

AFFLELOU

Press release

Afflelou and its subsidiaries (the "Group") publishes its annual results for the fiscal year ended July 31, 2024.

Paris, November 21, 2024

Afflelou's full-year results for the year ended July 31, 2024

- Network sales¹ up 5.3% to €922.6 million
- Adjusted EBITDA² up 5.3% to €120.4 million

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,			
	2024	2023	Δ €m	Δ %	2024	2023	Δ €m	Δ %	2022	2021	2020	2019
France	183.5	175.1	8.4	4.8%	697.7	667.1	30.6	4.6%	635.7	622.5	506.3	589.8
Spain	40.5	38.9	1.6	4.2%	151.4	141.3	10.2	7.2%	127.9	124.6	107.4	124.5
Other countries	20.8	18.9	1.9	10.2%	73.4	67.6	5.8	8.5%	63.0	59.5	48.2	54.9
Total network sales	244.9	232.9	11.9	5.1%	922.6	876.1	46.5	5.3%	826.6	806.6	662.0	769.2
Like for like network sales												
France	3.3%	6.1%			3.4%	3.8%			0.2%	21.0%	(14.4%)	4.8%
Spain	1.0%	10.2%			4.5%	7.9%			(0.5%)	14.5%	(12.7%)	5.5%
Other countries	6.4%	2.6%			4.6%	2.9%			3.7%	22.0%	(13.7%)	7.0%
Total like for like sales	3.2%	6.5%			3.7%	4.4%			0.3%	20.0%	(14.1%)	5.1%

Network sales recorded a 5.3% growth in the fiscal year ended July 31, 2024 as compared to the year prior, with a growth of 5.1% in the fourth quarter ended July 31, 2024, as compared to the same period in the year prior. Our network continued to grow in each of our geographies of operation. As a result of the dynamism of our banner, the two past fiscal years recorded an addition of 11.6% in network sales from €826.6 million in the fiscal year ended July 31, 2022 to €922.6 million in the fiscal year ended July 31, 2024.

In France, our network sales grew by 4.8% and 4.6%, respectively during the fourth quarter and the fiscal year ended July 31, 2024. Our optical business recorded a growth of 4.7%, including a like for like growth of 3.7%, outperforming the optical market over the same period, which grew by 2.6% (according to Xerfi). Meanwhile, the hearing aid market started its recovery from the slow down after its dramatic increase in 2021 following the implementation of the 100% Santé regulation. The market recorded a 1.4% growth over the period of our fiscal year, while our sales in this business recorded an overall growth of 4.3%, with a stabilization in its like for like performance. We continued to densify our network, especially through corners inside existing optical stores, and worked on additional synergies with our optical business.

In Spain, our network sales grew by 7.2% during the fiscal year ended July 31, 2024, accentuated by the continued expansion of our hearing aid activities which grew by 41% from the prior fiscal year. The growth of our hearing aid business continued to benefit from synergies from our communication under the ALAIN AFFLELOU umbrella brand, as well as from broad commercial support from our optical banner, given our hearing aid points of sale consist mostly of corners inside existing optical stores, in a proportion of 43% of the optical network, now above the proportion in

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.

France at 36%. Our performance in the fourth quarter stood at 4.2% as compared to the corresponding period in the prior fiscal year.

In our Other countries geographical segment, our network sales reported a growth of 8.5% during the fiscal year ended July 31, 2024, with growth of 10.2% in the fourth quarter 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. In particular, Belgium registered overall growth of 9.5% over the past fiscal year compared to the same period in the prior fiscal year. Finally, sales in other countries continued to grow, but were affected by political troubles in the Middle East.

In terms of expansion, our network added 38 stores during the past fiscal year, reaching 456 stores, versus 1,418 stores a year before. We continued to benefit from the Adelante program to support our expansion, and from time to time facilitate the transmission of stores between franchisees thus managing the attrition inside our banner. We also continued to expand our presence in the hearing aid business, reaching a total of 584 points of sale as of July 31, 2024 compared to 510 points of sale a year before. This growth was primarily achieved by adding corners inside optical stores. As of July 31, 2024, 38.5% of optical stores in France and Spain had an hearing aid corner, up from 34.0% the previous year. Following our decision to reduce our directly-owned stores perimeter in France to the Paris region and key regional clusters – particularly those requiring large financial investment or holding strategic importance to our brand, such as flagship stores, the overall perimeter was reduced to 169 stores, versus 177 a year before. Finally, our plan to terminate our franchise agreements with our partners in the discount banner is well on track for the end of the current calendar year, in accordance with our focus on our historical banner for both of our business segments.

On commercial initiatives, we continued to deploy our teleophthalmology innovation in France, already operated by almost 150 stores in our network as of July 31, 2024. Our Group is a first-mover in teleophthalmology, with a state-of the art offer for our optical stores. Since July 2024, this innovation has enjoyed stronger visibility among glasses wearers through a partnership with Doctolib, a well-known internet player facilitating the access for patients to appointments with health professionals in France. The initial results of this partnership are promising, significantly increasing the number of appointments with ophthalmologists and providing benefits to glasses wearers. The stores integrating teleophthalmology continued to outperform the rest of our network, which we believe will continue to grow thanks to our partnership with Doctolib and will allow us to continue to deploy the solution further, with already around 200 stores engaged. Additionally, we have begun implementing a comparable solution within our hearing aid perimeter, starting with a pilot program of around 25 locations, which we expect will grow significantly in coming months.

Finally, we continued to expand our exclusive collections under the *Magic* concept, which features optical frames with magnets for attaching various clips. This allows customers wearing our collection to adapt their glasses for different situations, such as sun protection, polarized lenses, short-sightedness, or night driving. In the past fiscal year, we sold 1.9 million *Magic* frames and 1.3 million clips. In addition to the deployment of our *Magic* concept of frames and clips, we also expanded our offerings by launching the *Caractères* collection in the premium segment.

Financial performance of the Group

€ in millions (except %)	For the three months ended July 31,				For the twelve months ended July 31,			
	2024	2023	Δ€m	Δ%	2024	2023	Δ€m	Δ%
Revenue	118.7	113.0	5.7	5.0%	431.3	410.9	20.4	5.0%
Operating income from ordin. activ.	24.0	23.5	0.5	2.2%	82.3	81.0	1.2	1.5%
Other operating items	0.5	(3.7)	4.2	na	(0.1)	(5.1)	5.1	98.9%
Operating profit	24.5	19.8	4.7	24.0%	82.2	75.9	6.3	8.3%
Net financial income /(expense)	(11.3)	(10.2)	(1.1)	(11.2%)	(38.1)	(43.2)	5.1	11.7%
Net income/(loss) before tax	13.2	9.6	3.6	37.7%	44.1	32.7	11.4	34.8%
Tax income/(expense)	(1.5)	(2.8)	1.2	44.3%	(17.4)	(10.5)	(6.9)	(66.2%)
Net income/(loss) from contin. op.	11.6	6.8	4.8	70.9%	26.7	22.2	4.4	20.0%
Net income from discontinued op.	0.1	(0.6)	0.6	na	(0.0)	(1.2)	1.2	97.6%
Net income/(loss) att. to equity	11.7	6.3	5.5	87.6%	26.7	21.0	5.6	26.8%
Adjusted EBITDA	34.3	31.4	2.9	9.2%	120.4	114.4	6.1	5.3%
Adjusted EBIT	25.5	23.4	2.2	9.3%	86.5	82.5	4.0	4.8%
Net Debt adj. from sub. liabilities	608.3	550.0	58.3	10.6%	608.3	550.0	58.3	10.6%

The Group's overall performance benefitted from the growth of our network over the course of the fiscal year. Our revenue demonstrated growth of 5.0% to €431.3 million during the fiscal year ended July 31, 2024, as compared to €410.9 million a year before. Our Adjusted EBITDA demonstrated growth of 5.3% to €120.4 million during the fiscal year ended July 31, 2024, as compared to €114.4 million a year prior, aligned with our network performance.

€ in millions (except %)	For the three months ended July 31,				For the twelve months ended July 31,			
	2024	2023	Δ€m	Δ%	2024	2023	Δ€m	Δ%
France	183.5	175.1	8.4	4.8%	697.7	667.1	30.6	4.6%
Spain	40.5	38.9	1.6	4.2%	151.4	141.3	10.2	7.2%
Other countries	20.8	18.9	1.9	10.2%	73.4	67.6	5.8	8.5%
Total Network sales	244.9	232.9	11.9	5.1%	922.6	876.1	46.5	5.3%
France	87.9	84.2	3.7	4.4%	324.0	310.9	13.1	4.2%
Spain	24.9	23.8	1.1	4.6%	89.2	82.9	6.2	7.5%
Other countries	5.9	5.0	0.9	18.8%	18.2	17.1	1.1	6.4%
Total Revenue	118.7	113.0	5.7	5.0%	431.3	410.9	20.4	5.0%
France	27.3	24.7	2.6	10.4%	97.8	92.6	5.2	5.6%
as % of network sales	14.9%	14.1%			14.0%	13.9%		
Spain	5.6	5.4	0.2	3.6%	18.7	17.8	0.9	5.1%
as % of network sales	13.8%	13.8%			12.4%	12.6%		
Other countries	1.4	1.3	0.1	8.4%	3.9	4.0	(0.0)	(1.0%)
as % of network sales	6.9%	7.0%			5.4%	5.9%		
Total Adjusted Ebitda	34.3	31.4	2.9	9.2%	120.4	114.4	6.1	5.3%
as % of network sales	14.0%	13.5%			13.1%	13.1%		
as % of revenue	28.9%	27.8%			27.9%	27.8%		
France	21.2	18.8	2.4	12.6%	73.8	69.5	4.3	6.2%
Spain	2.9	3.3	(0.4)	(11.8%)	9.3	9.8	(0.4)	(4.2%)
Other countries	1.4	1.2	0.2	16.2%	3.4	3.3	0.1	2.7%
Total Adjusted EBIT	25.5	23.4	2.2	9.3%	86.5	82.5	4.0	4.8%
as % of revenue	21.5%	20.7%			20.1%	20.1%		

In France, the growth of network sales at our historical banner resulted in a revenue growth of 4.2%, or €13.1 million, reflecting €324.0 million for the fiscal year ended July 31, 2024 as compared to €310.9 million during the prior year, a slightly lower growth than the network, linked to the reduction

of our directly owned stores perimeter. Adjusted EBITDA in France recorded growth of 5.6%, or €5.2 million, at €97.8 million for the fiscal year ended July 31, 2024, compared to €92.6 million a year prior, thanks to the solid development of our optical business, and the solid performance of our exclusive frames. In Spain, our revenue recorded a 7.5% growth to €89.2 million during the past fiscal year, broadly aligned with the growth in network sales. Adjusted EBITDA recorded a growth of 5.1%, or €0.9 million, to €18.7 million for the fiscal year ended July 31, 2024, compared to €17.8 million a year before. This increase is driven by the strong commercial performance of our network, although it is somewhat attenuated by a lower performance at our owned stores business. Also, thanks to its rapid expansion, our hearing aids business almost reached breakeven during the past fiscal year. Finally our revenues in the Other countries continued to grow alongside network expansion; profitability stagnated in the past year, but should recover with growth, particularly in more mature areas like Belgium and Switzerland, which are quite profitable.

Cash flow and refinancing of the Group

As in previous years, our business generated strong cash flows. The cash on balance of our Group had recorded a strong growth to €105 million as at April 2024 and continued to grow during the fourth quarter of the past fiscal year consistently with our historical development requiring limited cash to cover maintenance capital expenditure and specific efforts such as on our teleophthalmology initiative. This positive outcome allowed us to envisage to upstream dividends to our shareholders. As a consequence, the Group undertook an early refinancing of its high yield debt, together with a distribution to shareholders of €91 million. The existing debt of €535 million (of which €460 million maturing in 2026) was successfully replaced through a combination of a tender offer and satisfaction and discharge process by a slightly higher amount of €560 million, in a single tranche of senior secured notes maturing in 2029. Finally, the cash position following the transaction stood at €33 million, with an additional capacity through a revolving credit facility of €30 million undrawn as at July 31, 2024.

Anthony AFFLELOU President of Afflelou, stated: *“the past fiscal year continued to show solid growth of 5.3% both in our network performance and our Group’s profitability. The positive outcome on the fiscal year confirms the past trends, both in expansion and outperformance of our markets in our main geographical areas. The hearing aid banner showed a positive turnaround in France, and continued to grow significantly in Spain, while we started its expansion in Other countries. We believe the Group benefits from renewed attractiveness of our banner, through our commercial initiatives including innovation like our already famous Magic collection with clips, and the teleophthalmology solution where we clearly stand ahead of our market. While we continue to monitor the political and economic outlook in our main geographical areas, we do not see so far any significant slowdown in our performance, which we believe is fueled by the aforementioned initiatives which clearly differentiate us from our competition, in a still resilient business dealing mostly with health matters. We believe the successful refinancing of our Group conducted in July also demonstrates the solidity of our performance.”*

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 1,456 stores in 19 countries as of July 31, 2024.

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”, “project”, “forecast”, “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 Group’s or any of its affiliates’ intentions, beliefs or current expectations concerning, among other things, the Group’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 Group’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 Group’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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