

Continued resilience in sales in the third quarter of 2022

Fnac Darty fully poised to meet consumer needs during the major end-of-year sales events

- Revenue of €1,849 million for the third quarter of 2022, relatively stable on a reported basis and down slightly by -1.3% on a like-for-like basis¹ compared with 2021, impacted by a shift in the sales period compared to the previous year, which resulted in a drop of around -60 basis points
- Sales of €5,277 million for the first nine months of the year, down slightly by -0.8% on a reported basis and by -1.6% on a like-for-like basis¹ compared to 2021, but up by +7.9% from the proforma 2019 pre-pandemic level²
- Gross margin rate relatively stable in the third quarter, excluding the dilutive technical impact of the franchise
- Fnac Darty listed in the “Advanced” (A1+) category of Moody’s ESG Solutions with a score of 61/100, an increase of +7 points in one year, and now ranked fifth in its sector³ and in the top 5% worldwide⁴

Enrique Martinez, Chief Executive Officer of Fnac Darty, declared: “Our Group has demonstrated solid resilience, while markets remain uncertain in this inflationary period, and our teams are fully poised for the important end-of-year sales period. In the current economic climate, where purchasing power is a major concern, we continue to steer our customers toward more sustainable and economical products and eco-responsible services, while continuing to develop our Second Life offer under our Fnac and Darty brands. Our recent Moody’s ESG Solutions non-financial rating is further recognition of the soundness of our strategic plan Everyday, and I would like to congratulate our teams on their work, their commitment and the increasing impact of our CSR achievements over the last three years.”

THIRD-QUARTER 2022 REVENUE AND CUMULATIVE REVENUE OVER THE FIRST 9 MONTHS OF 2022

	Q3 2022	Change vs. Q3 2021		9M 2022	Change vs. 9M 2021	
	In €m	Reported	Like-for-like basis ¹	In €m	Reported	Like-for-like basis ¹
France and Switzerland	1,527	-0.8%	-1.8%	4,371	-1.1%	-1.9%
Iberian Peninsula	169	+2.9%	+2.5%	475	+5.6%	+4.8%
Belgium and Luxembourg	153	+1.6%	+0.1%	432	-4.3%	-5.0%
Group	1,849	-0.3%	-1.3%	5,277	-0.8%	-1.6%

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

² Including Nature & Découvertes for the full year and excluding BCC.

³ European specialized retail market as defined by Moody’s ESG Solutions.

⁴ Ranking that includes 4,908 companies.

THIRD-QUARTER 2022 HIGHLIGHTS

Sales analysis for the quarter

Group revenue for the first nine months of the year amounted to €5,277 million, down slightly by -0.8% on a reported basis and by -1.6% on a like-for-like basis¹ against a backdrop of increasing inflation. After a -1.7%⁵ decline in the first half of the year, sales in the third quarter held steady on a reported basis (-0.3%) but fell -1.3% on a like-for-like basis to €1,849 million⁵. The lag in the timing of this year's summer sales compared to last year resulted in a drop of around -60 basis points in the third quarter. Compared to the proforma 2019 pre-pandemic level,² the Group continued to record solid sales growth of +7.2% this quarter, driven by higher average checkout values.

The strong performance of in-store sales in the third quarter partially offset the consolidation of the digital business, which represents 21% of the Group's total sales. However, the level of online sales remains +3 points higher than the 2019 pre-pandemic level. The omnichannel remains at a high level and represents over 47% of total online sales this quarter.

Changes by product category

During the quarter, **Appliance** sales continued to normalize, having reached a particularly high level the previous year. The decline in volumes, which mainly affected entry-level segments for large domestic appliances, was partly offset by the ongoing rise in average selling prices. However, this category continued to record growth compared to the 2019 pre-pandemic level⁶. **Consumer electronics** once again recorded strong momentum in sound, photography and telephony, driven by the successful launch of the iPhone 14, offset however by the decline in IT and TV in a context of high comparison basis. **Editorial products** continued to benefit from strong sales in books, video and audio, driven by vinyl, while gaming was still negatively impacted by occasional shortages in the console market. **Diversification** categories continued to record solid growth thanks to urban mobility, home & design, and toys & games. Lastly, **services** also continued to grow, driven by the steady expansion of the Darty Max subscriber base, the recovery in ticketing and good momentum in credit.

Changes by region

In the first nine months of the year, sales in **France and Switzerland** held up well at €4,371 million, a drop of -1.9% on a like-for-like basis¹. In the third quarter, the region posted sales of €1,527 million, a drop of -1.8% on a like-for-like basis⁵ compared to the third quarter of 2021. This performance was notably due to strong sales in small domestic appliances and books, following a successful new literary season, but also to the positive impact of the Culture Pass and the ongoing development of services, particularly Darty Max. In addition, Nature & Découvertes posted an increase in sales compared to the previous year as in-store footfall gradually returned to normal, albeit still below the pre-pandemic level.

Iberian Peninsula revenue rose by +4.8% to €475 million on a like-for-like basis¹ for the first nine months of the year and by +2.5% to €169 million for the third quarter on a like-for-like basis⁵ versus third quarter 2021. This was against a backdrop of fierce competition, especially in Spain. However, thanks to solid business execution and a gradual recovery, stores recorded strong growth across the region in the third quarter, more than offsetting the normalization of digital sales trends in both countries.

Revenue for the **Belgium and Luxembourg** region stood at €432 million for the first nine months of the year, a decline of -5.0% on a like-for-like basis⁵. For the third quarter, revenue stood at €153 million, a slight rise of +0.1% on a like-for-like basis⁵ from third quarter 2021. This was despite a sluggish consumer environment brought on by particularly high inflation and sustained competitive pressure.

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

² Including Nature & Découvertes for the full year and excluding BCC.

FNAC DARTY

A Group fully poised to meet consumer needs

In an environment of rising inflation and increased pressure on purchasing power, Fnac Darty is leveraging its strengths to meet consumer needs while continuing to pursue the strategic ambitions of its plan Everyday.

As a leading player in its markets, the Group strives to offer a deep assortment combined with good product availability in order to provide a wide range of products at prices adapted to the different needs of consumers. For instance, Fnac Darty also relies on its long-term relationships with its suppliers to offer increasingly innovative and top-of-the-range products on an exclusive basis to satisfy consumers' thirst for the latest technology. For this reason, the Group received a high volume of pre-orders for the iPhone 14 when it was launched in September and was also able to meet the strong demand for Samsung's new generation of foldable smartphones.

In addition, Fnac Darty arranges targeted in-store sales events to coincide with major periods of consumer spending, such as the back-to-school period when it promotes PC "packs" for students and teleworkers. The Group also holds special events to boost sales during new release periods, such as the 2022 Fnac literary awards (*Prix du Roman Fnac*) at the start of the new literary season or the Fnac Gaming Tour, which this year coincides with the release of the FIFA 23 and Pokémon Scarlet and Violet games. Lastly, Fnac Darty promotes more affordable products on its e-commerce websites using clear "low-price" labeling that provides consumers with at-a-glance information about everyday products.

The Group continues to promote its alternative offer to buying new, primarily through its repair services and the development of its second-life offer that addresses a particularly strong demand from consumers. This demand is being driven by the most mature categories, namely consumer electronics and domestic appliances. The Group also continues to play a role in informing customers about product reliability and reparability, with the release last September of the fifth edition of the After-Sales Service Barometer, an informational tool designed for the general public. In addition to reliability and reparability criteria, the tool now includes spare part pricing so that consumers can make comparisons across all product categories and brands. Through these efforts, Fnac Darty is helping to steer consumers toward more sustainable products, such as its sustainable choice label, which promotes an ever-increasing number of sustainable products in stores. The growing number of subscribers to Darty Max, which is now available in Fnac stores, is also helping to promote repair rather than systematic replacement. To exemplify this, by the end of September 2022, more than 1.9 million products had been repaired. To this end, in order to recruit 500 new technicians by 2025 to support the growth of Darty Max, the Group is stepping up the training and recruitment of repair technicians and opening its own apprentice training center dedicated to repair professions at the end of October.

Gross margin rate

The Group's gross margin rate rose by +70 basis points in the first nine months of the year, driven mainly by the recovery in the ticketing business, the positive impact of services related to Darty Max, and a more favorable product mix. Excluding the dilutive technical impact of the franchise, the gross margin rate rose by approximately +90 basis points in the first nine months of the year. This rate was stable in the third quarter, excluding the dilutive technical impact of the franchise, despite the effect on the product mix of a higher telephony weighting, primarily related to the successful launch of the iPhone 14.

FNAC DARTY



The Group's ESG commitment recognized once again

Following the ESG and Sustainability Rating conducted by Moody's ESG Solutions, Fnac Darty is now listed in the highest "Advanced" (A1+) category and ranks fifth in its sector.¹ With an ESG score of 61/100, a substantial rise of +17 points in three years, the Group is now in the top 5% worldwide.² This performance reflects the positive results of the action implemented under the Group's ambitious CSR policy and further enhances Fnac Darty's environmental, social, ethical and governance commitments, which are the pillars of its strategic plan Everyday.

OUTLOOK

Since the beginning of the year, despite an environment of high inflation and pressure on purchasing power, the Groupe Fnac Darty has outperformed its markets, a trend that is expected to be confirmed again in September³. This performance is largely due to the success of the back-to-school season, supported by efficient supply management. As a result, the Group of succeeding in the key end-of-year period, provided that changes in the current social situation in France do not significantly disrupt its activities.

Consequently, for the end of the year, the Group will remain focused on:

- its solid business execution to ensure the success of key sales periods, which this year will coincide for the first time with the soccer World Cup. In this respect, the Group has a good level of product availability in each of the categories that are particularly popular during the busy end-of-year season;
- optimizing its gross margin rate by continuing to pass on price increases while offering a wide range of products and services;
- controlling its operating costs in a context of particularly high inflation in the second half of the year, with the continuation of performance plans to offset the impact of inflation as much as possible.

The Group is still targeting an operating investment budget for 2022 of slightly less than €140 million.

Finally, Fnac Darty is continuing to pursue its strategic plan Everyday in order to achieve its target of cumulative free cash-flow from operations⁴ of approximately €500 million over the 2021–2023 period, and at least €240 million annually from 2025.

¹ European specialized retail market as defined by Moody's ESG Solutions.

² Ranking that includes 4,908 companies.

³ Banque de France is expected to publish September data for the main markets in which the Group operates on October 20.

⁴ Excluding IFRS 16.

FNAC DARTY



2022 THIRD-QUARTER REVENUE

Jean-Brieuc Le Tinier, Group Chief Financial Officer, will host a conference call for investors and analysts on Wednesday, October 19, 2022, at 6:30 p.m. (CET); 5:30 p.m. (UK); 12:30 p.m. (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](#)

The presentation slides are available on the Group's website under Investors: www.fnacdarty.com/en/

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

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APPENDIX – STORE NETWORK

	Dec. 31, 2021	Opening	Closing	Sep. 30, 2022
France and Switzerland*	798	28	15	811
<i>Traditional Fnac</i>	97	6	7	96
<i>Suburban Fnac</i>	17	0	0	17
<i>Travel Fnac</i>	30	3	0	33
<i>Proximity Fnac</i>	73	4	1	76
<i>Fnac Connect</i>	14	0	6	8
<i>Darty</i>	465	14	0	479
<i>Fnac/Darty France</i>	1	0	0	1
<i>Nature & Découvertes**</i>	101	1	1	101
<i>Of which franchised stores</i>	<i>385</i>	<i>25</i>	<i>10</i>	<i>400</i>
Iberian Peninsula	74	1	1	74
<i>Traditional Fnac</i>	52	1	1	52
<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>
Belgium and Luxembourg	85	1	0	86
<i>Traditional Fnac***</i>	12	1	0	13
<i>Proximity Fnac</i>	1	0	0	1
<i>Vanden Borre/Darty</i>	72	0	0	72
Fnac Darty Group	957	30	16	971
<i>Traditional Fnac</i>	161	8	8	161
<i>Suburban Fnac</i>	17	0	0	17
<i>Travel Fnac</i>	32	3	0	35
<i>Proximity Fnac</i>	90	4	1	93
<i>Fnac Connect</i>	18	0	6	12
<i>Darty</i>	537	14	0	551
<i>Fnac/Darty</i>	1	0	0	1
<i>Nature & Découvertes</i>	101	1	1	101
<i>Of which franchised stores</i>	<i>390</i>	<i>25</i>	<i>10</i>	<i>405</i>

* Including 11 Fnac stores abroad: two in Tunisia, one in the Congo, one in Cameroon, two in Ivory Coast, three in Qatar, two in Senegal, plus two Darty stores in Tunisia; 18 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.