FNAC DARTY

Ivry, February 23, 2023

Resilient 2022 results for the Group, confirming the power of its omnichannel model and its operational agility

Transformation of Fnac Darty into a major player, recognized for and committed to service, advice and sustainability, demonstrated by numerous successes in the execution of the Everyday strategic plan

- **Resilient sales of €7,949 million in 2022, and solid gross margin performance, up by +€36 million year on year**
- **Current operating income of €231 million, down -€40 million compared to 2021, in a period when inflation was much higher than in previous years**
- **Free cash-flow from operations[1] was down at -€30 million, mainly impacted by the negative effects of WCR and lower sales in December**
- **Proposed payment of a dividend of €1.40 per share, a distribution rate[2] that complies with the shareholder return policy and is in line with that of last year**
- **A number of sustainability and services initiatives since the Everyday launch two years ago[3]: more than 800,000 Darty Max subscribers, more than 430,000 sales video calls, more than 4 million products repaired, NPS[4] above 60, up +8 points, and development of the Fnac loyalty program to reward responsible actions**
- **Energy efficiency measures: reduction objective of -15%[5] of the Group's electricity consumption in France between 2022 and 2024, investments in the stores of nearly €20 million over two years and start of the corporate PPA signed with Valeco[6] from mid-2023**

Enrique Martinez, Chief Executive Officer of Fnac Darty, declared: *"The performance for 2022 demonstrates Fnac Darty's resilience amid a particularly tough environment for the retail sector. Our unique positioning focused on value creation, services and customer relations allows us to outperform our markets and preserve our profitability model. Fnac Darty's resilience comes from our Everyday strategic plan being well executed and from the commitment of all our employees, mobilized for more committed and responsible consumption. In addition, our partnership agreement with Paris 2024 will provide the Group with the unique opportunity of showcasing its expertise as a products and services distributor and as a ticketing specialist, while also helping to promote the next Olympic and Paralympic Games through its positioning as a key cultural player. The Group remains fully mobilized in the face of the multiple challenges of 2023, particularly with rising costs and inflation, and confident in the success of its strategic project."*

[1] Excluding IFRS 16.
[2] Calculated on the net income from continuing operations, Group share.
[3] Strategic plan launched at the start of 2021.
[4] Net Promoter Score.
[5] 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).
[6] See press release: https://www.fnacdarty.com/wp-content/uploads/2022/02/cp-valeco-ppa-fnac-darty-vdef-en.pdf

KEY FIGURES

(€ millions)	2021	2022	Change
Revenue	**8,042.6**	**7,949.4**	**-1.2%**
Change on like-for-like basis[1]			*-1.9%*
Gross margin	**2,373.5**	**2,409.9**	**+36**
Gross margin rate	*29.5%*	*30.3%*	*+80 bps*
Current operating income	**270.7**	**230.6**	**-40**
Net income from continuing operations, Group share	**145.0**	**100.0**	**-45**
Free cash-flow from operations[2]	**170.2**	**-30.2**	**-200**

KEY HIGHLIGHTS AND ANALYSIS OF 2022 RESULTS

2022 was marked by rising inflation in an uncertain geopolitical environment, which impacted visibility on business activity throughout the year. Against this backdrop, the Group once again demonstrated its ability to adapt quickly and its operational agility, which enable it to offer customers a good level of availability of products and services that meet their expectations. As announced, Fnac Darty managed to maintain its gross margin by strengthening its positioning that is increasingly focused on premium products and tactically stimulating the market during peak sales periods. The 2022 results also confirm the Group's strategic choice to transform its model and its position as a key player in omnichannel retail.

Fnac Darty's 2022 **revenue** was €7,949 million, down slightly by -1.2% for reported data and -1.9% on a like-for-like basis[1] compared to 2021, but up +7.0% compared to pro-forma 2019 figures[3]. This performance was achieved in a context of pressure on purchasing power linked to a high level of inflation that lasted throughout the year, and follows a record year in 2021. In the second half of 2022, the Group achieved a good level of sales during back-to-school and Black Friday promotions, helped by sales events, while sales in December were down -€56 million, accounting for the entire fall in sales in the second half of the year.

Changes by distribution channel

In 2022, in-store sales posted solid momentum, while online sales normalized after two years of strong growth connected to the health measures that disrupted store operating conditions. As such, online sales in 2022 accounted for 22% of the Group's total sales, up +3 points on the pre-crisis level of 2019. In addition, digital revenue was up +25% compared to pro-forma 2019 figures[3]. Omnichannel sales remained high at 49% of the Group's online sales, up +3 points compared to the previous year, demonstrating the relevance of the omnichannel model, which enables us to meet consumer expectations, regardless of what is happening in the world.

Changes by product category

In 2022, a year marked by pressures on purchasing power and therefore low visibility on business growth, the Group's sales teams worked closely with all suppliers to adjust inventory levels to be able to offer good

[1] Like-for-like basis: excludes the effect of changes in foreign exchange rates, changes in scope, and store openings and closures.
[2] Excluding IFRS 16.
[3] Excluding BCC and including Nature & Découvertes on a full-year basis.

levels of product availability throughout the year, while meeting the expectations of consumers looking for innovative and premium products at attractive prices. While changes compared to 2021 are mixed depending on the main product categories, they have all increased compared to 2019.

The categories recording increases this year were **editorial products**, which continued to post growth, driven primarily by book sales offsetting gaming sales, which were down due to the shortage of consoles on the market. **Services** also continued to grow strongly, with a rise in the number of Darty Max subscribers and the recovery of ticketing, which, thanks to a rich line-up, returned to pre-crisis levels of activity following the lifting of the last health measures at the end of February 2022. Finally, **diversification** categories posted solid growth, mainly driven by urban mobility, and electric scooters in particular.
Conversely, both categories that had benefited from two consecutive years of household ownership and renewal, saw their sales fall this year. This was the case for **domestic appliances** in a market which recorded falling sales volumes that were not offset by the continued increase in average selling prices. **Consumer electronics** recorded good momentum in telephony, audio and photography, which was more than offset by the decline in the television and IT equipment categories.

Changes by geographical region

Sales in **France and Switzerland** remained relatively strong at -2.1% on a like-for-like basis[1] over the year. In France, the Group outperformed the market over the year[2]. Sluggish household consumption linked both to high inflation levels, coupled with a very high basis for comparison after two years of strong household ownership, impacted sales in IT equipment and large and small domestic appliances. Editorial products continued their growth momentum, which was also driven by the Culture Pass. At the same time, services posted solid growth linked to the continued deployment of Darty Max and the recovery of ticketing. Finally, Nature & Découvertes posted a growth in sales compared to last year, a period during which stores were still closed during the first half of the year.

In the **Iberian Peninsula**, revenue was up +2.1% on a like-for-like basis[1] over the year. This growth is driven by Portugal with very good in-store sales momentum in all product categories. Spain posted a decline in an environment that remained competitive. After a slower recovery than in other geographical regions where the Group operates due to a gradual lifting of health restrictions, in 2022 the Iberian peninsula returned to a level of sales that was nearly in line (at -0.4%) with pro-forma 2019 figures[3].

The **Belgium and Luxembourg** region recorded a drop in sales of -4.7% on a like-for-like basis[1] over the year, mainly due to the fall in sales volumes for domestic appliances and consumer electronics in a context of a very high comparison basis and particularly strong inflation in these countries. On the other hand, services continued to perform well. Compared to 2019 pro-forma figures[3], the region continued to post sales growth of +3.6%.

The **gross margin rate** reached 30.3% in 2022, up +80 basis points from 2021. This strong growth was primarily the result of a more favorable product mix effect as a result of strong in-store sales, which particularly benefited sales of editorial products. This increase was also driven by services, with an increase in the number of Darty Max subscribers and the recovery of ticketing, which for the majority of the year, benefited from an absence of health restrictions. These factors more than compensated for the dilutive technical effect of the franchise, which had a negative impact of -15 basis points this year.

[1] Like-for-like data: excludes the effect of changes in foreign exchange rates, changes in scope, and openings and closures of stores.
[2] Market data for 2022 published by Banque de France.
[3] Excluding BCC and including Nature & Découvertes on a full-year basis.

Operating costs were €2,179 million in 2022, an increase of just +3.6% compared to 2021, against a backdrop of high inflation. In 2022, the main increase in costs came from payroll, which rose by +3% between 2021 and 2022. However, the increase in inflation-related costs remained contained thanks to the performance plans implemented by the Group. As a result, the Group's 2022 operating costs, expressed as a percentage of revenue, are up by just +1.3 points compared to last year.

EBITDA amounted to €580 million, €254 million of which related to the application of IFRS 16, down -€41 million compared to 2021.

Current operating income was €231 million for 2022. In a climate of pressures on purchasing power, the Group demonstrated its successful strategy to preserve its gross margin, which increased by +€36 million year on year, meaning the fall in current operating income was limited to just -€40 million compared to last year.

Operating income was €204 million in 2022 after taking non-current items into account, which were -€27 million in 2022, compared to -€10 million in 2021. This difference is mainly due to the exceptional expenses incurred by the restructuring of the property portfolio, including the closure of the Fnac Italie 2 store.

Net income from continuing operations, Group share totaled €100 million in 2022 after taking into account non-current items, financial expenses that were stable year on year at -€45 million and a tax expense of -€54 million. This last item is down -€20 million compared to last year, in line with the reduction in the Group's results. Consequently, the effective tax rate was almost stable (+0.5 points) compared to 2021.
Net income from discontinued operations was -€132 million. In connection with the litigation relating to the disposal of Comet Group Limited in 2012[1], Fnac Darty was ordered to pay €129.3 million (£111.9 million, including £89.6 million in penalties and £22.3 million in interest and legal costs). The net income of -€132 million also includes €2.6 million in legal fees incurred in the course of this litigation. The Group has appealed this decision[2].
Consolidated net income, Group share was therefore -€28 million in 2022, compared to €160 million in 2021.

FINANCIAL STRUCTURE

The Group's **net financial debt** excluding IFRS 16 was €5 million at December 31, 2022, compared with net cash of €247 million at December 31, 2021.

The change in financial debt compared to the end of 2021 is mainly due to:

- Free cash-flow from operations, excluding IFRS 16 was -€30 million in 2022, compared to €170 million in 2021. About one third of the variance with the previous year's free cash-flow reflects a decline in cash flow. This is in line with the current operating income for the year. In addition, the -€155 million change in working capital reflects reduced cash inflows, which are in line with lower-than-expected sales in December, and more cash outflows early in the year, due to especially robust activity in late 2021. Inventory levels remain healthy and under control, rising by just +3% as a result of lower-than-expected activity at the very end of the year. Finally, operating investments[3] for 2022 totaled €131 million, up slightly compared to last year by +€15 million, which was better than expected.

[1] See press release issued by the Group on November 17, 2022: https://www.fnacdarty.com/wp-content/uploads/2022/11/fnac-darty-cp-comet-vdef-vang.pdf
[2] On the date of this press release, the High Court granted the Group leave to appeal on most, but not all, of the grounds requested. An application for permission to appeal on the grounds not granted at first instance is pending before the Court of Appeal.
[3] Operating investments net of divestments.

- Payment of the entire amount in connection with the litigation relating to the disposal of Comet Group Limited in 2012, i.e. €131 million, including the penalty, interest, court costs and legal fees. With regard to this, the Group strongly contests the High Court's decision and has announced its appeal of the judgment[1].

- Dividend payments for a total amount of €55 million.

At December 31, 2022, the amount of **cash and cash equivalents** was €932 million, and there was also an as-yet undrawn €500 million revolving credit facility, the maturity of which has been extended until 2027. The Group has an option to further extend its confirmed revolving credit facility until March 2028.

Last December, the Group chose to secure the refinancing of its next major bond debt maturity of €300 million maturing in May 2024 well in advance[2]. To this end, the Group has put in place an additional undrawn bank credit line, in the form of a delayed drawn term loan of €300 million. This line of credit can be drawn only once and only to repay the bond loan maturing in 2024. It will have a maturity of three years, in case of a drawdown, which can be extended by two years. This option means the Group can maintain its current bond debt until it matures in May 2024 while benefiting from the low initial annual coupon of 1.875%, and therefore secure its level of financial expenses.

In addition, on December 31, 2022, all the Group's financing covenants were met.

Finally, the Group is rated by the rating agencies Standard & Poor's, Scope Ratings and Moody's, which assigned ratings of BB+, BBB and Ba2 respectively during the first half of 2022, all with a stable outlook.

[1] On the date of this press release, the High Court granted the Group leave to appeal on most, but not all, of the grounds requested. An application for permission to appeal on the other grounds is pending before the Court of Appeal.
[2] See press release issued by the Group: https://www.fnacdarty.com/wp-content/uploads/2022/12/cp-ddtl-fd-vang-vdef.pdf

A GROUP THAT IS DEEPLY COMMITTED TO ITS CUSTOMERS AND TO SUSTAINABLE CONSUMPTION

Once again this year, the Group has been able to count on the commitment and involvement of its teams in the pursuit of its ambition to commit to providing an educated choice and more sustainable consumption, accelerating its achievements in the areas of customer experience, services and repairs, which are key pillars of its strategic plan Everyday.

Customer experience at the heart of the Group's strategy

Once again, the omnichannel model implemented by the Group is proving to be the winning model. After two years of store closures as a result of the health crisis, customers have naturally returned to in-store purchasing. Fnac Darty therefore pays particular attention to how it can serve its customers on a daily basis, both in its stores and on its e-commerce platforms.

Boosting video calls with salespeople

This year, the Group accelerated the rollout of sales video services for both the Fnac and Darty brands in France, so as to provide quality advice from in-store salespeople, albeit remotely. This video service is available for consumer electronics and has also been extended to large domestic appliances. 285,000 video and chat conversations took place in 2022, i.e. almost double the amount of the previous year. Thanks to more than 3,000 salespeople who are trained in this new service, the conversion rate of a web customer using video can be up to four times higher than that of a standard web customer.

Improving customer satisfaction

All of these initiatives enable the Group to improve the mix of customers between the store and web channels and thus offer a complete omnichannel experience. As such, the Group is very attentive to customer satisfaction, which is measured throughout the customer journey. This continued to improve in 2022 with an aggregate NPS (Net Promoter Score) above 60, up +3 points compared to 2021, i.e. an improvement of +8 points since the strategic plan Everyday was launched two years ago. In 2022, the main areas for improvement focused on the Fnac and Darty remote customer service, as well as on Marketplace and sustainability (Fnac and Darty after-sales service workshops).

Making the most of our customer base

Fnac Darty has a solid, loyal customer base with a subscriber/member network of over 11 million at the end of 2022. The Fnac brand alone had more than 10 million subscribers, including more than 7 million in France. In order to make the most over the long term of this network of committed customers, and in line with the Group's raison d'être "committed to providing an educated choice and more sustainable consumption," Fnac has recently changed its loyalty program. Since February 15, existing and future customers, members and subscribers have thus benefited from a new relationship platform, Fnac & moi. This includes a responsible loyalty voucher, which means that it rewards, via a credit in euro, each customer's more responsible behavior, such as purchasing a second life product that has been refurbished or repaired, choosing click & collect delivery or using the Group's after-sales service to repair a product.

An optimized store network

Opening stores as opportunities arise

At the end of 2022, Fnac Darty had a network of 987 stores, 43% of which are franchises, i.e. +2 points more than at the end of 2021. In accordance with its strategic plan, new stores continued to be opened as opportunities arose, primarily as franchises, such as the opening of Fnac Travel outlets at Roissy and Orly airports and in stations to support returning passengers, the second Fnac store in Senegal, enabling the Group to strengthen its presence in Africa, or the opening of the first Nature & Découvertes store in French Guiana. The Kitchen business also continued to expand this year with the opening of 11 points of sale, including 6 Darty stores dedicated exclusively to this offering[1]. As a result, by the end of 2022, the Group had more than 198 Kitchen points of sale, including 38 stores dedicated exclusively to kitchens[1].

Continue work to achieve a 100% profitable store network

For the few stores identified as still unprofitable, the Group reached an agreement for all the stores concerned, and for some, the action plans have already been executed. For example, the Group transferred stores in order to reduce the retail floor space and/or benefit from a more attractive catchment area to increase productivity per square meter, such as the Fnac store that moved from the Evry 2 shopping mall to the Carré Sénart shopping mall, or Colmar. In some cases, when the operating conditions available are no longer in line with the Group's expectations, it may close stores, as was the case this year for the Fnac Italie 2 and Darty Bercy stores. More recently, Fnac Spain announced a real estate restructuring of its flagship store in Callao in the center of Madrid, starting in the second quarter of 2023, in order to reduce the retail floor space while offering a more immersive customer experience and meeting the new challenges of omnichannel retail.

However, the Group still aims to make 100% of its integrated stores profitable by 2025.

Refocusing the number of points of sale in Switzerland

In order to significantly strengthen the presence of the Fnac brand in all regions of Switzerland, the company entered into a partnership for the deployment of 27 shop-in-shops within Manor stores, the last of which were opened in the first half of 2022. However, the difficult economic climate in Switzerland, with a particular impact on Manor, led the Group make an announcement at the end of January 2023 concerning the refocusing of its partnership on 17 priority points of sale for the two brands, mainly in French-speaking Switzerland. Therefore, Fnac Switzerland and Manor are continuing their commercial commitment to operate shop-in-shops for Fnac cultural products, domestic appliances and technology within Manor stores. At the end of the first half of 2023, Fnac's presence will have tripled on the Swiss market in less than three years, with 26 stores (9 integrated stores and 17 shop-in-shops within Manor). The market remains an important region for the Group, which will continue to invest there.

[1] Some Darty Kitchen points of sale, exclusively dedicated to this offer, also include a bedding offer.

Promoting sustainable consumption and an educated choice

Fnac Darty is recognized as a major player in the circular economy and a champion of extending product life span, in line with the Group's raison d'être "Committed to providing an educated choice and more sustainable consumption."

Supporting customers in their decision-making

This year, Fnac Darty published the fifth edition of its "After-Sales Service Barometer." This benchmark source of information provides the general public with a durability score[1] so they can learn about the repairability and reliability of hundreds of products. This score was created by Fnac Darty so that all product categories and brands can be compared. For the 2022 edition, the reparability section was enhanced with a new criterion: the price of spare parts. This score reached 115 in 2022 compared to 111 in 2021, with a significant improvement in the availability of spare parts. Fnac Darty confirms its ambition to reach a sustainability score of 135 by 2025.

The After-Sales Service Barometer plays an important role in encouraging electronic product and domestic appliance manufacturers to ramp up their efforts to extend the life span of their products. For the first time since the publication of the initial After-Sales Service Barometer, the price of spare parts is fully integrated into the sustainability score. The price of spare parts can be a significant disincentive to repairing a device, never more so than during a period of high inflation. With regard to this very issue, the availability of spare parts continues to improve, with a gain of seven months compared to the previous edition of the barometer.

Speeding up product repair

Fnac Darty facilitates product repairs by both encouraging suppliers to embrace eco-design and better informing consumers about product sustainability. As a result, 2.3 million products were repaired in 2022, up from 2021. Fnac Darty can also count on the 141 WeFix points of sale, the French leader in express smartphone repair, acquired in October 2018.
The Group is therefore on track to reach the target of 2.5 million products repaired by 2025.

Continuing to grow the Second Life service

To meet the growing environmental concerns of our customers, we also continued to develop our Second Life service, which includes the same quality guarantees and the same delivery conditions and services as the new products we sell.

Fnac Darty stepped up its ambitions in the Second Life segment with the implementation of a sustainable product sourcing strategy within the Group's internal and external ecosystem (suppliers, reconditioning partners, B2B and B2C customers, etc.). All of the Group's product categories are now covered, with most Second Life business volumes generated by telephony and IT equipment. In total, the Group has increased the volume of Second Life products sold directly to customers[2] by +34% in 2022 compared to 2021. On the Marketplace, nearly one sale in three is a second-hand product, with books being a strong driver.

[1] Sustainability score: average of a reliability score and a reparability score, based on data collected by Fnac Darty's after-sales service over the last two years for each product and weighted by the volumes of products sold by the Group in the year in question.
[2] Excluding Marketplace.

Expanding the spaces dedicated to repair and Second Life

At the end of the year, Fnac Darty inaugurated its new site in Tours Val de Loire, a center of nearly 8,000 square meters dedicated to the Group's Services activities, i.e. Second Life activities, 4 repair workshops (micro-computing, audio/video, small domestic appliances, urban mobility), last mile delivery and home service calls. This site will have a repair capacity of nearly 220,000 devices per year.
Investments in this new space have been made as part of a commitment to meet the challenges of Fnac Darty's strategic plan Everyday in terms of repairs and sustainability. The Tours site will serve to support the shift toward new consumption patterns in France, with people increasingly favoring use over ownership, and repair over replacement. It will make home delivery and the next-day delivery service more efficient, and will contribute to continuously improving customer satisfaction.

At the same time, Fnac Darty also opened a new service center in Chilly-Mazarin with a surface area of more than 10,000 square meters, designed to be the hub of the Group's repair activities. The site has three main departments: the central spare parts warehouse with more than 40,000 products and 140,000 parts in stock, the "repair" area with a workshop reserved for practical training of the Group's future technicians, and a "second life" area for repaired or reconditioned Fnac and Darty products that will be resold in-store or online. The objective of this site is to be able to respond to the growing demand for repairs, boosted in particular by the development of our Darty Max subscriber base.

Integrate climate issues into all the Group's businesses

The Group has set itself a target of reducing its CO_2 emissions by 50% by 2030, compared to 2019 levels. The scope defined concerns transport (direct and indirect emissions) and site energy. On this scope, Fnac Darty recorded a -17% reduction in CO_2 emissions in 2022, compared to 2019. The Group relies on strengthened governance that is structured around a Climate Committee in order to monitor the trajectory of its CO_2 emissions, draw up action plans, ensure the follow-up of the roadmaps for its various operational sectors and work toward the expansion of the low-carbon strategy to other indirect emission items.

As a committed and responsible company, Fnac Darty signed the Ecowatt commitment charter in the fall of 2022, thus confirming the implementation of new initiatives in favor of energy sobriety. Such actions are in keeping with the Group's numerous existing initiatives aiming to reduce its energy consumption, underlining its commitment to controlled electricity consumption.

At the same time, at the end of the year, the Group received validation from the SBTi (Science Based Targets initiative) of its CO_2 emission reduction targets for its most direct emissions (Scopes 1 and 2) and for its indirect emissions (Scope 3). These objectives are as follows:

- Reduce Scope 1 and Scope 2 emissions by 50% by 2030 compared to 2019;
- Reduce emissions from the use of products sold by 22% per product sold by 2030 compared to 2019;
- Have suppliers, representing 80% of product manufacturing emissions, set targets aligned with climate science for 2026 compared to 2021.

Improved results recognized by the major non-financial rating agencies

Fnac Darty's concrete commitments in terms of corporate social responsibility were once again recognized in 2022 by the non-financial rating agencies. Thus, for the second consecutive year the Group obtained an A- rating from the CDP, above the average for European companies (B) and the average for the specialized retail market (C). This recognition is in addition to that received from Moody's ESG Solutions, which awarded an ESG score of 61/100, an increase of +7 points in one year, and the renewal by MSCI of Fnac Darty's AA rating for the fourth consecutive year.

A standard-setting player aiming to become a subscription provider

Ramp-up in new repair subscribers

Fnac Darty is accelerating the rollout of its Darty Max repair service subscription in order to become the leader in home assistance services. As a result, the drive to win new customers gathered pace, with more than 800,000 subscribers by the end of 2022, compared with nearly 500,000 by the end of 2021. This acceleration was made possible by the regular store opening conditions this year, the full-year impact of the extension of the range to 3 packages (Essentiel at €9.99/month, Evolution at €14.99/month and Intégral at €19.99/month), the marketing of the subscription in Fnac stores since last June, and the increase in the number of subscribers to Vanden Borre Life, a package equivalent to Darty Max, launched in Belgium in 2021. As a result of Darty Max, more than 6 million products are covered[1] by repairs.

High-value Darty Max customers in the long term

Increasing the number of Darty Max subscribers is one of the major pillars of the strategic plan, with the aim of exceeding one million subscribers this year and reaching two million by 2025. This subscriber base ensures long-term value creation for the Group.

While the vast majority of new subscribers sign up to the Essential package, nearly one-third of Darty Max customers go on to upgrade to the other two packages, Evolution and Intégral, even though these packages have only been available for 18 months. Finally, the average churn rate over 2022 was maintained at less than 3% and the level of satisfaction among Darty Max subscribers is high, with an NPS[2] for home service calls above the Group average.

In addition, Darty Max customers create value for the Group: this value goes well beyond the price of the subscription paid each month, as Darty Max subscribers have a purchase frequency and average basket that are both 50% higher on average than a standard Darty customer, proof of a definite increase in value linked to our service offerings.

The Group is continually enhancing the exclusive services and customer experience of Darty Max subscribers, including the development of maintenance tips to help prevent breakdowns and the rollout of a video assistance service to complement the repair services.

[1] Number of Darty Max subscribers by average number of products per subscriber covered by Darty Max.
[2] Net Promoter Score.

Intensify the training and recruitment of repair technicians

In order to support the Group's commitment to responsible consumption and, in particular, to extend product life span, as well as the rapid increase in the number of Darty Max subscribers, Fnac Darty is intensifying its training and recruitment of repair technicians.

Today, more than 2,500 technicians throughout France are already working to ensure product sustainability, and Fnac Darty's ambition is to strengthen the teams with 500 new technicians by 2025. To achieve this objective, the Group has opened 41 Tech Academies since 2019, which have now welcomed more than 488 trainees across France, 220 of whom have already been recruited on permanent contracts after receiving their diploma; the others are still in training. More recently, the Group has become the first retailer to open its own apprentice training center (CFA) in Metz Ennery where it trains apprentices from all backgrounds (high school, professional reintegration, retraining, etc.) in the profession of domestic appliance repair technician. Other centers are scheduled to open in 2023 in Marseille, Ile-de-France and Nice. Upon completion of their training, graduates will be offered a permanent contract by the Group.

DIVIDENDS

Fnac Darty will propose that the General Meeting scheduled for May 24, 2023 approves the distribution of a **dividend of €1.40 per share**. This amount represents a 38% payout ratio, calculated on the net income, Group share, from continuing operations. This is in line with last year's payout ratio and with the shareholder return policy presented in the strategic plan Everyday.

Shareholders will be offered the option of receiving the full dividend either in cash or in new shares of the company. Subject to the approval of the General Meeting, the price of the new shares issued in payment of the dividend will be 95% of the average opening price of the share during the 20 trading days prior to the General Meeting, less the net dividend amount and rounded up to the nearest euro cent.

The ex-date is June 13, 2023 and the payment date (or date for issue of new shares) is July 6, 2023. Shareholders may choose to receive the dividend payment in newly issued shares between June 15, 2023 and June 29, 2023 inclusive. If the shareholder has not chosen the option of payment in new shares, they will receive the dividend in cash on the payment date.

ENERGY

In 2022, the increase in energy-related costs was limited thanks, on the one hand, to the hedging policies implemented by the Group and, on the other hand, to the initial impacts of the action plans to reduce energy consumption launched by the Group in the second half of the year, notably by higher temperatures in summer and lower temperatures in winter in stores and other Group sites (warehouses, head office, etc.).

In 2023, the Group's energy costs are expected to rise sharply with energy prices higher than last year and taking into account the Group's different sources of supply, which can be broken down as follows:

- As in 2022, about half of the volumes will be subject to the ARENH[1], for which the rate is expected to remain stable compared to 2022, at €42/MWh;

[1] ARENH: *Accès régulé à l'electricité nucléaire historique* (regulated access to historic nuclear energy).

- Almost 10% of the volumes will come from the corporate PPA[1], signed by the Group with Valeco at the beginning of 2022 and which will come into force in mid-2023, with a tariff that is expected to be lower than the market tariff for solar PPAs, which currently stands at around €90/MWh;
- The remainder, approximately 40% of volumes, will be subject to market rates. The Group hedges this remainder on a rolling basis throughout the year on a standard Bloc + Spot contract in order to benefit from any fall in market prices.

  In addition to the market context of a generalized increase in energy costs, there is the contractual failure of our historical electricity supplier. Although Fnac Darty had signed a contract with Solvay Energy Services, a wholly owned subsidiary of the Solvay Group, enabling it to cover itself against a possible price increase during peak network hours (Monday to Friday from 8 am to 8 pm), also known as Peakload hours, for the 2020 to 2024 volumes, pressure on energy prices resulted in Solvay wanting to unilaterally revise the agreed price calculation formula for the Group's 2023 and 2024 volumes, at the time that Fnac Darty was about to begin setting its supplies for 2023 and 2024.

  As no agreement could be reached between the parties to revise the agreed price formula and as Fnac Darty considered Solvay's request for revision to be unjustified and excessive, the Group was forced to duly note of the early termination of the contract and to urgently find a new leading supplier within a tense environment in order to benefit from the ARENH scheme. As a result, the Group has started legal action against Solvay to compensate for the financial damage caused.

At the same time, Fnac Darty is stepping up its ambition to reduce energy consumption with a massive investment plan for its stores, which account for nearly 80% of the Group's total energy consumption in France. The share of investment dedicated each year to the store network will be largely allocated to reducing energy consumption as part of the energy efficiency plan. The Group is also working to install more energy-efficient and better-controlled systems in all of its Fnac and Darty integrated stores by the end of 2024. This involves equipping the stores with LED lighting and installing a centralized system to control the heating and air conditioning (BMS/TCM). The Group's objective is to reduce electricity consumption in France by at least 15% by 2024 compared to 2022[2]. In any case, the investments of nearly €20 million allocated to this project will be included in the standard annual budget of around €120 million.

Consequently, for the year 2023, the Group expects a significant increase in its energy-related costs estimated at between €30 million and €50 million. The impact on the second half of the year should be less significant than on the first part of the year, given the initial positive effects of investments to reduce consumption in stores and potentially lower market rates.

[1] Power purchase agreement.

[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).

CONCLUSION AND OUTLOOK

The uncertain environment is expected to have an ongoing impact during 2023, resulting in a further contraction in volumes due to sluggish consumption coupled with rising prices. As a result, the Group will ensure that it:

- Remains fully committed to continuing to outperform the markets thanks to its operational agility and the complementary nature of its stores and websites, important assets in markets with reduced visibility;
- Maintains its gross margin level as much as possible thanks to a positioning focused on premium products, which allows the Group to pass on price increases more easily, and to a growing contribution from services, which guarantee differentiation from other retailers;
- Continues its tight cost control through performance plans that offset a significant portion of the inflation in 2022. In 2023, in an environment where inflation is expected to weigh more heavily on costs, especially energy and payroll costs, the Group will be particularly attentive to limiting this cost increase as much as possible through performance plans expected to be at least twice the standard level of previous years.

As a result, for 2023, the Group is expected to post slight lower sales in the first half of the year, coupled with a sharp rise in costs, particularly for energy, but should benefit from less unfavorable market conditions in the second half, with a level of inflation that could be lower than in the first half of the year. The Group therefore expects current operating income for 2023 to be around €200 million, in line with or higher than 2022 excluding the impact of the expected increase in energy costs. In addition, the fall in current operating income in 2023 is expected to be more pronounced in the first half of the year than in the second half, due to the greater weight of fixed costs in the business and higher energy costs in that period.

Lastly, the Group will also ensure that it:

- Carefully manages its goods purchasing policy and maintains a controlled level of inventories with good rotation, essential in a market with limited visibility on consumption;
- Adjusts its operational investment budget in line with the standard level of investment announced in the strategic plan Everyday. Also, after a year in which investments amounted to €131 million in 2022, the Group is aiming for a maximum operational investment budget of €120 million in 2023.

Therefore, the Group confirms the objectives announced in the press release estimating its 2022 performance published on January 17. The Group is also targeting cumulative free cash-flow from operations[1] of approximately €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.

FNAC DARTY

PRESENTATION OF 2022 ANNUAL RESULTS

Enrique Martinez, Chief Executive Officer, and **Jean-Brieuc Le Tinier, Chief Financial Officer,** will host a live presentation of the 2022 annual results that will be exclusively webcast for investors and analysts **on February 24, 2023 at 8:30am (CET); 7:30am (UK)**.

The webcast will be available at this link: here.

The presentation slides are available on the Group website in the Investors section: here.

A replay will also be available on the Group's website, accessible via the same link as above.

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FNAC DARTY

NOTES

The Board of Directors of Fnac Darty SA met on February 23, 2023 under the chairmanship of Jacques Veyrat to approve the consolidated financial statements for the year 2022. The procedures for auditing the consolidated financial statements were performed and the certification report will be issued after the verification of the Management Report and the due diligence relating to the ESEF electronic format of the 2022 accounts are finalized.

The Group's unaudited 2022 consolidated financial statements are available here on the corporate website www.fnacdarty.com.

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

2022 REVENUE BY OPERATING SEGMENT

(in €m)	2022	Change compared with 2021		
		Actual	At comparable scope of consolidation and at constant exchange rates	Like-for-like
France and Switzerland	**6,613.3**	-1.3%	-1.5%	-2.1%
Iberian Peninsula	**719.6**	+2.6%	+2.6%	+2.1%
Belgium and Luxembourg	**616.5**	-3.7%	-3.7%	-4.7%
Group	**7,949.4**	**-1.2%**	**-1.3%**	**-1.9%**

Q4 2022 REVENUE BY OPERATING SEGMENT

(in €m)	Q4 2022	Change compared with Q4 2021		
		Actual	At comparable scope of consolidation and at constant exchange rates	Like-for-like
France and Switzerland	**2,242.8**	-1.8%	-2.0%	-2.6%
Iberian Peninsula	**244.8**	-2.7%	-2.7%	-2.7%
Belgium and Luxembourg	**184.7**	-2.2%	-2.2%	-3.9%
Group	**2,672.3**	**-1.9%**	**-2.1%**	**-2.7%**

2022 CURRENT OPERATING INCOME BY OPERATING SEGMENT

(in €m)	2021	As a % of revenue	2022	As a % of revenue	Change
France and Switzerland	244.6	3.6%	202.6	3.1%	-42.0
Iberian Peninsula	10.8	1.5%	16.9	2.3%	+6.1
Belgium and Luxembourg	15.4	2.4%	11.1	1.8%	-4.3
Group	**270.7**	**3.4%**	**230.6**	**2.9%**	**-40.1**

SUMMARY INCOME STATEMENT

(in €m)	2021	2022	Change
Revenue	**8,043**	**7,949**	**-1.2%**
Gross margin	**2,374**	**2,410**	**+1.5%**
As a % of revenue	*29.5%*	*30.3%*	*+0.8pt*
Total costs	**2,103**	**2,179**	**+3.6%**
As a % of revenue	*26.1%*	*27.4%*	*+1.3pt*
Current operating income	**271**	**231**	**-40**
Other non-current operating income and expenses	-10	-27	-17
Operating income	**260**	**204**	**-57**
Net financial expense	-42	-45	-4
Income tax	-74	-54	+20
Net income from continuing operations for the period	**145**	**104**	**-41**
Net income from continuing operations for the period, Group share	**145**	**100**	**-45**
Net income from discontinued operations	*15*	*-132*	*-147*
Consolidated net income, Group share	**160**	**-32**	**-192**
EBITDA[1]	**621**	**580**	**-41**
As a % of revenue	*7.7%*	*7.3%*	
EBITDA[27] excluding IFRS 16	**374**	**326**	**-48**

[1] EBITDA = earnings (current operating income) before interest, tax, depreciation, amortization and provisions on fixed operational assets.

FREE CASH-FLOW FROM OPERATIONS

(in €m)

	2021	2022
Cash flow before tax, dividends and interest	**637**	**572**
IFRS 16 impact	-247	-254
Cash-flow before tax, dividends and interest, excluding IFRS 16	**389**	**317**
Change in working capital requirement, excluding IFRS 16	-41	-155
Income tax paid	-69	-70
Net cash-flows from operating activities, excluding IFRS 16	**279**	**93**
Operating investments	-117	-138
Operating divestments	1	7
Change in payables and receivables relating to non-current assets	7	9
Net cash-flows from operating investment activities	**-109**	**-123**
Free cash-flow from operations, excluding IFRS 16	**170**	**-30**

FNAC DARTY

BALANCE SHEET

Assets *(€m)*	At December 31, 2021	At December 31, 2022
Goodwill	1,654	1,654
Intangible assets	528	562
Property, plant and equipment	575	570
Rights of use relating to lease agreements	1,115	1,115
Investments in associates	1	2
Non-current financial assets	40	44
Deferred tax assets	69	60
Other non-current assets	0	0
Non-current assets	**3,982**	**4,008**
Inventories	1,104	1,144
Trade receivables	304	250
Tax receivables due	1	6
Other current financial assets	9	19
Other current assets	378	389
Cash and cash equivalents	1,181	932
Current assets	**2,978**	**2,739**
Assets held for sale	**0**	**0**
Total assets	**6,960**	**6,747**

Liabilities *(€m)*	At December 31, 2021	At December 31, 2022
Share capital	27	27
Equity-related reserves	971	971
Translation reserves	(6)	(4)
Other reserves	563	518
Shareholders' equity, Group share	**1,555**	**1,512**
Shareholders' equity – Share attributable to non-controlling interests	8	11
Shareholders' equity	**1,564**	**1,523**
Long-term borrowings and financial debt	932	917
Long-term leasing debt	891	897
Provisions for pensions and other equivalent benefits	188	145
Other non-current liabilities	79	22
Deferred tax liabilities	165	165
Non-current liabilities	**2,255**	**2,147**
Short-term borrowings and financial debt	2	20
Short-term leasing debt	239	244
Other current financial liabilities	9	10
Trade payables	2,037	1,965
Provisions	31	37
Tax liabilities payable	8	0
Other current liabilities	816	803
Current liabilities	**3,142**	**3,078**
Liabilities relating to assets held for sale	**0**	**0**
Total liabilities	**6,960**	**6,747**

STORE NETWORK

	Dec. 31, 2021	Opening	Closure	Dec. 31, 2022
France and Switzerland*	**798**	**50**	**22**	**826**
Traditional Fnac	97	6	7	96
Suburban Fnac	17	0	0	17
Travel Fnac	30	8	2	36
Proximity Fnac	73	7	1	79
Fnac Connect	14	0	7	7
Darty	465	25	4	486
Fnac/Darty France	1	0	0	1
*Nature & Découvertes***	101	4	1	104
Of which franchised stores	*385*	*45*	*16*	*414*
Iberian Peninsula	**74**	**2**	**1**	**75**
Traditional Fnac	52	2	1	53
Travel Fnac	2	0	0	2
Proximity Fnac	16	0	0	16
Fnac Connect	4	0	0	4
Of which franchised stores	*5*	*1*	*0*	*6*
Belgium and Luxembourg	**85**	**1**	**0**	**86**
*Traditional Fnac****	12	1	0	13
Proximity Fnac	1	0	0	1
Darty (Vanden Borre)	72	0	0	72
Of which franchised stores	*0*	*0*	*0*	*0*
Fnac Darty Group	**957**	**53**	**23**	**987**
Traditional Fnac	161	9	8	162
Suburban Fnac	17	0	0	17
Travel Fnac	32	8	2	38
Proximity Fnac	90	7	1	96
Fnac Connect	18	0	7	11
Darty/Vanden Borre	537	25	4	558
Fnac/Darty	1	0	0	1
Nature & Découvertes	101	4	1	104
Of which franchised stores	*390*	*46*	*16*	*420*

* including 11 Fnac stores abroad: 3 in Qatar, 2 in Tunisia, 2 in Senegal, 2 in Ivory Coast, 1 in the Congo, 1 in Cameroon and 2 Darty stores abroad in Tunisia; and including 18 stores in the French overseas territories. Excluding 27 Fnac shop-in-shops opened in Manor stores.

** including Nature & Découvertes subsidiaries managed from France: 4 stores in Belgium, 1 store in Luxembourg, 7 franchises in Switzerland, 5 franchises in the French overseas territories and 1 franchise in Portugal.

*** Including one store in Luxembourg, which is managed from Belgium.

MONITORING OF THE NON-FINANCIAL INDICATORS OF THE EVERYDAY PLAN

Indicators	2021	2022	2025 objective
Sustainability score[1]	111	115	135
Number of products repaired	2.1 million	2.3 million	2.5 million
Percentage of women in the top 200 managers	27%	30%	35%
Percentage of women on the Executive Committee	38%	42%[2]	>40%

DEFINITIONS OF ALTERNATIVE PERFORMANCE INDICATORS

CHANGE IN REVENUE AT CONSTANT SCOPE AND EXCHANGE RATES

The change in revenue at constant exchange rate and comparable scope of consolidation means that the impact of exchange rate fluctuations has been excluded and that the effect of changes in scope is corrected to not take modifications (acquisition, disposal of subsidiaries) into account. The exchange rate impact is eliminated by recalculating sales for year N-1, on the basis of the exchange rates used for year N. The revenue of subsidiaries acquired or sold since January 1 of year N-1 are excluded from the calculation of the change. This indicator can be used to measure the change in revenue excluding the effect of changes in foreign exchange rates and scopes of consolidation.

CHANGE IN REVENUE (LIKE-FOR-LIKE)

The change in revenue on a like-for-like basis means that the impact of exchange rate fluctuations has been excluded, that the effect of changes in scope has been corrected (acquisition, disposal of subsidiaries) and that the effect of directly owned store openings and closures since January 1 of year N-1 has been excluded. This indicator can be used to measure the change in revenue excluding the effect of changes in foreign exchange rates, scopes of consolidation and directly owned store openings and closures.

EBITDA

EBITDA = Earnings (current operating income) Before Interest, Tax, Depreciation, Amortization and provisions on fixed operational assets.

[1] Sustainability score: average of a reliability score and a reparability score, based on data collected by Fnac Darty's after-sales service over the last two years for each product and weighted by the volumes of products sold by the Group in the year in question.
[2] Since February 20, 2023, the Fnac Darty Executive Committee has had 12 members, including five women.

With the application of IFRS 16	*IFRS 16 restatement*	Without the application of IFRS 16
EBITDA	***Rent within the scope of IFRS 16***	**EBITDA excluding IFRS 16**
Current operating income before depreciation, amortization and provisions on fixed operational assets		EBITDA including rental expenses within the scope of application of IFRS 16
Free cash-flow from operations	***Payment 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 less leasing debt
Net financial income	***Financial interest on leasing debt***	**Net financial income excluding financial interest on leasing debt**