GROUPE LDLC

PRESS RELEASE

LIMONEST, **7 DECEMBER 2023**

H1 2023/2024 RESULTS

- CONSOLIDATED FIRST HALF REVENUES UP 5.1% TO €266.9M
- GROSS MARGIN RATE BACK TO NORMAL AT 21.5%
- EBITDA UP 26.1%
- NET CASH UP €6.4M
- CONFIDENCE IN THE GROUP'S ABILITY TO CONTINUE TO OUTPERFORM THE MARKET
- START OF EXCLUSIVE NEGOTIATIONS WITH RUE DU COMMERCE FOR THE ACQUISITION OF ITS BUSINESS ASSETS

Olivier de La Clergerie, LDLC Group CEO, said: *"Our first half 2023/2024 performance reflects the strength of our business model with a return to normal gross margin rate levels of 21-22% and EBITDA up nearly 30%, despite the inflationary environment and the LDLC Group's capital expenditure policy.*

Over the last 18 months, amid waning consumption, the Group has continued to lay the foundations for future growth by expanding its store chain, strengthening brand awareness, particularly through the advertising campaigns, and via the acquisition of A.C.T.I. MAC in the BtoB segment. This proactive strategy is beginning to bear fruit and places the LDLC Group in a strong position to gain market share and seize growth opportunities as soon as its market recovery begins to gather pace.

Given the strength of the sector's fundamentals and our sound financial position, we remain confident in the Group's future performance and its ability to return to normal levels of profitability in the event of a stronger recovery in demand. For the current financial year, we expect revenues to remain stable at constant consolidation scope, mainly in light of current downward trends in the BtoB market and potential developments up to the end of the year."

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

€m (audited)	H1 2023/2024 6 months	H1 2022/2023 6 months	Change
Revenues	**266.9**	**253.9**	**+13.0**
Gross margin	**57.5**	**51.0**	**+6.5**
Gross margin rate	*21.5%*	*20.1%*	*+140 bps*
EBITDA[1]	**2.9**	**2.3**	**+0.6**
EBITDA margin	*1.1%*	*0.9%*	*+20 bps*
EBIT[2]	**(2.3)**	**(2.2)**	**-0.1**
Net financial income/(expense)	(0.3)	0.0	-0.3
Net non-recurring income/(expense)	(1.0)	(0.3)	-0.7
Income tax	0.4	0.6	-0.2
Net income/(loss) of consolidated companies	**(3.2)**	**(1.9)**	**-1.3**
Net income/(loss), Group share	**(3.6)**	**(1.9)**	**-1.7**

[1] EBITDA = Operating earnings (EBIT) after goodwill amortisation and impairment + depreciation, amortisation and provisions.
[2] After a €0.3m goodwill amortisation and impairment charge for H1 2023/2024, whereas no charge was recorded for H1 2022/2023.

On 7 December 2023, the LDLC Management and Supervisory Boards approved the consolidated financial statements for the six months ended 30 September 2023. The account auditing procedures have been finalised and the accounts have been audited.

H1 2023/2024 revenues: €266.9m

First half consolidated revenues amounted to €266.9m, up 5.1% versus H1 2022/2023 and up 0.2% at constant consolidation scope (excluding the impact of A.C.T.I. MAC, consolidated from 1 April 2023). The second quarter saw a return to organic growth (up 4.4% versus Q2 2022/2023) mainly due to the gradual stabilisation of new high-tech equipment purchases.

The BtoC business posted revenues of €178.6m, up 7.4% versus H1 2022/2023 and up 5.1% at constant consolidation scope. Growth was driven by store revenues of €63.2m, up 20.9%. This solid growth demonstrates the merits of the Group's investments to strengthen its regional network and customer proximity.

The BtoB business posted first half revenues of €81.3m, up 0.3% from €81.1m the previous year. Revenues were down 10.6% at constant consolidation scope, still impacted by a macroeconomic environment that is prompting companies to exercise caution and postpone investment.

Revenues from other businesses increased 8.2% to €7.0m. Childcare brand L'Armoire de Bébé posted revenues of €4.6m, up 3.4% from €4.5m in H1 2022/2023.

Gross margin rate recovery to 21.5%

Gross margin came to €57.5m in H1 2023/2024, up 12.7% versus H1 2022/2023. The gross margin rate was 21.5%, up 140 basis points versus H1 2022/2023.

The strength of the LDLC Group's business model combined with a gradual stabilisation of new high-tech equipment purchases prompted the gross margin rate to return to the normal levels of 21-22% targeted by the Group when business is running at cruising speed.

EBITDA came to €2.9m, up 26.1%.

H1 2023/2024 staff costs increased by 17.6% mainly due to wage inflation and the implementation of an employee bonus share plan, for which a €2m non-recurring expense was recognised for the first half. The LDLC Group also continued to invest in preparation for future growth, by bringing out new TV advertising campaigns and opening new stores, the primary reasons for the 9.3% increase in other purchases and external costs along with rent inflation.

Despite the inflationary environment and the Group's capital expenditure policy, EBITDA rose 26.1% to €2.9m, giving an EBITDA margin of 1.1%, up 20 basis points versus H1 2022/2023.

After net depreciation, amortisation and provisions and goodwill amortisation and impairment, the Group posted an operating loss of €2.3m for H1 2023/2024, compared to a €2.2m loss the previous year.

Net financial items fell to a €0.3m expense due to the increase in financial expenses, mainly due to the A.C.T.I. MAC acquisition. Net non-recurring expense came to €1.0m, compared to a €0.3m expense in H1 2022/2023, mainly due to the July 2023 cessation of operations at LDLC Event.

The Group posted a net loss (Group share) of €3.6m for H1 2023/2024.

Net cash up €6.4m

With supplies and demand returning to normal, the LDLC Group continued to optimise inventory levels, thereby reducing working capital by €27.7m. Operating cash flow rose sharply to €30.4m, up from €6.9m in H1 2022/2023.

Cash flow from investing activities amounted to a €23.6m outflow, largely due to the consolidation of A.C.T.I. MAC from 1 April 2023.

With regard to cash flow from financing activities, the LDLC Group repaid €3.6m of borrowings during the period and took out new loans amounting to €3.3m.

In total, the Group generated a net cash inflow of €6.4m in H1 2023/2024, compared to a €0.7m outflow last year. Net cash amounted to €6.9m at 30 September 2023, compared to shareholders' equity of €99.8m.

RECENT NEWS AND OUTLOOK

Launch of episode 3 of the LDLC advertising saga in time for the end-of-year festive season

On 10 November, the LDLC Group launched the third and final part of its 2023 nationwide TV campaign. The new advertisement, which reminds the general public about the three-year warranty[1] offered by LDLC since 27 April 2023, will be broadcast until 3 December 2023 in the run-up to the end-of-year festivities.

This campaign forms part of LDLC's brand awareness drive among the general public designed to further the Group's ambition of becoming the go-to brand for a broad and diversified customer base, underpinned by its unique selling points: the store chain, proximity, multiple services and commitment to customer satisfaction.

Customer Service of the Year award for the tenth year running

In November 2023, for the tenth year running, LDLC received the "Customer Service of the Year[2]" award in the "Technical Product Retail" category, earning a record rating of 19.66/20, up on the previous year.

Customer satisfaction remains a core feature of the LDLC Group's identity, in line with its choice to run an in-house customer relations department staffed by 60 pre- and post-sale advisers, who provide guidance to online customers, handling over 550,000 requests per year via email, phone, social media and chat.

Start of exclusive negotiations with Rue du Commerce for the acquisition of its business assets

The LDLC Group today announces the start of exclusive negotiations with Rue du Commerce to acquire its business assets for the online sale of IT and high-tech products and components operated under the " Rue du Commerce" business, trade name and brand via its website www.rueducommerce.fr.Founded in 1999, Rue du Commerce is a pioneer and key player in the French e-commerce sector. This groundbreaking high-tech specialist was the first French company to launch its own marketplace in France in 2007 featuring over 6 million products spanning over 1,300 leading brand names. In 2020, e-commerce group Shopinvest, which also owns the 3 Suisses company, took over Rue du Commerce from Carrefour.

[1] See terms and conditions (in French) on: https://www.ldlc.com/aide/50-la-garantie-ldlc/

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

The founders, Karine Schrenzel and Olivier Gensburger, then began making sweeping changes and refocused the Rue du Commerce business on high-tech, IT and innovative products from French start-ups via the monthly French Lab in support of French Tech.

This transaction will consolidate the LDLC Group's position as a leading expert in the online retail of IT and high-tech products.

Acquisition procedure

Closing of the deal, subject to communication and consultation with staff representatives and the signing of a final agreement subject to conditions precedent, including the approval of the French Competition Authority, is scheduled for 30 June 2024 at the latest.

The market will be kept informed of progress with the acquisition.

Outlook

The gradual recovery in BtoC sales and the investments made to acquire new customers allowed the LDLC Group to return to positive organic growth in Q2 2023/2024. The market remains active but volatile in anticipation of new product releases in the fourth quarter. The Group is now targeting stable full-year revenue at constant consolidation scope, mainly in light of trends in the BtoB market.

The second half, historically marked by stronger business, should allow the Group to take more advantage of the operational leverage inherent in its business model and keep up 2023/2024 profit margins.

The LDLC Group's financial strength coupled with the sales and marketing initiatives carried out over the last two years to boost its brand awareness and market share put the Group in a strong position to outperform the market and return to normal profit margins over the medium term.

Next meeting:

8 December 2023 at 10 am – H1 2023/2024 earnings videoconference presentation

Next release:

25 January 2024 after market close, Q3 2023/2024 revenues

GROUPE LDLC

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 1,100 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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