AFFLELOU

Press release

*Afflelou and its subsidiaries (the "**Group**") publishes its annual results for the fiscal year ended July 31, 2023.*

Paris, November 23, 2023

Afflelou's full-year results for the year ended July 31, 2023

- **Network sales[1] up 6.0% to €876.1 million for the fiscal year**
- **Adjusted EBITDA[2] up 7.0% to €114.4 million for the fiscal year**

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 %)	**2023**	**2022**	*Δ €m*	*Δ %*	**2023**	**2022**	*Δ €m*	*Δ %*	**2021**	**2020**	**2019**
France	175.1	163.2	*11.9*	*7.3%*	667.1	635.7	*31.5*	*5.0%*	622.5	506.3	589.8
Spain	38.9	34.5	*4.4*	*12.7%*	141.3	127.9	*13.4*	*10.5%*	124.6	107.4	124.5
Other countries	18.9	17.7	*1.2*	*6.6%*	67.6	63.0	*4.6*	*7.3%*	59.5	48.2	54.9
Total AA sales	**232.9**	**215.4**	*17.5*	*8.1%*	**876.1**	**826.6**	*49.5*	*6.0%*	**806.6**	**662.0**	**769.2**
Like for like sales											
France	6.1%	(4.2%)			3.8%	0.2%			21.0%	(14.4%)	4.8%
Spain	10.2%	0.8%			7.9%	(0.5%)			14.5%	(12.7%)	5.5%
Other countries	2.6%	5.9%			2.9%	3.7%			22.0%	(13.7%)	7.0%
Total like for like sales	**6.5%**	**(2.7%)**			**4.4%**	**0.3%**			**20.0%**	**(14.1%)**	**5.1%**

Network sales recorded a 6.0% growth in the fiscal year ended July 31, 2023 as compared to the year prior, with a growth of 8.1% in the fourth quarter ended July 31, 2023, as compared to the same period in the year prior. Our network continued to grow in each of our geographies of operation, with double-digit growth in Spain, where solid optical sales combined with our fast-growing hearing aid activity after its relaunch in 2021.

In France, our network sales grew by 5.0% during the fiscal year ended July 31, 2023, representing a 13% growth compared to pre COVID-19 levels in 2019. Our optical business in France recorded a growth of 6.4%, outperforming the overall growth in the optical market over the same period, which grew by 4.1% (according to Gfk), despite the troubled economic environment and inflation reaching its highest levels over the past few decades. The hearing aid market in France, however, continued to slow down after its dramatic increase in 2021 following the implementation of the *100% Santé* regulation. While our own hearing aid sales have been impacted by this slowdown, we have continued to densify our network, especially through corners inside existing optical stores, and worked on additional synergies with our optical business ahead of the expected recovery of the hearing aid market. Finally, sales since the start of the fiscal year ending July 31, 2024, our optical sales continued to show solid growth. In Spain, our network sales grew by 10.5% during the fiscal year ended July 31, 2023, with an even stronger performance reflecting 12.7% growth in the last quarter of the past fiscal year as compared to the corresponding period in the prior fiscal year. We continued to record a rapid growth of our hearing aid business, which benefitted from synergies from our communication campaign under the ALAIN AFFLELOU umbrella brand, as well as from broad commercial support from our optical banner (including with respect to integrating hearing aid corners in the key optical store locations, allowing it to benefit from the large customer base of these existing stores). Our hearing aid points of sale consist mostly of corners inside existing optical stores, in a proportion now reaching one third of the optical network, thus leaving significant headroom to

[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 their respective 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, as applicable in each case.

further expand. In our Other countries geographical segment, sales reported a growth of 7.3% during the fiscal year ended July 31, 2023, with growth of 6.6% in the last quarter of the past fiscal year as compared to the corresponding period in the prior fiscal year. Our two major geographical areas in terms of network sales, Belgium and Switzerland, showed solid performance, albeit at levels slightly lower than in France and Spain, as a consequence of a softer outlook in Belgium through the end of 2022, and the strong growth reported in past periods in Switzerland. Finally, sales in other countries grew significantly, with continued growth of our Portuguese network from prior less-performing periods, while our Middle East and Maghreb areas recorded double digit growth.

In terms of network expansion, our ALAIN AFFLELOU network added 45 store units during the past fiscal year, reaching 1,418 stores. We have accelerated our expansion through the reinforcement of our network development team and the Adelante program, which promotes young opticians to become franchisees in our network. To date, 50 stores in France and 80 stores in Spain have benefitted from the Adelante program. Finally, we have also initiated a communication campaign directly to professional networks to attract additional potential franchisees and opticians, thereby further promoting the growth of our network.

We have also continued to reinforce our presence in the hearing aid business, including in France, despite the current market slowdown, with a total of 510 points of sale as of July 31, 2023 (reflecting both corners inside optical stores and dedicated hearing aid points of sale), compared to 443 points of sale a year before. We have also managed the successful renovation of 89 stores at our optical banner, under the Champs Elysées concept, now accounting for more than half of the total network, including, where possible, a hearing aid corner and a room for optical exams (with specific devices allowing the optician to manage teleophthalmology).

Further, we have made the decision to reduce our directly-owned store perimeter, limiting these stores mostly to the Paris region and to stores requiring large financial means or which are important to our brand, such as flagship stores. This program prioritizes the potential for existing store managers to become franchisees. As a consequence, during the past fiscal year, we have reduced the number of Alain Afflelou directly-owned stores from 183 to 177. This reduction includes the sale of the majority of the Normandy perimeter to several franchisees. The plan to reduce our directly-owned store portfolio is driven by a medium-term goal of maintaining a proportion of directly-owned stores of around one tenth of our network store count. Finally, our plan to terminate our franchise agreements with our partners in the discount banner following our decision to cease our discount banner activity is well on track, allowing us to focus on our historical banner for both of our business segments.

In terms of commercial initiatives, we continued to deploy our teleophthalmology innovation in France, engaging a total of 150 stores in our network as of July 31, 2023. Our Group is a first-mover in teleophthalmology, offering strong support to glasses wearers experiencing growing difficulties obtaining prescriptions for glasses, especially in medical desert areas where appointments with ophthalmologists can take several months. We believe this initiative will reinforce our image as a leading banner in innovation. The stores integrating teleophthalmology have already demonstrated a significant growth in sales.

We have also continued to expand and unify our exclusive collections, including our *Magic* concept (i.e. optical frames equipped with magnets), allowing any customer wearing our collection to adapt their glasses in any circumstance, with a set of clips for each of our exclusive frames. Indeed, 1.5 million of *magic* frames and 1.3 million clips were sold in the past fiscal year.

Financial performance of the Group

€ in millions (except %)	For the three months ended July 31, 2023	2022 restated	Δ€m	Δ%	For the twelve months ended July 31, 2023	2022 restated	Δ€m	Δ%
Revenue	**113.0**	**107.0**	*6.0*	*5.6%*	**410.9**	**377.3**	*33.6*	*8.9%*
Operating income from ordin. activ.	**23.5**	**21.7**	*1.8*	*8.1%*	**81.0**	**76.7**	*4.3*	*5.7%*
Other operating items	(3.7)	(3.0)	*(0.7)*	*(23.4%)*	(5.1)	(3.9)	*(1.3)*	*(32.1%)*
Operating profit	**19.8**	**18.7**	*1.1*	*5.7%*	**75.9**	**72.8**	*3.1*	*4.2%*
Net financial income /(expense)	**(10.2)**	**(9.8)**	*(0.4)*	*(3.6%)*	**(43.2)**	**(48.2)**	*5.0*	*10.5%*
Net income/(loss) before tax	**9.6**	**8.9**	*0.7*	*8.0%*	**32.7**	**24.6**	*8.1*	*33.1%*
Tax income/(expense)	**(8.4)**	**(9.5)**	*1.0*	*10.7%*	**(10.5)**	**(12.7)**	*2.2*	*17.2%*
Net income/(loss) from cont. operations	**1.1**	**(0.6)**	*1.7*	*na*	**22.2**	**11.9**	*10.3*	*86.5%*
Net income from discontinued operations	(0.6)	(2.0)	*1.4*	*71.9%*	(1.2)	(1.8)	*0.6*	*33.7%*
Net income/(loss) att. to equity	**0.6**	**(2.6)**	*3.1*	*na*	**21.0**	**10.1**	*10.9*	*na*

in € millions	2023 (three months)	2022 restated	Δ€m	Δ%	2023 (twelve months)	2022 restated	Δ€m	Δ%
Adjusted EBITDA	**31.4**	**30.2**	*1.2*	*3.8%*	**114.4**	**106.9**	*7.5*	*7.0%*
Adjusted EBIT	23.4	23.0	*0.4*	*1.7%*	82.5	79.1	*3.5*	*4.4%*
Net Debt	**569.7**	**578.6**	*(8.9)*	*(1.5%)*	**569.7**	**578.6**	*(8.9)*	*(1.5%)*
Net Debt ajd. from subleases liabilities	**550.0**	**559.9**	*(9.8)*	*(1.8%)*	**550.0**	**559.9**	*(9.8)*	*(1.8%)*

Our overall performance in the past fiscal year benefitted from the growth of our network over the course of the fiscal year. As a whole, our revenue demonstrated a 8.9% growth to €410.9 million during the fiscal year ended July 31, 2023, as compared to €377.3 million a year before. Our Adjusted EBITDA demonstrated a growth of 7.0% to €114.4 million during the fiscal year ended July 31, 2023, as compared to €106.9 million a year prior, representing a proportion of 13.1% of our network sales.

€ in millions (except %)	For the three months ended July 31, 2023	2022 restated	Δ€m	Δ%	For the twelve months ended July 31, 2023	2022 restated	Δ€m	Δ%
France	175.1	163.2	*11.9*	*7.3%*	667.1	635.7	*31.5*	*5.0%*
Spain	38.9	34.5	*4.4*	*12.7%*	141.3	127.9	*13.4*	*10.5%*
Other countries	18.9	17.7	*1.2*	*6.6%*	67.6	63.0	*4.6*	*7.3%*
Total Network sales	**232.9**	**215.4**	*17.5*	*8.1%*	**876.1**	**826.6**	*49.5*	*6.0%*
France	84.2	80.8	*3.4*	*4.2%*	310.9	287.0	*23.9*	*8.3%*
Spain	23.8	21.5	*2.3*	*10.7%*	82.9	74.5	*8.4*	*11.3%*
Other countries	5.0	4.7	*0.3*	*5.4%*	17.1	15.8	*1.3*	*8.4%*
Total Revenue	**113.0**	**107.0**	*6.0*	*5.6%*	**410.9**	**377.3**	*33.6*	*8.9%*
France	**24.7**	**24.5**	*0.1*	*0.6%*	**92.6**	**87.9**	*4.7*	*5.3%*
as % of network sales	14.1%	15.0%			13.9%	13.2%		
Spain	**5.4**	**4.4**	*0.9*	*21.4%*	**17.8**	**15.5**	*2.4*	*15.2%*
as % of network sales	13.8%	12.8%			12.6%	12.1%		
Other countries	**1.3**	**1.3**	*0.1*	*5.1%*	**4.0**	**3.5**	*0.4*	*12.6%*
as % of network sales	7.0%	7.1%			5.9%	5.4%		
Total Adjusted Ebitda	**31.4**	**30.2**	*1.2*	*3.8%*	**114.4**	**106.9**	*7.5*	*7.0%*
as % of network sales	13.5%	14.0%			13.1%	12.4%		
as % of revenue	27.8%	28.3%			27.8%	28.3%		
France	**18.8**	**19.1**	*(0.3)*	*(1.5%)*	**69.5**	**68.0**	*1.5*	*2.2%*
Spain	**3.3**	**2.7**	*0.7*	*24.7%*	**9.8**	**8.2**	*1.6*	*19.4%*
Other countries	**1.2**	**1.2**	*0.0*	*1.5%*	**3.3**	**3.0**	*0.4*	*12.5%*
Total Adjusted EBIT	**23.4**	**23.0**	*0.4*	*1.7%*	**82.5**	**79.1**	*3.5*	*4.4%*
as % of revenue	20.7%	21.5%			20.1%	21.0%		

In France, the growth of network sales at our historical banner, together with the full year impact of directly-owned stores bought back in the former fiscal year, resulted in a revenue growth of 8.3%, or €23.9 million, reflecting €310.9 million for the fiscal year ended July 31, 2023 as compared to

€287.0 million during the period year. Adjusted EBITDA in France recorded growth of 5.3%, or €4.7 million, at €92.6 million for the fiscal year ended July 31, 2023, compared to €87.9 million a year prior. In Spain, Adjusted EBITDA recorded strong growth of 15.2%, or €2.4 million, to €17.8 million for the fiscal year ended July 31, 2023, compared to €15.5 million a year before. This increase mainly stems from the strong commercial performance of our network, showing profitability gains as our businesses generally benefit from economies of scale. In our Other countries segment, our revenue and profitability continued to grow consistently with the expansion of this geographical area, with profitability of mature countries such as Belgium and Switzerland leading growth, at growth levels closer to our main geographies.

As in previous years, our business generated strong cash flows, despite expenses associated with our continued efforts on our digital transformation plan, the move of our headquarters to Paris La Défense and the expansion of our teleophthalmology initiative. As a consequence, the cash on balance of our Group recorded a growth to €75.1 million as at July 31, 2023, compared to €55.3 million a year before.

Shareholders structure evolution of our Group.

Lion Capital has successfully raised a continuation fund to give a liquidity to its investors and co-investors and to continue its historical partnership with some of its participations such as the Afflelou group. In the context of this transaction, the shareholding of Afflelou has been restructured, giving the opportunity to CDPQ (Caisse de la Province du Québec) which was indirectly holding 30% of the Afflelou Group, to sell its stake to this continuation fund. The transaction was completed in November 2023 and has no effect on the Group's financial structure. Lion Capital will therefore continue to control the Afflelou Group, through holding companies having, as of today, a 71% stake of Afflelou, while Mr Alain Afflelou's family will keep on holding 29% of equity in Afflelou.

Anthony AFFLELOU President of Afflelou, stated: *"the past fiscal year has been quite strong for our Group, confirming the past trend in expansion and outperformance of our banner, in most geographical areas. Our ambition to expand our network in our mature countries will be fueled by a renewed attractiveness of our banner, through our various commercial initiatives, like our already famous* Magic *innovation, the synergies between the audio business and our optical network like in Spain and Belgium, the teleophthalmology were we have a clear first mover position, and the Adelante program to support young opticians dynamism. While the troubled environment, with inflation and growing political concerns, did not significantly affect our business so far, we will continue to cautiously monitor the evolution of our main markets in coming months, in order to keep positive performance of our whole network, and cash flow generation as in past years. The good performance of our network, since the start of the current fiscal year makes us confident to achieve our 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. The Group operates 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 and 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 franchise banner of optical products (in terms of store numbers) and the fourth largest (in terms of network 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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