

AFFLELOU

Press release

Afflelou and its subsidiaries (the “Group”) publishes its second quarter results for the 2023/2024 fiscal year, as of and for the three months ended January 31, 2024.

Paris, March 21, 2024

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- Sales¹ at €231.1 million in second quarter of 2023/24 fiscal year, up 5.5% from the second quarter of the prior fiscal year, with continued growth as compared to past quarters
 - Adjusted EBITDA² at €29.8 million for the quarter, up 0.5% from the prior comparable period
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Commercial performance of AFFLELOU

Network sales reached €231.1 million in the second quarter of the current fiscal year, as compared to €219.0 million in the second quarter of the prior fiscal year, with positive performance in each of our geographical areas, representing total growth in network sales of 5.5% in the past quarter and 5.3% in the first half of the current fiscal year. Our optical business continued to demonstrate solid growth, while our hearing aid business recorded double digit growth in the past quarter, benefitting from recovery in our French perimeter and continued significant growth in Spain.

In the past calendar year, the ALAIN AFFLELOU optical banner recorded 6.9% growth in France, significantly outperforming the estimates for growth in the market (estimated at +4.2% by Xerfi and +2.1% by Gfk). In Spain, our ALAIN AFFLELOU optical banner recorded 9.4% growth, similarly outperforming market estimates (reported at +8.7% by Gfk).

The Group had 1,422 stores as of January 31, 2024, representing an increase of 32 stores as compared to January 31, 2023 and four stores as compared to July 31, 2023.

AFFLELOU’s financial performance

Adjusted EBITDA grew to €29.8 million in the second quarter of the current fiscal year, as compared to €29.7 million during the same period a year prior, and to €57.1 million in the first half of the current fiscal year as compared to €55.9 million during the same period a year prior.

In France, our profitability recorded a slight decline of 0.6% to €24.0 million from €24.1 million a year before, due to the technical impact of the timing of our communication initiatives, which will return to normal levels within the current fiscal year. Notwithstanding the aforementioned technical impact on our communications, our profitability grew by 1.7% since the start of the fiscal year. In Spain, we recorded

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 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.

Adjusted EBITDA of €5.1 million as compared to €4.7 million a year before. Our profitability recorded strong performance of 7.4% in the second quarter and 6.9% in the first half of the current fiscal year, mirroring the overall growth of network sales in each period. Finally, Adjusted EBITDA in our Other countries segment stood at €0.8 million versus €0.9 million during the comparable quarter in the previous year, due to the technical impact of our communication expenses.

The Group also continued to deliver strong cash flows over the quarter, due to its operational performance, allowing us to reduce our net debt adjusted from sublease liabilities to €535.2 million as of January 31, 2024, as compared to €550.0 million as of July 31, 2023.

Anthony Afflelou, appointed Chief Executive Officer of AFFLELOU Group, stated: *“We delivered a growth of 5.5% of our network sales in the past quarter, above the significant performance of 5.1% we had in the first quarter. The dynamism of our network was reflected in our two businesses, with specific performance at our hearing aids showing a double digit growth in the last quarter, with a recovery in France from the slowdown after 100% Santé changes in 2021, and continued growth in Spain. We will continue to develop our two businesses in our mature European areas in coming months, with a specific focus on synergies between hearing aids and optical activities. Unless there is a strong deterioration of the economic outlook, we remain confident to be able to deliver network sales growth and profitability for the whole fiscal year, at consistent levels with past quarters, thanks to our various initiatives, like the Magic collection, and our tele-ophthalmology innovation.”*

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 1,418 stores in 19 countries as of July 31, 2023.

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.

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