRS 16	**2,067.6**	**565.1**	**256.2**	**594.0**	**342.4**	**99.2**	**210.7**

(€ 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		-	-	350.0	-	-
2024 bonds	300.0		300.0	-	-	-	-
Financial debt component of the OCEANE bonds	184.0		-	-	-	184.0	-
European Investment Bank loan	83.3		16.7	16.7	16.7	16.7	16.5
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**

The sources of Group financing are as follows:

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 are redeemable in full or in part at any time 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 full or in part at any time 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 Draw 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. This line, which originally had a three-year maturity in the event of drawdown (i.e. until December 2025), has been extended at Fnac Darty's request to December 2026. The Group still has a one-year extension option that could increase the maturity of the line to 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 €1.40 per share to Fnac Darty shareholders as of July 6, 2023, the conversion/exchange rate was increased from 1.070 Fnac Darty shares per OCEANE bond to 1.115 Fnac Darty shares per OCEANE bond as of July 6, 2023.

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 2028. Furthermore, in November 2023, the Group renegotiated its credit facility without changing the financial terms and conditions, and added two one-year extension options to bring the maturity of the line to March 2030, subject to the lenders' agreement. 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 loan agreement 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, 2023, the RCF credit line was not in use.

The loan agreement includes two financial covenants which are tested on a half-yearly basis:

- 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, 2023, 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 commitments 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 Chapter 6.5 "Dividend distribution policy" of the Universal Registration Document).

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. In July 2023, the Group had to pay the first amortization on the facility, of €17 million. Therefore, as of December 31, 2023, €83 million of the EIB credit line had been 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, 2023, this program had not been used.

The program documentation is available on the Banque de France website.

28.2 / Leasing debt

Leasing debt is broken down as follows:

(€ million)	**As of December 31, 2022**	**New agreements and revaluations**	**Devaluations**	**Redemptions**	**Change in foreign exchange rates**	**Reclassification**	**Change in scope**	**Other changes**	**As of December 31, 2023**
Short-term leasing debt	243.6	23.4	(25.9)	(237.0)	0.3	239.3	3.1	(0.4)	**246.4**
Long-term leasing debt	896.9	240.3	(23.4)	-	0.9	(239.3)	23.6	(0.7)	**898.3**
Leasing debt	**1,140.5**	**263.7**	**(49.3)**	**(237.0)**	**1.2**	**-**	**26.7**	**(1.1)**	**1,144.7**

The maturity schedule of leasing debt is broken down as follows:

(€ million)	**2023**	**2022**
Y+1	246.4	243.6
Y+2	239.5	238.0
Y+3	227.3	214.8
Y+4	138.1	139.9
Y+5	82.7	82.1
More than 5 years	210.7	222.1
Leasing debt	**1,144.7**	**1,140.5**

Exemptions, concessions and other information related to IFRS 16 are outlined in Note 2.8.

Exemptions, concessions and other information related to IFRS 16 are detailed in the tables below:

(€ million)	**2023**	**2022**
Variable rental expenses	8.4	7.5
Expenses on low-value contracts	0.9	0.8
Expenses on short-term contracts	0.2	0.3
Sublease income	1.5	1.4

(€ million)	**2023**	**2022**
Leasing commitment on short-term contracts	0.2	0.1
Leasehold rights reclassified as right-of-use assets	30.5	37.9

28.3 / Analysis by repayment currency

(€ million)	**2023**	**Long-term borrowings and financial debt**	**Short-term borrowings and financial debt**	**%**	**2022**	**%**
Euro	2,047.3	1,487.3	560.0	99.0%	2,057.6	99.1%
Swiss franc	20.0	15.0	5.0	1.0%	18.8	0.9%
Other currencies	0.3	0.2	0.1	0.0%	0.9	0.0%
Total financial debt with IFRS 16	**2,067.6**	**1,502.5**	**565.1**	**100%**	**2,077.3**	**100%**

28.4 / Gross debt by category

The Group's gross debt is as follows:

(€ million)	**2023**	**2022**
2026 bonds	350.7	350.7
2024 bonds	300.6	300.6
European Investment Bank loan	83.3	100.0
Financial debt component of the OCEANE bonds	187.6	184.0
Medium-term credit facility	-	-
Other financial debt	0.7	1.5
Total financial debt excluding IFRS 16	**922.9**	**936.8**
Leasing debt IFRS 16	**1,144.7**	**1,140.5**
Long-term IFRS 16 leasing debt	898.3	896.9
Short-term IFRS 16 leasing debt (1)	246.4	243.6
Total financial debt with IFRS 16	**2,067.6**	**2,077.3**

(1) Discounted value of payment due in the next 12 months

The repayment of the €16.7 million European Investment Bank loan corresponds to the first amortization on the loan repaid in July 2023.

NOTE 29 NET FINANCIAL DEBT

The Group's net financial debt excluding leasing debt under IFRS 16 represented net cash of €198.4 million as of December 31, 2023, versus net financial debt of €5.1 million as of December 31, 2022:

(€ million)	**2023**	**2022**
Cash and cash equivalents	1,121.3	931.7
Gross financial debt	(922.9)	(936.8)
Net cash	**198.4**	**(5.1)**

The Group's net financial debt, including lease liabilities under IFRS 16, represents net financial debt of €946.3 million as of December 31, 2023, versus net financial debt of €1,145.6 million as of December 31, 2022:

(€ million)	**2023**	**2022**
Leasing debt	1,144.7	1,140.5
Net cash	198.4	(5.1)
Net financial debt with IFRS 16	**946.3**	**1,145.6**

NOTE 30 CASH FLOW STATEMENT

Net cash from bank overdrafts stood at €1,121.3 million as of December 31, 2023 and corresponds to the cash and cash equivalents presented in the cash flow statement.

(€ million)	**2023**	**2022**
Cash and cash equivalents in the balance sheet	**1,121.3**	**931.7**
Bank overdrafts	-	-
Cash and cash equivalents in the cash flow statement	**1,121.3**	**931.7**

Cash and cash equivalents increased by +€189.6 million between December 31, 2022 and December 31, 2023.

(€ million)	**2023**	**2022**
Net cash flows from operating activities	573.1	346.5
Net cash flows from investing activities	(130.0)	(130.6)
Net cash flows from financing activities	(342.0)	(336.5)
Net cash flows from discontinued operations	87.9	(131.1)
Impact of changes in foreign exchange rates	0.6	2.3
Net change in cash	**189.6**	**(249.4)**

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)	2023	2022
Cash flow before tax, dividends and interest	495.4	571.6
Change in working capital requirement	69.6	(155.3)
Income tax paid	8.1	(69.8)
Net cash flows from operating activities	**573.1**	**346.5**

In 2023, net cash flows from operating activities generated a resource of €573.1 million, versus €346.5 million in 2022.

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

(€ million)	2023	2022
Net income from continuing operations	**(69.1)**	**103.9**
Additions and reversals on non-current assets and provisions for contingencies and expenses	453.8	364.0
Current proceeds from the disposal of operating assets	(13.8)	0.3
Non-current proceeds from the disposal of operating assets	4.9	2.0
Non-current income from disposals of financial assets	0.1	-
Deferred tax income and expense	4.4	(2.4)
Discounting of provisions for pensions & other similar benefits	(1.6)	4.5
Other items with no impact on cash	40.1	(5.8)
Income and expense with no impact on cash	**487.9**	**362.6**
Cash flow	**418.8**	**466.5**
Financial interest income and expense	50.4	47.8
Dividends received	-	-
Net tax expense payable	26.2	57.3
Cash flow before tax, dividends and interest	**495.4**	**571.6**

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. The increase in additions and reversals on non-current assets and provisions for contingencies and expenses is mainly linked to the provision of €85.0 million for French Competition Authority fines, which is a non-cash item.

Other non-cash items in 2023 include brand impairment and discounts on financial assets.

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 2023 amounted to €130.0 million. In 2022, they represented an expenditure of €130.6 million.

(€ million)	**2023**	**2022**
Acquisitions of intangible assets	(66.6)	(72.6)
Acquisitions of property, plant and equipment	(65.7)	(65.8)
Acquisitions of intangible assets and property, plant and equipment	**(132.3)**	**(138.4)**
Disposals of intangible assets and property, plant and equipment	16.9	7.0
Acquisitions of intangible assets, property, plant and equipment net of disposals	**(115.4)**	**(131.4)**
Change in payables on intangible assets, property, plant and equipment	(6.9)	8.5
Net operating investments	**(122.3)**	**(122.9)**
Net financial investments	(7.7)	(7.7)
Cash flows from investing activities	**(130.0)**	**(130.6)**

In 2023, the Group's net operating investments amounted to €115.4 million, compared to €131.4 million in 2022. In particular, investments were made in equipment to improve the energy efficiency of the Group's buildings, open new points of sale, renovate existing points of sale, expand logistics storage and delivery capacity, push forward with the convergence of the Fnac and Darty IT systems, and develop websites.

Generally, investments are made in order to support the Group's strategic plan, particularly the complementary features of the Fnac and Darty brands, the omnichannel platform and the digital segment.

The table below shows gross operating investments by geographical area for 2023 and 2022:

(€ million)	**France and Switzerland**	**Iberian Peninsula**	**Belgium and Luxembourg**	**Total**
2023				
Store investments (excluding IT)	21.6	2.9	3.8	**28.3**
IT investments	64.6	3.6	2.2	**70.4**
Logistics investments	10.6	3.1	0.3	**14.0**
Other operating investments	1.7	0.9	0.1	**2.7**
Total operating investments [(1)]	**98.5**	**10.5**	**6.4**	**115.4**
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 [(1)]	**116.1**	**10.1**	**5.2**	**131.4**

[(1)] Total investments net of divestments

The Group's net financial investments showed an outflow of €7.7 million in 2023, exactly the same as in 2022.

(€ million)	2023	2022
Acquisitions and disposals of subsidiaries net of cash acquired and transferred	(15.2)	(1.9)
Acquisitions of other financial assets	(3.0)	(11.0)
Sales of other financial assets	10.5	5.2
(Net) financial investments	**(7.7)**	**(7.7)**

In 2023, net acquisitions and disposals of subsidiaries represented an outflow of €15.2 million related to the acquisition of MediaMarkt in Portugal (including €10.0 million for acquisition of equity investments and €5.2 million in financial debt owed by MediaMarkt Portugal).

In 2022, they represented a net 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 2023, the acquisition of other financial assets for an outflow of €3.0 million mainly corresponds to various Group financial investments in the amount of €2.5 million and an outflow of €0.4 million corresponding to a call for funds issued by the Raise investment fund.

In 2022, they primarily concerned various financial investments made by the Group and, to a lesser extent, the provision of security deposits to lessors, for a total outflow of €11.0 million.

In 2023, the disposal of other financial assets for €10.5 million corresponds to the disposal of the Group's stake in the Daphni Purple investment fund.

In 2022, the €5.2 million included an inflow of €1.0 million corresponding to the disposal 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.

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)	2023	2022
Purchases or sales of treasury stock	(9.1)	(1.0)
Dividends paid to shareholders	(21.4)	(55.0)
Bonds repaid	(17.6)	(1.4)
Repayment of leasing debt	(237.0)	(230.8)
Interest paid on leasing debt	(33.7)	(23.0)
Interest and equivalent payments	(22.5)	(24.1)
Financing of the Comet pension fund	(0.7)	(1.2)
Net cash flows from financing activities	**(342.0)**	**(336.5)**

Net cash flows from financing activities amounted to a net outflow of €342.0 million in 2023, compared to €336.5 million in 2022.

In 2023:

- acquisitions of treasury stock for €9.1 million correspond to financial flows related to the acquisition of Fnac Darty shares under the liquidity agreement and the share buyback plan announced on October 26, 2023. As of December 31, 2023, the Group held 557,151 treasury shares;

- an ordinary dividend of €1.40 gross per share for 2022 (representing a total amount of €37.9 million) was paid on July 6, 2023, with €21.2 million paid in cash and shares with the issue of 535,616 new shares. In addition, a dividend of €0.2 million was paid by the Group's subsidiaries to minority shareholders;
- the €17.6 million loan repayment corresponds primarily to the first amortization on the loan from the European Investment Bank (original amount of €100 million);
- repayments of leasing debt and interest paid on leasing debt for a total of €270.7 million, in respect of rental payments falling within the scope of IFRS 16;
- net outflows for interest paid and similar items of €22.5 million mainly include interest paid on financing instruments and fees for the use and non-use of credit lines.

In 2022:

- acquisitions of treasury stock for €1.0 million corresponded 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 stocks;
- 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 were 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 included interest paid on financing instruments and fees for the use and non-use of credit lines. They also included 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;

30.4 / Financing of the Comet pension fund

Financing of the Comet pension fund includes, for 2023 and 2022, 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)	**2023**	**2022**
Income from ordinary activities	**-**	**-**
Cost of sales	-	-
Gross margin	**-**	**-**
Personnel expenses	-	-
Other current operating income and expense	-	-
Current operating income	**-**	**-**
Other non-current operating income and expense	124.7	(132.0)
Operating income	**124.7**	**(132.0)**
(Net) financial expense	-	-
Pre-tax income	**124.7**	**(132.0)**
Income tax	-	-

Net income	**124.7**	**(132.0)**

In 2023, net income from discontinued operations represented a gain of €124.7 million, compared to a loss of €132.0 million in 2022.

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. 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 the context of this dispute, Fnac Darty has, from the outset, taken the necessary measures to defend its interests by launching a legal challenge against the ruling of the High Court in London. On October 9, 2023, the Court of Appeal overturned the first instance judgment and ruled in favor of Darty Holdings. As a result of the judgment being overturned, the Group received a partial reimbursement of £83.5 million on October 30, 2023. On November 3, 2023, the liquidator filed an application for leave to appeal with the Supreme Court.

On February 12, 2024, the Supreme Court in London rejected the appeal of the liquidator for Comet Group Limited against the judgment handed down by the London Court of Appeal in October 2023 in favor of Darty Holdings SAS, a subsidiary of Fnac Darty. This decision definitively concludes the dispute related to the disposal of Comet Group Limited in 2012. Fnac Darty is expected to receive the balance of the sum initially paid in December 2022 along with the reimbursement of legal costs and interest. The positive impact of this on its cash flow is estimated to be at least €40 million.

In 2023, other non-current operating income and expenses totaled €124.7 million, mainly made up of the reversal of the provision of €130.1 million following the decision of the Supreme Court in London on February 12, 2024, and attorney fees and costs of proceedings related to the Comet lawsuit for €5.9 million.

In 2022, the result from discontinued operations was primarily related to the adverse outcome in the first instance 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 included €2.6 million in attorney fees incurred in connection with this dispute.

31.2 / Net cash flows from discontinued operations

(€ million)	**2023**	**2022**
Net cash flows from operating activities	87.9	(131.1)
Net cash flows from investing activities	-	-
Net cash flows from financing activities	-	-
Net cash flows from discontinued operations	**87.9**	**(131.1)**

The net cash flows from discontinued operations in 2023 represented a net inflow of €87.9 million, related firstly to the partial reimbursement of £83.5 million (€95.8 million) received in connection with the Comet lawsuit, and secondly to the payment of attorney fees and similar expenses in 2023, amounting to €7.9 million for the purposes of this lawsuit.

The net cash flows from discontinued operations in 2022 amounted to a net outflow of €131.1 million, mainly related to the adverse outcome in the first instance of the legal proceedings relating to the lawsuit over the disposal of Comet.

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, 2023, and December 31, 2022.

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**	**2023**
Irrevocable purchase obligations	2.3	0.5	-	2.8
Total commitments given	**2.3**	**0.5**	**-**	**2.8**

	Payments due according to maturity			
(€ million)	**Less than one year**	**One to five years**	**More than five years**	**2022**
Irrevocable purchase obligations	3.3	0.8	0.3	4.4
Total commitments given	**3.3**	**0.8**	**0.3**	**4.4**

32.2 / Pledges and guarantees

As of December 31, 2023 and December 31, 2022, no pledges had been made by the Group.

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**	**2023**	**2022**
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	300.0
Other guarantees received	29.3	34.7	15.5	79.5	86.6
Total commitments received	**29.3**	**834.7**	**15.5**	**879.5**	**886.6**
Rent guarantees and real estate guarantees	3.4	12.1	21.9	37.4	41.5
Other commitments	123.3	19.8	69.1	212.2	218.3
Total commitments given	**126.7**	**31.9**	**91.0**	**249.6**	**259.8**

The Revolving Credit Facility (RCF) in the amount of €500 million and the DDTL in the amount of €300 million had not been not drawn down as of December 31, 2023.

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.

Litigation by the liquidator of Comet Group Limited against Darty Holdings SAS

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 to reimburse the liquidator a total of £111.9 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). In return for tying up this sum, Darty Holdings received interest at the court rate determined each month. In addition, the judge granted Darty Holdings permission to lodge an appeal against the ruling on a number of the grounds presented.

By an order of March 21, 2023, the judge ordered that part of this amount, amounting to £36.3 million, be paid to the liquidator. This reduced the amount deposited with the Court on which Darty Holdings was paying interest.

By a ruling dated October 9, 2023, the Court of Appeal overturned the judgment of the High Court in its entirety. Consequently, the Court of Appeal ordered that all sums held by the Court be returned to Darty Holdings. On 27 October 2023, £81.1 million was therefore transferred to Darty Holdings (i.e. the amount held by the court plus accrued interest). It also ordered the liquidator to reimburse the balance of £36.3 million that the Court had paid to the liquidator in March 2023, plus interest, with the payment of this amount conditional on the Supreme Court rejecting the application for leave to appeal filed by the liquidator in November 2023. Finally, the Court ordered the liquidator to pay a portion of the costs of proceedings incurred by Darty Holdings. Following the ruling on the appeal, Darty Holdings received a total of £83.5 million in the third quarter of 2023.

On November 3, 2023, the liquidator filed an application for leave to appeal the judgment of the Court of Appeal with the Supreme Court.

On February 12, 2024, the Supreme Court in London rejected the appeal of the liquidator for Comet Group Limited against the judgment handed down by the London Court of Appeal in October 2023 in favor of Darty Holdings SAS, a subsidiary of Fnac Darty. This decision definitively concludes the dispute related to the disposal of Comet Group Limited in 2012. Fnac Darty is expected to receive the balance of the sum initially paid in December 2022 along with the reimbursement of legal costs and interest. The positive impact of this on its cash flow is estimated to be at least €40 million.

Disputes over the Fnac Connect Format

In 2016, Fnac Darty launched a franchise format called Fnac Connect, dedicated to the sale of telephony and mobile products in small stores. Since 2019 and 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 Fnac Connect concept. To this end, negotiations are underway with these various partners. Lastly, a dispute is still ongoing with a group of franchisees.

Summonses by some members of the Fnac Darty Franchisees Group

In July 2020, Fnac Darty was served with two summonses to appear before the Commercial Court of Paris by some of the franchisees belonging to the Fnac 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 Darty 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. The Paris Commercial Court dismissed all of the claimants' requests. The Fnac Darty Franchisees Group did not contest this judgment. However, the franchisees who were party to the proceedings before the Commercial Court appealed against the judgment handed down on February 28, 2023.

Objection issued by the French Competition Authority

At the end of February 2023, several stakeholders in the domestic appliances manufacturing and retail sector (including Darty) 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 were accused of having taken part in a vertical agreement with some of their retailers.
Of all the objections issued by the French Competition Authority's services, only one was aimed at on Darty. This objection spans a limited period that ended in December 2014, prior to Fnac's acquisition of Darty in 2016. Moreover, this objection relates to a limited number of well-identified product categories only.
In order to bring a swift end to this complex procedure and to be able to devote all its resources to the operational implementation of its strategic plan Everyday, Fnac Darty decided on June 28, 2023 not to challenge the only objection of which it has been notified and to request a settlement proposal, as provided for in Article L. 464-2 of the French Commercial Code.
This decision does not constitute an admission or acknowledgement of liability on Darty's part.
The exact amount of the penalty that could be imposed on Darty will not be known until the settlement proposal is received; in principle, this is expected during 2024. In anticipation of the French Competition Authority's decision to be made on that date, the Group made a provision for the sum of €85.0 million.

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, to the best of its knowledge, of any litigation (including any proceedings that the Group may be aware of, that may be in progress or that may have been threatened) 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.

The main risks and uncertainties for the remaining six months of the financial year are of the same nature as those presented for the entire financial year and which are outlined in Chapter 5 – Risk factors and management of the Universal Registration Document filed with the AMF (www.amf-france.org and www.fnacdarty.com). Other risks of which Fnac Darty is not currently aware may have a negative impact on its business and results.

NOTE 33 EXPOSURE TO MARKET RISK, INTEREST RATE RISK, CURRENCY RISK AND SHARE PRICE FLUCTUATIONS

As of December 31, 2023, 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:

		2023 schedule		
(€ million)	2023	Less than one year	One to five years	More than five years
Investment securities and cash	1,031.3	1,031.3	-	-
Floating-rate financial assets	**1,031.3**	**1,031.3**	**-**	**-**
Other financial debt	-	-	-	-
Floating-rate financial liabilities	**-**	**-**	**-**	**-**

		2022 schedule		
(€ million)	2022	Less than one year	One to five years	More than five years
Investment securities and cash	690.4	690.4	-	-
Floating-rate financial assets	**690.4**	**690.4**	**-**	**-**
Other financial debt	-	-	-	-
Floating-rate financial liabilities	**-**	**-**	**-**	**-**

Interest rate risk sensitivity analysis

The Group's debt currently consists mainly of fixed-rate financing. It mainly comprises two bond issues for a total amount of €650 million, the OCEANE bonds for €200 million and the European Investment Bank loan for €83.3 million. The Group is therefore not exposed to interest rate risk.

(€ million)	**Impact on income**
As of December 31, 2023	
Change of +50 basis points	-
Change of -50 basis points	-

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, 2023, and December 31, 2022, these derivative instruments mainly comprised a currency hedge contract in dollars.

(€ million)	**2023**	**US dollar**
Hedging derivatives at fair value through profit or loss	**54.2**	**54.2**
Forwards & forward swaps	54.2	54.2

(€ million)	**2022**	**US dollar**
Hedging derivatives at fair value through profit or loss	**89.8**	**89.8**
Forwards & forward swaps	89.8	89.8

The Group's balance sheet exposure to non-euro currencies as of December 31, 2023 was as follows:

(€ million)	**2023**	**US dollar**	**Swiss franc**	**Hong Kong dollar**	**Pound Sterling**
Exposed trade receivables	**1.9**	1.9	-		-
Other exposed financial assets	**38.9**	8.8	28.3	1.8	-
Exposed trade payables	**27.6**	**-**	26.7	0.9	-
Exposed financial debt	**-**	**-**	-	-	-
Gross balance sheet exposure	**13.2**	**10.7**	**1.6**	**0.9**	**-**
Hedging instruments	10.7	10.7	-	-	-
Gross exposure after management	**2.5**	**-**	**1.6**	**0.9**	**-**

(€ million)	**2023**	**US dollar**	**Swiss franc**	**Hong Kong dollar**	**Pound Sterling**
Monetary assets	**40.8**	10.7	28.3	1.8	-
Monetary liabilities	**27.6**	-	26.7	0.9	-
Gross balance sheet exposure	**13.2**	**10.7**	**1.6**	**0.9**	**-**
Hedging instruments	-	-	-	-	-
Gross exposure after management	**13.2**	**10.7**	**1.6**	**0.9**	**-**

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, 2023, 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 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.

			2023		
(€ million)	**Book value**	**Cash flows**	**Less than one year**	**One to five years**	**More than five years**
Other financial debt	2,067.6	(2,067.6)	(565.1)	(1,291.8)	(210.7)
Trade payables	2,152.7	(2,152.7)	(2,152.7)	-	-
Total	**4,220.3**	**(4,220.3)**	**(2,717.8)**	**(1,291.8)**	**(210.7)**

			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)**

NOTE 34 ACCOUNTING CLASSIFICATION AND MARKET VALUE OF FINANCIAL INSTRUMENTS

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.

(€ million)	2023 Market value	Balance sheet value	Breakdown by accounting classification: Fair value through profit or loss	Fair value through equity	Amortized cost	Valuation level	2022 Balance sheet value
Non-current assets:							
Non-current financial assets	**22.1**	**22.4**	**1.4**	**-**	**21.0**	**-**	**44.4**
Debt instruments at fair value	*1.4*	*1.4*	1.4	-	-	*Level 2*	23.7
Deposits and guarantees	*20.4*	*20.8*	-	-	20.7	Level 3	20.4
Other non-current financial assets	*0.3*	*0.2*	-	-	0.3	Level 3	0.3
Current assets:							
Trade receivables	**188.7**	**188.7**	**-**	**-**	**188.7**	**Level 3**	**249.5**
Other current financial assets	**25.8**	**25.8**	**9.9**	**-**	**15.9**	**-**	**19.1**
Derivative instrument assets with hedge accounting	-	-	-	-	-	*Level 2*	-
Other current financial assets	*25.8*	*25.8*	9.9	-	*15.9*	*Level 1*	19.1
Cash and cash equivalents	**1,121.3**	**1,121.3**	**1,121.3**	**-**	**-**	***Level 1***	**931.7**
Non-current liabilities:							
Long-term borrowings and financial debt	**1,474.9**	**1,502.5**	**-**	**-**	**1,502.5**	**-**	**1,814.2**
2026 bonds	336.7	350.0	-	-	350.0	*Level 1*	350.0
2024 bonds	-	-	-	-	-	*Level 1*	300.0
Long-term leasing debt	898.3	898.3	-	-	898.3	Level 3	896.9
European Investment Bank loan	66.6	66.6	-	-	66.6	*Level 3*	83.3
Financial debt component of the OCEANE bonds	*173.3*	187.6	-	-	187.6	*Level 1*	184.0
Other financial debt	-	-	-	-	-	-	(0.0)
Current liabilities:							
Short-term borrowings and financial debt	**563.0**	**565.1**	**-**	**-**	**565.1**	**-**	**263.1**
2024 bonds	297.9	300.0	-	-	300.0	Level 1	-
European Investment Bank loan	16.7	16.7	-	-	16.7	Level 3	16.7
Capitalized interest on bond issues	1.3	1.3	-	-	1.3	Level 3	1.3
Short-term leasing debt	246.4	246.4	-	-	246.4	Level 3	243.6
Other financial debt	0.7	0.7	-	-	0.7	Level 3	1.5
Other current financial liabilities	**9.5**	**9.5**	**-**	**0.4**	**9.1**	**-**	**10.2**
Derivative instrument liabilities with hedge accounting	*0.4*	*0.4*	-	*0.4*	-	*Level 2*	0.3
Other current financial liabilities	*9.1*	*9.1*	-	-	*9.1*	*Level 3*	9.9
Trade payables	**2,152.7**	**2,152.7**	**-**	**-**	**2,152.7**	**Level 3**	**1,965.1**

NOTE 35 RELATED PARTY TRANSACTIONS

Related party having control over Fnac Darty

As of December 31, 2023:

As of December 31, 2023, Vesa Equity Investments held 29.99% of the share capital and 30.60% of the exercisable 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, 2023, the Ceconomy Retail International group held 23.41% of the equity and 23.89% of the exercisable voting rights of Fnac Darty. In 2023, 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, 2023, Glas SAS held 10.89% of the equity and 11.12% of the exercisable voting rights of Fnac Darty and did not have a representative on the Fnac Darty Board of Directors. Therefore, Glas SAS is not a related party. The Fnac Darty securities formerly held by Indexia Développement were pledged to ICG and were transferred to Glas SAS in 2023.

As of December 31, 2022:

As of December 31, 2022, the Ceconomy Retail International group held 24.20% of the equity and 24.32% of the exercisable voting rights of Fnac Darty. In 2022, 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, 2022, Vesa Equity Investments held 23.05% of the share capital and 23.17% of the exercisable 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 11.26% of the share capital and 11.32% of the exercisable 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)	**2023** [(a)]	**2022** [(a)]
Short-term benefits	6.5	8.5
Severance packages	-	-

(a) Amounts including employee social security expenses.

Long-term benefits

In 2023, two multi-year variable compensation plans based on bonus shares expired.

In 2023, a multi-year variable compensation scheme in the form of a performance share award 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, 27% for plans granted in 2022 and 34% for plans granted in 2023. This does not affect the plans linked to the securitization of the individual variable.

The expense measured in accordance with IFRS 2 of this multi-year compensation plan amounted to €3.8 million expensed in 2022 (of which €1.6 million under IAS 19) and €3.6 million expensed in 2023. Final vesting of this multi-year plan is subject to performance and continued employment conditions. All these plans are listed in note 7.

The 2020 bonus share plan expired on May 27, 2023. 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 corporate social responsibility assessed via analysis of the Group's non-financial ratings (outlined in note 7.2), 70% of the shares were vested for the beneficiaries in service on May 27, 2023.

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:

	2023							
	Deloitte & Associés				KPMG			
(€ million)	Statutory Auditors		Network		Statutory Auditors		Network	
	Amount	%	Amount	%	Amount	%	Amount	%
Certification and limited half-year review of parent company and consolidated financial statements								
• Issuer	0.3	38%	-	0%	0.3	33%	-	0%
• Fully consolidated subsidiaries	0.4	50%	0.3	100%	0.5	56%	0.1	100%
Subtotal	**0.7**	**88%**	**0.3**	**100%**	**0.8**	**89%**	**0.1**	**100%**
Services other than certification of financial statements								
• Issuer	0.1	12%	-	0%	0.1	11%	-	0%
• Fully consolidated subsidiaries	-	0%	-	0%	-	0%	-	0%
Subtotal	**0.1**	**12%**	**-**	**0%**	**0.1**	**11%**	**-**	**0%**
TOTAL	**0.8**	**100%**	**0.3**	**100%**	**0.9**	**100%**	**0.1**	**100%**

	2022							
	Deloitte & Associés				KPMG			
(€ million)	Statutory Auditors		Network		Statutory Auditors		Network	
	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%
• Fully consolidated subsidiaries	-	0%	-	0%	-	0%	0.1	50%
Subtotal	**-**	**0%**	**-**	**0%**	**-**	**0%**	**0.1**	**50%**
TOTAL	**0.7**	**100%**	**0.2**	**100%**	**0.7**	**100%**	**0.2**	**100%**

Services other than certification of the financial statements consist primarily of the provision of consulting services with regard to internal control, technical matters, various certifications, the independent third-party body report and the issuance of comfort letters.

NOTE 38 POST-BALANCE SHEET EVENTS

Fnac Darty will propose that the General Meeting scheduled for May 29, 2024 approves the distribution of a dividend of €0.45 per share. This amount represents a 39% payout ratio, calculated on the net income, Group share, from continuing operations - adjusted[1].

This is in line with the shareholder return policy presented in the strategic plan Everyday.

The ex-date is July 3, 2024 and the payment date is July 5, 2024.

[1] Corresponds to the current net income, Group share of continuing operations, excluding IFRS 16 and adjusted according to the provision relating to the planned settlement with the French Competition Authority (€86 million) and brand impairments (€20 million)

NOTE 39 LIST OF SUBSIDIARIES CONSOLIDATED AS OF DECEMBER 31, 2023

The Group's subsidiaries are as follows:

- Fully consolidated: F
- Consolidated under the equity method: E

Company	% interest			
	December 31, 2023		December 31, 2022	
Fnac Darty (parent company)				
Fnac brand				
France				
123BILLETS (Billetreduc.com)	F	52.00	F	52.00
ALIZE – SFL	F	100.00	F	100.00
CODIREP	F	100.00	F	100.00
CTS EVENTIM France	F	52.00	F	52.00
FNAC ACCES	F	100.00	F	100.00
FNAC APPRO GROUPE	F	100.00	F	100.00
FNAC DARTY 3	F	100.00	F	100.00
FNAC DARTY 4	F	100.00	F	100.00
FNAC DARTY CAPTIVE SOLUTIONS	F	100.00	F	100.00
FNAC DARTY Participations et Services	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 PERIPHERIE	F	100.00	F	100.00
FNAC TOURISME			Merged in September 2022	
FRANCE BILLET	F	52.00	F	52.00
IZNEO			Sold in May 2022	
MINTEED	E	25.00	E	25.00
MSS	F	100.00	F	100.00
RELAIS FNAC	F	100.00	F	100.00
REPAIR & RUN	E	18.03	E	18.03
TICK & LIVE	F	26.00	F	26.00
WEFIX	F	100.00	F	100.00
WEFIX IMMO	F	100.00	F	100.00
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 ESPANA	F	100.00	F	100.00

Company	% interest			
	December 31, 2023		December 31, 2022	
Fnac brand				
Monaco				
FNAC MONACO	F	100.00	F	100.00
Portugal				
FNAC PORTUGAL	F	100.00	F	100.00
MEDIAMARKT HOLDING	F	100.00	Acquired in September 2023	
MEDIAMARKT SIEGE	F	100.00	Acquired in September 2023	
MEDIAMARKT ONLINE	F	100.00	Acquired in September 2023	
MEDIAMARKT ALFRAGIDE	F	100.00	Acquired in September 2023	
MEDIAMARKT AVEIRO	F	100.00	Acquired in September 2023	
MEDIAMARKT BENFICA	F	100.00	Acquired in September 2023	
MEDIAMARKT BRAGA	F	100.00	Acquired in September 2023	
MEDIAMARKT GAIA	F	100.00	Acquired in September 2023	
MEDIAMARKT LEIRIA	F	100.00	Acquired in September 2023	
MEDIAMARKT MATOSINHOS	F	100.00	Acquired in September 2023	
MEDIAMARKT PARQUE NASCENTE	F	100.00	Acquired in September 2023	
MEDIAMARKT SETUBAL	F	100.00	Acquired in September 2023	
MEDIAMARKT SINTRA	F	100.00	Acquired in September 2023	
MEDIAMARKT PLAZA	F	100.00	Acquired in September 2023	
MEDIAMARKT 14	F	100.00	Acquired in September 2023	
Switzerland				
FNAC SUISSE	F	100.00	F	100.00
SWISSBILLET	F	100.00	F	100.00
Germany				
WEFIX (Germany)			Dissolved in April 2022	

Company		% interest		
		December 31, 2023		December 31, 2022
Darty brand				
United Kingdom				
Darty Limited	F	100.00	F	100.00
Kesa Holdings Limited				Dissolved in March 2022
France				
A2I Darty Ouest SNC	F	99.71	F	99.71
A2I Darty Rhône Alpes SNC	F	99.71	F	99.71
A2I Ile de France SNC	F	99.71	F	99.71
Compagnie Européenne de Commerce et de Distribution SAS (C.E.C.D)	F	100.00	F	100.00
Darty Développement SAS	F	99.71	F	99.71
Darty Grand Est SNC	F	99.71	F	99.71
Darty Grand Ouest SNC	F	99.71	F	99.71
Darty Holdings SAS	F	100.00	F	100.00
Etablissements Darty & Fils SAS	F	99.71	F	99.71
FNAC DARTY SERVICES	F	100.00	F	100.00
Kesa France SA	F	99.71	F	99.71
NEXT SERVICES France		Merged in January 2023	F	100.00
Participations Distribution Services SNC	F	99.71	F	99.71
Belgium				
FNAC Vanden Borre	F	100.00	F	100.00
New Vanden Borre transport N.V.	F	100.00	F	100.00
VDBK (Vanden Borre Kitchen)	E	50.00	E	50.00
Other countries				
Fnac Darty Asia Consulting (CH)	F	100.00	F	100.00
Fnac Darty Asia limited (HK)	F	100.00	F	100.00

Company		% interest		
		December 31, 2023		December 31, 2022
NATURE & DÉCOUVERTES brand				
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:

	2023		**2022**	
for €1	Closing rate	Average rate	Closing rate	Average rate
Pound sterling	0.87	0.87	0.89	0.85
Swiss franc	0.93	0.97	0.98	1.00

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.

4.3 / Parent company financial statements as of December 31, 2023 and 2022

INCOME STATEMENT

(€ million)	**Notes**	**2023**	**2022**
Operating income		11.1	10.8
Operating expenses		(14.7)	(15.1)
Operating income (loss)	**3**	**(3.6)**	**(4.3)**
Charges and interest on debt owed to non-Group entities		(27.0)	(19.2)
Sales of Marketable Securities		-	-
Additions/reversals of impairment provisions		(1.0)	22.1
Other financial income and expense		17.0	2.4
Net financial income	**4**	**(11.0)**	**5.3**
Current income (loss) before tax		**(14.6)**	**1.0**
Non-recurring income	5	(8.0)	(1.7)
Employee profit-sharing		-	-
Income tax	6	73.1	32.8
NET INCOME FOR THE PERIOD		**50.5**	**32.1**

BALANCE SHEET ASSETS

(€ million)				As of December 31, 2023	As of December 31, 2022
	Notes	**Gross value**	**Amortization, depreciation, provisions**	**Net value**	**Net value**
Non-current assets					
Equity investments		1,955.2	-	1,955.2	1,955.2
Other non-current financial assets		293.4	-	293.4	295.0
Total non-current financial assets	**7**	**2,248.6**	**-**	**2,248.6**	**2,250.2**
Property, plant and equipment and intangible assets	8	-	-	-	-
Total non-current assets		**2,248.6**	**-**	**2,248.6**	**2,250.2**
Current assets					
Receivables	9	41.5	-	41.5	27.5
Investment securities	10	21.1	-	21.1	8.0
Cash and cash equivalents	10	2.4	-	2.4	3.8
Total current assets		**65.0**	**-**	**65.0**	**39.3**
TOTAL ASSETS		**2,313.6**	**-**	**2,313.6**	**2,289.5**

BALANCE SHEET LIABILITIES

(€ million)	**Notes**	**As of December 31, 2023**	**As of December 31, 2022**
Shareholders' equity			
Share capital		27.8	26.9
Additional paid-in capital		986.8	971.0
Reserves		2.7	2.7
Retained earnings		217.4	223.3
Regulatory provisions		26.9	26.9
Net profit (loss) for the period		50.5	32.1
Total shareholders' equity	**11**	**1,312.1**	**1,282.9**
Provisions			
Provisions for contingencies and expenses	12	25.5	6.2
Debts			
Bonds	13	651.3	651.7
OCEANE bonds [1]	13	200.0	200.0
Other financial debt	13	83.9	100.4
Other debts	14	40.8	48.3
TOTAL LIABILITIES		**2,313.6**	**2,289.5**

[1] OCEANE = bonds convertible into new or existing shares

CASH FLOW STATEMENT

(€ million)	Notes	2023	2022
Net income		50.5	32.1
Income and expense with no impact on cash		8.9	(21.1)
Cash flow from operations		**59.4**	**11.0**
Change in working capital requirements		(21.3)	48.0
Change in cash flow from operating activities	**16**	**38.1**	**59.0**
(Acquisitions)/Disposals of non-current operating assets		-	-
Change in non-current financial assets		12.0	3.1
Change in cash flow from investing activities	**16**	**12.0**	**3.1**
Net change in financial debt		(17.2)	(0.6)
Change in shareholders' equity		-	-
Dividends paid		(21.2)	(53.5)
Change in cash flow from financing activities	**16**	**(38.4)**	**(54.1)**
Change in cash position		**11.7**	**8.1**
Cash at beginning of period		**11.8**	**3.7**
Cash at end of period		**23.5**	**11.8**

CHANGE IN SHAREHOLDERS' EQUITY AND OTHER CAPITAL

(€ million before appropriation of earnings)	Number of shares outstanding [1]	Share capital	Additional paid-in capital and other shareholders' equity	Reserves and retained earnings	Net profit (loss) for the period	Shareholders' equity
AS AT 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)	-
Capital increase	110,735	0.1	-	-	-	0.1
Regulatory provisions	-	-	-	-	-	-
Dividends	-	-	-	(53.5)	-	(53.5)
2022 Profit/Loss	-	-	-	-	32.1	32.1
AS AT DECEMBER 31, 2022	**26,871,853**	**26.9**	**971.0**	**252.9**	**32.1**	**1,282.9**
Appropriation of 2022 earnings	-	-	-	32.1	(32.1)	-
Capital increase	906,725	0.9	15.8	-	-	16.7
Regulatory provisions	-	-	-	-	-	-
Dividends	-	-	-	(37.9)	-	(37.9)
2023 Profit/Loss	-	-	-	-	50.5	50.5
AS AT DECEMBER 31, 2023	**27,778,578**	**27.8**	**986.8**	**247.0**	**50.5**	**1,312.1**

[1] €1 nominal value of shares.

4.4 / Notes to the company financial statements for the year ended December 31, 2023

NOTE 1 KEY HIGHLIGHTS OF THE PERIOD

Dividends paid

In 2023, Fnac Darty followed its policy of providing a return to shareholders. An ordinary dividend of €1.40 gross per share for the 2022 financial year, representing a total amount of €37.9 million, was allocated to the first half of 2023. The Combined General Meeting of May 24, 2023 approved a dividend of €1.40 gross per share and decided to offer shareholders the option to receive the dividend in cash or in new shares. The dividend was paid on July 6, 2023, in cash totaling €21.2 million and in shares with the issue of 535,616 new shares representing a value of €16.7 million.

Implementation of a buyback program

On October 26, 2023, Fnac Darty announced the implementation of a share buyback program, as part of the buyback program authorized by the Annual General Meeting of May 24, 2023. The buyback mandate, which was issued to investment services provider NATIXIS, is for a maximum amount of €20 million. As of December 31, 2023, 422,475 shares had been redeemed for a gross amount of €10.7 million.

This step follows on from the Board of Directors' decision to buy back the proportion of shares necessary to offset the dilution resulting from the acquisition of free shares granted to employees.

Securitization of financial debt

In March 2023, Fnac Darty exercised the final option to extend its RCF from March 2027 to March 2028. This option was subscribed at 98.5% of banking commitments. The Group has an RCF of €500 million until March 2027 and of €492.5 million until March 2028.

In December 2023, Fnac Darty renegotiated its RCF of €500 million due to mature in March 2028, adding two new extension options of March 2029 and March 2030. These are exercisable at the request of Fnac Darty and subject to the approval of the lenders. The financial conditions remain unchanged.

Meanwhile, Fnac Darty exercised the first 12-month extension option of its Delayed Drawn Term Loan (DDTL). As a reminder, this €300 million credit line allows the Group to cover the refinancing of the senior bonds that it issued in 2019 and that will mature in 2024. This option was subscribed at 100% of banking commitments. This credit line will therefore mature in December 2026 in the event of drawdown.

Bonus share plan

On the recommendation of the Appointments and Compensation Committee, on May 24, 2023, the Board of Directors decided to award bonus shares to certain Group employees (229 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 2023 applies to French and foreign residents.

The duration of this plan is three years (May 24, 2023 – May 23, 2026). These shares will be vested upon expiration of a three-year vesting period (May 24, 2023 to May 23, 2026), 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:

- Fnac Darty share performance conditions based on the Company's total shareholder return (TSR) when compared to a panel of companies in the general public retail sector and the growth in the stock market price of the Fnac Darty share, to be measured in 2026 for the period 2023-2025,

- satisfying financial performance conditions related to the achievement of a level of free cash-flow and of an average revenue measured in 2026 following publication of the Group's annual results for 2025, taking into account the cash flow and revenue generated by the Group during 2023, 2024 and 2025, for the entire period; and

- performance conditions related to the Company's corporate social responsibility assessed in 2026, taking into account the average Group sustainability scores measured during the 2023, 2024 and 2025 financial years for the entire period, and the reduction in CO2 emissions measured in 2026, taking into account the level of Group CO2 emissions in 2025 compared its emissions level in 2019.

On the recommendation of the Appointments and Compensation Committee, on May 24, 2023 the Board of Directors decided to award bonus shares to certain Group employees (56 beneficiaries) other than the Executive Corporate Officer and the members of the Executive Committee. Settlement will be in equity instruments. This second, specific plan awarded in 2023 applies to French residents only.

The duration of this plan is three years (May 24, 2023 – May 23, 2026).

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.

On the recommendation of the Appointments and Compensation Committee, on May 24, 2023 the Board of Directors decided to award bonus shares to certain Group employees (168 beneficiaries) other than the Executive Corporate Officer and members of the Executive Committee 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 third plan awarded in 2023 applies to French and foreign residents.

The duration of this plan is two years (May 24, 2023 – May 23, 2025). These shares will be vested upon expiration of a two-year vesting period (May 24, 2023 to May 23, 2025), subject to the beneficiary's continued employment within the Group at the end of the vesting period. Acquisitions will be subject to financial performance conditions linked to achieving a level of free cash-flow and a performance plan assessed in 2025 following the publication of the Group's 2024 annual results, taking into account the cumulative cash flow measured for the 2021, 2022, 2023 and 2024 financial years and the cumulative savings made under the Group's performance plan measured for the 2023 and 2024 financial years, and subject to their continued employment.

In accordance with the resolutions approved by the General Meeting of May 24, 2023 regarding, firstly, the compensation policy of the Chief Executive Officer and/or any other executive corporate officer and, secondly, the fixed, variable and exceptional items comprising the total compensation and benefits of any kind paid or awarded to Mr. Martinez, Chief Executive Officer, for the preceding financial year, the Fnac Darty Board of Directors decided to grant the following compensation to Mr. Martinez at its meeting on May 24, 2023:

• 18,733 shares in respect of his 2022 annual variable compensation, paid in shares and not in cash. This number of shares corresponds to the amount due in respect of his 2022 annual variable compensation, i.e. €640,455.

These shares will be fully vested upon expiration of a vesting period of one year in accordance with the plan description provided in section 3.3.2.2 of the 2022 Universal Registration Document.

• 32,906 shares in respect of his 2023 annual variable compensation, to be paid in shares and not in cash. This number of shares corresponds to €1,125,000, the maximum potential annual variable compensation for 2023.

The vesting of these performance shares is subject to the performance conditions set out in section 3.3.1.3 of the Company's most recent Universal Registration Document and to the approval of the General Meeting, in accordance with the provisions of Article L. 22-10-34 II of the French Commercial Code.

These two plans are subject to a total retention obligation of two years and to the retention obligation applicable to executives corporate officers in accordance with the provisions of the French Commercial Code described in section 3.3.1.3.

The 2020 bonus share plan expired on May 27, 2023.

- The total shareholder return (TSR) was measured in 2023 for the period 2020-2022. 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 2023 for the years 2020, 2021 and 2022. The objective for 2023 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 2020, 2021 and 2022 was assessed in 2023. 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 in service on May 27, 2023.

On the proposal of the Appointments and Compensation Committee, the Board of Directors decided on July 27, 2023 to change the structure of the annual variable compensation for certain employees for the 2023 financial year by allowing a portion to be paid out in the form of bonus shares. This creates an association between the beneficiaries and Fnac Darty's performance and strengthens the link between their interests and those of shareholders.

This plan is subject to a lock-up period of one year.

NOTE 2 ACCOUNTING PRINCIPLES AND POLICIES

The annual financial statements for 2023 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.

The valuation of FDPS (Fnac Darty Participations et Services) and Darty Limited equities is based on 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.

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, 2023, under the liquidity agreement, Fnac Darty held a total of 134,676 treasury shares.

On October 26, 2023, Fnac Darty announced the implementation of a share buyback program, as part of the buyback program authorized by the Annual General Meeting of May 24, 2023. The buyback mandate, which was issued to investment services provider NATIXIS, is for a maximum amount of €20 million. As of December 31, 2023, 422,475 shares had been redeemed for a gross amount of €10.7 million. This step follows on from the Board of Directors' decision to buy back the proportion of shares necessary to offset the dilution resulting from the acquisition of free shares granted to employees.

As a result, at December 31, 2023, Fnac Darty held a total of 557,151 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, 2023, it covered 32 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)	**2023**	**2022**
Group royalties	9.3	9.7
Payroll expenses	(6.3)	(7.8)
Purchasing, external costs, and income and other taxes	(6.6)	(6.2)
TOTAL	**(3.6)**	**(4.3)**

In 2023, purchasing, external costs, and income and other taxes were primarily comprised of Group head office expenses for €3.8 million, the deferral of costs in respect of the OCEANE bond issue for €1.0 million, and fees for €1.2 million. The remainder of this item comprises of bank and borrowing fees, as well as attendance fees.

In 2022, 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 €1.4 million. The remainder of this item comprises of bank and borrowing fees, as well as attendance fees.

NOTE 4 NET FINANCIAL INCOME

(€ million)	**2023**	**2022**
Charges and interest on debt	(27.0)	(19.2)
Reversals of impairment provisions	-	*26.6*
Additions of impairment provisions	*(1.0)*	*(4.5)*
Additions/reversals of impairment provisions	**(1.0)**	**22.1**
Other financial income and expense	17.0	2.4
TOTAL	**(11.0)**	**5.3**

In 2023 and 2022, debt interest and expense were mainly composed of:

- financial interest on the €650 million bonds;
- financial interest on the €83.3 million loan from the European Investment Bank;
- interest and fees on the €500 million *Revolving Credit Facility (RCF)*;
- financial interest on commercial paper;
- OCEANE bond interest of €200 million.

In 2023, the increase in expenses and interest on debt is due to higher drawdowns on the credit line and the use of commercial paper

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 value in use are based on discounted cash flows and the value created by the industrial transformation performed within the Group, with a view to managing the investment over the long term. When the value in use is lower than the book value, an impairment is recorded for the amount of this difference. In 2023, the value in use of the equity investments in Fnac Darty Participations et Services (FDPS) and Darty Limited is higher than their book value, and consequently no impairment has been recognized on these equity investments.

In 2023, the €1.0 million provision for impairment relates to the provision for the negative net position of Fnac Luxembourg.

In 2022, shares of Darty Limited were subject to a reversal of provision for impairment in the amount of €26.6 million.

In 2023 and 2022, other financial income and expenses represent a net income, relating mainly to interest on the intra-group loan and to the intra-group current account, as well as to the result of transactions on its own shares. The increase in net income in 2023 is linked to the financial income from the €290 million intra-group loan remunerated at a floating rate (Euribor).

NOTE 5 NON-RECURRING INCOME

(€ million)	**2023**	**2022**
Exceptional amortization	-	-
Other	(8.0)	(1.7)
TOTAL	**(8.0)**	**(1.7)**

In 2023, non-recurring income mainly comprises an expense of €18.3 million relating to the provision for the acquisition of shares intended for allocation to employees and earmarked for performance-based compensation plans, and income of €10.5 million relating to the capital gain on the disposal of Fnac Darty's interest in the Daphni Purple fund.

In 2022, non-recurring income 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)	**2023**	**2022**
Tax consolidation gain/loss	73.1	32.8
TOTAL	**73.1**	**32.8**

In 2023, net profit from tax consolidation amounted to €73.1 million. It stood at €32.8 million in 2022.

The cumulative total of Fnac Darty tax loss carry-forwards as of December 31, 2023 was €271.0 million. It stood at €260.0 million as at December 31, 2022.

NOTE 7 NET NON-CURRENT FINANCIAL ASSETS

(€ million)	As of December 31, 2022	Increase	Decrease	As of December 31, 2023
Equity investments	1,955.2	-	-	1,955.2
Loans	290.0	-	-	290.0
Daphni Purple shares	0.1	-	(0.1)	-
Treasury stock	4.9		(1.5)	3.4
Gross value	**2,250.2**	**-**	**(1.6)**	**2,248.6**
Equity investments	-	-	-	-
Impairment	**-**	**-**	**-**	**-**
NET VALUES	**2,250.2**	**-**	**(1.6)**	**2,248.6**

Equity investments

As of December 31, 2023, Fnac Darty held primarily:

- 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;
- 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, and a net value of the same amount;
- 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, a provision for negative net position of €1.0 million was recognized in 2023, bringing Fnac Luxembourg's total provision for negative net position to €5.5 million (see note 12: Provisions for contingencies and expenses);
- 30,000 Fnac Darty Services shares out of 30,000 shares for a gross value of 0.03 million euros, and a net value of the same amount.

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 value in use are based on discounted cash flows and the value created by the industrial transformation performed within the Group, with a view to managing the investment over the long term. When the value in use is lower than the book value, an impairment is recorded for the amount of this difference. In 2023, the value in use of the equity investments in Fnac Darty Participations et Services (FDPS) and Darty Limited is higher than their book value, and consequently no impairment has been recognized on these equity investments.

In 2022, the Company reviewed the €26.6 million impairment on the shares of Darty Limited as of December 31, 2021, and reversed the entire impairment. Thus, as of December 31, 2022, the impairment of Darty Limited shares was fully reversed, with a net value of €1,116.8 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 Purple shares: on December 31, 2023, Fnac Darty sold all its shares in the Daphni Purple fund, generating a capital gain of €10.5 million;
- Treasury stock held under the liquidity agreement: this is recorded as non-current financial assets and represents an asset of €3.4 million as of December 31, 2023, compared to €4.9 million as of December 31, 2022. In 2023, under the liquidity agreement, 456,266 shares were purchased at an average price of €31.99 for a total amount of €14,595,262, and 464,287 shares were sold at an average price of €31.85 for a total of €14,789,610.

NOTE 8 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

As of December 31, 2023 and 2022, Fnac Darty had no property, plant and equipment or intangible assets.

NOTE 9 RECEIVABLES

(€ million)	**As of December 31, 2023**	**As of December 31, 2022**
Current accounts of subsidiary	18.7	-
State – income tax	12.6	14.1
Group customers	4.8	4.8
Daphni commitment	-	1.2
Deferred expenses	4.8	6.5
Other receivables	0.6	0.9
TOTAL	**41.5**	**27.5**

As of December 31, 2023:

- the negative subsidiary current account balance of €18.7 million corresponds to a current account debt to the Fnac Darty Participations et Services subsidiary. This current account was in credit as of December 31, 2022;
- receivables from the Group, which amount to €4.8 million, consist primarily of receivables from the Fnac Darty Participations et Services subsidiary and Fnac Darty's international subsidiaries;
- in the first half of 2023, the Company sold its shares in the Daphni Purple investment fund. As a result, as at December 31, 2023, a commitment to subscribe to the fund no longer existed;
- prepaid expenses in the amount of €4.8 million primarily reflect the fees and commissions paid in connection with the refinancing of the bonds and the credit facilities granted for Group financing.

NOTE 10 INVESTMENT SECURITIES AND CASH AND CASH EQUIVALENTS

(€ million)	**As of December 31, 2023**	**As of December 31, 2022**
Shares to be allocated to employees and assigned to specific plans	10.6	-
Financial investments	10.5	8.0
Impairment	-	-
Investment securities	**21.1**	**8.0**
Bank deposits and fund transfers	2.4	3.8
Cash and cash equivalents	**2.4**	**3.8**
NEGATIVE CASH BALANCE	**23.5**	**11.8**

As of December 31, 2023, investment securities and cash and cash equivalents stood at €23.5 million, consisting mainly of €10.6 million in shares earmarked for allocation to employees under the share buyback program, €10.5 million in financial investments, and €2.4 million in bank deposits, including €0.9 million in liquidities linked to the liquidity agreement.

In 2022, investment securities and cash and cash equivalents comprised financial investments in the amount of €8.0 million, as well as bank deposits in the amount of €3.8 million, including €3.0 million in cash linked to the liquidity agreement.

NOTE 11 SHAREHOLDERS' EQUITY

(€ million)	**As of December 31, 2023**	**As of December 31, 2022**
Share capital	27.8	26.9
Additional paid-in capital	986.8	971.0
Total share capital and premiums	**1,014.6**	**997.9**
Legal reserve	2.7	2.7
Regulated reserves	-	-
Other reserves	-	-
Total reserves	**2.7**	**2.7**
Retained earnings	217.4	223.3
Regulatory provisions	26.9	26.9
Net profit (loss) for the period	50.5	32.1
Total shareholders' equity	**1,312.1**	**1,282.9**

Over the 2023 financial year, the €0.9 million increase in share capital is linked to the creation of 371,109 shares, corresponding to bonus share issues in May 2023, and to the creation of 535,616 shares in connection with the payment of the 2022 dividend in new shares. The Combined General Meeting of May 24, 2023 approved a gross dividend of €1.40 per share and decided to offer shareholders the option of receiving the dividend in cash or in new shares. The dividend was paid on July 6, 2023, in cash totaling €21.2 million and in shares with the issue of 535,616 new shares.

In 2023, the share premium account decreased by €15.8 million, reflecting the increase in the capital account above.

Amounts allocated to the additional paid-in capital item are not distributable but may subsequently be incorporated into the capital or used to amortize corporate losses.

The change in reserves and retained earnings corresponds to the appropriation of Fnac Darty's 2022 earnings, as well as the distribution in 2023 of an ordinary dividend of €1.40 gross per share in respect of the 2022 financial year, representing a total amount of €37.9 million, allocated in the first half of 2023. The ex-dividend date was June 21, 2023, and it was paid on July 6, 2023. The dividend was paid on July 6, 2023, in cash totaling €21.2 million and in shares with the issue of 535,616 new shares representing a value of €16.7 million.

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, 2023.

NOTE 12 PROVISIONS FOR CONTINGENCIES AND EXPENSES

(€ million)	As of December 31, 2022	Increase	Decrease	As of December 31, 2023
Provision for negative net position	4.5	1.0	-	5.5
Provision for the purchase of shares intended to be allocated to employees	1.7	18.3	-	20.0
Provisions for contingencies and expenses	**6.2**	**19.3**	**-**	**25.5**

The €5.5 million provision for impairment relates to the provision for the negative net position of Fnac Luxembourg. The financial allocation was €1.0 million in 2023.

The provision for the purchase of shares to be allocated to employees corresponds to the expected capital loss on 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. Its increase is linked to the implementation of a share buyback program authorized by the Annual General Meeting of May 24, 2023. The buyback mandate, which was issued to investment services provider NATIXIS, is for a maximum amount of €20 million.

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, 2023, 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, 2023, €83.3 million of the EIB credit line was used. The first installment of the loan was repaid in July 2023 for an amount of €16.7 million.

	As of December 31, 2023			
(€ million)	Total	Less than one year	1 to 5 years	More than 5 years
Bonds	**651.3**	301.3	350.0	-
OCEANE bonds	**200.0**	-	200.0	-
European Investment Bank loan	**83.3**	16.7	66.6	-
Other financial debt	**0.6**	0.6	-	-
Financial debt	**935.2**	**318.6**	**616.6**	**-**

(€ million)	As of December 31, 2022 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**	16.7	66.8	16.5
Other financial debt	**0.4**	0.4	-	-
Financial debt	**952.1**	**18.8**	**916.8**	**16.5**

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 are 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 are 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 span of the loan as applicable.

NOTE 14 OTHER DEBTS

(€ million)	As of December 31, 2023	As of December 31, 2022
Tax consolidation current accounts	31.8	9.2
Current accounts of subsidiary	-	28.4
Tax and social security liabilities	2.4	4.1
Other liabilities	6.6	6.6
TOTAL	**40.8**	**48.3**

Tax consolidation current accounts represent Fnac Darty's tax liability with Group subsidiaries included in the tax consolidation scope.

Other liabilities mainly comprise Group royalties invoiced by FDPS (Fnac Darty Participations et Service) as well as those associated with indirect suppliers.

As of December 31, 2022, the current account credit balance was €28.4 million, corresponding to a current account debt to the Fnac Darty Participations et Services subsidiary. As of December 31, 2023, it has a debit balance.

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 €1.4 million as of December 31, 2023, and €1.1 million as of December 31, 2022.

The main actuarial assumptions used to estimate the retirement commitments of Fnac Darty are as follows:

	2023	**2022**
Discount rate	3.20%	3.80%
Expected rate of increase in salaries	1.75%	1.75%

Other commitments:

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 2028. Furthermore, in November 2023, the Group renegotiated its credit facility without changing the financial terms and conditions, and added two one-year extension options to bring the maturity of the line to March 2030, subject to the lenders' agreement. 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 loan agreement 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, 2023, the RCF credit line was not in use.

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 Draw 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. This line, which originally had a three-year maturity in the event of drawdown (i.e. until December 2025), has been extended at Fnac Darty's request to December 2026. The Group still has a one-year extension option that could increase the maturity of the line to 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.

NOTE 16 CASH FLOW STATEMENT

(€ million)	2023	2022
Net income	50.5	32.1
Income and expense with no impact on cash	8.9	(21.1)
Cash flow from operations	**59.4**	**11.0**
Change in working capital requirements	(21.3)	48.0
Change in cash flow from operating activities	**38.1**	**59.0**
(Acquisitions)/Disposals of non-current operating assets	-	-
Change in non-current financial assets	12.0	3.1
Change in cash flow from investing activities	**12.0**	**3.1**
Net change in financial debt	(17.2)	(0.6)
Change in shareholders' equity	-	-
Dividends paid	(21.2)	(53.5)
Change in cash flow from financing activities	**(38.4)**	**(54.1)**
Change in cash position	**11.7**	**8.1**
Cash at beginning of period	**11.8**	**3.7**
Cash at end of period	**23.5**	**11.8**

In 2023, the net change in the cash position represented an improvement of €11.7 million. This improvement is primarily the result of the combination of:

- the €38.1 million positive change in cash flow from operating activities, mainly due to cash flow from operations, partly offset by the negative change in working capital, mainly due to the current account of the subsidiary Fnac Darty Participations et Services (FDPS) and the tax consolidation current accounts;
- a positive change in cash flow from investing activities of €12.0 million, linked mainly to the sale of shares held in the Daphni Purple fund for €10.5 million, and net receipts of €1.5 million in connection with the acquisition of treasury shares under the liquidity agreement;
- an unfavorable change in cash flow from financing activities of €38.4 million, linked to the distribution of cash dividends to shareholders (€21.2 million) and a cash outflow of €17.2 million, mainly linked to the repayment in July 2023 of the first installment of the loan from the European Investment Bank (€16.7 million).

In 2022, the net change in the cash position represented an improvement of €8.1 million. This improvement was primarily linked to:

- €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 resulting from financing activities for €53.5 million related to the distribution of dividends to shareholders.

NOTE 17 OTHER INFORMATION

17.1 / Compensation paid to the Chairman of the Board of Directors

In 2023, the gross amount paid to Jacques Veyrat, Chairman of the Board of Directors, for his duties during 2023 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 2023, 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 €1,432,121, of which €750,000 represented his fixed annual compensation, €640,455 represented his 2022 variable annual compensation following approval by the General Meeting of May 24, 2023, paid in full in shares, €19,120 represented benefits in kind and other benefits, €12,111 represented supplementary pension scheme contributions and €10,435 represented provident insurance plan contributions.

The Chief Executive Officer, in 2023 in respect of the 2022 financial year, received no compensation in respect of his directorship.

17.3 / Average number of employees

In 2023, the average number of employees of Fnac Darty was 11.

17.4 / Related-party transactions

As of December 31, 2023:

As of December 31, 2023, the Vesa Equity Investments company held 29.99% of the share capital and 29.99% 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, 2023, the Ceconomy Retail International group held 23.41% of the share capital and 23.41% of the voting rights of Fnac Darty. In 2023, 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, 2023, Indexia Développement, formerly SAS Group, held 10.89% of the share capital and 10.89% of the voting rights of Fnac Darty and did not have a representative on the Fnac Darty Board of Directors. Therefore, Glas SAS is not a related party. The Fnac Darty securities formerly held by Indexia Développement were pledged to ICG and were transferred to Glas SAS in 2023.

As of December 31, 2022:

As of December 31, 2022, the Ceconomy Retail International group held 24.20% of the share capital and 24.20% 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 did not have a representative on the board of Fnac Darty.

As of December 31, 2022, the Vesa Equity Investments company held 23.05% of the share capital and 23.05% 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 11.26% of the share capital and 11.26% 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

(€ million)	Invoices received, not paid and due at period-end: Invoices not yet due	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total 1 day and over	Invoices issued, not paid and due at period-end: Invoices not yet due	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total 1 day and over
A) Late payment tranches														
Number of invoices concerned	19	0					8	7	0					0
Total incl. tax of invoices concerned	4.6	0.0	0,0	0,0	0.2	0,0	0,0	4.9	0.0	0.0	0.0	0.0	0.0	0.0
Fnac Darty	4.5	0.0	0.0	0.0	0.0	0.0	0.0	4.9	0.0	0.0	0.0	0.0	0.0	0.0
Percentage of total incl. Tax for purchases for the period	47.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%							
Percentage of revenue incl. tax for the period								37.3%	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	16							None						
Total incl. tax of invoices excluded – invoices not arrived	1.2							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 29, 2024 approves the distribution of a dividend of €0.45 per share. This amount represents a 39% payout ratio, calculated on the net income, Group share, from continuing operations - adjusted[3]. This is in line with the shareholder return policy presented in the strategic plan Everyday.

The ex-date is July 3, 2024 and the payment date is July 5, 2024.

NOTE 19 TABLE OF SUBSIDIARIES AND SHAREHOLDINGS

(€ million)	Share capital	Shareholders' equity excluding capital & income	Share of capital held	Book value of securities held: Gross	Net	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
Subsidiaries owned at +50%										
Fnac Darty Participations et Services	325.0	457.5	100%	838.4	838.4	290.0	-	4,478.9	(10.8)	-
Darty Limited	152.3	391.5	100%	1,116.8	1,116.8	-	-	-	(0.9)	-
Fnac Luxembourg SA	0.0	(4.3)	100%	0.0	0.0	-	-	6.5	(0.9)	-
Fnac Darty Services	0.0	(7.0)	100%	0.0	0.0	-	-	82.1	7.7	-

[3] Corresponds to the current net income, Group share of continuing operations, excluding IFRS 16 and adjusted according to the provision relating to the planned settlement with the French Competition Authority (€86 million) and brand impairments (€20 million)

NOTE 20 FIVE-YEAR RESULTS

(in € thousands, unless otherwise indicated)	**2023**	**2022**	**2021**	**2020**	**2019**
FIVE-YEAR RESULTS					
Capital at period-end					
Share capital *(€)*	27,778,578.0	26,871,853.0	26,761,118.0	26,608,571.0	26,515,572.0
Number of ordinary shares outstanding	27,778,578.0	26,871,853.0	26,761,118.0	26,608,571.0	26,515,572.0
Operations and results for the period					
Income from ordinary operating activities	10,750.3	10,574.0	11,940.5	10,490.3	18,626.7
Pre-tax income, employee profit-sharing, amortization, depreciation and provisions	(3,237.3)	(21,741.8)	(23,067.7)	(28,463.8)	(45,482.6)
Income tax (expense)/credit	(73,072.6)	(32,789.9)	(31,440.5)	(55,411.5)	(41,826.7)
Employee profit-sharing payable for the period	10.1	2.1	(2.1)	7.7	5.3
Additions (reversals) of depreciation and provisions	(19,317.5)	(21,008.7)	(65,747.1)	100,018.6	5,331.7
Net income	50,507.6	32,054.7	74,122.0	(73,078.6)	(8,992.9)
Distributed earnings (1)	-	37,933.2	53,476.1	26,689.4	-
Data per share *(€)*					
Earnings after tax, employee profit-sharing, and before amortization, depreciation and provisions	2.51	0.41	0.31	1.01	(0.14)
Earnings after tax, employee profit-sharing, and amortization, depreciation and provisions	1.82	1.19	2.77	(2.75)	(0.34)
Dividend:					
net dividend per share (1)	-	1.41	2.00	1.00	0.00
Employees					
Average number of employees during the period	11	12	11	11	9
Total payroll for the year	3,771.8	5,312.5	6,040.8	4,241.9	4,653.4
Amount paid for employee benefits for the period	2,556.6	2,476.0	2,177.5	1,941.8	2,065.3

(1) The amount of the 2023 dividends will be definitively known after the Annual General Meeting of May 29, 2024

4.5 / 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, 2023.

4.6 / Statutory Auditors' Report on the consolidated financial statements

This is a free translation into English of the Statutory Auditor's Report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking readers. In the event of a discrepancy, the French version will prevail.

This Statutory Auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2023

To the General Meeting of FNAC DARTY,

Opinion

In compliance of the engagement entrusted to us by the General Meeting, we have audited the accompanying consolidated financial statements of FNAC DARTY for the year ended December 31, 2023.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2023 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

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 those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors, for the period from January 1, 2023, to the date of our report, and specifically we did not provided any prohibited non-audit services referred to Article 5, Section 1 of Regulation (EU) 537/2014.

Justification of the Assessments – Key Audit Matters

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code (*code de commerce*) regarding the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

<table>
<tr><td colspan="2">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)</td></tr>
<tr><td>Risk identified</td><td>Audit response provided</td></tr>
<tr><td>Within the Group, there is many 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 based on 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 received and to be received with respect to contractual provisions and annual purchasing volumes constitute a key point of the audit.</td><td>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, 2023;
• obtaining evidence of payment for amounts already collected as of December 31, 2023.</td></tr>
</table>

Valuation of the Darty and Vanden Borre brands

(Notes 2.3.2, 2.7, 2.10, 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 €271.1 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 based on 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. At December 31, 2023, impairment tests led to the recognition of an additional impairment loss of €16.4 million on the Darty brand. 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, 2023, 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 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; • 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 to the consolidated financial statements.

<table>
<tr><td colspan="2">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)</td></tr>
<tr><td>Risk identified</td><td>Audit response provided</td></tr>
<tr><td>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, considering 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, 2023, 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, 2023, 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.</td><td>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 to assess reliability;
• performing sensitivity tests on the various assumptions.

We also assessed the appropriateness of the information presented in note 19 to the consolidated financial statements.</td></tr>
</table>

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to Group in the Board of Directors' Management Report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (*code de commerce*) is included in the information pertaining to the Group presented in the Management Report, it being specified that, in accordance with the provisions of Article L. 823-10 of the Code, we have verified neither the fair presentation nor the consistency of the information contained therein with the consolidated financial statements. This information should be reported on by an independent third party.

Other Legal and Regulatory Verifications or Information

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of December 17, 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limitations inherent to the block-tagging of the consolidated financial statements according to the European single electronic format, the content of some of the tags in the Notes may not be rendered identically to the consolidated financial statements attached to this report.

Moreover, we have no responsibility to verify that the consolidated financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

Deloitte & Associés was appointed statutory 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, 2023, the two firms were in the eleventh year of their appointment since the Company's shares were admitted to trading on a regulated market. Deloitte & Associés is in the thirty-first year of its appointment without interruption, and KPMG SA in its eleventh year.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.821-55 of the French Commercial Code (*code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for by Article 6 of Regulation (EU) 537/2014 confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.821-27 to L.821-34 of the French Commercial Code (*code de commerce*) and in the French Code of Ethics (*code de déontologie*) for the statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 8, 2024

The Statutory Auditors

French original signed by

Deloitte & Associés	KPMG S.A.
Guillaume Crunelle Partner	Caroline Bruno-Diaz Partner

4.7 / Statutory Auditors' Report on the parent company financial statements

This is a free translation into English of the Statutory Auditors' Report on the financial statements issued in French and it is provided solely for the convenience of English-speaking readers. In the event of a discrepancy, the French version will prevail.

This Statutory Auditors' report includes information required European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2023

To the General Meeting of FNAC DARTY,

Opinion

In compliance with the engagement entrusted to us by the General Meetings, we have audited the accompanying financial statements of FNAC DARTY for the year ended December 31, 2023.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2023 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee

Basis for opinion

Audit Framework

We conducted our audit in compliance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further in the section "Statutory auditors' responsibilities for the audit of the financial statements" contained in this report.

Independence

We conducted our audit in compliance with independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors for the period from January 1, 2023, to the date of our report, and specifically we did not provide any prohibided non-audit services referred to in Article 5(1) of Regulation (EU) 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

<table>
<tr><td colspan="2">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)</td></tr>
<tr><td>Key audit matters</td><td>Audit response provided</td></tr>
<tr><td>As of December 31, 2023, equity investments are accounted for in 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 year-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 based on the discounted future cash flows that FDPS and Darty Limited, as well as 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 this value is lower than the acquisition cost of the securities, an impairment is recorded for this difference.

Estimating the value-in-use of equity investments requires significant judgment by Management, to determine the discounted future cash flows contributed by each of the two subsidiaries.

Given the weight of equity investments on the balance sheet and assumptions taken, we have considered the correct assessment of the value-in-use of equity investments as a key point of our audit.</td><td>To assess the reasonableness of the estimate of the value-in-use of the equity investments between the FDPS and Darty Limited equities, based on the information provided to us, our work mainly consisted of assessing:
whether the estimated value-in-use for each of the two subsidiaries determined by Management is based on appropriate justification of the valuation method and the figures used;
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 inflationary economic environment in which the Group operates;
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;
the reasonableness of the discount rate applied to the estimated cash flows, with the help of our specialists;
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.</td></tr>
</table>

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the Management Report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and consistency with the financial statements of the information given in the Board of Directors' Management Report, the documents with respect to the financial position, and the financial statements provided to shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to the payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (Code de commerce).

Information on corporate governance

We attest that the section of the Board of Directors' Management Report devoted to corporate governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code.

Concerning the information in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (Code de commerce) relating to remunerations and benefits received by or awarded to corporate officers and any other commitments made in their favour, we have verified the consistency with the financial statements, or with the underlying information used to prepare these statements and, where applicable, with the information obtained by your Company from controlled companies controlled by included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that required information related to the identity of the shareholders and holders of the voting rights has been properly disclosed in the Management Report.

Report on Other Legal and Regulatory Requirements

Format presentation of the financial statements intended to be included in the Annual Financial Report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of Chief Executive officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

Deloitte & Associés was appointed statutory 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, 2023, the two firms were in the eleventh year of their appointment since the Company's shares were admitted to trading on a regulated market. Deloitte & Associés is in the thirty-first year of its appointment without interruption, and KPMG SA in its eleventh year.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Audit purpose and approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.821-55 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company

As part of an audit conducted in accordance with professional standards applicable in France, the auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris la Défense, March 8, 2024

The Statutory Auditors

French original signed by

KPMG S.A.	Deloitte & Associés
Caroline Bruno-Diaz	Guillaume Crunelle
Partner	Partner