FNAC DARTY

Ivry, April 20, 2023

# First quarter 2023 revenue

- **Robust sales resilience amidst a challenging environment, with Q1 2023 revenue at €1,781 million, stable on a reported and like-for-like basis[1] compared to Q1 2022**
- **Strong in-store performance driven by the editorial and diversification product categories and services**
- **Gross margin stable compared to Q1 2022, up 20 basis points excluding the impact of franchise**
- **Satisfactory first results from the roll-out of the energy consumption reduction plan**
- **Agreement signed to acquire 100% of MediaMarkt Portugal – a specialist in the distribution of electronic products and household appliances**

**Enrique Martinez, Chief Executive Officer of Fnac Darty, declared**: *"In Q1, our performance, with stable revenue and gross margin, demonstrated our ability to adapt to meet the new expectations of our consumers and to provide them with value, in a context where people's purchasing power is being squeezed. We have developed our product range, in particular by expanding our offer of sustainable and second-life products, as well as services and subscriptions relating to repairs. The Q1 revenue also demonstrated the relevance of our multi-channel model, which combines a quality in-store experience with the efficiency of digital sales.*

*Last but not least, I am very pleased to announce the proposed acquisition of MediaMarkt Portugal, 25 years after we first entered the market in the country. This acquisition will consolidate our position as number two in this market and enable us to offer our Portuguese customers a complete ecosystem of products and services at the core of the Fnac Darty project."*

## FIRST QUARTER 2023 REVENUE

| | Q1 2023 in €m | Change vs Q1 2022 | |
|---|---|---|---|
| | | Reported data | Like-for-Like data[1] |
| France and Switzerland | **1,466** | -0.3% | -0.3% |
| Iberian Peninsula | **155** | -1.6% | -1.6% |
| Belgium and Luxembourg | **160** | +4.0% | +3.1% |
| **Group** | **1,781** | **0.0%** | **-0.1%** |

[1] Like-for-like data: excludes the effect of changes in foreign exchange rates and scope of consolidation, and directly owned store openings and closures.

## HIGHLIGHTS OF THE FIRST QUARTER 2023

### Sales analysis for the quarter

The Group's sales reached €1,781 million in Q1 2023, stable on a like-for-like[1] and reported basis against a background of inflationary pressures and pressure on household purchasing power. This solid performance was achieved by adapting the Group's offering across a wide range of products and services, from household appliances to editorial and leisure products. Persistent inflation and the high volume of equipment purchased during the health crisis are leading consumers to switch their consumption to editorial and leisure products, with non-essential equipment purchases being curtailed.

***Changes by distribution channel***

In Q1, in-store sales increased, reflecting the appeal of the outlets and sustained footfall, while digital activity returned to normal and accounted for 22% of total Group sales – a figure 4 points higher than the pre-Covid level for 2019 proforma[2]. Omnichannel activity remained one of the Group's key strengths and represented more than 49% of total online sales, up +2 points compared to 2022.

***Changes by product category***

In the course of Q1, and in line with the trend observed in 2022, the Group reported a decline in sales of **household appliances** due to a drop in volumes, particularly with regard to large appliances, partly offset by price increases. Sales of **consumer electronics** were also down, with contrasting trends between strong momentum in audio (especially mobile headphones), telephony (increased market share) and photography (especially hybrid cameras), offset by a sharp decline in computer sales, which had benefited from the high demand for equipment in connection with the health crisis, and to a lesser extent, the decline in television sales owing to the lack of major technological innovations. **Editorial products** continued to post strong sales growth, driven by sustained in-store traffic, particularly in books (especially comics and manga), vinyl records and gaming, with a very strong increase in PS5 sales over the quarter. The **diversification** categories continued to grow, driven mainly by urban mobility, board games for adults and refurbished products on the marketplace. Lastly, the **services** category continued to grow in almost all regions, boosted by the continued development of Darty Max subscriptions and a notable recovery in ticketing.

***Changes by region***

**France and Switzerland**: revenue of €1,466 million, down 0.3% on a like-for-like basis[1]
Sales activity in the region was consistent with the Group's trends, with strong growth in editorial products, very strong growth in gaming (PS5 impact) and growth in audio (especially vinyl), telephony and photography. The services segment also performed well – particularly ticketing and Darty Max sales, which now include additional services, such as delivery. The consolidation scope effect for the quarter was neutral, reflecting a negative effect including in France with the closure of the Italie-2 store and a positive effect in Switzerland with the addition of Manor, which will complete its refocusing on the French-speaking part of Switzerland by the end of May.

**Iberian Peninsula**: revenue of €155 million, down 1.6% on a like-for-like basis[1]
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 weighed heavily on household purchasing power and exacerbated competitive pressure. However, the Group succeeded in maintaining its market share thanks to the attractiveness of its offer and the quality of its client base. In Portugal, demand remained buoyant thanks to

[1] Like-for-like data: excludes the effect of changes in foreign exchange rates and scope of consolidation, and directly owned store openings and closures.
2 Excluding BCC and including full year Nature & Découvertes.

the brand's strong reputation, a highly dynamic job market and a very low unemployment rate. The Group is reaping the benefits of strong momentum in editorial products and diversification categories.

**Belgium and Luxembourg**: revenue of €160 million, up 3.1% on a like-for-like basis[1].
Consumer electronics accounted for the bulk of the revenue growth – in particular, telephony, which benefited from a tax measure to boost household purchasing power, as well as audio, gaming and books. The increase in the services segment was driven by the development of VDB Life (the equivalent of Darty Max), while the household appliance segment remained adversely affected by consumer spending decisions. In-store sales continued to benefit from the opening of a Fnac store in the Brussels region in May 2022.

**<u>Gross margin rate</u>**

The Group's gross margin ratio remained stable compared to Q1 2022. It was up 20 basis points, excluding the dilutive effect of the franchise, thanks to the positive impact of the services segment (continued roll-out of Darty Max and the recovery of ticketing), partially offset by a negative channel/product mix effect (adversely affected, in particular, by the increase in the weight of gaming and the decline in household appliances sales).

**<u>Energy consumption reduction plan</u>**

The Group stepped up the implementation of its energy consumption reduction plan in response to rising electricity costs: by the end of Q1, more than 20% of the store network had been converted to full LED lighting, while the opening hours of some stores had been shortened in order to adapt to footfall. 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. The Group's objective is to reduce electricity consumption in France by at least 15% by 2024 compared to 2022[2].

**<u>Shareholders</u>**

On March 21, Vesa Equity Investment notified the French Financial Markets Authority (*Autorité des Marchés Financiers* – AMF) that it held more than 25% of Fnac Darty's share capital and voting rights, without intending to seek to appoint one or more members of the Board of Directors, or to acquire control of the Group. Vesa Equity Investment is now the Group's largest shareholder (25.1%), ahead of Ceconomy Retail International (24.2%) and Indexia Développement (11.3%).

## PROPOSED ACQUISITION OF MEDIAMARKT IN PORTUGAL

Today, Fnac Darty announced that it had signed an agreement with MediaMarktConnect, a subsidiary of Ceconomy, to acquire 100% of their Portuguese operations. MediaMarkt is a profitable and leading retailer in consumer electronics and household appliances, employing approximately 450 people and operating 10 large stores and a dedicated website. Revenue for 2021–2022 amounted to approximately €140 million.

Fnac Darty has been successfully developing over the last 25 years. The company employs around 1,700 people and operates a network of 35 Fnac stores in Portugal, as well as 6 PC Clinic centers, 1 Nature et Découvertes store and the Fnac.pt website, with a revenue of around €370 million at the end of 2022. The brand enjoys broad geographical coverage and an excellent reputation among consumers. With this proposed acquisition, which is already accretive before synergies, the Group will consolidate its position as number 2 in Portugal.

[1] Like-for-like data: excludes the effect of changes in foreign exchange rates and scope of consolidation, and directly owned store openings and closures.
[2] Consumption adjusted to unified degree days; i.e. adjusted to standard weather (based on a benchmark climate calculated using the average of the last 20 years).

The new entity will be able to take advantage of the opportunity to accelerate its growth across its historical business lines, to diversify and expand its offer in large and small household appliances, to strengthen its service offering and to improve its efficiency.

The transaction is subject to standard conditions, in particular with respect to the Portuguese competition authorities, and is expected to be completed by summer 2023. The MediaMarkt brand will continue to be used until the transition period is complete.

## GOVERNANCE

During the last twelve months, the Board of Directors has been considering the addition of new talents in order to enhance its skills profile. Accordingly, after having consulted the Appointments and Compensation Committee, it will propose the following at the General Meeting of May 24, 2023:

- Appointment of Mr. Olivier Duha, founder and co-Chairman of Webhelp, as Director;
- Ratification of the appointment of Mrs. Laure Hauseux, as Director.

Thus, at the end of the General Meeting and subject to a favorable vote, the Board of Directors would remain composed of fourteen members, including eleven independent members, six women and two members representing the employees, in compliance with the AFEP-MEDEF Code.

## OUTLOOK

Q1 demonstrated the Group's ability to perform favorably in an uncertain and inflationary macro-economic environment where consumers expect adapted product ranges and responsible, value-added offers. The implementation of the Everyday strategic plan serves these expectations, with its omnichannel approach, its focus on innovation, and the development of a diversified product and service offering. The acquisition of MediaMarkt Portugal is part of this drive for profitable growth.

In addition, the Group will continue its sound cost control through the continuation of its performance plans, which will offset a large portion of the inflation for the year, particularly in the area of energy consumption.

Thus, the Group confirms its objectives of achieving a Current Operating Income (COI) of around €200 million in 2023, a cumulative free cash flow from operations[1] 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.

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[1] Excluding IFRS 16

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**PRESENTATION OF FIRST QUARTER 2023 REVENUE**

**Enrique Martinez, Chief Executive Officer, and Jean-Brieuc Le Tinier, Chief Financial Officer**, will host a conference call in French, with simultaneous interpreting into English, for investors and analysts on Thursday, April 20, 2023 at 6:30p.m. (CET); 5:30p.m. (UK); 12:30p.m. (East Coast USA).

**In French**

The presentation will be broadcast live in French and can be accessed by clicking here.

For those wishing to connect to the conference call in French to listen by phone and ask verbal questions: France: +33 1 70 91 87 04

**In English**

The presentation will also be broadcast live in English and can be accessed by clicking here.

For those who wish to listen to the conference call in English and ask verbal questions: UK: +44 1 212 818 004 / USA: +1 718 705 8796

**Replay**

A replay, in English or French, will be made available on the website www.fnacdarty.com.

**CONTACTS**


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## ANNEXES

### FIRST QUARTER 2023 REVENUE BY OPERATING SEGMENT

| (in €m) | Q1 2023 | Change compared with Q1 2022 | | |
|---|---|---|---|---|
| | | Actual | At comparable scope of consolidation and at constant exchange rates | Like-for-like |
| France and Switzerland | **1,466.1** | -0.3% | -0.4% | -0.3% |
| Iberian Peninsula | **154.9** | -1.6% | -1.6% | -1.6% |
| Belgium and Luxembourg | **159.7** | +4.0% | +4.0% | +3.1% |
| **Group** | **1,780.7** | **0.0%** | **-0.2%** | **-0.1%** |

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## STORE NETWORK

| | Dec. 31, 2022 | Opening | Closure | Mar. 31, 2023 |
|---|---|---|---|---|
| **France and Switzerland*** | **826** | **6** | **2** | **830** |
| *Traditional Fnac* | 96 | 0 | 1 | 95 |
| *Suburban Fnac* | 17 | 0 | 0 | 17 |
| *Travel Fnac* | 36 | 2 | 0 | 38 |
| *Proximity Fnac* | 79 | 0 | 0 | 79 |
| *Fnac Connect* | 7 | 0 | 0 | 7 |
| *Darty* | 486 | 4 | 1 | 489 |
| *Fnac/Darty France* | 1 | 0 | 0 | 1 |
| *Nature & Découvertes*** | 104 | 0 | 0 | 104 |
| *Of which franchised stores* | *414* | *6* | *0* | *420* |
| **Iberian Peninsula** | **75** | **0** | **0** | **75** |
| *Traditional Fnac* | 53 | 0 | 0 | 53 |
| *Suburban Fnac* | 0 | 0 | 0 | 0 |
| *Travel Fnac* | 2 | 0 | 0 | 2 |
| *Proximity Fnac* | 16 | 0 | 0 | 16 |
| *Fnac Connect* | 4 | 0 | 0 | 4 |
| *Of which franchised stores* | *6* | *0* | *0* | *6* |
| **Belgium and Luxembourg** | **86** | **0** | **1** | **85** |
| *Traditional Fnac**** | 13 | 0 | 0 | 13 |
| *Suburban Fnac* | 0 | 0 | 0 | 0 |
| *Travel Fnac* | 0 | 0 | 0 | 0 |
| *Proximity Fnac* | 1 | 0 | 0 | 1 |
| *Fnac Connect* | 0 | 0 | 0 | 0 |
| *VDB (Darty)* | 72 | 0 | 1 | 71 |
| **Fnac Darty Group** | **987** | **6** | **3** | **990** |
| *Traditional Fnac* | 162 | 0 | 1 | 161 |
| *Suburban Fnac* | 17 | 0 | 0 | 17 |
| *Travel Fnac* | 38 | 2 | 0 | 40 |
| *Proximity Fnac* | 96 | 0 | 0 | 96 |
| *Fnac Connect* | 11 | 0 | 0 | 11 |
| *Darty* | 558 | 4 | 2 | 560 |
| *Fnac/Darty* | 1 | 0 | 0 | 1 |
| *Nature & Découvertes* | 104 | 0 | 0 | 104 |
| *Of which franchised stores* | *420* | *6* | *0* | *426* |

* Fnac: including 11 foreign stores: 1 in Cameroon, 1 in the Congo, 2 in Ivory Coast, 3 in Qatar, 2 in Senegal and 2 in Tunisia; and including 8 Fnac stores in the French overseas territories (including a Travel format in Reunion Island)

* Darty: including 2 foreign stores: 2 in Tunisia; including 10 Darty stores in the French overseas territories: 2 in Martinique, 2 in Guadeloupe, 1 in French Guiana, 2 in Reunion Island and 3 in New Caledonia

* Excluding the 27 SIS Manor (14 of which opened in 2022)

** Nature et Découvertes and its subsidiaries managed from France, including 4 stores in Belgium, 1 in Luxembourg, 7 franchised in Switzerland, 1 franchised in Portugal; Including 5 N&D stores in the French overseas territories: 1 in Martinique, 1 in Reunion Island, 1 in Guadeloupe, 1 in New Caledonia, 1 in French Guiana

*** Including 1 store in Luxembourg managed from Belgium.