

AFFLELOU

Press release

Afflelou and its subsidiaries (the “Group”) publishes its second quarter and first half results for the 2021/2022 fiscal year, as of and for the three months ended January 31, 2022.

Paris, March 29, 2022

Afflelou’s second quarter and first half results for the 2021/2022 fiscal year, as of and for the three and six months ended January 31, 2022

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- **Sales¹ at €215.8 million in the second quarter of the 2021/22 fiscal year, up 3.2% versus same quarter in 2021, and up 9.8% as compared to pre-pandemic levels**
 - **Adjusted EBITDA² at €26.7 million for the second quarter of the 2021/22 fiscal year, up 1.9% versus same quarter in 2021 and at €52.2 million for the six months ended January 31, 2022**
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Commercial performance of AFFLELOU

Network sales reached €215.8 million in the second quarter of the current fiscal year, up by 3.2% from the second quarter of the prior fiscal year, including 1.6% growth in the Group’s like-for-like network sales. Network sales amounted to €424.7 million in the first half of the current fiscal year, showing a slight decline of 1.0% versus the first half of the past fiscal year, but showing an increase of 9.4% as compared to two years prior, before the COVID-19 pandemic started to spread in our geographical areas.

The ALAIN AFFLELOU banner continued to grow well in the second quarter of the current fiscal year, despite the rapid spread of the omicron COVID-19 variant, which had an impact on the network activities in our main geographical areas in January 2022.

Sales in France showed a total growth of 2.9% in the second quarter of the current fiscal year, including like-for-like growth of 1.4%, once again demonstrating strong growth of our hearing activity through January 2022. On a full-year basis, our hearing aid network in France recorded a 64% growth in the calendar year 2021, supported by the 100% Santé changes, which were implemented in January 2021. Indeed, in 2021, the hearing aid banner represented 11% of our optical sales at ALAIN AFFLELOU, versus 7% in 2019. Network sales in France in the first half of the current fiscal year slightly declined by 1.5%, due to the high level of rebound activity in the year prior, linked to increased customer activity following the reopening of retail stores after the confinement from March to May 2020.

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 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, if applicable in each case.

Network sales in Spain showed a 3.4% and 0.4% growth in the second quarter and the first half of this fiscal year, respectively. As was the case in France, the spread of the COVID-19 omicron variant impacted our activity and sales in December 2021 and January 2022. However, the variant's impact on our period-over-period comparison is mitigated by the fact that our Spanish sales were negatively affected in January 2021 by a heavy snowfall episode in the Madrid region.

Finally, our sales in our Other countries segment grew by 6.0% and 2.0% in the second quarter and the first half of this fiscal year, respectively, driven by good performance in our two main networks in Belgium and Switzerland.

As of January 31, 2022, the Group had 1,446 stores in its network, reflecting a net increase of eleven stores as compared to January 31, 2021. Our store network evolution over the period demonstrated solid growth through the addition of 24 historical banner stores, while our perimeter was simultaneously reduced by our discount banner in France.

Financial performance of AFFLELOU

Adjusted EBITDA showed a growth of 1.9% in the second quarter of the current fiscal year at €26.7 million as compared to €26.2 million for the same period in the prior fiscal year, consistent with our network activity. Adjusted EBITDA slightly declined by 0.3% to €52.2 million in the first half of the current fiscal year as compared to €52.4 million in the prior fiscal year, when our activity benefitted from increased customer activity following the reopening of all retail activities post-confinement measures.

In France, Adjusted EBITDA was €21.7 million for the second quarter of the current fiscal year, which was 1.9% higher than in the previous fiscal year, despite the impact of the COVID-19 omicron variant spread affecting the retail activities in locations usually benefitting from large footfall, such as malls and tourist areas. In Spain, Adjusted EBITDA grew by €0.1 million to €4.2 million in the second quarter of the current fiscal year, which was also consistent level with our network activity. Finally, Adjusted EBITDA in our Other countries was stable at €0.8 million in the second quarter of the current fiscal year as compared to the year prior.

The cash flows in the first half of the fiscal year were affected by a few exceptional items, including (i) the buyback of two franchisee perimeters accounting collectively for 20 stores, (ii) the reimbursement of convertible bonds for €11.5 million, and (iii) expenditures related to increasing our exclusive products inventories before the Chinese New Year. On a whole, our net debt represented €526.8 million as of January 31, 2022, which remained at a close level when compared to the end of the past fiscal year.

Alain Pourcelot, CEO of Afflelou Group stated "*Our network sales continued to grow well, showing an increase of 9.4% in the first half of the current fiscal year, versus the same period two years ago, before the COVID-19 troubles started. One may also notice the remarkable growth at our hearing aid banner, which represented 11% of the ALAIN AFFLELOU optical sales in France in 2021, with a growing footprint of 325 points of sales, and large headroom and synergies to grow along with the 782 Alain Afflelou optical stores in France. Following this rapid rise, we now intend to roll out the hearing aid business in the other countries, starting in March with a nationwide communication campaign in Spain.*"

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

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