

Paris, November 20, 2020

Afflelou and its subsidiaries (the “Group”) publishes its annual results for the fiscal year ended July 31, 2020.

Afflelou’s full year results for the year ended July 31, 2020

- Network sales¹ down 14.8% to €697.1 million for the fiscal year
- Adjusted EBITDA² at €70.6 million for the fiscal year
- Strong rebound after first wave of COVID-19 until second wave in Europe

Commercial performance of the Group

€ in millions (except %)	For the three months ended July 31,		For the twelve months ended July 31,				For the year ended July 31,			
	2020	2019	2020	2019	Δ €m	Δ %	2018	2017	2016	2015
France	156.4	167.8	539.5	636.6	(97.0)	(15.2%)	607.0	584.8	533.6	493.8
Spain excl. Optimil	29.9	33.8	107.4	124.5	(17.2)	-13.8%	120.9	116.6	111.5	107.4
Other countries	14.2	15.8	50.2	57.4	(7.2)	-12.6%	53.6	51.2	46.3	41.5
Total network sales	200.6	217.4	697.1	818.5	(121.4)	(14.8%)	781.5	752.6	692.5	643.5
	2020	2019	2020	2019			2018	2017	2016	2015
France	(6.5%)	3.6%	(14.4%)	4.8%			1.5%	3.7%	3.8%	(1.9%)
Spain excl. Optimil	(11.6%)	5.2%	(12.7%)	5.5%			1.5%	(0.6%)	1.0%	3.9%
Other countries	(9.3%)	5.3%	(13.7%)	7.0%			0.6%	2.3%	4.5%	(0.5%)
like-for-like network sales	(7.6%)	4.0%	(14.1%)	5.1%			1.5%	2.9%	3.4%	(0.9%)

Network sales were significantly impacted by the COVID-19 pandemic during the last quarter of the fiscal year, as well as on the whole for the fiscal year ended July 31, 2020, with a decrease of 7.8% in the last quarter, and a total decline of 14.8% to €697.1 million for the whole fiscal year.

All of our banners in all of our geographies were impacted by the near-complete absence of network sales between mid-March to mid-May. France has undergone a slightly deeper decline as compared to the other geographies, as a consequence of the difficulties around 100% Santé settlement at the beginning of the calendar year, but recorded a strong recovery, since May.

After the reopening of most of the stores in our network following the easing of initial confinement measures, sales began to rebound in May and showed positive performance as compared to a year before in each geographic area in June and July, despite ongoing pandemic-related constraints on normal end-customer activity. On a store-to-store basis, sales recovery depended on various factors, such as location or the proportion of sunglasses and contact lenses sales. For instance, stores located in large shopping centers, especially those surrounded by a strong proportion of offices that employ people who have switched to teleworking or tourist areas, are still lacking traffic and sales are not at ordinary levels, as a result. In Spain, the proportion of sunglasses sales, especially during summer season slowed down the sales recovery.

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 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.

The pandemic context in all our geographical areas has encouraged us to accelerate our digital transformation plan. Appointments in our optical stores in France rose to approximately 100,000 per month since the end of the confinement, thus allowing us to reinforce our links with end-customers, and also contributed to the rise of view exams in our stores. During the confinement, online sales, mainly on contact lenses, grew rapidly. Additionally, the Group has deployed strong communication campaigns after the re-opening of stores, using various media, with the aim to catch up glasses wearers who had to delay purchases for more than two months.

In this still troubled environment and worrying economic outlook, sales continued to show positive trends until the end of October, which we believe confirms the catch-up effect of two months of near zero sales of glasses. The resurgence of the pandemic and the response of governments through a new confinement starting in November will again impact consumption. Nevertheless, at mid-November, almost all our stores were still open and we continue to welcome glasses and hearing device wearers, as the optical and hearing aids businesses are deemed essential to the population.

On the expansion side, our store network included 1,429 stores as of July 31, 2020, versus 1,425 a year before. Our historical banner network continued to grow in France, with a combination of new hearing aids points of sale and optical stores. In Spain, our network remained stable, with the net opening of two stores in the last quarter of the fiscal year. The relaunch of our hearing aid offer in Spain has been slowed by the pandemic but we believe it remains quite promising. Lastly in the Other countries segment, our network also remained stable. We have opened a third store in Kuwait, with encouraging performance and we plan to further expand in the Arabian peninsula.

Afflelou Group's financial performance

€ in millions (except %)	For the three months ended July 31,				For the twelve months ended July 31,					
	2020 Post IFRS16	IFRS16 impact	2020 Pre IFRS16	2019	2020 Post IFRS16	IFRS16 impact	2020 Pre IFRS16	2019	Δ €m	Δ %
Income Statement										
Revenue	92.3		92.3	103.9	309.2		309.2	373.0	(63.8)	(17.1%)
Operating income	17.2	0.5	16.7	22.8	49.9	2.2	47.7	73.5	(25.8)	(35.1%)
Other operating items	(2.3)		(2.3)	(7.2)	(1.8)		(1.8)	(8.7)	6.9	79.1%
Operating profit	14.8	0.5	14.4	15.6	48.1	2.2	45.9	64.9	(19.0)	(29.3%)
Net financial expense	(14.4)	(0.7)	(13.7)	(13.9)	(57.8)	(2.8)	(55.0)	(55.4)	0.4	0.8%
Tax income/(expense)	1.2	0.1	1.2	3.1	(1.1)	0.1	(1.2)	(1.4)	0.2	16.8%
Net income from disc.op.	(0.0)		(0.0)	(0.1)	0.1		0.1	(1.2)	1.4	na
Net income/(loss)	1.7	(0.2)	1.9	4.7	(10.5)	(0.4)	(10.1)	6.8	(16.9)	na
Adjusted EBITDA	18.7	3.7	15.0	25.2	70.6	15.0	55.6	83.8	(28.2)	(33.7%)
Adjusted EBIT	18.8	0.5	18.3	23.1	52.4	2.2	50.2	74.6	(24.4)	(32.7%)
Net Debt	455.9	83.7	372.2	383.8	455.9	83.7	372.2	383.8	(11.6)	(3.0%)

As was the case for network performance, the Group's revenue and profitability has been significantly impacted by the COVID-19 pandemic, especially during the second half of our fiscal year, with two months of near zero sales. As a consequence, Group revenues for the whole fiscal year ended July 31, 2020 decreased to €309.2 million versus €373.0 million a year before. Adjusted EBITDA stood at €70.6 million for the whole fiscal year, and, on a pre-IFRS 16 basis, Adjusted EBITDA decreased to €55.6 million, versus €83.8 million a year before.

We have taken key measures to face the exceptional situation created by the COVID-19 pandemic by quickly adapting operations to implement health and safety measures for our employees, our franchisees and our clients, and also by putting in place temporary layoffs in a large majority of our stores and teleworking from day one of the initial confinement. At the same time, we have focused on providing assistance to our franchisees, including financial support of more than €30 million to

face cash needs. Since the re-opening of stores, operations have performed quite well, thus enabling franchisees to begin to recover.

Finally, despite the COVID-19 impact and efforts to support our franchisees, we have continued to reduce our net debt to €372.2 million as of July 31, 2020, versus €383.8 million a year before. As a precaution, we also have put in place a €30 million government backed loan, in July, giving us additional capacity, together with the existing undrawn revolving credit facility of €30 million.

Didier PASCUAL, Chief Executive Officer of Afflelou, stated: *“As any Group managing a large network, AFFLELOU recorded a decline in network sales due to the COVID-19 pandemic. Although we have remained cautious due to the current second wave in Europe and the rising impact of the pandemic on our economy and consumption, sales showed a strong rebound until November, due to a catch up impact of pent-up demand. We believe this clearly demonstrates the resilience of our sector. Also, the rapid recovery of our network offers many opportunities for us, to grow in our main geographies, especially in our historical banner, with renewed ambition”.*

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 2019, the Group operated the largest franchise network of optical products (in terms of store numbers) and the Alain Afflelou banner ranked third in France with a 10% market share (in terms of store numbers), 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 19 countries as of July 31, 2020

Forward Looking Statements

This press release may include forward looking statements. These forward looking statements can be identified by the use of forward looking terminology, including the terms as “believe”, “expect”, “anticipate”, “may”, “assume”, “plan”, “intend”, “will”, “should”, “estimate”, “risk” and or, in each case, their negative, or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts and include statements regarding the Company’s or any of its affiliates’ intentions, beliefs or current expectations concerning, among other things, the Company’s or any of its affiliates’ results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which they operate. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Readers are cautioned that forward looking statements are not guarantees of future performance and that the Company’s or any of its affiliates’ actual results of operations, financial condition and liquidity, and the development of the industries in which they operate may differ materially from those made in or suggested by the forward looking statements contained in this press release. In addition, even if the Company’s or any of its affiliates’ results of operations, financial condition and liquidity, and the development of the industries in which they operate are consistent with the forward looking statements contained in this press release, those results or developments may not be indicative of results or developments in subsequent periods.

Investor relations contact AFFLELOU André Verneyre / averneyre@afflelou.net + 33 01 49 37 73 50

Press contact AFFLELOU Marion Tarneaud / mtarneaud@afflelou.net +33 1 49 37 74 59