

## Good revenue resistance in Q1 2022

- Revenue for Q1 2022 at €1,782 million, down slightly by -2.0% on a reported basis and by -2.5% on a like-for-like basis,<sup>1</sup> compared to Q1 2021, taking into account a high comparison basis effect and in an increasingly inflationary environment.
- Performance driven by strong in-store sales growth, in a context where all stores were open in Q1 this year, and by a continued high level of online sales.
- Strategic partnerships for the Group were formed around digital development and data with Google, and repairs with Apple.
- Strong financial management by Fnac Darty, with Standard & Poor's and Scope Ratings agencies raising the Group's long-term credit ratings by a level.

**Enrique Martinez, Chief Executive Officer of Fnac Darty, declared:** *"The Group's performance was solid in Q1 2022, with good product availability and excellent service quality. We also entered into strategic partnerships with two key Tech stakeholders: with Google, to achieve a smoother, more personalized and innovative experience for our customers when shopping online; and with Apple, to strengthen our position as a leader in repairs and the circular economy. We will remain attentive to changes in the international environment in the coming months."*

### FIRST QUARTER 2022 REVENUE

	Q1 2022 In €m	Change vs Q1 2021	
		Actual data	Like-for-Like data <sup>1</sup>
France and Switzerland	1,471	-2.3%	-2.8%
Iberian Peninsula	157	+8.5%	+7.4%
Belgium and Luxembourg	154	-8.6%	-8.6%
<b>Group</b>	<b>1,782</b>	<b>-2.0%</b>	<b>-2.5%</b>

<sup>1</sup> Like-for-like data: excludes the effect of changes in foreign exchange rates and scope of consolidation, and directly owned store openings and closures.

## FIRST QUARTER 2022 KEY HIGHLIGHTS

### Sales analysis for the quarter

Group revenue reached €1,782 million in Q1 2022, down -2.5% on a like-for-like basis<sup>1</sup> and -2.0% on a reported basis in the context of a very high comparison basis (as a reminder, the Group had recorded like-for-like growth of +21.7% in Q1 2021).

Compared to the *proforma* 2019 pre-crisis level<sup>2</sup>, the Group recorded solid growth in its sales of +7.8%, supported by an increase in the average checkout value and the conversion rate.

Compared to Q1 2021, the strong performance of in-store sales, with stores fully opened in Q1 2022, partially offset the consolidation of the digital business, which represents 23% of the Group's total sales. The omnichannel model continued its progression this quarter and accounts for more than 47% of total online sales, up +6 points from Q1 2021.

### **Changes by product category**

During the quarter, the Group posted a decline in its sales of **appliances** mainly due to lower volumes in the market, coupled with a strong comparison basis effect in Q1, as the average selling price of large appliances is rising. **Consumer electronics** recorded a strong momentum in telephony, sound and photo, which was more than offset by the decline in categories that had benefited from the high demand for remote-working and home-learning equipment in connection with the health crisis. **Editorial products** continued to show strong sales growth in connection with the gradual recovery of in-store foot traffic, including books, video, and audio, while gaming sales declined. **Diversification** categories continued to record solid growth, which was driven mainly by urban mobility. Finally, **services** continued to grow in all areas, benefiting from the continued development of Darty Max and good credit momentum. Thanks to an easing of health restrictions and with a rich line-up, ticketing showed an encouraging recovery during the quarter.

### **Changes by region**

In Q1 2022, sales in the **France and Switzerland** segment showed good resilience at €1,471 million, down slightly by -2.8% on a like-for-like basis<sup>1</sup>, given a difficult comparison basis effect related to restrictions imposed in Q1 2021 that had boosted product sales related to remote-working and home well-being. This performance was driven in particular by the strong sales momentum of editorial products, particularly of books, led by literature and manga comics, as well as the continued positive impact of the Culture Pass. In addition, Nature & Découvertes posted a recovery in sales with an increase in the average checkout value and a return of in-store foot traffic to stores that were closed for much of Q1 last year. Finally, in Switzerland, the partnership with Manor continued during the quarter with 7 Fnac shop-in-shops opening within Manor, in accordance with the deployment plan. By summer, the Group still aims to have a total of 27 Fnac shop-in-shops within Manor stores.

Sales in the **Iberian Peninsula** amounted to €157 million, up +7.4% on a like-for-like basis<sup>1</sup>, in the context of a weaker comparison basis due to restrictions that had strongly impacted the region's performance in Q1 2021. Despite continued strong competitive pressure, mainly in Spain, stores posted double-digit growth in the region over the quarter related to higher traffic, more than offsetting the normalization of digital sales trends in both countries.

Revenue in the **Belgium and Luxembourg** region reached €154 million, down by -8.6% on a like-for-like basis<sup>1</sup>. This decline is the result of a sluggish consumption environment in a context of particularly high inflation and

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<sup>1</sup> Like-for-like data: excludes the effect of changes in foreign exchange rates and scope of consolidation, and directly owned store openings and closures.

<sup>2</sup> Including Nature & Découvertes on a full year basis.

sustained competitive pressure. Compared to 2019 *proforma* figures, sales in the region continued to grow by +3.8%.

## Gross margin rate

The Group's gross margin rate increased by more than +40 basis points during the quarter compared to Q1 2021, mainly boosted by the recovery in ticketing activities and the positive impact of services related to the continued roll out of Darty Max.

## Strategic partnerships in digital and repairs

Fnac Darty is pursuing strategic partnerships to continue its digital transformation and product reparability initiatives; two major focuses of its strategic plan Everyday.

On February 23, the Group entered into a **key strategic partnership** with **Google** that is focused on the Cloud and that is currently being deployed. Google Cloud Retail Search solution is being integrated into the Fnac.com and Darty.com websites. This will increase the performance of the search engine, both online and on mobile devices, through a simplified, personalized and enhanced online shopping experience for customers. This partnership will also allow Fnac Darty to further improve operational efficiency (such as promotion management and better prioritization of after-sales service responses) through the integration of data analytics and processing tools, machine learning and artificial Intelligence.

Moreover, on March 21, the Group announced that WeFix, the French leader in smart phone repair, had been officially accredited by **Apple** for repairs and so it will now have access to the brand's spare parts. All 142 WeFix points of sale will thus join the Apple Authorized Service Provider (AASP) network in France by summer 2022. This partnership also enables the Fnac and Darty brands to integrate AppleCare Services into the range of mobile insurance offered in-store as well as on the Group's e-commerce sites. The agreement strengthens the long-term relationship between Apple and Fnac Darty and enables Fnac Darty to confirm its commitment to the repair and durability of its products, with the aim of reaching 2.5 million repaired products per year by 2025.

## Continuation of the Group's responsible commitment

In an inflationary environment, on February 23 Fnac Darty decided to make a commitment toward purchasing power by paying an exceptional purchasing power premium (*prime exceptionnelle de pouvoir d'achat* — PEPA) to its most directly affected employees. For employees working in France with a gross fixed annual salary of less than €35,000, the premium amounts to €400. The Group has also put a similar measure in place that is adapted to the specific context of each country in which it operates, except in Belgium, which has already benefited from a support measure for purchasing power. At the end of March, this premium was paid to more than 19,000 employees, or nearly 80% of the Group's employees, representing an impact on the Group's 2022 current operating income of more than €6 million.

## Recognition of the Group's strong financial management

Fnac Darty is rated by the Standard & Poor's, Scope Ratings and Moody's rating agencies.

# FNAC DARTY

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On March 22 and April 1, the S&P and Scope Ratings agencies raised their Fnac Darty long-term credit rating by a level, demonstrating their confidence in the Group's omnichannel model, operational performance, and financial discipline, all of which have significantly improved its risk profile. Fnac Darty has BBB, BB+ and Ba2 ratings, assigned by Scope Ratings, Standard & Poor's, and Moody's, respectively, all with a stable outlook.

## Shareholding and governance

Fnac Darty recently welcomed a new shareholder, Vesa Equity Investment, which notified the Group on April 12 that it holds more than 13% of Fnac Darty's share capital and voting rights, but that it did not intend to seek the appointment of one or more members to the Board of Directors. The firm is now the Group's second largest shareholder.

Moreover, after receiving the opinion of the Appointments and Compensation Committee, the Board of Directors will propose to the General Meeting on May 18, 2022 to renew the directorship of Jacques Veyrat for a term of three years, as well as those of Daniela Weber-Rey and Jean-Marc Janailac for a four-year term each.

The Board of Directors will also submit to the General Meeting the appointment of Stefanie Meyer as an independent director for a two-year term<sup>1</sup>, replacing Delphine Mousseau, who resigned as director on January 26, 2022. This appointment, in accordance with the Board's diversity policy, would strengthen the gender balance, diversity of profiles and the key skills within the Board of Directors. The Board's level of international experience would thus be preserved, as well as its expertise in retail and digital development, with Stefanie Meyer having held the position of Vice-President Group Projects and PMO (Program Mgt. Office) at Ceconomy AG from 2018 until February 2022. It should be noted that, in view of the AFEP-MEDEF independence criteria, Stefanie Meyer is considered to be an independent director.

Thus, at the end of the General Meeting and subject to your vote in favor, the Board of Directors would remain composed of 14 members, including 11 independent members, 2 members representing employees and 6 women. The composition of the Board would thus comply with the AFEP-MEDEF Code as regards the number of independent directors on the Board and meet the legal obligation as regards the male/female ratio represented on the Board, i.e. at least 40% of each sex.

## OUTLOOK

The year 2022 has started with rising inflation and geopolitical uncertainties that will impact visibility in the coming months. Although Fnac Darty does not have any sites in the conflict zone between Russia and Ukraine, nor does Fnac Darty procure from suppliers based in that area, the Group remains attentive to the evolving situation and its potential impact on its activities and results.

After a first quarter in which the Group managed to preserve its gross margin rate, Fnac Darty is particularly vigilant about changes in its markets in the coming months, with inflation on the rise and a decline in the consumer confidence index. Nevertheless, the Group remains confident in its ability to outperform the markets in which it operates, as it has already demonstrated in recent years, through its position as a leading omnichannel player. The Group's priority for this year remains above all to optimize its gross margin rate, thanks to strong supply management, its wide range of products and services, and its ability to reflect price increases, particularly in the more premium product categories where the range is regularly renewed. These

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<sup>1</sup> In accordance with the rule of rescheduling of mandates.

# FNAC DARTY

drivers will be complemented by robust cost control through the Group's annual performance plans to partially offset the impact of inflation, which is expected to be higher than in previous years.

Finally, the Group will continue to execute its strategic plan Everyday and confirms its objectives of achieving<sup>1</sup> cumulative free cash-flow from operations<sup>5</sup> of approximately €500 million over the 2021–2023 period, and free cash flow from operations<sup>5</sup> of at least €240 million annually from 2025.

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## FIRST QUARTER 2022 REVENUE

**Jean-Brieuc Le Tinier, Chief Financial Officer of the Group**, will host a conference call for investors and analysts on Thursday, April 21, 2022, at 6:30 pm (CET); 5:30 pm (UK), 12:30 pm (East Coast USA).

Please register [here](#) to only attend the conference by phone and to be able to ask questions during the Q&A session.

A presentation will be broadcast live, which you will be able to access by clicking on the following link: [here](#)

Listen to the recording at Fnac's website: <https://www.fnacdarty.com/en/>.

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<sup>1</sup> Excluding IFRS 16.

# FNAC DARTY

## APPENDICE – STORE NETWORK

	Dec. 31, 2021	Opening	Closing	Mar 31, 2022
<b>France and Switzerland*</b>	<b>798</b>	<b>9</b>	<b>5</b>	<b>802</b>
<i>Traditional Fnac</i>	97	2	4	95
<i>Suburban Fnac</i>	17	0	0	17
<i>Travel Fnac</i>	30	0	0	30
<i>Proximity Fnac</i>	73	2	0	75
<i>Fnac Connect</i>	14	0	0	14
<i>Darty</i>	465	4	0	469
<i>Fnac/Darty France</i>	1	0	0	1
<i>Nature &amp; Découvertes**</i>	101	1	1	101
<i>Of which franchised stores</i>	<i>385</i>	<i>7</i>	<i>2</i>	<i>390</i>
<b>Iberian Peninsula</b>	<b>74</b>	<b>1</b>	<b>1</b>	<b>74</b>
<i>Traditional Fnac</i>	52	1	1	52
<i>Suburban Fnac</i>	0	0	0	0
<i>Travel Fnac</i>	2	0	0	2
<i>Proximity Fnac</i>	16	0	0	16
<i>Fnac Connect</i>	4	0	0	4
<i>Of which franchised stores</i>	<i>5</i>	<i>0</i>	<i>0</i>	<i>5</i>
<b>Belgium and Luxembourg</b>	<b>85</b>	<b>0</b>	<b>0</b>	<b>85</b>
<i>Traditional Fnac***</i>	12	0	0	12
<i>Suburban Fnac</i>	0	0	0	0
<i>Travel Fnac</i>	0	0	0	0
<i>Proximity Fnac</i>	1	0	0	1
<i>Fnac Connect</i>	0	0	0	0
<i>Darty (Vanden Borre)</i>	72	0	0	72
<i>Of which franchised stores</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Fnac Darty Group</b>	<b>957</b>	<b>10</b>	<b>6</b>	<b>961</b>
<i>Traditional Fnac</i>	161	3	5	159
<i>Suburban Fnac</i>	17	0	0	17
<i>Travel Fnac</i>	32	0	0	32
<i>Proximity Fnac</i>	90	2	0	92
<i>Fnac Connect</i>	18	0	0	18
<i>Darty/Vanden Borre</i>	537	4	0	541
<i>Fnac/Darty</i>	1	0	0	1
<i>Nature &amp; Découvertes</i>	101	1	1	101
<i>Of which franchised stores</i>	<i>390</i>	<i>7</i>	<i>2</i>	<i>395</i>

\* Including 10 Fnac stores abroad: 2 in Tunisia, 1 in Morocco, 1 in the Congo, 1 in Cameroon, 2 in Ivory Coast, 2 in Qatar and 2 Darty stores in Tunisia; 17 stores in the French overseas territories. Excluding Fnac shop-in-shops opened in Manor stores.

\*\* Nature & Découvertes and its subsidiaries are managed from France. Including four stores in Belgium, one store in Luxembourg, one franchise in Portugal, seven franchises in Switzerland and four franchises in the French overseas territories.

\*\*\* Including one store in Luxembourg, which is managed from Belgium.