Ivry-sur-Seine - France, February 23, 2024

Compensation of Executive Corporate Officers

At its meeting on February 22, 2024 on the recommendation of the Appointments and Compensation Committee, the Board of Directors of Fnac Darty considered and approved the following compensation for Mr. Enrique Martinez, Chief Executive Officer.

Variable Compensation of Mr. Enrique Martinez for 2023

For 2023, the annual variable compensation of the Chief Executive Officer may range from 0% if no objective is met, to 100% of the annual fixed compensation in the event that the objectives are met. This variable compensation may reach a maximum of 150% of the annual fixed compensation if objectives are exceeded.

Business and financial criteria are paramount when structuring annual variable compensation. Variable compensation is broken down into 60% for economic and financial targets, 10% for an objective relating to the customer experience, 10% for objectives relating to social and environmental responsibility, and 20% for qualitative goals.

For 2023, the criteria set for the variable portion are as follows:

Economic and financial criteria:
- Group current operating income corresponding to 20% of the total objective for a target achievement rate of 100%, with a maximum of 166.67% in the event of outperformance;
- Group free cash flow corresponding to 20% of the total objective for a target achievement rate of 100%, with a maximum of 166.67% in the event of outperformance;
- Group revenue corresponding to 20% of the total objective for a target achievement rate of 100%, with a maximum of 166.67% in the event of outperformance.

Criterion relating to customer experience:
- Net Promoter Score corresponding to 10% of the total objective for a target achievement rate of 100%, with a maximum of 150% in the event of outperformance.

Criteria relating to the Company's corporate social responsibility:
- Reduction of energy consumption corresponding to 5% of the total objective for a target achievement rate of 100%, with a maximum of 150% in the event of outperformance;
- Commitment of employees corresponding to 5% of the total objective for a target achievement rate of 100%, with a maximum of 150% in the event of outperformance.

The level of attainment for each of the above criteria has been precisely established. Each business, financial, customer experience, and social and environmental responsibility objective is subject to:
- A trigger point below which no compensation is payable for the criteria concerned; and
- A level of achievement beyond which compensation is capped at 166.67% for business and financial targets and at 150% for customer experience or social and environmental responsibility objectives.

Qualitative criteria:
- Development of the services policy and execution of the performance plan corresponding to 10% of the total objective for a target achievement rate of 100%;
- Quality of the social climate corresponding to 10% of the total objective for a target achievement rate of 100%.

The potential compensation for qualitative criteria is capped at 100% of the target potential achieved, without the possibility of compensation for outperformance.

The Board of Directors measured each of the business, financial, customer experience, and social and environmental responsibility criteria based on performance figures throughout 2023. The qualitative criteria were assessed at the same meeting on the basis of the Appointments and Compensation Committee's evaluation, supported in part by figures.

The total achievement rate of the 2023 variable portion was 72.83% of the maximum, and the gross amount due for 2023 is €819,335. This amount corresponds to an acquisition of 23,965 shares out of the 32,906 shares allotted by the Board of Directors on May 24, 2023 to allow the payment in shares of the 2023 annual variable compensation. As a reminder, this allotment of shares was valued with a reference price of €34,189, which was the average of the closing share prices over the 20 trading days immediately preceding the Board meeting on May 24, 2023;

Pursuant to the provisions of Article L. 22-10-34 II of the French Commercial Code, the payment of this annual variable compensation is subject to the approval of the compensation and benefits of any kind paid or awarded to Mr. Enrique Martinez for 2023 by the General Meeting on May 29, 2024.

Fixed and Variable Compensation of Mr. Enrique Martinez for 2024

On February 22, 2024, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, decided to increase the Chief Executive Officer's fixed annual compensation to €800,000 gross as of 2024. This new compensation is fixed for the remainder of his term of office as director and will therefore remain unchanged during this period except in exceptional circumstances.

The fixed compensation paid in 2023 was €750,000 gross, unchanged since 2019.

It should be noted that the annual variable compensation potential still represents 100% of the fixed compensation in the event of target objectives being achieved but remains unchanged and capped at €1,125,000 gross in the event of outperformance on all criteria, i.e. a maximum potential of 140.625% of the fixed compensation. The maximum annual variable compensation amount is therefore unchanged since 2019.

The increase in Mr. Enrique Martinez's fixed compensation is therefore 6.7%, but the increase in his theoretical maximum compensation is limited to 2.7%.

The proposed increase in Mr. Enrique Martinez's compensation reflects both the desire to recognize his long-term performance in a particularly difficult environment for the specialized retail sector, and the desire to adopt a reasonable approach that is acceptable to all stakeholders.

Since Mr. Enrique Martinez took over as Chief Executive Officer, Fnac Darty has demonstrated both the relevance of the strategic plans implemented (first with Confiance +, and now with Everyday) and the quality of their execution. The adaptation of its omnichannel model and the acceleration of the extensive transformation of its digital customer and service model have enabled the Group to demonstrate the power of its model and the excellent resilience of its business during years marked by the unprecedented combination of a health crisis, a geopolitical crisis and a period of sustained inflation.

This increase also reflects the Board of Directors' confidence in Mr. Enrique Martinez's ability to lead the Group in a still uncertain environment with the determination to continue deploying strategic activities to simplify its business model, remain a key partner close to the needs of its customers and subscribers, and continue to outperform markets, maintain gross margins, control costs and maintain a strong liquidity position.

Moreover, this change takes place over a long period of time, coming after a period of five years without revaluation, and being fixed for the duration of his term of office as director.

It should be noted that over the period from 2019 to 2023, employees who have been with the Group since 2019 have seen an increase of 14.7% on average in their fixed compensation, and 13.4% including the annual variable components paid. These increases were set against a backdrop of high inflation.

With effect from 2023, the Board of Directors has decided, on the recommendations of the Appointments and Compensation Committee, to allot the annual variable compensation of executive corporate officers in whole or in part in the form of performance shares. This conditional allotment of the Company's shares strengthens the alignment of the interests of executive corporate officers and shareholders.

The method of payment of annual variable compensation, whether in cash or in the form of an allotment of performance shares, has no influence on the performance conditions or on the ceiling for annual variable compensation.

For 2024, 25% of Mr. Enrique Martinez's annual variable compensation will be paid in the form of performance shares and 75% in cash.

In this framework, the Board of Directors has allotted 11,657 shares in respect of annual variable compensation for 2024. This number of shares corresponds to €281,250, or 25% of the €1,125,000 maximum potential annual variable compensation for 2024. The vesting of these performance shares, after a minimum vesting period of one year, is in particular subject to the performance conditions described below and to the approval of the 2025 General Meeting called to approve the 2024 financial statements, in accordance with the provisions of Article L. 22-10-34, II of the French Commercial Code.

It should be noted that this allotment of shares is valued with a reference price of €24,128, which is the average of the closing share prices over the 20 trading days immediately preceding the Board meeting on February 22, 2024.

The performance shares that will be acquired within this framework in 2025 will be subject to a two-year holding requirement in their entirety, followed by a minimum holding requirement until cessation of office, in accordance with the obligations to retain and hold shares applicable to corporate officers.

The Group's business and financial criteria remain paramount for the variable compensation for 2024. Variable compensation is broken down into 60% for economic and financial targets, 10% for an objective relating to the customer experience, 10% for objectives relating to social and environmental responsibility, and 20% for qualitative goals.

As in 2023, the potential compensation for qualitative goals is capped at 100% of the target potential achieved on these criteria, without the possibility of compensation for outperformance. The compensation potential for objectives related to customer experience and corporate social responsibility is set at 150%. The maximum unallocated potential compensation is reallocated to the financial criteria.

For 2024, the criteria set for the variable portion are as follows:

Economic and financial criteria:
- Group current operating income corresponding to 20% of the total objective for a target achievement rate of 100%, with a maximum of 151.04% in the event of outperformance;
- Group free cash flow corresponding to 20% of the total objective for a target achievement rate of 100%, with a maximum of 151.04% in the event of outperformance;
- Group revenue corresponding to 20% of the total objective for a target achievement rate of 100%, with a maximum of 151.04% in the event of outperformance.

Criterion relating to customer experience:
- Net Promoter Score corresponding to 10% of the total objective for a target achievement rate of 100%, with a maximum of 150% in the event of outperformance.

Criteria relating to the Company's corporate social responsibility:
- Reduction of energy consumption corresponding to 5% of the total objective for a target achievement rate of 100%, with a maximum of 150% in the event of outperformance;
- Commitment of employees corresponding to 5% of the total objective for a target achievement rate of 100%, with a maximum of 150% in the event of outperformance.

Qualitative criteria:
- Execution of strategic initiatives with the integration of MediaMarkt Portugal, development of Weawenn, development of the services policy;
- Execution of the performance plan, cost and productivity management;
- Quality of the social climate, and success of communications regarding the Olympic Games.

Each of these three criteria accounts for a third of the 20% of annual variable compensation allotted to qualitative criteria, for a target attainment rate of 100%.

The potential compensation for qualitative criteria is capped at 100% of the target potential achieved, without the possibility of compensation for outperformance.

The objectives associated with each of the above criteria are established precisely in advance.

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, the compensation policy for corporate officers for the 2024 financial year will be submitted to a vote at the General Meeting on May 29, 2024. Accordingly, changes in the Chief Executive Officer's fixed annual compensation will only be applied retroactively to January 1, 2024 after the General Meeting of May 29, 2024, if approved by the latter.

Long-Term Compensation

In accordance with the compensation policy approved by the General Meeting of May 24, 2023 and the compensation policy submitted for approval to the General Meeting of May 29, 2024, and on the recommendation of the Appointments and Compensation Committee, the Board of Directors of Fnac Darty decided, at its meeting on February 22, 2024, to implement a long-term incentive scheme for Enrique Martinez, Chief Executive Officer.

This initiative applies to all managers eligible for the long-term incentive schemes set up each year. In 2024, it will be carried out earlier in the year in order to better align the timetables of the various compensation schemes available to managers, and in particular those relating to changes in annual compensation, the payment of variable compensation in respect of 2023 and the setting of variable compensation objectives in respect of 2024. The aim of this timetable is to provide beneficiaries with a coherent, comprehensive and motivating communication. This scheme is not in addition to the one implemented each year.

In the case of the Chief Executive Officer, the scheme involves the allotment of 93,496 performance shares under a three-year plan (from February 22, 2024 to February 21, 2027).

The vesting of these performance shares is subject to:

- For 25%, the fulfillment of market performance conditions to be measured in 2027 based on the following two criteria, which each account for 12.5% of the plan:
    - the Company's Total shareholder Return (TSR) compared with a selection of mass-market retailers, assessed based on the market performance between the start of the plan (the 60 trading days prior to February 1, 2024) and the end of the plan (the 60 trading days prior to February 1, 2027),
    - the growth of the Company's share price, assessed in exactly the same way as the previous criterion, but expressed in terms of absolute growth rather than in relation to a selection of other companies;
- For 50%, the fulfillment of financial performance conditions to be measured in 2027 based on the following two criteria, which each account for 25% of the plan:
    - free cash-flow, assessed based on the cash-flow generated by the Group during the years 2024–2026,
    - revenue, assessed based on the Group's average revenue for the years 2024–2026;
- For 25%, the fulfillment of CSR performance conditions to be measured in 2027 based on the following two criteria, which each account for 12.5% of the plan:
    - gender balance in governing bodies, with the Leadership Group's feminization rate assessed by taking into account the rate measured in 2026;
    - reduction in CO_2 emissions, assessed by taking the Group's CO_2 emissions in 2026 and comparing them with its emissions in 2019;
- The condition of still being at the Company on February 21, 2027.

These performance criteria do not permit vesting of the shares in the event that a trigger threshold is not reached.

The performance conditions of the performance shares plan are detailed below:

	Criteria weighting	Per criterion, % shares acquired under the threshold	Per criterion, % shares acquired at the threshold	Per criterion, % shares acquired at the target	Threshold objective	Target objective
Market performance						
Relative TSR	12.50%	0.00%	6.25%	12.50%	Median	1st quartile
Share price growth	12.50%	0.00%	0.00%	12.50%	0%	Target
Financial performance						
Free cash-flow	25.00%	0.00%	12.50%	25.00%	80% of the target	Target
Revenue	25.00%	0.00%	12.50%	25.00%	98% of the Target	Target
CSR performance						
Feminization of the Leadership Group	12.50%	0.00%	6.25%	12.50%	95% of the Target	Target
Reduction in CO_2 emissions	12.50%	0.00%	6.25%	12.50%	83% of the Target	Target
Total	**100%**	**0%**	**43.75%**	**100%**		

TSR panel: Kingfisher, Currys, Best Buy, WH Smith, Carrefour, Casino, Maisons du Monde, Ceconomy, Fnac Darty

Long-Term Incentive Schemes for 2021 and 2022

In view of the exceptional circumstances brought about by the economic and geopolitical crisis, which has had an extraordinary impact on the Company's business, including a particularly high inflationary environment in 2022, the Board of Directors of Fnac Darty, at its meeting on February 22, 2024, on the recommendation of the Appointments and Compensation Committee, decided, in compliance with legal rules and the AFEP-MEDEF Code, to modify the measurement of an internal performance condition for the long-term incentive schemes allocated in 2021 and 2022, for all beneficiaries, including the executive corporate officer.

Against this backdrop, Fnac Darty reported slightly negative cash flow in 2022, compared with a historical figure of around €180 million. This level of performance has since been regained in 2023, demonstrating the atypical nature of 2022. It should also be noted that the Group has once again confirmed its objective of generating €500 million in cash flow over the 2021-2024 period.

The Board of Directors decided to make the specific changes below pertaining exclusively to the performance share plans allocated in 2021 and 2022. This decision was made in an effort to prevent the impact of the economic crisis on the year 2022 from disproportionately affecting the ongoing long-term incentive plans as a whole, which would not only undermine the objectives of motivating key managers and aligning their long-term interests with those of shareholders, but would also overlook the very high level of commitment shown by Fnac Darty's teams — the source of the Group's resilience thus far.

The final vesting of these performance shares was primarily contingent on the achievement of an average level of free cash flow, assessed for the entire 2024 vesting period in the case of the plan allocated in 2021, taking into account the cash flow generated by the Group during the 2021, 2022 and 2023 financial years. And in the case of the plan allocated in 2022, the same condition applied for the entire 2025 vesting period, taking into account the cash flow generated by the Group during the 2022, 2023 and 2024 financial years.

To limit the impact of this crisis, the year 2022 will be offset when measuring the entire period's cash-flow performance. Consequently, the number of shares initially granted under this condition will be reduced by one-third to reflect this change relating to the year 2022. However, the average free cash flow objective to be achieved for each plan remains unchanged.

Consequently, all performance conditions will be measured as initially planned in 2024 for the plan allocated in 2021, and as initially planned in 2025 for the plan allocated in 2022, and, under this criterion, the reduction applied will not enable the vesting of more than two-thirds of the shares initially allotted.

There are no changes to the other performance conditions of these plans, i.e. the fulfillment of the Company's Total Shareholder Return objective compared with a panel of companies and the fulfillment of the Company's social and environmental responsibility objective.

It should also be noted that no changes have been made to the long-term incentive plan still in progress, allocated in 2023.

This amendment will be submitted for approval to the General Meeting on May 29, 2024.

Obligation to Retain and Hold Shares

On the recommendation of the Compensation Committee, the Board of Directors, at its meeting on February 23, 2023, defined the retention requirements under Articles L. 225-185 and L. 225-197-1 of the French Commercial Code applicable to shares arising from free share allotments and the exercise of options, in accordance with the following terms and conditions:

Executive corporate officers are required to hold a minimum number of registered shares, until the termination of their duties, corresponding to 25% of the vested shares (net of expenses and taxes and of any divestments required for the exercise of options) for each of the free share allotment plans and stock subscription options plans granted to them by the Board from the date of their appointment. It is specified that any plans from which they may previously have benefited as employees are not included.

However, this percentage is reduced to 10% if the number of shares held by the executive corporate officers under the free share allotment and the exercise of options, under all plans, represents an amount that is equal to twice their gross annual fixed compensation, which is the minimum number of registered shares that the executive corporate officers must hold until the termination of their duties under Section 24 of the French AFEP-MEDEF Code.

In accordance with the recommendations of the AFEP-MEDEF Code, executive corporate officers who are beneficiaries of stock options and/or performance shares make a formal commitment not to use hedging transactions either on options or shares resulting from the exercise of options or on performance shares, until the end of the share retention period set by the Board of Directors.