



## **SAFILO GROUP S.P.A. REPORTS PRELIMINARY<sup>1</sup> FY 2023 KEY PERFORMANCE INDICATORS**

- **Q4 sales growth, at constant exchange rates, marks the best performance of the year: growth returns to both North America and Europe.**
- **2023 organic<sup>2</sup> revenues approach 2022's and grow, net of the business in the former GV chains.**
- **Significant improvement in gross margin reinvested in the marketing, IT and digital projects envisaged in the Group's Business Plan and instrumental to the growth and solidity of the Group in the long term.**
- **Positive Free Cash flow in all quarters and declining Net Debt and financial leverage.**
- **Home brands grow to around 44% of sales. Online channel at 16% thanks to Blenders and Smith's DTC.**
- **Early renewal of all core partnerships gives unprecedented visibility (around six years) on the licence portfolio.**

### **PRELIMINARY<sup>1</sup> FY 2023 KEY PERFORMANCE INDICATORS**

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- **Net sales at €1023.9 M, -2.4% cFX, +1.6% organic<sup>2</sup> and net of the former GV chains**
  - **Adj.<sup>3</sup> Gross margin at around 59% from 55.5%**
  - **Adj.<sup>3</sup> EBITDA margin at around 9% from 9.4%**
  - **Free Cash Flow of around €35 M\* and Group Net Debt at around €83 M from €113.4 M at the end of 2022**
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\* Before the payment of €5.9M for the acquisition of an additional 10% of Blenders.

**Padua, January 30** - The Board of Directors of Safilo Group S.p.A. has today reviewed the Group's preliminary<sup>1</sup> key performance indicators for the financial year ended December 31, 2023. The full year annual results will be approved by the Board of Directors on March 14, 2024.

In Q4 2023, preliminary<sup>1</sup> net sales stood at Euro 238.7 million, marking the best performance of the year, equal to growth at constant exchange rates of 1.7% (-2.7% at current exchange rates), and of +3.3%, net of sales in the former GrandVision chains.

2023 closed for Safilo with preliminary<sup>1</sup> net sales of Euro 1023.9 million, down 2.4% at constant exchange rates and 4.9% at current exchange rates compared to Euro 1076.7 million recorded in 2022, while the performance of the organic<sup>2</sup> business was -1.4%.

Revenues for the year were therefore quite close to those recorded in 2022, despite the headwinds represented by the continuing weakness of the North American market, and the over 60% drop in revenues recorded in the former GrandVision chains. Net of this last effect, the Group's organic<sup>2</sup> sales increased by 1.6%, thanks to the good performance of its home brands, in particular Carrera and Polaroid, which grew well for the second consecutive year, and Blenders, back in progress, after the post-pandemic normalization phase of sales in online channels.

2023 also continued to highlight Smith's excellent development in the direct-to-consumer (DTC) channel, which allowed the brand to return to growth in the second half of a year which, for the sports sector, was influenced by a business slowdown in physical stores.

On the licensed brands front, 2023 further confirmed BOSS and Tommy Hilfiger's collections as key points of reference in the eyewear landscape, while among the most recent partnerships, Carolina Herrera, which joined Safilo's portfolio in 2022, and David Beckham, a brand launched for the very first time in eyewear in 2020 and already one of the Group's core brands, stood out for their double-digit performances.

By geographical area, the fourth quarter was characterized by the improvement of the North American market, where sales stood at Euro 111.0 million, up 2.2% at constant exchange rates (-2.9% at current exchange rates), thanks to a greater stability of the eyewear segment in the traditional channels of independent opticians and chains, and the aforementioned growth of Blenders and Smith in their DTC channel.

In 2023, Safilo's sales in North America amounted to Euro 452.0 million, down 6.6% at constant exchange rates (-9.2% at current exchange rates) compared to Euro 497.7 million recorded in 2022 (-3.9% at organic<sup>2</sup> level).

Also in Europe, Q4 sales, equal to Euro 90.7 million, were back to a positive performance, up 2.5% at constant exchange rates compared to the same quarter of 2022 (-1.7% at current exchange rates), while the progress, net of the business in the former GrandVision chains, accelerated from +1% in Q3 to around +6% in Q4.

In 2023, Safilo's sales in Europe stood at Euro 411.8 million, almost completely recovering the sharp decline in business in the former GrandVision chains and closing the year substantially stable compared to the strong growth sales of 2022 (-0.6% at constant exchange rates, -3.1% at current exchange rates, -1.3% at organic<sup>2</sup> level). In the year, the organic<sup>2</sup> sales performance, also net of GV business, equalled a growth of around 7%.

On the emerging markets front, in Q4 the Group's sales recorded progress again in Asia and Pacific, reaching Euro 16.2 million and a growth of 4.5% at constant exchange rates (-0.9% at current exchange rates), while revenues in the Rest of the World, equal to Euro 20.8 million, recorded a decline of 6.6% at constant exchange rates (-7.5% at current exchange rates), due to a challenging comparison base.

In 2023, Safilo's sales in the aforementioned regions represented approximately 16% of the Group's total turnover, with the business in Asia and Pacific reaching Euro 59.9 million, up 9.1% at constant exchange rates (+3.9% at current exchange rates), compared to Euro 57.7 million recorded in 2022, and the Rest of the World which closed the year at Euro 100.1 million, recording a growth of 3.9% at constant exchange rates (+3.8% at current exchange rates), compared to Euro 96.4 million recorded in 2022.

**Q4 2023 PRELIMINARY<sup>1</sup> NET SALES PERFORMANCE BY GEOGRAPHY:**

(Euro million)	Q4 2023	%	Q4 2022	%	Change at current forex	Change at constant forex
North America	111.0	46.5	114.3	46.6	-2.9%	+2.2%
Europe	90.7	38.0	92.2	37.6	-1.7%	+2.5%
Asia Pacific	16.2	6.8	16.4	6.7	-0.9%	+4.5%
Rest of the world	20.8	8.7	22.5	9.2	-7.5%	-6.6%
<b>Total</b>	<b>238.7</b>	<b>100.0</b>	<b>245.4</b>	<b>100.0</b>	<b>-2.7%</b>	<b>+1.7%</b>

**FULL YEAR 2023 PRELIMINARY<sup>1</sup> NET SALES PERFORMANCE BY GEOGRAPHY:**

(Euro million)					Change at current forex	Change at constant forex	
					Reported	Reported	Organic <sup>2</sup>
	<b>2023</b>	<b>%</b>	<b>2022</b>	<b>%</b>			
North America	452.0	44.1	497.7	46.2	-9.2%	-6.6%	-3.9%
Europe	411.8	40.2	424.9	39.5	-3.1%	-0.6%	-1.3%
Asia Pacific	59.9	5.9	57.7	5.4	+3.9%	+9.1%	+9.6%
Rest of the world	100.1	9.8	96.4	8.9	+3.8%	+3.9%	+3.9%
<b>Total</b>	<b>1,023.9</b>	<b>100.0</b>	<b>1,076.7</b>	<b>100.0</b>	<b>-4.9%</b>	<b>-2.4%</b>	<b>-1.4%</b>

On a preliminary<sup>1</sup> basis, Safilo's economic performance was characterized by the strong improvement in the adjusted<sup>3</sup> gross margin, significantly up also in the fourth quarter, and which reached approximately 59% of sales in the full year, well above the 55.5% margin recorded in 2022.

At the adjusted<sup>3</sup> EBITDA level, the year closed with a margin of around 9%, following an adjusted<sup>3</sup> gross operating margin which, in the fourth quarter, improved compared to the same quarter of 2022.

The adjusted EBITDA performance excludes non-recurring costs expected for the year at around Euro 29 million, mainly due to the transfer of the Longarone plant, and to the termination of activities related to exiting licensed brands. Most of the above charges do not have a cash impact.

On a preliminary<sup>1</sup> basis, the Group's net debt as at 31 December 2023 fell to approximately Euro 83 million (approximately Euro 44 million pre-IFRS 16) from Euro 113.4 million (Euro 69.6 million pre-IFRS 16), recorded as of 31 December 2022. In the fourth quarter, the Free Cash Flow was positive for approximately Euro 13 million, including the expected negative impact deriving from the sale of the Longarone plant. The total cash generation for the year reached around Euro 29 million, equal to around Euro 35 million before the payment of Euro 5.9 million made in the third quarter to exercise the first option on an additional 10% of Blenders' non-controlling interests.

*Notes to the press release:*

<sup>1</sup> Preliminary data contained in this press release is unaudited.

<sup>2</sup> Organic sales performance is provided at constant exchange rates and is calculated on 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.

<sup>3</sup> The adjusted gross and EBITDA margin exclude non-recurring items.

*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. Michele Melotti, 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;
- The Free Cash Flow for Safilo is the sum of the cash flow from/(for) operating activities and the cash flow from /(for) investing activities and the cash payments for the principal portion of IFRS 16 lease liabilities.

**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, Dsquared2, Etro, Eyewear by David Beckham, Fossil, havaianas, HUGO, Isabel Marant, Juicy Couture, Kate Spade New York, Levi's, Liz Claiborne, Love Moschino, Marc Jacobs, Missoni, M Missoni, Moschino, Pierre Cardin, PORTS, rag&bone, Stuart Weitzman, 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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