AFFLELOU

Press release

*Afflelou and its subsidiaries (the "**Group**") publishes its annual results for the fiscal year ended July 31, 2021.*

Paris, November 26, 2021

Afflelou's full-year results for the year ended July 31, 2021

- **Network sales[1] up 21% to €843.6 million for the fiscal year**
- **Adjusted EBITDA[2] at €100.7 million for the fiscal year**
- **Best year ever for the Group, despite the ongoing pandemic context**

Commercial performance of the Group

	For the three months ended July 31,					For the twelve months ended July 31,					For the year ended July 31,			
€ in millions (except %)	**2021**	**2020**	Δ %	**2019**	Δ %	**2021**	**2020**	Δ %	**2019**	Δ %	**2018**	**2017**	**2016**	**2015**
France	176.0	156.4	*12.5%*	167.8	*4.9%*	657.4	539.5	*21.9%*	636.6	*3.3%*	607.0	584.8	533.6	493.8
Spain excl. Optimil	32.8	29.9	*9.7%*	33.8	*-2.9%*	124.6	107.4	*16.0%*	124.5	*0.1%*	120.9	116.6	111.5	107.4
Other countries	16.7	14.2	*17.5%*	15.8	*6.0%*	61.6	50.2	*22.7%*	57.4	*7.3%*	53.6	51.2	46.3	41.5
Total network sales	**225.6**	**200.6**	*12.5%*	**217.4**	*3.7%*	**843.6**	**697.1**	*21.0%*	**818.5**	*3.1%*	**781.5**	**752.6**	**692.5**	**643.5**

like for like network sales	**2021**	**2020**	**2019**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
France	10.8%	(6.5%)	3.6%	21.0%	(14.4%)	4.8%	1.5%	3.7%	3.8%	(1.9%)
Spain excl. Optimil		(11.6%)	5.2%	14.5%	(12.7%)	5.5%	1.5%	(0.6%)	1.0%	3.9%
Other countries	12.0%	(9.3%)	5.3%	22.0%	(13.7%)	7.0%	0.6%	2.3%	4.5%	(0.5%)
Total like for like sales	**10.3%**	**(7.6%)**	**4.0%**	**20.0%**	**(14.1%)**	**5.1%**	**1.5%**	**2.9%**	**3.4%**	**(0.9%)**

Network sales rebounded strongly after COVID-19 lockdowns during Spring 2020 and increased by 21% versus the fiscal year ended July 31, 2020, despite new COVID-19-related restrictions put in place in November 2020 and from February to May 2021. The overall rebound over the past fiscal year put our network ahead of its position at the end of July 2019, before the pandemic started.

All of our geographies recovered well, in the last quarter and over the whole fiscal year.

In France, network sales grew by 21.9% versus the year before, with strong performance during the last quarter. This recovery demonstrates the resilience of optical spend, even when restrictive measures continued to impact retail activities, as was the case in November 2020 when non-essential businesses were closed down once again and during February to mid-May 2021, when almost 150 of our optical stores located in shopping centers were closed again due to COVID-19-related precautions. Overall sales of our network were aligned with market evolution despite a larger impact of restrictive measures on our main banner which has a larger presence in high traffic areas and in large shopping centers as compared with the overall market. Our Optical Discount banner also recovered, despite a reduction of its perimeter. Finally, our hearing aid business grew by 63.7% over the fiscal year as compared to the prior fiscal year, following the final settlement at the beginning of the calendar year 2021 of new *100% Santé* regulations, which enables hearing aid wearers to be equipped with no out-of-pocket expense.

---

[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.

In Spain, our network benefitted from similar recovery dynamics as our French network, which were however attenuated by the Spanish network's historically higher proportion of discretionary products, like sunglasses and contact lenses, which continue to lag behind sales levels before the emergence of COVID-19.

Finally, our sales in our Other countries segment showed resilience, supported by rapid recovery of our activities in Belgium, Luxemburg and Switzerland, where our historical banner increased by 9.8% as compared to two years prior, before the pandemic started.

We believe the pandemic has underscored the significant involvement and support that the Group provides its franchisees, notably through financial support since the start of pandemic in all our geographies. In addition, the disruption of our activity since March 2020 through the various COVID-19 confinements and restrictive measures prompted us to accelerate our digital transformation plans, such as through the diversification of our communication via social media, the rapid implementation of digital tools in stores (interactive digital screens, tablets for salespeople assistance, telemedicine) and improved customer data management.

Along with strong performance of its existing stores, the Group also continued to expand, with a total net growth of 20 stores, to 1,449 stores as of July 31, 2021, as compared to 1,429 stores as of July 31, 2020.

Afflelou Group's financial performance

	For the three months ended July 31,			For the twelve months ended July 31,		
€ in millions (except percentages)	**2021**	**2020**	Δ %	**2021**	**2020**	Δ %
Revenue	**105.1**	**92.3**	*13.8%*	**365.3**	**309.2**	*18.1%*
Op. income from ordinary activities	**20.2**	**17.2**	*17.7%*	**73.1**	**49.9**	*46.4%*
Other operating items	(4.1)	(2.3)	*(75.2%)*	(7.3)	(1.8)	*na*
Operating profit	**16.1**	**14.8**	*8.7%*	**65.8**	**48.1**	*36.8%*
Net financial income /(expense)	(16.9)	(14.4)	*(17.9%)*	(64.5)	(57.8)	*(11.8%)*
Net income/(loss) before tax	**(0.8)**	**0.5**	*na*	**1.3**	**(9.6)**	*na*
Tax income/(expense)	(37.3)	1.2	*na*	(40.2)	(1.1)	*na*
Net income/(loss)	**(38.0)**	**1.7**	*na*	**(38.4)**	**(10.5)**	*na*
Adjusted EBITDA	**28.5**	**18.7**	*52.3%*	**100.7**	**70.6**	*42.6%*
Adjusted EBIT	23.4	18.8	*24.6%*	78.2	52.4	*49.2%*
Net Debt	**541.3**	**455.9**	*18.7%*	**541.3**	**455.9**	*18.7%*
Net debt adjusted from subleases	**524.0**	**436.6**	*20.0%*	**524.0**	**436.6**	*20.0%*

As was the case for network performance, the Group's revenue and profitability has recovered well, with revenue growing at comparable level with total network sales, and EBITDA growing by 42.6% as of July 31, 2021 to €100.7 million, versus €70.6 million a year before.

While our directly-owned stores have been impacted by the COVID-19 pandemic during the fiscal year, especially at high traffic areas, our businesses generally recovered at levels that were in line with network activity. Beyond the recovery of our optical network generally, two areas of our businesses improved noticeably. First, our international business improved strongly thanks to the solid performance of our Belgian and Swiss networks, and second, our hearing aid business reached a significant level of profitability, following the trajectory for convergence with our historical banners in France and Spain. On a whole, the Group's Adjusted EBITDA reached 11.9% of our network sales over the whole fiscal year, at consistent levels with our goals.

The rapid recovery of our networks and the significant level of cash flow generated since the reopening of our stores following the conclusion of the first confinements in May 2020 allowed us to refinance and extend maturity of the Group's debt, reimbursing €30 million of government backed loans raised in 2020 and €135 million of convertible bonds to our shareholders. Since this refinancing in May 2021, the Group has continued to generate strong cash flow, thanks to its good performances and the repayment of the financial support provided to franchisees a year before.

Alain POURCELOT, Chief Executive Officer of Afflelou, stated: *"The optical sector has been resilient during the COVID-19 pandemic, and has experienced a rapid recovery since reopening. In this context, our Group posted its best year ever with network sales beating their level before the COVID-19 pandemic. Our network sales registered a strong growth of 21% in our core areas, France and Spain, and were particularly remarkable in the hearing aid segment in France with a +64% growth, and in border countries like Belgium and Switzerland. All of those factors make us optimistic for the future of AFFLELOU to achieve continued growth in future years."*

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 1,449 stores in 18 countries as of July 31, 2021

* * *

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