2023

INTERIM FINANCIAL REPORT

FINANCIAL STATEMENTS AT JUNE 30

FNAC DARTY

INTERIM FINANCIAL REPORT FNAC DARTY 2023

FINANCIAL STATEMENTS AS AT JUNE 30

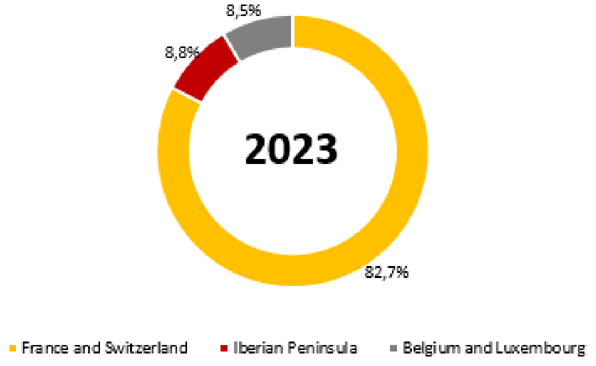
This document is a free translation into English of the original French Rapport financier semestriel, referred to as the "Interim Financial Report". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

1 FIRST HALF OF 2023 KEY FIGURES

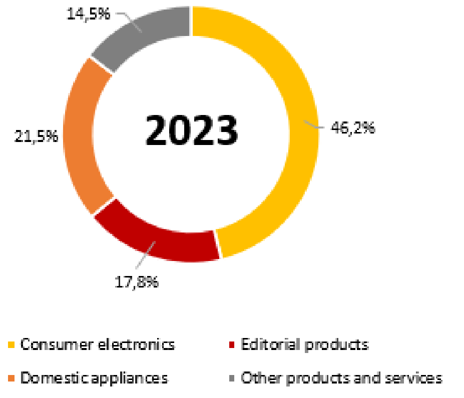
(€ million)	Period ended June 30 2023	2022	Change
Revenue	3,344.1	3,428.3	(2.5%)
Gross margin	1,039.3	1,058.0	(1.8%)
As % of revenue	31.1%	30.9%	0.2pt
Current EBITDA [(1)]	142.5	192.4	(25.9%)
As % of revenue	4.3%	5.6%	(1.3)pt
Current EBITDA [(1)] excluding IFRS 16	14.2	66.1	(78.5%)
As % of revenue	0.4%	1.9%	(1.5)pt
Current operating income	(35.5)	18.6	(290.9%)
As % of revenue	(1.1%)	0.5%	(1.6)pt
Operating income	(135.9)	4.7	(2,991.5%)
As % of revenue	(4.1%)	0.1%	(4.2)pt
Net income from continuing operations	(161.5)	(16.6)	(872.9%)
Net income from continuing operations, Group share	(163.3)	(17.4)	(838.5%)
Net income from discontinued operations, Group share	29.4	(0.2)	14,800.0%
Consolidated net income, Group share	(133.9)	(17.6)	(660.8%)
Net operating investments	63.1	56.4	11.9%
Free cash-flow from operations	(526.3)	(637.9)	17.5%
Free cash-flow from operations, excluding IFRS 16	(659.8)	(763.6)	13.6%
Shareholders' equity	1,354.9	1,523.9	(11.1%)
Group share	1,342.2	1,516.1	(11.5%)
Net financial debt excluding IFRS 16	674.3	585.7	15.1%
Net financial debt connected with IFRS 16	1,064.8	1,067.2	(0.2%)
Net financial debt	1,739.1	1,652.9	5.2%
Average workforce	21,223	21,648	(2.0%)

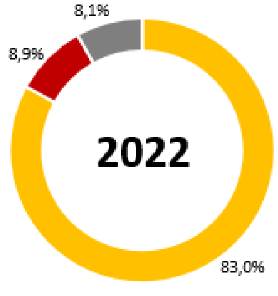
(1) Current EBITDA is defined as current operating income before net depreciation, amortization and provisions on fixed operational assets recognized as current operating income.

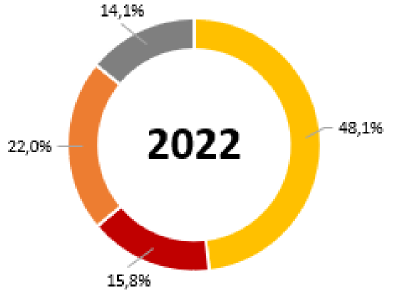
Breakdown of half-year revenue by geographical region



Breakdown of half-year revenue by category of products and services







2 BUSINESS REVIEW

2.1 PREAMBLE – DEFINITIONS

Overview of the accounts

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

- For the first half of 2023, the audited IFRS consolidated financial statements of Fnac Darty for the period ended June 30, 2023;
- For the first half of 2022, the audited IFRS consolidated financial statements of Fnac Darty for the period ended June 30, 2022.

Definition of revenue

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

The Group uses the following notions of change in revenue:

1- Change in revenue at constant exchange rates:

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

2- Change in revenue at comparable scope of consolidation:

Change in revenue at a comparable scope of consolidation means that the impact of changes in the scope of consolidation is corrected so as to exclude the modifications (acquisition, disposal of subsidiary). Revenue from subsidiaries acquired or sold since January 1 of period N-1 is, therefore, excluded when calculating said change.

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

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

Definition of current operating income

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

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

Current EBITDA is defined as current operating income before net expense for depreciation, amortization and provisions on non-current operating assets recognized in current operating income.

Definition of free cash-flow from operations

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

Free cash-flow from operations is defined as net cash flows related to operating activities plus net cash flows from net operating investments.

Definition of net financial debt

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

Application of IFRS 16

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

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

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

Current EBITDA	***Rent within the scope of IFRS 16***	**Current EBITDA excluding IFRS 16**
Current operating income before net depreciation, amortization and provisions on fixed operational assets recognized as current operating income		Current EBITDA including rental expenses within the scope of IFRS 16

Free cash-flow from operations	***Disbursement of rent within the scope of IFRS 16***	**Free cash-flow from operations, excluding IFRS 16**
Net cash-flow from operating activities, less net operating investments		Free cash-flow from operations including cash impacts relating to rent within the scope of application of IFRS 16

Net financial debt	***Leasing debt***	**Net financial debt excluding IFRS 16**
Gross financial debt less gross cash and cash equivalents		Net financial debt excluding leasing debt

Net financial income	***Financial interest on leasing debt***	**Net financial income excluding financial interest on leasing debt**

Rounding

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

2.2 KEY HIGHLIGHTS AND INFORMATION FOR THE HALF-YEAR PERIOD

ONLY A SLIGHT DECLINE IN H1 2023 REVENUE IN A DIFFICULT CONSUMPTION ENVIRONMENT

In the second quarter of 2023, Group revenue amounted to €1,563 million, down -5.1% on a reported basis and -4.7% on a like-for-like basis [1] from the previous year. The macroeconomic situation during the quarter affected household purchasing power. Volumes were thus impacted, but the Group did not observe any downtrading from customers, reaffirming the Group's positioning on premium products. Unfavorable calendar effects were experienced during the period, with many long weekends in May and the postponement of sales compared with last year. Adjusted for this effect, second-quarter revenue was down -3.2% on a reported basis.

In addition, 22 of the Group's stores were affected by riots in France at the start of the summer sales. These stores quickly reopened in early July. Only two stores, which sustained extensive damage, remain closed to date.

Revenue for the first half of 2023 amounted to €3,344 million, down -2.5% on a reported basis and -2.3% on a like-for-like basis [1] compared to the first half of 2022.

Changes by distribution channel

Over the first half of the year, in-store sales remained at a good level, reflecting the attractiveness of points of sale and their sustained post-pandemic footfall. Online business accounted for 21% of total Group sales, representing a slight decline compared to 2022 but still up compared to 2019 (+3 points and +24% in value). Lastly, omnichannel sales remain one of the Group's strengths, with Click&Collect accounting for over 49% of total online sales, up more than 2 points compared to the first half of 2022.

Changes by product category

Over the first half of the year, editorial products continued to post significant sales growth, driven mainly by books, thanks to the "Pass Culture" (culture pass) in France, audio and record gaming sales, with the latter category benefiting from a normalized supply of the latest generation of consoles and the launch of the Zelda game in May. Services continued to grow in most regions, boosted by the continued development of subscriptions to the Darty Max/Vanden Borre Life offer, and the recovery in ticketing. Diversification categories were buoyed by a very dynamic toys and games segment, while urban mobility experienced a slowdown. Contrasting trends were also observed in the consumer electronics category, with photography and sound (mainly headphones) performing well, while computers and televisions posted a sharp decline due to households having purchased more of these product categories during the health crisis. Lastly, the Group posted a decline in sales of domestic appliances, mainly due to a drop in market volumes, while the average selling price of large domestic appliances continued to rise.

Changes by region

Sales in France and Switzerland fell by -4.9% on a like-for-like basis [1] in the second quarter and by -2.5% in the first half of the year. Despite this drop in sales, the region continued to post strong performance figures in a market marked by reduced household consumption, particularly evident in the second quarter. The scope effect mainly reflects the impact of the closure of the Italie 2 store in 2022 and the 10 Manor shop-in-shops in German-speaking Switzerland in the first half of 2023.

In the Iberian Peninsula, revenue fell by -7.2% on a like-for-like basis [1] in the second quarter and by -4.3% in the first half. Portugal saw a slight increase in sales, while Spain was adversely affected by difficult macroeconomic conditions and a still highly competitive environment.

Last April, Fnac Darty announced the signing of an agreement with MediaMarktSaturn, a subsidiary of Ceconomy, for the purpose of acquiring 100% of their operations in Portugal. The deal is subject to the standard conditions, including approval by the Portuguese competition authorities, and is expected to be completed by the end of September 2023.

The Belgium and Luxembourg region reported unchanged sales data on a like-for-like basis [1] in the second quarter and growth of +1.7% in the first half. Sales growth was due in part to improved household purchasing power, a direct consequence of the double-digit pay rise in 2022 and the normalization of energy costs.

[1] Like-for-like data excludes effect of changes in foreign exchange rates, changes in scope, store openings and closures

SOLID GROSS MARGIN RATE, UP FROM THE FIRST HALF OF 2022

Gross margin rate was 31.1%. Excluding the dilutive impact of the franchise (-15 bps), it was up +35 basis points compared to the first half of 2022, driven by services and a favorable channel/product mix effect (+25 bps). Ticketing also contributed to the increase (+10 bps), having benefited from a base effect in the first quarter, while the second quarter normalized. Gross margin for the half-year was €1,039 million, down €19 million compared to the first half of 2022.

OTHER INCOME STATEMENT ITEMS

Operating expenses amounted to €1,075 million, up +€35 million over the first half, including €18 million related to energy costs. Performance plans rolled out across all Group divisions proved effective, significantly limiting the impact of non-energy inflation. In addition, the accelerated implementation of the Group's plan to reduce energy consumption helped to partially offset the rise in electricity market costs.

As a reminder, the Group's objective is to reduce electricity consumption in France by at least 15% by 2024 compared to 2022 [1]. This objective is being met through investments of almost €20 million, of which c.€8 million has already been invested in the first half of 2023. By the end of June 2023, over 31% of the store network had been converted to full LED lighting. By the end of 2023, around 60% of the network should be converted, with the entire network converted by the end of the first half of 2024. Alongside this, the investment plan will also support centralized heating and air-conditioning management equipment, and the opening hours of some stores had been shortened in order to adapt to footfall.

Operating expenses expressed as a percentage of revenue during the first half – excluding the impact of energy – were up by only +1.4 points compared to the previous year, well below the real inflation levels observed for the various cost categories.

Current EBITDA amounted to €143 million, including €128 million related to the application of IFRS 16, down by -€50 million compared to the first half of 2022.

Current operating income was -€35 million in the first half of 2023, compared to +€19 million in the first half of 2022, as a result of lower sales and higher operating expenses over the period.

Non-current items amounted to -€100 million for the half-year, consisting mainly of -€85 million in exceptional non-cash charges linked to the ADLC provision [2]. Operating income was therefore a loss of -€136 million over the half-year.

Financial expenses were up by +€26 million compared to the first half of 2022, at -€44 million. This increase was due to a rise of €19 million in non-recurring items, mainly linked to the impairment and disposal of the stake in the Daphni Purple fund (as a reminder, the Group's investment, since 2016, in the Daphni Purple fund recorded a cumulative capital gain on disposal of €10.4 million). In addition, IFRS 16 charges increased by +€5 million due to higher interest rates. The cost of net financial debt remained roughly unchanged.

After taking into account tax income of €19 million, net income from continuing operations, Group share for the first half of 2023 was down to -€163 million. Adjusted for the negative impact of the provision of €85 million in respect of the forthcoming decision by the ADLC, net income from continuing operations, Group share, was -€78 million, compared with -€17 million in the first half of 2022.

A SOUND FINANCIAL STRUCTURE AT JUNE 30, 2023

The Group's net financial debt excluding IFRS 16 totaled €674 million at June 30, 2023. The change in net financial debt between December 31 and June 30 was due to the seasonal nature of business, with net debt at December 31 being structurally lower due to the high volume of business recorded at the end of the year.

In the first half of 2023, free cash-flow from operations, excluding IFRS 16, amounted to -€660 million, compared with -€764 million in the first half of 2022, and was mainly due to the following factors:

- Cash-flow from operations, excluding IFRS 16, of €2 million (vs. €68 million in the first half of 2022), reflecting the decline in operating income.
- A change in working capital requirement of -€635 million, compared with -€735 million in the first half of 2022, reflecting the normalization of the Group's working capital, despite lower sales in June 2023.
- Net operating investments of -€63 million, including c.€8 million in investments to reduce the Group's energy consumption.

[1] Consumption adjusted to unified degree days; i.e., adjusted to standard weather (based on a benchmark climate calculated using the average of the past 20 years).

[2] Fnac Darty waived its right to challenge a grievance of which it had been notified by the French Competition Authority's investigation department concerning, in particular, a vertical agreement between Darty and certain distributors over a limited period ended in December 2014 - i.e., predating Fnac's acquisition of Darty. This choice does not constitute neither an avowal nor an acknowledgment of responsibility on the part of the Group, but rather reflects its intention to bring a rapid close to a complex procedure and to be able to devote all its resources to the operational implementation of its "Everyday" strategic plan. See the press release published on June 29, 2023.

At June 30, 2023, the liquidity position amounted to €427 million, and there was also a confirmed revolving credit facility of €500 million, undrawn to date. In March 2023, Fnac Darty exercised the last extension option from March 2027 to March 2028. With this option subscribed at 98.5% of the bank's commitment, the Group now has a line of €500 million until March 2027 and then €492.5 million until March 2028.

In addition, the Group's ratings by the main agencies, Standard & Poor's (BB+ negative outlook), Scope Ratings and Moody's (BBB and Ba2 ratings respectively, stable outlook), reflect their confidence in the relevance of the Group's omnichannel model, its operating performance, and its financial discipline.

Lastly, Fnac Darty paid out a dividend for the third year in a row. The dividend of €1.40 per share was paid on July 6 and represented a payout ratio of almost 38%[1], in line with the target of at least 30% announced in the "Everyday" strategic plan. Introduced for the first year, 44% of the dividend was paid in new shares, reflecting shareholders' confidence in the Group's business model and strategy. A total of 535,616 shares were issued.

[1] *Calculated on the 2022 net income from continuing operations, Group share.*

2.3 BUSINESS REVIEW FOR THE FIRST HALF OF 2023

2.3.1 Analysis of Group operating performance

Fnac Darty's main financial indicators for the first half of 2023 are presented below:

	Period ended June 30		
(€ million)	**2023**	**2022**	**Change**
Revenue	3,344.1	3,428.3	(2.5%)
Gross margin	1,039.3	1,058.0	(1.8%)
As % of revenue	31.1%	30.9%	0.2pt
Current EBITDA (1)	142.5	192.4	(25.9%)
As % of revenue	4.3%	5.6%	(1.3)pt
Current EBITDA (1) excluding IFRS 16	14.2	66.1	(78.5%)
As % of revenue	0.4%	1.9%	(1.5)pt
Current operating income	(35.5)	18.6	(290.9%)
As % of revenue	(1.1%)	0.5%	(1.6)pt
Operating income	(135.9)	4.7	(2,991.5%)
As % of revenue	(4.1%)	0.1%	(4.2)pt
Net income from continuing operations	(161.5)	(16.6)	(872.9%)
Net income from continuing operations, Group share	(163.3)	(17.4)	(838.5%)
Net income from discontinued operations, Group share	29.4	(0.2)	14,800.0%
Consolidated net income, Group share	(133.9)	(17.6)	(660.8%)
Net operating investments	63.1	56.4	11.9%
Free cash-flow from operations	(526.3)	(637.9)	17.5%
Free cash-flow from operations, excluding IFRS 16	(659.8)	(763.6)	13.6%
Shareholders' equity	1,354.9	1,523.9	(11.1%)
Group share	1,342.2	1,516.1	(11.5%)
Net financial debt excluding IFRS 16	674.3	585.7	15.1%
Net financial debt connected with IFRS 16	1,064.8	1,067.2	(0.2%)
Net financial debt	1,739.1	1,652.9	5.2%
Average workforce	21,223	21,648	(2.0%)

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

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

2.3.1.1 Revenue

Revenue by geographical region

	Period ended June 30							
	2023		2022					
Segment	*(€ million)*	*(as % of the total)*	*(€ million)*	*(as % of the total)*	*Change at current exchange rate*	*Change at comparable scope of consolidation*	*Change at constant foreign exchange rates and comparable scope of consolidation*	*Change at constant foreign exchange rates, comparable scope of consolidation and on a same-store basis*
France and Switzerland	2,766.2	82.7%	2,843.7	83.0%	(2.7%)	(2.7%)	(2.9%)	(2.5%)
Iberian Peninsula	292.3	8.8%	305.5	8.9%	(4.3%)	(4.3%)	(4.3%)	(4.3%)
Belgium and Luxembourg	285.6	8.5%	279.1	8.1%	2.3%	2.3%	2.3%	1.7%
Total	**3,344.1**	**100.0%**	**3,428.3**	**100.0%**	**(2.5%)**	**(2.5%)**	**(2.6%)**	**(2.3%)**

Revenue by category of products and services

	Period ended June 30							
	2023		2022					
Category	*(€ million)*	*(as % of the total)*	*(€ million)*	*(as % of the total)*	*Change at current exchange rate*	*Change at comparable scope of consolidation*	*Change at constant foreign exchange rates and comparable scope of consolidation*	*Change at constant foreign exchange rates, comparable scope of consolidation and on a same-store basis*
Consumer electronics	1544.2	46.2%	1648.4	48.1%	(6.3%)	(6.3%)	(6.4%)	(6.2%)
Domestic appliances	717.6	21.5%	754.5	22.0%	(4.9%)	(4.9%)	(4.9%)	(4.8%)
Editorial products	596.0	17.8%	542.2	15.8%	9.9%	9.9%	9.6%	10.3%
Other products and services	486.3	14.5%	483.2	14.1%	0.6%	0.6%	0.5%	0.4%
Total	**3,344.1**	**100.0%**	**3,428.3**	**100.0%**	**(2.5%)**	**(2.5%)**	**(2.6%)**	**(2.3%)**

Consolidated revenue from continuing operations for the first half of 2023 totaled €3,344.1 million, down -2.5% on a reported data basis compared with the first half of 2022. At constant exchange rates and on a same-store basis, revenue was down -2.3%.

Sales of consumer electronics fell sharply, with contrasting trends observed. Good momentum in sound and photography products was offset by a sharp decline in computer sales, which had previously benefited from the strong demand for equipment during the health crisis, and to a lesser extent in television sales, given the absence of major technological innovations, and in sales of telephony products.

Sales of domestic appliances were also down over the half-year, due to lower volumes, particularly in large domestic appliances, partly offset by price increases. Sales of vacuum cleaners, small kitchen equipment, breakfast appliances, dishwashers, traditional cooking appliances and refrigerators were particularly hard hit by this downturn.

Editorial products continued to post strong sales growth, buoyed by sustained in-store footfall, particularly in books, still driven by the "Pass Culture" (culture pass) in France, and in audio and gaming products, with sales of latest-generation game consoles up sharply over the half-year and the release of the latest Zelda game in May.

Other products and services posted growth thanks to the continued expansion of services in most regions and benefited from the continued development of subscriptions to the Darty Max offer and the upturn in ticketing.

In addition, the Click&Collect dynamic remained strong, representing 49% of the Group's online sales over the first half of the year.

Online activities returned to normal at €701.2 million, representing 21% of the Group's sales in the first half of 2023, down -1.0 points compared to the first half of the previous year. However, this level remains 3 points above the pre-health-crisis level in the first half of 2019.

The store network continued to expand, as 9 new stores were opened (2 Fnac, 6 Darty and 1 Vanden Borre): 1 integrated (in Belgium) and 8 franchised (4 Traditional, 2 Travel and 2 Proximity stores in mainland France). At the end of June 2023, the Group had 988 stores, including 426 franchised stores.

2.3.1.2 Current operating income

Fnac Darty's current operating income in the first half of 2023 amounted to -€35.5 million, compared with €18.6 million in the first half of 2022, i.e., a decrease of -€54.1 million. Gross margin was down in absolute terms compared to the first half of 2022, despite an improving gross margin rate, thanks to the positive impact of services (linked to the continued roll-out of Darty Max and the upturn in the ticketing business) and the improvement in the channel/product mix, partially offset by the dilutive technical impact of franchise growth. The increase in operating expenses was mainly due to higher personnel expenses (impacts of France's mandatory annual negotiation (*Négociation Annuelle Obligatoire* – NAO)), as well as higher other operating expenses, due in particular to higher energy costs, partially offset by cost-saving plans.

	Period ended June 30		
	2023	2022	
Segment	*(€ million)*	*(€ million)*	*Change*
France and Switzerland	(27.7)	16.7	(265.9%)
Iberian Peninsula	(6.8)	(1.9)	(257.9%)
Belgium and Luxembourg	(1.0)	3.8	(126.3%)
Current operating income	**(35.5)**	**18.6**	**(290.9%)**

2.3.1.3 Current EBITDA

	Period ended June 30				
	2023		2022		
	(€ million)	*(as % of revenue)*	*(€ million)*	*(as % of revenue)*	*Change*
Current operating income	**(35.5)**	**(1.1%)**	**18.6**	**0.5%**	**(290.9%)**
Net depreciation, amortization and provisions [(1)]	178.0	5.3%	173.8	5.1%	2.4%
Current EBITDA	**142.5**	**4.3%**	**192.4**	**5.6%**	**(25.9%)**
IFRS 16 impact on current EBITDA	128.3	3.8%	126.4	3.7%	1.5%
Current EBITDA excluding IFRS 16	**14.2**	**0.4%**	**66.0**	**1.9%**	**(78.5%)**

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

Current EBITDA for the first half of 2023 totaled €142.5 million, i.e. a decrease of -€49.9 million compared with the first half of 2022.

See note 2.1 for the definition of current EBITDA.

In the first half of 2023, the impact of applying IFRS 16 on current EBITDA was €128.3 million compared with €126.4 million in the first half of 2022.

Without applying IFRS 16, current EBITDA for the first half of 2023 was €14.2 million, i.e. a decrease of -€51.8 million compared with the first half of 2022.

2.3.1.4 Other non-current operating income and expenses

	Period ended June 30	
(€ million)	**2023**	**2022**
French Competition Authority fine provision	(85.0)	0.0
Closing costs of Manor in German-speaking Switzerland	(6.1)	0.0
Restructuring of the real estate portfolio	(2.0)	(7.6)
Other restructuring costs	(3.9)	(3.0)
Other net non-current income and expense	(3.4)	(3.3)
Other non-current operating income and expenses	**(100.4)**	**(13.9)**

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

In the first half of 2023, this item represented a net expense of €100.4 million and included:

- €85.0 million in non-current expenses relating to a French Competition Authority fine provision. A number of players in the domestic appliance manufacturing and distribution sector received a notification of grievances from the investigation department of the French Competition Authority (ADLC), in which a number of suppliers were accused, among other things, of having taken part in a vertical agreement with some of their distributors. Only one of the ADLC's grievances concerned Darty, and extended over a limited period ended in December 2014, i.e., almost 10 years ago, predating Fnac's acquisition of Darty in 2016. Moreover, the grievance only concerned a limited number of well-identified product categories. Fnac Darty decided not to challenge the only grievance of which it had been notified, and to instead opt for the settlement procedure under Article L. 464-2 of the French Commercial Code, in order to promptly end the complex proceedings and be able to devote all its resources to the operational implementation of its strategic plan Everyday. Darty's decision to do so does not constitute either an admission or an acknowledgment of responsibility on its part. The exact amount of the penalty likely to be imposed on Darty will only be known at the end of the procedure, which is theoretically expected to take place in early 2024. In anticipation of the French Competition Authority's decision to be handed down at that time, the Group has set aside a provision of €85.0 million;
- €6.1 million in non-current expenses relating to the closing costs of Manor's shop-in-shops in German-speaking Switzerland.

  The brand had entered into a partnership for the roll-out of 27 shop-in-shops within Manor stores, the last of which were opened in the first half of 2022. However, due to the difficult economic climate in Switzerland, particularly in the Manor area, the Group announced plans to restructure the partnership at the end of January 2023, focusing instead on 17 priority points of sales for both brands, mainly in French-speaking Switzerland. Fnac Suisse and Manor are therefore continuing their trade commitment to running shop-in-shops for Fnac cultural, domestic appliance and technology products at Manor. The Swiss market, where Fnac's presence will have tripled in less than three years, with 26 locations by the end of the first half of 2023 (9 integrated stores and 17 shop-in-shops within Manor), remains an important sales region for the Group, and one in which it will continue to invest;
- €2.0 million in non-current expenses related to the restructuring of the real estate portfolio;
- €3.9 million in net non-current restructuring costs for employee and structural adaptation plans in France and abroad; and
- A net expense of €3.4 million resulting from various one-off litigation cases.

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

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

2.3.1.5 **Net financial expense**

In the first half of 2023, the Group's net financial expense broke down as follows:

	Period ended June 30	
(€ million)	**2023**	**2022**
Costs related to Group debt	(13.1)	(11.9)
Interest on leasing debt	(16.6)	(11.3)
Other financial income and expense	(14.4)	5.3
Net financial expense	**(44.1)**	**(17.9)**

In the first half of 2023, net financial income was composed of a net financial expense of €44.1 million, compared with a net financial expense of €17.9 million in the first half of 2022.

During the first six months of 2023 and 2022, the costs related to Group debt mainly comprised the financial interest for the €650 million bond issue and the €100 million loan from the European Investment Bank, as well as the financial interest and actuarial costs of the OCEANE bonds issued by the Group in March 2021 in the amount of €200 million. These costs also include the deferment of implementation costs for the Group's financial debt.

Following the implementation of the additional undrawn bank credit line, in the form of a Delayed Drawn Term Loan (DDTL) of €300 million, in December 2022, the Group's borrowing costs for the first half of 2023 included the related financial interest.

In the first half of 2023, interest on leasing debt linked to the application of IFRS 16 represented €16.6 million. This expense represented an increase of +€5.3 million compared to the first half of 2022, due to the increase in discount rates between the two periods.

Other financial income and expense mainly includes the cost of consumer credit, the financial impacts associated with post-employment employee benefits and the fair value adjustment of the Group's financial assets. In the first half of 2022, the Group recorded income of €6.6 million from the fair value measurement of shares in the Daphni Purple fund. These shares were sold in June 2023, generating a capital loss of €10.6 million over the first half of 2023 relative to this fair value, against a backdrop of normalizing market valuations. Since first investing in 2016, the Group's investment in the Daphni Purple fund has generated a cumulative capital gain on disposal of €10.4 million.

2.3.1.6 Income tax

For the first halves of 2023 and 2022, the Group's tax expense broke down as follows:

	Period ended June 30	
(€ million)	**2023**	**2022**
Pre-tax income	**(180.0)**	**(13.2)**
Current tax expense	33.7	0.3
Current tax expense related to corporate value-added tax (CVAE)	(3.1)	(5.6)
Deferred tax income/(expense)	(12.1)	1.9
Total tax expense	**18.5**	**(3.4)**
Global half-year tax rate	**10%**	**(26%)**

At interim period end, current tax and deferred tax for the first half of the year are calculated on the basis of the estimated effective tax rate for the whole period for each fiscal entity or sub-entity.

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

The half-yearly tax rate in 2023 was heavily impacted by the non-deductible French Competition Authority fine provision of €85.0 million.

The effective total half-year tax rate for the Group is obtained using the expected effective tax rate for 2023 for each tax sub-group. The half-year amount depended on the weighting of the income of each tax sub-group in the Group's half-yearly pre-tax income and was not representative of the expected annual tax rate. The reading of the half-yearly tax rate per tax sub-group is more representative of the expected 2023 annual tax rate:

		of which		
	Group	**France**	**International subsidiaries, taxable in 2023**	**International subsidiaries, tax exempt in 2023**
2023 global half-year tax rate	**10%**	**12%**	**34%**	**1%**
Of which impact of ADLC fine		*(16%)*	*n/a*	*0%*
Of which corporate value-added tax (CVAE)		*(2%)*	*n/a*	*0%*
Recurring effective tax rate excluding one-off items and CVAE		32%	34%	1%

		of which		
	Group	**France**	**International subsidiaries, taxable in 2022**	**International subsidiaries, tax exempt in 2022**
2022 global half-year tax rate	**(26%)**	**(177%)**	**28%**	**12%**
Of which corporate value-added tax (CVAE)		*(297%)*	*n/a*	*0%*
Recurring effective tax rate excluding one-off items and CVAE		30%	28%	12%

2.3.1.7 Net income, Group share

For the first half of 2023, net income, Group share, for Fnac Darty's continuing operations totaled -€163.3 million, a decrease compared with the same period the previous year, when it stood at -€17.4 million.

Consolidated net income, Group share, for Fnac Darty was -€133.9 million, compared with -€17.6 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.

	Period ended June 30	
(€ million)	**2023**	**2022**
Income from ordinary activities	**0.0**	**0.0**
Cost of sales	0.0	0.0
Gross margin	**0.0**	**0.0**
Personnel expenses	0.0	0.0
Other current operating income and expense	0.0	0.0
Current operating income	**0.0**	**0.0**
Other non-current operating income and expenses	(4.3)	(0.2)
Operating income	**(4.3)**	**(0.2)**
(Net) financial expense	0.0	0.0
Pre-tax income	**(4.3)**	**(0.2)**
Income tax	33.7	0.0
Net income	**29.4**	**(0.2)**

In the first half of 2023, net income from discontinued operations stood at €29.4 million, compared to -€0.2 million in the first half of 2022. Income for the first half of 2023 was mainly due to the recognition of tax income of €32.6 million, following the French tax authorities' acceptance of the tax deductibility of the penalty, as well as the interest and costs related to the Comet litigation, on April 27, 2023. It will be recalled that in December 2022, as part of the judgment in the Comet litigation, the Group was ordered to pay a total of £111.9 million (including £89.6 million in penalties and £22.3 million in interest and legal costs), i.e., €126.3 million.

In addition, in the first half of 2023, costs relating to the Comet litigation were recognized in net income from discontinued operations for -€3.1 million net of tax.

2.3.1.9 Net earnings per share

In the first half of 2023, the weighted average number of Fnac Darty shares was 26,943,614 shares. The weighted average number of treasury stock in the first half of 2023 was 153,867 shares, so the weighted average number of Fnac Darty shares used to calculate net earnings per share was 26,789,748 shares.

In the first half of 2023, Group net earnings per share from continuing operations amounted to -€6.10. In the first half of the previous year, this figure was -€0.65.

2.3.2 Analysis of operating performance by operating segment

France and Switzerland segment

	Period ended June 30		
(€ million)	**2023**	**2022**	**Change**
Revenue	2,766.2	2,843.7	(2.7%)
Current operating income	(27.7)	16.7	(265.9%)
Operating profitability rate	(1.0%)	0.6%	(1.6)pt

Revenue for the France and Switzerland segment

In the first half of 2023, revenue for the France and Switzerland segment was €2,766.2 million compared with €2,843.7 million for the first half of 2022, i.e. a decrease of -2.7%. Revenue at constant exchange rates and on a same-store basis was also down -2.3%.

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

Sales of consumer electronics fell sharply, with contrasting trends observed. Strong momentum in sound and photography products was offset by a sharp decline in computer sales, which had previously benefited from the strong demand for equipment during the health crisis, and to a lesser extent in television sales, given the absence of major technological innovations, and in sales of telephony products.

Sales of domestic appliances were also down over the half-year, due to lower volumes, particularly in large domestic appliances, partly offset by price increases. Sales of vacuum cleaners, small kitchen equipment, breakfast appliances, dishwashers, traditional cooking appliances and refrigerators were particularly hard hit by this downturn.

Editorial products continued to post strong sales growth, buoyed by sustained in-store footfall, particularly in books, driven by the "Pass Culture" in France, and in audio and gaming products, with sales of latest-generation game consoles up sharply over the half-year and the release of the latest Zelda game in May.

Other products and services were down, adversely affected by lower sales in the urban mobility segment, but cushioned by the continued expansion and growth of services, which were boosted by the ongoing deployment of the Darty Max subscription offer and the upturn in the ticketing business.

Online activities returned to a more normal level in the first half, at €576.8 million, representing 20.9% of sales for the France and Switzerland segment in the first half of 2022, down -0.9 points compared with the first half of the previous year.

Current operating income for the France and Switzerland segment

Current operating income for the France and Switzerland segment totaled -€27.7 million for the first half of 2023, compared with €16.7 million for the first half of 2022, i.e. a decrease of -€44 million. Gross margin was down compared to the first half of 2022, adversely affected by the drop in sales despite an improved margin rate, thanks to the positive impact of Services (linked to the continued roll-out of Darty Max and the upturn in the ticketing business) and the improvement in the channel/product mix, partially offset by the dilutive technical impact of expanding the franchise. The increase in operating expenses was mainly due to the rise in other operating expenses, in particular as a result of higher energy costs.

Current operating profitability deteriorated from 0.6% to -1.0%.

Iberian Peninsula

	Period ended June 30		
(€ million)	**2023**	**2022**	**Change**
Revenue	292.3	305.5	(4.3%)
Current operating income	(6.8)	(1.9)	(257.9%)
Operating profitability rate	(2.3%)	(0.6%)	(1.7)pt

Revenue for the Iberian Peninsula

In the first half of 2023, revenue for the Iberian Peninsula was €292.3 million, compared with €305.5 million for the first half of 2022, i.e. a decrease of -4.3%. On a same-store basis, revenue was down -4.3%.

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

Sales activity on the Iberian Peninsula was mixed, with a decline in Spain and a slight increase in Portugal. In Spain, inflation and rising interest rates put a heavy strain on household purchasing power and intensified competitive pressure. However, the Group succeeded in retaining its market share thanks to the attractiveness of its offering and the strength of its customer base. In Portugal, demand remained buoyant thanks to the brand’s strong reputation, a vibrant job market and a low unemployment rate. Editorial products and diversification categories are currently experiencing a sales boom.

Revenue from consumer electronics was down sharply, impacted by lower sales of computers, a product category that had previously benefited from the strong demand for equipment during the health crisis.

Current operating income in the Iberian Peninsula

Current operating income for the Iberian Peninsula was -€6.8 million for the first half of 2023, compared with -€1.9 million for the first half of 2022, i.e. a decrease of -€4.9 million compared with 2022. Gross margin was lower than in the first half of 2022, with lower revenue but a stable margin rate. The increase in operating expenses over the period was mainly due to higher energy costs.

Current operating profitability fell from -0.6% to -2.3%.

Belgium and Luxembourg segment

			Period ended June 30
(€ million)	**2023**	**2022**	**Change**
Revenue	285.6	279.1	2.3%
Current operating income	(1.0)	3.8	(126.3%)
Operating profitability rate	(0.4%)	1.4%	(1.7)pt

Revenue for the Belgium and Luxembourg segment

In the first half of 2023, revenue for the Belgium and Luxembourg segment was €285.6 million, compared with €279.1 million in the first half of 2022, i.e. an increase of +2.3%.

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

Over the first half, revenue from consumer electronics was stable as a result of strong performance in telephony and sound, and despite lower sales of computers and televisions.

Domestic appliance sales decreased due to the decline in volumes. Small kitchen equipment and dryers were particularly affected by this decline in business.

Revenue from editorial products was up, driven by the performance of Books and Gaming.

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

Current operating income for the Belgium and Luxembourg segment

Current operating income for the Belgium and Luxembourg segment was -€1.0 million for the first half of 2023, compared with €3.8 million for the first half of 2022. Gross margin improved compared to the first half of 2022, with higher revenue offset by a slightly lower margin rate. The increase in operating expenses over the period was mainly due to personnel expenses, which rose sharply following five successive salary indexations in 2022, with a further indexation in January 2023, and to the opening of Woluwe in May 2022.

Current operating profitability is decreasing, from 1.4% to -0.4%.

2.4 COMMENTS ON THE GROUP'S FINANCIAL POSITION

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

(€ million)	**At June 30, 2023**	**At December 31, 2022**
Goodwill	1,654.4	1,654.4
Other non-current assets and liabilities	2,048.4	2,167.0
Current assets and liabilities	(344.2)	(971.2)
Provisions	(264.6)	(182.0)
Capital employed	**3,094.0**	**2,668.2**
Net assets held for sale	0.0	0.0
Shareholders' equity, Group share	1,342.2	1,511.7
Shareholders' equity – Share attributable to non-controlling interests	12.7	10.9
Net financial debt at end of the period	674.3	5.1
Leasing debt	1,064.8	1,140.5

2.4.1 Capital employed

As at June 30, 2023, capital employed was up by +€425.8 million compared with December 31, 2022. This increase is mainly linked to the increase in current assets resulting the seasonal nature of the Group's business.

2.4.2 Goodwill

As at June 30, 2023, goodwill amounted to €1,654.3 million, remaining stable compared with December 31, 2022.

(€ million)	**At June 30, 2023**	**At December 31, 2022**
Goodwill	1,654.4	1,654.4

2.4.3 Other non-current assets, net

(€ million)	**At June 30, 2023**	**At December 31, 2022**
Net intangible assets	574.8	561.7
Net property, plant and equipment	543.1	570.3
Rights of use relating to lease agreements	1,035.0	1,115.2
Investments in associates	1.1	2.1
Net non-current financial assets	21.9	44.4
Net deferred taxes	(116.7)	(104.7)
Other non-current liabilities	(10.8)	(22.0)
Other non-current assets, net	**2,048.4**	**2,167.0**

Over the first half of 2023, other non-current assets net of liabilities fell by -€118.6 million.

Intangible assets increased by +€13.1 million, as a result of investments in intangible assets over the first half of 2023 that were greater than the amortization applied during the first half of 2023.

Property, plant and equipment decreased by -€27.2 million, as a result of depreciation in property, plant and equipment over the first half of 2023 that was greater than the investments made during the first half of 2023.

Rights of use relating to lease agreements decreased by -€80.2 million, following their amortization.

Investments in associates decreased by -€1.0 million compared to December 31, 2022, reflecting the share of income for the first half of 2023.

In the first half of 2023, net non-current financial assets fell by -€22.5 million, following the disposal of the stake in the Daphni Purple fund, which was valued at €21.1 million at December 31, 2022.

Deferred taxes represented net liabilities of €116.7 million and for the most part reflected the revaluation of Darty's assets and liabilities, particularly the valuation of the Darty and Vanden Borre brands on the Group's balance sheet, along with the revaluation of Darty's real estate. The change in these is related to the tax impact of the revaluation of liabilities for defined benefit plans, as well as the deferred tax expense for the first half of 2023.

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

2.4.4 Current assets and liabilities

(€ million)	At June 30, 2023	At December 31, 2022
Net inventories	1,145.8	1,143.7
Net trade receivables	125.2	211.3
Net trade payables	(1,226.4)	(1,722.5)
Tax receivables and payables due	33.8	5.6
Other working capital requirements	(422.6)	(609.3)
Current assets and liabilities[1]	**(344.2)**	**(971.2)**

[1] excluding current provisions, borrowings and short-term financial debt, and cash and cash equivalents

As at June 30, 2023, Fnac Darty's current assets and liabilities were a €344.2 million resource, a decrease of -€627.0 million compared with December 31, 2022. This drop is mainly due to the seasonal nature of the business.

Changes in inventories (excluding the effect of changes in foreign exchange rates and the scope of consolidation) generated cash flows of -€1.8 million in the first half of 2023, up by +€27.9 million compared with the first half of 2022.

In the first half of 2023, the reduction in trade receivables (excluding the effect of changes in foreign exchange rates and the scope of consolidation) generated positive cash flows amounting to €85.6 million, down -€27.7 million compared with the first half of 2022.

In the first half of 2023, the reduction in trade payables (excluding the effect of changes in foreign exchange rates and the scope of consolidation) generated negative cash flows amounting to €496.5 million, up +€115.6 million compared with the first half of 2022.

In the first half of 2023, cash flows from tax receivables and payables were positive, at €5.6 million (excluding the effect of changes in foreign exchange rates and the scope of consolidation). This improvement should be seen within the context of the current tax income of €33.7 million recorded in the first half of 2023 (mainly linked to the Comet tax rescript totaling €32.6 million), as well as the corporate value-added tax (CVAE) expense of €3.1 million. Therefore, in the first half of 2023, the net cash flow associated with tax payable and with the corporate value-added tax (CVAE) represented a net receipt of €36.2 million, up by +€76.1 million compared to the first half of 2022.

In the first half of 2023, other working capital requirements primarily included social security liabilities and State payables and receivables, excluding income tax. The reduction in these during the first half of the year is linked to the seasonal nature of the Group's business. The cash flows generated were down -€14.8 million compared with the change in the first half of 2022.

2.4.5 Provisions

(€ million)	At June 30, 2023	At December 31, 2022
Provisions for pensions and equivalent benefits	145.9	145.4
Other provisions	118.7	36.6
Provisions	**264.6**	**182.0**

	At June 30, 2023	At December 31, 2022
Discount rate		
- France	3.75%	3.80%
- Switzerland	2.25%	2.25%
- Belgium	3.95%	3.95%
- United Kingdom	5.20%	4.80%

The slight fall in interest rates seen in the first half of 2023 in the Eurozone meant that the reference discount rates for top-rated corporate bonds fell only slightly. Conversely, the discount rate applicable in the United Kingdom rose.

As at June 30, 2023, the Comet pension fund had a surplus of plan assets over liabilities. Consequently, the amount of the Comet liability was capped in the interim financial statements.

Compared to December 31, 2022, the increase in the provision for pensions and similar benefits was €0.5 million. Of this change, €0.7 million related to the discounting of retirement benefit commitments for employees in France, whose impact on shareholders' equity appears under "Other comprehensive income items." The balance of -€0.2 million was mainly due to service costs net of curtailments for the first half of 2023 in the amount of -€4.1 million, less the impact of the French pension reform on past service costs in the amount of +€4.3 million.

As at June 30, 2023, "Other provisions" mainly included the provisions for operational and tax contingencies. The increase of +€82.1 million compared to December 31, 2022 was mainly due to a French Competition Authority fine provision of €85.0 million. A number of players in the domestic appliance manufacturing and distribution sector received a notification of grievances from the investigation department of the French Competition Authority (ADLC), in which a number of suppliers were accused, among other things, of having taken part in a vertical agreement with some of their distributors. Only one of the ADLC's grievances concerned Darty, and extended over a limited period ended in December 2014, i.e., almost 10 years ago, predating Fnac's acquisition of Darty in 2016. Moreover, the grievance only concerned a limited number of well-identified product categories. Fnac Darty decided not to challenge the only grievance of which it had been notified, and to instead opt for the settlement procedure provided for in Article L. 464-2 of the French Commercial Code, in order to promptly end the complex proceedings and be able to devote all its resources to the operational implementation of its strategic plan Everyday. Darty's decision to do so does not constitute either an admission or an acknowledgment of responsibility on its part. The exact amount of the penalty likely to be imposed on Darty will only be known at the end of the procedure, which is theoretically expected to take place in early 2024. In anticipation of the French Competition Authority's decision to be handed down at that time, the Group has set aside a provision of €85.0 million.

2.4.6 Shareholders' equity

(€ million)	At June 30, 2023	At December 31, 2022
Shareholders' equity, Group share	1,342.2	1,511.7
Shareholders' equity – Share attributable to non-controlling interests	12.7	10.9
Shareholders' equity	**1,354.9**	**1,522.6**

As at June 30, 2023, Fnac Darty's consolidated shareholders' equity was down -€167.7 million compared with the end of the previous period.

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

The proportion of shareholders' equity attributable to the Group decreased by -€169.5 million. This net decrease was mainly due to the payment of €37.9 million in dividends in the first half of 2023 for fiscal year 2022, as well as -€133.9 million in net income, Group share in the first half of 2022. The net decrease was offset by the valuation of share-based payments for +€4.1 million.

The proportion of shareholders' equity attributable to non-controlling interests increased by +€1.8 million to €12.7 million. This decrease was due mainly to the proportion of non-controlling interests in net income of +€1.8 million, as well as a -€0.1 million decrease in dividends due to minority shareholders.

2.4.7 Net financial debt

At the end of the first half of the year, Group net financial debt is usually higher than at year-end because of the seasonal nature of the business. The Group's net financial debt as at June 30, 2023 stood at €1,739.1 million. It incorporates leasing debt linked to the application of IFRS 16 for €1,064.8 million.

(€ million)	At June 30, 2023	At December 31, 2022
Gross financial debt	1,101.7	936.8
Cash and cash equivalents	(427.4)	(931.7)
Net financial debt excluding IFRS 16 at end of period	**674.3**	**5.1**
Leasing debt	1,064.8	1,140.5
Net financial debt with IFRS 16 at end of period	**1,739.1**	**1,145.6**

As at June 30, 2023, gross financial debt mainly comprises:

- the bonds maturing in 2024 for €300.0 million and in 2026 for €350.0 million,

- the debt component of the OCEANE bonds that can be converted and/or exchanged for new and/or existing shares, for an amount of €185.8 million,

- negotiable debt issued for €163.0 million,

- borrowing from the European Investment Bank amounting to €100.0 million.

Compared with December 31, 2022, net financial debt increased by +€669.2 million excluding leasing debt linked to IFRS 16, and by +€593.5 million with leasing debt. The increase in financial debt was mainly due to the free cash-flow from operations during the first half of 2023, which reached -€659.8 million with the application of IFRS 16 and -€526.3 million excluding the application of IFRS 16.

2.4.8 Solvency

Financing instruments of the Group include financial covenants.
As at June 30, 2023, the Group was in compliance with all half-year financial covenants.
The target values of the covenants vary for each testing period.

2.4.9 Liquidity

As at June 30, 2023, Fnac Darty held cash and cash equivalents of €427.4 million, plus a balance of €500 million on a confirmed revolving credit facility not used at that date.
As at June 30, 2023, cash mainly included positive bank balances and short-term interest accounts.
The Group is not exposed to any short-term liquidity risk.
In March 2023, Fnac Darty exercised the last extension option of its revolving credit facility from March 2027 to March 2028. This option was subscribed at 98.5% of banking commitments. The Group therefore has access to a revolving credit facility of €500 million until March 2027 and then €492.5 million until March 2028.

2.4.10 Change in net financial debt

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

(€ million)	**June 30, 2023**	**June 30, 2022**
Free cash-flow from operations	(526.3)	(637.9)
Interest paid net of interest and dividends received	(13.1)	(11.0)
Acquisition and disposal of other financial assets	10.2	2.0
Purchases and sales of treasury stock	(0.1)	(2.1)
Dividends paid	(0.1)	(55.0)
Repayment of leasing debt	(117.0)	(114.4)
Interest paid on leasing debt	(16.5)	(11.3)
Net cash flows from discontinued operations	(5.9)	0.0
Financing of the Comet pension fund	(0.5)	(2.1)
Other [1]	0.1	(0.6)
Change in net financial debt excluding IFRS 16	**(669.2)**	**(832.4)**
Net financial debt excluding IFRS 16 at January 1	**5.1**	**(246.7)**
Net financial debt excluding IFRS 16 at end of period	**674.3**	**585.7**

[1] mainly includes the impact of translation differences on debt

2.4.10.1 Free cash-flow from operations

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

For the first six months of 2023, excluding impacts related to the application of IFRS 16, cash flow from operating activities and from operating investments was -€659.8 million, versus -€763.6 million in the first half of 2022.

(€ million)	**June 30, 2023**	**June 30, 2022**
Cash flow before tax, dividends and interest	131.0	194.6
Change in working capital requirement	(630.4)	(736.2)
Income tax paid	36.2	(39.9)
Net cash flows from operating activities	**(463.2)**	**(581.5)**
Operating investments	(60.2)	(57.2)
Change in payables and receivables relating to non-current assets	(18.5)	0.5
Cash flows from asset acquisitions	**(78.7)**	**(56.7)**
Operating divestments	15.6	0.3
Net cash flows from operating investing activities	**(63.1)**	**(56.4)**
Free cash-flow from operations	**(526.3)**	**(637.9)**
Repayment of leasing debt and interest	(133.5)	(125.7)
Free cash-flow from operations, excluding IFRS 16	**(659.8)**	**(763.6)**

As at June 30, 2023, net operating investments were €63.1 million, up +€6.7 million compared with the first half of 2022. In the first half of 2023, changes in payables and disposals relating to non-current assets were linked to the restructuring of the Group's real estate portfolio.

(€ million)	**June 30, 2023**	**June 30, 2022**
France and Switzerland	(53.6)	(52.0)
Iberian Peninsula	(4.4)	(3.0)
Belgium and Luxembourg	(2.2)	(2.2)
Operating investments	**(60.2)**	**(57.2)**
Change in payables and receivables relating to non-current assets	(18.5)	0.5
Cash flows from asset acquisitions	**(78.7)**	**(56.7)**
Operating divestments	15.6	0.3
Net operating investments	**(63.1)**	**(56.4)**

2.4.10.2 Interest paid net of interest and dividends received

As at June 30, 2023 and 2022, net disbursements for net financial interest paid and dividends received in the amounts of €13.1 million and €11.0 million respectively, mainly included the disbursement of interest for financing and utilization and non-utilization fees for credit facilities.

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

In the first half of 2023, the €10.2 million in net receipts relating to the acquisition and disposal of other financial assets consisted of:

- A receipt of €10.5 million from the disposal of the Group's stake in the Daphni Purple investment fund;
- A disbursement of €0.5 million relating to a call for funds from the Raise investment fund;
- A net receipt of €0.2 million corresponding to financial movements in lessors' guarantee deposits.

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

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

2.4.10.4 **Acquisitions and disposals of treasury stock**

In the first half of 2023, the disbursement of €0.1 million for acquisitions and disposals of treasury stock represented the cash flow generated within the framework of the liquidity agreement entered into with Oddo BHF. As at June 30, 2023, the Group held 147,729 treasury stocks.

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

2.4.10.5 **Dividends paid**

Dividends paid in the first half amounting to €0.1 million represent dividends paid by Group subsidiaries to minority shareholders.

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

The €55.0 million dividend payment in the first half of 2022 breaks down into €53.5 million for the dividend paid by Fnac Darty to its shareholders and €1.5 million for the dividend paid by the Group's subsidiaries to minority shareholders.

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

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

2.4.10.7 **Net cash flows from discontinued operations**

In the first half of 2023, net cash flows from discontinued operations of €5.9 million were related to legal proceedings concerning the disposal of Comet Group Limited in 2012. Following the ruling handed down in the Comet litigation, the Group was ordered to pay a total of £111.9 million in December 2022 (including £89.6 million in penalties and £22.3 million in interest and legal costs), representing a total of €126.3 million.

2.4.10.8 **Financing of the Comet pension fund**

In the first half of 2023 and 2022, financing of the Comet pension fund included management fees for the British Comet pension fund related to pension commitments for former Comet employees in the United Kingdom.

2.5 RELATED-PARTY TRANSACTIONS

As at June 30, 2023, VESA Equity Investments held 25.0% of the share capital and 25.0% of the voting rights in Fnac Darty. There were no transactions between any Fnac Darty consolidated companies and VESA Equity Investments.

As of June 30, 2023, the Ceconomy Retail International group held 23.9% of the share capital and 23.9% of the voting rights of Fnac Darty. During the first half of 2023, there were no transactions between Fnac Darty consolidated companies and the Ceconomy Retail International group.

As of June 30, 2023, Indexia Développement, formerly SFAM Group, held 11.1% of the share capital and 11.1% of the voting rights of Fnac Darty and did not have a representative on the Fnac Darty Board of Directors. Therefore, Indexia Développement is not a related party.

As of December 31, 2022, the Ceconomy Retail International group held 24.0% of the share capital and 24.0% of the voting rights of Fnac Darty. In 2022, there were no transactions between Fnac Darty consolidated companies and the Ceconomy Retail International group.

As of December 31, 2022, the VESA Equity Investments company held 23.0% of the share capital and 23.0% of the voting rights in Fnac Darty. There were no transactions between any Fnac Darty consolidated companies and VESA Equity Investments.

As of December 31, 2022, Indexia Développement, formerly SFAM Group, held 11.3% of the share capital and 11.3% of the voting rights of Fnac Darty and did not have a representative on the Fnac Darty Board of Directors. Therefore, Indexia Développement was not a related party.

2.6 POST-BALANCE SHEET EVENTS

The Combined General Meeting held on May 24, 2023 approved a dividend of €1.40 gross per share, and decided to offer shareholders the option of being paid in cash or in new shares. The dividend was paid on 6 July 2023 in cash (€21.2 million) and in shares (535,616 new shares).

2.7 PROCEEDINGS, LITIGATION AND MAIN RISKS AND UNCERTAINTIES FOR THE REMAINING HALF-YEAR

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

Claim brought by the liquidator of Comet Group Limited against Darty Holdings SAS

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

A preliminary question to the continuation of the main proceedings was raised in 2020 concerning the applicability to the case of Section 239 of the Insolvency Act 1986, a prerequisite for the admissibility of the dispute. At the end of the proceedings relating to this preliminary matter, appealed before the High Court in March 2021, an order of April 23, 2021, concluded that the conditions of Section 239 of the Insolvency Act 1986 are applicable in this case.

Following a ruling handed down on November 17, 2022, the High Court ordered Darty Holdings SAS to reimburse the liquidator a total of £111.9 million (€126.3 million), which included interest accrued prior to the ruling, and the reimbursement of a portion of the costs incurred by the liquidator. The judge ruled that the relevant amount must be paid to the Court pending appeal, with post-ruling interest at the rate of 8% (but noted that the parties could reach an agreement on this point). In return for tying up this sum, Darty Holding SAS will receive interest at a rate of 3.375% to June 30, 2023. In addition, the judge granted Darty Holdings SAS permission to lodge an appeal against the ruling on a number of the grounds presented.

By order dated March 21, 2023, the judge ordered that part of this sum, amounting to £36.3 million, be paid to the liquidator.

The appeal hearing will start on September 26, 2023.

Complaints about the Fnac Connect format

In 2016, Fnac Darty launched a franchise format called Fnac Connect, which focuses on the sale of telephony and mobile products in smaller stores. Since 2019 and the Covid crisis, complaints have been received from franchisees about this format. The Group is seeking amicable solutions with the five franchise groups that opened the fifteen stores of this type either to abandon or to adapt the Fnac Connect concept. To this end, negotiations are underway with these various partners. Lastly, a legal dispute with a franchisee group is still ongoing.

Summonses served by some of the franchisees who belong to the Fnac Darty Franchisees Group

In July 2020, Fnac Darty was served with two summonses to appear before the Commercial Court of Paris by some of the franchisees who belong to the Fnac Darty Franchisees Group.

The first dispute, for around €2.2 million, mainly concerns the processing of online Click&Collect sales at franchised stores, an issue that many franchise networks are facing in view of the growth in online sales across all sectors. The Group and Darty brought this case before the arbitrator of the Paris Commercial Court and, following several arbitration meetings, an agreement was reached under which Darty will pay each franchisee a credit note representing a total value of €300,000 for the whole of the dispute, relating to deferred rates of earnings. This agreement was ratified in a protocol approved by the judge on June 21, 2021.

The second dispute, for around €12.8 million, is based on allegations that seek to have Fnac Darty cover the impact of the closure of Darty franchised stores during the lockdown period. Fnac Darty firmly disputes the merits of this claim. The dispute was discussed in arbitration before the Paris Commercial Court but the parties did not reach an agreement, and proceedings remain pending. The parties exchanged several sets of findings, and speeches for the defense were scheduled for January 16, 2023 before the Paris Commercial Court. The Paris Commercial Court dismissed all the plaintiffs' claims in their entirety. The Fnac Darty Franchisee Group has not appealed against this judgment. Since the Darty franchisees had not been served with the judgment, the time limit for appeal did not apply to them.

Grievance lodged by the French Competition Authority

At the end of February 2023, a number of players in the domestic appliance manufacturing and distribution sector (including Darty) received a notification of grievances from the investigation department of the French Competition Authority (ADLC), in which a number of suppliers were accused, among other things, of having taken part in a vertical agreement with some of their distributors.

Of all the complaints lodged by the ADLC, only one concerned Darty. This grievance covers a limited period ended in December 2014, prior to Fnac's acquisition of Darty in 2016. Moreover, the grievance only concerned a limited number of well-identified product categories.

On June 28, 2023, Fnac Darty decided not to challenge the only grievance of which it had been notified, and to instead opt for the settlement procedure provided for in Article L. 464-2 of the French Commercial Code, in order to promptly end the complex proceedings and be able to devote all its resources to the operational implementation of its strategic plan Everyday.

Darty's decision to do so does not constitute either an admission or an acknowledgment of responsibility on its part.

The exact amount of the penalty likely to be imposed on Darty will only be known at the end of the procedure, which is theoretically expected to take place in early 2024. In anticipation of the French Competition Authority's decision to be handed down at that time, the Group has set aside a provision of €85.0 million.

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

The Group is not aware of any litigation involving material risks likely to affect its net assets, income or financial position for which an estimated provision had to be recorded at period-end.

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

The main risks and uncertainties for the remaining six months of the financial year are the same as those outlined for the financial year as a whole, which are detailed in Chapter 6 – Risk factors and management – of the Universal Registration Document filed with the French Markets Authority (www.amf-france.org and www.fnacdarty.com). Other risks of which Fnac Darty is currently unaware could have a negative impact on its business and results.

2.8 OUTLOOK

The first half of 2023 was marked by an inflationary context weighing on household consumption and an unfavorable calendar effect, both of which had a particularly significant impact in the second quarter. However, the Fnac Darty Group distinguished itself by a strong performance in the markets in which it operates, while maintaining its gross margin.

Market conditions are expected to be more favorable in the second half, and the major sales events at the end of the year will play a crucial role in the year's results. The Group will also be able to continue to rely on the strengths of its "Everyday" strategic plan, the omnichannel nature of its business, its core positioning on premium products, as well as the growing contribution of services, in particular Darty Max.

Sound cost control, especially through the Group's performance plans, will offset most of the year's inflation. At the same time, keeping inventories under control and limiting operating investments at €120 million for the year, will enable the Group to return to a level of free cash flow normalized to that of previous years.

The second half of the year will also be marked by the closing of MediaMarkt acquisition in Portugal, expected at the end of September, while the Group continues to keep a close eye on potential growth opportunities.

Thus, Fnac Darty confirms its objectives of achieving a Current Operating Income (COI) of around €200 million in 2023, a cumulative free cash-flow from operations of around €500 million over the 2021-2024 period, and a free cash-flow from operations[1] of at least €240 million on an annual basis from 2025.

[1] *Excluding IFRS 16*

3 CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

FOR POSITIONS AS AT JUNE 30, 2023 AND AS AT JUNE 30, 2022

(€ million)	Notes	June 30, 2023	June 30, 2022
Income from ordinary activities	4	**3,344.1**	**3,428.3**
Cost of sales		(2,304.8)	(2,370.3)
Gross margin		**1,039.3**	**1,058.0**
Personnel expenses	5	(575.5)	(573.7)
Other current operating income and expense		(499.4)	(465.8)
Share of profit from equity associates		0.1	0.1
Current operating income		**(35.5)**	**18.6**
Other non-current operating income and expenses	6	(100.4)	(13.9)
Operating income		**(135.9)**	**4.7**
(Net) financial expense	7	(44.1)	(17.9)
Pre-tax income		**(180.0)**	**(13.2)**
Income tax	8	18.5	(3.4)
Net income from continuing operations		**(161.5)**	**(16.6)**
Group share		(163.3)	(17.4)
share attributable to non-controlling interests		1.8	0.8
Net income from discontinued operations	17.4	**29.4**	**(0.2)**
Group share		29.4	(0.2)
share attributable to non-controlling interests		0.0	0.0
Consolidated net income		**(132.1)**	**(16.8)**
Group share		(133.9)	(17.6)
share attributable to non-controlling interests		1.8	0.8
Net income, Group share		**(133.9)**	**(17.6)**
Earnings per share (€)	9	(5.00)	(0.66)
Diluted earnings per share (€)	9	(4.45)	(0.59)
Net income from continuing operations, Group share		**(163.3)**	**(17.4)**
Earnings per share (€)	9	(6.10)	(0.65)
Diluted earnings per share (€)	9	(5.43)	(0.58)

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(€ million)	Notes	June 30, 2023	June 30, 2022
Net income		**(132.1)**	**(16.8)**
Translation difference		(0.8)	0.7
Fair value of hedging instruments		(0.1)	(1.3)
Items that may be reclassified subsequently to profit or loss		**(0.9)**	**(0.6)**
Revaluation of net liabilities for defined benefit plans		(0.8)	29.1
Items that may not be reclassified subsequently to profit or loss		**(0.8)**	**29.1**
Other items of comprehensive income, after tax	10	**(1.7)**	**28.5**
Total comprehensive income		**(133.8)**	**11.7**
Group share		(135.6)	10.6
share attributable to non-controlling interests		1.8	1.1

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

FOR POSITIONS AS AT JUNE 30, 2023 AND THE PERIOD ENDED DECEMBER 31, 2022

ASSETS

(€ million)	Notes	At June 30, 2023	At December 31, 2022
Goodwill		1,654.4	1,654.4
Intangible assets		574.8	561.7
Property, plant and equipment		543.1	570.3
Rights of use relating to lease agreements	11	1,035.0	1,115.2
Investments in associates		1.1	2.1
Non-current financial assets		21.9	44.4
Deferred tax assets		48.2	60.2
Other non-current assets		0.0	0.0
Non-current assets		**3,878.5**	**4,008.3**
Inventories		1,145.8	1,143.7
Trade receivables		160.2	249.5
Tax receivables due		43.1	5.6
Other current financial assets		18.7	19.1
Other current assets		321.0	389.0
Cash and cash equivalents	13	427.4	931.7
Current assets		**2,116.2**	**2,738.6**
Assets held for sale	17.4	**0.0**	**0.0**
Total assets		**5,994.7**	**6,746.9**

LIABILITIES AND SHAREHOLDERS' EQUITY

(€ million)	Notes	At June 30, 2023	At December 31, 2022
Share capital	12.1	27.2	26.9
Equity-related reserves		970.6	971.0
Translation reserves		(4.7)	(3.9)
Other reserves and net income		349.1	517.7
Shareholders' equity, Group share	12	**1,342.2**	**1,511.7**
Shareholders' equity – Share attributable to non-controlling interests		12.7	10.9
Shareholders' equity		**1,354.9**	**1,522.6**
Long-term borrowings and financial debt	14	918.8	917.3
Long-term leasing debt	15	826.5	896.9
Provisions for pensions and other equivalent benefits		145.9	145.4
Other non-current liabilities		10.8	22.0
Deferred tax liabilities		164.9	164.9
Non-current liabilities		**2,066.9**	**2,146.5**
Short-term borrowings and financial debt	14	182.9	19.5
Short-term leasing debt	15	238.3	243.6
Other current financial liabilities		8.2	10.2
Trade payables		1,374.9	1,965.1
Provisions		118.7	36.6
Tax liabilities payable		9.3	0.0
Other current liabilities		640.6	802.8
Current liabilities		**2,572.9**	**3,077.8**
Payables relating to assets held for sale	17.4	**0.0**	**0.0**
Total liabilities and shareholders' equity		**5,994.7**	**6,746.9**

CONSOLIDATED CASH FLOW STATEMENT

FOR POSITIONS AS AT JUNE 30, 2023 AND AS AT JUNE 30, 2022

(€ million)	Notes	June 30, 2023	June 30, 2022
Net income from continuing operations		**(161.5)**	**(16.6)**
Income and expense with no impact on cash		303.6	184.2
Cash flow	17.1	**142.1**	**167.6**
Financial interest income and expense		19.5	21.7
Dividends received		0.0	0.0
Net tax expense payable		(30.6)	5.3
Cash flow before tax, dividends and interest		**131.0**	**194.6**
Change in working capital requirement		(630.4)	(736.2)
Income tax paid		36.2	(39.9)
Net cash flows from operating activities	17.1	**(463.2)**	**(581.5)**
Acquisitions of intangible assets, property, plant and equipment		(60.2)	(57.2)
Change in payables on intangible assets, property, plant and equipment		(18.5)	0.5
Disposals of intangible assets, property, plant and equipment		15.6	0.3
Acquisition of other financial assets		(0.3)	(3.2)
Disposals of other financial assets		10.5	5.2
Interest and dividends received		0.0	0.0
Net cash flows from investing activities	17.2	**(52.9)**	**(54.4)**
Purchases or sales of treasury stock		(0.1)	(2.1)
Dividends paid to shareholders		(0.1)	(55.0)
Debt issued		0.0	0.0
Debt repaid		(0.4)	(0.5)
Repayment of leasing debt		(117.0)	(114.4)
Interest paid on leasing debt		(16.5)	(11.3)
Other financial working capital requirements		0.0	0.0
Increase in other financial debt		163.7	0.0
Repayment of other financial debt		0.0	0.0
Interest and equivalent payments		(11.3)	(9.2)
Financing of the Comet pension fund	17.3	(0.5)	(2.1)
Net cash flows from financing activities	17.3	**17.8**	**(194.6)**
Net cash flows from discontinued operations	17.4	(5.9)	0.0
Impact of changes in exchange rates		(0.1)	(0.8)
Net change in cash		**(504.3)**	**(831.3)**
Cash and cash equivalents at the beginning of the period	17	**931.7**	**1,181.1**
Cash and cash equivalents at period-end	17	**427.4**	**349.8**

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	Number of shares outstanding (1)	Share capital	Equity-related reserves	Translation reserves	Other reserves and net income	Shareholders' equity		
(€ million)						Group share	Non-controlling interests	Total
At December 31, 2021	**26,761,118**	**26.8**	**971.0**	**(5.7)**	**563.3**	**1,555.4**	**8.2**	**1,563.6**
Total comprehensive income				**0.7**	**9.9**	**10.6**	**1.1**	**11.7**
Capital increase/(decrease)	110,735	0.1	(0.1)			**0.0**		**0.0**
Treasury stock					(2.9)	**(2.9)**		**(2.9)**
Valuation of share-based payments					6.5	**6.5**		**6.5**
Dividends					(53.5)	**(53.5)**	**(1.5)**	**(55.0)**
Change in scope						**0.0**		**0.0**
Other movements						**0.0**		**0.0**
At June 30, 2022	**26,871,853**	**26.9**	**970.9**	**(5.0)**	**523.3**	**1,516.1**	**7.8**	**1,523.9**
Total comprehensive income				**1.1**	**(7.8)**	**(6.7)**	**3.0**	**(3.7)**
Capital increase/(decrease)			0.1			**0.1**		**0.1**
Treasury stock					(0.6)	**(0.6)**		**(0.6)**
Valuation of share-based payments					2.9	**2.9**	**0.1**	**3.0**
Change in scope						**0.0**		**0.0**
Other movements					(0.1)	**(0.1)**		**(0.1)**
At December 31, 2022	**26,871,853**	**26.9**	**971.0**	**(3.9)**	**517.7**	**1,511.7**	**10.9**	**1,522.6**

(1) €1 nominal value of shares.

(€ million)	Number of shares outstanding (1)	Share capital	Equity-related reserves	Translation reserves	Other reserves and net income	Shareholders' equity Group share	Non-controlling interests	Total
At December 31, 2022	**26,871,853**	**26.9**	**971.0**	**(3.9)**	**517.7**	**1,511.7**	**10.9**	**1,522.6**
Total comprehensive income				**(0.8)**	**(134.8)**	**(135.6)**	**1.8**	**(133.8)**
Capital increase/(decrease)		0.3	(0.3)			**0.0**		**0.0**
Treasury stock					(0.1)	**(0.1)**		**(0.1)**
Valuation of share-based payments					4.1	**4.1**		**4.1**
Dividends					(37.9)	**(37.9)**	**(0.1)**	**(38.0)**
Change in scope						**0.0**		**0.0**
Other movements			**(0.1)**		0.1	**0.0**	**0.1**	**0.1**
As at June 30, 2023 (1)	**26,871,853**	**27.2**	**970.6**	**(4.7)**	**349.1**	**1,342.2**	**12.7**	**1,354.9**

(1) €1 nominal value of shares.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 General information

1.1. General information

Fnac Darty, the parent company of the Group, is a French limited company (*société anonyme*) with a Board of Directors. Its registered office is at 9, rue des Bateaux-Lavoirs, ZAC Port d'Ivry, 94200 Ivry-sur-Seine, France. The Company is registered under No. 055 800 296 with the Créteil Trade and Companies Registry. Fnac Darty is subject to all laws governing commercial companies in France, including the provisions of the French Commercial Code. Fnac Darty shares have been listed on Euronext Paris since June 20, 2013 (ISIN code: FR0011476928).

The condensed consolidated financial statements as at June 30, 2023 reflect the financial position of Fnac Darty and its subsidiaries, as well as its interests in associates and joint ventures.

On July 27, 2023, the Board of Directors approved the condensed consolidated financial statements as at June 30, 2023 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 Cameroon, Congo, Ivory Coast, Luxembourg, Qatar, Senegal and Tunisia.

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

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

Note 2 Accounting principles and policies

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, 2023 have been prepared in accordance with international accounting standards as adopted by the European Union on the date these financial statements were established. These standards were mandatory at that date, and are presented with the comparative data for 2022, prepared on the same basis. For the periods presented, the standards and interpretations adopted by the European Union are similar to the mandatory standards and interpretations published by the IASB (International Accounting Standards Board). Therefore, the Group's financial statements have been prepared in compliance with the standards and interpretations as published by the IASB.

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

The consolidated financial statements presented do not take into account any standards and interpretations that, at period-end, were still at the exposure draft stage with the IASB and IFRIC, or standards whose application was not mandatory in 2023.

The Group does not apply any standard or interpretation early.

The condensed consolidated financial statements as at June 30, 2023 have been prepared in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union, which permits the presentation of a selection of explanatory notes.

The notes presented relate to material events and transactions during the period and should be read in conjunction with the consolidated financial statements as at December 31, 2022. 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, 2022.

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, 2022, with the exception of the following items, which are subject to specific valuation methods (note 2.3):

- income tax; and
- employee benefits.

2.2.1 Standards, amendments and interpretations adopted by the European Union but whose application was not mandatory for reporting periods after January 1, 2023

There are no new standards permitting early application that have been adopted by the European Union.

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

- Amendment to IFRS 17 – Insurance Contracts including amendments published on June 25, 2020 and Amendment to IFRS 17 – Initial application of IFRS 17 and IFRS 9 –Comparative information.

Published on May 18, 2017 by the IASB and approved on November 23, 2021 by the European Union, IFRS 17 will replace the current IFRS 4 on insurance contracts, for accounting periods beginning on January 1, 2023. It will introduce significant changes to the rules governing the valuation of insurance liabilities, and will require detailed disclosures on the risks and assumptions underlying technical reserves.

The application of this amendment has no impact on the Group's financial statements as of June 30, 2023.

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

The IASB published this amendment on February 12, 2021, and it was subsequently adopted by the European Union on March 2, 2022.

According to IAS 1.117, "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements."

Furthermore, the amendment specifies that:

Accounting policies relating to transactions, other events or conditions that are not material are therefore immaterial and need not be disclosed. However, accounting policy information may be material in view of the nature of the transaction (event or condition), even if the related amounts are not material.

On the other hand, accounting policy information relating to transactions (events or conditions) that are material may not be material in and of itself.

The application of this amendment has no impact on the Group's financial statements as of June 30, 2023.

- Amendments to IAS 8 – Definition of Accounting Estimates:

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

This amendment aims to:

- Clarify the link between accounting policies and accounting estimates, by explaining that accounting estimates are used for the purpose of applying accounting policies.

- Add a definition of accounting estimates and remove the definition of change in accounting estimate.

Previous definition:

"A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors."

New definition:

"Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty."

The amendments specify that an accounting policy may require financial statement items to be measured in a way that implies measurement uncertainty, i.e., the accounting policy may require these items to be measured at monetary amounts that cannot be readily determined and must instead be estimated. In such cases, an entity develops an accounting estimate in order to achieve the objective set by the accounting policy. The development of accounting estimates involves the use of judgments and assumptions, based on the latest available and reliable information.

The application of this amendment has no impact on the Group's financial statements as of June 30, 2023.

- Amendments to IAS 12 – Deferred Tax Related to Assets and Liabilities arising from a Single Transaction

On May 7, 2021, the IASB published specific amendments to IAS 12 Income Taxes to clarify how entities should account for deferred tax on transactions such as lease agreements and decommissioning obligations. These amendments were adopted by the European Union on August 11, 2022.

Amendments to IAS 12 Income Taxes:

- paragraphs 15 and 24 of the standard define when companies are exempt from recognizing deferred tax liabilities and assets.
- it specifies that if the initial recognition of a transaction affects either the accounting or taxable profit, or gives rise to equal taxable and deductible temporary differences, the entity recognizes any deferred tax liability or asset, and recognizes the resulting deferred tax expense or income in net income.
- it specifies that the exemptions in paragraphs 15 and 24 do not apply to lease agreements, and that an entity recognizes any deferred tax liability or asset arising from the initial recognition of an asset (right-of-use) and liability (lease liability) relating to lease agreements.
- it specifies that the same applies to decommissioning, restoration and similar liabilities, and to the related amounts recognized in the cost of the asset in question.

This amendment will have an impact on the presentation of the notes to the 2023 Universal Registration Document.

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

On May 23, 2023, the IASB also published the final amendments to IAS 12, concerning the Pillar II rules published in December 2021 by the OECD.

The OECD has published a model set of rules ("Global Anti-Base Erosion Rules" or "GloBE"). Multinational companies whose consolidated financial statements show revenue in excess of €750 million for at least two of the last four years must calculate an effective tax rate (ETR) in accordance with the GloBE rules in each of the jurisdictions in which they operate, and are liable to pay a top-up tax if this rate is below the minimum rate of 15%.

The Group falls within the scope of Pillar II rules because it operates in low-tax areas. The Group is currently assessing the potential impact of exposure to Pillar II provisions. At this stage, the Group does not foresee any significant impacts.

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

- Amendment to IAS 1 – Classification of liabilities as current or non-current (including the latest amendments published on October 31, 2022);
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (published by the IASB on September 22, 2022);
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements (published by the IASB on May 25, 2023).

2.3. Special features of the preparation of interim financial statements

2.3.1. Income tax

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

2.3.2. Employee benefits

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

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

2.3.3. Seasonality of activities

Revenue from ordinary activities, operating income and all operating indicators (including working capital requirement) are characterized by a high seasonality linked to a high level of activity in the last quarter of the calendar year. Consequently, the interim results as at June 30, 2023 are not necessarily representative of those that can be expected for the full period ending December 31, 2023.

2.4. Use of estimates and assumptions

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

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

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

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

Estimates		**Nature of the estimate**
Notes 2.8, 18 and 28.2 of the 2022 Universal Registration Document and notes 11 and 15 of this document	Lease agreements	Assumption regarding the lease term used: To determine the lease period to be taken into account for each contract, a double approach has been adopted: ▪ Contractual, based on analysis of the contracts: ○ For stores considered as strategic or standard, the lease term corresponds to the contractual maturity of the lease, plus any renewal options available solely to the lessee; and ○ For stores considered non-strategic, the end date of the contract corresponds to the first possible exit option, with a minimum period of twelve months. ▪ Economic, based on the categorization of the underlying assets leased, depending on criteria relating to location, performance and commercial interest and in keeping with the depreciation periods for non-transferable fixed assets. In practice: The economic approach recommended by the IFRS IC applies to all leases and, for each lease, results in: ▪ Either maintaining the contractual maturity of the lease, since it reflects the reasonably assured remaining lease term; or ▪ Or extending the residual term if it is deemed too short in view of the reasonably assured lease period according to the economic approach. Assumption regarding discount rates: a rate schedule by maturity has been drawn up for each country. The discount rates are calculated using a Midswap index, by currency and by maturity, to which is added a spread (spread applied to the most recent Group borrowings + country risk premium + subsidiary rating). The maturity of the rate used depends on the duration of each lease agreement, which in turn depends on the payment profile. The maturity of the rates depends on the residual term of the contract up to its expiration, as from the date of the event.
Notes 2.9 and 22 of the 2022 Universal Registration Document	Inventories	Inventory run-down forecasts for impairment calculations.
Notes 2.10 and 19 of the 2022 Universal Registration Document	Impairment tests on non-financial assets	Level of cash-generating unit combination for impairment test. Main assumptions used for the construction of value-in-use (discount rates, growth rates in perpetuity, anticipated cash flow). Assessment of the economic and financial context of the countries in which the Group operates.
Note 2.11.3 of the 2022 Universal Registration Document	Fair value of hedging derivatives	Fnac Darty measures the fair value of derivatives using the valuations provided by financial institutions.
Note 20 of the 2022 Universal Registration Document	Non-current financial assets	Estimation of their realizable value, either according to calculation formulas based on market data or on the basis of private quotations.
Notes 2.13 and 12 of the 2022 Universal Registration Document and note 8 of this document	Tax	Assumptions used to recognize deferred tax assets related to tax loss carry-forwards and timing differences, as well as assumptions on deferred tax rates.
Notes 2.15 and 27 of the 2022 Universal Registration Document	Provisions	Underlying assumptions for assessing the legal position and risk valuation.
Notes 2.16 and 26 of the 2022 Universal Registration Document	Employee benefits and similar payments	Discount rate and salary increase rate. The wage growth rate is based on historical observation and is in line with the Euro zone's long-term inflation targets.
Notes 2.18 and 5 of the 2022 Universal Registration Document	Income from ordinary activities	Spread of revenue related to sales of loyalty cards and sales of warranty extensions over the term for which services are rendered reflecting the schedule of benefits offered.

		Recognition of income from ordinary activities in gross sales or as commission depending on whether the Group is acting as principal or agent. The main indicators for assessing the agent/principal classification are: • Primary responsibility for performance of the agreement; • Exposure to inventory risk; • Determination of the selling price.
Note 2.19 of the 2022 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 primarily based on total annual purchases, quantities of items purchased or other contract conditions, such as thresholds reached or growth in purchasing volumes for discounts and the performance of services rendered to suppliers for commercial cooperation.
Note 7 of the 2022 Universal Registration Document	Performance-based compensation plans	Assumptions used to measure the fair value of allotted instruments (expected volatility, dividend yield, discount rate, expected turnover of beneficiaries), estimated achievement of future performance conditions.
Note 31 of the 2022 Universal Registration Document and note 17.4 of this document	Non-current assets held for sale and discontinued operations	Assets held for sale are valued and recognized at the lower of their net book value and fair value minus cost of disposal.

Note 3 Key highlights

Return to shareholders

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

As a consequence of the distribution to Fnac Darty shareholders of a dividend of €1.40 per share paid on July 6, 2023, the conversion/exchange ratio was increased from 1.070 Fnac Darty shares per OCEANE bond to 1.115 Fnac Darty shares per OCEANE bond, as from July 6, 2023.

Financing

In March 2023, Fnac Darty exercised the last extension option of its revolving credit facility from March 2027 to March 2028. This option was subscribed at 98.5% of banking commitments. The Group therefore has access to a revolving credit facility of €500 million until March 2027 and then €492.5 million until March 2028.

Proceedings

A number of players in the domestic appliance manufacturing and distribution sector received a notification of grievances from the investigation department of the French Competition Authority (ADLC), in which a number of suppliers were accused, among other things, of having taken part in a vertical agreement with some of their distributors. Only one of the ADLC's grievances concerned Darty, and extended over a limited period ended in December 2014, i.e., almost 10 years ago, predating Fnac's acquisition of Darty in 2016. Moreover, the grievance only concerned a limited number of well-identified product categories. Fnac Darty decided not to challenge the only grievance of which it had been notified, and to instead opt for the settlement procedure provided for in Article L. 464-2 of the French Commercial Code, in order to promptly end the complex proceedings and be able to devote all its resources to the operational implementation of its strategic plan Everyday.
Darty's decision to do so does not constitute either an admission or an acknowledgment of responsibility on its part.
The exact amount of the penalty likely to be imposed on Darty will only be known at the end of the procedure, which is theoretically expected to take place in early 2024. In anticipation of the French Competition Authority's decision to be handed down at that time, in the second quarter of 2023 the Group set aside a provision of €85.0 million.

Acquisition of MediaMarkt in Portugal

In the first half of 2023, Fnac Darty signed an agreement with MediaMarktSaturn, a subsidiary of Ceconomy, to acquire 100% of its Portuguese operations. MediaMarkt Portugal is a renowned and profitable electronics retailer, operating 10 stores and an online store, and employing around 450 people across the country. It offers an extensive range of domestic appliances and consumer electronics, with a wide range of SKUs and a highly regarded service offering. In the 2021-2022 reporting period, MediaMarkt Portugal recorded revenue of around €140.0 million. After 25 years of successful development in Portugal, Fnac Darty currently has around 1,700 employees and operates a network of 35 stores in Portugal, as well as 6 PC Clinic centers, 1 Nature et Découvertes and the Fnac.pt website, and at end-2022 had revenue of around €370.0 million. The brand benefits from broad geographic coverage and excellent consumer awareness. With this proposed acquisition, which is already accretive before synergies, the Group will be able to strengthen its number 2 position in Portugal, and seize the opportunity to achieve faster growth across its core businesses, diversify and develop in the large and small domestic appliance categories, improve its services and increase its overall efficiency.

Financial ratings

Lastly, the Group's ratings by the main agencies (Standard & Poor's BB+ negative outlook, Scope Ratings and Moody's BBB and Ba2 ratings respectively, stable outlook) reflect their confidence in the relevance of the Group's omnichannel model, its operating performance, and its financial discipline.

Note 4 Operating segments

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

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

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

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

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

The operating segments break down as follows:

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

The new operating segments reflect the Group’s structure.

Information per operating segment

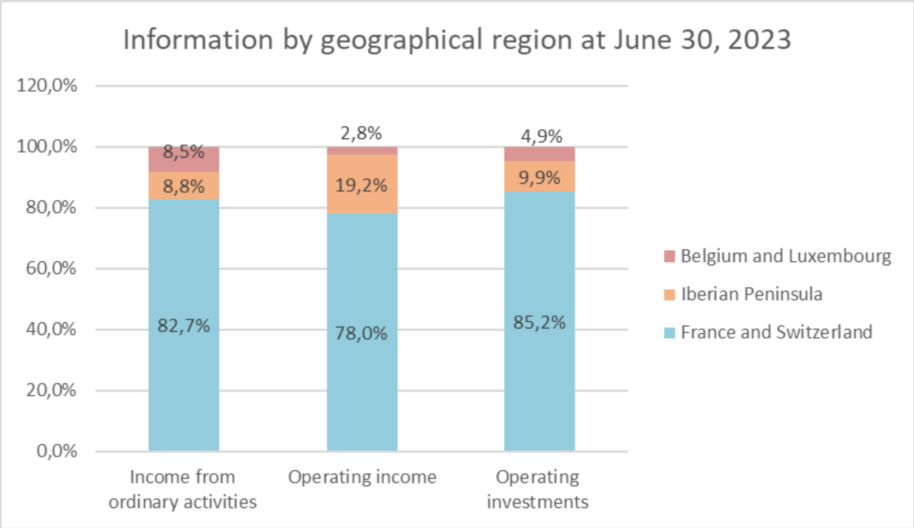
(€ million)	France and Switzerland	Iberian Peninsula	Belgium and Luxembourg	Total
June 30, 2023				
Income from ordinary activities	**2,766.2**	**292.3**	**285.6**	**3,344.1**
- Consumer electronics	1,242.4	159.4	142.4	**1,544.2**
- Domestic appliances	624.0	0.0	93.6	**717.6**
- Editorial products	477.4	91.5	27.1	**596.0**
- Other products and services	422.4	41.4	22.5	**486.3**
Current operating income	**(27.7)**	**(6.8)**	**(1.0)**	**(35.5)**
Operating investments and divestments	**38.0**	**4.4**	**2.2**	**44.6**

(€ million)	France and Switzerland	Iberian Peninsula	Belgium and Luxembourg	Total
June 30, 2022				
Income from ordinary activities	**2,843.7**	**305.5**	**279.1**	**3,428.3**
- Consumer electronics	1,328.9	177.0	142.5	**1,648.4**
- Domestic appliances	660.1	0.0	94.4	**754.5**
- Editorial products	431.4	88.8	22.0	**542.2**
- Other products and services	423.3	39.7	20.2	**483.2**
Current operating income	**16.7**	**(1.9)**	**3.8**	**18.6**
Operating investments and divestments	**51.7**	**3.0**	**2.2**	**56.9**

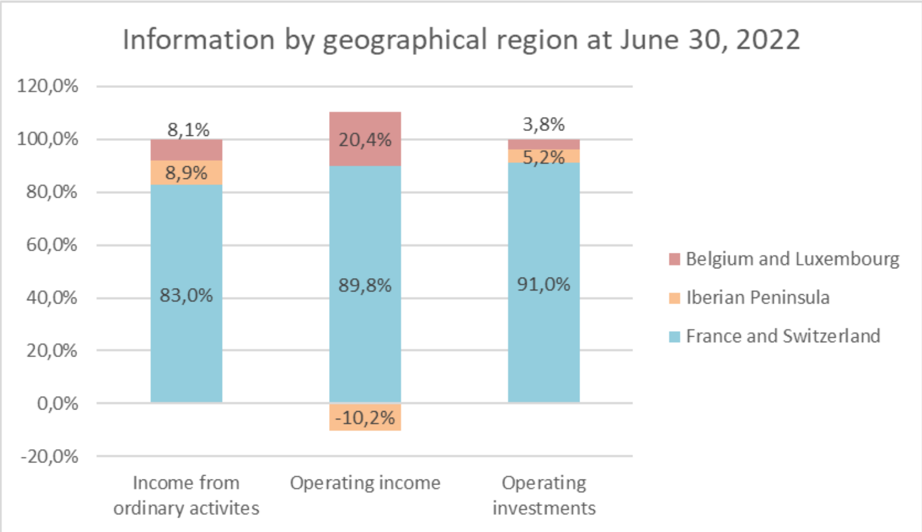
(€ million)	France and Switzerland	Iberian Peninsula	Belgium and Luxembourg	Total
December 31, 2022				
Income from ordinary activities	**6,613.3**	**719.6**	**616.5**	**7,949.4**
- Consumer electronics	3,104.2	410.3	315.5	**3,830.0**
- Domestic appliances	1,438.8	0.0	199.8	**1,638.6**
- Editorial products	1,075.4	213.0	55.6	**1,344.0**
- Other products and services	994.9	96.3	45.6	**1,136.8**
Current operating income	**202.6**	**16.9**	**11.1**	**230.6**
Operating investments and divestments	**116.1**	**10.1**	**5.2**	**131.4**

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

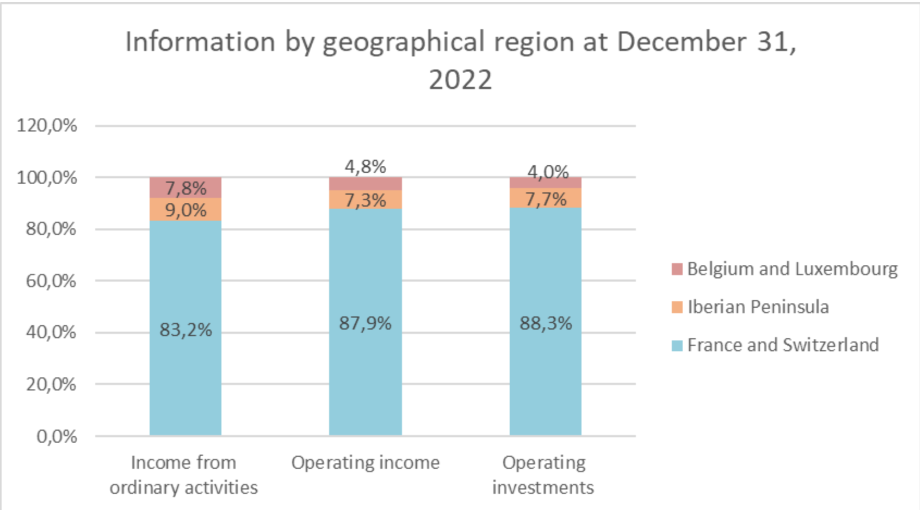
In the first half of 2023:



In the first half of 2022:



In 2022:



Note 5 Personnel expenses

In the first half of 2023, personnel expenses rose by +€1.8 million compared to the first half of 2022, to €575.5 million. This increase was mainly due to the impact of the mandatory annual negotiation (*Négociation Annuelle Obligatoire* – NAO) in the first half of 2023, partially offset by lower expenses for performance-based compensation plans.

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

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

Based on the assumptions detailed in the 2022 annual financial statements, the IFRS 2 expense totaled €1.1 million for the first half of 2023, compared with €6.6 million for the first half of 2022.

Note 6 Other non-current operating income and expenses

(€ million)	**June 30, 2023**	**June 30, 2022**
French Competition Authority fine provision	(85.0)	0.0
Closing costs of Manor in German-speaking Switzerland	(6.1)	0.0
Restructuring of the real estate portfolio	(2.0)	(7.6)
Other restructuring costs	(3.9)	(3.0)
Other net non-current income and expense	(3.4)	(3.3)
Other non-current operating income and expenses	**(100.4)**	**(13.9)**

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

In the first half of 2023, this item represented a net expense of €100.4 million and included:

- €85.0 million in non-current expenses related to a French Competition Authority fine provision. A number of players in the domestic appliance manufacturing and distribution sector received a notification of grievances from the investigation department of the French Competition Authority (ADLC), in which a number of suppliers were accused, among other things, of having taken part in a vertical agreement with some of their distributors. Only one of the ADLC's grievances concerned Darty, and extended over a limited period ended in December 2014, i.e., almost 10 years ago, predating Fnac's acquisition of Darty in 2016. Moreover, the grievance only concerned a limited number of well-identified product categories. Fnac Darty decided not to challenge the only grievance of which it had been notified, and to instead opt for the settlement procedure under Article L. 464-2 of the French Commercial Code, in order to promptly end the complex proceedings and be able to devote all its resources to the operational implementation of its strategic plan Everyday. Darty's decision to do so does not constitute either an admission or an acknowledgment of responsibility on its part. The exact amount of the penalty likely to be imposed on Darty will only be known at the end of the procedure, which is theoretically expected to take place in early 2024. In anticipation of the French Competition Authority's decision to be handed down at that time, the Group has set aside a provision of €85.0 million;
- €6.1 million in non-current expenses relating to the closing costs of Manor's shop-in-shops in German-speaking Switzerland.
  The brand had entered into a partnership for the roll-out of 27 shop-in-shops within Manor stores, the last of which were opened in the first half of 2022. However, due to the difficult economic climate in Switzerland, particularly in the Manor area, the Group announced plans to restructure the partnership at the end of January 2023, focusing instead on 17 priority points of sales for both brands, mainly in French-speaking Switzerland. Fnac Suisse and Manor are therefore continuing their trade commitment to running shop-in-shops for Fnac cultural, domestic appliance and technology products at Manor. The Swiss market, where Fnac's presence will have tripled in less than three years, with 26 locations by the end of the first half of 2023 (9 integrated stores and 17 shop-in-shops within Manor), remains an important sales region for the Group, and one in which it will continue to invest;
- €2.0 million in non-current expenses related to the restructuring of the real estate portfolio;
- €3.9 million in net non-current restructuring costs for employee and structural adaptation plans in France and abroad; and
- A net expense of €3.4 million resulting from various one-off litigation cases.

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

- €7.6 million in exceptional expenses related to the restructuring of the real estate portfolio,

- €3.0 million in non-current restructuring costs for employee and structural adaptation plans in France and abroad; and
- A net non-current expense of €3.3 million resulting from various one-off litigation cases.

Note 7 (Net) financial expense

Net financial expense is broken down as follows:

(€ million)	**June 30, 2023**	**June 30, 2022**
Costs related to Group debt	(13.1)	(11.9)
Interest on leasing debt	(16.6)	(11.3)
Other financial income and expense	(14.3)	5.3
Net financial expense	**(44.1)**	**(17.9)**

In the first half of 2023, net financial income was composed of a net financial expense of €44.1 million, compared with a net financial expense of €17.9 million in the first half of 2022.

During the first six months of 2023 and 2022, the costs related to Group debt mainly comprised the financial interest for the €650 million bond issue and the €100 million loan from the European Investment Bank, as well as the financial interest and actuarial costs of the OCEANE bonds issued by the Group in March 2021 in the amount of €200 million. These costs also include the deferment of implementation costs for the Group's financial debt.

Following the implementation of the additional undrawn bank credit line, in the form of a Delayed Drawn Term Loan (DDTL) of €300 million, in December 2022, the Group's borrowing costs for the first half of 2023 included the related financial interest.

In the first half of 2023, interest on leasing debt linked to the application of IFRS 16 represented €16.6 million. This expense represented an increase of +€5.3 million compared to the first half of 2022, due to the increase in discount rates between the two periods.

Other financial income and expense mainly includes the cost of consumer credit, the financial impacts associated with post-employment employee benefits and the fair value adjustment of the Group's financial assets. In the first half of 2022, the Group recorded income of €6.6 million from the fair value measurement of shares in the Daphni Purple fund. These shares were sold in June 2023, generating a capital loss of €10.6 million over the first half of 2023 relative to this fair value, against a backdrop of normalizing market valuations. Since first investing in 2016, the Group's investment in the Daphni Purple fund has generated a cumulative capital gain on disposal of €10.4 million.

Note 8 Tax

The tax expense for continuing operations is as follows:

(€ million)	**June 30, 2023**	**June 30, 2022**
Pre-tax income	**(180.0)**	**(13.2)**
Current tax expense excluding corporate value-added tax (CVAE)	33.7	0.3
Current tax expense related to corporate value-added tax (CVAE)	(3.1)	(5.6)
Deferred tax income/(expense)	(12.1)	1.9
Total tax expense	**18.5**	**(3.4)**
Global half-year tax rate	**10%**	**(26%)**

At interim period end, current tax and deferred tax for the first half of the year are calculated on the basis of the estimated effective tax rate for the whole period for each fiscal entity or sub-entity.

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

The half-yearly tax rate in 2023 was heavily impacted by the non-deductible French Competition Authority fine provision of €85.0 million.

The effective total half-year tax rate for the Group is obtained using the expected effective tax rate for 2023 for each tax sub-group. The half-year amount depended on the weighting of the income of each tax sub-group in the Group's half-yearly pre-tax income and was not representative of the expected annual tax rate. The reading of the half-yearly tax rate per tax sub-group is more representative of the expected 2023 annual tax rate:

		of which		
	Group	**France**	**International subsidiaries, taxable in 2023**	**International subsidiaries, tax exempt in 2023**
2023 global half-year tax rate	**10%**	**12%**	**34%**	**1%**
Of which impact of ADLC fine		*(16%)*	*n/a*	*0%*
Of which corporate value-added tax (CVAE)		*(2%)*	*n/a*	*0%*
Recurring effective tax rate excluding one-off items and CVAE		32%	34%	1%

		of which		
	Group	**France**	**International subsidiaries, taxable in 2022**	**International subsidiaries, tax exempt in 2022**
2022 global half-year tax rate	**(26%)**	**(177%)**	**28%**	**12%**
Of which corporate value-added tax (CVAE)		*(297%)*	*n/a*	*0%*
Recurring effective tax rate excluding one-off items and CVAE		30%	28%	12%

Note 9 Earnings per share

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

In the first half of 2023, Fnac Darty held an average of 153,867 treasury stocks as part of the liquidity agreement entered into with Oddo BHF and Natixis.

As at June 30, 2023, the Group held 147,729 treasury stocks.

Diluted net earnings per share take into account the weighted average number of shares defined above, plus the weighted average number of potentially dilutive ordinary shares. Potentially dilutive shares are the shares granted to employees as part of share-based payment transactions settled with equity instruments, as well as the 2,468,221 convertible bonds created by the OCEANE issue in March 2021. The conversion of the OCEANE issued by Fnac Darty will result in the award of a fixed number of shares for a fixed cash amount and the terms and conditions provide for full dividend protection, resulting in a parity adjustment once a dividend is paid. When the dividend was paid in July 2023, the parity was adjusted from 1.070 to 1.115, i.e. 2,752,066 shares.

For the first half of 2023, instruments issued by the Group had a dilutive effect of 3,267,535 shares.

The number of shares that could potentially become diluting during a subsequent year is 459,670.

Earnings per share as at June 30, 2023

(€ million)	Consolidated Group	Group share Continuing operations	Group share Discontinued operations
Net income attributable to ordinary shareholders	**(133.9)**	**(163.3)**	**29.4**
Weighted average number of ordinary shares issued	26,943,614	26,943,614	26,943,614
Weighted average number of treasury stocks held	(153,867)	(153,867)	(153,867)
Weighted average number of ordinary shares	**26,789,748**	**26,789,748**	**26,789,748**
Basic earnings per share (€)	**(5.00)**	**(6.10)**	**1.10**

(€ million)	Consolidated Group	Group share Continuing operations	Group share Discontinued operations
Net income attributable to ordinary shareholders	**(133.9)**	**(163.3)**	**29.4**
Weighted average number of ordinary shares	26,789,748	26,789,748	26,789,748
Convertible and exchangeable instruments	2,752,066	2,752,066	2,752,066
Dilutive ordinary shares	515,468	515,468	515,468
Weighted average number of diluted ordinary shares	**30,057,282**	**30,057,282**	**30,057,282**
Diluted earnings per share (€)	**(4.45)**	**(5.43)**	**0.98**

Earnings per share as at June 30, 2022

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

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

Note 10 Other comprehensive income items

Other items of comprehensive income mainly comprise:

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

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

	At June 30, 2023	At December 31, 2022
Discount rate		
- France	3.75%	3.80%
- Switzerland	2.25%	2.25%
- Belgium	3.95%	3.95%
- United Kingdom	5.20%	4.80%

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

June 30, 2023

(€ million)	**Net**
Translation difference	(0.8)
Fair value of hedging instruments	(0.1)
Items that may be reclassified subsequently to profit or loss	**(0.9)**
Revaluation of net liabilities for defined benefit plans	(0.8)
Items that may not be reclassified subsequently to profit or loss	**(0.8)**
Other items of comprehensive income, after tax as at June 30, 2023	**(1.7)**

June 30, 2022

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

Note 11 Rights of use

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

(€ million)	Stores	Offices	Platforms	Other	Total
Net value as at December 31, 2022	**901.5**	**76.5**	**67.8**	**69.4**	**1,115.2**
Increase (inflows and revaluation of assets)	49.9	1.1	2.3	12.0	65.3
Decrease (amortization, depreciation, terminations)	(116.7)	(7.0)	(7.5)	(18.4)	(149.6)
Other changes	4.1	0.0	0.0	0.0	4.1
Net value as at June 30, 2023	**838.8**	**70.6**	**62.6**	**63.0**	**1,035.0**

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

Note 12 Shareholders' equity

(€ million)	At June 30, 2023	At December 31, 2022
Shareholders' equity, Group share	1,342.2	1,511.7
Shareholders' equity – Share attributable to non-controlling interests	12.7	10.9
Shareholders' equity	**1,354.9**	**1,522.6**

As at June 30, 2023, Fnac Darty's consolidated shareholders' equity was down -€150.7 million compared with the end of the previous period.

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

The proportion of shareholders' equity attributable to the Group decreased by -€152.5 million. This net decrease was mainly due to the payment of €37.9 million in dividends in the first half of 2023 for fiscal year 2022, as well as -€133.9 million in net income, Group share in the first half of 2022. The net decrease was offset by translation differences of €16.3 million reported under "Other comprehensive income items."

The proportion of shareholders' equity attributable to non-controlling interests increased by +€1.8 million to €12.7 million. This decrease was due mainly to the proportion of non-controlling interests in net income of +€1.8 million, as well as a -€0.1 million decrease in dividends due to minority shareholders.

Note 13 Cash and cash equivalents

Cash and cash equivalents break down as follows:

(€ million)	At June 30, 2023	At December 31, 2022
Cash	427.4	931.7
Cash equivalents	0.0	0.0
Cash and cash equivalents	**427.4**	**931.7**

As at June 30, 2023, cash included €2.8 million allocated as part of the establishment of the liquidity agreement. This agreement is designed to promote transaction liquidity and consistency in the Fnac Darty share price.

The items recognized by the Group as "Cash and cash equivalents" meet the criteria set out in the response by the French accounting standards authority (Autorité des normes comptables – ANC) to the French Markets Authority (Autorité des marchés financiers – AMF) on November 27, 2018 regarding the accounting treatment of money market funds approved under the MMF Regulation. In particular, investments are regularly reviewed in compliance with the Group procedures and in strict compliance with the qualification criteria defined under IAS 7 and the ANC response. As at June 30, 2023, these analyses had not led to any changes in the accounting classification previously used.

Note 14 Financial debt

(€ million)	At June 30, 2023	N+1	N+2	N+3	N+4	N+5	Beyond	At December 31, 2022
Long-term borrowings and financial debt	**918.8**	**0.0**	**316.6**	**16.6**	**366.6**	**202.4**	**16.6**	**917.3**
2026 bond	350.0				350.0			350.0
2024 bond	300.0		300.0					300.0
Financial debt component of OCEANE bonds	185.8					185.8		184.0
European Investment Bank loan	83.0		16.6	16.6	16.6	16.6	16.6	83.3
Short-term borrowings and financial debt	**182.9**	**182.9**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**19.5**
Negotiable debt instruments	163.0	163.0						0.0
European Investment Bank loan	17.0	17.0						16.7
Capitalized interest on borrowings	2.5	2.5						1.3
Other financial debt	0.4	0.4						1.5
Total financial debt excluding IFRS 16	**1,101.7**	**182.9**	**316.6**	**16.6**	**366.6**	**202.4**	**16.6**	**936.8**
%		16.6%	28.7%	1.5%	33.3%	18.4%	1.5%	
Leasing debt IFRS 16	**1,064.8**	**238.3**	**228.2**	**192.7**	**107.4**	**80.5**	**217.7**	**1,140.5**
Long-term leasing debt IFRS 16	826.5		228.2	192.7	107.4	80.5	217.7	896.9
Short-term leasing debt IFRS 16	238.3	238.3						243.6
Total financial debt with IFRS 16	**2,166.5**	**421.2**	**544.8**	**209.3**	**474.0**	**282.9**	**234.3**	**2,077.3**

As at June 30, 2023, gross financial debt mainly comprises:

- the bonds maturing in 2024 for €300.0 million and in 2026 for €350.0 million;
- the debt component of the OCEANE bonds that can be converted and/or exchanged for new and/or existing shares amounting to €185.8 million at June 30, 2023;
- negotiable debt issued for €163.0 million;
- borrowing from the European Investment Bank amounting to €100 million.

Compared with December 31, 2022, net financial debt increased by +€164.9 million excluding leasing debt linked to IFRS 16, and by +€89.2 million with leasing debt. The increase in financial debt stemmed mainly from the subscription of negotiable debt issued for €163.0 million.

Details of leasing debt are provided in note 15.

Note 15 Leasing debt

Leasing debt is broken down as follows:

(€ million)	At December 31, 2022	New agreements and revaluations	Devaluations	Redemptions	Change in foreign exchange rates	Reclassification	Other changes	Liabilities held for sale	At June 30, 2023
Leasing debt with a maturity of less than one year	243.6	9.2	(14.2)	(117.0)	0.0	117.2	(0.5)		238.3
Leasing debt with a maturity of more than one year	896.9	63.1	(14.6)		0.1	(117.2)	(1.8)		826.5
Leasing debt	**1,140.5**	**72.3**	**(28.8)**	**(117.0)**	**0.1**	**0.0**	**(2.3)**	**0.0**	**1,064.8**

The payment schedule for leasing debt is as follows:

(€ million)	At June 30, 2023
N+1	238.3
N+2	228.2
N+3	192.7
N+4	107.4
N+5	80.5
More than 5 years	217.7
Total	**1,064.8**

<u>Exemptions, relief and other information relating to IFRS 16</u>

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

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

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

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

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

(€ million)	June 30, 2023	June 30, 2022
Variable rental expenses	3.0	2.8
Expenses on low-value contracts	0.4	0.4
Expenses on short-term contracts	0.2	0.3
Sub-lease income	0.8	0.5

(€ million)	At June 30, 2023	At December 31, 2022
Rental commitment on short-term contracts	0.2	0.1
Leasehold rights reclassified as rights of use	37.4	37.9

Note 16 Net financial debt

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

(€ million)	At June 30, 2023	At December 31, 2022
Cash and cash equivalents	(427.4)	(931.7)
Gross financial debt	1,101.7	936.8
Net financial debt excluding IFRS 16	**674.3**	**5.1**
Leasing debt	1,064.8	1,140.5
Net financial debt with IFRS 16	**1,739.1**	**1,145.6**

Compared with December 31, 2022, net financial debt increased by +€669.2 million excluding leasing debt linked to IFRS 16, and by +€593.5 million with leasing debt. In the first half of 2023, the increase in financial debt was mainly due to net cash-flow from operating activities and cash-flow from repayment of leasing debt.

Note 17 Cash flow statement

Net cash from bank overdrafts stood at €427.4 million as at June 30, 2023 and corresponded to the amount of cash and cash equivalents presented below:

(€ million)	**At June 30, 2023**	**At December 31, 2022**
Cash and cash equivalents in the balance sheet	427.4	931.7
Bank overdrafts	0.0	0.0
Cash and cash equivalents in the cash flow statement	**427.4**	**931.7**

The change in the Group's cash position was -€504.3 million, broken down as follows:

(€ million)	**June 30, 2023**	**June 30, 2022**
Net cash flows from operating activities	(463.2)	(581.5)
Net cash flows from investing activities	(52.9)	(54.4)
Net cash flows from financing activities	17.8	(194.6)
Net cash flows from discontinued operations	(5.9)	0.0
Impact of changes in foreign exchange rates	(0.1)	(0.8)
Net change in cash	**(504.3)**	**(831.3)**

17.1. Net cash flows from operating activities

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

(€ million)	**June 30, 2023**	**June 30, 2022**
Cash flow before tax, dividends and interest	131.0	194.6
Change in working capital requirement	(630.4)	(736.2)
Income tax paid	36.2	(39.9)
Net cash flows from operating activities	**(463.2)**	**(581.5)**

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

(€ million)	**June 30, 2023**	**June 30, 2022**
Net income from continuing operations	**(161.5)**	**(16.6)**
Additions and reversals on non-current assets and provisions for contingencies and expenses	267.7	187.2
Current proceeds from the disposal of operating assets	(1.6)	1.5
Non-current proceeds from the disposal of operating assets	4.5	1.3
Non-current proceeds from the disposal of financial assets	0.0	(0.3)
Deferred tax income and expense	12.1	(1.9)
Discounting of provisions for pensions & other similar benefits	(0.5)	3.7
Financial additions and reversals on non-current financial assets	21.4	(7.3)
Cash flow	**142.1**	**167.6**
Financial interest income and expense	19.5	21.7
Dividends received	0.0	0.0
Net tax expense payable	(30.6)	5.3
Cash flow before tax, dividends and interest	**131.0**	**194.6**

Additions and reversals on non-current assets and provisions for contingencies and expenses include the depreciation of the right-of-use asset pursuant to the application of IFRS 16.

17.2. Net cash flows from investing activities

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

Operating and financial investments made by the Group in the first half of 2023 represent a net expense of €52.9 million. In the first half of 2022, this item represented a net expense of €54.4 million.

(€ million)	**June 30, 2023**	**June 30, 2022**
Net operating investments	(63.1)	(56.4)
Net financial investments	10.2	2.0
Cash flows from investing activities	**(52.9)**	**(54.4)**

The Group's net cash flows from investing activities in the first half of 2023 amounted to €52.9 million, the bulk of which comprised acquisitions of intangible assets and property, plant and equipment for the purposes of opening new points of sale, renovating existing points of sale, expanding logistical storage and delivery capabilities, pushing forward with the convergence of the Fnac and Darty IT systems and developing websites.

Net cash flow from the Group's operating investments in the first half of 2023 was a net expense of €63.1 million, up +€6.7 million from the first half of 2022. In the first half of 2023, changes in payables and disposals relating to non-current assets were linked to the restructuring of the Group's real estate portfolio.

(€ million)	**June 30, 2023**	**June 30, 2022**
Acquisitions of intangible assets, property, plant and equipment	(60.2)	(57.2)
Change in payables on intangible assets, property, plant and equipment	(18.5)	0.5
Total asset acquisitions	**(78.7)**	**(56.7)**
Disposals of intangible assets, property, plant and equipment	15.6	0.3
Total asset acquisitions and disposals	**(63.1)**	**(56.4)**

In the first half of 2023, the Group's net financial investments represented receipts of €10.2 million, compared with receipts of €2.0 million in the first half of 2022.

(€ million)	**June 30, 2023**	**June 30, 2022**
Acquisition of other financial assets	(0.3)	(3.2)
Disposals of other financial assets	10.5	5.2
(Net) financial investments	**10.2**	**2.0**

In the first half of 2023, acquisitions of other financial assets amounting to -€0.3 million corresponded to:

- A disbursement of €0.5 million relating to a call for funds from the Raise investment fund;
- A net receipt of €0.2 million corresponding to financial movements in lessors' guarantee deposits.

In the first half of 2023, disposals of other financial assets amounting to €10.5 million corresponded to:

- A €10.5 million receipt from the disposal of the Group's stake in the Daphni Purple investment fund, primarily.

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

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

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

- €4.2 million in receipts corresponding to the nominal value repayment of the shares held in the Daphni Purple fund in the amount of €4.6 million, partially offset by an additional call for funds of €0.4 million;
- €1.0 million in receipts corresponding to the disposal of Fnac Darty's entire stake in Izneo (i.e. 50% of the capital).

17.3. Net cash flows from financing activities

Financing activities are activities that result in changes to the size and composition of the entity's contributions to equity and borrowings.

(€ million)	**June 30, 2023**	**June 30, 2022**
Purchases or sales of treasury stock	(0.1)	(2.1)
Dividends paid to shareholders	(0.1)	(55.0)
Debt repaid	(0.4)	(0.5)
Repayment of leasing debt	(117.0)	(114.4)
Interest paid on leasing debt	(16.5)	(11.3)
Increase in other financial debt	163.7	0.0
Interest and equivalent payments	(11.3)	(9.2)
Financing of the Comet pension fund	(0.5)	(2.1)
Net cash flows from financing activities	**17.8**	**(194.6)**

In the first half of 2023 and 2022, net disbursements for purchases and sales of treasury stock represented cash flows generated under the liquidity agreement entered into with Oddo BHF. As at June 30, 2023, the Group held 147,729 treasury stocks, compared with 136,264 treasury stocks as at June 30, 2022.

Dividends paid to shareholders in the first half of 2023 amounting to €0.1 million represented dividends paid by Group subsidiaries to minority shareholders. Moreover, in 2023, Fnac Darty followed its policy of providing a return to shareholders. An ordinary dividend of €1.40 gross per share for 2022, representing a total amount of €37.9 million, was allocated in the first half of 2023. The Combined General Meeting held on May 24, 2023 approved a dividend of €1.40 gross per share, and decided to offer shareholders the option of being paid in cash or in new shares. The dividend was paid on 6 July 2023 in cash (€21.2 million) and in shares (535,616 new shares).

In the first half of 2022, dividends paid amounted to €55.0 million, of which €53.5 million represented dividends paid by Fnac Darty to its shareholders, and €1.5 million dividends paid by the Group's subsidiaries to minority shareholders.

In the first half of 2023 and 2022, redemptions of borrowings mainly concerned repayments of Nature et Découverte's medium-term debt.

In the first half of 2023 and 2022, repayments of leasing debt and interest paid on leasing debt corresponded to rent payments falling within the scope of application of IFRS 16.

In the first half of 2023, the €163.7 million increase in other financial debt corresponded to the subscription of short-term negotiable debt issued for €163.0 million, and the capitalization of interest on borrowings totaling €0.7 million.

In the first half of 2023 and 2022, disbursements for interest and equivalent payments mainly included the disbursement of interest for financing instruments and utilization and non-utilization fees for credit facilities.

In the first half of 2023 and 2022, financing of the Comet pension fund included management fees for the British Comet pension fund related to pension commitments for former Comet employees in the United Kingdom.

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

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

(€ million)	June 30, 2023	June 30, 2022
Income from ordinary activities	**0.0**	**0.0**
Cost of sales	0.0	0.0
Gross margin	**0.0**	**0.0**
Personnel expenses	0.0	0.0
Other current operating income and expense	0.0	0.0
Current operating income	**0.0**	**0.0**
Other non-current operating income and expenses	(4.3)	(0.2)
Operating income	**(4.3)**	**(0.2)**
(Net) financial expense	0.0	0.0
Pre-tax income	**(4.3)**	**(0.2)**
Income tax	33.7	0.0
Net income	**29.4**	**(0.2)**

In the first half of 2023, net income from discontinued operations stood at €29.4 million, compared to -€0.2 million in the first half of 2022. Income for the first half of 2023 was mainly due to the recognition of tax income of €32.6 million, following the French tax authorities' acceptance of the tax deductibility of the penalty, as well as the interest and costs related to the Comet litigation, on April 27, 2023. Following the ruling handed down in the Comet litigation, the Group was ordered to pay a total of £111.9 million in December 2022 (including £89.6 million in penalties and £22.3 million in interest and legal costs), representing a total of €126.3 million.

In addition, in the first half of 2023, costs relating to the Comet litigation were recognized in net income from discontinued operations in the amount of -€3.1 million net of tax.

(€ million)	June 30, 2023	June 30, 2022
Net cash flows from operating activities	(5.9)	0.0
Net cash flows from investing activities	0.0	0.0
Net cash flows from financing activities	0.0	0.0
Net cash flows from discontinued operations	**(5.9)**	**0.0**
Reclassification of cash from discontinued operations to assets held for sale	0.0	0.0
Net cash flows from discontinued operations	**(5.9)**	**0.0**

In the first-half of 2023, net cash flows from discontinued operations of €5.9 million related to attorneys' fees and litigation costs in connection with the legal proceedings concerning the disposal of Comet Group Limited in 2012.

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

Contingent liabilities, unrecognized contractual commitments and contingent risks as at December 31, 2022 are set out in section 5, note 32 of the 2022 Universal Registration Document.

Compared to 2022, there is no material change in the commitments given or received in terms of contractual obligations, pledges or charges on real estate.

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

Claim brought by the liquidator of Comet Group Limited against Darty Holdings SAS

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

A preliminary question to the continuation of the main proceedings was raised in 2020 concerning the applicability to the case of Section 239 of the Insolvency Act 1986, a prerequisite for the admissibility of the dispute. At the end of the proceedings relating to this preliminary matter, appealed before the High Court in March 2021, an order of April 23, 2021, concluded that the conditions of Section 239 of the Insolvency Act 1986 are applicable in this case.

Following a ruling handed down on November 17, 2022, the High Court ordered Darty Holdings SAS to reimburse the liquidator a total of £111.9 million (€126.3 million), which included interest accrued prior to the ruling, and the reimbursement of a portion of the costs incurred by the liquidator. The judge ruled that the relevant amount must be paid to the Court pending appeal, with post-ruling interest at the rate of 8% (but noted that the parties could reach an agreement on this point). In return for tying up this sum, Darty Holding SAS will receive interest at a rate of 3.375% to June 30, 2023. In addition, the judge granted Darty Holdings SAS permission to lodge an appeal against the ruling on a number of the grounds presented.

By order dated March 21, 2023, the judge ordered that part of this sum, amounting to £36.3 million, be paid to the liquidator.

The appeal hearing will start on September 26, 2023.

Complaints about the Fnac Connect format

In 2016, Fnac Darty launched a franchise format called Fnac Connect, which focuses on the sale of telephony and mobile products in smaller stores. Since 2019 and the Covid crisis, complaints have been received from franchisees about this format. The Group is seeking amicable solutions with the five franchise groups that opened the fifteen stores of this type either to abandon or to adapt the Fnac Connect concept. To this end, negotiations are underway with these various partners. Lastly, a legal dispute with a franchisee group is still ongoing.

Summonses served by some of the franchisees who belong to the Fnac Darty Franchisees Group

In July 2020, Fnac Darty was served with two summonses to appear before the Commercial Court of Paris by some of the franchisees who belong to the Fnac Darty Franchisees Group.

The first dispute, for around €2.2 million, mainly concerns the processing of online Click&Collect sales at franchised stores, an issue that many franchise networks are facing in view of the growth in online sales across all sectors. The Group and Darty brought this case before the arbitrator of the Paris Commercial Court and, following several arbitration meetings, an agreement was reached under which Darty will pay each franchisee a credit note representing a total value of €300,000 for the whole of the dispute, relating to deferred rates of earnings. This agreement was ratified in a protocol approved by the judge on June 21, 2021.

The second dispute, for around €12.8 million, is based on allegations that seek to have Fnac Darty cover the impact of the closure of Darty franchised stores during the lockdown period. Fnac Darty firmly disputes the merits of this claim. The dispute was discussed in arbitration before the Paris Commercial Court but the parties did not reach an agreement, and proceedings remain pending. The parties exchanged several sets of findings, and speeches for the defense were scheduled for January 16, 2023 before the Paris Commercial Court. The Paris Commercial Court dismissed all the plaintiffs' claims in their entirety. The Fnac Darty Franchisee Group has not appealed against this judgment. Since the Darty franchisees had not been served with the judgment, the time limit for appeal did not apply to them.

Grievance lodged by the French Competition Authority

At the end of February 2023, a number of players in the domestic appliance manufacturing and distribution sector (including Darty) received a notification of grievances from the investigation department of the French Competition Authority (ADLC), in which a number of suppliers were accused, among other things, of having taken part in a vertical agreement with some of their distributors.

Of all the complaints lodged by the ADLC, only one concerned Darty. This grievance covers a limited period ended in December 2014, prior to Fnac's acquisition of Darty in 2016. Moreover, the grievance only concerned a limited number of well-identified product categories.

On June 28, 2023, Fnac Darty decided not to challenge the only grievance of which it had been notified, and to instead opt for the settlement procedure provided for in Article L. 464-2 of the French Commercial Code, in order to promptly end the complex proceedings and be able to devote all its resources to the operational implementation of its strategic plan Everyday.

Darty's decision to do so does not constitute either an admission or an acknowledgment of responsibility on its part.

The exact amount of the penalty likely to be imposed on Darty will only be known at the end of the procedure, which is theoretically expected to take place in early 2024. In anticipation of the French Competition Authority's decision to be handed down at that time, the Group has set aside a provision of €85.0 million.

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

The Group is not aware of any litigation involving material risks likely to affect its net assets, income or financial position for which an estimated provision had to be recorded at period-end.

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

The main risks and uncertainties for the remaining six months of the financial year are the same as those outlined for the financial year as a whole, which are detailed in Chapter 6 – Risk factors and management – of the Universal Registration Document filed with the French Markets Authority (www.amf-france.org and www.fnacdarty.com). Other risks of which Fnac Darty is currently unaware could have a negative impact on its business and results.

Note 19 Related parties

As at June 30, 2023, VESA Equity Investments held 25.0% of the share capital and 25.0% of the voting rights in Fnac Darty. There were no transactions between any Fnac Darty consolidated companies and VESA Equity Investments.

As of June 30, 2023, the Ceconomy Retail International group held 23.9% of the share capital and 23.9% of the voting rights of Fnac Darty. During the first half of 2023, there were no transactions between Fnac Darty consolidated companies and the Ceconomy Retail International group.

As of June 30, 2023, Indexia Développement, formerly SFAM Group, held 11.1% of the share capital and 11.1% of the voting rights of Fnac Darty and did not have a representative on the Fnac Darty Board of Directors. Therefore, Indexia Développement is not a related party.

As of December 31, 2022, the Ceconomy Retail International group held 24.0% of the share capital and 24.0% of the voting rights of Fnac Darty. In 2022, there were no transactions between Fnac Darty consolidated companies and the Ceconomy Retail International group.

As of December 31, 2022, the VESA Equity Investments company held 23.0% of the share capital and 23.0% of the voting rights in Fnac Darty. There were no transactions between any Fnac Darty consolidated companies and VESA Equity Investments.

As of December 31, 2022, Indexia Développement, formerly SFAM Group, held 11.3% of the share capital and 11.3% of the voting rights of Fnac Darty and did not have a representative on the Fnac Darty Board of Directors. Therefore, Indexia Développement was not a related party.

Note 20 Events occurring after the close of the period

The Combined General Meeting held on May 24, 2023 approved a dividend of €1.40 gross per share, and decided to offer shareholders the option of being paid in cash or in new shares. The dividend was paid on July 6, 2023 both in cash, in the amount of €21.2 million, and in shares, with the issue of 535,616 new shares.

4 STATUTORY AUDITORS' REPORT ON THE INTERIM FINANCIAL INFORMATION

KPMG SA
2 Avenue Gambetta
92066 Paris La Défense Cedex

Deloitte & Associés
6 Place de la Pyramide
92908 Paris-La Défense Cedex

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Fnac Darty S.A.

9, rue des Bateaux-Lavoirs 94200 Ivry sur Seine

Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from January 1st to June 30th, 2023

To the Shareholders,

In compliance with the assignment entrusted to us by general meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Fnac Darty S.A., for the period from January 1st to June 30th, 2023,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

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

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris La Défense, on the 27 juillet 2023

KPMG S.A.

Caroline Bruno Diaz
Partner

Paris La Défense, on the 27 juillet 2023

Deloitte & Associés

Guillaume Crunelle
Partner

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

STATEMENT BY THE PERSON RESPONSIBLE FOR THE 2023 HALF-YEAR FINANCIAL REPORT

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

Ivry-sur-Seine, July 27, 2023

Enrique Martinez

Chief Executive Officer

FNAC DARTY

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94200 Ivry-sur-Seine

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Fnac Darty

A French joint stock company *(société anonyme)*
with capital of €27,242,962

Créteil Trade Register 055 800 296