

Very strong revenue growth in Q1 2021

- Q1 2021 revenues of €1,818 million, up +22.0% on a reported basis and +21.7% on a like-for-like basis¹ compared to Q1 2020, against the backdrop of the ongoing health crisis
- Continued strong digital momentum with an online sales growth of +45%, representing 28% of revenues, in a quarter when a number of stores were closed in the various countries in which the Group operates
- Launch of the new 2025 strategic plan Everyday, and changes in the organization of the Executive Committee to support the ambitions of this new plan
- New financing structure allowing the Group to strengthen its financial flexibility with a long-term maturity profile and continue to optimize the average cost of its debt

Enrique Martinez, Chief Executive Officer of Fnac Darty, declared: *"In line with the Q4 2020 performance, this first quarter was driven by strong sales momentum in the technical and home equipment markets. Despite the severe restrictions on access to stores in our various countries of operation, the Group was able to rely on the strength of its omnichannel model and the relevance of its digital offer, which represents 28% of the quarter's activity. In this unprecedented context, Fnac Darty has demonstrated its strength and ambitions by launching its new strategic plan Everyday and aligning its organization in order to achieve this ambitious project focused on advice, sustainability and service, becoming the benchmark for responsible commerce in its markets. The Group remains attentive of future developments in the current health situation and any possible impact on its commercial activities."*

FIRST QUARTER 2021 REVENUE

	Q1 2021 In €m	Change vs Q1 2020	
		Reported	Like-for-Like ¹
France and Switzerland	1,505	+24.8%	+24.5%
Iberian Peninsula	145	+3.5%	+3.0%
Belgium and Luxembourg	168	+16.7%	+16.3%
Group	1,818	+22.0%	+21.7%

¹ Like-for-like: excludes the effect of changes in foreign exchange rates and scope of consolidation, and directly owned store openings and closures. Indicator defined in the 2020 Universal Registration Document filed with the AMF on March 19, 2021.

FIRST QUARTER 2021 HIGHLIGHTS

Revenue by reporting segment

Group revenues amounted to €1,818 million in the first quarter of 2021, up +21.7% on a like-for-like basis¹ and +22.0% on a reported basis. This solid performance was achieved despite the health restrictions that persisted throughout the quarter in all the countries in which the Group operates. In France, for example, new health measures were introduced in January with the introduction of a national curfew from 6 p.m. and, in some regions, the closure of stores and shopping malls of more than 20,000m² initially, then of more than 10,000m² in a second phase. In Switzerland, all the stores were closed for a month and a half, although it was possible to make click & collect sales. Finally, in the Iberian Peninsula, traffic limits and time restrictions in stores continued to penalize sales.

The very strong revenue growth in Q1 2021 was underpinned by the sales generated through the digital channel as well as by the transfer of some of the sales from closed stores to stores that remained open, underlining the importance of the omnichannel model. In addition, this strong performance, driven by lockdown-related product categories such as working from home and home well-being, also benefits from a favorable comparison base effect related to the 1st lockdown that started on March 15, 2020, during which almost the entire store network was closed.

France-Switzerland

In the first quarter, sales in the France-Switzerland segment amounted to €1,505 million, up sharply by +24.8% on a reported basis and +24.5% on a like-for-like basis¹, despite the continued health restrictions during the quarter. This performance was supported in particular by the strong growth in online sales of +40% during the quarter. In addition, the franchise showed solid growth during the quarter up +60% compared to Q1 2020.

The region benefited from continued strong growth in household appliances, driven by all categories of large and small domestic appliances. In addition, all categories of consumer electronics are up, driven in particular by the working from home, television and telephony segments. Editorial products are also showing strong momentum, driven by books, gaming and audio, while video is declining. The diversification categories are reporting growth driven by the strong performance of the Urban Mobility, Home & Design and Games & Toys segments. Lastly, services were stable over the quarter, despite store traffic still being penalized by the health restrictions in force and the continued decline in ticketing activities.

Iberian Peninsula

Revenues in the Iberian Peninsula reached €145 million, up +3.5% on a reported basis and +3.0% on a like-for-like basis¹, in an unfavorable macroeconomic context with continuing health restrictions. Digital platforms posted double-digit growth in the quarter, more than offsetting the negative impact of the health restrictions on stores.

In Spain, sales were driven by the strong performance of technical products, particularly in categories related to working from home, while editorial products and services were down. In Portugal, the strong momentum in technical products and services more than offset the decline in editorial products.

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. Indicator defined in the 2020 Universal Registration Document filed with the AMF on March 19, 2021.

Belgium and Luxembourg

Revenue for the Belgium-Luxembourg region reached €168 million, up by +16.7% on a reported basis and +16.3% on a like-for-like basis¹. This increase, resulting in particular from the continued growth of sales in domestic appliances and technical products, was driven by the very strong momentum in e-commerce sales and resilience of in-store sales despite restrictions still being in force during the quarter.

Gross margin rate

Gross margin rate was down during the quarter due to the negative impact of the decline in ticketing sales, still penalized by government measures imposed on the entertainment industry, and the dilutive technical effect of the franchise. Excluding these two items, the gross margin rate increased slightly in the quarter compared to Q1 2020.

Operational progress and continuation of the Group's responsible commitment

Fnac Darty has initiated the roll out of its strategic plan Everyday by continuing to strengthen the Group's omnichannel platform, services and its sustainability actions.

During the quarter, e-commerce activities showed a solid growth of +45%, representing 28% of Group revenues compared to 23% the year before. The gains from new online customers continued during the quarter with more than 1 million active new online customers identified over the period. In order to support increasingly digital purchasing behavior of consumers, and as part of its continuous improvement of the customer experience, the Group has developed video and chat features to advise its customers in their online shopping journey. This innovative service, which provides a customized and immersive experience with the quality of in-store sales expertise at any time on the Internet, will gradually be extended to the Group's entire store network. In addition, the click & collect dynamic remained strong thanks to the Group's dense territorial coverage. Fnac Darty continued to expand during the quarter with the opening of three new stores, including two franchises. The total number of stores now stands at 910, including 346 franchises at the end of March.

Diversification categories were strengthened with double-digit growth recorded in the Home & Design, Urban Mobility and Games & Toys segments. Fnac Darty has also continued to expand its range of premium products to cover the entire Urban Mobility offer. An exclusive partnership was concluded during the quarter with RED Electric, the French leader in electric scooters, for the distribution of its innovative E model. The Group has made customer safety a priority and is partnering with En Voiture Simone to offer a training course in the Highway Code when purchasing an urban mobility product.

In this area, Fnac Darty has continued its social and environmental responsibility initiatives. The Group also signed a renewable electricity sales contract with Solvay and a wind farm in Occitania operated by Valeco to supply the Group's sites in France with green electricity. The electricity produced by the wind farm covers 14% of the annual consumption of the Group's French sites. At the same time, as part of the ambitious recruitment drive announced in its new strategic plan Everyday, Fnac Darty has announced its intention to recruit 500 employees on permanent contracts in 2021 for strategic and high-performing positions in its remote after-sales service or kitchen design/sales. In addition, the Group is committed to training its employees and has opened six classes this quarter to train its future household appliance repair technicians in Paris, Lyon and Marseille.

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. Indicator defined in the 2020 Universal Registration Document filed with the AMF on March 19, 2021.

Launch of the new strategic plan Everyday, and changes to the Executive Committee

On February 23, Fnac Darty unveiled its new strategic plan Everyday with the ambition of being, both on a daily basis and over the long term, a key ally for consumers, helping them to be sustainable in their consumption habits and daily household tasks.

The launch of *Everyday* is based on three ambitions that are to be achieved by 2025:

- Embodying new standards for successful digital and human omnichannel retail in the future;
- Helping consumers adopt sustainable practices;
- Rolling out the benchmark subscription-based home assistance service.

The purpose of the various strategic drivers is to increase recurring cash generation, with a cumulative free cash flow from operations¹ objective of around €500 million over the period 2021-2023 and at least €240 million on an annual basis from 2025.

This growing generation of cash, coupled with a level of financial debt that will remain controlled and manageable for the company over the long term², will enable it to finance its activity through external growth operations and to ensure a regular return to shareholders with, as of this year, the proposal to distribute a dividend of €1.0 per share for 2020³.

In order to support the coherent implementation of this new strategic plan, changes to the Executive Committee have been effective since March 30, 2021, allowing for a more pronounced representation of the plan's ambitions for Customers, Digital and Services.

New financing strategy and improvement of the Group's credit profile

During the quarter, Fnac Darty restructured its long-term debt with a longer maturity profile, diversified its financing sources, optimized cost and secured long-term liquidity in line with the recurring cash generation objectives of the new strategic plan Everyday.

The Group has therefore:

- Managed full repayment of its €500 million State-guaranteed loan (Prêt Garanti par l'Etat, PGE),
- Successfully placed a bond convertible into new shares and/or exchangeable for existing shares (Obligation Convertible En Action Nouvelle ou Existante, OCEANE) maturing in 2027, for an amount of €200 million, and finally,
- Extended its RCF line of credit to €500 million with a maximum maturity of 2028 and repaid the Senior Term Loan Facility of €200 million maturing in April 2023.

Finally, in March 2021, the rating agencies S&P and Moody's both raised their outlook from "negative" to "stable" associated with their respective Fnac Darty 'BB' and 'Ba2' credit ratings.

¹ Excluding IFRS 16.

² Maximum lever equal to 2.0x. Ratio (net debt/EBITDA) excluding IFRS16, which will be assessed at the end of June each year.

³ Proposal submitted to a vote at the General Meeting on May 27, 2021.

OUTLOOK

In an uncertain environment, with the Group anticipating a first half of 2021 still disrupted by the health crisis and a second half characterized by more normalized operating conditions, the Group remains confident but cautious about the performance of its markets in 2021.

On the date of this press release, the health crisis is still present in all countries in which the Group operates. Thus, restrictions remain in France and were recently reinforced with the announcement, at the end of March, of a 3rd nationwide lockdown for a period of four weeks. This means the closure of shopping malls and stores larger than 10,000m² throughout the country, as well as the closure of non-essential departments (large domestic appliances, kitchens and games & toys) in the Fnac and Darty stores that remain open, which can also offer click & collect. In Belgium, the government has also implemented a strict lockdown since the end of March for a period of four weeks, with mandatory appointments for shopping in stores selling products deemed non-essential, like those sold by Vanden Borre. Finally, in the Iberian Peninsula, restrictions remain in place with the continuation of traffic limits and time restrictions in stores.

The Group also notes that it does not anticipate a return to normal in Ticketing activities until the second half of 2021 at best. Finally, the recovery of economic activity in the Iberian Peninsula is expected to be slower than the other countries in which the Group operates.

Therefore, despite a very encouraging start to the year in a health context which is still uncertain, the Group maintains its outlook for 2021, targeting a slight growth in revenues and current operating income compared to 2020.

FNAC DARTY



FIRST QUARTER 2021 REVENUE

Enrique Martinez, Chief Executive Officer, and Jean-Brieuc Le Tinier, Group Chief Financial Officer, will host a conference call for investors and analysts on April 15, 2021 at 6:30 p.m. (Paris time), 5:30 p.m. (UK), 12:30 p.m. (East Coast USA).

A presentation will be broadcast live by clicking on the following link: [here](#)

Conference call dial-in numbers:

France: +33 1 70 71 01 59

Access code: 87696637#

Germany: +49 69 222225429

UK: + 44 207 194 3759

US: +1 646 722-4916

Access code: 51358586#

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APPENDIX

STORE NETWORK

	31-Dec-20	Opening	Closing	31-Mar-21
France and Switzerland*	751	2	0	753
<i>Traditional Fnac</i>	95	0	0	95
<i>Suburban Fnac</i>	17	0	0	17
<i>Travel Fnac</i>	29	0	0	29
<i>Proximity Fnac</i>	67	0	0	67
<i>Fnac Connect</i>	14	0	0	14
<i>Darty</i>	432	2	0	434
<i>Fnac/Darty France</i>	1	0	0	1
<i>Nature & Découvertes**</i>	96	0	0	96
<i>Of which franchised stores</i>	<i>339</i>	<i>2</i>	<i>0</i>	<i>341</i>
Iberian Peninsula	72	1	1	72
<i>Traditional Fnac</i>	50	1	1	50
<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>
Belgium and Luxembourg	85	0	0	85
<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</i>	72	0	0	72
<i>Of which franchised stores</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Fnac Darty Group	908	3	1	910
<i>Traditional Fnac</i>	157	1	1	157
<i>Suburban Fnac</i>	17	0	0	17
<i>Travel Fnac</i>	31	0	0	31
<i>Proximity Fnac</i>	84	0	0	84
<i>Fnac Connect</i>	18	0	0	18
<i>Darty</i>	504	2	0	506
<i>Fnac/Darty</i>	1	0	0	1
<i>Nature & Découvertes</i>	96	0	0	96
<i>Of which franchised stores</i>	<i>344</i>	<i>2</i>	<i>0</i>	<i>346</i>

*Including 11 Fnac stores abroad: two in Tunisia, three in Morocco, one in Congo, one in Cameroon, two in Ivory Coast, two in Qatar and two Darty stores in Tunisia; 17 stores in the French overseas territories

** Nature & Découvertes and its subsidiaries are managed from France. Including four stores in Belgium, one store in Luxembourg and seven franchises in Switzerland.

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

DEFINITIONS OF ALTERNATIVE PERFORMANCE INDICATORS

CHANGE IN REVENUE ON A LIKE-FOR-LIKE BASIS (CONSTANT EXCHANGE RATES, COMPARABLE SCOPE OF CONSOLIDATION AND ON A SAME-STORE BASIS)

The change in revenues on a like-for-like basis means that the impact of exchange rate fluctuations has been excluded, that the effect of changes in scope has been corrected (acquisition, disposal of subsidiary) and that the effect of directly-owned store openings and closures since January 1 of year N-1 has been excluded. This indicator can be used to measure the change in revenues excluding the effect of changes in foreign exchange rates, scopes of consolidation and directly-owned store openings and closings.