FNAC DARTY

2023 HALF-YEAR RESULTS

Ivry, July 27, 2023 – 5:45 pm CEST

Limited decline in H1 2023 revenue in a difficult consumption environment

Strong operating performance: increase in the gross margin rate (+35 bps) and cost savings

2023 outlook confirmed, with a more favorable environment expected in H2

- **Q2 2023 revenue of €1,563 million, down -5.1% on a reported basis and -4.7% on a like-for-like basis[1] compared to Q2 2022, as a result of difficult market conditions and unfavorable calendar effects[2] (~-1.5%)**
- **H1 2023 revenue of €3,344 million, down -2.5% on a reported basis and -2.3% on a like-for-like basis compared to H1 2022**
- **Strong Group performance compared to retail trade in France in H1 2023 (-2.5% vs. -3.9% [3])**
- **Solid gross margin rate of 31.1%, up +20 bps year-on-year, and +35 bps excluding dilutive impact from franchise, reflecting the strength of the Group's business model.**
- **Current operating income down by -€54 million compared to H1 2022, as a result of declining revenue and inflation in operating and energy costs, partially offset by ongoing performance plans**
- **Continued roll-out of the "Everyday" strategic plan and ramped-up services and repairs**

Enrique Martinez, Chief Executive Officer of Fnac Darty, stated:

"The Group proved resilient in the first half of the year despite a challenging environment, as a result of excellent operational performance and tight control of costs and energy consumption by our dedicated teams. We posted a solid gross margin, thanks to the relevance of our business model and the contribution of services. In an economic climate that remains uncertain, we are fully focused on achieving our annual targets and continuing ahead with our strategic plan Everyday.

Finally, I would like to pay tribute to the courage and mobilization of our teams following the acts of vandalism that occurred in France, and the agility they demonstrated to ensure the rapid reopening of our stores."

[1] Like-for-like basis: excludes the effect of changes in foreign exchange rates and scope of consolidation, and directly owned store openings and closures.
[2] These included the long weekends in May and the postponement of sales compared with last year.
[3] Banque de France data from the end of June 2023, published on July 21, 2023.

FNAC DARTY

FIRST HALF 2023 KEY FIGURES

(€ million)	H1 2022	H1 2023	Change
Revenue	**3,428**	**3,344**	**(2.5)%**
Change on like-for-like basis[1]			*(2.3)%*
Gross margin	**1,058**	**1,039**	**(19)**
As a % of revenue	**30.9%**	**31.1%**	**+20 bps**
Current operating income	**19**	**(35)**	**(54)**
Net income, Group share, excluding the French Competition Authority (Autorité de la concurrence – ADLC[2])	**(17)**	**(78)**	**(61)**
Net income from continuing operations, Group share	(17)	(163)	(146)
Free cash-flow from operations, excluding IFRS 16	**(764)**	**(660)**	**104**

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

In the second quarter of 2023, Group **revenue** amounted €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 1st half of 2023 amounted €3,344 million, down -2.5% on a reported basis and -2.3% on a like-for-like basis[1] compared to the 1st half of 2022.

Changes by distribution channel

Over the 1st 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.

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[1] Like-for-like basis excludes effect of changes in foreign exchange rates, changes in scope, store openings and closures.
[2] Corresponds to net income from continuing operations, Group share, adjusted for the provision relating to the proposed settlement with the French Competition Authority.

Changes by product category

Over the 1st 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 2nd quarter and by -2.5% in the 1st 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 2nd quarter and by -4.3% in the 1st 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 2nd quarter and growth of +1.7% in the 1st 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.

SOLID GROSS MARGIN RATE, UP FROM THE 1ST 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 1st 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 1st half of 2022.

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

OTHER INCOME STATEMENT ITEMS

Operating expenses amounted €1,075 million, up +€35 million over the 1st 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 1st 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 1st 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 €143 million, including €128 million related to the application of IFRS 16, down by -€50 million compared to the 1st half of 2022.

Current operating income was -€35 million in the 1st half of 2023, compared to +€19 million in the 1st 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 1st 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 1st 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 1st half of 2022.

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[1] 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).

[2] Fnac Darty decided to waive its right to contest the grievance notified to it by the French Competition Authority's investigation services concerning, in particular, a vertical agreement between Darty and some distributors over a limited period which ending in December 2014 - i.e., prior to 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.

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 1st half of 2023, free cash-flow from operations, excluding IFRS 16, amounted to -€660 million, compared with -€764 million in the 1st 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 1st half of 2022), reflecting the decline in operating income.
- A change in working capital requirement of -€635 million, compared with -€735 million in the 1st 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.

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 net income from continuing operations in 2022, Group share.

CONCLUSION AND OUTLOOK

The 1st 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 2nd 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.

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[1] Excluding IFRS 16

PRESENTATION OF THE 2023 HALF-YEARLY RESULTS

Enrique Martinez, Chief Executive Officer, and Jean-Brieuc Le Tinier, Group Chief Financial Officer, will host a conference call in French (simultaneous translation into English) for investors and analysts on **Thursday, July 27, 2023 at 6:00 p.m.** (CET); 5:00 p.m. (UK); 12:00 p.m. (East Coast USA).

In French

The presentation will be broadcast live in French, which you will be able to access by clicking on the following link: here

For those who would like to join and listen to the telephone conference in French, and ask questions orally: France: +33 (0)1 70 91 87 04

In English

The presentation will also be broadcast live in English, which you will be able to access by clicking on the following link: here

For those who would like to join and listen to the telephone conference in English, and ask questions orally: UK: +44 1 212 818 004/USA: +1 718 705 8796

Replay

The replay, in French or English, will be available at www.fnacdarty.com.

Fnac Darty will today also publish its half-year report on its website, under "Investors" section. It will also be available on the Group's website and on the AMF website.

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APPENDIX

The half-yearly financial statements approved by the Board of Directors on July 27, 2023 have been subject to a limited audit conducted by the statutory auditors.

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

SUMMARY INCOME STATEMENT

(€ million)	H1 2022	H1 2023	Change
Revenue	**3,428**	**3,344**	**(2.5)%**
Gross margin	**1,058**	**1,039**	**(1.8)%**
As a % of revenue	*30.9%*	**31.1%**	*+0.2pt*
Total costs	**1,039**	**1,075**	**+3.4%**
As a % of revenue	*30.3%*	*32.1%*	*+1.8pt*
Current operating income	**19**	**(35)**	**(54)**
Other non-current operating income and expenses	*(14)*	*(100)*	
Operating income	**5**	**(136)**	**(141)**
Net financial expense	(18)	(44)	
Income tax	(3)	19	
Net income from continuing operations, Group share	**(17)**	**(163)**	**(146)**
Net income from discontinued operations, Group share	*(0)*	*29*	
Consolidated net income, Group share	**(18)**	**(134)**	**(116)**
Current EBITDA[1]	**192**	**143**	**(50)**
As a % of revenue	*5.6%*	*4.3%*	
Current EBITDA excluding IFRS 16	**66**	**14**	**(52)**

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

FIRST HALF 2023 REVENUE

(€ million)	H1 2023	Change compared with H1 2022		
		Actual	At comparable scope of consolidation and at constant exchange rates	Like-for-like basis
France and Switzerland	2,766	(2.7)%	(2.9)%	(2.5)%
Iberian Peninsula	292	(4.3)%	(4.3)%	(4.3)%
Belgium and Luxembourg	286	+2.3%	+2.3%	+1.7%
Group	**3,344**	**(2.5)%**	**(2.6)%**	**(2.3)%**

2023 SECOND QUARTER REVENUE

(€ million)	Q2 2023	Change compared with Q2 2022		
		Actual	At comparable scope of consolidation and at constant exchange rates	Like-for-like basis
France and Switzerland	1,300	(5.3)%	(5.5)%	(4.9)%
Iberian Peninsula	137	(7.2)%	(7.2)%	(7.2)%
Belgium and Luxembourg	126	+0.2%	+0.2%	0.0%
Group	**1,563**	**(5.1)%**	**(5.2)%**	**(4.7)%**

CURRENT OPERATING INCOME BY OPERATING SEGMENT

(€ million)	H1 2022	As a % of revenue	H1 2023	As a % of revenue	Change
France and Switzerland	16.7	0.6%	(27.7)	(1.0)%	(44.4)
Iberian Peninsula	(1.9)	(0.6)%	(6.8)	(2.3)%	(4.9)
Belgium and Luxembourg	3.8	1.4%	(1.0)	(0.4)%	(4.8)
Group	**18.6**	**0.5%**	**(35.5)**	**(1.1)%**	**(54.1)**

CASH FLOW STATEMENT

(€ million)	H1 2022	H1 2023
Cash flow before tax, dividends and interest	**195**	**131**
IFRS 16 impact	(126)	(129)
Cash flow before tax, dividends and interest, excluding IFRS 16	**68**	**2**
Change in working capital requirement, excluding IFRS 16	(735)	(635)
Income tax paid	(40)	36
Net cash flows from operating activities, excluding IFRS 16	**(707)**	**(597)**
Operating investments	(57)	(60)
Change in payables and receivables relating to non-current assets	1	(19)
Operating divestments	0	16
Net cash-flows from operating investment activities	(56)	(63)
Free cash-flow from operations, excluding IFRS 16	**(764)**	**(660)**

BALANCE SHEET

Assets (€ millions)	At December 31, 2022	At June 30, 2023
Goodwill	1,654	1,654
Intangible assets	562	575
Property, plant and equipment	570	543
Rights of use relating to lease agreements	1,115	1,035
Investments in associates	2	1
Non-current financial assets	44	22
Deferred tax assets	60	48
Other non-current assets	0	0
Non-current assets	**4,008**	**3,879**
Inventories	1,144	1,146
Trade receivables	250	160
Tax receivables due	6	43
Other current financial assets	19	19
Other current assets	389	321
Cash and cash equivalents	932	427
Current assets	**2,739**	**2,116**
Assets held for sale	**0**	0
Total assets	**6,747**	**5,995**

Equity and liabilities (€ millions)	At December 31, 2022	At June 30, 2023
Share capital	27	27
Equity-related reserves	971	971
Translation reserves	(4)	(5)
Other reserves and net income	518	349
Shareholders' equity, Group share	**1,512**	**1,342**
Shareholders' equity – Share attributable to non-controlling interests	11	13
Shareholders' equity	**1,523**	**1,355**
Long-term borrowings and financial debt	917	919
Long-term leasing debt	897	827
Provisions for pensions and other equivalent benefits	145	146
Other non-current liabilities	22	11
Deferred tax liabilities	165	165
Non-current liabilities	**2,147**	**2,067**
Short-term borrowings and financial debt	20	183
Short-term leasing debt	244	238
Other current financial liabilities	10	8
Trade payables	1,965	1,375
Provisions	37	119
Tax payables due	0	9
Other current liabilities	803	641
Current liabilities	**3,078**	**2,573**
Liabilities relating to assets held for sale	**0**	**0**
Total liabilities and shareholders' equity	**6,747**	**5,995**

STORE NETWORK

	Dec. 31, 2022	Opening	Closure	June 30, 2023
France and Switzerland*	**826**	**8**	**6**	**828**
Traditional Fnac	96	0	2	94
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	6	3	489
Fnac/Darty France franchise	1	0	0	1
*Nature & Découvertes***	104	0	1	103
Of which franchised stores	*414*	*8*	*2*	*420*
Iberian Peninsula	**75**	**0**	**1**	**74**
Traditional Fnac	53	0	0	53
Travel Fnac	2	0	0	2
Proximity Fnac	16	0	0	16
Fnac Connect	4	0	1	3
Of which franchised stores	*6*	*0*	*0*	*6*
Belgium and Luxembourg	**86**	**1**	**1**	**86**
*Traditional Fnac****	13	0	0	13
Proximity Fnac	1	0	0	1
Vanden Borre/Darty	72	1	1	72
Of which franchised stores	*0*	*0*	*0*	*0*
Fnac Darty Group	**987**	**9**	**8**	**988**
Traditional Fnac	162	0	2	160
Suburban Fnac	17	0	0	17
Travel Fnac	38	2	0	40
Proximity Fnac	96	0	0	96
Fnac Connect	11	0	1	10
Darty/VDB	558	7	4	561
Fnac/Darty	1	0	0	1
Nature & Découvertes	104	0	1	103
Of which franchised stores	*420*	*8*	*2*	*426*

* Including 13 Fnac stores abroad: 1 in Cameroon, 1 in Congo, 2 in Ivory Coast, 3 in Qatar, 2 in Senegal and 4 in Tunisia; and including 17 stores in the French overseas territories. Excluding 17 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.

DEFINITIONS OF ALTERNATIVE PERFORMANCE INDICATORS

CHANGE IN REVENUE AT CONSTANT EXCHANGE RATES AND COMPARABLE SCOPE

The change in revenue at constant exchange rates and comparable scope 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 ON A LIKE-FOR-LIKE BASIS

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 subsidiary) 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.

Current EBITDA

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.

With application of IFRS 16	*IFRS 16 adjustment*	Without application of 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 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**