2023 HALF YEAR RESULTS

FNAC DARTY

27 July 2023

AGENDA

6:00 pm **INTRODUCTION**
Enrique Martinez, Chief Executive Officer

6:15 pm **H1 FINANCIAL RESULTS**
Jean-Brieuc Le Tinier, Chief Financial Officer

6:30 pm **CONCLUSION AND Q&A SESSION**

OPENING REMARKS

Enrique Martinez,
Chief Executive Officer

FNAC DARTY

H1 2023 KEY HIGHLIGHTS

Good resistance in a declining market

Quality of **operational execution**

Strong **cost control** and **energy efficiency**

Winning **commercial strategy** coupled with our **services** focus

Portugal acquisition to increase European footprint

Resizing MANOR partnership in Suisse Romande

2023 FY targets confirmed

Everyday strategic plan well on track

FNAC DARTY'S SOLID PERFORMANCE IN H1 2023 DESPITE A CHALLENGING Q2 2023

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	France & Switzerland (LFL)		Market evolution (retail trade)[1]
Q2 2023 VS. Q2 2022	-4.9%	>	-6.0%
H1 2023 VS. H1 2022	-2.5%	>	-3.9%

[1] Banque de France – Monthly statistics – June 2023 – Internal estimate based on Fnac Darty portfolio breakdown

H1 2023 GROSS MARGIN INCREASING DESPITE LOWER REVENUE

€3,344m

H1 2023 Revenue

Sales down 2.3% LFL[1] vs H1 2022 due to **sluggish consumption and negative calendar effects (~-1.5% impact in Q2)**

31.1%

H1 2023 Gross margin

Gross margin up +35 bps vs H1 2022 (excluding dilutive impact from franchises), despite inflationary environment demonstrating **Group's positioning on premium products**

[1] Like-for-like: excluding the effect of changes in foreign exchange rates and scope of consolidation, openings and closures of integrated stores

THANKS TO OUR UNIQUE POSITIONNING

A winning complementarity of its stores and web platforms

79%
of H1 revenue in-stores

21%
of H1 revenue online

of which

49%
using Click&Collect

A wide range of products and services

Domestic appliances	Technical products	Editorial products	Services
21%*	46%*	18%*	15%*

* % of H1 2023 revenue

UPDATE ON OUR ENERGY EFFICIENCY PLAN

Solar farm operational since April 2023

Relamping programme

31%

of stores already LED-lighted[1]

~€8m

CAPEX invested in H1 2023
out of the

€20m

total investment expected

-15% reduction in the Group's electricity consumption in France by the end of 2024

[1] Owned stores in France excluding Nature & Découvertes and stores already equiped.

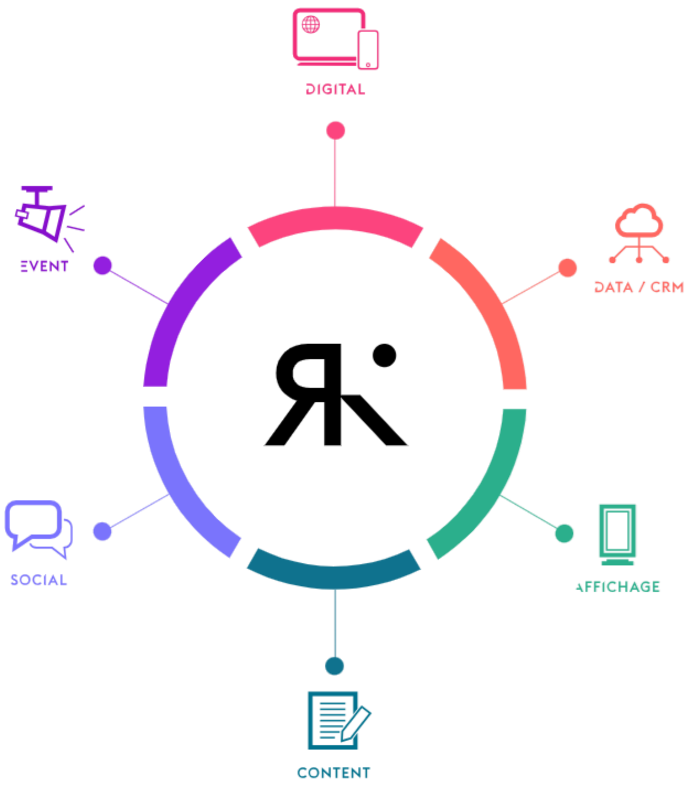
RETAILINK BY FNAC DARTY

A RETAIL MEDIA LEADER

- Design innovative, differentiating, tailor-made omnichannel media expériences for brands

Build awareness and recognition by creating emotion

Fast-growing communities to attract



Shopper planning approach

Large scale impact with innovative features

Improve product perception

>1.500
Campaigns since 2021

x3
In 3 years

H1 FINANCIAL RESULTS

Jean-Brieuc Le Tinier,
Chief Financial Officer

FNAC DARTY

REVENUE AND GROSS MARGIN

€m	H1 2022	H1 2023	% LFL change[1]
Revenue	**3,428**	**3,344**	**(2.3)%**
France and Switzerland	*2,844*	*2,766*	**(2.5)%**
Iberian Peninsula	*305*	*292*	**(4.3)%**
Belgium and Luxembourg	*279*	*286*	**+1.7%**
Gross margin *As a % of revenue*	**1,058** *30.9%*	**1,039** *31.1%*	**(19)** *+20 bps*

Slightly lower revenue €3,344 million in H1 2023

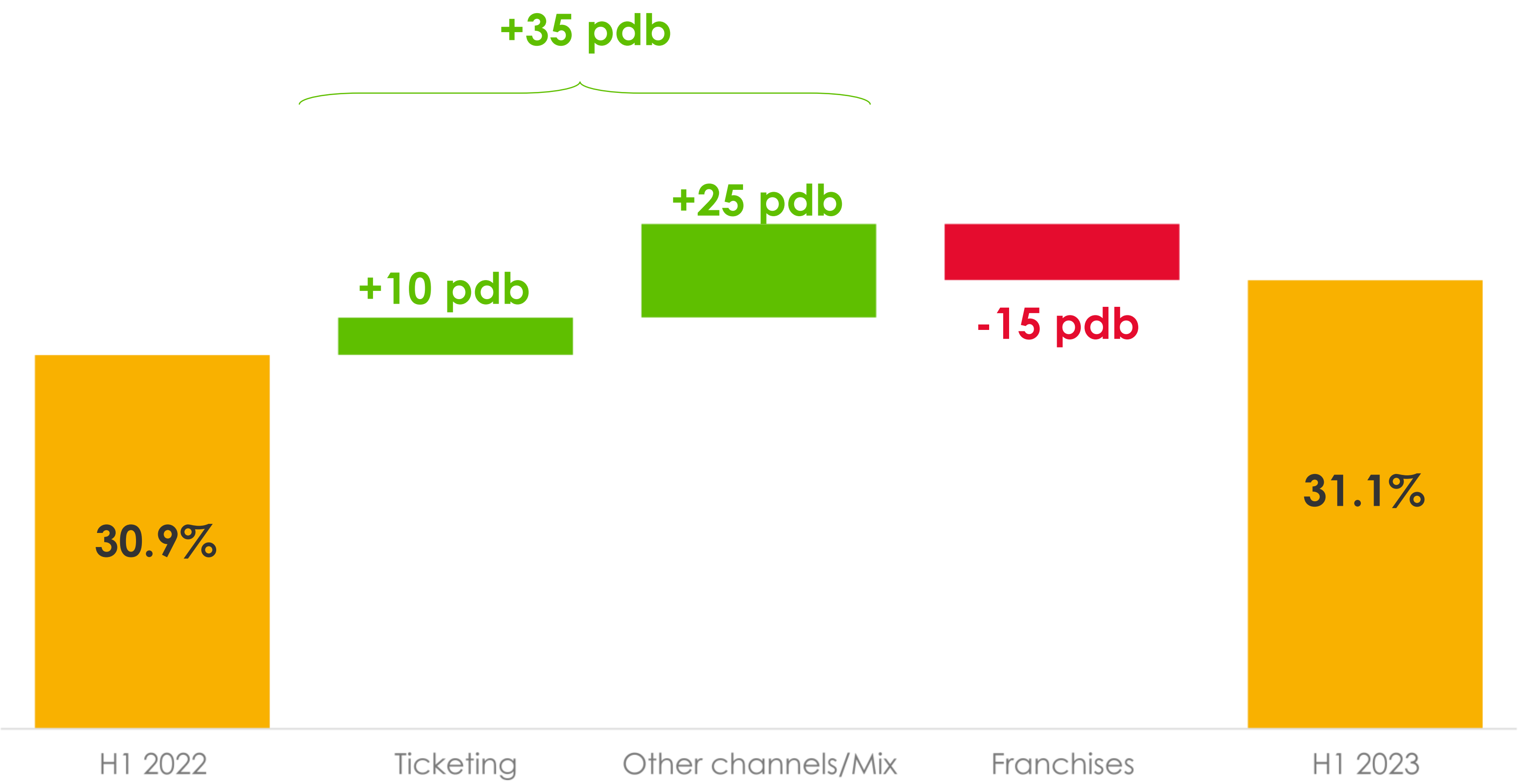
- Down by **-2.5% on a reported basis and -2.3% on a LFL basis**[1] compared to H1 2022 mainly due to lower sales volumes
- Strong momentum in **Editorial products** not compensating decrease in **Technical products and Appliances**
- **France and Switzerland** as well as **Iberian Peninsula** suffering from high inflation rate and decrease in consumer spending
- **Belgium and Luxembourg growing in H1 2023**, thanks to a higher level of consumer spending

Increasing gross margin by +35 bps excl. franchising dilutive impact in H1 2023

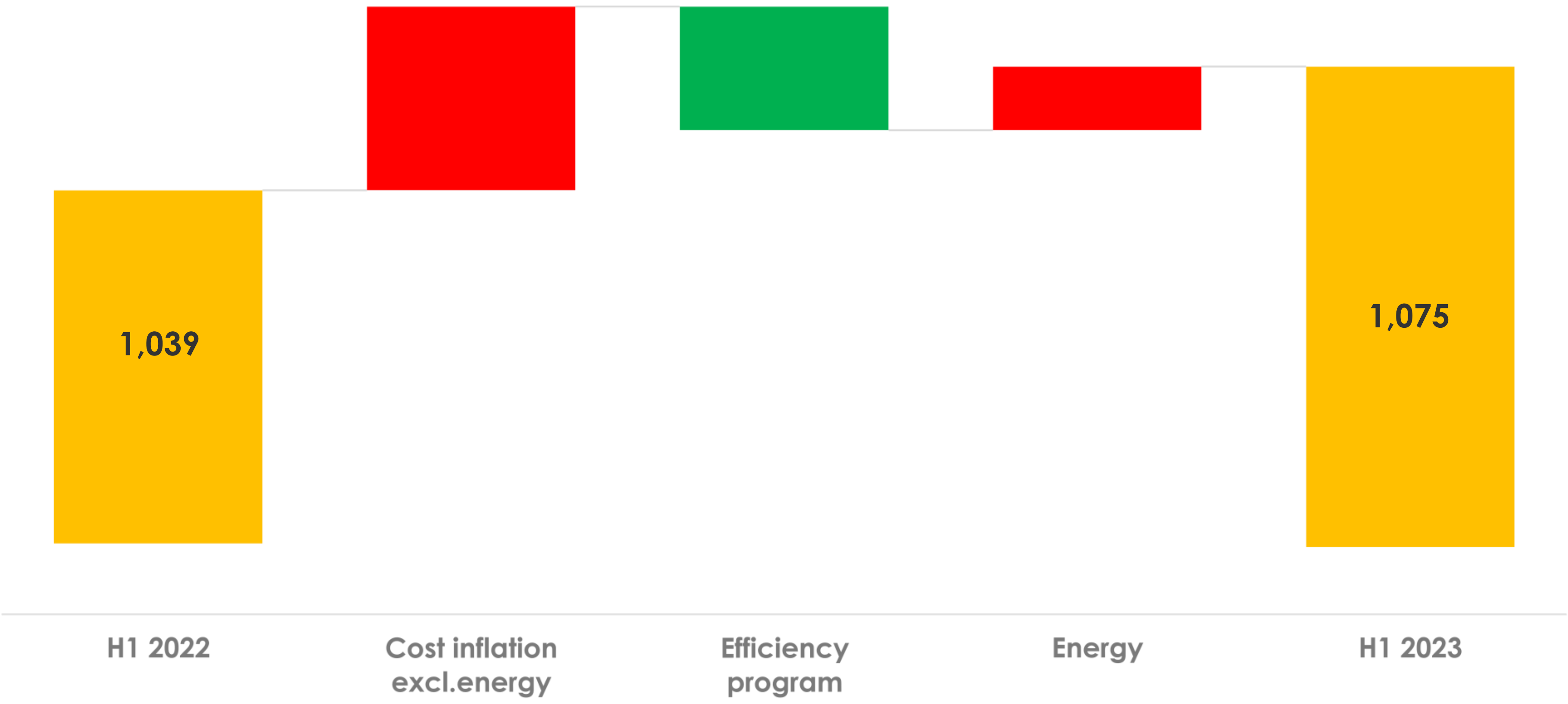
- Pushed by **services performance** and **positive channels/products mix**

[1] Like-for-like basis: excludes effect of changes in foreign exchange rates, changes in scope, and openings and closings of directly-owned stores. – only for Revenue

Gross margin improved by +35 bps



Cost inflation mostly offset by our efficiency program



H1 GROUP FINANCIAL RESULTS

€m	H1 2022	H1 2023	change
Current operating income	**19**	**(35)**	**(54)**
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 continuing operations, Group share excl. ADLC	(17)	(78)	(61)
Income from discontinued operations	(0)	29	
Net income, Group share	**(18)**	**(134)**	**(116)**

- **Current Operating Income down €54m:** lower sales, OPEX increase (energy cost and inflation not fully compensated by performance plans)
- **Operating income includes a €85m** one-off non-cash expense (ADLC)
- **Net financial expense down €26m**
  - Cost of financing: almost stable
  - IFRS 16 component: -€5m
  - Non-recurring financial expense: -€19m mainly related to impairment and disposal of the investment in the Daphni Purple fund[1]
- **Net income from continuing operations, Group share excl. ADLC down €61m** linked to activity decrease

[1] As a reminder, since the inception in 2016, the investment in the Daphni Purple fund has generated a cumulative capital gain of 10.4 million euros.

Free cash-flow from operations

€m	H1 2022	H1 2023
EBITDA	**192**	**143**
IFRS 16 impact	(126)	(128)
Non-current cash items and EBITDA non-cash items	2	(12)
Cash-flow before tax, dividends and interest, excluding IFRS 16	**68**	**2**
Change in WCR[1]	(735)	(635)
Operating investments[2]	(56)	(63)
Income tax paid	(40)	36
Free cash-flow from operations[3]	**(764)**	**(660)**

- **Free Cash Flow from operations reached -€660m in H1,** following the traditional negative seasonality of the business
- **Clear improvement vs. H1 2022** thanks to the **normalization of the working capital**, and despite a challenging context in Q2
- **Good control of Capex**

[1] Includes the change in payables and receivables relating to non-current assets.
[2] Investments net of divestments.
[3] Excluding IFRS 16.

FINANCIAL STRUCTURE

€m	31/12/2022	30/06/2023
Shareholders' equity	**1,523**	**1,355**
Net debt[1]	**5**	**674**
Gross financial debt	*937*	*1,102*
Cash and cash equivalents	*932*	*427*
Leasing debt IFRS 16	**1,141**	**1,065**

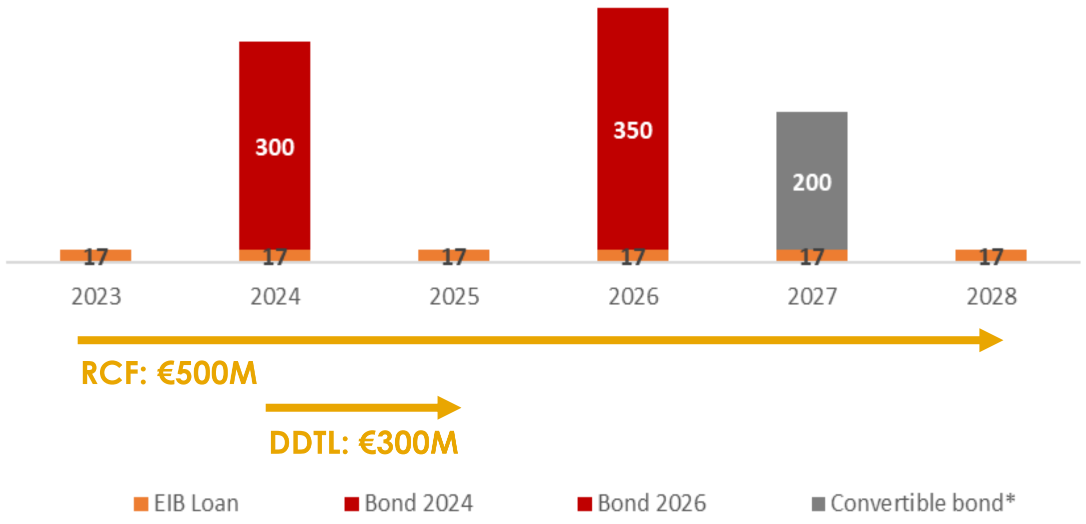
Dividend per share

- **Strong equity position**
- **Controlled leverage: covenants met at 30 June**
  - **1.96x** EBITDA (excl. Comet)
- **Dividend payment: €1.40/share** paid on 6 July 2023, representing a payout ratio of 38%[2]
  - **Dividend paid in cash: €21m**
  - **Dividend paid in shares: 535,616** new shares created as of 6 July 2023

[1] Excluding IFRS 16.
[2] Calculated on the basis of the 2022 net income from continuing operations, Group share.

DEBT MATURITY

Long-term financial debt by repayment maturity



	S&P Global Ratings	SCOPE	MOODY'S
Rating	BB+	BBB	Ba2
Outlook	Negative April 2023	Stable April 2022	Stable April 2022

- **Securing the refinancing of the next major bond debt maturity of 2024**
  - Additional bank credit line (in the form of a delayed drawn term loan - DDTL) of €300 million, which is as yet undrawn
  - Drawn down only once by the Group and only to repay the bond loan maturing in 2024
  - Maturity of three years in case of a drawdown, which can be extended by two years

[1] In the event of non-conversion.

CONCLUSION

Enrique Martinez,
Chief Executive Officer

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Closing remarks

- **Satisfying achievements in H1 in a difficult consumption environment:**
  - **Solid performance** despite an inflationary context during H1 weighing on consumers' spending
  - **Gross margin increase by 35 bps** excluding dilutive impact from franchise
  - **Solid cost control through efficient performance plans** offsetting part of the impact of inflation (excluding energy)
- **Better market conditions expected in H2 2023:**
  - **Still uncertainties**
  - **Level of inflation stabilizing**
  - **Increased households' purchasing power**
  - **Large commercial events to come:** Back to School, Black Friday, Christmas and Rugby World Cup

Short and medium-term objectives confirmed

- **Current operating income (COI) expected to be around €200 million in 2023**
- **Closing of MediaMarkt Portugal expected end-September 2023 – keeping a close eye on potential growth opportunities**
- **Objective of ≈ €500 million in cumulative free cash-flow from operations[1] confirmed for the 2021–2024 period**
  - Return to a change in WCR that is in line with the standard level of previous years
    - Strict management of the goods purchasing policy
    - Controlled level of inventories with good rotation
  - Investments down compared to 2022, with a maximum level of €120 million
- **Objective of ≈ €240 million in free cash-flow from operations[1] on an annual basis starting 2025**

[1] Excluding IFRS 16.

Q&A

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APPENDICES

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Definitions (1/2)

Definition of like-for-like sales growth

- This indicator measures changes in revenue excluding exchange rate fluctuations, the impact of change in scope and the impact of the opening and closing of directly owned stores since January 1, N-1.

Definition of current operating income

- The monitoring of the Group's operating performance uses current operating income as the main operating balance. It is defined as the difference between the total operating profit and "non-current operating income and expenses."
- Current operating income is an intermediate line item intended to facilitate the understanding of the entity's operating performance and that can be used as a way to estimate recurring performance.

DEFINITIONS (2/2)

With application of IFRS 16	*IFRS 16*	Without application of IFRS 16
Current EBITDA Current operating income before depreciation, amortization and provisions on fixed operational assets recognized in current operating income	***Rents within the scope of IFRS 16***	**Current EBITDA excluding IFRS 16** EBITDA including rental expenses within the scope of IFRS 16
Operating free cash-flow Net cash provided by operating activities less net operating investments	***Disbursement of rents within the scope of IFRS 16***	**Operating free cash-flow excluding IFRS 16** Free cash-flow from operations including cash impacts relating to rents within the scope of IFRS 16
Net debt Gross financial debt less gross cash and cash equivalents	***Rental debt***	**Net debt excluding IFRS 16** Net financial debt less rental debt
Net financial income	***Financial interest on rental debt***	**Net financial income excluding IFRS 16**

CASH-FLOW STATEMENT

€m	H1 2022	H1 2023
Net Cash as of 1 January excl. IFRS 16	**247**	**(5)**
Operating free cash-flow (excl. IFRS 16)	(764)	(660)
Dividends paid	(55)	0
Interest paid net of interest and dividends received	(11)	(13)
Acquisition/disposal of other financial assets (net)	2	10
Increase/decrease in equity and other transactions with shareholders	(2)	0
Cash-flow related to discontinued activities	0	(6)
Other	(3)	0
Change in Net Cash excl. IFRS 16	**(832)**	**(669)**
Net Cash as of 30 June excl. IFRS 16	**(586)**	**(674)**

Simplified P&L

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Operating income	**5**	**(136)**
Financial expense	(18)	(44)
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Consolidated net income, Group share	(18)	(134)

BALANCE SHEET

Assets in €m	31 Dec. 2022	30 June 2023
Goodwill	1,654	1,654
Intangible assets	562	575
Tangible assets	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
Accounts receivable	250	160
Current tax receivables	6	43
Other current financial assets	19	19
Other current assets	389	321
Cash & 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 in €m	31 Dec. 2022	30 June 2023
Share capital	27	27
Reserves related to equity	971	971
Conversion reserves	(4)	(5)
Other reserves	518	349
Equity, Group share	**1,512**	**1,342**
Equity attributable to minority interests	11	13
Equity	**1,523**	**1,355**
Long-term liabilities	917	919
Long-term leasing debt	897	827
Provisions for retirement and similar benefits	145	146
Other non-current liabilities	22	11
Deferred tax liabilities	165	165
Non-current liabilities	**2,147**	**2,067**
Short-term liabilities	20	183
Short-term leasing debt	244	238
Other current financial liabilities	10	8
Accounts payable	1,965	1,375
Provisions	37	119
Tax liabilities	0	9
Other current liabilities	803	641
Current liabilities	**3,078**	**2,573**
Liabilities associated with assets classified as held for sale	**0**	**0**
Total liabilities and equity	**6,747**	**5,995**

Store network

	31 December 2022			30 June 2023		
	Owned	Franchised	Total	Owned	Franchised	Total
France and Switzerland[1]	412	414	826	408	420	828
Iberian Peninsula	69	6	75	68	6	74
Belgium and Luxembourg	86	0	86	86	0	86
Group	**567**	**420**	**987**	**562**	**426**	**988**

[1] Including 13 stores abroad: 3 in Qatar, 4 in Tunisia, 2 in Senegal, 2 in Ivory Coast, 1 in the Congo, 1 in Cameroon. Including 17 stores in the French overseas territories as well as Nature & Découvertes subsidiaries managed from France.

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