GROUPE LDLC

PRESS RELEASE

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H1 2022/2023 RESULTS

- FIRST HALF CONSOLIDATED REVENUES OF €253.9M
- PROFITABILITY IMPACTED IN THE SHORT TERM BY THE ECONOMIC ENVIRONMENT: GROSS MARGIN RATE 20.1% - EBITDA POSITIVE AT €2.3M
- RENEWED CONFIDENCE IN THE GROUP'S ABILITY TO RETURN TO NORMALISED ECONOMIC PERFORMANCE IN THE MEDIUM TERM
- PLANNED ACQUISITION OF A.C.T.I. MAC GROUP
- 2022/2023 INTERIM DIVIDEND OF €0.40

Olivier de la Clergerie, LDLC Group CEO, said: *"As previously mentioned, the first half of 2022/2023 saw an economic downturn in our markets (lower demand for high-tech products due to high existing new equipment levels among households, higher energy costs, strong dollar appreciation, etc.). Gross margin amounted to €51.0m as a result of these circumstances, giving a margin rate of 20.1%, just slightly below our normalised rate of 21.5%. This passing situation hasn't affected the robust medium-term trends underlying our markets, which are being driven by innovation and increasing use of digital technology. In order to prepare for a recovery in demand and support our future growth, we've launched a number of growth-generating projects, including strengthening our operational capacities through the new logistics site in St Quentin-Fallavier, continuing the rapid expansion of our store chain, and enhancing our reputation through advertising campaigns. Regarding external growth opportunities, we've launched exclusive discussions for the purchase of A.C.T.I. MAC Group.*
Building on our solid fundamentals and a healthy financial position, we're stepping into the second half of 2022/2023 and the years to come with complete confidence. From the second half onwards, we expect our business to benefit from market innovations in graphics cards and processors."

SIMPLIFIED FIRST HALF INCOME STATEMENT (1 APRIL-30 SEPTEMBER)

€m (audited)	H1 2022/2023 6 months	H1 2021/2022 6 months
Revenues	**253.9**	**333.5**
Gross margin	**51.0**	**76.9**
Gross margin rate	*20.1%*	*23.1%*
EBITDA [1]	**2.3**	**30.7**
EBITDA margin	*0.9%*	*9.2%*
Operating earnings (EBIT) after goodwill amortisation and impairment [2]	**(2.2)**	**26.1**
Net financial income/(expense)	0.0	(0.2)
Net non-recurring income/(expense)	(0.3)	0.0
Income tax	0.6	(7.6)
Net income/(loss) of consolidated companies	**(1.9)**	**18.3**
Net income/(loss), Group share	**(1.9)**	**18.3**

[1] EBITDA = Operating earnings (EBIT) after goodwill amortisation and impairment + depreciation, amortisation and provisions.

[2] No goodwill amortisation and impairment charges were recorded for the financial years presented.

GROUPE LDLC

On 1 December 2022, the LDLC Group Management and Supervisory Boards approved the consolidated financial statements for the six months ended 30 September 2022. The account auditing procedures have been finalised and the accounts have been audited.

H1 2022/2023 BUSINESS REVIEW

Revenues of €253.9m

First half consolidated revenues amounted to €253.9m, down 23.9% compared to H1 2021/2022. The Group was faced with adverse market conditions (higher energy prices, strong fluctuations in the dollar, etc.) coupled with the expected return to normal levels of high-tech purchases following significant increases during Covid.

In this context, the BtoC business reported revenues of €166.4m, down 29.6%. Store revenues recorded a milder 8.8% decline to €52.3m, once again demonstrating the pertinence of the Group's multi-channel model.

The BtoB business posted first half 2022/2023 revenues of €81.1m, down 11.4% from €91.5m last year.

The Group's average basket value rose to €475 before VAT (€472 before VAT in H1 2021/2022). Customer acquisition demonstrates strong business development, with 145,000 new BtoC and BtoB customers added in H1.

Other businesses increased 11.6% to €6.4m, compared to €5.8m in H1 2021/2022. Childcare brand L'Armoire de Bébé continued to grow strongly with revenues up 12.0% to €4.5m. The success of this business is driven by strengthening brand awareness and the expansion of its store chain (7 stores at 30 September 2022 versus 5 at 30 September 2021).

Gross margin €51.0m, giving a gross margin rate of 20.1%

Following a boost during the health crisis in previous years, the gross margin rate was impacted by the current market downturn and came to 20.1% in the first half, a limited one-off decline versus the normalised 21.5% margin rate targeted by the Group. Gross margin came to €51.0m (down 33.6% compared to the previous year).

EBITDA of €2.3m

In the first half of 2022/2023, other purchases and external costs rose 19.9% due to ongoing investments to prepare for the Group's future growth. Meanwhile, the decline in business combined with the Group's fixed-charge business model and the one-off decline in the gross margin impacted profitability for the period. EBITDA amounted to €2.3m, giving an EBITDA margin of 0.9%.

After depreciation, amortisation and provisions, operating earnings (EBIT) after goodwill amortisation and impairment amounted to a €2.2m loss. Net financial income/(expense) was at breakeven and the Group posted a marginal €0.3m net non-recurring loss for the period.

The Group posted a net loss of €1.9m for H1 2022/2023.

Sound financial structure: net cash of €16.8m

Shareholders' equity amounted to €107.4m at the end of the first half, compared to €116.7m at 31 March 2022.

With pressure easing on supplies and demand returning to normal, the Group continued to adapt inventory levels, thereby reducing working capital by €5.1m. Following these measures, net cash remained high at €16.8m, compared to €22.8m at 31 March 2022.

2022/2023 INTERIM DIVIDEND

In keeping with its policy of distributing dividends to shareholders (dividends paid since the 2020/2021 financial year, introduction of a loyalty dividend from 2024/2025) and thanks to a healthy financial position, Groupe LDLC has decided to pay an ordinary interim dividend of €0.40 per share for the 2022/2023 financial year (ex-dividend date: 22 February 2023, payment date 24 February 2023).

RECENT NEWS AND OUTLOOK

Planned acquisition of A.C.T.I. MAC Group

In accordance with its acquisition strategy aimed at expanding its product offering and consolidating its position as a high-tech specialist, the LDLC Group today announces the start of exclusive negotiations for the purchase of A.C.T.I. MAC Group.

An Apple reseller for businesses and retail customers, the A.C.T.I. MAC Group has five branches including three Apple Premium Reseller stores in France. It also offers a comprehensive range of services for businesses. With around 60 employees, the A.C.T.I. MAC Group posted revenues of around €42m in its last financial year.

If closed, this acquisition will significantly strengthen the LDLC Group's existing BtoB offering.

A memorandum of understanding, subject to conditions precedent, on the purchase of the A.C.T.I. MAC Group's entire share capital could be signed within the next four months. The market will be informed in advanced of the plan.

Commissioning of the St Quentin-Fallavier warehouse

As per the schedule, the new St Quentin-Fallavier warehouse was launched in September 2022. The warehouse is expected to be fully operational by the end of the 2022/2023 financial year. With optimised storage space and largely automated logistics technology, the new facility will accommodate the increase in business over the coming years and support the expansion of the store chain. As a reminder, at 30 September 2022, the Group had 96 high-tech stores (10 store openings during the first half and four more since 1 October 2022).

In addition, thanks to BREEAM[1] certification and better working conditions through the use of technology, the new warehouse offers a further opportunity to showcase the Group's efforts to improve its environmental and social impact.

Management Board strengthened with the appointment of Harry De Lepine

In accordance with its strategy of developing the retail business, Groupe LDLC has appointed Harry de Lépine member of the Management Board in order to contribute his expertise in this field.

Harry joined the Group in 2004 and has held a number of positions since then, including managing Group general services and works, running the franchisor unit and overseeing the entire LDLC store chain.

[1] BREEAM (Building Research Establishment Environmental Assessment Method) certification assesses the performance of a building based on ten environmental and social criteria (management, well-being and health, energy, transport, materials, water, waste, landscape and environment, pollution and innovation).

Launch of phase 3 of the "*LD, elle sait!*" TV ad campaign for the end-of-year festive season

On 21 November, the LDLC Group launched the third and final instalment of its first ever TV ad campaign in France, "*LD, elle sait!*" ("LD, she knows!"). While the first two ads achieved positive results in terms of online and offline traffic, this third ad will be broadcast almost 1,700 times in the run-up to the year-end festivities.

This campaign reflects the Group's desire to extend the reach of its LDLC brand by highlighting its ability to serve all consumer categories and meet all needs. It is a crucial part of the Group's efforts to set itself apart through the store chain, its culture of providing the right advice to meet customer needs, its broad range of services and its commitment to customer relations.

Customer Service of the Year award for the ninth year running

In November 2022, LDLC received the "Customer Service of the Year[2]" award for the ninth year in a row. With an overall score of 19.27/20 in the "Technical Product Retail" category, a further improvement on last year, LDLC has reaffirmed its expertise in customer satisfaction. A taskforce of 60 pre- and post-sale advisers provide guidance to online customers, handling over 550,000 requests per year via email, phone, social media and chat.

€1m to help combat climate change

Committed to Time for the Planet since 2021, the LDLC Group ramped up support in the first half of 2022/2023 through the payment of €800,000, bringing its total contribution to €1m and making it a major shareholder of the civic initiative. The LDLC Group and its founding chairman Laurent de la Clergerie have thereby reaffirmed their support for this collective project, as well as their solid commitment to the fight against climate change.

Founded in 2019 by a team of young entrepreneurs based in Lyon, Time for the Planet is a non-profit that aims to finance 100 companies seeking to combat climate change, particularly by reducing greenhouse gas emissions on a global scale.

Confidence reaffirmed in full year 2022/2023

After a first half impacted as expected by the rerouting of household expenditure, economic uncertainties and a challenging comparison base, the LDLC Group is entering the second half of 2022/2023 with confidence. This period is expected to benefit from a dynamic upgrading programme affecting processors and graphics cards (new major ranges brought to market every two years).

As such, with higher business volumes in the second half, the strengths of the Group's business model will be put to greater use and drive profitability over the full 2022/2023 financial year.

In the medium term, the Group is operating in fast-growing markets. To capture growth in these markets as soon as they recover, the LDLC Group will be relying on solid fundamentals, a strong financial position and actions to support its development. The Group will draw on strengthened brand recognition, accelerated development of the store chain and growth in the BtoB segment.

[2] Technical Product Retail category - BVA Group survey - Viséo CI - Read more at escda.fr

Future growth will also be driven by new logistics solutions and facilities, including the new warehouse in St Quentin-Fallavier.

Drawing on these strengths, and even if present factors impact its economic performance in the short term, the LDLC Group confirms its ability to return to normalised gross margin and profit levels in the medium term.

Next meeting:

2 December 2022 at 10 am – First half earnings presentation conference call

Next release:

26 January 2023 after market close, Q3 2022/2023 revenues

GROUP OVERVIEW

The LDLC Group was one of the first to venture into online sales in 1997. As a specialist multi-brand retailer and a major online IT and high-tech equipment retailer, the LDLC Group targets individual customers (BtoC) as well as business customers (BtoB). It operates via 15 retail brands, has 7 e-commerce websites and close to 1,000 employees.

Winner of a number of customer service awards and widely recognised for the efficiency of its integrated logistics platforms, the Group is also developing an extensive chain of brand stores and franchises.

Find all the information you need at www.groupe-ldlc.com

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