

Damartex accelerates its strategic transformation plan, announces a reorganization project and strengthens its financial structure.

Damartex was strongly impacted by the Covid 19 crisis, which forced the closure of 170 stores for two months and led to a significant slowdown in its activity (-23.9% from March to May). The Group confirms that it expects heavy losses for the financial year.

This exceptional situation, which follows two years marked by social unrest in France, has encouraged Damartex to accelerate its transformation initiated with the "*Transform to Accelerate*" plan.

This strategic plan focuses on 5 strategic axes:

1. Image modernization
2. Digital transformation
3. New business development
4. Focus on agility
5. Change our world: Implementation of the CSR ambition.

This plan has begun to produce its first effects in the first half of the 2019-2020 financial year with a return to growth in business and a significant improvement in current operating income.

On the strength of this encouraging observation before the health crisis, and in order to revive this positive dynamic, despite the current crisis, Damartex has taken the following decisions:

1. ACCELERATING THE TRANSFORMATION BY REFOCUSING THE ACTIVITY

Damartex has announced its intention to refocus its business portfolio on a limited number of brands to be able to ensure the necessary investments for their modernization and digital transformation.

As they required too much investment to ensure their repositioning, the brands *La Maison du Jersey*, *Delaby* and *Jours Heureux*, will see their activity cease by June 2021.



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DAMARTEX

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Damartex will then rely on three balanced and robust divisions: the *Fashion* division made up of *Damart*, *Afibel* and *Xandres*, the *Home & Lifestyle* division with *3 Pagen*, *Coopers of Stortford* and *Vitrine Magique*, and finally the recently created *Healthcare* division including *Santéol* and *Sedagyl*.

2. STRENGTHENING GROUP EFFICIENCY

To support the strategic plan and accelerate the agility and efficiency of the different brands, Damartex has initiated today an information-consultation process with the different SECs (Social & Economic Committees) of the group. It is considering the pooling of several services at Group level (design, marketing of the product offer, and the publishing and production of catalogues) and closer collaboration between the various brands. Catalogue logistics, whose activity has been significantly reduced over the last 5 years, would be outsourced. Finally, after a review of its portfolio, the Group is considering closing 3 *Damart* stores in France.

At the end of the consultation, these refocusing, and cost-cutting projects would lead to the loss of 195 jobs, 159 of which would be in France (where 25 new posts will also be created).

True to its culture of dialogue and social responsibility, Damartex will do its utmost to minimize the impact on employment and provide quality support to all its employees.

3. STRENGTHENING THE FINANCIAL STRUCTURE

Beyond these strategic ambitions to return to profitable and sustainable growth, the Group must also face the immediate difficulties caused by the Coronavirus. The Group is therefore in discussions with its banking partners for the renegotiation of its covenants and the implementation of a State-guaranteed loan (so-called PGE) of 80M€. These discussions should be finalized before the end of June 2020. Obtaining the PGE should enable the Group to meet its short-term cash requirements and is part of a scenario of a new pandemic at the end of 2020.

In order to finance its strategic plan, the Group proposes to carry out a capital increase of approximately €30 million with shareholders' preferential subscription rights by the end of the year, subject to market conditions. This operation has received the support of the reference shareholder and the Executive Committee will also participate.

In addition, the Group is also working to improve its balance sheet by disposing of non-strategic assets for €15 million.

PROFILE

The Damartex Group, one of the leading European distributors for seniors, aims to become the European leader in the silver economy. It includes three divisions:

- "Fashion" - Damart, Afibel, La Maison du Jersey, Xandres
- "Home & Lifestyle", 3 Pagen, Vitrine Magique, Coopers of Stortford, Jours Heureux, Delaby
- "Healthcare", Sedagyl and Santéol

The Group mainly operates in Europe, including in France, Great Britain, Belgium and Germany.

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"Transform to Accelerate 2.0 is an ambitious and necessary plan to position Damartex as one of the European leaders in the silver economy. The encouraging results preceding the Covid-19 crisis validated the relevance of Damartex's diversified model, and encourage us to go further in this transformation. I would like to thank our employees for their extraordinary commitment to our customers and partners during this period. The various measures envisaged today should enable the Group to regain a solid base to face a complicated economic environment during the year 2020." said Patrick Seghin, Chairman of the Management Board of Damartex.

"The year 2020 will be in many ways a special year for Damartex. Whereas the Group saw the first positive effects of its transformation plan by initiating a return to growth, it found itself facing an unprecedented health crisis, bringing many uncertainties. Today, sustaining the business requires taking difficult decisions. However, thanks to its ambition - On Seniors Side -, its values and the dynamism of its teams, Damartex has many assets to recover, and address the future." added Jean Guillaume Despature, Chairman of the Supervisory Board of Damartex



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