AFFLELOU

Press release

Paris, June 28, 2022

AFFLELOU's third quarter and first nine months results for the 2021/2022 fiscal year, as of and for the three and nine months ended April 30, 2022

- **Strong recovery of network sales,[1] reaching €211.4 million, with 11.7% network sales growth[2] for the third quarter and 2.9% for the first nine months of the fiscal year, as compared to the same periods in the 2020/2021 fiscal year**
- **Adjusted EBITDA[3] growth of 23.4% to €24.4 million for the third quarter, reaching €76.7 million for the first nine months of the fiscal year**

Commercial performance of AFFLELOU

Network sales reached €211.4 million in the third quarter of the current fiscal year, up by 11.7% from the third quarter of the prior fiscal year, and €636.1 million in the first nine months of the 2021/2022 fiscal year, up by 2.9% from the first nine months of the prior fiscal year.

Network sales in the third quarter of the current fiscal year in France grew 13.3%, partly thanks to the recovery from the year before, when we had to close down around 150 stores in shopping centers due to the resurgence of Covid-19 from January to May 2021. Our activity is now almost back to normal in the Alain Afflelou optical and hearing banners apart from a marginal impact of Covid-19 in specific situations, such as our stores located in tourist areas or crowded shopping centers. On the other hand, sales at our hearing aid banner have consolidated after a year of huge growth, following the implementation of the final set of *100% Santé* changes in the sector in 2021.

In Spain, network sales grew 4.5% during this quarter as compared with the same period during the prior year and 1.7% in the first nine months of the current fiscal year. On the whole, our optical banner continued to grow in a troubled environment, despite continued low levels of discretionary sales, as compared to such sales in pre-Covid-19 periods. We also successfully re-launched our hearing aid banner, with a large communication campaign beginning in March, resulting in a strong growth of our sales, in this segment. We currently manage 95 points of sales

[1] Network sales comprise sales (excluding VAT) to end customers by all of the Group's distribution channels, including directly-owned stores. Sales of the franchisees are based on monthly sales reports provided by the franchisees pursuant to their reporting obligations under the franchise agreements.
[2] Like-for-like network sales growth is based on sales of stores that were open through the periods under consideration, based on a full fiscal year, and which did not undergo any substantial changes during those periods (such as construction or refurbishment work of a duration of more than one month), so that sales performance in a period may be comparable to that of the prior period. Like-for-like network sales are calculated at current exchange rates as a very small portion of network sales are currently exposed to currency risk.
[3] Adjusted EBITDA is defined as operating income from ordinary activities as presented in the Group's consolidated financial statements, before (i) depreciation and amortization of property, plant and equipment, and intangible assets, (ii) changes in provisions for trade receivables and inventories, and (iii) management fees, management long term incentives and acquisition price supplements, if applicable in each case.

in the hearing aid business, in Spain, as compared to 63 a year prior. We intend to expand the hearing aid banner through a successful combination of dedicated centers and corners inside our optical stores perimeter, as we did in France.

In the Other countries segment, our network sales grew 8.8% during the third quarter of the current fiscal year and 4.2% in the first nine months of the current fiscal year. Our Swiss network continued to show a strong dynamism, with sales in the first nine months of the current fiscal year growing 25.3% above the same period before pre-Covid-19.

In terms of store count, the Group had 1,451 stores as of April 30, 2022, reflecting a net increase of twelve stores as compared to April 30, 2021 and a net increase of two stores as compared to July 31, 2021. Again, the ALAIN AFFLELOU hearing aid and optical banner continued to grow in each geographical area with 28 net additional stores from a year before, this performance being attenuated by the reduction of our discount banner.

Financial performance of AFFLELOU

Adjusted EBITDA benefitted from the solid sales in the third quarter, reaching €24.4 million, with a 23.4% growth versus the year before, and €76.7 million for the first nine months of the current fiscal year, representing 6.2% growth versus the year before.

In France, Adjusted EBITDA was €21.1 million for the third quarter of the current fiscal year, showing a 34.9% growth, as compared to the year before. This strong performance stems from the recovery of our sales in our historical banner, as compared to the year prior, when around 150 stores were temporarily closed down, in compliance with Covid-19 restrictions. This recovery was largely significant at our directly owned stores which had around half of its perimeter closed down the year before. On the other hand, our hearing aid business continued to grow its profitability in proportion of total network sales in France, while in Spain the overall profitability was impacted by our specific communication campaign on hearing aids, and declined by €0.8 million to €2.6 million during the third quarter of the current fiscal year. Finally, in the other countries, our profitability remained stable, with a lower contribution of Belgium during this quarter

Cash generated during the quarter maintained our positive trend at consistent level with our profitability. The Group net debt (adjusted for sublease liabilities) stood at €558.2 million including the recent add-on to our Senior Secured Notes of €50 million, and a cash position at €59.8 million.

Evolution of capital structure and Governance

On December 22, 2021, Mr. Alain Afflelou's family holding increased its stake to 29% reinforcing his commitment to the company he founded in 1972. Lion Capital, together with co-investors, remains the largest shareholder with 41%, followed by CDPQ with 30%. This transaction was accompanied by a distribution to shareholders, and enabled by a €50million add-on fungible to the €410million Senior Secured Notes and €75 million Senior Subordinated Notes. The transaction was followed by the appointment in June of Anthony Afflelou, as General Manager, alongside Alain Pourcelot, President, and Rachel Marouani, non executive Chairwoman.

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Anthony Afflelou, General Manager, stated "*I'm particularly proud and happy of my recent appointment as General Manager. This is for me an ideal evolution, occurring after 50 years of successful development to which I will hopefully contribute in the future, alongside the whole management. I'm also taking this new role after a period of strong achievements by the Group despite a series of changes successfully faced by the Group, like Covid-19, regulation in the hearing aids and optical markets, digital transformation. In the past quarter and since the start of this fiscal year, the Group witnessed a strong performance, both in network sales and financial performance. We are on track on our various goals and I'm confident that the innovations like our Magic collection or telemedicine, together with our renewed communication will contribute to this continuous expansion.*"

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About Afflelou:

Founded in Bordeaux in 1972 by Alain Afflelou, the Group is one of Europe's leading franchisors of optical products and hearing aids. In 2018, the Group operated the largest franchise network of optical products (in terms of store numbers) and the Alain Afflelou banner ranked third in France, in a historically fragmented market that includes many independent retailers. The Group has a long-standing presence in France, but also a strong foothold in Spain, where it operates the largest banner of optical products (in terms of store numbers) and the fourth largest (in terms of revenue). The Group, which is continuing its global expansion, is present worldwide, with 1,429 stores in 18 countries as of July 31, 2020.

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