

AFFLELOU

Press release

Paris, June 29, 2020

**Afflelou's results for the 2019/2020 fiscal year,
as of and for the three and nine months ended April 30, 2020**

- **Impact of the coronavirus pandemic on network sales¹ and Group revenues**
 - **Network sales reached €108.5 million for the quarter, with Adjusted EBITDA² reaching €0.4 million, after a good start in the quarter until the beginning of confinement measures in mid-March**
 - **Strong support provided to franchisees during confinement period**
 - **Positive signs of network activity following initial recovery after the lifting of confinement measures**
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Afflelou and its subsidiaries (the “Group”) publishes its results for third quarter of the fiscal year ended July 31, 2020.

Commercial performance of AFFLELOU

Network sales were significantly impacted by the coronavirus pandemic, reaching €108.5 million in the third quarter of the current fiscal year, which represents a 45.5% decrease as compared with the third quarter of the prior fiscal year, and €496.6 million for the first nine months of the current fiscal year, a 17.4% decrease as compared with the same period in the prior fiscal year. All of our banners were impacted by the near-complete absence of network sales between mid-March to mid-May, although the quarter began well, showing a generally positive trend from the beginning of February until the beginning of confinement measures in mid-March.

We have taken three key measures face the exceptional situation created by the coronavirus pandemic. First, we quickly adapted operations at our headquarters and across our store network to implement health and safety measures for our employees, our franchisees and our clients. In line with this approach, we placed orders for masks and protective equipment, of which approximately 500,000 were offered to French health authorities. Second, we and our franchisees have implemented temporary layoffs in a large majority of our stores, while all of our headquarters staff have successfully adapted to teleworking from day one of the confinement. At the same time, we have continued to provide support to our franchisees, including financial support measures to help them address cash needs during the confinement period. Third, our business has adapted well to the environment: we observed growth in our online activity during the confinement and also have observed an increasing use of appointments: there were approximately 100,000 appointments booked for visits to our stores by customers during May. Following the end of confinement, we have also adapted in-store operations with health protocols designed to reassure our customers, while preserving good conditions for commercial activity.

Since the reopening of most of the stores in our network following the easing of confinement measures, sales have begun to rebound, with sales from May 11 to 31 being around 25% below the same period in the prior year, despite ongoing pandemic-related constraints on normal end customer activity.

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.

Afflelou's financial performance

The lack of sales in this quarter resulted in a drop in Adjusted EBITDA to €0.4 million for the third quarter of the current fiscal year, as compared with €19.0 million in the same quarter of the prior fiscal year. As mentioned above, we have implemented temporary layoffs and other cost saving measures in order to manage the absence of network activity for almost two months.

Due to limited visibility as to the ultimate end of the coronavirus pandemic, we decided to draw on our €30 million revolving credit facility at the beginning of March. As a further precaution, we are also in the process of negotiating a €30 million loan backed by the French state (a *prêt garanti par l'état* or "PGE"). Our cash position was €76.0 million at the end of April 2020, which allows us to continue supporting our network and which we expect to provide the Group with stability for the coming months.

Didier PASCUAL, Chairman and Chief Executive Officer of Afflelou, stated: *"This troubled period has given us the opportunity to reinforce our relationships with franchisees across our network, demonstrating our involvement in their day-to-day business and providing them with significant support in a very short period of time. The measures taken across our organization, especially in the digital transformation program, have proven their efficiency and underline our goal to evolve rapidly. The recovery of our activity since the reopening of our stores seems to be positively oriented, which is quite reassuring for our continuing development."*

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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 ALAIN AFFLELOU banner ranked third in France with a 9.5% market share and has a strong foothold in Spain, where it operates the fourth largest banner with a 7.1% market share. The Group, which is continuing its global expansion, is present worldwide, with more than 1,400 stores in around 20 countries.

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