FNAC DARTY

INTERIM FINANCIAL REPORT

FINANCIAL STATEMENTS AT JUNE 30

2020

INTERIM FINANCIAL REPORT FNAC DARTY #2020

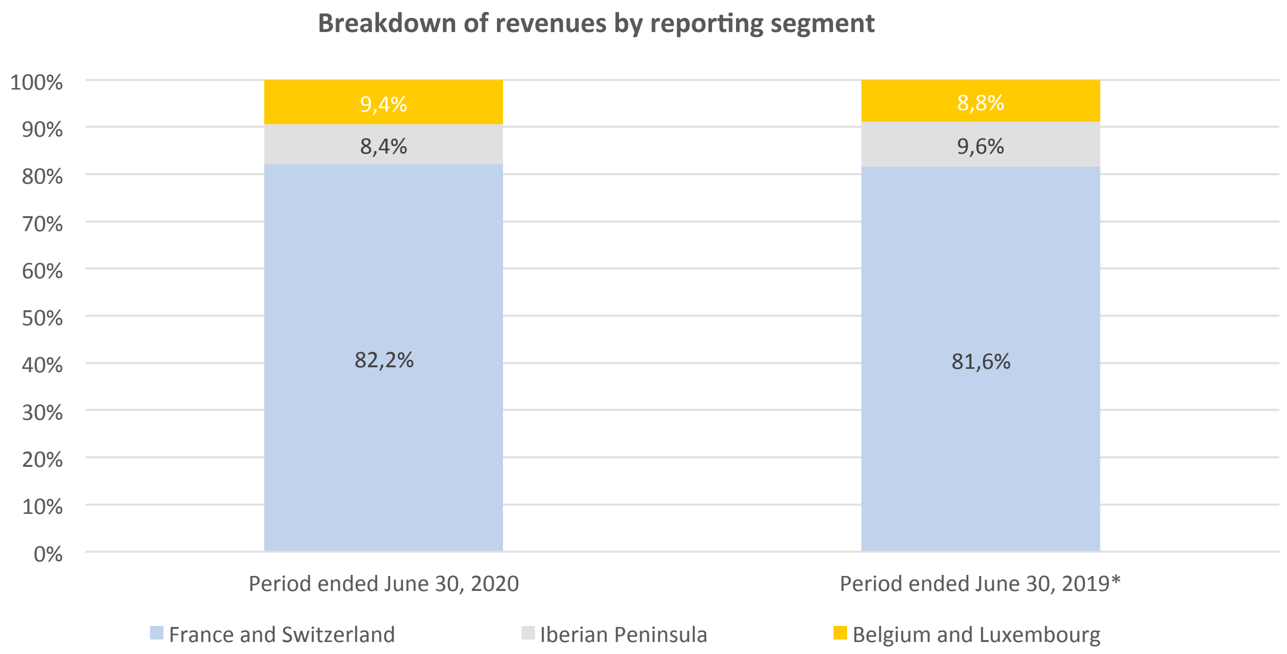
FINANCIAL STATEMENTS AS OF JUNE 30

1 FIRST HALF OF 2020 – KEY FIGURES

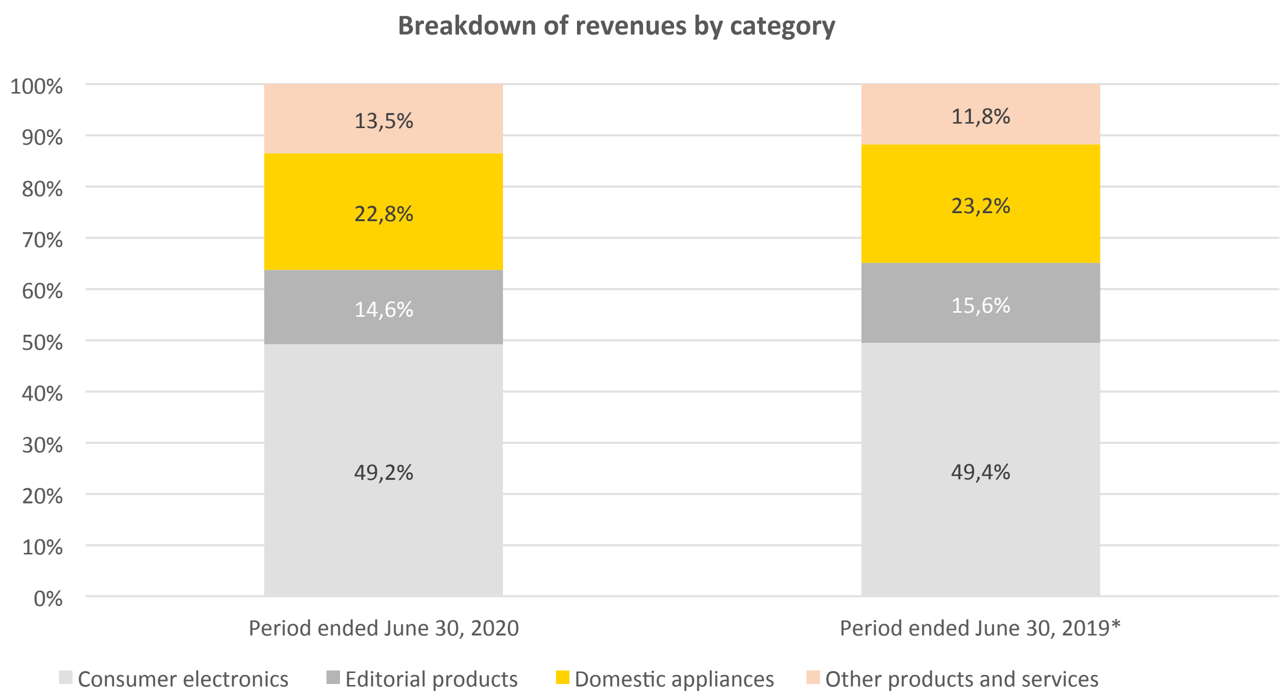
(€ million)	2020	Period ended June 30 2019 restated*	Change
Revenues	2,849.0	3,092.5	(7.9%)
Gross margin	844.2	950.8	(11.2%)
As % of revenues	29.6%	30.7%	(1.1)pt
EBITDA (1)	118.8	205.6	(42.2%)
As % of revenues	4.2%	6.6%	(2.5)pt
EBITDA (1) excluding IFRS 16	(5.0)	95.5	(105.2%)
As % of revenues	(0.2%)	3.1%	(3.3)pt
Current operating income	(57.6)	46.2	(224.7%)
As % of revenues	(2.0%)	1.5%	(3.5)pt
Operating income	(82.5)	24.7	(434.0%)
As % of revenues	(2.9%)	0.8%	(3.7)pt
Net income from continuing operations	(79.7)	(34.1)	(133.7%)
Net income from continuing operations, Group share	(76.7)	(33.2)	(131.1%)
Net income from discontinued operations, Group share	(41.6)	(5.7)	(629.8%)
Consolidated net income, Group share	(118.3)	(38.9)	(204.2%)
Net operating investments	49.8	48.0	3.8%
Free cash flow from operations	(379.9)	(248.3)	(53.0%)
Free cash flow from operations excluding IFRS 16	(503.0)	(363.8)	(38.3%)
Shareholders' equity	1,270.9	1,176.9	8.0%
Group share	1,262.3	1,170.2	7.9%
Net financial debt excluding IFRS 16	549.1	463.8	18.4%
Net financial debt connected with IFRS 16	958.3	863.3	11.0%
Net financial debt	1,507.4	1,327.1	13.6%
Average workforce	21,693	20,270	7.0%

*Restated for the reclassification of BCC to discontinued operations

(1) EBITDA is defined as current operating income plus net expense for depreciation, amortization and provisions on non-current operating assets recognized in current operating income.



*Restated for the reclassification of BCC to discontinued operations



*Restated for the reclassification of BCC to discontinued operations

2 BUSINESS REVIEW

2.1 PREAMBLE – DEFINITIONS

Overview of the accounts

In the fourth quarter of 2019, the Group launched a process to find a partner for its Dutch subsidiary BCC, with a view to withdrawing completely from the country. An investment bank has been instructed to identify potential partners and conduct discussions.
In accordance with IFRS 5, BCC was subject to specific reporting in the consolidated financial statements.

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

- for the first half of 2020, the audited IFRS consolidated financial statements of Fnac Darty for the period ended June 30, 2020 incorporating six months of operating activity of the Fnac Darty banner, restated for the reclassification of BCC to discontinued operations, and six months of operating activity of the Nature & Découvertes banner acquired on August 1, 2019;

- for the first half of 2019, the audited IFRS consolidated financial statements of Fnac Darty for the period ended June 30, 2019 incorporating six months of operating activity of the Fnac Darty banner, restated for the reclassification of BCC to discontinued operations; and

- for 2019, the audited IFRS consolidated financial statements of Fnac Darty for the period ended December 31, 2019 incorporating 12 months of operating activity of the Fnac Darty banner, restated for the reclassification of BCC to discontinued operations, and five months of operating activity of the Nature & Découvertes banner since August 1, 2019.

Definition of revenues

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

The Group uses the following notions of change in revenues:

1- Change in revenues at constant exchange rates:

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

2- Change in revenues at comparable scope of consolidation:

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

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

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

Definition of current operating income

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

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

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

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

Definition of EBITDA

In addition to the results published, the Group presents the EBITDA performance indicator, which excludes Interest, Tax, Depreciation, Amortization and provisions on fixed operational assets from current operating income. The Group believes that this information assists investors in their analysis of the Group's performance. This indicator is also used in the context of the applicable financial covenants under the Loan Agreement. EBITDA is not an indicator stipulated by IFRS and does not appear in the Group consolidated financial statements. EBITDA has no standard definition and, therefore, the definition used by the Group may not match the definition of this term used by other companies. Since January 1, 2019, the Group has applied IFRS 16 in accordance with the modified retrospective method. The application of this standard significantly modifies the Group's EBITDA.

EBITDA = Current operating income before depreciation, amortization and provisions on fixed operational assets.

Definition of free cash flow from operations

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

Free cash flow from operations = net cash flows related to operating activities less net operating investments.

Definition of net financial debt

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

Application of IFRS 16

On January 13, 2016, the IASB published IFRS 16 – Leases. IFRS 16 replaces the IAS 17 standard and its interpretations. This new standard, which is mandatory for annual periods beginning on or after January 1, 2019, requires the recognition of an asset (the right of use) and a liability (lease liabilities) on the basis of discounted unavoidable rental payments.

The Group has applied IFRS 16 since January 1, 2019 in a modified retrospective manner. In order to ensure the smooth transition between IAS 17 and IFRS 16, all lease and service agreements falling within the scope of IFRS 16 have been analyzed.
The impact of IFRS 16 application on the opening balance sheet as of January 1, 2019 resulted in a lease debt of €987.2 million being recorded, as well as an increase in non-current assets due to the recording of a right of use.

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

EBITDA	*+ Rents within the scope of application of IFRS 16 =*	EBITDA excluding IFRS 16
Current operating income before depreciation, amortization and provisions on fixed operational assets		EBITDA including rental expenses within the scope of IFRS 16
Free Cash flow from operations	*+ Disbursement of rents within the scope of application of IFRS 16 =*	Free Cash flow from operations excluding IFRS 16
Net cash provided by operating activities less net operating investments		Free cash flow from operations including impacts relating to rents within the scope of application of IFRS 16
Net financial debt	*- Lease liabilities =*	Net financial debt excluding IFRS 16
Gross financial debt less gross cash and cash equivalents		Net financial debt less lease liabilities
Financial result	*- Financial interest on lease liabilities =*	Financial result excluding IFRS 16

Rounding

The following tables contain data rounded off individually. The arithmetic calculations performed on the basis of rounded-off items may differ from the line items or sub-totals shown.

2.2 SIGNIFICANT EVENTS AND INFORMATION FOR THE HALF-YEAR PERIOD

2.2.1 Sales resilience in the context of an unprecedented health crisis

Fnac Darty reported revenue of €2,849.0 million, down by -8% on a reported basis and -10% on a like-for-like basis compared with the first half of 2019. This performance is based on very good sales resilience during the lockdown period due to significant growth in e-commerce, and an encouraging recovery in stores since May 11, which continued in June. The integration of Nature & Découvertes generated revenue of €56.2 million during the first half of the year. In June, Group revenue increased by +21% on a like-for-like basis, including +25% in France and Switzerland.

Gross margin for the half-year reached €844.2 million, down compared to the first half of 2019. The gross profit margin remains at a high level of 29.6%, down by -110 basis points compared to last year. The entry into the scope of consolidation of Nature & Découvertes had a positive impact of +60 basis points on the gross profit margin. This impact was more than offset by an unfavorable products and services mix effect. In fact, store closures led to a decline in sales of editorial products, highly sensitive to impulse purchasing, and a fall in services linked to a structurally weaker attach rate on the Internet channel. The gradual ramp-up of new offerings following the change of insurance provider in April 2019 continued to impact the gross profit margin over the first three months of the year.

At the start of the crisis, the Group implemented an action plan to reduce its costs. The use of furlough over the period when stores were closed significantly reduced personnel expenses during the half-year. The Group recorded a reduction in its operational expenditure, which amounted to €901.8 million over the six months, despite a negative effect of €55 million associated with the integration of Nature & Découvertes into the scope of consolidation and an increase of €11 million in logistics costs as a result of the increase in home deliveries carried out over the period. Excluding these elements, solid cost control enabled the Group to record operational expenditure of €836 million, down €69 million compared with the first half of 2019.

Current operating income stood at -€57.6 million, versus €46.2 million the previous year, excluding BCC. The integration of Nature & Découvertes had a negative technical impact of €15 million on the current operating income for the six months, reflecting the normal seasonal nature of the banner and in line with initial forecasts.

Net income, Group share was -€76.7 million for the first half of the year, excluding discontinued operations.

Free cash flow from operations, excluding IFRS 16, totaled -€503 million at the end of June 2020, which was down over the six-month period, mainly due to the reduction in EBITDA compared to the first half of 2019 and the unfavorable change in the working capital requirement.

2.2.2 CONSIDERABLE AGILITY OF FNAC DARTY'S UNIQUE OMNICHANNEL MODEL AND SOLID OPERATIONAL EXECUTION

Over the half-year, the Group demonstrated its ability to adapt rapidly and its operational agility, which enabled it to safeguard the health and safety of its employees and customers alike, while ensuring business continuity in the face of an unprecedented crisis.

From the beginning of the year, when the COVID-19 pandemic began in China, the Group had to adapt its goods purchasing policy to cope with the production delays caused by the disruption to industrial sites in China. In close collaboration with its suppliers, the Group developed a tactical purchasing plan on key product categories, which ensured a good level of availability of these products and responded to high demand on e-commerce platforms during the lockdown period.

In January, extended strikes in France and the shortening of the sales period penalized New Year sales figures. Despite this lackluster consumer environment, the Group achieved total revenue growth of +2.8% on a reported basis and stable on a like-for-like basis at the end of February.

Starting in March, the COVID-19 pandemic spread to Europe, resulting in the governments of all the countries in which Fnac Darty has a presence imposing lockdown measures. These measures led to the closure of almost all of the Group's stores from the evening of March 14, and the total cessation of in-store sales, representing 80% of the Group's normal revenue.

In addition to the duty to safeguard the health and safety of its employees, partners and customers, one of the Group's top priorities was to ensure the continuity of its services, delivery and after-sales business during this period of lockdown, and therefore respond to the urgency with which consumers had to equip themselves to cope with remote working and home-based learning. The Group therefore reallocated all the resources necessary to strengthen its digital capabilities and its service activities. Thanks to the unwavering commitment of its teams, the Group was able to capitalize on its centralized digital and logistics platforms, already designed to handle high volumes of demand during peak periods around major trade events. Fnac Darty also relied on its ecosystem of partnerships with delivery providers and its internal delivery capabilities, which enabled it to provide delivery times in line with the best market standards. The strong attraction of the Fnac and Darty brands combined with solid operational agility and commercial execution have enabled the Group to record growth of +160% in its e-commerce platforms over the lockdown period, with more than 1 million new online customers identified over the period. The momentum of gaining new online customers has accelerated since lockdown was lifted and more than 190,000 new Fnac+ members have been registered over the six-month period. At the end of June, Fnac Darty boasted a significant membership base comprising a total of more than 9 million members, including 7 million in France.

Faced with this unprecedented crisis and the abrupt cessation of in-store business, another priority for Fnac Darty was the rapid implementation of cost-cutting measures to safeguard the profitability of the Group. Therefore, a furlough scheme was set up for 80% of its workforce, following the closure of the store network. The Group reassessed rental payments, deferred the payment of taxes and social security charges, and implemented a policy for the purchase of targeted goods and inventory. The Group also negotiated longer payment periods with its suppliers in compliance with the French Law on the Modernization of the Economy (the "LME"). The investment plan was revised downward, while the Group's priority projects were retained.

Finally, Fnac Darty was one of the first issuers in France to obtain a state-guaranteed loan of €500 million in order to significantly reinforce the Group's liquidity and to cope with the natural seasonality of the Group's cash flow, which is characteristic of the retail sector, and which has been exacerbated this year by the loss of in-store sales. The RCF of €400 million was also taken out on a preventive basis in mid-March. This line of credit was not used during the half-year and was repaid on June 18, 2020.

The Group has been gradually reopening its stores since the lifting of the lockdown measures imposed by governments. Almost all stores in France, Switzerland and Belgium re-opened as early as the week of May 11, while stores in Portugal re-opened from May 15. In Spain, stores were re-opened very gradually throughout the month, and all stores were open from the end of the first week of June.

In keeping with its commitment to safeguarding the health and safety of its employees, partners and customers, Fnac Darty has put in place all the necessary public health measures to guarantee a successful reopening of its stores. Thus, an excellent execution of the return to full operation was made possible by the advance preparation of our employees and their unfailing commitment, which enabled the Group to record an encouraging recovery, with an increase in revenue of +9% on a same-store basis[1] from May 11 to the end of June, driven by high conversion rates and average checkout values, despite material reductions in in-store traffic. This solid performance was achieved despite shopping malls with a surface area of more than 40,000 m^2 remaining closed until the end of May in France.

At the same time, the strong growth in online sales continued from May 11 to the end of June at almost +85%[2], driven by the power of the Group's omnichannel model.

At the end of June, therefore, e-commerce accounted for more than 31% of the Group's revenue in the first half of the year, compared to 18% one year earlier. The Group recorded growth of nearly 60% in online sales during the half-year, driven by the very strong momentum of digital platforms across all geographical regions. The Group is also accelerating on mobile devices, which account for more than 63% of the traffic on its websites, an increase for this half-year. Marketplaces also recorded very strong double-digit growth. Impacted by the

[1] *Excluding online, franchises, services and Nature & Découvertes*
[2] *Excluding Nature & Découvertes and services*

closure of stores, omnichannel sales accounted for 35% of online sales at the end of June, including 51% of online sales in the month of June alone, up +3 points compared to June 2019.

Geographical coverage has been expanded slightly with the opening of 13 stores this half-year, 10 of which are franchise stores. The Group opened three integrated stores, including two Fnac and one Darty. Fnac opened four stores in the first half of the year, including two in France, one in Portugal and one in Belgium. Darty opened nine stores in France. At the end of June 2020, Fnac Darty had a total of 889 stores, including 329 franchises. The expansion momentum will continue in the second half of the year, at a slower pace than previously. The Group has cut back its store opening plan in light of the health crisis, and is expected to open around 40 stores in 2020.

2.2.3 FURTHER DIVERSIFICATION OF THE FNAC DARTY OFFERING

During the first half of the year, Fnac Darty continued its innovation and customer experience initiatives by further diversifying its product portfolio, despite the challenges encountered in the face of an unprecedented crisis.

The integration of WeFix continued this half-year, with the opening of five new corners, bringing the total number of points of sale to 101 at the end of June. The gradual rollout of the XForce screen protection solution is ongoing, and was available in 179 of the Group's stores at the end of June. Lastly, the recovery of the repair and sale of reconditioned products has been strong since the stores reopened.

Nature & Découvertes recorded a sharp increase in its online sales of more than +120% over the six-month period, partially offsetting the loss of in-store sales following the total closure of the network from March 15 to May 15. The good recovery in stores, which continued in June, was driven primarily by the Wellbeing, Taste and Outdoor Activities categories. The three Nature & Découvertes stores in Germany have been closed this half-year, in order to reposition the banner within its key markets. The first establishment of the banner in Spain has been successful, and the Group hopes to continue expanding Nature & Découvertes, both in France and on the Iberian Peninsula.

Services were strongly impacted over the half-year by a high basis for comparison up to April, the closure of the integrated and franchised stores and the cessation of Ticketing sales following the government measures imposed on the entertainment industry. At the same time, the Darty Max offering's customer acquisition momentum, which was negatively impacted by the lockdown, resumed once the stores reopened.

The rollout of the Darty Kitchen offering continued this half-year with the opening of eight new retail spaces, including four new stores dedicated exclusively to this offering. As a result, by the end of June 2020, the Group had more than 160 Kitchen points of sale, including 15 stores dedicated exclusively to this offering.

Finally, Fnac Darty continued to streamline its stores this half-year, redistributing the in-store sales areas to diversification categories that have continued to grow throughout the period, particularly the Home & Design and Urban Mobility categories. Fnac Darty is capitalizing on its high-end and exclusive positioning in the Urban Mobility segment. Following the success of the partnership with Xiaomi on the exclusive sales of its scooter, the Group entered into an exclusive distribution agreement for the marketing of the brand's folding electric bike. This partnership is in addition to the one signed with Angell Bike for retail of its electrically assisted bicycle. Fnac Darty also extended its offering in the Urban Mobility segment by undertaking a unique partnership with Citroën for the exclusive marketing of Ami, the 100% electric mobility solution from the car manufacturer, in 39 Fnac and Darty stores. The Group wishes to continue its selective mobility strategy, both in terms of geographical penetration and extending its product range.

At the same time, Fnac Darty has partnered with Cyclofix, the French leader in the micromobility maintenance market, to offer its customers an immediate repair service for scooters and electric bikes within the Fnac and Darty banners. This partnership is fully in line with the Group's commitment to extending product life span.

2.3 BUSINESS REVIEW FOR THE FIRST HALF OF 2020

2.3.1 Analysis of Group operating performance

Fnac Darty's main financial indicators for the first half of 2020 are presented below:

(€ million)	Period ended June 30 2020	2019 restated*	Change
Revenues	2,849.0	3,092.5	(7.9%)
Gross margin	844.2	950.8	(11.2%)
As % of revenues	29.6%	30.7%	(1.1)pt
EBITDA (1)	118.8	205.6	(42.2%)
As % of revenues	4.2%	6.6%	(2.5)pt
EBITDA (1) excluding IFRS 16	(5.0)	95.5	(105.2%)
As % of revenues	(0.2%)	3.1%	(3.3)pt
Current operating income	(57.6)	46.2	(224.7%)
As % of revenues	(2.0%)	1.5%	(3.5)pt
Operating income	(82.5)	24.7	(434.0%)
As % of revenues	(2.9%)	0.8%	(3.7)pt
Net income from continuing operations	(79.7)	(34.1)	(133.7%)
Net income from continuing operations, Group share	(76.7)	(33.2)	(131.1%)
Net income from discontinued operations, Group share	(41.6)	(5.7)	(629.8%)
Consolidated net income, Group share	(118.3)	(38.9)	(204.2%)
Net operating investments	49.8	48.0	3.8%
Free cash flow from operations	(379.9)	(248.3)	(53.0%)
Free cash flow from operations excluding IFRS 16	(503.0)	(363.8)	(38.3%)
Shareholders' equity	1,270.9	1,176.9	8.0%
Group share	1,262.3	1,170.2	7.9%
Net financial debt excluding IFRS 16	549.1	463.8	18.4%
Net financial debt connected with IFRS 16	958.3	863.3	11.0%
Net financial debt	1,507.4	1,327.1	13.6%
Average workforce	21,693	20,270	7.0%

*Restated for the reclassification of BCC to discontinued operations

(1) EBITDA is defined as current operating income plus net expense for depreciation, amortization and provisions on non-current operating assets recognized in current operating income.

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

2.3.1.1 **Revenues**

	Period ended June 30							
	2020		2019 restated*					
gment	*(€ million)*	*(as % of the total)*	*(€ million)*	*(as % of the total)*	*Change at current exchange rate*	*Change at comparable scope of consolidation*	*Change at constant foreign exchange rates and comparable scope of consolidation*	*Change at constant foreign exchange rates, comparable scope of consolidation and on a same-store basis*
ance and Switzerland	2,342.7	82.2%	2,524.3	81.6%	(7.2%)	(9.4%)	(9.5%)	(9.7%)
erian Peninsula	239.5	8.4%	295.6	9.6%	(19.0%)	(19.0%)	(19.0%)	(20.5%)
lgium and Luxembourg	266.8	9.4%	272.6	8.8%	(2.1%)	(2.1%)	(2.1%)	(3.0%)
tal	**2,849.0**	**100.0%**	**3,092.5**	**100.0%**	**(7.9%)**	**(9.7%)**	**(9.8%)**	**(10.1%)**

Restated for the reclassification of BCC to discontinued operations

Consolidated revenues for continuing operations for the first half of 2020 totaled €2,849.0 million, down 7.9% on a reported basis compared to the first half of 2019. At constant exchange rates and on a same-store basis, revenues were down 10.1%.

Revenues from consumer electronics were down. Sales in the Telephony and Sound and Vision departments suffered particularly badly as a result of the impact of the COVID-19 health crisis. Sales of IT equipment, driven by the increase in remote working, recorded an increase.

Sales of domestic appliances were also affected by the COVID-19 health crisis. Sales of built-in cooking appliances, washing machines and vacuum cleaners were severely affected.

Touched by the health crisis too, revenues from editorial products were down. Book sales, as well as those in the Audio and Video disc sectors, which are also impacted by digitalization, were in decline. However, there was good growth in the Gaming market, which benefited from a favorable effect as a result of lockdown.

Other products and services increased sharply, thanks firstly to growth in the Home & Design, Urban Mobility and Toys & Games sectors, and secondly to the integration of Nature & Découvertes. However, this growth was partly offset by a drop in Services business, impacted by the closure of stores and the cessation of Ticketing activities in the second quarter.

There was a sharp increase in online activities, with very strong growth in sales during the weeks of lockdown, amounting to €896.8 million, representing 31.5% of the Group's sales in the first half of 2020, an increase of 13.2 points compared to the previous half-year.

The store network continued to expand, as thirteen new stores were opened (four Fnac, nine Darty): Three consolidated stores (one of which is in France, one in Portugal and one in Belgium) and ten franchised stores (eight Traditional stores in mainland France, overseas departments and territories and two Proximity stores in France).

2.3.1.2 **Current operating income**

As of June 30, 2020, the current operating income of Fnac Darty totaled -€57.6 million, compared to €46.2 million for the first half of 2019, i.e. a fall of €103.8 million. Gross margin fell compared to the first half of 2019, with a fall in revenue and a decline in the profit margin, impacted by the drop in services and a deterioration in the product/channel mix. The reduction in operational costs despite the integration of Nature & Découvertes and an increase in logistics costs linked to the increase in home deliveries over the period was not sufficient to fully offset this decrease in margin.

	Period ended June 30		
	2020	**2019 restated***	
Segment	*(€ million)*	*(€ million)*	*Change*
France and Switzerland	(45.6)	39.3	(216.0%)
Iberian Peninsula	(12.7)	5.5	(330.9%)
Belgium and Luxembourg	0.7	1.4	(50.0%)
Current operating income	**(57.6)**	**46.2**	**(224.7%)**

*Restated for the reclassification of BCC to discontinued operations

2.3.1.3 **EBITDA**

	Period ended June 30				
	2020		**2019 restated***		
	(€ million)	*(as % of revenues)*	*(€ million)*	*(as % of revenues)*	*Change*
Current operating income	**(57.6)**	**(2.0%)**	**46.2**	**1.5%**	**(224.7%)**
Net depreciation, amortization and provisions (1)	176.4	6.2%	159.4	5.2%	10.7%
EBITDA	**118.8**	**4.2%**	**205.6**	**6.6%**	**(42.2%)**
IFRS 16 impact on EBITDA	123.8	4.3%	110.1	3.6%	12.4%
EBITDA excluding IFRS 16	**(5.0)**	**(0.2%)**	**95.5**	**3.1%**	**(105.2%)**

*Restated for the reclassification of BCC to discontinued operations

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

EBITDA for the first half of 2020 totaled €118.8 million, i.e. a fall of €86.8 million compared to the first half of 2019.

See note 2.1 for the definition of EBITDA.

In the first half of 2020, EBITDA included the impact of applying IFRS 16 for €123.8 million compared to €110.1 million in 2019.

Excluding IFRS 16, EBITDA for the first half of 2020 was -€5.0 million, i.e. a fall of €100.5 million compared to the first half of 2019.

2.3.1.4 Other non-current operating income and expense

	Period ended June 30	
(€ million)	**2020**	**2019 restated***
Impairment of the Darty brand	(14.2)	0.0
Incremental costs of the health crisis	(5.8)	0.0
Fnac Darty restructuring costs	(0.6)	(8.9)
Costs connected with new business acquisitions	0.0	(1.0)
Other restructuring costs	(1.8)	(3.5)
Exceptional bonus for purchasing power	0.0	(4.8)
Other non-current operating income and expenses, net	(2.5)	(3.3)
Total	**(24.9)**	**(21.5)**

*Restated for the reclassification of BCC to discontinued operations

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

As of June 30, 2020, this item represents a net expense of €24.9 million and includes:

- As a result of the health crisis that occurred during the first half of 2020 and the evidence of impairment observed, the Group conducted impairment tests that resulted in an impairment of the Darty brand of €14.2 million. By way of a reminder, the Darty brand was valued at €301.7 million in 2016 when Darty was acquired. Its net worth in the Group's accounts is now €287.5 million;
- Fnac Darty noted the opinions of the ESMA and the AMF and decided not to present the full cost of the health crisis as a non-current expense. Consequently, in the first half of 2020, the Group only presented the exceptional additional costs directly caused by the health crisis as non-current expenses. These costs correspond to the establishment of hygiene measures in stores, as well as all one-off bonuses paid to staff who worked in the Group's warehouses during lockdown to deliver online orders. As of June 30, 2020, these costs represent a total amount of €5.8 million;
- €0.6 million in restructuring costs related to the implementation of the Group's reorganization;
- €1.8 million in restructuring costs for employee and structural adaptation plans in France and abroad; and
- Other non-current income and expense represented a net expense of €2.5 million resulting from various one-off litigation cases.

As of June 30, 2019, this item comprised a net expense of €21.5 million and included:

- €8.9 million in restructuring costs related to the implementation of the Group's reorganization. In the first half of 2019, these expenses were primarily linked to planned changes to the organization of Darty subsidiaries, and to the reorganization of the Logistics functions of Fnac Darty;
- €0.9 million in costs incurred as part of the acquisition of Billetreduc.com;
- €3.5 million in restructuring costs for employee and structural adaptation plans in France and abroad;
- €4.8 million in expenses relating to the exceptional bonus for purchasing power granted to all Group employees in France with a gross annual compensation of €30,000 or less. This bonus was paid to some 14,000 employees; and
- Other non-current income and expense represented a net expense of €3.4 million resulting from various one-off litigation cases.

2.3.1.5 Net financial expense

As of June 30, 2020, the Group's net financial expense broke down as follows:

	Period ended June 30	
(€ million)	**2020**	**2019 restated***
Costs related to Group debt	(13.5)	(40.3)
Interest on rental debt	(10.8)	(10.0)
Cost of consumer credit	(1.3)	(1.3)
Other financial income and expense	2.6	(0.6)
Net financial expense	**(22.9)**	**(52.2)**

*Restated for the reclassification of BCC to discontinued operations

In the first half of 2020, financial income was composed of a net financial expense of €22.9 million, compared with a net financial expense of €52.2 million for the same period the previous year.

During the first six months of 2020 and 2019, the cost of net financial debt for the Group mainly comprised the financial interest for the €650 million bond issue and the €200 million medium-term credit facility.

These costs also include, over the first half of 2020, in an amount of €0.6 million, the deferment of implementation costs and the deferment of guarantee costs for the €500 million State-guaranteed loan, taken out by the Group to secure cash and prepare for the resumption of business following the health crisis. This loan is guaranteed up to 70% by the French State and has a maturity of one year, with an option to extend for up to five more years.

In the first half of 2019, costs related to financial debt included a non-recurring expense of €18.7 million related to the early redemption premium for the previous bond issue, as well as an expense of €8.3 million related to the deduction of remaining costs associated with the previous bond issue.

In the first half of 2020, interest on rent debt linked to the application of IFRS 16 represented €10.8 million. This expense is stable compared to the first half of 2019.

The cost of consumer credit remained stable compared to the first half of 2019.

Other financial income and expense includes the financial impacts associated with post-employment employee benefits and the fair value adjustment of the Group's financial assets (primarily the financial assets of Daphni Purple).

2.3.1.6 Income tax

For the first half of 2020, the Group's tax expense broke down as follows:

	Period ended June 30	
(€ million)	**2020**	**2019 restated***
Pre-tax income	**(105.4)**	**(27.5)**
Current tax expense	54.9	8.4
Current tax expense related to corporate value-added tax (CVAE)	(9.4)	(10.4)
Deferred tax income/(expense)	(19.8)	(4.6)
Total tax expense	**25.7**	**(6.6)**
Effective tax rate	**24.38%**	**(24.00%)**

*Restated for the reclassification of BCC to discontinued operations

Due tax expense and deferred tax expense for the first half of the year are calculated on the basis of the estimated effective tax rate for the whole period for each fiscal entity or sub-entity. Given the negative level of pre-tax income in the first half of 2020, application of the effective tax rate results in a tax credit; however, the Group expects to have a tax expense in the second half of 2020.

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

During 2020, the companies Nature & Découvertes and Terres d'OC Evolution entered the scope of tax consolidation.

2.3.1.7 Net income, Group share

For the first half of 2020, net income, Group share, for Fnac Darty's continuing operations totaled -€76.7 million, a fall compared to the same period the previous year, when it stood at -€33.2 million.

Consolidated net income, Group share, for Fnac Darty was -€118.3 million, compared to -€38.9 million for the same period the previous year.

2.3.1.8 Net income from discontinued operations

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

In the fourth quarter of 2019, the Group launched a process to find a partner for its Dutch subsidiary BCC, with a view to withdrawing completely from the country. An investment bank has been instructed to identify potential partners and conduct discussions. In accordance with IFRS 5, BCC was subject to specific reporting in the consolidated financial statements.

	Period ended June 30	
(€ million)	**2020**	**2019 restated***
Income from ordinary activities	**231.2**	**192.1**
Cost of sales	(177.2)	(146.0)
Gross margin	**54.0**	**46.1**
Personnel expenses	(27.2)	(26.0)
Other current operating income and expense	(21.7)	(24.1)
Current operating income	**5.1**	**(4.0)**
Other non-current operating income and expense	(44.9)	0.1
Operating income	**(39.8)**	**(3.9)**
(Net) financial expense	(1.8)	(1.8)
Pre-tax income	**(41.6)**	**(5.7)**
Income tax	0.0	0.0
Net income	**(41.6)**	**(5.7)**

*Restated for the reclassification of BCC to discontinued operations

Other non-current operating income and expense primarily represents the estimated costs of withdrawal of the Dutch subsidiary BCC and takes into account the direction of ongoing negotiations as of June 30, 2020. The Group has therefore fully impaired the subsidiary’s current accounts.

2.3.1.9 Net earnings per share

In the first half of 2020, the weighted average number of Fnac Darty shares was 26,557,793 shares. The weighted average number of treasury stock in the first half of 2020 was 105,476 shares, so the weighted average number of Fnac Darty shares used to calculate net earnings per share was 26,452,317 shares.

As of June 30, 2020, Group net earnings per share amounted to -€4.47. In the first half of the previous year, this figure was -€1.47.

2.3.2 Analysis of operating performance by operating segment

2.3.2.1 France and Switzerland segment

	Period ended June 30		
(€ million)	**2020**	**2019 restated***	**Change**
Revenues	2,342.7	2,524.3	(7.2%)
Current operating income	(45.6)	39.3	(216.0%)
Operating profitability rate	(1.9%)	1.6%	(3.5)pt

*Restated for the reclassification of BCC to discontinued operations

Revenue for the France and Switzerland segment

In the first half of 2020, revenue for the France and Switzerland segment was €2,342.7 million compared to €2,524.3 million for the first half of 2019, i.e. a fall of 7.2%. At constant exchange rates and on a same-store basis, revenue was also down 9.7%. This drop in revenue was due to the COVID-19 health crisis.

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

Revenues from consumer electronics were down. Sales in the Telephony and Sound and Vision departments suffered particularly badly as a result of the impact of the COVID-19 health crisis. Sales of IT equipment, driven by the increase in remote working, recorded an increase.

Sales of domestic appliances were also affected by the COVID-19 health crisis. Sales of built-in cooking appliances, washing machines and vacuum cleaners were severely affected.

Touched by the health crisis too, revenues from editorial products were down. Book sales, as well as those in the Audio and Video disc sectors, which are also impacted by digitalization, were in decline. However, there was good growth in the Gaming market, which benefited from a favorable effect as a result of lockdown.

Other products and services increased sharply, thanks firstly to growth in the Home & Design, Urban Mobility and Toys & Games sectors, and secondly to the integration of Nature & Découvertes.

There was a sharp rise in online business with an explosion in sales during the weeks of lockdown, amounting to €730.2 million and representing 31.2% of sales in the France and Switzerland segment, up 12.3 points compared to the first half of 2019, which was also driven by the development of online marketplaces and higher visitor numbers.

Current operating income for the France and Switzerland segment

Current operating income for the France and Switzerland segment stood at -€45.6 million for the first half of 2020, compared to €39.3 million for the first half of 2019. This downturn is due mainly to a sharp drop in volume of sales as well as a falling gross profit margin as a result of the decline in services and a deterioration in the product/channel mix.

Current operating profitability fell from 1.6% to -1.9%.

2.3.2.2 **Iberian Peninsula**

	Period ended June 30		
(€ million)	**2020**	**2019**	**Change**
Revenues	239.5	295.6	(19.0%)
Current operating income	(12.7)	5.5	(330.9%)
Operating profitability rate	(5.3%)	1.9%	(7.2)pt

Revenue for the Iberian Peninsula

In the first half of 2020, revenue for the Iberian Peninsula fell sharply. It totaled €239.5 million, compared to €295.6 million for the first half of 2019, i.e. a fall of 19.0%. On a same-store basis, revenue was down by 20.5%.

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

The underperformance recorded in this segment is directly linked to the COVID-19 health crisis. In-store sales suffered from store closures during this period. They were gradually reopened during the month of May and at the beginning of June. Online business, which grew sharply for both countries during the first half of the year, only partially offset this drop in business.

Revenues from consumer electronics were down. Sales in the Telephony and Sound and Vision departments suffered particularly badly.

Revenues from editorial products were also down. Book sales decreased sharply.

Revenues from other products and services decreased during the period. The Services sector was impacted particularly severely by the closure of stores.

Current operating income in the Iberian Peninsula

Current operating income for the Iberian Peninsula was -€12.7 million for the first half of 2020, compared to €5.5 million for the first half of 2019, a decrease of -€18.2 million compared to 2019. Gross margin fell compared to the first half of 2019, with a fall in revenues and a sharp decline in the profit margin, impacted by the drop in services and a deterioration in the product/channel mix. The decrease in operational costs over the period was not sufficient to offset this decrease in profits.

Current operating profitability fell from +1.9% to -5.3%.

2.3.2.3 Belgium and Luxembourg segment

	Period ended June 30		
(€ million)	**2020**	**2019 restated***	**Change**
Revenues	266.8	272.6	(2.1%)
Current operating income	0.7	1.4	(50.0%)
Operating profitability rate	0.3%	0.5%	(0.2)pt

*Restated for the reclassification of BCC to discontinued operations

Revenues for the Belgium and Luxembourg segment

In the first half of 2020, revenues for the Belgium and Luxembourg segment were €266.8 million, compared to €272.6 million in the first half of 2019, a decrease of 2.1%.

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

In Belgium, business withstood the health crisis well thanks to the e-commerce sites of both banners, which posted strong growth in the country.

Over the first half of the year, revenues in consumer electronics were stable. Driven by the increase in remote working, the outperformance of sales of IT equipment offset the underperformance posted by other departments.

Sales of domestic appliances were also affected by the COVID-19 health crisis. Sales of washing machines, tumble dryers and vacuum cleaners were severely affected.

Touched by the health crisis too, revenues from editorial products were down. Book sales, as well as those in the Audio and Video sectors, which are also suffering from digitalization, were in decline. However, there was good growth in the Gaming market, which benefited from a favorable effect as a result of lockdown.

In the first half of the year, revenues generated by other products and services fell, impacted by the drop in services.

Current operating income for the Belgium and Luxembourg segment

Current operating income for the Belgium and Luxembourg segment was €0.7 million for the first half of 2020, compared to €1.4 million for the first half of 2019. This virtual stability shows the quality of commercial performance in the context of the health crisis and stiff competition.

Current operating profitability was down slightly, from 0.5% to 0.3%.

2.4 COMMENTS ON THE GROUP'S FINANCIAL POSITION

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

(€ million)	**As of June 30, 2020**	**As of December 31, 2019**
Goodwill	1,654.3	1,654.1
Other non-current assets and liabilities	1,812.7	1,891.6
Current assets and liabilities	(500.8)	(963.4)
Provisions	(226.2)	(215.7)
Capital employed	**2,740.0**	**2,366.6**
Net assets held for sale	38.3	65.5
Shareholders' equity, Group share	1,262.3	1,387.9
Shareholders' equity – Share attributable to non-controlling interests	8.6	10.4
Net financial debt at end of the period	549.1	17.9
Leasing debt	958.3	1,015.9

2.4.1 Capital employed

As of June 30, 2020, capital employed was up by €373.4 million compared with December 31, 2019. This increase is mainly linked to the increase in current assets as a result of the seasonal nature of the Group's business.

2.4.2 Goodwill

As of June 30, 2020, Goodwill amounted to €1,654.3 million. The €0.2 million variation compared to December 31, 2019 is due to completion of the work to evaluate the assets and liabilities acquired from CTS France.

(€ million)	**As of June 30, 2020**	**As of December 31, 2019**
Goodwill	1,654.3	1,654.1

2.4.3 Other non-current net assets

(€ million)	**As of June 30, 2020**	**As of December 31, 2019**
Net intangible assets	496.6	511.0
Net property, plant and equipment	596.0	614.9
Rights of use relating to lease agreements	961.8	1,026.3
Investments in associates	21.7	21.4
Net non-current financial assets	31.2	27.9
Net deferred taxes	(140.3)	(120.5)
Other non-current liabilities	(154.3)	(189.4)
Other non-current assets, net	**1,812.7**	**1,891.6**

Over the first half of 2020, other non-current assets net of liabilities fell by €78.9 million.

Intangible assets fell by €14.4 million, mainly due to impairment of the Darty brand for €14.2 million, as a result of the impairment tests carried out during the first half of 2020, after evidence of impairment was found following the health crisis.

Property, plant and equipment decreased by €18.9 million, as a result of depreciation over the first half of 2020 that was greater than the investments made during the first half of 2019.

Rights of use relating to lease agreements were down by €64.5 million, mainly due to their depreciation.

Shareholdings in equity associates increased by €0.3 million compared to December 31, 2019, and reflected the share of income from the first half of 2020.

As of the first half of 2020, net non-current financial assets increased by €3.3 million. This increase is mainly linked to the investment made by the Group in the Daphni Purple investment fund and the fair value revaluation of this investment in the total amount of €3.5 million. The Group agreed to underwrite the remaining 33% for €2.3 million.

Deferred taxes represented net liabilities of €140.3 million and for the most part reflected the revaluation of Darty's assets and liabilities, particularly the valuation of the Darty and Vanden Borre brands on the Group's balance sheet, along with the revaluation of Darty's real estate. The variation in these is primarily related to the deferred tax expense for the first half of 2020.

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

2.4.4 Current assets and liabilities

(€ million)	**As of June 30, 2020**	**As of December 31, 2019**
Net inventories	944.6	1,079.4
Net trade receivables	105.9	211.2
Net trade payables	(1,146.4)	(1,667.3)
Tax receivables and payables due	53.1	(6.6)
Other working capital requirements	(458.0)	(580.1)
Current assets and liabilities*	**(500.8)**	**(963.4)**

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

As of June 30, 2020, Fnac Darty's current assets and liabilities were a €500.8 million resource, a decrease of €462.6 million compared to December 31, 2019. This drop is mainly due to the seasonal nature of the business.

Changes in inventory (excluding the effect of changes in foreign exchange rates and the scope of consolidation) generated cash flows of €135.1 million in the first half of 2020, up by €102.8 million compared to the first half of 2019.

In the first half of 2020, the drop in trade receivables (excluding the effect of changes in foreign exchange rates and the scope of consolidation) generated positive cash flows amounting to €105.1 million, up by €37.1 million compared to the first half of 2019.

In the first half of 2020, the drop in trade payables (excluding the effect of changes in foreign exchange rates and the scope of consolidation) generated negative cash flows amounting to €521.7 million, down by €170.0 million compared to the first half of 2019.

In the first half of 2020, cash flows from tax receivables and payables were negative, at €69.7 million (excluding the effect of changes in foreign exchange rates and the scope of consolidation). This decline should be seen within the context of the tax income payable of €54.9 million recorded for the first half of 2020, as well as the corporate value-added tax (CVAE) expense of €9.4 million. Therefore, in the first half of 2020, the net cash flow associated with tax payable and the CVAE represented a net disbursement of €24.1 million, a drop of €9.3 million compared to the first half of 2019.

In the first half of 2020, other working capital requirements primarily included payroll liabilities, and State payables and receivables, excluding income tax. The reduction in these over the first half-year is linked to the seasonal nature of the Group's business, and the cash flows generated are equal to the change in the first half of 2019.

2.4.5 Provisions

(€ million)	**As of June 30, 2020**	**As of December 31, 2019**
Provisions for pensions and equivalent benefits	192.5	176.7
Other provisions	33.7	39.0
Provisions	**226.2**	**215.7**

(€ million)	**As of June 30, 2020**	**As of December 31, 2019**
Discount rate		
- France	0.80%	0.80%
- Switzerland	0.25%	0.25%
- United Kingdom	1.50%	2.10%

The stability of interest rates seen during the first half of 2020 in the eurozone meant that no changes were made to the reference discount rates, which are the rates of top-rated corporate bonds.

At the same time, the discount rate applicable in the United Kingdom was down. Consequently, an adjustment to the amount of the Comet liability was recognized in the interim financial statements, which was reflected by an increase in the relevant commitment.

Compared to December 31, 2019, the increase in the provision for pensions and similar benefits is €15.8 million. The majority of this increase is linked to the updating of the commitment for the Comet pension fund, at €12.1 million. The remaining €3.7 million is linked to the valuation of retirement benefit commitments for employees in France. The impact on shareholders' equity appears under "Other items of comprehensive income."

"Other provisions" include mainly the provisions for restructuring and operational and tax contingencies. The €5.3 million decrease compared to December 31, 2019 stemmed mainly from the use of provisions for restructuring recorded as part of implementing the Group's reorganization.

2.4.6 Shareholders' equity

(€ million)	As of June 30, 2020	As of December 31, 2019
Shareholders' equity, Group share	1,262.3	1,387.9
Shareholders' equity – Share attributable to non-controlling interests	8.6	10.4
Shareholders' equity	**1,270.9**	**1,398.3**

In the first half of 2020, Fnac Darty's consolidated shareholders' equity was down €127.4 million compared to the end of the previous period.

The proportion of shareholders' equity attributable to the Group fell by €125.6 million, firstly as a result of the Group's share of net income for -€118.3 million and, secondly, as a result of changes in the discount rates used to value pension commitments in the United Kingdom for -€12.1 million. The remainder of the decrease relates primarily to the valuation of share-based payments, as well as to the effects of exchange rate fluctuations.

The proportion of shareholders' equity attributable to non-controlling interests was down €1.8 million to €8.6 million. This decrease is due to the proportion of non-controlling interests in net income of -€3.0 million, as well as a change of +€1.2 million related to a commitment to exercise a sale option on WeFix shares, representing a disbursement of €4.2 million and 12.9% of WeFix's equity.

2.4.7 Net financial debt

At the end of the first half of the year, Group net financial debt is usually higher than at year-end because of the seasonal nature of the business. The Group's net financial debt as of June 30, 2020 stood at €1,507.4 million. It incorporates leasing debt linked to the application of IFRS 16 for €958.3 million.

(€ million)	As of June 30, 2020	As of December 31, 2019
Gross financial debt	1,457.9	1,013.4
Cash and cash equivalents	(908.8)	(995.5)
Net financial debt excluding IFRS 16 at end of period	**549.1**	**17.9**
Leasing debt	958.3	1,015.9
Net financial debt with IFRS 16 at end of period	**1,507.4**	**1,033.8**

Gross financial debt consists mainly of:

- the loan of €500 million guaranteed by the State, subscribed by the Group in April 2020, to secure cash and prepare for the resumption of activities following the health crisis;

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

- the medium-term credit facility amounting to €200 million; and

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

The €500 million loan is guaranteed up to 70% by the French State and has a maturity of one year, with an option to extend for up to five more years.

Compared to December 31, 2019, net financial debt increased by €531.2 million excluding leasing debt linked to IFRS 16, and by €473.6 million with leasing debt. The increase is mainly related to the change in free cash flow from operations over the period.

2.4.8 Solvency

Financing instruments of the Group included financial covenants as of June 30, 2020. However, the Group obtained a commitment from lenders to accept the suspension of its financial covenants for the months of June and December 2020.

Nevertheless, as of June 30, 2020, the Group was in compliance with all half-year financial covenants.

The target values of the covenants vary for each testing period.

2.4.9 Liquidity

As of June 30, 2020, Fnac Darty held cash and cash equivalents of €908.8 million after obtaining a State-guaranteed loan of €500 million (€995.5 million as of December 31, 2019), plus a balance of €400 million on a confirmed credit facility not used at that date. The short-term negotiable debt instruments program, the amount of which went up from €300 million to €400 million, was also unused at that date.

As of June 30, 2020, cash included investment securities of less than three months.

The Group is not exposed to any short-term liquidity risk.

2.4.10 Change in net financial debt

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

(€ million)	**As of June 30, 2020**	**As of June 30, 2019 restated***
Free cash flow from operations	(379.9)	(248.3)
Interest paid net of interest and dividends received	(14.6)	(32.9)
Acquisitions and disposals of subsidiaries net of cash acquired and transferred	(0.7)	(30.2)
Acquisition and disposal of other financial assets	0.4	(1.4)
Purchases and sales of treasury stock	1.0	(13.9)
Dividends paid	0.0	0.0
Capital increase/(decrease)	0.0	1.3
Repayment of leasing debt	(112.3)	(105.5)
Interest paid on leasing debt	(10.8)	(10.0)
Other transactions with shareholders	0.0	0.0
Net cash flows from discontinued operations	(12.9)	(27.9)
Financing of the Comet pension fund	(0.4)	(2.3)
Other (1)	(1.0)	(0.1)
Change in net financial debt excluding IFRS 16	**(531.2)**	**(471.2)**

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

Net financial debt excluding IFRS 16 at January 1	**17.9**	**(7.4)**
Net financial debt excluding IFRS 16 at end of period	**549.1**	**463.8**

*Restated for the reclassification of BCC to discontinued operations

2.4.10.1 Free cash flow from operations

The Group uses an intermediate line item to track its financial performance described as free cash flow from operations. This financial indicator measures net operating cash flow and net operating investment flow (defined as acquisitions and disposals of property, plant and equipment and intangible assets, and the change in trade payables for non-current assets).

For the first six months of 2020, Fnac Darty's free cash flow from operations amounted to -€379.9 million with the application of IFRS 16, and to -€503.0 million excluding the application of IFRS 16. It stood at -€248.3 million in the first half of 2019, i.e. a decrease of €131.6 million with IFRS 16, and a decrease of €139.2 million excluding IFRS 16.

(€ million)	**As of June 30, 2020**	**As of June 30, 2019 restated***
Cash flow from operations before tax, dividends and interest	**109.4**	**175.9**
Change in working capital requirement	(415.4)	(361.4)
Income tax paid	(24.1)	(14.8)
Net cash flows from operating activities	**(330.1)**	**(200.3)**
Net operating investments	(49.8)	(48.0)
Free cash flow from operations	**(379.9)**	**(248.3)**
Repayment of leasing debt and interest	(123.1)	(115.5)
Free cash flow from operations, excluding IFRS 16	**(503.0)**	**(363.8)**

*Restated for the reclassification of BCC to discontinued operations

As of June 30, 2020, net operating investments were €49.8 million.

(€ million)	**As of June 30, 2020**	**As of June 30, 2019 restated***
France and Switzerland	(31.7)	(47.1)
Iberian Peninsula	(3.6)	(3.6)
Belgium and Luxembourg	(2.2)	(2.8)
Acquisitions of intangible assets, property, plant and equipment	**(37.5)**	**(53.5)**
Disposals of intangible assets, property, plant and equipment	0.4	0.0
Change in debt and receivables relating to non-current assets	(12.7)	5.5
Net operating investments	**(49.8)**	**(48.0)**

*Restated for the reclassification of BCC to discontinued operations

2.4.10.2 Interest paid net of interest and dividends received

As of June 30, 2020, net disbursements for net financial interest paid and dividends received mainly included the disbursement of interest for financing and utilization and non-utilization fees for credit facilities of €13.6 million. These disbursements also include the costs of implementing the State-guaranteed loan for an amount of €1.0 million.

As of June 30, 2019, net disbursements for net financial interest paid and dividends received included the disbursement of interest for financing and utilization and non-utilization fees for credit facilities of €12.2 million, as well as the early redemption premium for the former bond issue of €18.7 million.

2.4.10.3 Acquisitions and disposals of subsidiaries net of cash acquired or transferred

The net disbursement of €0.7 million in the first half of 2020 incorporates both a receipt of €3.5 million in March 2020 related to an adjustment of the acquisition price of Nature & Découvertes, in accordance with the provisions of the sale agreement, and a disbursement of €4.2 million related to a commitment to exercise a sale option on WeFix shares representing 12.9% of WeFix's equity.

In the first half of 2019, the disbursement of €30.2 million corresponded to the acquisition of 123Billets (Billetreduc.com).

2.4.10.4 Acquisitions and disposals of other financial assets (net)

In the first half of 2020 and 2019, disbursements related to the acquisitions of other financial assets included investments in the Daphni Purple fund of €0.4 million and €1.4 million respectively. As of June 30, 2020, the Group agreed to underwrite the remaining 33% for €2.3 million. The first half of 2020 also includes a positive cash flow of €0.8 million linked to repayments of guarantee deposits by lessors.

2.4.10.5 Purchases and sales of treasury stock

In the first half of 2020, receipts of €1.0 million for acquisitions and disposals of treasury stock represent cash flows generated within the framework of the liquidity agreement entered into with Oddo BHF and Natixis. As of June 30, 2020, the Group held 94,765 treasury stocks.

In the first half of 2019, disbursements for acquisitions and disposals of treasury stock, in the amount of €14.1 million, related to the disbursement for the acquisition of Fnac Darty shares made under the treasury stock buyback program announced by the Group on October 19, 2018. They also included cash flows in connection with the liquidity agreement entered into with Oddo BHF and Natixis for a receipt of €0.2 million. As of June 30, 2019, the Group held 46,561 treasury stocks.

2.4.10.6 Repayment of leasing debt and interest paid on leasing debt

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

2.4.10.7 Net cash flows from discontinued operations

Net cash flows from discontinued operations in the first half of 2020 and 2019 represent the cash flows of Dutch subsidiary BCC. In the fourth quarter of 2019, the Group launched a process to find a partner for its Dutch subsidiary BCC, with a view to withdrawing completely from the country. An investment bank has been instructed to identify potential partners and conduct discussions. In accordance with IFRS 5, BCC was subject to specific reporting in the consolidated financial statements.

2.4.10.8 Financing of the Comet pension fund

The financing of the British Comet pension fund represents the cash paid by the Group under the pension commitments for former Comet employees in the United Kingdom. Financing of the fund was renegotiated in 2019 and payments were suspended from January 2020. Previously, it was £4.0 million per year.

2.5 RELATED PARTY TRANSACTIONS

As of June 30, 2020, the Ceconomy Retail International group held 24.3% of the share capital and 24.3% of the voting rights in Fnac Darty. In the first half of 2020, there were no transactions between Fnac Darty consolidated companies and the Ceconomy Retail International group.

As of June 30, 2020, the SFAM company held 11.4% of the share capital and 11.4% of the voting rights in Fnac Darty and did not have a representative on the Fnac Darty Board of Directors. Therefore, the SFAM company is not a related party.

For the record, in the first half of 2019, the Ceconomy Retail International group held 24.3% of the share capital and 24.3% of the voting rights in Fnac Darty. There were no transactions between Fnac Darty consolidated companies and the Ceconomy Retail International group.

In the first half of 2019, the SFAM group held 11.4% of the share capital and 11.4% of the voting rights in Fnac Darty. There were no transactions between Fnac Darty consolidated companies and the SFAM group.

2.6 EVENTS OCCURRING AFTER THE CLOSE OF THE PERIOD

There were no significant events after the end of the reporting period for the first half of 2020.

2.7 MAIN RISKS AND UNCERTAINTIES FOR THE REMAINING HALF-YEAR

In the first half of 2020, the Group reacted quickly by adopting exceptional measures to limit the impact of the health crisis on its structure and income levels. The uncertainties that continue to hover over the global health crisis are making business forecasts uncertain. The risk of lockdown linked to a new wave of the pandemic, as well as the risk of a slower-than-expected resumption of activity, exposes the Group to a large number of risks and uncertainties for the next six months of 2020.

In parallel with risks related to the health crisis, Fnac Darty's companies are involved in a certain number of proceedings and litigation cases during the normal course of business, including disputes with tax, employment and customs authorities. Provisions have been recorded for the expenses that the Group's companies and businesses and their experts consider likely to be incurred.

Further to the press coverage of February 1, 2020, Fnac Darty confirms that a claim has been brought by the liquidator of Comet Group Limited against Darty Holdings SAS for approximately £83 million. Darty Holdings SAS, a Group subsidiary, in its capacity as successor to Kesa International Limited (KIL), sold the British electrical retail chain Comet Group in 2012. The liquidator alleges that, in February 2012, prior to the acquisition of Darty by Fnac in 2016, Comet repaid an intra-group debt to KIL, at a time when Comet was already insolvent. The Fnac Group was not made aware of this matter at the time of its acquisition of Darty. The Group vigorously challenges the merits of the claim and has taken appropriate measures to protect its interests.

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

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

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

The main risks and uncertainties the Group may face in the second half of 2020 are set out in Section 6 of the Group's 2019 Universal Registration Document.

2.8 OUTLOOK

Given the continuing uncertainty to date with regard to recovery of consumption after the health emergency, as well as changes in the product and services mix, Fnac Darty remains cautious about the performance of its markets in the second half of the year.

However, the Group remains confident in its resilience, thanks to the major adaptation of its omnichannel model demonstrated in this half of the year, and will remain focused on its commercial implementation so as to fully achieve the major commercial commitments of the second half, as well as on the control of costs, investments and cash flow.

As a result, Fnac Darty is unable at this time to present financial targets for 2020 and for the medium term.

3 CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

Overview of the accounts

In the fourth quarter of 2019, the Group had launched a process to find a partner for its Dutch subsidiary BCC, with a view to withdrawing completely from the country. An investment bank has been instructed to identify potential partners and conduct discussions. In accordance with IFRS 5, BCC was subject to specific reporting in the consolidated financial statements.

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

- for the first half of 2020, the audited IFRS consolidated financial statements of Fnac Darty for the period ended June 30, 2020 incorporating six months of operating activity of the Fnac Darty banner, restated for the reclassification of BCC to discontinued operations, and six months of operating activity of the Nature & Découvertes banner acquired on August 1, 2019;

- for the first half of 2019, the audited IFRS consolidated financial statements of Fnac Darty for the period ended June 30, 2019 incorporating six months of operating activity of the Fnac Darty banner, restated for the reclassification of BCC to discontinued operations; and

- for 2019, the audited IFRS consolidated financial statements of Fnac Darty for the period ended December 31, 2019 incorporating 12 months of operating activity of the Fnac Darty banner, restated for the reclassification of BCC to discontinued operations, and five months of operating activity of the Nature & Découvertes banner since August 1, 2019.

The following tables contain data rounded off individually. The arithmetic calculations performed on the basis of rounded-off items may differ from the line items or sub-totals shown.

CONSOLIDATED INCOME STATEMENT

FOR POSITIONS AS OF JUNE 30, 2020 AND AS OF JUNE 30, 2019

(€ million)	**Notes**	**06/30/2020**	**06/30/2019 restated***
Income from ordinary activities	4	**2,849.0**	**3,092.5**
Cost of sales		(2,004.8)	(2,141.7)
Gross margin		**844.2**	**950.8**
Personnel expenses	5	(464.7)	(513.4)
Other current operating income and expense		(437.3)	(392.1)
Share of profit from equity associates		0.2	0.9
Current operating income		**(57.6)**	**46.2**
Other non-current operating income and expense	6	(24.9)	(21.5)
Operating income		**(82.5)**	**24.7**
(Net) financial expense	7	(22.9)	(52.2)
Pre-tax income		**(105.4)**	**(27.5)**
Income tax	8	25.7	(6.6)
Net income from continuing operations		**(79.7)**	**(34.1)**
Group share		(76.7)	(33.2)
share attributable to non-controlling interests		(3.0)	(0.9)
Net income from discontinued operations	17.4	**(41.6)**	**(5.7)**
Group share		(41.6)	(5.7)
share attributable to non-controlling interests		0.0	0.0
Consolidated net income		**(121.3)**	**(39.8)**
Group share		(118.3)	(38.9)
share attributable to non-controlling interests		(3.0)	(0.9)
Net income, Group share		**(118.3)**	**(38.9)**
Earnings per share (€)	9	(4.47)	(1.47)
Diluted earnings per share (€)	9	(4.46)	(1.46)
Net income from continuing operations, Group share		**(76.7)**	**(33.2)**
Earnings per share (€)	9	(2.90)	(1.25)
Diluted earnings per share (€)	9	(2.89)	(1.24)

*Restated for the reclassification of BCC to discontinued operations

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(€ million)	Notes	06/30/2020	06/30/2019
Net income		**(121.3)**	**(39.8)**
Translation difference		2.1	0.8
Fair value of hedging instruments		0.1	(0.2)
Items that may be reclassified subsequently to profit or loss		**2.2**	**0.6**
Revaluation of net liabilities for defined benefit plans		(12.1)	(36.5)
Items that may not be reclassified subsequently to profit or loss		**(12.1)**	**(36.5)**
Other items of comprehensive income, after tax	10	**(9.9)**	**(35.9)**
Total comprehensive income		**(131.2)**	**(75.7)**
Group share		(128.2)	(74.8)
share attributable to non-controlling interests		(3.0)	(0.9)

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

FOR POSITIONS AS OF JUNE 30, 2020 AND THE PERIOD ENDED DECEMBER 31, 2019

ASSETS

(€ million)	Notes	As of June 30, 2020	As of December 31, 2019
Goodwill		1,654.3	1,654.1
Intangible assets		496.6	511.0
Property, plant & equipment		596.0	614.9
Rights of use relating to lease agreements	11	961.8	1,026.3
Investments in associates		21.7	21.4
Non-current financial assets		31.2	27.9
Deferred tax assets		62.9	82.7
Other non-current assets		0.2	0.1
Non-current assets		**3,824.7**	**3,938.4**
Inventory		944.6	1,079.4
Trade receivables		167.8	274.8
Tax receivables due		58.0	2.8
Other current financial assets		10.1	11.6
Other current assets		243.7	369.3
Cash and cash equivalents	13	908.8	995.5
Current assets		**2,333.0**	**2,733.4**
Assets held for sale	17.4	**204.5**	**200.6**
Total assets		**6,362.2**	**6,872.4**

LIABILITIES

(€ million)	Notes	As of June 30, 2020	As of December 31, 2019
Share capital	12.1	26.6	26.5
Equity-related reserves		971.2	971.3
Translation reserves		(3.7)	(5.8)
Other reserves and net income		268.2	395.9
Shareholders' equity, Group share	12	**1,262.3**	**1,387.9**
Shareholders' equity – Share attributable to non-controlling interests		8.6	10.4
Shareholders' equity		**1,270.9**	**1,398.3**
Long-term borrowings and financial debt	14	927.8	936.4
Long-term leasing debt	15	749.1	800.8
Provisions for pensions and other equivalent benefits		192.5	176.7
Other non-current liabilities		154.5	189.5
Deferred tax liabilities		203.2	203.2
Non-current liabilities		**2,227.1**	**2,306.6**
Short-term borrowings and financial debt	14	530.1	77.0
Short-term leasing debt	15	209.2	215.1
Other current financial liabilities		21.1	18.2
Trade payables		1,227.0	1,888.7
Provisions		33.7	39.0
Tax liabilities payable		4.9	9.4
Other current liabilities		672.0	785.0
Current liabilities		**2,698.0**	**3,032.4**
Liabilities relating to assets held for sale	17.4	**166.2**	**135.1**
Total Liabilities		**6,362.2**	**6,872.4**

CONSOLIDATED CASH FLOW STATEMENT

FOR POSITIONS AS OF JUNE 30, 2020 AND AS OF JUNE 30, 2019

(€ million)	**Notes**	**06/30/2020**	**06/30/2019 restated***
Net income from continuing operations		**(79.7)**	**(34.1)**
Income and expense with no impact on cash		209.9	157.6
Cash flow	17.1	**130.2**	**123.5**
Financial interest income and expense		24.7	50.4
Dividends received		0.0	0.0
Net tax expense payable		(45.5)	2.0
Cash flow before tax, dividends and interest		**109.4**	**175.9**
Change in working capital requirement		(415.4)	(361.4)
Income tax paid		(24.1)	(14.8)
Net cash flows from operating activities	17.1	**(330.1)**	**(200.3)**
Acquisitions of intangible assets, property, plant and equipment		(50.2)	(48.0)
Disposals of intangible assets, property, plant and equipment		0.4	0.0
Acquisitions of subsidiaries net of cash acquired		(0.7)	(30.2)
Acquisition of other financial assets		0.4	(1.4)
Net cash flows from investing activities	17.2	**(50.1)**	**(79.6)**
Capital increase/(decrease)		0.0	1.3
Other transactions with shareholders		0.0	0.0
Purchases or sales of treasury stock		1.0	(13.9)
Dividends paid to shareholders		0.0	0.0
Debt issued		500.0	650.0
Debt repaid		0.0	(650.0)
Repayment of leasing debt		(112.3)	(105.5)
Interest paid on leasing debt		(10.8)	(10.0)
Increase/decrease in other financial debt		(55.4)	16.6
Interest and equivalent payments		(14.6)	(32.9)
Financing of the Comet pension fund	17.3	(0.4)	(2.3)
Net cash flows from financing activities	17.3	**307.5**	**(146.7)**
Net cash flows from discontinued operations	17.4	(12.9)	(27.9)
Impact of changes in exchange rates		(1.1)	(0.2)
Net change in cash		**(86.7)**	**(454.7)**
Cash and cash equivalents at the beginning of the period	17	**995.5**	**918.6**
Cash and cash equivalents at period-end	17	**908.8**	**463.9**

*Restated for the reclassification of BCC to discontinued operations

(€ million)	Number of shares outstanding [1]	Share capital	Equity-related reserves	Translation reserves	Other reserves and net income	Shareholders' equity: Group share	Shareholders' equity: Non-controlling interests	Shareholders' equity: Total
As of December 31, 2018	**26,605,439**	**26.6**	**984.4**	**(4.5)**	**247.0**	**1,253.5**	**7.5**	**1,261.0**
Total comprehensive income				**0.8**	**(75.8)**	**(75.0)**	**(0.8)**	**(75.8)**
Capital increase/(decrease)	(100,804)	(0.1)	(12.6)			**(12.7)**		**(12.7)**
Treasury stock					1.1	**1.1**		**1.1**
Valuation of share-based payments					3.7	**3.7**		**3.7**
Impact of first application of IFRS 16					(0.4)	**(0.4)**		**(0.4)**
Other movements						**0.0**		**0.0**
As of June 30, 2019	**26,504,635**	**26.5**	**971.8**	**(3.7)**	**175.6**	**1,170.2**	**6.7**	**1,176.9**
Total comprehensive income				**(2.1)**	**164.0**	**161.9**	**(0.2)**	**161.7**
Capital increase/(decrease)	10,937	0.0	(0.5)			**(0.5)**		**(0.5)**
Treasury stock					(1.7)	**(1.7)**		**(1.7)**
Valuation of share-based payments					4.0	**4.0**		**4.0**
Impact of first application of IFRS 15					0.0	**0.0**		**0.0**
Change in scope					55.7	**55.7**	3.7	**59.4**
Other movements					(1.7)	**(1.7)**	0.2	**(1.5)**
As of December 31, 2019	**26,515,572**	**26.5**	**971.3**	**(5.8)**	**395.9**	**1,387.9**	**10.4**	**1,398.3**
Total comprehensive income				**2.1**	**(130.3)**	**(128.2)**	**(3.0)**	**(131.2)**
Capital increase/(decrease)	92,384	0.1	(0.1)			**0.0**		**0.0**
Treasury stock					(0.8)	**(0.8)**		**(0.8)**
Valuation of share-based payments					4.9	**4.9**		**4.9**
Change in scope					(1.2)	**(1.2)**	1.2	**0.0**
Other movements					(0.3)	**(0.3)**		**(0.3)**
As of June 30, 2020 (1)/(2)	**26,607,956**	**26.6**	**971.2**	**(3.7)**	**268.2**	**1,262.3**	**8.6**	**1,270.9**

[1] €1 par value of shares.
[2] Number of shares in capital as of June 30, 2020: 26,607,956

Notes to the Condensed Consolidated Financial Statements

Note 1 General information

1.1. General information

Fnac Darty, the Group's parent company, is a French limited company (*société anonyme*) with a Board of Directors. Its registered office is at 9, rue des Bateaux-Lavoirs, ZAC Port d'Ivry, 94200 Ivry-sur-Seine, France. The company is listed on the Euronext Paris exchange. The Company is registered under No. 055 800 296 with the Créteil Trade and Companies Registry. Fnac Darty is subject to all laws governing commercial companies in France, including the provisions of the French Commercial Code.

The condensed consolidated financial statements as of June 30, 2020 reflect the accounting position of Fnac Darty and its subsidiaries, as well as its interests in associates and joint ventures.

On July 29, 2020, the Board of Directors approved the condensed consolidated financial statements as of June 30, 2020 and authorized their publication.

1.2. Reporting context

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

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

Fnac Darty's consolidated financial statements are presented in millions of euros.

Note 2 Accounting principles and policies

2.1. General principles and statement of compliance

Pursuant to European Regulation No. 1606/2002 of July 19, 2002, the Group's consolidated financial statements for the six months ended June 30, 2020 have been prepared in accordance with international accounting standards as adopted by the European Union (available at http://ec.europa.eu/finance/company-reporting/ifrs-financial-statements/index_en.htm) on the date these financial statements were established. These standards were mandatory at that date, and are presented with the comparative data for 2019, prepared on the same basis.

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

The condensed consolidated financial statements as of June 30, 2020 have been prepared in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union, which permits the presentation of a selection of explanatory notes.

The consolidated financial statements presented do not take into account the standards and interpretations which, at the end of the reporting period, were still in the exposure draft stage with the IASB (International Accounting Standards Board) and the IFRS Interpretations Committee, or standards whose application was not mandatory in 2020.

The notes presented relate to significant events and transactions during the period and should be read in conjunction with the consolidated financial statements as of December 31, 2019. They are, in fact, inseparable from the information presented in the consolidated financial statements included in the Group's Universal Registration Document published for the period ended December 31, 2019.

With a view to simplifying and to making the half-year financial statements more readable, the Group has reduced the comparative periods of its financial statements, by removing the December 31, 2019 comparative period for the income statement and the cash flow table and the June 30, 2019 period for the balance sheet.

2.2. IFRS guidelines applied

The half-year financial statements are prepared in accordance with the accounting principles and policies applied by the Group to the financial statements for the period ended December 31, 2019, with the exception of the following items, which are subject to specific valuation methods (note 2.3):

- income tax; and

- employee benefits.

2.2.1 Standards, amendments and interpretations adopted by the European Union and not mandatory for reporting periods beginning on or after January 1, 2020 which were not adopted early by the Group:

There are no texts adopted by the European Union that are applicable in advance.

2.2.2 Standards, amendments and interpretations adopted by the European Union and mandatory for reporting periods beginning on or after January 1, 2020:

- **IFRS Interpretations Committee decision on IFRS 16 – Leases**

  On December 16, 2019, the IFRS Interpretations Committee issued a final decision concerning the determination of the lease agreement term and, in particular, the determination of the enforceable period and the useful life of fixtures inseparable from the leased property. According to the IASB:

  - the lease term should reflect a reasonable expectation of the period during which the leased assets will be used. The enforceable nature of the agreement should therefore be assessed from an economic point of view and not just from a legal point of view; and

  - the useful life of fixtures inseparable from the leased property should be assessed from an economic point of view and be consistent with the lease term.

  Given the extent of the work and in a context disrupted by the health crisis, these analyses continue in the second half of 2020 and will be recognized in the accounts prepared as of December 31, 2020.

  Thus, as of June 30, 2020, the accounting principles applied by the Group concerning determination of the reasonably certain lease term are unchanged from December 31, 2019 and are described in note 2.4 of this report, “Use of estimates and assumptions”.

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

- **Amendments to IFRS 3: Definition of a Business;**
- **Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform (IBOR) – Stage 1;**
- **Amendments to IAS 1 and IAS 8: Definition of Material; and**
- **Amendments to references to the conceptual framework for the IFRS standards.**

2.2.3 Standards, amendments and interpretations not yet adopted by the European Union and mandatory for post-2020 reporting periods:

- **Amendment to IFRS 16: COVID-19-related rent concessions**
  This amendment, published on May 28, 2020, is to be applied to periods beginning on or after June 1, 2020, and can be applied early, including for financial statements that had not yet been approved on May 28, 2020, subject to its adoption by the European Union. As of the date upon which Fnac Darty’s 2020 interim financial statements were approved, the process of adoption by the European Union was ongoing. Subject to certain conditions, this amendment provides for the possibility for the lessee of a lease agreement, to whom the lessor has granted rent adjustments as a result of the COVID-19 crisis, not to assess whether or not these arrangements constitute an amendment to the lease agreement and to recognize them in the income statement immediately, as if they did not constitute an amendment to the agreement.

  The Group has decided to apply this IFRS amendment in the accounts for the first half of 2020. However, in the first half of 2020, the impact of applying the amendment is not material.

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

- **IFRS 17: Insurance Contracts;**
- **Amendments to IFRS 3: Updated references to the conceptual framework;**
- **Amendments to IAS 1: Classification of Liabilities as Current or Non-Current;**
- **Amendments to IAS 16: Property, Plant and Equipment — Proceeds before Intended Use;**
- **Amendments to IAS 37: Onerous Contracts — Cost of Fulfilling a Contract; and**
- **Annual Improvements to IFRS Standards 2018-2020 Cycle.**

2.3. Special features of the preparation of interim financial statements

2.3.1. Income tax

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

2.3.2. Employee benefits

The post-employment benefit expense for the half-year is equal to one-half of the net expense calculated for the full-year period ended December 31, 2020.

In accordance with the requirements of IAS 19 and IAS 34, the amount of the net post-employment benefit obligation reflects material changes in market conditions during the preparation of interim financial statements. These material changes are detailed in note 11.

2.3.3. Seasonality of activities

Revenues, operating income and all operating indicators (including working capital requirement) are characterized by a high seasonality linked to a high level of activity in the last quarter of the calendar year. Consequently, the interim results as of June 30, 2020 are not necessarily representative of those that can be expected for the full period ending December 31, 2020.

2.4. Use of estimates and assumptions

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

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

The main estimates made by the management in preparing the financial statements concern the valuation and useful lives of operating assets, property, plant and equipment, intangible assets, and goodwill, the amount of the provisions for contingencies and other provisions relating to the business, as well as the assumptions used for the calculation of the obligations relating to employee benefits, share-based payments, deferred taxes and financial instruments. In particular, the Group uses discount rate assumptions, based on market data, in order to estimate its long-term assets and liabilities.

The accounting estimates contributing to the presentation of the financial statements as of June 30, 2020 were carried out in the context of an economic and health crisis (the "COVID-19 crisis") generating a climate of uncertainty about the economic and financial prospects. As a result, the Group took into account the reliable information available to it on the date of preparation of the consolidated financial statements summarized in terms of the impact of this crisis, the period being in this context subject to uncertainty.

The main estimates and assumptions used by the Group are detailed in the specific paragraphs in the notes to the financial statements and especially in the following notes:

Estimate and judgment		**Nature of the estimate and judgment**
Notes 2.3, 11 and 15	Lease agreements	Assumption regarding the lease term applied: the enforceable term identified for each agreement corresponds to the maximum period for which the lessee is entitled to benefit from the right of use of the asset. It corresponds to the period during which the agreement cannot be terminated by the lessor, and to all renewal options available solely to the lessee. Within this enforceable term, the lease period used may be limited by considering, or not, early termination options for the lease agreements based on economic criteria for the leased assets, in order to determine the overall reasonably certain lease periods for each agreement. The economic criteria used to assess the exercise of renewal or early termination options of leases by type of asset take into account the quality of the locations (premium or standard), the strategic nature of the store and its profitability Assumption regarding French 3/6/9 type leases: unless a renewal option exercisable by the lessee alone is set out in the agreement, the enforceable term is limited to nine years Assumption regarding foreign leases: in accordance with IFRS 16, the contractual term of the lease is applied, if necessary, with the addition of any renewal options set out in the contract that are exercisable by the lessee alone, unless it is reasonably certain to exit before the end of that term Assumption regarding discount rates: a rate schedule by maturity has been drawn up for each country. The discount rates are calculated using a Midswap index, by currency and by maturity, to which is added a spread (spread applied to the most recent Group borrowings + country risk premium + subsidiary rating). The maturity of the rate used depends on the duration of each lease agreement, which in turn depends on the payment profile. The maturity of the rates depends on the residual term remaining to the end of the contract
Note 2.9 of the 2019 Universal Registration Document	Inventory	Inventory run-down forecasts for impairment calculations
Note 2.10 of the 2019 Universal Registration Document	Impairment tests on non-financial assets	Level of cash generating unit combination for impairment test Main assumptions used for the construction of value-in-use (discount rates, growth rates in perpetuity, anticipated cash flow) Assessment of the economic and financial context of the countries in which the Group operates
Note 2.13 of the 2019 Universal Registration Document and note 8	Tax	Assumptions used to recognize deferred tax assets related to tax loss carry-forwards and timing differences
Note 2.15 of the 2019 Universal Registration Document	Provisions	Underlying assumptions for assessing the legal position and risk valuation
Note 2.16 of the 2019 Universal Registration Document	Employee benefits and similar payments	Discount rate, expected rate of return on assets and salary increase rate
Note 2.17 of the 2019 Universal Registration Document and note 17.4	Assets held for sale	Assets held for sale are valued and recognized at the lower of their net book value and fair value minus cost of disposal
Note 2.18 of the 2019 Universal Registration Document	Income from ordinary activities	Deferment of revenues related to sales of loyalty cards and sales of warranty extensions over the term for which services are rendered so as to reflect the schedule of benefits offered Recognition of income from ordinary activities in gross sales or commissions according to the analysis of the Group's involvement as principal or agent The main indicators for assessing the agent/principal classification are: • primary responsibility for performance of the agreement; • exposure to inventory risk; and • determination of the selling price
Note 2.19 of the 2019 Universal Registration Document	Cost of merchandise sales	At the end of the reporting period, a valuation of discounts and commercial services to be collected is conducted based on the contracts signed with suppliers. This valuation is based on the amount of the annual purchases, the quantities of articles purchased or other contract conditions, such as the reaching of thresholds or the growth in purchasing volume for discounts and the performance of services rendered to suppliers for commercial cooperation
Note 7 of the 2019 Universal Registration Document	Performance-based compensation plans	Assumptions used to assess the fair value of allotted instruments (expected volatility, dividend yield, discount rate, expected turnover of beneficiaries)

Note 3 Significant events

The most significant event of the first half of the year is the impact of the health crisis on the first-half accounts, with the closure of all stores for a minimum period of two months depending on the country. Fnac Darty noted the opinions of the ESMA and the AMF and decided not to present the full cost of the health crisis as a non-current expense. Consequently, in the first half of 2020, the Group only presented the exceptional additional costs directly caused by the health crisis as non-current expenses. These costs correspond to the establishment of hygiene measures in stores, as well as all one-off bonuses paid to staff who worked in the Group's warehouses during lockdown to deliver online orders. As of June 30, 2020, these costs represent a total amount of €5.8 million.

In April 2020, Fnac Darty signed a loan agreement in the amount of €500 million, guaranteed by the State, with a pool of French banks. Conducted within the framework of a "PGE" (*Prêt Garanti par l'Etat* — State-guaranteed loan), in the context of the COVID-19 crisis, this loan is intended to secure the Group's liquidity and to ensure the resumption of business activities. This loan will be guaranteed up to 70% by the French State and has a maturity of one year, with an option to extend for up to five more years (April 2026). This new financing allows Fnac Darty to benefit from the support of leading French banking institutions, in a context of unprecedented crisis. The Group thus has a solid financing structure, with a balance between bank and bond debt. This financing has enabled the Group to secure its cash significantly.

During the first half of 2020, the amount of the short-term negotiable debt instruments program was increased from €300 million to €400 million. It is unused in the half-year accounts as of the end of the reporting period.

IAS 36 (Impairment of Assets) requires an impairment test to be carried out for each of the cash generating units (CGUs) and its non-current assets with an indefinite life span. This test should be performed at least once a year on a fixed date or at any time if there is evidence of impairment. As a result of the health crisis that occurred during the first half of 2020 and the evidence of impairment observed, the Group updated the latest impairment tests conducted at the end of the reporting period of the 2019 accounts. The updating of these tests resulted in an impairment of the Darty brand of €14.2 million. By way of a reminder, the Darty brand was valued at €301.7 million in 2016 when Darty was acquired. Its net worth in the Group's accounts is now €287.5 million.

	Discounting*		**Perpetual growth**	
	H1 2020	**2019**	**H1 2020**	**2019**
Cash Generating Unit France	8.8%	8.3%	1.0%	1.0%
Cash Generating Unit Belgium	8.9%	8.2%	1.0%	1.0%
Darty brand	9.8%	9.3%	1.0%	1.0%
Vanden Borre brand	9.9%	9.3%	1.0%	1.0%

** Weighted average cost of capital*

The projected cash flows were established during June 2020 on the basis of new forecasts taking account of the health crisis in 2020 and medium-term plans over a three-year period. These tie in with the Group's "Confiance+" strategic plan and reflect the strength of the two banners and the solid progress of their consolidation.

Upstream of these impairment tests, the Group conducted profitability tests on all its stores. The store tests did not give rise to any impairment.

Store closures linked to the health crisis led the Group to negotiate with its lessors and to obtain temporary rent reductions during the lockdown period.
In accordance with the IASB's amendment to IFRS 16 of May 28, 2020, the reductions negotiated within the framework of the health crisis were recognized during the period in question.

The Group is rated by the rating agencies S&P Global and Scope Ratings on a solicited basis and by Moody's on an unsolicited basis. As a result of the increased uncertainty caused by the COVID-19 pandemic, on March 27, 2020, Moody's confirmed Fnac Darty's Ba2 rating, while lowering the outlook for this rating from stable to negative. On April 7, 2020, S&P Global downgraded Fnac Darty's rating from BB+ to BB, while lowering the outlook for this rating from stable to negative. Lastly, on May 12, 2020, Scope Ratings indicated that it had placed Fnac Darty's BBB- rating under review.

Note 4 Operating segments

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

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

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

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

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

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

Information per operating segment

(€ million)	France and Switzerland	Iberian Peninsula	Belgium and Luxembourg	Total
As of June 30, 2020				
Income from ordinary activities	**2,342.7**	**239.5**	**266.8**	**2,849.0**
- Consumer electronics	1,113.6	149.0	137.9	**1,400.5**
- Editorial products	333.5	62.4	19.8	**415.7**
- Domestic appliances	557.6	0.0	91.1	**648.7**
- Other products and services	338.0	28.1	18.0	**384.1**
Current operating income	**(45.6)**	**(12.7)**	**0.7**	**(57.6)**
Acquisitions of intangible assets, property, plant and equipment (1)	40.2	7.0	3.0	50.2
Segment assets	**4,328.1**	**321.9**	**414.9**	**5,064.9**
Segment liabilities	**1,778.7**	**121.5**	**153.4**	**2,053.6**

(1) Acquisitions of property, plant and equipment and intangible assets including changes in receivables and payables on non-current assets

(€ million)	France and Switzerland	Iberian Peninsula	Belgium and Luxembourg	Total
As of June 30, 2019*				
Income from ordinary activities	**2,524.3**	**295.6**	**272.6**	**3,092.5**
- Consumer electronics	1,216.7	174.5	137.6	**1,528.8**
- Editorial products	372.7	89.4	21.0	**483.1**
--Domestic appliances	621.4	0.0	95.3	**716.7**
- Other products and services	313.5	31.7	18.7	**363.9**
Current operating income	**39.3**	**5.5**	**1.4**	**46.2**
Acquisitions of intangible assets, property, plant and equipment (1)	40.4	4.8	2.8	**48.0**
Segment assets	**4,243.8**	**290.3**	**427.4**	**4,961.5**
Segment liabilities	**1,876.4**	**167.4**	**153.6**	**2,197.4**

*Restated for the reclassification of BCC to discontinued operations

(1) Acquisitions of property, plant and equipment and intangible assets including changes in receivables and payables on non-current assets

(€ million)	France and Switzerland	Iberian Peninsula	Belgium and Luxembourg	Total
As of December 31, 2019				
Income from ordinary activities	**6,030.7**	**722.3**	**595.6**	**7,348.6**
- Consumer electronics	2,873.0	426.7	306.1	**3,605.8**
- Editorial products	960.0	214.0	51.4	**1,225.4**
- Domestic appliances	1,357.1	0.0	197.2	**1,554.3**
- Other products and services	840.6	81.6	40.9	**963.1**
Current operating income	**231.0**	**24.0**	**9.7**	**264.7**
Acquisitions of intangible assets, property, plant and equipment (1)	130.9	9.3	6.8	**147.0**
Segment assets	**4,799.5**	**305.7**	**424.7**	**5,529.9**
Segment liabilities	**2,344.0**	**318.3**	**200.9**	**2,863.2**

(1) Acquisitions of property, plant and equipment and intangible assets including changes in receivables and payables on non-current assets

Note 5 Payroll expenses

From mid-March 2020 and for the entire lockdown period, the Group resorted to short-time working for around 80% of the Group's staff, following the total closure of its store network. In the first half of 2020, payroll expenses thus fell sharply, by €48.7 million, compared to the first half of 2019.

The application of IFRS 2 – Share-based Payment results in the recognition of a personnel expense that is allocated on a straight-line basis over the vesting period as follows. As of June 30, 2020, all plans allotted by the Group will be equity-settled.

Payroll expenses for the period include an expense related to the application of this standard. This expense is recognized for the share of the fair value of services rendered during the period. It relates to the performance stock option plans.

Based on the assumptions detailed in the 2019 annual financial statements, the IFRS 2 expense totaled €2.8 million for the first half of 2020, compared with €4.1 million for the first half of 2019.

Note 6 Other non-current operating income and expense

(€ million)	**As of June 30, 2020**	**As of June 30, 2019 restated***
Impairment of the Darty brand	(14.2)	0.0
Incremental costs of the health crisis	(5.8)	0.0
Fnac Darty restructuring costs	(0.6)	(8.9)
Costs connected with new business acquisitions	0.0	(1.0)
Other restructuring costs	(1.8)	(3.5)
Exceptional bonus for purchasing power	0.0	(4.8)
Other non-current operating income and expense, net	(2.5)	(3.3)
Total	**(24.9)**	**(21.5)**

*Restated for the reclassification of BCC to discontinued operations

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

As of June 30, 2020, this item represents a net expense of €24.9 million and includes:

- As a result of the health crisis that occurred during the first half of 2020 and the evidence of impairment observed, the Group conducted impairment tests that resulted in an impairment of the Darty brand of €14.2 million. By way of a reminder, the Darty brand was valued at €301.7 million in 2016 when Darty was acquired. Its net worth in the Group's accounts is now €287.5 million;
- Fnac Darty noted the opinions of the ESMA and the AMF and decided not to present the full cost of the health crisis as a non-current expense. Consequently, in the first half of 2020, the Group only presented the exceptional additional costs directly caused by the health crisis as non-current expenses. These costs correspond to the establishment of hygiene measures in stores, as well as all one-off bonuses paid to staff who worked in the Group's warehouses during lockdown to deliver online orders. As of June 30, 2020, these costs represent a total amount of €5.8 million;
- €0.6 million in restructuring costs, related to the implementation of the Group's reorganization;
- €1.8 million in restructuring costs for employee and structural adaptation plans in France and abroad; and
- Other non-current income and expense represented a net expense of €2.5 million resulting from various one-off litigation cases.

As of June 30, 2019, this item comprised a net expense of €21.5 million and included:

- €8.9 million in restructuring costs, related to the implementation of the Group's reorganization. In the first half of 2019, these expenses were primarily linked to planned changes to the organization of Darty subsidiaries, and to the reorganization of the Logistics functions of Fnac Darty;
- €0.9 million in costs incurred as part of the acquisition of Billetreduc.com;
- €3.5 million in restructuring costs for employee and structural adaptation plans in France and abroad;
- €4.8 million in expenses relating to the exceptional bonus for purchasing power granted to all Group employees in France with a gross annual compensation of €30,000 or less. This bonus was paid to some 14,000 employees; and
- Other non-current income and expense represented a net expense of €3.4 million resulting from various one-off litigation cases.

Note 7 (Net) financial expense

Net financial expense breaks down as follows:

(€ million)	**As of June 30, 2020**	**As of June 30, 2019 restated***
Costs related to Group debt	(13.5)	(40.3)
Interest on rental debt	(10.8)	(10.0)
Cost of consumer credit	(1.3)	(1.3)
Other financial income and expense, net	2.6	(0.6)
Net financial expense	**(22.9)**	**(52.2)**

*Restated for the reclassification of BCC to discontinued operations

In the first half of 2020, financial income was composed of a net financial expense of €22.9 million, compared with a net financial expense of €52.2 million for the same period the previous year.

During the first six months of 2020 and 2019, the cost of net financial debt for the Group mainly comprised the financial interest for the €650 million bond issue and the €200 million medium-term credit facility.

These costs also include, over the first half of 2020, in an amount of €0.6 million, the deferment of implementation costs and the deferment of guarantee costs for the €500 million State-guaranteed loan, taken out by the Group to secure cash and prepare for the resumption of business following the health crisis. This loan is guaranteed up to 70% by the French State and has a maturity of one year, with an option to extend for up to five more years.

In the first half of 2019, costs related to financial debt included a non-recurring expense of €18.7 million related to the early redemption premium for the previous bond issue, as well as an expense of €8.3 million related to the deduction of remaining costs associated with the previous bond issue.

In the first half of 2020, interest on rent debt linked to the application of IFRS 16 represented €10.8 million. This expense is stable compared to the first half of 2019.

The cost of consumer credit remained stable compared to the first half of 2019.

Other financial income and expense includes the financial impacts associated with post-employment employee benefits and the fair value adjustment of the Group's financial assets (primarily the financial assets of Daphni Purple).

Note 8 Tax

Analysis of the tax expense on continuing operations:

(€ million)	**As of June 30, 2020**	**As of June 30, 2019 restated***
Pre-tax income	**(105.4)**	**(27.5)**
Current tax expense	54.9	8.4
Current tax expense related to corporate value-added tax (CVAE)	(9.4)	(10.4)
Deferred tax income/(expense)	(19.8)	(4.6)
Total tax expense	**25.7**	**(6.6)**
Effective tax rate	**24.38%**	**(24.00%)**

*Restated for the reclassification of BCC to discontinued operations

Due tax expense and deferred tax expense for the first half of the year are calculated on the basis of the estimated effective tax rate for the whole period for each fiscal entity or sub-entity. Given the negative level of pre-tax income in the first half of 2020, application of the effective tax rate results is a tax credit; however, the Group expects to have a tax expense in the second half of 2020.

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

During 2020, the companies Nature & Découvertes and Terres d'OC Evolution entered the scope of tax consolidation.

Note 9 Earnings per share

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

In the first half of 2020, Fnac Darty held an average of 105,476 treasury stocks as part of the liquidity agreement entered into with Oddo BHF and Natixis.

As of June 30, 2020, the Group held 94,765 treasury stocks.

Diluted net earnings per share take into account the weighted average number of shares defined above, plus the weighted average number of potentially dilutive ordinary shares. Potentially dilutive shares are the shares granted to employees as part of share-based payment transactions settled with equity instruments.

For the first half of 2020, instruments issued by the Group had a dilutive effect of 105,283 shares.

The number of shares that could potentially become diluting during a subsequent year is 406,169.

Earnings per share as of June 30, 2020

As of June 30, 2020

	Group share		
(€ million)	**Consolidated Group**	**Continuing operations**	**Discontinued operations**
Net income attributable to ordinary shareholders	**(118.3)**	**(76.7)**	**(41.6)**
Weighted average number of ordinary shares issued	26,557,793	26,557,793	26,557,793
Weighted average number of treasury stock	(105,476)	(105,476)	(105,476)
Weighted average number of ordinary shares	**26,452,317**	**26,452,317**	**26,452,317**
Basic earnings per share (€)	**(4.47)**	**(2.90)**	**(1.57)**

	Group share		
(€ million)	**Consolidated Group**	**Continuing operations**	**Discontinued operations**
Net income attributable to ordinary shareholders	**(118.3)**	**(76.7)**	**(41.6)**
Convertible and exchangeable instruments			
Diluted net income, Group share	**(118.3)**	**(76.7)**	**(41.6)**
Weighted average number of ordinary shares	26,452,317	26,452,317	26,452,317
Potentially dilutive ordinary shares	105,283	105,283	105,283
Weighted average number of diluted ordinary shares	**26,557,600**	**26,557,600**	**26,557,600**
Diluted earnings per share (€)	**(4.46)**	**(2.89)**	**(1.57)**

Earnings per share as of June 30, 2019

As of June 30, 2019*

	Group share		
(€ million)	**Consolidated Group**	**Continuing operations**	**Discontinued operations**
Net income attributable to ordinary shareholders	**(38.9)**	**(33.2)**	**(5.7)**
Weighted average number of ordinary shares issued	26,572,165	26,572,165	26,572,165
Weighted average number of treasury stock	(39,824)	(39,824)	(39,824)
Weighted average number of ordinary shares	**26,532,341**	**26,532,341**	**26,532,341**
Basic earnings per share (€)	**(1.47)**	**(1.25)**	**(0.21)**

	Group share		
(€ million)	**Consolidated Group**	**Continuing operations**	**Discontinued operations**
Net income attributable to ordinary shareholders	**(38.9)**	**(33.2)**	**(5.7)**
Convertible and exchangeable instruments			
Diluted net income, Group share	**(38.9)**	**(33.2)**	**(5.7)**
Weighted average number of ordinary shares	26,532,341	26,532,341	26,532,341
Potentially dilutive ordinary shares	135,324	135,324	135,324
Weighted average number of diluted ordinary shares	**26,667,665**	**26,667,665**	**26,667,665**
Diluted earnings per share (€)	**(1.46)**	**(1.24)**	**(0.21)**

*Restated for the reclassification of BCC to discontinued operations

Note 10 Other items of comprehensive income

Other items of comprehensive income mainly comprise:

- profit and loss from the translation of the financial statements of operations outside France;
- the change in the effective portion of hedging instruments; and
- items relating to the measurement of employee benefit obligations: revaluation of net liabilities for defined benefit plans. The stability of interest rates seen during the first half of 2020 in the eurozone meant that no changes were made to the reference discount rates, which are the rates of top-rated corporate bonds. The discount rate applicable in the United Kingdom was down. Consequently, an adjustment to the amount of the Comet liability was recognized in the interim financial statements, which was reflected by an increase in the relevant commitment. The impact on shareholders' equity appears under "Other items of comprehensive income."

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

(€ million)	**As of June 30, 2020**	**As of December 31, 2019**
Discount rate		
- France	0.80%	0.80%
- Switzerland	0.25%	0.25%
- United Kingdom	1.50%	2.10%

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

As of June 30, 2020

(€ million)	**Net**
Translation difference	2.1
Fair value of hedging instruments	0.1
Items that may be reclassified subsequently to profit or loss	**2.2**
Revaluation of net liabilities for defined benefit plans	(12.1)
Items that may not be reclassified subsequently to profit or loss	**(12.1)**
Other items of comprehensive income, after tax as of June 30, 2020	**(9.9)**

As of June 30, 2019*

(€ million)	**Net**
Translation difference	0.8
Fair value of hedging instruments	(0.2)
Items that may be reclassified subsequently to profit or loss	**0.6**
Revaluation of net liabilities for defined benefit plans	(36.5)
Items that may not be reclassified subsequently to profit or loss	**(36.5)**
Other items of comprehensive income, after tax as of June 30, 2019*	**(35.9)**

*Restated for the reclassification of BCC to discontinued operations

Note 11 Rights of use

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

(€ million)	Stores	Offices	Platforms	Other	Total
Net value as of December 31, 2019	**867.3**	**42.2**	**76.3**	**40.5**	**1,026.3**
Increase (Inflows and revaluation of assets)	62.8	6.7	0.8	11.4	81.7
Decrease (Amortization, depreciation, terminations)	(119.8)	(7.3)	(7.2)	(9.0)	(143.3)
Impairment	0.0	0.0	0.0	0.0	0.0
Changes in foreign exchange rates	0.5	0.0	0.0	0.0	0.5
Other changes	(3.4)	0.0	0.0	0.0	(3.4)
Assets and liabilities held for sale	0.0	0.0	0.0	0.0	0.0
Net value as of June 30, 2020	**807.4**	**41.6**	**69.9**	**42.9**	**961.8**

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

Note 12 Shareholders' equity

12.1. Share capital

As of June 30, 2020, the share capital stood at €26,607,956. It was comprised of 26,607,956 fully paid-up shares with a par value of €1 each. In the first half of 2020, the increase in share capital corresponds to the creation of 92,384 shares to provide the increase in share capital reserved for the free allotment of shares within the framework of performance-based compensation plans.

12.2. Appropriation of earnings

On account of the health crisis, no dividend was paid for the 2019 period. The profit for the 2019 period was allocated to shareholders' equity.

12.3. Treasury stock

In the first half of 2020, Fnac Darty held an average of 105,476 treasury stocks as part of the liquidity agreement entered into with Oddo BHF and Natixis.

As of June 30, 2020, the Group held 105,283 treasury stocks.

Note 13 Cash and cash equivalents

Cash and cash equivalents break down as follows:

(€ million)	As of June 30, 2020	As of December 31, 2019
Cash	908.8	995.5
Cash equivalents	0.0	0.0
Total	**908.8**	**995.5**

As of June 30, 2020, cash included €1.4 million allocated as part of the establishment of the liquidity agreement. This agreement is designed to promote transaction liquidity and consistency in the Fnac Darty share price.

The items that the Group recognizes as "Cash and cash equivalents" meet the strict criteria listed in the AMF Position issued in 2008 and updated in 2011. In particular, investments are regularly reviewed in compliance with the Group procedures and in strict compliance with the qualification criteria defined under IAS 7 and with AMF recommendations. As of June 30, 2020, these analyses did not lead to changes in the accounting classification.

Note 14 Financial debt

(€ million)	As of June 30, 2020	N+1	N+2	N+3	N+4	N+5	Beyond	As of December 31, 2019
Long-term borrowings and financial debt	**927.8**	**0.0**	**56.5**	**421.0**	**17.0**	**366.7**	**66.6**	**936.4**
2026 bond	350.0					350.0		350.0
2024 bond	300.0			300.0				300.0
European Investment Bank loan	100.0				16.7	16.7	66.6	100.0
Medium-term credit facility	175.0		55.0	120.0				180.0
Other financial debt	2.8		1.5	1.0	0.3			6.4
Short-term borrowings and financial debt	**530.1**	**530.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**77.0**
State guaranteed loan	500.0	500.0						0.0
Medium-term credit facility	25.0	25.0						20.0
Capitalized interest on bonds	1.3	1.3						1.3
Negotiable debt instruments	0.0							50.0
Other financial debt	3.8	3.8						5.7
Total financial debt excluding IFRS 16	**1,457.9**	**530.1**	**56.5**	**421.0**	**17.0**	**366.7**	**66.6**	**1,013.4**
%		36.4%	3.9%	28.9%	1.2%	25.2%	4.6%	
Leasing debt IFRS 16	**958.3**	**209.2**	**172.1**	**139.8**	**107.1**	**93.4**	**236.7**	**1,015.9**
Long-term leasing debt IFRS 16	749.1		172.1	139.8	107.1	93.4	236.7	800.8
Short-term leasing debt IFRS 16	209.2	209.2						215.1
Total financial debt with IFRS 16	**2,416.2**	**739.3**	**228.6**	**560.8**	**124.1**	**460.1**	**303.3**	**2,029.3**

As of June 30, 2020, gross financial debt mainly comprises:

- the loan of €500 million guaranteed by the State, subscribed by the Group in April 2020 to secure cash and prepare for the resumption of activities following the health crisis;

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

- the medium-term credit facility amounting to €200 million; and

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

The €500 million loan is guaranteed up to 70% by the French State and has a maturity of one year, with an option to extend for up to five more years.

Compared to December 30, 2019, financial debt excluding leasing debt increased by €444.5 million excluding leasing debt. The increase is mainly linked to the implementation, in April 2020, of the loan of €500 million guaranteed by the State.

Furthermore, with the application of IFRS 16, leasing debt was added to financial debt, in the amount of €958.3 million. The details of this debt are presented in note 15.

Note 15 Leasing debt

Leasing debt is broken down as follows:

€ million)	As of December 31, 2019	New agreements and revaluations	Devaluations	Redemptions	Change in foreign exchange rates	Reclassification	As of June 30, 2020
.ong-term leasing debt	215.1	19.0	(7.3)	(112.8)	0.1	95.1	209.2
ihort-term leasing debt	800.8	63.1	(20.1)	0.0	0.4	(95.1)	749.1
.easing debt	**1,015.9**	**82.1**	**(27.4)**	**(112.8)**	**0.5**	**0.0**	**958.3**

The payment schedule for leasing debt is as follows:

(€ million)	As of June 30, 2020
N+1	209.2
N+2	172.1
N+3	139.8
N+4	107.1
N+5	93.4
More than 5 years	236.7
Total	**958.3**

Exemptions, reliefs and other information relating to IFRS 16:

With regard to lease agreements, variable rents that do not depend on an index or interest rate are not included in the valuation of the leasing debt under IFRS 16 or in the right of use. The corresponding payments are recognized over the period and are included under operating expenses in the income statement.

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

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

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

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

Exemptions, reliefs and other information relating to IFRS 16 are detailed in the following tables:

(€ million)	**As of June 30, 2020**	**As of June 30, 2019**
Variable rent expenses	0.3	0.4
Expenses on low-value contracts	0.3	0.3
Expenses on short-term contracts	0.3	0.4
Sub-lease income	0.5	0.5

(€ million)	**As of June 30, 2020**	**As of December 31, 2019**
Rental commitment on short-term contracts	0.4	0.2
Financing lease assets	1.1	1.3
Financing lease debt	0.6	1.0
Leasehold rights reclassified as rights of use	43.8	47.2

Note 16 Net financial debt

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

(€ million)	As of June 30, 2020	As of December 31, 2019
Gross financial debt	1,457.9	1,013.4
Cash and cash equivalents	(908.8)	(995.5)
Net financial debt excluding IFRS 16	**549.1**	**17.9**
Leasing debt	958.3	1,015.9
Net financial debt with IFRS 16	**1,507.4**	**1,033.8**

Note 17 Cash flow statement

Cash stood at €908.8 million as of June 30, 2020 and corresponded to the amount of cash and cash equivalents presented below:

(€ million)	As of June 30, 2020	As of December 31, 2019
Cash and cash equivalents in the balance sheet	908.8	995.5
Bank overdrafts	0.0	0.0
Cash and cash equivalents in the cash flow statement	**908.8**	**995.5**

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

(€ million)	As of June 30, 2020	As of June 30, 2019 restated*
Net cash flows from operating activities	(330.1)	(200.3)
Net cash flows from investing activities	(50.1)	(79.6)
Net cash flows from financing activities	307.5	(146.7)
Net cash flows from discontinued operations	(12.9)	(27.9)
Impact of changes in foreign exchange rates	(1.1)	(0.2)
Net change in cash	**(86.7)**	**(454.7)**

*Restated for the reclassification of BCC to discontinued operations

17.1. Net cash flows from operating activities

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

(€ million)	**As of June 30, 2020**	**As of June 30, 2019 restated***
Cash flow from operations before tax, dividends and interest	109.4	175.9
Change in working capital requirement	(415.4)	(361.4)
Income tax paid	(24.1)	(14.8)
Net cash flows from operating activities	**(330.1)**	**(200.3)**

*Restated for the reclassification of BCC to discontinued operations

The composition of cash flow from operations is as follows:

(€ million)	**As of June 30, 2020**	**As of June 30, 2019 restated***
Net income from continuing operations	**(79.7)**	**(34.1)**
Current and non-current additions and reversals on non-current assets and provisions for contingencies and expenses	191.9	151.6
Current proceeds from the disposal of operating assets	0.0	0.0
Non-current proceeds from the disposal of operating assets	0.0	0.0
Non-current proceeds from the disposal of financial assets	0.0	0.0
Deferred tax income and expense	19.8	4.6
Discounting of provisions for pensions & other similar benefits	4.1	2.4
Financial additions and reversals on non-current financial assets	(5.9)	(1.0)
Cash flow	**130.2**	**123.5**
Financial interest income and expense	24.7	50.4
Dividends received	0.0	0.0
Net tax expense payable	(45.5)	2.0
Cash flow before tax, dividends and interest	**109.4**	**175.9**

*Restated for the reclassification of BCC to discontinued operations

17.2. Net cash flows from investing activities

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

Operating and financial investments made by the Group in the first half of 2020 amounted to €50.1 million.

(€ million)	**As of June 30, 2020**	**As of June 30, 2019 restated***
Net operating investments	(49.8)	(48.0)
Net financial investments	(0.3)	(31.6)
Cash flows from investing activities	**(50.1)**	**(79.6)**

*Restated for the reclassification of BCC to discontinued operations

The Group's net operating investments in the first half of 2020 amounted to €49.8 million, the bulk of which comprised acquisitions of property, plant and equipment and intangible assets, primarily for the purposes of opening new points of sale, renovating existing points of sale, pushing forward with the convergence of the Fnac and Darty IT systems, and developing websites.

Excluding change in debt for non-current assets, acquisitions of non-current assets fell sharply in the first half of 2020 following a downward review of investments in the context of the health crisis.

(€ million)	**As of June 30, 2020**	**As of June 30, 2019 restated***
Acquisitions of intangible assets, property, plant and equipment	(37.5)	(53.5)
Change in payables on non-current assets	(12.7)	5.5
Total asset acquisitions	**(50.2)**	**(48.0)**
Disposals of non-current assets	0.4	0.0
Total asset acquisitions and disposals	**(49.8)**	**(48.0)**

*Restated for the reclassification of BCC to discontinued operations

Net financial investments represented a net disbursement of €0.3 million in the first half of 2020 versus a net disbursement of €31.6 million in the first half of 2019.

(€ million)	**As of June 30, 2020**	**As of June 30, 2019 restated***
Acquisitions and disposals of subsidiaries net of cash acquired and transferred	(0.7)	(30.2)
Acquisition of other financial assets	0.4	(1.4)
(Net) financial investments	**(0.3)**	**(31.6)**

*Restated for the reclassification of BCC to discontinued operations

Acquisitions and disposals of subsidiaries net of cash acquired or transferred for -€0.7 million in the first half of 2020 incorporates both a receipt of €3.5 million in March 2020 related to adjustment of the acquisition price of Nature & Découvertes, in accordance with the provisions of the sale agreement, and a disbursement of €4.2 million related to a commitment to exercise a sale option on WeFix shares representing 12.9% of WeFix's equity. In the first half of 2019, the disbursement of €30.2 million corresponded to the acquisition of 123Billets (Billetreduc.com).

In the first half of 2020 and 2019, disbursements related to the acquisitions of other financial assets included investments in the Daphni Purple fund of €0.4 million and €1.4 million respectively. As of June 30, 2020, the Group agreed to underwrite the remaining 33% for €2.3 million. The first half of 2020 also includes a positive cash flow of €0.8 million linked to repayments of guarantee deposits by lessors.

17.3. Net cash flows from financing activities

(€ million)	**As of June 30, 2020**	**As of June 30, 2019 restated***
Capital increase/(decrease)	0.0	1.3
Other transactions with shareholders	0.0	0.0
Purchases or sales of treasury stock	1.0	(13.9)
Dividends paid to shareholders	0.0	0.0
Debt issued	500.0	650.0
Debt repaid	0.0	(650.0)
Repayment of leasing debt	(112.3)	(105.5)
Interest paid on leasing debt	(10.8)	(10.0)
Increase/decrease in other financial debt	(55.4)	16.6
Interest and equivalent payments	(14.6)	(32.9)
Financing of the Comet pension fund	(0.4)	(2.3)
Net cash flows from financing activities	**307.5**	**(146.7)**

*Restated for the reclassification of BCC to discontinued operations

As of June 30, 2019, cash flows associated with changes in share capital correspond to the exercise of performance-based remuneration plans during the first half of 2019.

In the first half of 2020, receipts of €1.0 million for acquisitions and disposals of treasury stock represent cash flows generated within the framework of the liquidity agreement entered into with Oddo BHF and Natixis. As of June 30, 2020, the Group held 94,765 treasury stocks.

In the first half of 2019, disbursements for acquisitions and disposals of treasury stock, in the amount of €14.1 million, related to the disbursement for the acquisition of Fnac Darty shares made under the treasury stock buyback program announced by the Group on October 19, 2018. They also included cash flows in connection with the liquidity agreement entered into with Oddo BHF and Natixis for a receipt of €0.2 million. As of June 30, 2019, the Group held 46,561 treasury stocks.

The cash inflow of €500 million by way of the issue of borrowings in the first half of 2020 corresponds to the State-guaranteed loan of €500 million, subscribed by the Group in April 2020, to secure cash and prepare for the resumption of activities following the health crisis. This loan is guaranteed up to 70% by the French State and has a maturity of one year, with an option to extend for up to five more years.

As of the first half of 2019, the bond issue corresponded to the placement of senior bonds with a cumulative principal amount of €650 million, composed of a cumulative principal amount of €300 million in senior bonds maturing in 2024, and a cumulative principal amount of €350 million in senior bonds maturing in 2026.
The 2024 bonds pay an annual coupon of 1.875%. The 2026 bonds pay an annual coupon of 2.625%.
After the offering had closed, Fnac Darty used the income from the offering and the available cash to repay in full its outstanding senior bonds of €650 million at 3.25%, maturing in 2023, and to pay the associated premiums, costs, fees and expenses.

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

Disbursements and receipts of other financial debt in the first half of 2020 and 2019 primarily represent short-term negotiable debt instruments. During the first half of 2020, the amount of the short-term negotiable debt instruments program was increased from €300 million to €400 million. This facility was unused as of June 30, 2020.

As of June 30, 2020, net disbursements for interest and equivalent payments mainly included the disbursement of interest for financing and utilization and non-utilization fees for credit facilities of €13.6 million. These disbursements also include the costs of implementing the State-guaranteed loan for an amount of €1.0 million.

As of June 30, 2019, net disbursements for net financial interest paid and dividends received included the disbursement of interest for financing and utilization and non-utilization fees for credit facilities of €12.2 million, as well as the early redemption premium for the former bond issue of €18.7 million.

The financing of the British Comet pension fund represents the cash paid by the Group under the pension commitments for former Comet employees in the United Kingdom. Financing of the fund was renegotiated in 2019 and payments were suspended from January 2020. Previously, it was £4.0 million per year.

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

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

In the fourth quarter of 2019, the Group launched a process to find a partner for its Dutch subsidiary BCC, with a view to withdrawing completely from the country. An investment bank has been instructed to identify potential partners and conduct discussions. In accordance with IFRS 5, BCC was subject to specific reporting in the consolidated financial statements.

(€ million)	**As of June 30, 2020**	**As of June 30, 2019 restated***
Income from ordinary activities	**231.2**	**192.1**
Cost of sales	(177.2)	(146.0)
Gross margin	**54.0**	**46.1**
Personnel expenses	(27.2)	(26.0)
Other current operating income and expense	(21.7)	(24.1)
Current operating income	**5.1**	**(4.0)**
Other non-current operating income and expense	(44.9)	0.1
Operating income	**(39.8)**	**(3.9)**
(Net) financial expense	(1.8)	(1.8)
Pre-tax income	**(41.6)**	**(5.7)**
Income tax	0.0	0.0
Net income	**(41.6)**	**(5.7)**

*Restated for the reclassification of BCC to discontinued operations

Other non-current operating income and expense primarily represents the estimated costs of withdrawal of the Dutch subsidiary BCC and takes into account the direction of ongoing negotiations as of June 30, 2020. The Group has therefore fully impaired the subsidiary's current accounts.

(€ million)	**As of June 30, 2020**	**As of June 30, 2019 restated***
Net cash flows from operating activities	(6.1)	(8.2)
Net cash flows from investing activities	(1.4)	(1.6)
Net cash flows from financing activities	(6.7)	(6.4)
Impact of changes in exchange rates		0.0
Net cash flows	**(14.2)**	**(16.2)**
Change in cash position	1.3	(11.7)
Net cash flows from discontinued operations	**(12.9)**	**(27.9)**

*Restated for the reclassification of BCC to discontinued operations

(€ million)	**As of June 30, 2020**	**As of December 31, 2019**
Assets held for sale	**204.5**	**200.6**
Intangible assets	*4.5*	*4.1*
Property, plant & equipment	*24.4*	*23.4*
Rights of use relating to lease agreements	*69.2*	*69.2*
Inventory	*76.8*	*72.2*
Trade receivables	*(0.8)*	*0.0*
Tax receivables due	*0.0*	*0.0*
Other current assets	*20.9*	*20.8*
Cash and cash equivalents	*9.7*	*10.9*
Payables associated with assets held for sale	**166.2**	**135.1**
Long-term leasing debt	*57.6*	*61.4*
Provisions for pensions and other equivalent benefits	*0.3*	*0.3*
Short-term leasing debt	*8.0*	*8.8*
Other current financial liabilities	*0.3*	*0.3*
Trade payables	*42.4*	*51.6*
Other current liabilities	*57.6*	*12.7*

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

Contingent liabilities, unrecognized contractual commitments and contingent risks as of December 31, 2019 are set out in Section 5, note 34 of the 2019 Universal Registration Document.

Compared to 2019, there is no material change in the commitments given or received in terms of contractual obligations, pledges or charges on real estate.

Proceedings and litigation

In the first half of 2020, the Group reacted quickly by adopting exceptional measures to limit the impact of the health crisis on its structure and income levels. The uncertainties that continue to hover over the global health crisis are making business forecasts uncertain. The risk of lockdown linked to a new wave of the pandemic, as well as the risk of a slower-than-expected resumption of activity, exposes the Group to a large number of risks and uncertainties for the next six months of 2020.

In parallel with risks related to the health crisis, Fnac Darty's companies are involved in a certain number of proceedings and litigation cases during the normal course of business, including disputes with tax, employment and customs authorities. Provisions have been recorded for the expenses that the Group's companies and businesses and their experts consider likely to be incurred.

Further to the press coverage of February 1, 2020, Fnac Darty confirms that a claim has been brought by the liquidator of Comet Group Limited against Darty Holdings SAS for approximately £83 million. Darty Holdings SAS, a Group subsidiary, in its capacity as successor to Kesa International Limited (KIL), sold the British electrical retail chain Comet Group in 2012. The liquidator alleges that, in February 2012, prior to the acquisition of Darty by Fnac in 2016, Comet repaid an intra-group debt to KIL, at a time when Comet was already insolvent. The Fnac Group was not made aware of this matter at the time of its acquisition of Darty. The Group vigorously challenges the merits of the claim and has taken appropriate measures to protect its interests.

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

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

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

The main risks and uncertainties the Group may face in the second half of 2020 are set out in Section 6 of the Group's 2019 Universal Registration Document.

Note 19 Related parties

As of June 30, 2020, the Ceconomy Retail International group held 24.3% of the share capital and 24.3% of the voting rights in Fnac Darty. In the first half of 2020, there were no transactions between Fnac Darty consolidated companies and the Ceconomy Retail International group.

As of June 30, 2020, the SFAM company held 11.4% of the share capital and 11.4% of the voting rights in Fnac Darty and did not have a representative on the Fnac Darty Board of Directors. Therefore, the SFAM company is not a related party.

For the record, in the first half of 2019, the Ceconomy Retail International group held 24.3% of the share capital and 24.3% of the voting rights in Fnac Darty. There were no transactions between Fnac Darty consolidated companies and the Ceconomy Retail International group.

In the first half of 2019, the SFAM group held 11.4% of the share capital and 11.4% of the voting rights in Fnac Darty. There were no transactions between Fnac Darty consolidated companies and the SFAM group.

Note 20 Events occurring after the close of the period

There were no significant events after the end of the reporting period for the first half of 2020.

4 STATUTORY AUDITORS' REPORT ON THE INTERIM FINANCIAL INFORMATION

KPMG Audit

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Fnac Darty

Société Anonyme

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Statutory Auditors' Report on the interim financial information

Period from January 1 to June 30, 2020

Dear Shareholders,

In accordance with the mission entrusted to us by your General Meetings and pursuant to Article L. 451-1-2 III of the French Monetary and Financial Code, we have carried out:

- the review of the condensed consolidated half-year financial statements of the company Fnac Darty S.A. for the period from January 1 to June 30, 2020, as attached to this report;
- the verification of the information provided in the half-year business report.

These condensed consolidated half-year financial statements were drawn up under the responsibility of the Board of Directors on July 29, 2020 on the basis of the information available on that date in an evolving climate of crisis associated with COVID-19, the impact and future outlook of which are difficult to assess. It is our responsibility, on the basis of our review, to express our conclusion on these financial statements.

I - Conclusion on the financial statements

We conducted our review in accordance with the professional standards applicable in France. A review consists primarily of interviewing members of the management team responsible for accounting and financial matters and performing analytical procedures. This work is less extensive than that required for an audit conducted in accordance with professional standards applicable in France. As a result, the assurance in a review that the financial statements, taken as a whole, do not contain any material anomalies is a moderate assurance, lower than that obtained in the course of an audit.

Based on our review, we have not identified any material anomalies likely to call into question the compliance of the condensed consolidated half-year financial statements with IAS 34 – Interim Financial Reporting of the IFRS guidelines as adopted by the European Union.

II – Specific verification

We also verified the information provided in the half-year business report, commenting on the condensed consolidated half-year financial statements drawn up on July 29, 2020 that were the subject of our review. We have no observations to make on its fair presentation and its consistency with the condensed consolidated half-year financial statements.

Paris La Défense, July 30, 2020

Statutory Auditors

KPMG Audit *Département de KPMG S.A.*	Deloitte & Associés
Eric Ropert *Associé*	Guillaume Crunelle *Associé*

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

Statement of the person responsible for the 2020 half-year financial report

I hereby certify that, to the best of my knowledge, the condensed consolidated financial statements for the past half-year have been prepared in accordance with the applicable accounting standards and give a true and fair view of the holdings, financial position and earnings of the company and of all consolidated companies, and that the half-year business report gives a fair description of significant events that occurred during the first six months of the period, their impact on the half-year financial statements, the main related-party transactions and a description of the main risks and uncertainties for the remaining six months of the year.

Ivry-sur-Seine, July 30, 2020

Enrique Martinez

Chief Executive Officer

FNAC DARTY

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Fnac Darty

A French joint stock company *(société anonyme)*
with capital of €26,607,956

Créteil Trade Register 055 800 296