



**In Q1 2023,
Europe and emerging markets continued to drive the growth of home
brands and core licenses, while the business environment remained
soft in North America.**

Continued investments in brand building and digital transformation

- **Net sales at €287.2 M, +1.6% at current forex
-0.4% at constant forex and organic¹ performance +3.2%**
- **Gross profit at €167.8 M
Margin of 58.5% vs 55.0% in Q1 2022**
- **Adj.² EBITDA at €32.4 M
Margin of 11.3%, in line with Q1 2022**
- **Net debt stable at €112.4 M**

Padua, May 3, 2023 – The Board of Directors of Safilo Group S.p.A. has today reviewed and approved Q1 2023 economic and financial key performance indicators.

Angelo Trocchia, Safilo Chief Executive Officer, commented:

“The first quarter of 2023 broadly met our expectations for the beginning of the year, reflecting the continuation of some of the main business drivers that had characterized the second half of last year.

Our sales, on the whole substantially stable compared to the same period of 2022 and growing by 3.2% at the organic¹ level, were driven by our home brands and our core licenses registering again good progress in emerging countries and above all in Europe, where the various markets of the area continued to expand nicely, and more than offset the expected significant contraction of the revenues generated through the Grand Vision chain. Vice versa the business environment in the United States remained soft, especially in the entry and mid-tier price points where we experienced still subdued order taking from our customers, and in sunglasses, impacted by unfavourable weather conditions in certain key states.

On the profit side, we are pleased with the continuation of our journey towards a better gross margin, which in the period grew to 58.4% of sales, up by 340 basis points compared to the first quarter of 2022, but we are also pleased to confirm an adjusted² EBITDA margin in line with last year, at 11.3% of revenues, as we continued investing in marketing activities dedicated to our home brands and in supporting the development of our digital infrastructure and services.”

This press release may use ‘alternative performance indicators’ not foreseen by the IFRS-EU accounting standards (EBITDA and Net debt), and whose meaning and contents are illustrated in the specific section of the press release and in accordance with the CESR/05-178b recommendation published on 3rd November 2005.

Q1 2023 NET SALES PERFORMANCE

Safilo's net sales in Q1 2023 amounted to Euro 287.2 million, up 1.6% at current exchange rates and slightly down, by 0.4%, at constant exchange rates compared to Euro 282.6 million recorded in Q1 2022.

Organic¹ sales instead grew by 3.2% at constant exchange rates, on the one hand benefiting from the good performance of the home brands and the core licenses, with Carrera, Polaroid, Carolina Herrera and David Beckham still up double digits, and Hugo Boss and Tommy Hilfiger in good progress, while, on the other, registering a still soft order taking in the United States on the products positioned in the entry and mid-tier price points.

In Q1 2023, the organic¹ sales performance by geographical area was particularly strong in the European markets and in the main countries of Latin America and the Middle East, driven in all cases by both product categories, sunglasses and prescription frames.

(Euro million)	Q1 2023		Q1 2022		Change at	Change at	
					current forex	constant forex	
		%		%	Reported	Reported	Organic ¹
North America	124.7	43.4	129.0	45.7	-3.4%	-7.2%	-0.9%
Europe	121.6	42.3	117.2	41.5	+3.8%	+4.0%	+5.5%
Rest of the world	28.8	10.0	23.9	8.5	+20.3%	+16.6%	+16.7%
Asia Pacific	12.0	4.2	12.4	4.4	-3.0%	-2.6%	-2.5%
Total	287.2	100.0	282.6	100.0	+1.6%	-0.4%	+3.2%

- **in North America**, sales in Q1 2023 amounted to Euro 124.7 million, down 3.4% at current exchange rates and 7.2% at constant exchange rates compared to Euro 129.0 million recorded in Q1 2022, while organic¹ sales were more stable, down 0.9% at constant exchange rates.

The US wholesale market continued to register sustained demand for premium and high-end products, a trend from which also a part of Safilo's portfolio benefited, while the propensity to purchase by independent opticians remained weak in the entry and mid-tier price points. In the quarter, Smith had a very positive performance in the direct to consumer (DTC) channel, but less dynamic in sports shops, due to the high comparison base with the corresponding quarter of 2022, in particular on bike products. In its lowest-season quarter, Blenders's sunglasses were impacted by bad weather conditions on the Californian coast.

- **in Europe**, sales in Q1 2023 reached Euro 121.6 million, up 3.8% at current exchange rates and 4.0% at constant exchange rates compared to Euro 117.2 million recorded in Q1 2022, while organic¹ sales grew by 5.5% at constant exchange rates. The positive performance of the area was characterized by the strong growth of all the main European markets, which allowed the Group to more than offset the expected, significant decline in revenues, of almost 70%, generated through the GrandVision chain.

Italy, Spain, France and the Group's newest central and Eastern European markets continued to outperform, delivering particularly strong revenue growth in independent opticians and chains. In Europe, sales of Carrera and Polaroid grew by approximately 20% and 10% respectively.

- **in the Rest of the World**, net sales in Q1 2023 amounted to Euro 28.8 million, marking another important growth, of 20.3% at current exchange rates and 16.6% at constant exchange rates, compared to Euro 23.9 million recorded in Q1 2022. Driving the expansion of the area was once again the Group's strong commercial development in Brazil and above all in Mexico, where Carrera, Polaroid and all the core licenses recorded double-digit increases, both thanks to the greater productivity of the brands in existing stores and to the distribution extension.

Sales in India and the Middle East also posted significant growth rates, as the Group continues to invest in focused events to engage with the main local wholesale partners, as well as on the development of online channels through internet pure players (IPP).

- in Asia and Pacific**, net sales in Q1 2023 equalled Euro 12.0 million, down 3.0% at current exchange rates and 2.6% at constant exchange rates compared to Euro 12.4 million recorded in Q1 2022.
 The Group's performance in the area reflected the still soft business trends recorded in the Chinese market due to a certain prudence of wholesale customers, with a trend change expected starting from the Shanghai optical fair, the most important eyewear sector fair in Asia, this year done in April. In the quarter, sales instead grew in the travel retail channels thanks to the re-openings in China and the gradual recovery of tourist flows, and in Australia, where the Group's sport business kept expanding.

Q1 2023 KEY ECONOMIC AND FINANCIAL HIGHLIGHTS

In Q1 2023, Safilo's economic performance was characterized, on the one hand, by the significant increase in gross margin, mainly thanks to the positive price/mix effect of sales and receding transportation and energy costs, and, on the other, by higher investments in marketing and advertising activities, to support the development of home brands, and in the software that the Group is continuing to implement in line with its digitization strategy (software as a service).

(Euro million)	Q1 2023	% on net sales	Q1 2022	% on net sales	% Change 2023 vs 2022
Net sales	287.2		282.6		+1.6%
Gross Profit	167.8	58.4%	155.5	55.0%	+7.9%
EBITDA	29.3	10.2%	28.7	10.2%	+1.9%
Adjusted ² EBITDA	32.4	11.3%	32.0	11.3%	+1.3%
IFRS 16 impact on EBITDA	3.0		2.6		
IFRIC SaaS impact on EBITDA	(3.3)		(1.9)		

Gross profit in Q1 2023 amounted to Euro 167.8 million, up 7.9% compared to Euro 155.5 million recorded in Q1 2022, while gross margin increased to 58.4% of sales from 55.0% in Q1 2022, up 340 basis points.

In the period, selling, general and administrative costs increased by approximately 9% compared to the corresponding period of 2022 driven by investments in marketing and advertising and the advancement of the Group's digital roadmap.

Adjusted² EBITDA in Q1 2023 equalled Euro 32.4 million and a margin on sales of 11.3%, in line with Euro 32.0 million and the margin of 11.3% recorded in Q1 2022.

The Group's net debt as at 31 March 2023 also remained substantially stable compared to 31 December 2022, standing at Euro 112.4 million (Euro 70.2 million pre-IFRS 16). Following the slight cash generation recorded in the last quarter of 2022, free cash flow was slightly positive also in Q1 2023.

The new Board of Statutory Auditors of Safilo Group S.p.A., appointed by the Shareholders' Meeting held on April 27, 2023, met today for the first time, chaired by Maria Francesca Talamonti.

In accordance with the provisions of Consob Issuers' Regulation and Italian Corporate Governance Code, the Board of Statutory Auditors verified that all its regular members (Maria Francesca Talamonti, Bettina Solimando and Roberto Padova) met the independence requirements provided for both by the law (article 148, paragraph 3 of the Consolidated Financial Act) and the above Italian Corporate Governance Code (Recommendation 7, as referred to by Recommendation 9) for statutory auditors of listed companies.

The Board of Directors, chaired by Eugenio Razelli, met today and ascertained upon all the members of the new Board of Statutory Auditors the integrity and professionalism requirements provided for statutory auditors of listed companies by the Ministry of Justice Decree n. 162 of March 30, 2000, as supplemented (for professionalism requirements only) by the provisions of article 27.1 of Safilo's by-laws. Furthermore, the Board of Directors took note of the results of the abovementioned check carried out by the new Board of Statutory Auditors about the possession upon its regular members of independence requirements provided for by the law.

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Notes to the press release:

¹ Organic sales include only the home brands and not terminated licenses, present in both of the compared periods, excluding the business attributable to the production supply contract with Kering Eyewear.

² In Q1 2023, the adjusted EBITDA excludes non-recurring costs for Euro 3.1 million related to some special projects and restructuring expenses.

In Q1 2022, the adjusted EBITDA excludes non-recurring costs for Euro 3.3 million related to some special projects and restructuring expenses.

Statement by the manager responsible for the preparation of the company's financial documents

The manager responsible for the preparation of the company's financial documents, Mr. Gerd Graehsler, hereby declares, in accordance with paragraph 2 article 154 bis of the "Testo Unico della Finanza", that the accounting information contained in this press release corresponds to the accounting results, registers and records.

Disclaimer

This document contains forward-looking statements, relating to future events and operating, economic and financial results for Safilo Group. Such forecasts, due to their nature, imply a component of risk and uncertainty due to the fact that they depend on the occurrence of certain future events and developments. The actual results may therefore vary even significantly to those announced in relation to a multitude of factors.

Alternative Performance Indicators

The definitions of the "Alternative Performance Indicators", not foreseen by the IFRS-EU accounting principles and used in this press release to allow for an improved evaluation of the trend of economic-financial management of the Group, are provided below:

- EBITDA (gross operating profit) is calculated by Safilo by adding to the Operating profit, depreciation and amortization;
- The Net Debt is for Safilo the sum of bank borrowings and short, medium and long-term loans, net of cash on hand and at bank. Such indicator does not include the valuation at the reporting date of derivative financial instruments and the liability for options on non-controlling interests.

Conference Call and Webcast

Today, at 6:15 pm CET (5:15pm GMT; 12.15pm EST) a conference call will be held with the financial community during which the Q1 2023 Trading Update will be discussed.

It is possible to follow the conference call by calling +39 02 8020911, +44 1212 818 004, +33 1 70918704 or +1 718 7058796 (for journalists +39 02 8020927).

The conference call is also available via webcast at: <https://SafiloGroupQ12023TradingUpdate>.

A recording of the conference call will be available from May 3 until May 8, 2023 by dialing +39 02 802 0987 – passcode: 700713# - pin: 713#.

About Safilo Group

Established in 1934 in Italy's Veneto region, Safilo Group is one of the eyewear industry's key players in the design, manufacturing and distribution of prescription frames, sunglasses, outdoor eyewear, goggles and helmets. The Group designs and manufactures its collections by blending stylistic, technical and industrial innovation with quality and skillful craftsmanship. With an extensive global presence, Safilo's business model enables it to monitor its entire production and distribution chain. From research and development in five prestigious design studios, located in Padua, Milan, New York, Hong Kong and Portland, to its company-owned production facilities and network of qualified manufacturing partners, Safilo Group ensures that every product offers the perfect fit and meets the highest quality standards. Reaching approximately 100,000 selected points of sale worldwide with an extensive wholly owned network of subsidiaries in 40 countries and more than 50 partners in 70 countries, Safilo's well-established traditional wholesale distribution model, which encompasses eyecare retailers, chains, department stores, specialized retailers, boutiques, duty free shops and sporting goods stores, is complemented by Direct-to-Consumer and Internet pure player sales platforms, in line with the Group's development strategies.

Safilo Group's portfolio encompasses home brands: Carrera, Polaroid, Smith, Blenders, Privé Revaux and Seventh Street. Licensed brands include: Banana Republic, BOSS, Carolina Herrera, Chiara Ferragni, Dsquared2, Eyewear by David Beckham, Fossil, havaianas, HUGO, Isabel Marant, Jimmy Choo, Juicy Couture, kate spade new york, Levi's, Liz Claiborne, Love Moschino, Marc Jacobs, Missoni, M Missoni, Moschino, Pierre Cardin, PORTS, rag&bone, Tommy Hilfiger, Tommy Jeans and Under Armour.

The parent company, Safilo Group S.p.A., is listed on the Euronext Milan organized and managed by Borsa Italiana (ISIN code IT0004604762, Bloomberg SFL.IM, Reuters SFLG.MI). In 2022, Safilo Group recorded net revenues for Euro 1,076.7 million.

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