FNAC DARTY

NOTIFICATION
& INFORMATION BROCHURE

2018

FNAC DARTY COMBINED ORDINARY AND EXTRAORDINARY GENERAL MEETING

Friday May 18, 2018 at 4:30 p.m.

LES DOCKS DE PARIS

Parc des Portes de Paris - Bâtiment 139

87 avenue des Magasins Généraux

93300 Aubervilliers

All our publications can be found

on the website www.fnacdarty.com

Contents

HOW TO PARTICIPATE IN THE GENERAL MEETING

WHAT CONDITIONS MUST BE FULFILLED IN ORDER TO PARTICIPATE IN GENERAL MEETINGS?

All shareholders, whatever the number of shares they hold, have the right to participate in General Meetings. To do so, they must demonstrate ownership of their shares, which must be registered in the securities account in their name, whether they are in registered or bearer form, as of the second business day before the General Meeting, namely by 0:00 a.m. Paris time on Wednesday May 16, 2018 (hereinafter “D-2”).

As a result:

- **for registered shareholders,** the registration of their shares in the Company Register (managed by CACEIS Corporate Trust, holder of the register of shareholders and central organizer of General Meetings, appointed by the Company) by D-2 is sufficient; **no other steps** are necessary;
- **for bearer shareholders,** the institutions holding bearer shares (“Financial Intermediaries”) shall provide evidence of their customers’ shareholder status directly to CACEIS Corporate Trust (appointed by the Company) by producing a **shareholding certificate** which they attach to the single voting form or to the request for an admission card.

SHOULD YOU WISH TO EXERCISE YOUR RIGHT TO VOTE

You have four options:

1. **personally attend** the General Meeting;
2. **vote by mail**;
3. **give a proxy to the Chairman** of the General Meeting;
4. **give a proxy to a third party** (any person of your choice).

In all cases, you must fill out, date and sign the attached single voting form and send it to CACEIS Corporate Trust or, for shareholders with bearer shares, to your Financial Intermediary. Postal voting forms must be received no later than May 15, 2018.

- Shareholders with **registered** shares may use the prepaid envelope provided along with the single voting form or, in its absence, send the form by mail (at the current postal rate) to CACEIS Corporate Trust – Service Assemblées Générales Centralisées 14, rue Rouget-de-Lisle – 92862 Issy-les-Moulineaux Cedex 9, France.
- Shareholders with **bearer** shares must obtain the single voting form from their Financial Intermediary and return it to this intermediary by mail (at the current postal rate). The Intermediary will forward the single voting form, accompanied by the shareholding certificate which they will have previously prepared.
- Shareholders may also download the single voting form by mail or by proxy which can be found at Company’s website (http://www.fnacdarty.com).

Shareholders who have already voted by mail, sent a proxy, or requested an admission card or a shareholding certificate, may no longer choose another method of participation. They may however transfer all or part of their shares.

However, if the transfer of ownership takes place before the second business day prior to the meeting (before 0:00 a.m., Paris time, on Wednesday May 16, 2018) the Company will consequently invalidate or modify, as applicable, the vote sent by mail, the proxy, the admission card or the shareholding certificate. To this end, the Financial Intermediary shall give notice of the share transfer to the Company or to CACEIS and shall send CACEIS the necessary information.

No transfer of ownership, by whatever means, made after at 0:00 a.m. Paris time on the second business preceding the Meeting shall be reported by the Financial Intermediary or be taken into consideration by the Company, whatever the means used, notwithstanding any agreement to the contrary.

SHOULD YOU WISH TO ATTEND THE GENERAL MEETING PERSONALLY

If your shares are REGISTERED,

you may:

- request an admission card giving you faster access to the meeting room by checking box A and returning the single voting form in the prepaid envelope that was sent to you;
- or present yourself directly at the counter specially provided for the purpose with an identification document.

If you not have received your admission card by Tuesday 15 May, 2018 at the latest, you may contact CACEIS Corporate Trust on Monday through Friday, from 8:30 a.m. to 6:00 p.m. (Paris time) at: 00 33 (0)1 57 78 34 44 or by e-mail (ct-contact@caceis.com).

If you hold BEARER shares,

you must **request an admission card,** which is essential for admission to the meeting:

- by checking box A in the upper part of the single voting form;
- by returning this form as soon as possible to the Financial Intermediary managing your securities account, who will forward your request accompanied by a shareholding certificate.

In any event, if you have not received your admission card by Tuesday 15 May, 2018, at the latest, you should request your Financial Intermediary to issue you a shareholding certificate that will enable you to demonstrate your shareholder status as of D-2 in order to be admitted to the General Meeting.

YOU ARE NOT ATTENDING THE GENERAL MEETING IN PERSON

If you are not able to attend the General Meeting in person, you may choose one of the following solutions:

1. **postal voting:** check the box "vote by post" of the individual form and, where applicable, shade the boxes corresponding to the resolutions you do not approve of;
2. **give proxy to the Chairman of the General Meeting:** check the box "I hereby give proxy to the Chairman of the General Meeting" in the individual form. In this case, the Chairman will vote in favor of the draft resolutions and amendments presented or approved by the Board of Directors, or against them if the Board of Directors does not approve the draft resolutions and/or amendments;
3. **give proxy to a third party (any person of your choice):** check the box "I hereby appoint" in the individual form and indicate the name and address of the person you authorize to attend the General Meeting and vote on your behalf (authorizations may be revoked in the same formal way as those used to grant them).

In accordance with the provisions of Article R. 225-79 of the French Commercial Code, notice of the appointment and revocation of a proxy may likewise be given electronically as follows:

› **for registered shareholders:** by sending an e-mail with an electronic signature, subject to a reliable identification process guaranteeing its link to the absentee voting form, to the following address: ct-mandataires-assemblees@caceis.com, specifying their surname name and first name(s), their address and their CACEIS Corporate Trust ID for direct registered shareholders (information available on the upper left side of their securities account statements) or, for managed registered shareholders, their ID with their Financial Intermediary, along with the surname and first name of the proxy appointed or revoked;

› **for bearer shareholders:** by sending an e-mail with an electronic signature, subject to a reliable identification process guaranteeing its link to the absentee voting form, to the following address: ct-mandataires-assemblees@caceis.com, specifying their surname and first name(s), their address and complete bank details, as well as the surname and first name(s) of the proxy appointed or revoked, and then requesting their Financial Intermediary to send written confirmation (by post) to CACEIS Corporate Trust – Service Assemblées Générales Centralisées 14, rue Rouget-de-Lisle – 92862 Issy-les-Moulineaux Cedex 9, France (or by fax to 00 33 (0)1 49 08 05 82).

For bearer shareholders, in whatever way they participate, a shareholding certificate should be sent to CACEIS Corporate Trust by D-2.

In accordance with the law, all the documents that must be presented to this General Meeting are available to shareholders at Fnac Darty's registered office and on the Company's website www.fnacdarty.com. They may also, on request, be sent to CACEIS Corporate Trust (see attached form).

How to complete the form

STEP I

STATE HOW YOU WANT TO PARTICIPATE

- **IF YOU WANT TO ATTEND THE MEETING: check box** A to receive your admission card; then date and sign the lower part of the form.
- **IF YOU WON'T BE A TTENDING THE MEETING:** choose absentee voting method 1, 2 or 3 below.

1 TO VOTE BY POST:

Check here; then date and sign the lower part of the form

- Vote YES to a resolution by leaving the box of that resolution number empty.
- Vote NO to a resolution or abstain from voting by shading the box of that resolution number.

2 TO GIVE PROXY TO THE CHAIRMAN OF THE GENERAL MEETING:

Check here, then date and sign the lower part of the form.

3 TO GIVE PROXY TO A THIRD PARTY (ANY INDIVIDUAL OR LEGAL PERSON OF YOUR CHOICE) TO REPRESENT YOU AT THE MEETING:

Check here, write the address of that person, then date and sign the lower part of the form.

IMPORTANT : Avant d'exercer votre choix, veuillez prendre connaissance des instructions situées au verso - *Important : Before selecting please refer to instructions on reverse side*

Quelle que soit l'option choisie, noircir comme ceci ▮ la ou les cases correspondantes, dater et signer au bas du formulaire - *Whichever option is used, shade box(es) like this ▮, date and sign at the bottom of the form*

A. Je désire assister à cette assemblée et demande une carte d'admission : dater et signer au bas du formulaire. / *I wish to attend the shareholder's meeting and request an admission card : date and sign at the bottom of the form.*

B. J'utilise le formulaire de vote par correspondance ou par procuration ci-dessous, selon l'une des 3 possibilités offertes / *I prefer to use the postal voting form or the proxy form as specified below.*

FNAC DARTY
Société anonyme au capital de 26 658 135 €
Siège social : 9, rue des Bateaux-Lavoirs,
ZAC Port d'Ivry
94200 Ivry-sur-Seine
055 800 296 R.C.S. CRETEIL

ASSEMBLEE GENERALE
MIXTE ORDINAIRE ET EXTRAORDINAIRE
DU 18 MAI 2018 à 16H30

CADRE RÉSERVÉ À LA SOCIÉTÉ - *FOR COMPANY'S USE ONLY*

Identifiant - *Account*

Nombre d'actions - *Number of shares*: Nominatif - *Registered* (Vote simple - *Single vote*; Vote double - *Double vote*); Porteur - *Bearer*

Nombre de voix - *Number of voting rights*

1 JE VOTE PAR CORRESPONDANCE / *I VOTE BY POST*
Cf. au verso (2) - *See reverse (2)*

Je vote OUI à tous les projets de résolutions présentés ou agréés par le Conseil d'Administration ou le Directoire ou la Gérance, à l'EXCEPTION de ceux que je signale en noircissant comme ceci ▮ la case correspondante et pour lesquels je vote NON ou je m'abstiens.

I vote YES all the draft resolutions approved by the Board of Directors, EXCEPT those indicated by a shaded box – like this ▮, for which I vote NO or I abstain.

1	2	3	4	5	6	7	8	9
10	11	12	13	14	15	16	17	18
19	20	21	22	23	24	25	26	27
28	29	30	31	32	33	34	35	36
37	38	39	40	41	42	43	44	45

Sur les projets de résolutions non agréés par le Conseil d'Administration ou le Directoire ou la Gérance, je vote en noircissant comme ceci ▮ la case correspondant à mon choix.

On the draft resolutions not approved by the Board of Directors, I cast my vote by shading the box of my choice – like this ▮.

	Oui / Yes	*Non/No Abst/Abs*		*Oui / Yes*	*Non/No Abst/Abs*
A			F		
B			G		
C			H		
D			J		
E			K		

Si des amendements ou des résolutions nouvelles étaient présentés en assemblée / *In case amendments or new resolutions are proposed during the meeting*
- Je donne pouvoir au Président de l'assemblée générale de voter en mon nom. / *I appoint the Chairman of the general meeting to vote on my behalf......*
- Je m'abstiens (l'abstention équivaut à un vote contre). / *I abstain from voting (is equivalent to vote NO)..........*
- Je donne procuration [cf. au verso renvoi (4)] à M., Mme ou Mlle, Raison Sociale pour voter en mon nom ....
/ *I appoint [see reverse (4)] Mr, Mrs or Miss, Corporate Name to vote on my behalf ....*

Pour être prise en considération, toute formule doit parvenir au plus tard :
In order to be considered, this completed form must be returned at the latest:

	sur 1ère convocation / *on 1st notification*	sur 2ème convocation / *on 2nd notification*
à la banque / *to the bank*		
à la société / *to the company*	15/05/2018	

2 JE DONNE POUVOIR AU PRÉSIDENT DE L'ASSEMBLÉE GÉNÉRALE
Cf. au verso (3)

I HEREBY GIVE MY PROXY TO THE CHAIRMAN OF THE GENERAL MEETING
See reverse (3)

3 JE DONNE POUVOIR À : Cf. au verso (4)

I HEREBY APPOINT: *See reverse (4)*

M. Mme ou Mlle, Raison Sociale / Mr, Mrs or Miss, Corporate Name

Adresse / Address

ATTENTION : s'il s'agit de titres au porteur, les présentes instructions ne seront valides que si elles sont directement retournées à votre banque.

CAUTION : *if it is about bearer securities, the present instructions will be valid only if they are directly returned to your bank.*

Nom, prénom, adresse de l'actionnaire (si ces informations figurent déjà, les vérifier et les rectifier éventuellement). Cf au verso (1)
Surname, first name, address of the shareholder (if this information is already supplied, please verify and correct if necessary). See reverse (1)

STEP II

ENTER HERE your surname and address or check that they are already shown.

Date & Signature

STEP III

Whatever you choose, **date and sign here.**

ref 4280

IF YOU WANT TO ASK A QUESTION

During the General Meeting, you will have the opportunity to ask questions during the Q&A session that precedes voting on the resolutions.

You may likewise send in your **written questions** prior to the meeting, addressed to the Chairman of the Board of Directors, **at the latest** on the fourth business day before the date of the General Meeting, namely **Monday 14 May, 2018**:

- by registered mail with confirmation of receipt, to:

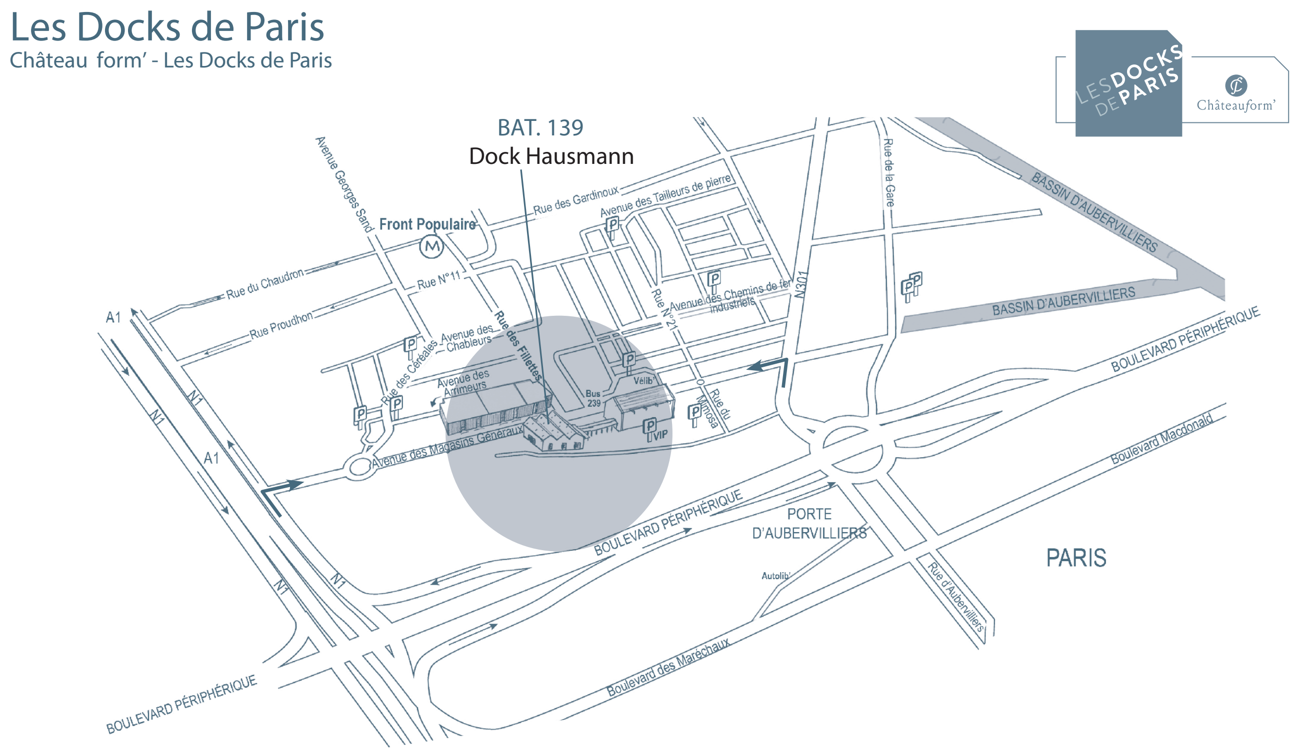
  Fnac Darty, 9, rue des Bateaux-Lavoirs, ZAC Port d'Ivry, 94200 Ivry-sur-Seine; or

- by e-mail to: actionnaires@fnacdarty.com.

Written questions must be accompanied by a shareholding certificate.

DIRECTIONS TO THE MEETING

LES DOCKS DE PARIS Parc des Portes de Paris - Bâtiment 139 87 avenue des Magasins Généraux 93300 Aubervilliers	**By car:** On the ring-road (the Périphérique): take the exit for Porte de la Chapelle Car park: on site, 900 spaces **Metro:** Line 12 – Front Populaire station	**RER:** Line RER B – stop at La Plaine/ Stade de France Line RER D – stop at Stade de France/ Saint-Denis **Bus:** Bus 239 – stop at Netsquare



BRIEF OVERVIEW OF GROUP ACTIVITIES

Commenting on Fnac Darty annual results for 2017, Chairman and Chief Executive Officer Enrique Martinez declared: *"Fnac Darty achieved very solid results in 2017. In a sluggish context in which all retail players face major transformations, our Group demonstrates the strength of its omnichannel model, and the quality of the commercial execution undertaken by its 26,000 employees.*

With the roll-out of its Confiance+ *strategic plan, Fnac Darty becomes more offensive, offering its customers and partners the best products and services proposition. We confirm our objective of €130 million of synergies delivered by the end of 2018, and our medium-term objectives targeting higher growth than our markets and a current operating margin between 4.5% and 5%."*

Key figures

(€ millions)	**2016** [(a)]	**2017**	**Change**
Revenues	7,418	7,448	0.4%
Change on a like-for-like basis [(b)]			*0 5%*
Current operating income (COI)	203	270	33%
Operating margin	*2.7%*	*3.6%*	*90 bps*
Free cash flow from operations	193	199	3%
Reported net income from continuing operations	24	125	€100m
Reported net debt as of December 31	207	86	-€121m

(a) Pro forma, including Darty as of January 1, 2016.
(b) Like-for-like data: excluding the effects of changes in foreign exchange rates, changes in scope, and the openings and closures of stores.

2017 HIGHLIGHTS

Very solid results

Fnac Darty pro forma revenues totaled €7,448 million [(1)], up +0.5% [(2)] on a like-for-like basis. The Group is growing, both in France [(3)] (+0.5% [(2)]) and internationally (+0.2% [(2)]).

The gross margin reached 30.4%, a marked increase over the 2016 pro forma [(1)] figure (+50 basis points).

The pro forma [(1)] current operating income rose 33% to €270 million under the combined effect of synergies and of good operating execution.

The Group pursued strong operating free cash flow generation, reaching a total of €199 million.

This solid performance demonstrated the success of the integration of the two banners, as well as a perfectly executed commercial policy, despite a tough competitive environment.

(1) Pro forma, including Darty as of January 1, 2016.
(2) Like-for-like data: excluding the effects of changes in foreign exchange rates, changes in scope, and the openings and closures of stores.
(3) France-Switzerland segment.

Major strategic progress was made in 2017

Fnac Darty delivered major operational achievements while successfully pursuing the integration of its two banners.

Rapid progress of Fnac Darty integration

The integration process has advanced rapidly, with 85 million of synergies already generated by the end of 2017, equivalent to over 65% of the objective set for the end of 2018.

Regarding cost synergies, the annual negotiations with suppliers and the renegotiation of indirect purchasing contracts have benefited from the Group's larger scale. The convergence of the IT systems is progressing according to plan. Important initiatives to optimize logistics have also advanced, a notable example being the transfer of the Wissous 2 warehouse. The implementation of the new organizational structure for head office functions in France is currently being finalized, while the merger of the head offices in Belgium has already been completed.

2017 was also marked by the launch of commercial synergies between banners, most notably through shop-in-shop openings, with Fnac corners in Darty stores and vice versa. By the end of 2017 the Group had close to 20 shops-in-shops in France, and had launched the sale of small household appliances in Spain operated by Darty under the Fnac Home banner. Finally, the cross-banner "click and collect" offering was expanded, and is now available in nearly 280 stores, compared with 80 in 2016.

Consolidation of the omnichannel platform

The Group continued to densify its geographical coverage, a decisive feature of its omnichannel model. 78 openings took place in 2017, taking the total number of stores to 728. Franchises played a particularly important role in this expansion, with the opening of 58 new stores, including the first franchise in Portugal, and bringing the total number of franchised stores at 208 at end 2017. The Group intends to increase this figure to more than 400 franchises in the mid-term.

Fnac Darty also pursued the roll-out of its digital capabilities. With nearly 20 million cumulated unique visitors each month [1], Fnac Darty is the second e-commerce player in France. The Group's digital platforms again experienced steady growth, thanks in particular to the strong performance of fnac.com and of Spanish and Belgian websites. Internet sales now represent over 17% of total Group sales. The development of marketplaces also accelerated, with a growth of nearly 50% in business volume over the year.

The Group has also multiplied initiatives aiming to reinforce the quality and efficiency of its operations, in a context of ever-increasing customer demand. The Group's delivery service offerings have thus been enhanced. Delivery and installation of Fnac televisions are now operated by Darty, a midnight "cut-off" for deliveries on the following day in the Paris region has been launched, and the two hour delivery service has been expanded.

The share of omnichannel sales has thus grown once again, reaching 47% of web sales, compared with 45% last year.

Enhancing the customer experience

2017 was marked by the roll-out of the new Fnac Darty brand platform, enabling the two banners to affirm their identity.

The Group has also developed and enhanced its customer loyalty programs. In particular, the Fnac+ card had been adopted by over 1 million users at the end of 2017, just one year after its launch. The Group also launched the Darty+ card, in October 2017. Fnac+ and Darty+ card users benefit from unlimited free deliveries from both of the Group's banners. Fnac Darty enriched its programs to complete its offer through partnerships with external players. An exclusive strategic partnership with Deezer was set up in March 2017. In early 2018 the Group reached an agreement with Pass Partenaires, which offers the two banners' loyal customers advantageous reductions from over 50 commercial partners.

At the same time, the Group has expanded its services offer, capitalizing on Darty's expertise. Fnac Darty has reinforced its position as a market leader in the smart home sector, thanks to a partnership with Google that incorporates the "Darty Button" into the "Google Home" ecosystem.

Launch of the *Confiance+* plan

At the instigation of Enrique Martinez, appointed Chief Executive Officer in July 2017, the Group launched the "Confiance+" strategic plan at the end of the year. This plan is built on the strengths of the two banners and the good progress of the integration. Beyond the €130-million synergies plan targeted for the end of 2018, the Group's goal is to create Europe's benchmark omnichannel services platform. This open platform featuring both products and services will enable Group customers to enjoy a best-in-class experience, and give partners access to a powerful specialized retail platform. The industrial agreement reached with the Carrefour Group to conduct a common purchasing policy for technical products and household appliances in France, illustrates the Group's experience and knowledge of its products ranges, and is part of the roll-out of the Fnac Darty platform.

(1) Source FEVAD – first 9 months of 2017.

ANALYSIS OF OPERATIONAL PERFORMANCE – PRO FORMA DATA FOR 2016

Comments on operating performance are based on 2016 pro forma figures (1).

Full year 2017

Pro forma revenue increased by +0.5% (2) to €7,448 million.

The **gross margin rate** reached 30.4% in 2017, up by +0.5pt compared with 2016, thanks in particular to the effect of purchasing synergies, and despite the strong dilution effect of franchise development.

Pro forma current operating income increased by +33% to €270 million. It benefited from the impact of synergies for €76 million in 2017, together with a continuing dynamic of cost optimization. Excluding gains from real estate disposals posted by Darty in 2016, for a total of €6 million, current operating income grew by +37%.

The current operating margin experienced a strong increase of +90 bps, reaching 3.6%.

2017 by reporting segment

France-Switzerland

Revenues for the France-Switzerland segment were stable over the year. In terms of like-for-like (2), sales progressed by +0.5% in a still demanding competitive environment.

Growth suffered in the first half from high historical comparables due to the change in digital television standard in April 2016. Excluding the TV segment, growth in the France-Switzerland region was +2.2% in 2017. Sales of household appliances and editorial products grew during the year. The web channel showed strong momentum, particularly on fnac.com, which enjoyed double-digit growth in sales. The increase in the number of franchises continued at a fast pace, with the opening of 56 new franchised stores during the year.

Current operating income increased by +36%. The operating margin reached 4.0% (compared with 2.9% in 2016).

Iberian Peninsula

Sales in the Iberian Peninsula grew by +2.9% in 2017, up by +2.3% in terms of like-for-like (2). Portugal enjoyed strong growth in 2017, and Spain displayed a stable level of activity despite the negative impact of the current political situation in Catalonia.

The region benefited from the accelerated expansion of the network, with the opening of eight stores, including the Group's first franchised store in Portugal. One store was closed in Spain. The internet channel enjoyed double-digit growth in the region.

Current operating income grew by +1.7%, reaching a total of €23.6 million. The operating margin remained high, at 3.5%.

Benelux

Revenues in the Benelux zone increased by +1.0% and declined by -1.3% in terms of like-for-like (2).

The activity was driven by the strong momentum of the Internet channel in Belgium, and the expansion of the store network, with eight openings during the year.

Belgium reported good operational performance which was, however, affected by increased competition, particularly in the fourth quarter. In the Netherlands, the banner's turnaround plan is starting to bear fruit, with improved profitability. Accordingly, current operating income in the Benelux zone reached €12.1 million, up by nearly 60%. The zone's operating margin increased by 50 basis points, standing at 1.3%.

High levels of cash generation

The Group maintained a solid level of cash generation in 2017. Pro forma **operating free cash flow** totaled €199 million (compared with €193 million in 2016). The improvement in working capital continued in 2017, at €55 million, despite a high historical comparable due to the optimization programs launched by Darty in 2016. The Group continued to pursue a controlled investment policy. Investments totaled €113 million (compared with €117 million in 2016).

(1) Pro forma, including Darty as of January 1, 2016.
(2) Like-for-like data: excluding the effects of changes in foreign exchange rates, changes in scope, and the openings and closures of stores.

ANALYSIS OF FINANCIAL RESULTS – REPORTED DATA

The comments on this section are based on reported figures [(1)].

On a reported basis, **revenues** increased by 38.7% compared to 2016, mainly as a result of the inclusion of Darty in the scope of consolidation as of August 1, 2016.

The 67% increase in reported **current operating income**, to €270 million, is mainly due to the inclusion of Darty in the scope of consolidation.

Non-current operating expenses amounted to -€53 million in 2017. These mainly include the cost of implementing synergies, but also those due to the faster than anticipated roll-out of the restructuring plan for maintenance and repair operations.

Net financial income represented expenses of -€44 million, a marked improvement compared with the 2016 figure (-€76 million), which had been affected by various non-recurring elements related to the acquisition of Darty.

Tax accounted for an expense of -€48 million during the year. This included non-recurring positive effects, particularly with regard to the annualized activation of deferred tax. These non-recurring effects accounted for approximately €15 million in 2017.

Net income from continuing operations reached €125 million in 2017, compared to €24 million in 2016.

Finally, 2017 was marked by the sale of Fnac Brazil to Livraria Cultura. The net income from non-continuing operations of -€87 million reflects the elimination of accumulated historical losses, as well as the amount of the recapitalization representing €36 million.

FINANCIAL STRUCTURE

The Group's **net financial debt** amounted to €86 million as of December 31, 2017, compared to €207 million as of December 31, 2016.

The generation of free cash flow remained very high in 2017, despite a strong base effect. Operating excellence and financial discipline allowed for a rapid reduction of the Group's net debt.

Cash and cash equivalents amounted to €775 million as of December 31, 2017.

As of December 31, 2017, all the covenants were respected.

CONCLUSION AND OUTLOOK

In 2017, while progressing with its integration, Fnac Darty reported solid results. The Group achieved higher growth than its markets while delivering a rising gross margin, thanks to a well-controlled commercial policy and to synergies. Operating income progressed strongly, and the good rate of cash-flow generation allowed for a rapid reduction of the Group's net debt.

In 2018, Fnac Darty will continue with its *Confiance+* strategic initiatives, particularly through the development of new products and services offers, the opening of new franchised stores and new kitchen points of sale, the acceleration of internet development via omnichannel and marketplaces, the customization of the customer experience, the enhancement of loyalty programs, and the development of partnerships.

The purchasing agreement with Carrefour Group will be progressively rolled out, with slightly positive impacts on results in 2018, although the full effect is expected for 2019.

The Group also plans to launch a capital increase reserved for employees in 2018, in order to mobilize all teams in the new corporate project. It should have a non-material one-off impact on dilution and operating income.

The Group confirms its objective of achieving €130 million in synergies by the end of 2018, as well as medium-term objectives of higher growth than its markets and a current operating margin between 4.5% and 5%, excluding the impact of the purchasing agreements with Carrefour.

(1) In 2017, the information corresponds to 12 months of activity for the Fnac and Darty brands.
In 2016, the information corresponds to 12 months of activity for the Fnac brand and to the five months of activity for the Darty brand, starting on August 1 (for the sake of convenience, flows are recognized from August 1, whereas the date of Fnac-Darty's takeover of Darty was July 18).

Summary income statement

	Reported			Pro forma		
(€ million)	**2016 [a]**	**2017**	**Change**	**2016 [a]**	**2017**	**Change**
Revenues	**5,369**	**7,448**	**38.7%**	**7,418**	**7,448**	**0.4%**
Gross margin	**1,576**	**2,261**	**43.4%**	**2,215**	**2,261**	**2.1%**
As a % of revenues	*29.4%*	*30.4%*		*29.9%*	*30.4%*	
Total costs	**-1,414**	**-1,991**	**-40.8%**	**-2,012**	**-1,991**	**1.0%**
As a % of revenues	*-26.3%*	*-26.7%*		*-27.1%*	*-26.7%*	
Current operating income	**162**	**270**	**67.0%**	**203**	**270**	**32.9%**
As a % of revenues	*3.0%*	*3.6%*		*2.7%*	*3.6%*	
Other non-current operating income and expenses	*-38*	*-53*	*-39.5%*			
Operating income	**124**	**217**	**75.5%**			
Net financial expense	-76	-44	42.3%			
Income tax	-23	-48	-108.2%			
Net income from continuing operations for the period	**24**	**125**	**416.6%**			
Net income from discontinued operations	-22	-87				
Consolidated net income	**3**	**38**				
Of which attributable to owners of the Company	2	37				
Of which attributable to non-controlling interests	1	0				
EBITDA	**239**	**370**	**55.0%**	**307**	**370**	**20.6%**
As a % of revenues	*4.4%*	*5.0%*		*4.1%*	*5.0%*	

(a) Restated for the measurement of Darty's identifiable assets and liabilities.

Conduct of corporate affairs

Pursuant to Article R. 225-113 of the French Commercial Code, we hereby inform you that during the 2017 financial year and to date, Fnac Darty has carried on its corporate affairs in accordance with the conditions explained in its financial reporting and the 2017 Registration Document registered with the AMF on April 3, 2018.

CURRENT COMPOSITION OF THE BOARD OF DIRECTORS

Name	Main position held in the Company	Other positions held in the Company	Term of office expires	Age (b)	Number of shares
Jacques Veyrat (a)	Chairman		2019 Annual General Meeting	55	250
Antoine Gosset-Grainville (a)	Director Vice Chairman	Chairman of the Appointments and Compensation Committee	2019 Annual General Meeting	51	250
Daniela Weber-Rey (a) (c)	Director	Member of the Audit Committee	2019 Annual General Meeting	60	250
Patricia Barbizet	Director	Member of the Appointments and Compensation Committee	2019 Annual General Meeting	62	1,130
Sandra Lagumina (a) (c)	Director	Member of the Audit Committee	2018 Annual General Meeting	50	250
Carole Ferrand (a)	Director	Chair of the Audit Committee	2020 Annual General Meeting	47	250
Compagnie Financière du 42 avenue de Friedland, represented by Simon Gillham	Director	Member of the Corporate, Environmental and Social Responsibility Committee	2019 Annual General Meeting	61	250
Delphine Mousseau (a) (c)	Director	Member of the Corporate, Environmental and Social Responsibility Committee	2020 Annual General Meeting	46	250
Nonce Paolini (a)	Director	Member of the Appointments and Compensation Committee	2018 Annual General Meeting	68	250
Vivendi SA, represented by Stéphane Roussel	Director		2019 Annual General Meeting	56	2,944,901
Arthur Sadoun (a)	Director	Member of the Corporate, Environmental and Social Responsibility Committee	2018 Annual General Meeting	46	250
Brigitte Taittinger-Jouyet (a)	Director	Chairman of the Corporate, Environmental and Social Responsibility Committee	2020 Annual General Meeting	58	250

(a) Independent Directors.

(b) As of the Annual General Meeting of May 18, 2018 (for directors who are legal entities, the age indicated is that of their permanent representatives).

(c) Please note that Daniel Weber-Rey, Sandra Lgumina and Delphine Mousseau were provisionally appointed by the Board of Directors on December 15, 2017 to replace Directors who had resigned. Their provisional appointments were submitted to the General Meeting of May 18, 2018 for ratification.

Personal information concerning the Board members whose renewal is submitted to the Combined Ordinary and Extraordinary General Meeting of May 18, 2018

Nonce Paolini

68 years

Independent Director

34, rue Copernic
75116 Paris

Number of shares held: 250

Master's degree in literature and graduate of the Paris Institut d'Études Politiques (class of 1972). Mr. Paolini began his career with EDF-GDF, where he held operational and management positions. In 1998, he joined the Bouygues Group, where he successively held the positions of Director of Development and Director of Human Resources, before going on to become central Director of Communications in 1990. In 1993, he joined TF1 as Director of Human Resources, and in 1999, he was appointed Deputy Chief Executive Officer. In 2002 he was appointed Deputy Chief Executive Officer of Bouygues Telecom and then Managing Director and Board member in April 2004. In 2007, he was appointed CEO of TF1 Group, then Chairman & CEO of the group in 2008 until 2016.

Positions and offices held as of December 31, 2017

- Director, Bouygues Telecom

Offices and positions held over the past five years that are no longer held

- Permanent representative of TF1, Director, Mediamétrie
- Director, TF1 Thématiques
- Chairman, NT1
- Chairman, HDI
- Chairman, TF1 Management
- Permanent representative of TF1 Management, Manager, La Chaîne Info
- Chairman and CEO, TF1 [(a)]
- Chairman and Director, Monte Carlo Participation
- Chairman and Director, Fondation d'entreprise TF1
- Director, Bouygues [(a)]
- Permanent representative of TF1 Director, Group AB
- Permanent representative of TF1 Director, Extension TV
- Permanent representative of TF1 Management, Managing Director, TF1 DS
- Chairman, TF1 Publicité
- Chairman, Programmes européens francophones audiovisuels spéciaux 4
- Chairman, HOP (Holding Omega Participations)
- Permanent representative of TF1 Director, TF6 Gestion
- Permanent representative of TF1 Director, GIE TF1 Acquisitions de droits
- Vice President and Director, TMC (Télé Monte Carlo)
- Permanent representative of TF1, Director, École de la Cité, du Cinéma et de la Télévision
- Member of the Supervisory Board of the Compagnie du Ponant
- Member of Board of Directors of Editions Tallandier

(a) Listed French company.

Personal information concerning the Board member whose provisional appointment and renewal is submitted to the Combined Ordinary and Extraordinary General Meeting of May 18, 2018 for ratification.

Sandra Lagumina

50 years

Independent Director

4, place de l'Opéra
75002 PARIS

Number of shares held: 250

Graduate of the École Nationale de l'Administration (ENA) and of Institut d'études politiques de Paris (Sciences Po), Sandra Lagumina also holds a DESS in common market law and a DESS in public law. She began her professional career at the Council of State of France where she held the position of *Auditeur* (Assistant Counsel) and then *Maître des requêtes* (Counsel) from 1995 to 1998. Sandra Lagumina then became Technical and Legal Counsel to the President of the French National Assembly. In 2000, she joined the cabinet office of the Minister for Economy, Finance and Industry as Technical Counsel in charge of legal matter, public procurement, and competition law. She was then appointed Assistant Director of public and international law at the ministry's department of legal affairs and Treasury Law Officer (2002-2005). In 2005, she joined the group Gaz de France where she held various positions in the fields of strategy and law. Between 2008 and 2013, she held the post of General Counsel at GDF Suez. She was then appointed in 2013 the Chief Executive Officer of GRDF (Gaz Réseau Distribution France). In 2016, she became Deputy Chief Executive Officer of ENGIE, and, in 2017, Chief Executive Officer of Asset Management at Meridiam. She is also President of the Conservatoire National de Musique et de Danse de Paris. She is a member of the board of the Competition Authority.

Positions and offices held as of December 31, 2017

- Director and member of the Strategy Committee, Naval Group
- Director and member of the CSR Committee, Abertis
- Director and member of the Appointments and Compensations Committee, FNSP
- Member of the Supervisory Board, FMSH
- President of the Conservatoire National de Musique et de Danse de Paris
- Member of the college of the Competition Authority.

Offices and positions held over the past five years that are no longer held

- Chief Operating Officer in charge of gas infrastructures and China, Engie
- Director, GRDF
- Director, GRT GAZ
- Director, Storengy
- Director, Elengy
- Director, GTT
- Director, Engie IT
- Chief Executive Officer, GRDF

Personal information concerning the Board director whose appointment is submitted to the Combined Ordinary and Extraordinary General Meeting of May 18, 2018

Caroline Grégoire Sainte Marie

60 years

Independent Director

36, Avenue Duquesne
75007 Paris

Number of shares held: 0

A graduate of the Institut d'Études Politiques de Paris, Caroline Grégoire Sainte Marie also holds a degree in Commercial Law from Université Paris I. She began her professional career in 1981 at Xerox France as Financial Controller. In 1984, she joined Hoechst pharmaceutical group where she successively held several positions in the financial field at Roussel Uclaf S.A. before being appointed in 1994 as Chief Financial Officer of Albert Roussel Pharma GmbH, a member of the Executive Board. In 1996, she joined Volkswagen France before moving to Lafarge Group in 1997 as Chief Financial Officer of Lafarge Speciality Products (LMS). In 2000, she was appointed Senior Vice President Mergers & Acquisitions at the Group's Cement Division. In that position, Caroline Grégoire Sainte Marie led the financial strategy for the takeover of Blue Circle. In 2004, she became Chief Executive Officer for Germany and Czech Republic. In 2007, she as appointed Chair and Chief Executive Officer of Tarmac France and Belgium, before becoming in 2009 the Chair and Chief Executive Officer of Frans Bonhomme. Caroline Grégoire Sainte Marie was a member of the Boards of Directors of Eramet (from 2012 to 2016) and Safran (from 2011 to 2015). Since 2011, Caroline Grégoire Sainte Marie is a member of the Boards of Directors of Groupama, FLSMIDTH and Wienerberger. She is also a Director as an investor in Calyos, the founding partner of DefInnov (a collaborative innovation platform in the defense and security field), and Senior Advisor at HIG European Capital Partners. She is a *chevalier de la Légion d'honneur.*

Positions and offices held at December 31, 2017

- Independent Director, Chair of the Appointments and Compensation Committee and member of the Audit Committee, Groupama
- Independent Director, member of the Audit Committee and member of the Technology Committee, FLSMIDTH (Denmark)
- Independent Director, member of the Audit Committee and member of the Strategy Committee, Wienerberger (Austria)

Offices and positions held over the past five years that are no longer held

- Independent Director and member of the Strategy Committee, ERAMET [(a)]
- Non-voting Director and member of the Audit Committee, SAFRAN [(a)]

(a) Listed French company.

Personal information concerning directors whose provisional appointment is submitted to the Combined Ordinary and Extraordinary General Meeting of May 18, 2018

Delphine Mousseau

46 years

Independent Director

Tamara-Danz-Strasse 1
10243 Berlin (Germany)

Number of shares held: 250

Graduate of HEC with a Master's in Business Administration. She began her career in 1995 as Project Manager at the Boston Consulting Group. In 1999 she joined Plantes-et-Jardins.com as Chief Operating Officer. From 2007 to 2011 she held the post of e-Commerce Director Europe at Tommy Hilfiger. She subsequently worked as an Independent Consultant, primarily for the former Primondo Group. Since 2014, Delphine Mousseau is VP Markets at Zalando.

Positions and offices held as of December 31, 2017

- VP of Markets, Zalando S.E.

Offices and positions held over the past five years that are no longer held

- Director and Chairwoman of the Board of Directors, Sofica EuropaCorp
- Director, Sofica Hoche Artois Image

Daniela Weber-Rey

60 years

Independent Director

Kronberger Strasse 49
60323 Frankfurt am Main (Germany)

Number of shares held: 250

Graduate with a Master's in Law from Columbia University, New York, Daniela Weber-Rey became a member of the Frankfurt Bar in 1984 and of the New York Bar in 1986. For nearly 30 years, Daniela Weber-Ray was, in a lawyer *and* later a partner at the firm Pünder Volhard & Weber, then at Clifford Chance, Counsel to various European bodies and, for five years, member of the Board of Directors of BNP Paribas. She is a member of the Governance Committee of the German Corporate Governance Code, a Board member of the European Corporate Governance Institute, and a non-executive member of the Board of HSBC Trinkaus & Burkhardt AG. From 2013 to 2016, Daniela Weber-Rey joined Deutsche Bank AG as Chief Governance Officer and Deputy Global Head of Compliance. Daniela Weber-Rey is a member of the Economic Council at the French Embassy in Germany (Berlin). She became *chevalier de la Légion d'honneur* in 2010 for her commitment to Franco-German relations.

Positions and offices held as of December 31, 2017

- Director, member of the Risk Committee and Audit Committee, HSBC Trinkhaus & Burckhardt AG, Düsseldorf
- Board Member, European Corporate Governance Institute, Brussels

Offices and positions held over the past five years that are no longer held

- Member of the Board of Directors, BNP Paribas

AGENDA OF THE COMBINED ORDINARY AND EXTRAORDINARY GENERAL MEETING OF MAY 18, 2018

For the Ordinary General Meeting

1. Approval of the parent company financial statements for the year ended December 31, 2017.
2. Approval of the consolidated financial statements for the year ended December 31, 2017.
3. Approval of expenses and costs under Article 39-4 of the French General Tax Code (CGI).
4. Allocation of net income for the year ended December 31, 2017.
5. Statutory Auditors' special report on Regulated Agreements and Commitments and approval of these commitments.
6. Renewal of the term of office of Nonce PAOLINI as Director.
7. Appointment of Caroline GRÉGOIRE SAINTE MARIE as Director to replace Arthur SADOUN.
8. Ratification of the provisional appointment of Sandra LAGUMINA as Director.
9. Ratification of the provisional appointment of Delphine MOUSSEAU as Director.
10. Ratification of the provisional appointment of Daniela WEBER-REY as Director.
11. Renewal of the term of office of Sandra LAGUMINA as Director.
12. Approval of fixed, variable and exceptional components of total compensation and benefits in kind paid or allocated for the past year to Alexandre BOMPARD, Chairman and Chief Executive Officer up to July 17, 2017.
13. Approval of fixed, variable and exceptional components of total compensation and benefits in kind paid or allocated for the past year to Jacques VEYRAT, Chairman of the Board of Directors from July 17, 2017.
14. Approval of fixed, variable and exceptional components of total compensation and benefits in kind paid or allocated for the past year to Enrique MARTINEZ, Chief Executive Officer from July 17, 2017.
15. Approval of the principles and criteria for determination, breakdown and allocation of the fixed, variable and exceptional components of the total compensation and benefits in kind allocatable to the Chairman of the Board of Directors.
16. Approval of the principles and criteria for determination, breakdown and allocation of the fixed, variable and exceptional components of total compensation and benefits in kind allocatable to the Chief Executive Officer and to any other executive corporate officer.
17. Total attendance fees granted to the Board of Directors.
18. Authorization to be given to the Board of Directors to trade in the Company's shares.

For the Extraordinary General Meeting

19. Authorization to the Board of Directors to cancel shares bought back by the Company under Article L. 225-209 of the French Commercial Code.
20. Harmonization of Article 19 of the Articles of Association.
21. Powers for formalities.

RESOLUTIONS TO BE SUBMITTED TO THE COMBINED ORDINARY AND EXTRAORDINARY GENERAL MEETING OF MAY 18, 2018, AND OBJECTIVES

For the Ordinary General Meeting

APPROVAL OF THE FINANCIAL STATEMENTS AND APPROPRIATION OF EARNINGS

- **The purposes of Resolutions One to Four**

The purpose of **Resolution One** is to approve the parent company financial statements of Fnac Darty for 2017, which report net income of €10,053,786.71.

The purpose of **Resolution Two** is to approve the consolidated financial statements of Fnac Darty for 2017.

The purpose of **Resolution Three** is to approve the expenses connected with the non tax-deductible long term leasing of vehicles and the corresponding tax.

The purpose of **Resolution Four** is the allocation of earnings from 2017.

The Management Report for 2017 is included in the Company's 2017 Registration Document available on the Company's website (www.fnacdarty.com on the page "Shareholders"). The Statutory Auditors' reports on the annual corporate accounts and the consolidated financial statements are in Chapter 5 of the 2017 Registration Document.

RESOLUTION ONE

Approval of the parent company accounts for the year ended December 31, 2017

The Annual General Meeting, having reviewed the Management Report of the Board of Directors and the Statutory Auditors' Report, approves the corporate accounts for the year ended December 31, 2017, as presented, showing a loss of €10,053,786.71 as well as the transactions reflected in these statements and summarized in these reports.

RESOLUTION TWO

Approval of the consolidated financial statements for the year ended December 31, 2017

The General Meeting, having reviewed the Management Report of the Board of Directors and the Statutory Auditors' Report, approves the consolidated financial statements for the year ended December 31, 2017, as presented, as well as the transactions reflected in these statements and summarized in these reports.

RESOLUTION THREE

Approval of the expenses and charges referred to in Article 39-4 of the French General Tax Code

The General Meeting approves the expenses and charges referred to in Article 39-4 of the French General Tax Code, in this case totaling €31,134, and the corresponding tax.

RESOLUTION FOUR

Allocation of earnings for the year

The General Meeting, on the proposal of the Board of Directors, resolves to allocate the result for year ended December 31, 2017, namely a loss of €10,053,786.71, to the "Retained earnings" account which, given its previous balance of €338,909,212.25, will decrease to €328,855,425.54.

In accordance with the Article 243 bis of the French General Tax Code, the General Meeting notes no dividend distribution for the three previous years.

APPROVAL OF THREE REGULATED AGREEMENTS

- **Purpose of Resolution Five**

The purpose of **Resolution Five** is the approval of three regulated agreements referred to in Article L 225-38 of the French Commercial Code, previously authorized by the Board of Directors on July 17, 2017 and mentionned in the Statutory Auditors' Special Report in Chapter 3.7 of the Registration Document.

The first concerns Chief Executive Officer Enrique MARTINEZ's membership of the supplemental defined contribution pension plan for all executives of the Group's French companies included in this agreement. The pension contributions made for his membership amounted to €4,889.78 for 2017, for the period since his appointment as Chief Executive Officer on July 17, 2017.

The second concerns a non-compete agreement between the Company and its Chief Executive Officer Enrique MARTINEZ, limited to a period of two years starting from the end of his term of office, which covers the retail sector specializing in cultural and/or technological and leisure products for the mass market in countries where the Group operates. In return for this commitment, Enrique MARTINEZ will receive a gross severance package amounting to 70% of his fixed monthly compensation for a period of two years from the effective date of termination of his office, with the understanding that the Board of Directors has the right to waive implementation of this clause.

The third concerns Enrique MARTINEZ's membership to the provident insurance plan covering all employees of Fnac Darty companies in France included in this contract.The gross contributions for this arrangment amounted to €2,737.04 for 2017, for the period since his appointment as CEO on July 17, 2017.

RESOLUTION FIVE

Special Auditors' Report on Regulated Agreements and Commitments and approval of those agreements

The General Meeting, having reviewed the Statutory Auditors' Special Report on regulated agreements and commitments, approves the new agreements mentioned therein.

TERMS OF OFFICE OF DIRECTORS

Purpose of Resolutions Six to Eleven

In accordance with the Board's internal rules, Directors' terms of office expire on a staggered basis.

The purpose of **Resolutions Six and Eleven** is to approve the renewal of the terms of office as Directors of Nonce PAOLINI (Resolution Six) and of Sandra LAGUMINA (Resolution Eleven) subject to ratification of her provisional appointment as Director. It should be noted that Nonce PAOLINI and Sandra LAGUMINA are Independent Directors (the independence criteria were assessed by the Board of Directors at its meeting of February 21, 2018). Nonce PAOLINI is a member of the Appointments and Compensation Committee. Sandra LAGUMINA is a member of the Audit Committee.

With respect to their involvement in the life of the Company as evidenced in their roles in specialized committees and their professional skills and experience described in their curriculum vitae in Section 3.1.3 "Corporate Governance" of the Registration Document available on the Company's website (www.fnacdarty.com on the page "Shareholders") the General Meeting is asked in Resolutions Six and Eleven, on the recommendation of the Appointments and Compensation Committee, to renew the term of office of Nonce PAOLINI, and of Sandra LAGUMINA subject to ratification of her provisional appointment as Director, for a three year period expiring at the close of the Annual General Meeting to be held in 2021 to approve the financial statements for the previous year.

The term of office of Arthur SADOUN expires at the close of the Annual General Meeting. Arthur SADOUN does not wish to renew his term of office as Director. Accordingly, his membership in the Corporate, Environmental and Social Responsibility Committee will therefore also expire at the close of the Annual General Meeting.

As a result of the foregoing, the purpose of **Resolution Seven** is to approve the appointment of Caroline GRÉGOIRE SAINTE MARIE to replace Arthur SADOUN as Director for a three year period expiring at the close of the Annual General Meeting to be held in 2021 to approve the financial statements for the previous year.

The offices and positions held Caroline GRÉGOIRE SAINTE MARIE are shown in the notification and information brochure for this Annual General Meeting.

If your meeting approves the nomination of Caroline GRÉGOIRE SAINTE MARIE as a Director, she, in accordance with the decision of the Board of Directors, will be appointed as a member of the Corporate, Environmental and Social Responsibility Committee.

It should be noted that in the opinion of the Board of Directors, on the recommendation of the Appointments and Compensation Committee, Caroline Caroline GRÉGOIRE SAINTE MARIE qualifies as an Independent Director based on the independence criteria in the AFEP-MEDEF Code, which the Company uses as a benchmark in corporate governance issues.

The purpose of **Resolutions Eight, Nine and Ten** is to approve the provisional appointment by the Board of Directors at its meeting of December 15, 2017, of the following new Directors of the Company: Sandra LAGUMINA to replace Marie CHEVAL who has resigned as Director (Resolution Eight), Delphine MOUSSEAU to replace Héloïse TEMPLE-BOYER who has resigned as Director (Resolution Nine), and Daniela WEBER-REY to replace Alexandre BOMPARD who has resigned as Director (Resolution Ten).

It should be noted that Sandra LAGUMINA, Delphine MOUSSEAU and Daniela WEBER-REY are Independent Directors (the independence criteria having been assessed by the Board of Directors at its meeting of February 21, 2018). Sandra LAGUMINA and Daniela WEBER-REY are members of the Audit Committee. Delphine MOUSSEAU is a member of the Corporate, Environmental and Social Responsibility Committee.

As a result, at the close of the Annual General Meeting, the Board of Directors will consist of 12 members, 7 of whom are Independent Directors and 6 of whom are women. The composition of the Board would therefore comply with the AFEP-MEDEF Code as regards the number of Independent Directors and the legally required minimum 40% representation of each gender on the Board.

RESOLUTION SIX

Renewal of the term of office of Nonce PAOLINI as Director

The Annual General Meeting resolves to renew the term of office of Nonce PAOLINI as Director for a three-year term expiring at the close of the Annual General Meeting to be held in 2021 to approve the financial statements for the previous year.

RESOLUTION SEVEN

Appointment of Caroline GRÉGOIRE SAINTE MARIE as Director to replace Arthur SADOUN

The Annual General Meeting resolves to appoint, to replace Arthur SADOUN whose term of office expires at the close of this Annual General Meeting Caroline GRÉGOIRE SAINTE MARIE as Director for a three year term expiring at the close of the Annual General Meeting to be held in 2021 to approve the financial statements for the previous year.

RESOLUTION EIGHT

Ratification of the provisional appointment of Sandra LAGUMINA as Director

The Annual General Meeting ratifies the provisional appointment by the Board of Directors at its meeting of December 15, 2017, of Sandra LAGUMINA as Director to replace Marie CHEVAL due to her resignation.

Accordingly, Sandra LAGUMINA will remain in office until the expiry of her predecessor's term of office, namely at the close of this Annual General Meeting.

RESOLUTION NINE

Ratification of the provisional appointment of Delphine MOUSSEAU as Director

The Annual General Meeting ratifies the provisional appointment by the Board of Directors at its meeting of December 15, 2017, of Delphine MOUSSEAU as Director to replace Héloïse TEMPLE-BOYER due to her resignation.

Accordingly, Delphine MOUSSEAU will remain in office until the expiry of her predecessor's term of office, which is at the close of the Annual General Meeting held in 2020 to approve the financial statements for the previous year.

RESOLUTION TEN

Ratification of the provisional appointment of Daniela WEBER-REY as Director

The Annual General Meeting ratifies the provisional appointment by the Board of Directors at its meeting of December 15, 2017, of Daniela WEBER-REY as Director to replace Alexandre BOMPARD due to his resignation.

Accordingly, Daniela WEBER-REY will remain in office until the expiry of her predecessor's term of office, which is at the close of the Annual General Meeting held in 2019 to approve the financial statements for the previous year.

RESOLUTION ELEVEN

Renewal of the term of office of Sandra LAGUMINA as Director

The Annual General Meeting resolves to renew the term of office of Sandra LAGUMINA as Director for a three-year term expiring at the close of the General Meeting to be held in 2021 to approve the financial statements for the previous year.

APPROVAL OF ITEMS OF COMPENSATION PAID OR AWARDED IN RESPECT OF FINANCIAL YEAR 2017 TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER UP TO JULY 17, 2017, TO THE CHAIRMAN FROM JULY 17, 2017, AND TO THE CHIEF EXECUTIVE OFFICER FROM JULY 17, 2017

Purpose of Resolutions Twelve to Fourteen

By the vote on Resolution twelve and pursuant to the provisions of Article L. 225-100-II of the French Commercial Code, the fixed, variable and exceptional components of the total compensation and benefits in kind paid or awarded for the past year to Chairman and Chief Executive Officer Alexandre BOMPARD for the performance of his duties up to July 17, 2017, in accordance with the compensation principles and criteria voted by the Annual General Meeting of May 24, 2017 in its Resolution Ten, are submitted for approval by the shareholders.

These components are as follows:

2017 fixed compensation

For 2017, the Chairman and Chief Executive Officer's gross annual fixed compensation was set at €900,000, the same as for 2016. The amount due and paid for 2017 amounts to €492,500 gross, corresponding to the period from January 1, 2017 to July 17, 2017 inclusive (amount subject to vote).

2017 annual variable compensation

For 2017, the Chairman and Chief Executive Officer's annual variable compensation was a maximum 120% of his annual fixed compensation, when exceeding objectives.

Of this, 80% is based on economic and financial objectives, with a maximum of 96%; and 20% is based on qualitative objectives, with a maximum of 24%.

For 2017, the economic and financial objectives set by the Board of Directors for the variable portion are as follows:

- Group current operating income (COI) representing 35% of the total objective with a maximum level of attainment of 120%;
- Group free cash flow (FCF) representing 15% of the total objective with a maximum level of attainment of 120%;
- Group revenues were 15% of the total objective with a maximum level of attainment of 120%;
- the achievement of synergies related to the merger with Groupe Darty representing 10% of the total objective with a maximum level of attainment of 120%;
- evolution of Group market shares, representing 5% of the total objective with a maximum level of attainment of 120%.

Each economic or financial objective is subject to a trigger point below which no compensation is payable for the objective.

The level of attainment of the criteria indicated above has been established precisely for each criterion.

Each of the economic and financial criteria has been measured by the Board of Directors when approving the annual financial statements, based on 2017 full-year performance. The qualitative criteria were assessed by the same Board meeting. The resulting amount was prorated on the basis of the period actually worked by Alexandre BOMPARD as Chairman and Chief Executive Officer.

The current operating income and free cash flow objectives for 2017 were both exceeded by more than 5%, so the variable compensation based on these criteria was 120%.

The revenue objective for 2017 was exceeded by more than 0.5%, so the variable compensation based on this criterion was 120%.

The synergies objective for 2017 was exceeded by more than 10%, so the variable compensation based on this criterion was 120%.

The market-share objective was exceeded by more than 0.25 points in the geographic regions reviewed with the exception of one geographic region in which the trigger point was not reached, so the variable compensation based on this criterion was 108%.

The qualitative objectives were evaluated by the Board. The Board acknowledged the very good results delivered by the Chairman and Chief Executive Officer. Accordingly, the level of attainment for variable compensation on these criteria was 110%.

The level of attainment of the 2017 objectives is 117.40% of the fixed annual compensation, and the gross amount payable for 2017 is €578,195 (amount submitted to the vote). This amount will not be paid until after the Annual General Meeting of May 18, 2018 provided it approves the Chairman and Chief Executive Officer's compensation components in accordance with Article L. 225-100.

Long term compensation, stock options and performance shares

At its meeting on April 28, 2017, on the recommendation of the Appointments and Compensation Committee, the Board of Directors resolved to implement a multi-year variable compensation plan composed of bonus equity instruments and performance-based stock options.

Given the cessation of Alexandre BOMPARD's duties as Chairman and Chief Executive Officer, his bonus share and performance-based stock options were canceled. Consequently, no compensation was payable to Alexandre BOMPARD in respect of those provisions in 2017.

Therefore, no corresponding amount was submitted to the Annual General Meeting for approval.

Furthermore, for 2013, 2014 and 2015, the Board of Directors allocated for Alexandre BOMPARD various multi-year variable compensation plans that matured in 2017. In accordance with plan rules, taking into consideration his successful performance, Alexandre BOMPARD received corresponding payments which are detailed in the Registration Document (from page 95 to page 97). In accordance with Article L. 225-100-II of the French Commercial Code, no corresponding amount was submitted to the Annual General Meeting for approval.

With the exception of those maturing in 2017, plans whose vesting period had not ended when Alexandre BOMPARD's duties as Chairman and Chief Executive Officer had ceased (July 17, 2017) were canceled.

Consequently, no compensation was payable to Alexandre BOMPARD in respect of those provisions.

Exceptional compensation

No exceptional compensation was granted to Alexandre BOMPARD in 2017.

Attendance fees

Attendance fees payable to Alexandre BOMPARD for his service in 2017 on Fnac Darty's Board of Directors from January 1 to November 28, totaled €26,920 (amount submitted to the vote).

Attendance fees are allocated on the following basis:

- 60% of the total annual amount of attendance fees is allocated to the members of the Board of Directors, of which 30% is fixed and 70% variable (the variable portion reflecting their attendance at Board meetings);
- the balance, amounting to 40% of the total annual attendance fees, is paid to the members of specialized committees and distributed as follows: 20% to the Audit Committee, 12% to the Appointments and Compensation Committee, and 8% to the Corporate Social and Environmental Responsibility Committee. These component distributions are strictly committee attendance-based;
- the Chairman of the Board of Directors and the Chairs of the committees receive a 50% higher fee for their attendance at each meeting.

Other benefits

In 2017 until the cessation of his duties as Chairman and Chief Executive Officer, Alexandre BOMPARD benefited from unemployment insurance the premiums for which in 2017 amounted to €6,364 and a supplemental educational annuity plan the premiums for which were paid in 2016 covering the period September 1, 2016 to August 31, 2017 (submitted for vote). These premiums are subject to social security and employer contributions and are therefore considered benefits in kind.

In 2017, until the cessation of his duties as Chairman and Chief Executive Officer, Alexandre BOMPARD had a company car which is a benefit in kind valued at €3,853 for the period (submitted for vote).

Non-compete agreement

The Board of Directors has signed a limited non-compete agreement with Alexandre BOMPARD on the specialized retail sector for cultural and/or technological and entertainment products for the general public in France, Belgium, Spain, Switzerland, Portugal and Brazil. This non-compete agreement was limited to two years starting at the end of his term of office. As compensation for this commitment, Alexandre BOMPARD was entitled to receive a gross allowance representing 80% of his fixed monthly compensation, for a period of two years from the actual end of his term of office. The Board of Directors was entitled to waive enforcement of this clause.

The Board of Directors of Fnac Darty at its meeting of July 17, 2017, on the recommendation of the Appointments and Compensation Committee, waived the enforcement of Alexandre BOMPARD's non-compete agreement. As a result, no amount is payable by the Company for 2017.

This agreement ended on July 17, 2017.

With the exception of the non-compete agreement, there is no arrangement to pay Alexandre BOMPARD any severance package, any allowance or any benefits in the event of his termination or change of function.

Supplementary pension plan

The Board of Directors authorized Alexandre BOMPARD's membership in the supplementary defined contribution pension plan (Article 83 of the French General Tax Code) for the benefit of the executives of French companies of Fnac Darty included in this agreement.

Contributions paid for 2017 amounted to €5,903.73.

This commitment, referred to in Article L. 225-42-1 of the French Commercial Code, was reviewed by the Board of Directors on February 28, 2017.

By the vote on Resolution Thirteen, in accordance with the provisions of Article L. 225-100-II of the French Commercial Code, the fixed, variable and exceptional components of the total compensation and benefits in kind paid or awarded for the past year to the Chairman of the Board Jacques VEYRAT for the performance of his duties from July 17, 2017, as presented below, are submitted for approval of the shareholders.

2017 fixed compensation

For 2017, the Chairman's gross annual fixed compensation was set at €200,000.

Taking his actual term of office into account, the gross amount due and paid to Jacques VEYRAT for 2017 was €91,667 (amount submitted to vote).

Long term variable compensation, stock options and performance shares

In accordance with AMF recommendations, the Board of Directors does not intend to grant variable compensation, long term compensation, stock options or performance shares to the Chairman of the Board of Directors.

Attendance fees

At its meeting of July 17, 2017, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, resolved that as Jacques VEYRAT would now receive fixed annual compensation at Chairman of the Board, he would no longer be entitled to attendance fees after his appointment.

No amount is payable for his Chairman's duties in 2017.

Other benefits

Jacques VEYRAT receives no other benefits.

By the vote on Resolution Fourteen, in accordance with the provisions of Article L. 225-100-II of the French Commercial Code, the fixed, variable and exceptional components of the total compensation and benefits in kind paid or awarded for the past year to Chief Executive Officer Enrique MARTINEZ for the performance of his duties from July 17, 2017, in accordance with the compensation principles and criteria voted by the Annual General Meeting of May 24, 2017 in its Resolution Ten, are subject to shareholders' approval.

These components are as follows:

2017 fixed compensation

For 2017, the Chief Executive Officer's gross annual fixed compensation was set at €500,000. The amount due and paid to him for his duties as CEO in 2017 amounts to €238,682 gross for the period from July 17, 2017 to December 31, 2017 inclusive (amount subject to vote).

2017 annual variable compensation

For 2017, the Chief Executive Officer's annual variable compensation was a maximum 110% of his annual fixed compensation, based on exceeding the objectives set.

Of this, 80% is based on economic and financial objectives, with a maximum of 88%; and 20% is based on qualitative objectives, with a maximum of 22%.

For 2017, the economic and financial objectives set by the Board of Directors for the variable portion are as follows:

- Group current operating income (COI), corresponding to 35% of the total objective with a maximum level of attainment of 110%;
- Group free cash flow (FCF), corresponding to 15% of the total objective with a maximum level of attainment of 110%;
- Group revenues, corresponding to 15% of the total objective with a maximum level of attainment of 110%;
- achievement of synergies related to the merger with Groupe Darty corresponding to 10% of the total objective with a maximum level of attainment of 110%;
- increase of Group market share, corresponding to 5% of the total objective with a maximum level of attainment of 110%.

Each economic or financial objective is subject to a trigger point below which no compensation is payable for the objective.

The level of attainment of the criteria indicated above has been established precisely for each criterion.

Each of the economic and financial criteria has been measured by the Board of Directors when approving the annual financial statements, based on 2017 full-year performance. The qualitative criteria were assessed by the same Board meeting. The resulting amount was prorated for the period actually worked by Enrique MARTINEZ as Chief Executive Officer.

The current operating income and free cash flow objectives for 2017 were both exceeded by more than 5%, so the variable compensation based on these criteria was 110%.

The synergies objective for 2017 was exceeded by more than 10%, so the variable compensation based on this criterion was 110%.

The market share objective was exceeded by more than 0.25 points in the geographic regions reviewed, except for one geographic region in which the trigger point was not reached, so the variable compensation based on this criterion was 99%.

The qualitative goals were evaluated by the Board. The Board acknowledged the very good results delivered by the Chief Executive Officer. Accordingly, the level of attainment for variable compensation on these criteria was 110%.

The level of attainment of the 2017 financial objective is 109.45% of the fixed annual compensation, and the gross amount payable for 2017 is €248,617 (amount submitted to the vote). This amount will not be paid until after the Annual General Meeting of May 18, 2018 provided it approves the Chief Executive Officer's compensation components in accordance with Article L. 225-100.

Long term compensation, stock options and performance shares

At its meeting on December 15, 2017, on the recommendation of the Appointments and Compensation Committee, the Board of Directors resolved to implement a multiyear variable compensation plan delivered by the award of bonus equity based instruments.

Accordingly, 15,391 bonus shares were awarded to Enrique MARTINEZ. The vesting of bonus shares is conditional on Fnac Darty stock market performance measured annually in 2019 and 2020 based on the Company's Total Shareholder Return (TSR) compared to that of SBF 120 companies, on performance in achieving synergy objectives in the merger of Fnac and Darty Groups, and on Current Operating Income assessed in 2019 after the publication of the Group's 2018 annual financial statements and in 2020 after the publication of the Group's 2019 annual financial statements.

The vesting of bonus shares is also conditional on continuous two years' service (December 15, 2017 – December 14, 2019).

In accordance with Articles L. 225-185 and L. 225-197-1 of the French Commercial Code, the Board resolved at its meeting of April 28, 2017 that:

- executive corporate officers must hold in registered form until the end of their term of office a minimum of 25% of their vested stock (after charges and taxes and any necessary disposals required to exercise options) on each of the bonus share and stock option plans awarded to them by the Board as from their appointment date, it being understood that benefits under any earlier plans accruing to them as employees are not included;
- however, this percentage will be reduced to 5% once the number of shares held by executive corporate officers resulting from bonus share awards and the exercise of options from all plans combined amounts to twice their fixed annual compensation, which constitutes the minimum number of shares that executive corporate officers have to hold in registered form until the expiry of their term of office, pursuant to Article 22 of the AFEP-MEDEF Code.

The valuation of the gross amounts at the grant date and in accordance with IFRS 2 rules, before apportionment of expenses over the vesting period of the bonus shares granted in 2017, was €984,821 (submitted for vote). This valuation was calculated using the Black & Scholes method based on the following parameters: a benchmark share price equal to the exercise price of €96.80 (share price on the first vesting date, December 15, 2017) per share, volatility of 25%, and a risk free Euribor Swap interest rate. These amounts have not yet been vested in the corporate officer, given the conditions of being in service and of performance.

Exceptional compensation

No exceptional compensation was awarded to Enrique MARTINEZ in 2017 for his duties as Chief Executive Officer.

Other benefits

In 2017, from the date of his appointment as Chief Executive Officer, Enrique MARTINEZ benefited from membership in an unemployment insurance plan for non-salaried corporate officers, the premiums for which were paid in the amount of €5,335 (submitted for vote). These premiums are subject to social security and employer contributions and are therefore considered benefits in kind.

In 2017, as Chief Executive Officer, Enrique MARTINEZ had a company car which is a benefit in kind valued at €1,306 for the period (submitted for vote).

Non-compete agreement

On July 17, 2017 the Board of Directors signed a non-compete agreement with Enrique MARTINEZ covering the specialized retail sector for cultural and/or technological and entertainment products for the general public in the countries where the Group operates. This non-compete agreement was limited to two years starting at the end of his term of office. As compensation for this commitment, Enrique MARTINEZ will receive a gross allowance representing 70% of his fixed monthly compensation, for a period of two years from the actual end of his term of office. The Board of Directors is entitled to waive implementation of this clause.

No amount is payable by the Company for the year 2017.

This commitment is subject to the approval of the Annual General Meeting by a specific resolution.

With the exception of the non-compete agreement, there is no arrangement to pay Enrique MARTINEZ any severance package, any allowance or any benefits in the event of his termination or change of function.

Supplementary pension plan

On July 17, 2017, the Board of Directors authorized Enrique MARTINEZ's membership in the supplementary defined contribution pension plan (Article 83 of the French General Tax Code) that exists for executives of French companies of Fnac Darty included in this agreement.

Contributions paid for his role as Chief Executive Officer in 2017 amounted to €4,889.78.

This commitment referred to in Article L. 225-42-1 of the French Commercial Code was reviewed by the Board of Directors on January 25, 2018 as part of its annual review of regulated agreements.

This commitment is subject to the approval of the Annual General Meeting by a specific resolution.

Provident insurance plan

On July 17, 2017, the Board of Directors authorized Enrique MARTINEZ's membership in the provident insurance plan covering all employees of Fnac Darty companies in France included in this agreement.

Contributions paid for his role as Chief Executive Officer in 2017 amounted to €2,737.04.

This commitment referred to in Article L. 225-42-1 of the French Commercial Code was endorsed by the Board of Directors on January 25, 2018 as part of its annual review of regulated agreements.

This commitment is subject to the approval of the General Meeting in the form of a specific resolution.

RESOLUTION TWELVE

Approval of fixed, variable and exceptional components of total compensation and benefits in kind paid or allocated for the past year to Alexandre BOMPARD, Chairman and Chief Executive Officer up to July 17, 2017

In accordance with the provisions of Article L. 225-100-II of the French Commercial Code, the Annual General Meeting approves the fixed, variable and exceptional components of the total compensation and benefits in kind paid or awarded for the past year to the Chairman of the Board of Directors Alexandre Bompard for the performance of his duties up to July 17, 2017, as presented above.

RESOLUTION THIRTEEN

Approval of fixed, variable and exceptional components of total compensation and benefits in kind paid or allocated for the past year to Jacques VEYRAT, Chairman of the Board of Directors after July 17, 2017

In accordance with the provisions of Article L. 225-100-II of the French Commercial Code, the Annual General Meeting approves the fixed, variable and exceptional components of the total compensation and benefits in kind paid or awarded for the past year to the Chairman of the Board of Directors Jacques VEYRAT for the performance of his duties from July 17, 2017, as presented above.

RESOLUTION FOURTEEN

Approval of fixed, variable and exceptional components of total compensation and benefits in kind paid or allocated for the past year to Enrique MARTINEZ, Chief Executive Officer after July 17, 2017.

In accordance with the provisions of Article L. 225-100-II of the French Commercial Code, the Annual General Meeting approves the fixed, variable and exceptional components of the total compensation and benefits in kind paid or awarded for the past year to Enrique MARTINEZ, Chief Executive Officer from July 17, 2017, as presented above.

APPROVAL OF THE PRINCIPLES AND CRITERIA FOR DETERMINATION, BREAKDOWN AND ALLOCATION OF THE FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF THE TOTAL COMPENSATION AND BENEFITS IN KIND ALLOCATABLE TO THE CHAIRMAN OF THE BOARD OF DIRECTORS, THE CHIEF EXECUTIVE OFFICER, AND ANY EXECUTIVE CORPORATE OFFICER

Purpose of Resolutions Fifteen and Sixteen

In accordance with Article L. 225-37-2 of the French Commercial Code, the principles and criteria for determination, breakdown and allocation of the fixed, variable and exceptional components of the total compensation and benefits in kind allocated to the Chairman and Chief Executive Officers or Deputy Executive Officers in their roles as such, are subject to shareholders' approval.

By the vote on Resolution Fifteen you are asked to approve the principles and criteria for determination, breakdown and allocation of the fixed, variable and exceptional components of the total compensation and benefits in kind allocatable to the role of Chairman of the Board of Directors as presented below.

Description of the components of total compensation and benefits in kind for the Chairman of the Board of Directors.

Fixed compensation

The fixed annual compensation for the Chairman is set in accordance with market practices.

This approach takes into consideration the main features of the Company, and of the purview of the executive, such as:

- revenues, budget, workforce;
- the context in which the duties are exercised, with the consideration of strategic challenges, and short and long-term development prospects;
- the level of responsibility.

The Board of Directors annually analyses the Chairman's fixed compensation, with the objective to review it only on a long term basis, in accordance with AFEP-MEDEF Code recommendations.

Long term variable compensation, stock options and performance shares

In accordance with AMF recommendations, the Board of Directors does not intend to grant variable compensation, long term compensation, stock options or performance shares to the Chairman of the Board of Directors.

Attendance fees

The Chairman may be allocated attendance fees in accordance with the rules applicable to the category of Directors to which he belongs.

Attendance fees are allocated on the following basis:

- 60% of the total annual amount of attendance fees is allocated to the members of the Board of Directors, of which 30% is fixed and 70% variable (the variable portion reflecting their attendance at Board meetings);
- the balance, amounting to 40% of the total annual attendance fees, is paid to the members of specialized committees and distributed as follows: 20% to the Audit Committee, 12% to the Appointments and Compensation Committee, and 8% to the Corporate Social and Environmental Responsibility Committee. These component distributions are strictly committee attendance-based;
- the Chairman of the Board of Directors and the Chairs of the committees receive a 50% higher fee for their attendance at each meeting.

It should be noted that in accordance with the Board of Directors decision of July 17, 2017, Jacques VEYRAT has received no attendance fees since his appointment as Chairman of the Board of Directors.

Other benefits

In 2017, the Chairman of the Board is entitled to a company car consistent with the Company's fleet policy and market practices, but, for information purposes, Jacques VEYRAT has never availed himself of that option.

By the vote on Resolution Sixteen you are asked to approve the principles and criteria for determination, breakdown and allocation of the fixed, variable and exceptional components of the total compensation and benefits in kind allocatable to Chief Executive Officer and any executive corporate officer as presented below.

Description of the components of total compensation and benefits in kind for the Company's executive corporate officers.

Fixed compensation

The fixed annual compensation for the executive corporate officers is set to be consistent with market practices.

This approach takes into consideration the main features of the Company, and of the purview of the executive, such as:

- revenues, budget, workforce;
- the context in which the duties are exercised, with the consideration of strategic challenges, and short and long-term development prospects;
- the level of responsibility.

The Board of Directors annually analyses the fixed compensation of executive corporate officers, with the objective to review it only on a long term basis, in accordance with AFEP-MEDEF Code recommendations.

Annual variable compensation

The annual variable compensation of executive corporate officers is determined by the Board of Directors which, every year, sets the quantitative and qualitative objectives along with their relative weighting for the variable portion of compensation. The annual variable compensation is proportioned and currently represents a maximum amount of 120% of the fixed annual compensation when performance objectives are exceeded. This maximum was determined to be consistent with market practices.

Economic and financial criteria are the predominant considerations when structuring annual variable compensation. Economic and financial objectives account for 80% of variable compensation, and qualitative goals account for 20%.

Currently, the economic and financial objectives set by the Board of Directors for the variable portion are as follows:

- Group current operating income (COI), corresponding to 35% of the total objective with a maximum level of attainment of 120%;
- Group free cash flow (FCF), corresponding to 15% of the total objective with a maximum level of attainment of 120%;
- Group revenues, corresponding to 15% of the total objective with a maximum level of attainment of 120%;
- achievement of synergies related to the merger with Groupe Darty corresponding to 10% of the total objective with a maximum level of attainment of 120%;
- evolution of Group market shares, corresponding to 5% of the total objective with a maximum level of attainment of 120%.

The achievement level of each economic and financial objective as well as the type of qualitative goals for executive corporate officers are precisely established beforehand by the Board of Directors but for confidentiality reasons are not publicized.

Each economic or financial objective is subject to a trigger point below which no compensation is payable for the objective.

Long term compensation, stock options and performance shares

Executive corporate officers are eligible for the same long-term incentive plans that the Board of Directors awards to the other members of the Executive Committee. The plans awarded to corporate executive officers may take the form of share subscription and/or purchase options, bonus shares subject to performance conditions, or performance options settled in cash. The purpose of these plans is to align the interests of executive corporate officers more closely to shareholders' interests.

In accordance with AFEP-MDEF Code recommendations, the grant value of such plans within the IFRS 2 framework is proportionate to the annual fixed and variable components. The Board of Directors also ensures that they are consistent with market practices.

Accordingly, long-term compensation (in IFRS terms) may represent up to 50% of total compensation (the total compensation being the sum of fixed annual compensation, the maximum variable compensation, and long-term compensation).

Vesting is conditional on the beneficiary being in service at time of vesting, save in exceptional circumstances such as a change of control of the Company, as well as on various performance conditions set by the Board of Directors, including, at the very least, the Company's share price performance.

The performance criteria, identical to those for Executive Committee members, are demanding. They do not permit payment until thresholds are triggered, and they are measured each year during the vesting period of the plans, or over the period covered by the plans.

In accordance with Articles L. 225-185 and L. 225-197-1 of the French Commercial Code, the Board resolved that:

- executive corporate officers must hold in registered form until the end of their term of office a minimum of 25% of their vested stock (after charges and taxes, and any necessary disposals to exercise options) on each of the bonus share and stock option plans awarded to them by the Board as from their appointment date, it being understood that benefits under any earlier plans accruing to them as employees are not included;
- however, this percentage will be reduced to 5% once the number of shares held by executive corporate officers resulting from bonus share awards and the exercise of options from all plans combined amounts to twice their fixed annual compensation, which constitutes the minimum number of shares that executive corporate officers have to hold in registered form until the expiry of their term of office, pursuant to Article 22 of the AFEP-MEDEF Code.

Exceptional compensation

In accordance with AFEP-MEDEF Code recommendations, the Board of Directors does not intend to award exceptional compensation to executive corporate officers except in very special circumstances. The payment of such compensation must be able to be justified by an event such as the achievement of a major Company project, or substantial outperformance. The grant value of exceptional compensation may represent up to 100% of fixed annual compensation and variable annual compensation.

Attendance fees

Executive corporate officers who are Directors of the Company may receive a set package of attendance fees, which is split and allocated to the executive corporate officers in accordance with the rules applicable to the category of Directors to which they belong.

Attendance fees are allocated on the following basis:

- 60% of the total annual amount of attendance fees is allocated to the members of the Board of Directors, of which 30% is fixed and 70% variable (the variable portion reflecting their attendance at Board meetings);
- the balance, amounting to 40% of the total annual attendance fees, is paid to the members of specialized committees and distributed as follows: 20% to the Audit Committee, 12% to the Appointments and Compensation Committee, and 8% to the Corporate Social and Environmental Responsibility Committee. These component distributions are strictly committee attendance-based;
- the Chairman of the Board of Directors and the Chairs of the committees receive a 50% higher fee for their attendance at each meeting.

Other benefits

In the absence of an employment contract with the Company, executive corporate directors benefit from an unemployment insurance plan specifically for non-salaried corporate officers, to compensate, to some extent, for the lack of unemployment insurance similar to that provided for employees.

Executive corporate officers have company cars consistent with the Company's fleet policy and market practices.

In accordance with Article L. 225-37-2 of the French Commercial Code, the payment of variable and exceptional compensation awarded to executive corporate officers for the year in review must be ratified by an Annual General Meeting item by item for each beneficiary in accordance with Article L. 225-100.

Regulated commitments that may benefit executive corporate officers pursuant to Article L. 225-42-1 of the French Commercial Code.

Severance package

Executive corporate officers may receive a performance based severance package on ceasing their duties. If the Board of Directors were to put in place such an arrangement, it would be subject to the procedure in Article L. 225-42-1 of the French Commercial Code and would have to comply with the AFEP-MEDEF Code recommendations regarding severance package ceilings.

Non-compete agreement

Executive corporate officers may be bound by a non-compete agreement limited to a period of two years counting from the end of their term of office, in return for which they will receive a gross allowance of up to 80% of their fixed monthly compensation, with the Board of Directors retaining the right to waive that option.

Accordingly, the Chief Executive Officer is subject to a non-compete agreement covering the specialized retail sector for cultural and/or technological and entertainment products for the general public in the countries where the Group operates. This non-compete agreement is limited to two years and begins at the end of his term of office. As compensation for this commitment, the Chief Executive Officer will receive a gross allowance representing 70% of his fixed monthly compensation, for a period of two years from the effective end of his term of office. The Board of Directors is entitled to waive implementation of this clause.

At its annual review of regulated agreements at its meeting of January 25, 2018, the Board approved the continuation of this commitment.

Supplementary pension plan

Executive corporate officers may benefit from membership in a supplemental defined contribution pension plan.

Accordingly, the Chief Executive Officer was a member of the supplemental defined contribution pension plan recognized under Article 83 of the French General Tax Code, which also includes all managers of Fnac Darty companies in France, all on the same terms.

At its annual review of regulated agreements at its meeting of January 25, 2018, the Board approved the continuation of this commitment.

Finally, any Deputy Chief Executive Officers that are appointed may be offered employment contracts on the terms and conditions in applicable regulations.

Provident Insurance Plan

Executive corporate officers may benefit from membership in a provident insurance plan.

Accordingly, the Chief Executive Officer is a member of the provident insurance plan (medical expenses, incapacity and disability, death benefits) covering all employees of Fnac Darty companies in France included in this contract, all on the same terms.

At its annual review of regulated agreements at its meeting of January 25, 2018, the Board approved the continuation of this commitment.

RESOLUTION FIFTEEN

Approval of the principles and criteria for determination, breakdown and allocation of the fixed, variable and exceptional components of the total compensation and benefits in kind allocatable to the Chairman of the Board of Directors

In accordance with Article L. 225-37-2 of the French Commercial Code, the Annual General Meeting approves the principles and criteria for the determination, breakdown and allocation of the fixed, variable and exceptional components of the total compensation and benefits in kind presented in the corporate governance report, and allocatable to the Chairman of the Board of Directors, as presented.

RESOLUTION SIXTEEN

Approval of the principles and criteria for determination, breakdown and allocation of the fixed, variable and exceptional components of the total compensation and benefits in kind allocatable to the Chief Executive Officer and any executive corporate officer

In accordance with Article L. 225-37-2 of the French Commercial Code, the Annual General Meeting approves the principles and criteria for the determination, breakdown and allocation of the fixed, variable and exceptional components of the total compensation and benefits in kind presented in the corporate governance report, and allocatable to the Chief Executive Officer and any executive corporate officers, as presented.

ATTENDANCE FEES

Purpose of Resolution Seventeen

The purpose of **Resolution Seventeen** is to set the total annual amount of attendance fees at €450,000 for the current and future years.

Total annual attendance fees amounting to €300,000 since April 17, 2013 were increased to €360,000 by the Annual General Meeting of May 24, 2017, to reflect the increase in the number of Directors and the Group's increased size due to the acquisition of Darty. Given the scale of the strategic challenges facing the Group and the importance of the Board's role in the competitive environment in which the Group operates, in February 2018 the Company undertook a benchmarking exercise to compare the total annual and average annual attendance fee packages of listed French companies of equivalent size. The benchmarking exercise revealed that the attendance fees paid by the Company to its non-executive Directors was below the average paid by the most closely comparable companies. The Board therefore considered that it was appropriate, on the recommendation of the Appointments and Compensation Committee, to propose an increase in the total annual attendance fee package for the current and future years to €450,000 to match the relevant benchmarks.

RESOLUTION SEVENTEEN

Total attendance fees allocated to the Board of Directors

The Annual General Meeting resolves to increase the total annual attendance fee package for the Board of Directors from €360,000 to €450,000.

This resolution applies to the current year and will continue in effect until decided otherwise.

BUY-BACK OF SHARES

Purpose of Resolution Eighteen

The authorization granted on May 24, 2017 by the Annual General Meeting to the Board of Directors to trade in the shares of the Company will expire on November 24, 2018. In **Resolution Eighteen**, we ask you to renew, for a period of 18 months, the authorization of Board of Directors to trade in the Company shares at a maximum purchase price of €130 per share, subject to a ceiling of €346,555,690 million after acquisition costs.

Acquisitions may be made for the following purposes:

a) to ensure that there is secondary market activity or liquidity in Fnac Darty shares via a liquidity contract with an investment services provider in accordance with the AMAFI Ethics Charter permitted by the regulations, it being understood that the number of shares used to calculate the aforementioned ceiling is the number of shares bought minus the number of shares sold;

b) to hold the bought shares for future sale for subsequent use as exchange or payment in takeover transactions;

c) to cover stock purchase options and/or bonus share allocation (or similar) schemes for the benefit of Group employees and/or corporate officers as well as allocations of shares in connection with a company or group savings plan (or similar), profit sharing plan and/or any other form of share allocations to Group employees and/or corporate officers;

d) to cover securities that give the right to Company shares, as required by applicable regulations;

e) to potentially cancel the bought shares, in accordance with the authorization granted or to be granted by an Extraordinary General Meeting.

This authorization is also intended to enable the Company to trade in its shares using any means and for any other authorized purpose or using any market practice permitted now or subsequently by the applicable laws and regulations or those accepted by the AMF. If the Company executes any transaction for purposes not mentioned above, it will inform its shareholders by means of a press release.

Acquisitions, sales, exchanges and transfers may be completed by any means, including the acquisition of blocks of shares, and the Company reserves the right to use options or derivative instruments subject to applicable regulations.

The Board, unless authorized in advance by the Annual General Meeting, may not use this delegation for the remainder of the period of a public tender offer once a third-party tender offer has been filed for the Company's shares.

In accordance with the regulations, the Company may not hold, at any time, more than **10% of the shares** comprising its share capital. The number of shares acquired to be held for subsequent surrender in a merger, de-merger or capital contribution, may not exceed 5% of the share capital.

As of December 31, 2017, the Company held none of its own shares.

RESOLUTION EIGHTEEN

Authorization to the Board of Directors to instruct the Company buy back its own shares under Article L. 225-209 of the French Commercial Code

The Annual General Meeting, having reviewed the Report of the Board of Directors, authorizes the latter, for a period of 18 months and in accordance with Articles L. 225-209 et seq. of the French Commercial Code, to buy, sell or transfer, on one or more occasions and at such times as it considers appropriate, up to 10% of the number of shares comprising the Company's share capital, adjusted where necessary to take into any account capital increase or capital reduction transactions during the authorization period.

This authorization terminates the authorization granted to the Board of Directors in Resolution Twelve of the Annual General Meeting of May 24, 2017.

Acquisitions may be made for the following purposes:

- to stimulate the secondary market, or liquidity, for Fnac Darty shares via a liquidity contract with an investment services provider in accordance with the Amafi Ethics Charter and permitted by regulations, it being understood that the number of shares used to calculate the aforementioned ceiling is the number of shares bought minus the number of shares sold;
- to hold the bought shares for future sale for subsequent use as exchange or payment in external growth operations;
- to provide coverage for stock options and/or bonus share allocations (or similar) plans for the benefit of Group employees and/or corporate officers as well as allocations of shares in connection with a company or group savings plan (or similar), profit-sharing plan and/or any other form of share allocations to Group employees and/or corporate officers;
- to provide coverage for securities that establish the right to Company shares, as required by applicable regulations;
- to cancel any shares bought, in accordance with the authorization granted, or to be granted, by the Extraordinary General Meeting.

This authorization is also intended to enable the Company to trade in its shares using any means and for any other authorized purpose or using any market practice permitted now or subsequently by the applicable laws and regulations or those accepted by the AMF. If the Company executes any transaction for purposes not mentioned above, it will inform its shareholders by means of a press release.

Acquisitions, sales, exchanges and transfers may be completed by any means, including the acquisition of blocks of shares, and the Company reserves the right to use options or derivative instruments subject to applicable regulations.

The Board, unless authorized in advance by the Annual General Meeting, may not use this delegation during period of a public tender offer launched by a third-party seeking to acquire the shares of the Company, until the end of the tender offer period.

The maximum purchase price is set at €130 per share. In the event of transactions affecting the share capital, specifically the splitting or consolidation of shares or the allotment of bonus shares to shareholders, the amount indicated above shall be adjusted in the same proportions (multiplied by the ratio of number of shares constituting the capital before the transaction and the number of shares constituting the share capital after the transaction).

The maximum nominal value of the transaction is set at €346,555,690.00.

The Annual General Meeting grants all powers to the Board of Directors, with the right to sub-contract, for the execution such transactions, to set their terms and conditions, to enter into any agreements and to complete all formalities.

For the Extraordinary General Meeting

AUTHORIZATION TO THE BOARD OF DIRECTORS TO CANCEL SHARES BOUGHT BY THE COMPANY UNDER ARTICLE L. 225-209 OF THE FRENCH COMMERCIAL CODE

- **Purpose of Resolution Nineteen**

In connection with the authorization granted to the Board of Directors in Resolution 18 to trade in Company shares, you are also asked to renew the authorization to the Board, which expires on July 23, 2019, to reduce the share capital on one or more occasions by canceling any amount of treasury shares which it may decide within the limits authorized by law.

On the date of each cancellation, the maximum number of shares canceled by the Company during the 24 month period preceding such cancellation, including the shares subject to such cancellation, may not exceed 10% of the shares comprising the Company's equity capital on that date, it being understood that this limit applies to any capital adjusted to take into account transactions affecting the share capital after this General Meeting.

This authorization will be granted for a period of 26 months from the date of this General Meeting. For information, the delegation for the same purpose granted by the General Meeting of May 24, 2017, has not been used.

RESOLUTION NINETEEN

Authorization to the Board of Directors to cancel shares bought by the Company under Article L. 225-209 of the French Commercial Code

The General Meeting, deciding in the manner as to quorum and majority required for Extraordinary General Meetings and having taken note of the Report of the Board of Directors and the Special Report of the Statutory Auditors, authorizes the Board of Directors, on one or more occasions, in such proportions and at such times as it may decide within the limits authorized by law, to reduce the share capital in accordance with the provisions of Articles L. 225-209 et seq. and L. 225-213 of the French Commercial Code.

The maximum number of shares that may be canceled by the Company by virtue of this authorization, over a 24-month period, is 10% of the shares comprising the Company's share capital on the date of the decision to cancel, it being understood that this limit applies to an amount of the Company's share capital, which will, if necessary, be adjusted to take into account the transactions affecting the share capital after this General Meeting.

This authorization is granted for a period of 26 months counting from today.

The General Meeting deciding in the manner as to quorum and majority required for Extraordinary General Meetings grants all powers to the Board of Directors, with the right to sub-delegate, to carry out the cancellation of or reduction in the equity capital as may be permitted by this authorization, to set the methods and declare the completion, to impute the difference between the book value and par value of the canceled shares to any reserves or premiums, to make the corresponding amendments to the Articles of Incorporation, and to complete all formalities.

HARMONIZATION OF ARTICLE 20 OF THE ARTICLES OF ASSOCIATION

- **Purpose of Resolution Twenty**

In **Resolution Twenty** we ask you to make any consequential amendments to Article 19 of the Articles of Association concerning compensation of the Directors, the Chairman, and the Chief Executive Officer, in order to align it with the Sapin II Law.

RESOLUTION TWENTY

Harmonization of Article 19 of the Articles of Association

The General Meeting, acting with the quorum and majority required for Extraordinary General Meetings, having reviewed the Report of the Board of Directors, resolves to:

- make any consequential amendments in order to align the Company's Articles of Association with the provisions of Law no. 2016-1691 of December 9, 2016;
- consequently to amend the third paragraph of Article 19 of the Articles of Association, leaving the rest of the Article unchanged, as follows:

"Article 19 – Compensation of Directors, Chairman, Chief Executive Officer, Deputy Chief Executive Officers, and members of the Board of Directors.

[…]

3. The Board of Directors shall set the compensation of the Chairman of the Board of Directors, the Chief Executive Officer, and the Deputy Chief Executive Officers, as specified in the applicable regulations."

POWERS FOR FORMALITIES

- **Purpose of Resolution Twenty one**

This resolution grants the bearer of an original, extract or copy of the minutes of this General Meeting full powers to make or complete any necessary filings or formalities, including digitally with an electronic signature, in accordance with applicable laws.

RESOLUTION TWENTY-ONE

Powers for formalities

The General Meeting grants all powers to the bearer of an original, copy or extract of these minutes to fulfill all the formalities of filing and publicity required.

STATUTORY AUDITORS' REPORTS AND INDEPENDENT THIRD PARTY'S REPORT

AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Year ended December 31, 2017

To the Fnac Darty Shareholders' Meeting,

Opinion

In the execution of the mission assigned to us by your Shareholders' Meetings, we have audited the Fnac Darty annual financial statements for the year ended December 31, 2017, as attached to this report.

We certify that, with regard to French accounting rules and principles, the annual financial statements are regular, accurate, and reflect a faithful image of the results of the operations for the past financial year as well as the Company's financial position and assets as of the end of that year.

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

Basis of the opinion

Audit standards

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

Our responsibilities under these standards are set forth in the section "Auditors' responsibilities for the audit of the annual financial statements" contained in this report.

Independence

We conducted our audit in compliance with the applicable rules on independence over the period from January 1, 2017 to the date we issued our report, and specifically we provided no services prohibited by Article 5, Section 1, of Regulation (EU) 537/2014 or by the code of ethics of the auditing profession.

Justification of the assessments – Key points of the audit

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code regarding the justification of our assessments, we are hereby informing you of the key points of the audit relating to material risks of anomalies which, in our professional judgment, were the most important for the audit of the annual financial statements and our responses to these risks.

The assessments provided are part of our process of auditing the annual financial statements as a whole and thus contributed to our opinion as expressed above. We are expressing no opinion on elements of these annual financial statements taken in isolation.

Key points of our audit	Responses provided during our audit
Valuation of equity interests *Cf. Notes 2.1 "Non-current financial assets", 3 "Net non-current financial assets" and 18 "Table of subsidiaries and shareholdings" in the appendix to the annual financial statements.*	
As of December 31 2017, equity investments are recognized on the balance sheet for a net book value of €1,955.2 million, or 87% of total assets. On the entry date, they are recognized at acquisition cost, including related costs and fees. At year-end, the gross value of the investments is compared to value in use. Value in use is determined on the basis of the observed market capitalization of Fnac Darty shares at December 31, 2017 and the application of the economic criteria for allocation between the two subsidiaries. This valuation takes the Company's debt into account. When this value is lower than the book value, an impairment is recorded for the amount of this difference. The estimate of value in use is based on a specific valuation model, and requires an important judgment by management, particularly for allocation of the overall value resulting from the market observation of the two subsidiaries. Taking into account the weight of equity interests on the balance sheet and in the model used, we considered the measurement of the value in use of the equity interests to be a key point of our audit.	In order to assess the reasonableness of the estimate of the values in use of the equity interests in the subsidiaries Fnac Darty Participations et Services and Darty Limited, based on the information provided to us, our work consisted primarily in: ■ verifying that the estimate of these values in use determined by management is based on an appropriate justification of the valuation method and the data used; ■ recalculating the value in use of the equity interests in the two subsidiaries by our valuation experts; ■ verifying the correct application of the criterion for allocating the market value used between the equity interests in the subsidiaries Fnac Darty Participations Services and Darty Limited.

Verification of the management report and the other documents sent to shareholders

We also conducted the specific controls required by law in accordance with professional standards applicable in France.

Information on financial position and the annual financial statements provided in the management report and other documents sent to shareholders

We have no observations to make as to the fair presentation and consistency with the annual financial statements of the information provided in the Board of Directors' Management Report and in the documents sent to shareholders on financial position and the annual financial statements.

Information on corporate governance

We certify the existence of the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code in the section of the Board of Directors' Management Report on corporate governance.

As regards the information provided pursuant to the provisions of Article L. 225-37-3 of the French Commercial Code on compensation and benefits paid to corporate officers and the commitments made to them, we have verified their consistency with the financial statements or with the data used to prepare these statements and, as applicable, with the items obtained by your Company from companies that control or are controlled by your Company. Based on this work, the fairness and accuracy of this information call for the following observation from us: as indicated in the Board's report on corporate governance, in the case of Enrique Martinez, this information represents compensation and benefits paid since his appointment as Chief Executive Officer. Therefore, it does not include compensation and benefits paid during the year before this appointment.

With respect to information on the items which your Company believes could have an impact in the event of a public tender or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code, we verified their consistency with the documents from which the information was drawn and which was provided to us. On the basis of this work, we have no comment to make about this information.

Other information

As required by law, we have made certain that you have been provided in the Management Report with various information on the identity of shareholders and voting rights.

Information resulting from other legal and regulatory obligations

Appointment of the Auditors

Deloitte & Associés was appointed auditors of Fnac Darty by the Shareholders' Meeting of June 22, 1993, and KPMG S.A. at the meeting of April 17, 2013.

As of December 31, 2017, the two firms were in the 5th year of their appointment since the Company's shares were listed for trading on a regulated market. Deloitte & Associés is in the 25th year of its appointment without interruption, and KPMG S.A. in its fifth year.

Responsibilities of management and the individuals comprising corporate governance for the annual financial statements

It is the responsibility of management to prepare annual financial statements that present a fair image, in accordance with French accounting rules and principles, and to implement the internal controls it believes necessary for the preparation of annual financial statements containing no material anomalies, whether as a result of fraud or error.

During preparation of the annual financial statements, it is management's responsibility to assess the Company's ability to continue operations, to present in these statements any information concerning continuity of operations, and to apply the accounting principle of continuity of operations, unless it is planned to liquidate the company or terminate its activity.

It is the responsibility of the Audit Committee to monitor the process of preparing the financial information and monitoring the effectiveness of the internal control and risk management systems and, if applicable, the internal audit system, with regards to the procedures for preparing and processing the accounting and financial information.

The annual financial statements have been approved by the Board of Directors.

Responsibility of the Auditor for auditing the annual financial statements

Audit purpose and process

It is our responsibility to prepare a report on the annual financial statements. Our goal is to obtain reasonable assurance that the annual financial statements, considered in their entirety, contain no material anomalies. Reasonable assurance corresponds to a high level of assurance without, however, guaranteeing that an audit conducted in accordance with professional standards will systematically detect any material anomaly. Anomalies may result from fraud or error and are considered material when one can reasonably expect that individually or together, they could influence the economic decisions made by users of the financial statements based on those statements.

As specified by Article L. 823-10-1 of the French Commercial Code, our mission to certify the financial statements does not consist in guaranteeing the viability or quality of your Company's management.

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

- the auditor identifies and measures the risks that the annual financial statements contain material anomalies, whether as a result of fraud or error, defines and implements audit procedures in light of these risks, and collects information deemed sufficient and appropriate on which to base an opinion. The risk of failure to detect a material anomaly resulting from fraud is greater than the risk of a material anomaly resulting from error, because fraud may involve collusion, embezzlement, voluntary omissions, false statements or bypassing of internal controls;

- the auditor is knowledgeable of internal controls relevant to the audit in order to defined appropriate audit procedures under the circumstances, and not in order to express an opinion on the effectiveness of the internal controls;
- the auditor assesses the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as information on these elements provided in the annual financial statements;
- the auditor assesses the appropriateness of management's application of the accounting convention of continuity of operations and, based on information collected, the existence or absence of significant uncertainty related to events or circumstances that could call into question the Company's ability to continue operations. This assessment is based on information collected up to the date of the auditor's report; it is, however, noted that subsequent circumstances or events could call into question the continuity of operation. If the auditor concludes that a significant uncertainty exists, he calls the attention of readers of the audit report to information provided in the annual financial statements concerning this uncertainty or, if this information is not provided or is not pertinent, the auditor certifies with reservations or refuses to certify the financial statements;
- the auditor assesses the overall presentation of the annual financial statements and evaluates whether they reflect and provide a fair picture of the underlying transactions and events.

Report to the Audit Committee

We are submitting a report to the Audit Committee specifically describing the scope of the audit work and the work conducted, as well as the conclusions arising from our work. We are also informing the Committee of any significant weaknesses in the internal controls we have identified in the procedures for preparing and processing the accounting and financial information.

The elements communicated in the report to the Audit Committee include the risks of material anomalies which we believe were the most importance for the audit of the annual financial statements and which therefore constitute the key points of the audit which it is our responsibility to describe in this report.

We are also providing to the Audit Committee the declaration stipulated by Article 6 of Regulation (EU) 537-2014 confirming our independence, under the rules applicable in France specifically as established by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the code of ethics for the auditing profession. As necessary, we discuss with the Audit Committee any risks impacting our independence and the safeguards taken.

Neuilly-sur-Seine and Paris La Défense, March 26, 2018

Statutory Auditors

Deloitte & Associés

Stéphane Rimbeuf
Partner

KPMG Audit
A department of KPMG S.A.

Éric Ropert
Partner

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2017

To the Fnac Darty Shareholders' Meeting,

Opinion

In execution of the mission assigned to us by your Shareholders' Meetings, we have audited the Fnac Darty consolidated financial statements for the year ended December 31, 2017, as attached to this report.

We hereby certify that the consolidated financial statements present a true and fair view of the results of the operations for the past year and of the financial position and assets at year-end of the group formed by the persons and entities included in the consolidation in accordance with IFRS as adopted in the European Union.

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

Basis of the opinion

Audit standards

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

Our responsibilities under these standards are set forth in the section "Auditors' Responsibilities for the audit of the consolidated financial statements" contained in this report.

Independence

We conducted our audit in compliance with the applicable rules on independence over the period from January 1, 2017 to the date we issued our report, and we specifically provided no services prohibited by Article 5, Section 1 of Regulation (EU) 537/2014 or by the code of ethics of the auditing profession.

Justification of the assessments – Key points of the audit

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code (Code de commerce) regarding the justification of our assessments, we are hereby informing you of the key points of the audit relating to material risks of anomalies which, in our professional judgment, were the most important for the audit of the consolidated financial statements for the year, and our responses to these risks.

The assessments made are part of our process of auditing the consolidated financial statements as a whole and thus contributed to our opinion as expressed above. We are expressing no opinion on elements of these annual financial statements taken in isolation.

Risk identified	Audit response provided
Valuation and recognition of discounts and commercial cooperation received from suppliers *(Notes 2.3.2 and 2.19 of the appendix to the consolidated financial statements)*	
Within the group, there is a large number of purchasing contracts and agreements with suppliers that stipulate: ■ commercial discounts given to the group based on quantities purchased or other contract conditions, such as reaching thresholds or growth in purchasing volumes ("discounts"); ■ amounts paid to the group for services rendered to suppliers in order to facilitate the sale of their products ("commercial cooperation"). Discounts and commercial cooperation received by the group from its suppliers are valued on the basis of contracts signed with suppliers. This valuation is primarily based on total annual purchases, quantities of articles purchased or other contract conditions, such as thresholds reached or growth in purchasing volumes for discounts and the performance of services rendered to suppliers in the form of commercial cooperation. 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 with respect to contract provisions and purchasing volumes constitute a key point of the audit.	We were informed of the internal control process and key controls established by the group concerning the process to value and recognize discounts and commercial cooperation, and tested their effectiveness on a sampling of contracts. Our other work, involving sampling, consisted of: ■ reconciling the commercial terms used in the calculation with the conditions stipulated in the purchasing contracts and agreements with suppliers; ■ comparing the estimates made for the previous year with the corresponding actual data in order to assess the reliability of the estimation process. In addition, we corroborated the business volumes used to calculate the amount of the discounts expected at December 31, 2017, with the business volumes recorded in the group's purchasing information systems.

Risk identified	Audit response provided
Valuation of the Darty and Vanden Borre brands *(Notes 2.7, 2.10, 15 and 18 of the appendix to the consolidated financial statements)*	
The values in use of the Darty and Vanden Borre brands are recognized for a net amount of €301.6 million and €35.7 million, respectively. They were valued using the relief from royalty method by an independent expert, in the context of the allocation of the Darty acquisition price in 2016. During each fiscal year, when events or circumstances indicated 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 useful value, whichever is higher. The recoverable value of the brands was determined on the basis of the value in use of the brands defined by discounting royalty savings (net of maintenance costs and taxes) that they generate. Royalty savings were projected in the second half based on budgets and medium-term plans over a three-year horizon. To calculate value in use, a terminal value equal to capitalization to infinity of a normative savings is added to the value of the future expected savings. In this context, we considered the measurement of the recoverable value of the Darty and Vanden Borre brands to be a key point of the audit because of their particularly significant amount on the balance sheet assets at December 31, 2017, 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, including measurement of their recoverable value, and sensitivity to changes in the data and assumptions on which the estimates were based.	We were informed of the process implemented by management in order to determine the recoverable value of the Darty and Vanden Borre brands. Our work consisted largely of: ■ assessing the relevance of the principles and method for determining recoverable values in terms of market practices used to value brands; ■ assessing the consistency of the projected revenue growth rates with available outside analyses; ■ assessing the royalty rates applied to the brands in calculating value based on future revenues; ■ assessing the reasonable nature of the discount rates applied to the estimated royalty flows, specifically by verifying that the various parameters comprising the weighted average cost of capital for each brand can approach the rate of return expected by market participants for similar activities. We also assessed the appropriateness of the information presented in Note 18 of the appendix to the consolidated financial statements.

Risk identified	Audit response provided
Valuation of Goodwill *(Notes 2.6, 2.10, 15 and 18 of the appendix to the consolidated financial statements)*	
Cash Generating Units containing goodwill are subject to a systematic annual impairment test in the second half of the year and whenever events or circumstances indicate that a loss of value may occur. If the recoverable value of a Cash Generating Unit is lower than its net book value, an impairment is recognized. The recoverable value of a Cash Generating Unit is its fair value less selling costs or its value in use, whichever is higher. Value in use is determined in relation to projections of expected future cash flows, taking into account the time value and specific risks related to the Cash Generating Unit. Future expected cash flows were projected during the second half of the year based on budgets and medium-term plans over a three-year horizon. For the value in use calculation, a terminal value equal to capitalization to infinity of a normative annual cash flow is added to the value of expected future cash flows. At December 31, 2017, the net book value of the goodwill allocated to the France Cash Generating Unit was €1,402.2 million. We considered the measurement of the recoverable value of the France Cash Generating Unit to be a key point of the audit because of its weight in total assets at December 31, 2017, uncertainties related to the probability of achieving the projected future cash flows used in the measurement of recoverable value, and sensitivity to changes in the data and assumptions used.	We were informed of the process implemented by management to determine the recoverable value of the goodwill allocated to the France Cash Generating Unit. Our work consisted of: ■ verifying the completeness of the elements composing the net book value of the Cash Generating Unit; ■ assessing the relevance of the principles and method for determining recoverable values of the Cash Generating Unit under IAS36; ■ assessing the reasonableness of the cash flow projections in terms of the economic environment in which the Group operates in France; ■ assessing the consistency of the growth rate used for projected flows with available outside analyses; ■ assessing the reasonableness of the discount rate applied to the estimated cash flows by specifically verifying that the various parameters comprising the weighted average cost of capital of the Cash Generating Unit approaches the rate of return expected by market participants for similar activities; ■ comparing the accounting estimates of cash flow projections from previous periods with the corresponding actual data in order to assess reliability. We also assessed the appropriateness of the information presented in Notes 15 and 18 to the of the appendix to the consolidated financial statements.

Verification of information on the group provided in the Management Report

Consistent with professional standards applicable in France, we also performed the specific verification required by law of information relating to group data in the Board of Directors' Management Report.

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

Information resulting from other legal and regulatory obligations

Appointment of the Auditors

Deloitte & Associés was appointed auditor of Fnac Darty by the Shareholders' Meeting of June 22, 1993, and KPMG S.A. by the Shareholders' Meeting of April 17, 2013.

As of December 31, 2017, the two firms were in the 5th year of their appointment since the Company's shares had been listed for trading on a regulated market. Deloitte & Associés is in the 25th year of its appointment without interruption, and KPMG S.A. in its fifth year.

Responsibilities of management and the individuals comprising corporate governance for the consolidated financial statements

It is the responsibility of management to prepare consolidated financial statements that present a fair image, in accordance with IFRS as adopted in the European Union, and to implement the internal controls it believes necessary for the preparation of consolidated financial statements containing no material anomalies, whether as a result of fraud or errors.

During preparation of the consolidated financial statements, it is management's responsibility to assess the Company's ability to continue operation, to present in these statements any information concerning continuity of operations, and to apply the accounting principle of continuity of operations, unless it is planned to liquidate the company or terminate its activity.

It is the responsibility of the Audit Committee to monitor the process of preparing the financial information and monitoring the effectiveness of the internal control and risk management systems and, if applicable, the internal audit system, with regards to the procedures for preparing and processing the accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the Auditor for auditing the consolidated financial statements

Audit purpose and process

It is our responsibility to prepare a report on the consolidated financial statements. Our goal is to obtain reasonable assurance that the consolidated financial statements, considered in their entirety, contain no material anomalies. Reasonable assurance corresponds to a high level of assurance without, however, guaranteeing that an audit conducted in accordance with professional standards will systematically detect any material anomaly. Anomalies may result from fraud or error and are considered material when one can reasonably expect that, individually or together, they could influence the economic decisions made by users of the financial statements based on those statements.

As specified by Article L. 823-10-1 of the French Commercial Code, our mission to certify the financial statements does not consist in guaranteeing the viability or the quality of your Company's management.

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

- the auditor identifies and measures the risks that the consolidated financial statements contain material anomalies, whether as a result of fraud or error, defines and implements audit procedures in light of these risks, and collects information deemed sufficient and appropriate on which to base an opinion. The risk of failure to detect a material anomaly resulting from fraud is greater than the risk of a material anomaly resulting from error, because fraud may involve collusion, embezzlement, voluntary omissions, false statements or bypassing of internal controls;
- the auditor is knowledgeable of internal controls relevant to the audit in order to define appropriate audit procedures under the circumstances, and not in order to express an opinion on the effectiveness of the internal controls;
- the auditor assesses the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as information on these elements provided in the consolidated financial statements;
- the auditor assesses the appropriateness of management's application of the accounting convention of continuity of operations and, based on information collected, the existence or absence of significant uncertainty related to events or circumstances that could call into question the Company's ability to continue operations. This assessment is based on information collected up to the date of the auditor's report; it is, however, noted that subsequent circumstances or events could call into question the continuity of operation. If the auditor concludes that a significant uncertainty exists, he calls the attention of readers of the audit report to information provided in the consolidated financial statements concerning this uncertainty or, if this information is not provided or is not pertinent, the auditor certifies with reservations or refuses to certify the financial statements;
- the auditor assesses the overall presentation of the consolidated financial statements and evaluates whether they reflect and provide a fair picture of the underlying transactions and events;
- for financial information on persons or entities included within the scope of consolidation, the auditor collects information believed to be sufficient and appropriate in order to express an opinion on the consolidated financial statements. The auditor is responsible for the management, supervision and completion of the audit of the consolidated financial statements and for the opinion on those statements.

Report to the Audit Committee

We are submitting a report to the Audit Committee specifically describing the scope of the audit work and the work conducted, as well as the conclusions arising from our work. We are also informing the Committee of any significant weaknesses in the internal controls we have identified in the procedures for preparing and processing the accounting and financial information.

The elements communicated in the report to the Audit Committee include the risks of material anomalies which we believe were the most important for the audit of the annual consolidated financial statements and which therefore constitute the key points of the audit which it is our responsibility to describe in this report.

We are also providing to the Audit Committee the declaration stipulated by Article 6 of Regulation (EU) 537-2014 confirming our independence, under the rules applicable in France specifically as established by Articles L.822-10 to L.822-14 of the French Commercial Code and in the code of ethics for the auditing profession. As necessary, we discuss with the Audit Committee any risks impacting our independence and the safeguards taken.

Neuilly-sur-Seine and Paris La Défense, March 26, 2018

Statutory Auditors

Deloitte & Associés

Stéphane Rimbeuf
Partner

KPMG Audit
A department of KPMG S.A.

Éric Ropert
Partner

SPECIAL AUDITORS' REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2017

Dear Shareholders,

As the Statutory Auditors of your Company, we are presenting our report on regulated agreements and commitments.

Based on the data that we have been given, it is our responsibility to inform you of the features, principal terms, justifying reasons of interest to the Company, and agreements and commitments we have been told about, or that we may have discovered in the course of our assignment; we are not required to express an opinion as to their utility or suitability nor to investigate whether other agreements and commitments exist. Under Article R. 225-31 of the French Commercial Code, it is your responsibility to assess the appropriateness of entering into these agreements and commitments for the purpose of approving them.

In addition, it is our responsibility, as applicable, to communicate to you the information stipulated in Article R.225-31 of the French Commercial Code regarding the previous year's performance of the agreements and commitments already approved by the Shareholders' Meeting.

We have applied the procedures we considered necessary pursuant to the professional standards of the national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this assignment. These procedures consisted of checking the consistency of the data we were given against the documents from which the data was taken.

Agreements and commitments subject to approval of the Shareholders' Meeting

Agreements and commitments authorized during the last year

Pursuant to Article L. 225-40 of the French Commercial Code, we have been advised of the following agreements and commitments previously authorized by your Board of Directors.

Participation of Enrique Martinez, Chief Executive Officer, in a defined-contribution supplemental pension plan

Person concerned

Mr. Enrique Martinez, Chief Executive Officer of Fnac Darty S.A.

Nature, purpose and reasons justifying the interest to the Company

In a decision dated July 17, 2017, your Company's Board of Directors gave prior authorization for the membership of Mr. Enrique Martinez in the supplemental defined-contribution pension plan for all executives of the French companies of the group included in the policy.

Your Board believed that it was in your Company's interest to be able to maintain for Mr. Martinez the plans from which he previously benefited as an executive manager, like the other Group executives, and therefore offered the Chief Executive Officer an attractive insurance package in line with market practices.

Terms

The contributions for this participation totaled €4,889.78 for fiscal 2017 for the period from July 17, 2017, the date of his appointment as Chief Executive Officer.

Non-compete commitment for Mr. Enrique Martinez, Chief Executive Officer

Person concerned

Enrique Martinez, Chief Executive Officer of Fnac Darty S.A.

Nature, purpose and reasons justifying the interest to the Company

In a decision dated July 17, 2017, the Board of Directors of your Company authorized a non-compete agreement signed by your Company and its Chairman and Chief Executive Officer Enrique Martinez.

Your Board believed that, because of the strategic responsibilities assumed by Mr. Enrique Martinez, it was important for your company to have the option of prohibiting Mr. Martinez, at the end of his term as Chief Executive Officer, from competing with Fnac Darty's businesses for a period of two years in the retail sector specializing in cultural products, electronics and appliances for consumers in the countries in which the Group does business.

Terms

This commitment covers the retail segment specializing in cultural products, electronics and appliance for the consumer market in the countries in which the Group operates. It is limited to a period of two years from the end of Mr. Martinez's appointment.

In consideration for this commitment, Mr. Enrique Martinez will receive a indemnity amounting to 70% of his fixed monthly compensation for a period of two years from the effective date of termination of his appointment, with the understanding that the Board of Directors may waive implementation of this clause.

Participation of Mr. Enrique Martinez, Chief Executive Officer, in an accident insurance policy

Person concerned

Mr. Enrique Martinez, Chief Executive Officer of Fnac Darty S.A.

Nature, purpose and reasons justifying the interest to the Company

In a decision dated July 17, 2017, the Board of Directors of your Company gave prior authorization for Mr. Enrique Martinez's membership in the accident insurance plan for all executives of the French companies of the group included in the policy.

Your Board believed that it is in the interest of your Company to be able to maintain for Mr. Martinez the plans from which he previously benefited as an executive manager, like the other executives of the Group, and therefore offer the Chief Executive Officer an attractive insurance package in line with market practices.

Terms

The contributions for this participation totaled €2,737.04 for fiscal 2017 for the period from July 17, 2017, the date of his appointment as Chief Executive Officer.

Agreements and commitments already approved by the Shareholders' Meeting

Agreements and commitments approved in prior years

a) the performance of which continued during the past year

Pursuant to Article R.225-30 of the French Commercial Code, we have been informed that the performance of the following agreements and commitments already approved by the Shareholders' Meeting in prior years continued during the last fiscal year.

Participation of Mr. Alexandre Bompard, Chairman and Chief Executive Officer until July 17, 2017, in a defined-contribution supplemental pension plan

Person concerned

Mr. Alexandre Bompard, Chairman-Chief Executive Officer de Fnac Darty S.A. until July 17, 2017.

Nature and purpose

In a decision dated July 30, 2013, your Company's Board of Directors gave prior authorization for Mr. Alexandre Bompard's participation in the supplemental defined-contribution pension plan for all Fnac Darty executives in France.

This agreement ended July 17, 2017, the date of the end of Alexandre Bompard's term as Chairman-Chief Executive Officer.

Terms

The contributions for this participation totaled €5,909.73 for the period from January 1, 2017 to July 17, 2017.

b) not performed during the previous year

We have also been informed of the continuation of the following agreements and commitments, already approved by the General Meeting in previous years, which were not performed during the past year.

Agreement on exit from the tax consolidation by and between Kering SA, Fnac Darty S.A. and its French subsidiaries

Person concerned

Ms. Patricia Barbizet, Director of Fnac Darty S.A. and director of Kering S.A.

Nature and purpose

On January 1, 2013, Kering SA assigned slightly more than 5% of the capital of Fnac Darty S.A. to the Dutch company KERNIC MET BV. This disposal resulted in the exit of Fnac Darty S.A. and the French subsidiaries in which it holds at least 95% from the scope of the Kering SA tax consolidation group, effective January 1, 2013.

In a decision dated April 17, 2013, the Board of Directors of your Company gave prior authorization to the agreement for the exit of Fnac Darty SA and its French subsidiaries from the tax consolidation group of Kering SA.

Terms

The exit of these companies from the tax consolidation group of Kering SA resulted in the signing of an agreement for removal from tax consolidation by Kering SA, Fnac Darty SA and its French subsidiaries. The agreement stipulates in particular that the tax deficits, net long-term capital losses and tax credits accrued during the period they belonged to the consolidated Kering Group will remain posted to the Kering Group.

In the event of an additional tax assessment for Fnac Darty S.A. or one of its subsidiaries, it will owe Kering S.A. the amount as assessed, in accordance with the principles of the agreement, as it can no longer benefit from the tax deficits, net long-term losses or tax credits recognized during the period in which they belonged to the Kering consolidated group.

In 2017, no sum was paid for this purpose to Kering SA.

Non-compete commitment for Mr. Alexandre Bompard, Chairman-Chief Executive Officer until July 17, 2017

Person concerned

Mr. Alexandre Bompard, Chairman-Chief Executive Officer of Fnac Darty S.A. until July 17, 2017.

Nature and purpose

In a decision dated July 30, 2013, your Company's Board of Directors authorized a non-compete agreement signed by your Company and its Chairman and Chief Executive Officer Mr. Alexandre Bompard.

At its meeting of July 17, 2017, the Board of Directors waived implementation of the non-compete clause at the end of Mr. Bompard's term as Chairman-Chief Executive Officer, and no compensation was paid for this purpose in 2017.

Terms

This commitment covers the retail segment specialized in cultural and/or electronics and entertainment products for the consumer market in France, Belgium, Spain, Switzerland, Portugal and Brazil. This commitment is limited to a period of two years from the end of Mr. Alexandre Bompard's term of office.

In consideration for this commitment, Mr. Alexandre Bompard would have received a gross severance package amounting to 80% of his fixed monthly compensation for a period of two years from the effective date of termination of his office, with the understanding that the Board of Directors had the right to waive implementation of this clause.

Neuilly-sur-Seine and Paris La Défense, March 26, 2018

Statutory Auditors

KPMG Audit	Deloitte & Associés
A department of KPMG S.A.	
Éric ROPERT	Stéphane RIMBEUF
Partner	*Partner*

INDEPENDENT THIRD-PARTY REPORT BY ONE OF THE STATUTORY AUDITORS ON THE CONSOLIDATED SOCIAL, ENVIRONMENTAL AND CORPORATE INFORMATION REFLECTED IN THE MANAGEMENT REPORT

Year ended December 31, 2017

To the shareholders,

In our professional capacity as an independent third party appointed as statutory auditors FNAC-DARTY S.A., accredited by COFRAC under number 3-1049 [1], we hereby present you with our report on the consolidated social, environmental and corporate information for the year ended December 31, 2017, presented in the Management Report (hereinafter the "CSR Information"), pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code.

The Company's responsibility

It is the role of the Board of Directors to draft a Management Report containing the CSR Information specified in Article R. 225-105-1 of the French Commercial Code, prepared in accordance with the protocols used by the company (hereinafter the "Guidelines"), a summary of which can be found in the Management Report and can be obtained from the company's registered office on request.

Independence and quality control

Our independence is defined by statutory texts, the profession's Code of Ethics, and the provisions contained in Article L. 822-11-3 of the French Commercial Code. We have also established a quality control system, which covers the policies and documented procedures aiming to ensure compliance with ethical rules and the applicable legal and regulatory requirements.

Responsibility of the independent third party

Our role, on the basis of our work, is to:

- verify that the required CSR Information is presented in the Management Report or, if omitted, is the subject of an explanation pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code ("Certification of inclusion of CSR Information");
- express a conclusion of reasonable assurance that the CSR Information, taken as a whole, is, in all significant respects, accurately presented in accordance with the Guidelines (Reasoned opinion on the accuracy of CSR Information).

It is also our role to express an opinion on its compliance with any other applicable legal provisions, in particular those in Articles L. 225-102-4 of the French Commercial Code (oversight plan) and the so-called "Sapin II" Law No. 2016-1691 of December 9, 2016 (anti-corruption measures).

Our work was conducted by seven people and carried out between September 2017 and March 2018 over a total period of approximately seven weeks. To aid us in the conduct of our tasks, we called upon our CSR experts.

We performed the work described below in accordance with the Decree of May 13, 2013, which determines the methods whereby the independent third party performs its engagement, and with the professional standards of the national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this engagement and, with regard to the reasoned opinion on the accuracy of the information, in accordance with international standard ISAE 3000 [2].

1. / Certification of inclusion of CSR Information

Nature and extent of the work

Based on interviews with the managers of the departments concerned, we noted a strategic focus on sustainable development as a function of the social and environmental consequences of the Company's activity and its commitments to society and, where applicable, the actions or programs arising from it.

(1) The scope of this accreditation can be viewed on www.cofrac.fr

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

We compared the CSR Information presented in the Management Report with the list prescribed in Article R. 225-105-1 of the French Commercial Code.

If any consolidated information was missing, we verified that the explanations were provided in accordance with the provisions of Article R. 225-105-3 of the French Commercial Code.

We verified that the CSR Information covered the consolidated scope of the Group – i.e. the company and its subsidiaries within the meaning of Article L. 233-1 and the companies it controls within the meaning of Article L. 233-3 of the French Commercial Code – within the limits specified in Section 2.2 of the Management Report entitled "Methodology Note".

Conclusion

On the basis of this work and within the limits mentioned above, we have verified the presence of the required CSR Information in the Management Report.

2. / Reasoned opinion on the accuracy of the CSR Information

Nature and extent of the work

We conducted some 10 interviews with the persons responsible for the preparation of the CSR Information in the departments in charge of the process for collecting information and, where applicable, responsible for the internal control and risk management procedures, in order to:

- assess the appropriate structure of the Guidelines in terms of its relevance, comprehensiveness, reliability, impartiality and understandability, taking into consideration, where applicable, best practices within the sector;
- verify the establishment of a procedure to collect, compile, process and check data to ensure the comprehensiveness and consistency of the CSR Information and observe the internal control and risk management procedures relative to the compiling of the CSR Information.

We determined the nature and extent of our tests and checks according to the nature and importance of the CSR Information with regard to the features of the company, the social and environmental aspects of its activities, its focus in terms of sustainable development, and best practices in the sector.

For the CSR Information that we considered the most important [(1)]:

- at the level of the consolidating entity and its entities, we consulted the documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions), we set up analytical procedures for the quantitative information and, based on sampling, we verified the calculations and consolidation of the data and confirmed their consistency and agreement with the other information provided in the Management Report;
- at the level of a representative sample of entities that we selected [(2)] according to their activity, contribution to the consolidated indicators, location and a risk analysis, we conducted interviews to verify the correct application of the procedures, and identify any omissions and, on a sample basis, we performed detailed tests, consisting of verifying the calculations made and reconciling the data in the supporting documentation. The selected sample represented 40% of the workforce, which is considered to be of a size characteristic of the corporate segment, and 100% of the quantitative environmental information is considered to be of a size characteristic [(3)] of the environmental segment.

(1) ***Quantitative social data:*** *Total workforce as of December 31 broken down by type of contract (open-ended, fixed-term); number of managers on open-ended contracts; number of open-ended new hires; number of open-ended staff departures (including dismissals); number of staff with a disability within Fnac; frequency of accidents with lost time; frequency of occupational accidents; absenteeism due to sickness; total number of hours of training (excluding safety).*

Quantitative environmental data: *Energy consumption; CO_2 emissions from energy consumption; Waste Electrical and Electronic Equipment (WEEE); purchases of carrier bags (plastic and non-plastic); percentage of products displaying an environmental rating.*

Qualitative data: *The organization of employer-employee dialogue, particularly employee information, consultation and negotiation procedures; workplace health & safety; training policies; waste prevention, recycling, reuse and other forms of waste reclamation and disposal; energy consumption and steps taken to improve energy efficiency and the use of renewable energy; partnership and sponsorship actions; dialogue with individuals and entities interesting in the company's activities; steps taken to promote consumer health & safety; the degree of subcontracting and consideration, in relationships with suppliers and subcontractors, of their social and environmental responsibilities; consideration of the company's procurement policy in relation to social and environmental issues.*

(2) ***Social indicators:*** *FNAC France; DARTY Île-de-France (DIF); FNAC Portugal.*

Environmental indicators: *FNAC France; DARTY France.*

(3) See the list of environmental indicators mentioned in the footnote No. 3 of this report.

We assessed the consistency of other consolidated CSR Information in relation to our knowledge of the Company.

Lastly, we assessed the pertinence of the explanations regarding, where applicable, the total or partial lack of certain data.

We consider that the sampling methods and sample sizes that we used in applying our professional judgment enable us to arrive at a conclusion of moderate assurance; a higher level of assurance would have required more verifications. Due to the fact that sampling techniques were used, and also due to the other limitations inherent to the operation of any information and internal control system, the risk that a significant anomaly in the CSR Information might not be detected cannot be completely ruled out.

Conclusion

On the basis of this work, we have not identified any significant anomaly that would call into question the fact that the CSR Information, taken as a whole, is presented accurately and in accordance with the Guidelines.

Paris La Défense, March 20, 2018

KPMG S.A.

Anne Garans
Partner
Sustainability Services

Eric Ropert
Partner

STATUTORY AUDITORS' REPORT ON THE REDUCTION OF SHARE CAPITAL

Combined Ordinary and Extraordinary General Meeting of May 18, 2018 – Resolution 19

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in performance of our duties under Article L. 225-209 of the French Commercial Code in the event of a reduction in the share capital by cancellation of shares purchased, we have prepared this report to inform you of our assessment of the reasons for, and the terms and conditions of, the proposed reduction in the share capital.

Your Board of Directors proposes that you delegate to it, for a period of 26 months from the date of this General Meeting, all powers to cancel, within the limit of 10% of its share capital and in 24-month periods, the shares purchased pursuant to the implementation of an authorization for your Company to purchase its own shares under the provisions of the aforesaid Article.

We have performed the procedures that we considered necessary in accordance with the professional standards of the *Compagnie Nationale des Commissaires aux Comptes* (the French National Association of Statutory Auditors) relating to this task. These procedures require us to review the causes for, and the terms and conditions of, the proposed capital reduction, which is not likely to affect the equality of treatment among shareholders, are due and proper.

We have no observations to make on the causes for, and the terms and conditions of, the proposed capital reduction.

Paris La Défense and Neuilly-sur-Seine, April 06, 2018

The Statutory Auditors

KPMG Audit
A department of KPMG S.A.

Éric ROPERT
Partner

Deloitte & Associés

Stéphane RIMBEUF
Partner

FNAC DARTY

REQUEST FOR DOCUMENTS AND INFORMATION

To be submitted to:
FNAC DARTY
Flavia
9, rue des Bateaux-Lavoirs
94200 Ivry-sur-Seine

(Art. R. 225-81, R. 225-83 and R. 225-88 of the French Commercial Code)

I, the undersigned:

LAST NAME ....

First name(s) ....

Address ....

E-mail address ....

Owner of .... REGISTERED SHARE(S) of Fnac Darty

And/or .... BEARER SHARES of Fnac Darty (attach a copy of the certificate of registration in the bearer share account held by your Financial Intermediary)

requests the documents and information regarding the Combined Ordinary and Extraordinary General Meeting of **May 18, 2018**, as stipulated in Articles R. 225-81 and R. 225-83 of the French Commercial Code on commercial companies.

Issued at......................................., on................................2018

Signature

NOTE: Registered shareholders may, by a single request, obtain the documents and information stipulated in Articles R. 225-81 and R. 225-83 of the French Commercial Code from the Company at each of the subsequent General Meetings. Should a shareholder wish to use this option, this request must specify how it is to be communicated (by post or email), including email address, if applicable. In this respect, the Code states that electronic communication may be used for all formalities specified in Articles R. 225-68 (Notice of Meeting), R. 225-72, R. 225-74, R. 225-88 and R. 236-3 of the French Commercial Code. Shareholders who have consented to electronic communication may request by post or electronically, a Notice of Meeting by post no later than 35 days before the publication of the Notice of Meeting mentioned in Article R. 225-67 of the French Commercial Code.

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FNAC DARTY

Fnac Darty
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A French limited company (société anonyme) with share capital of €26,658,135
RCS Créteil 055 800 296