Q3 AND 9 MONTHS 2020 TRADING UPDATE

Q3 growth in net sales and profitability led by the rebound of North America and a surging online business

- Q3 2020 net sales at Euro 219.1 million, up 6.0% at constant exchange rates;
  9M 2020 net sales at Euro 554.7 million, down 21.1% at constant exchange rates;

- Further strong progress of Safilo’s online business spurred by the full-quarter contribution of the new brands Blenders Eyewear and Privé Revaux, and Smith’s D2C sales;

- Q3 2020 adjusted¹ EBITDA turning positive, up 9.3% to Euro 14.3 million and a margin on sales of 6.5%;
  9M 2020 adjusted¹ EBITDA now at Euro -13.9 million;

- Group Net Debt at the end of September well under control, at Euro 201.7 million (post-IFRS 16) compared to Euro 188.5 million at the end of June 2020.

Padua, November 3, 2020 – The Board of Directors of Safilo Group S.p.A. has today reviewed and approved Q3 and the first nine months 2020 economic and financial key performance indicators.

As anticipated by the Group in the press release dated October 1st, in the third quarter of 2020 Safilo’s sales and economic results recorded a significant recovery compared to the severe downturn experienced in the first half of the year following the coronavirus pandemic and the subsequent, extensive lockdown measures.

Q3 2020 net sales reached Euro 219.1 million, growing by 3.0% at current exchange rates and 6.0% at constant exchange rates compared to the same quarter of last year, with the key positive drivers represented by the significant rebound experienced by the wholesale market in North America, and the full-quarter contribution deriving from the recent acquisitions of Blenders Eyewear and Privé Revaux. The latter, together with the continuing progress recorded by Smith’s D2C sales and by the Group’s business generated through internet pure players, propelled Safilo’s total online sales to around 16% of Group total turnover.

In the third quarter, the positive sales development and the ongoing implementation of the Group’s cost saving actions and contingency measures allowed Safilo to return to a positive adjusted¹ EBITDA of Euro 14.3 million, up 9.3% compared to the same quarter of 2019.

Angelo Trocchia, Safilo Chief Executive Officer, commented:

"After we were heavily impacted by the Covid-19 outbreak and the consequent global lockdowns between the first and the second quarters of the year, in the third quarter our business had a positive reaction reflecting, on one side, the sales rebound recorded in July as an expected catch-up effect after the strong H1 pandemic impacts, and, on the other side, a dynamic US market continuing into August and September, making North America the main driver of our recovery.

It is also important to note that in the third quarter, all our core markets and channels recorded an improvement compared to the first half of the year, from an outstanding growth in China to more positive results in some of the main European markets such as Italy, Germany and France, while the IMEA countries, Latin America and the travel retail channel remained key hurdles to a full recovery."

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As we continue to progress on the strategies set out in our Group Business Plan, seizing the additional opportunities provided by the current market environment, in the third quarter our direct-to-consumer strategy gained additional speed and relevance. This was thanks to the ongoing success of our Smith e-com business, and to the strength of our recent acquisitions, Blenders Eyewear through its advanced e-com platform, and Privé Revaux leveraging on its social marketing skills to expand its reach offline and online.

The work on our digital transformation strategy progressed also with the launch in August of our new B2B platform in Europe and of a new Customer Relationship Management system in November. These are the first two execution waves of a significant mid-term project which goes in the direction of reshaping and enhancing the relationship, the engagement and the way we do business with our many European opticians, improving after-sales-service and client satisfaction, to ultimately increase the share of our B2B business.

We had two other important objectives to achieve in this still very complex period and we are thus very pleased with their positive outcome. On one side, we secured additional liquidity for the Group with a new term loan facility of Euro 108 million guaranteed by SACE, and, on the other, in line with our industrial plan to optimize the production footprint we sold the Italian plant in Martignacco to a local entrepreneur, an important step not just for us to recover a sustainable economic profile, but also for the workers and the local communities.

The third quarter delivered promising sales growth and the recovery of a satisfactory level of adjusted EBITDA, and while September results were relatively slower than the trends during the summer, business development in October was positive, again mainly driven by the solid performance of the US market and the online business.

There are again significant uncertainties in front of us due to the Covid-19 pandemic and the business environment, as we enter November and the very important holiday season with a new wave of infections emerging in several countries. Once again, therefore, a very complex business context in which our most important priority remains that of preserving the health of all the people who work at our offices and sites, guaranteeing, at the same time, the widest possible use of smart-working. We therefore continue to maintain a very prudent stance for the remainder of the year, and we remain committed to providing timely updates to all our stakeholders on the evolution that the business will have in the coming months.”

### NET SALES BY GEOGRAPHIC AREA FOR Q3

<table>
<thead>
<tr>
<th>(Euro million)</th>
<th>Q3 2020</th>
<th>% Q3 2019</th>
<th>%</th>
<th>% Change at current forex</th>
<th>% Change at constant forex</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>79.3</td>
<td>36.2</td>
<td>95.5</td>
<td>44.9</td>
<td>-17.0%</td>
</tr>
<tr>
<td>North America</td>
<td>113.1</td>
<td>51.6</td>
<td>79.9</td>
<td>37.6</td>
<td>+41.5%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>15.9</td>
<td>7.2</td>
<td>17.5</td>
<td>8.2</td>
<td>-9.4%</td>
</tr>
<tr>
<td>Rest of the world</td>
<td>10.9</td>
<td>5.0</td>
<td>19.8</td>
<td>9.3</td>
<td>-45.2%</td>
</tr>
<tr>
<td>Total</td>
<td>219.1</td>
<td>100.0</td>
<td>212.8</td>
<td>100.0</td>
<td>+3.0%</td>
</tr>
</tbody>
</table>

In the third quarter of 2020, Safilo posted total net sales of Euro 219.1 million, up 3.0% at current exchange rates and 6.0% at constant exchange rates, compared to Euro 212.8 million posted in the third quarter of 2019. The positive sales performance reflected the full-quarter contribution of the recent acquisitions, Blenders Eyewear and Privé Revaux, which added a total of Euro 26.5 million to the Group’s North America business. In the third quarter of 2020, Safilo’s organic business, which excludes the acquisitions, achieved a significant recovery compared to the previous quarters of the year, down 6.7% at constant exchange (-5.5% for the wholesale business\(^2\)) compared to the decline of 32.7% recorded in the first half of 2020 (-33.2% for the wholesale business\(^2\)).

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The recovery of Safilo’s organic business in the third quarter of 2020 was driven by:

- **strong performance in North America**, where the Group’s organic revenues were up 12.1% at constant exchange rates, mainly thanks to the solid sales recovery experienced by independent optical stores, Safilo’s most important distribution channel in the US. All of Safilo’s core licensed brands, from Kate Spade to Tommy Hilfiger to Jimmy Choo, enjoyed a solid momentum driven by the growth of the prescription frames business. The quarter in the market was a strong confirmation for Smith products, which recorded double-digit growth in the sports store channel and more than doubled their turnover in online channels. In North America, the Group's total sales, including the new brands acquired, stood at Euro 113.1 million, up 41.5% at current exchange rates and 45.9% at constant exchange rates compared to the same quarter of 2019;

- **mixed trends in Europe**, with net sales equaling Euro 79.3 million, down 17.0% at current exchange rates and 16.4% at constant exchange rates (-15.2% for the wholesale business). In Italy and in all the main countries of the region, sales to independent optician stores posted positive performances, growing in the different markets from mid-single digit to double digits compared to the same quarter of 2019. In Europe, also the sales generated through the internet pure players confirmed their strength. On the other hand, the recovery in order taking remained subdued, although improving compared to the second quarter of the year, in specialty channels such as boutiques, in travel retail and in big chains;

- **the significant business improvement in Asia Pacific**, reducing the gap compared to the same quarter of the previous year, with net sales of Euro 15.9 million down 9.4% at current exchange rates and 6.4% at constant exchange rates. The continued hardship of the travel retail business, down in the region by 63%, was more significantly offset by the surge recorded by Safilo in Mainland China, where supportive domestic demand and the contribution of the Group’s new brands, namely Levi’s and Ports, pushed sales up 83% at constant exchange rates;

- **continued sales weakness in the Rest of the World**, where Latin America and the IMEA countries remained strongly impacted by the pandemic and the economic downturns still affecting Brazil, India and Middle East markets. Net sales in the area were Euro 10.9 million, down 45.2% at current exchange rates and 35.6% at constant exchange rates.

In the third quarter of 2020, the organic online sales grew around 94% at constant exchange rates, thanks to the aforementioned growth of Smith's D2C business and the Group's sales through its internet pure players. **In the third quarter of 2020, Safilo's total online sales**, including the acquisitions, represented around 16% of the Group's net sales, up from around 3% in the same period of 2019.
NET SALES BY GEOGRAPHIC AREA FOR THE FIRST 9 MONTHS

<table>
<thead>
<tr>
<th>(Euro million)</th>
<th>9M 2020</th>
<th>%</th>
<th>9M 2019</th>
<th>%</th>
<th>% Change at current forex</th>
<th>% Change at constant forex</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>244.3</td>
<td>44.0</td>
<td>341.8</td>
<td>48.2</td>
<td>-28.5%</td>
<td>-28.3%</td>
</tr>
<tr>
<td>North America</td>
<td>241.5</td>
<td>43.5</td>
<td>249.4</td>
<td>35.2</td>
<td>-3.2%</td>
<td>-3.0%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>39.6</td>
<td>7.1</td>
<td>61.0</td>
<td>8.6</td>
<td>-35.0%</td>
<td>-34.6%</td>
</tr>
<tr>
<td>Rest of the world</td>
<td>29.3</td>
<td>5.3</td>
<td>56.5</td>
<td>8.0</td>
<td>-48.2%</td>
<td>-42.6%</td>
</tr>
<tr>
<td>Total</td>
<td>554.7</td>
<td>100.0</td>
<td>708.7</td>
<td>100.0</td>
<td>-21.7%</td>
<td>-21.1%</td>
</tr>
</tbody>
</table>

In the first 9 months of 2020, total net sales equaled Euro 554.7 million, down 21.7% at current exchange rates and 21.1% at constant exchange rates compared to Euro 708.7 million recorded in the first nine months of 2019. Safilo’s organic business declined 27.8% at constant exchange rates (-28% for the wholesale business\(^2\)), while the contribution of the acquisitions accounted for Euro 47.7 million in the first nine months, supporting the Group’s business performance in North America. In the first 9 months of 2020, Blenders Eyewear and Privé Revaux grew respectively 79% and 96% in their pro-forma performance\(^3\) compared to the same period a year ago thanks to surging e-com activities.

In the first 9 months of 2020, Safilo’s total online sales, including acquisitions, accounted for around 13% of the Group’s total net sales, from 3.7% in the same period of 2019.

KEY ECONOMIC HIGHLIGHTS FOR Q3

<table>
<thead>
<tr>
<th>(Euro in millions)</th>
<th>Q3 2020</th>
<th>Q3 2019</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>219.1</td>
<td>212.8</td>
<td>+3.0%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>112.6</td>
<td>109.0</td>
<td>+3.3%</td>
</tr>
<tr>
<td>% on net sales</td>
<td>51.4%</td>
<td>51.2%</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>12.8</td>
<td>7.7</td>
<td>+66.3%</td>
</tr>
<tr>
<td>% on net sales</td>
<td>5.8%</td>
<td>3.6%</td>
<td></td>
</tr>
<tr>
<td>Adjusted(^1) EBITDA</td>
<td>14.3</td>
<td>13.1</td>
<td>+9.3%</td>
</tr>
<tr>
<td>% on net sales</td>
<td>6.5%</td>
<td>6.2%</td>
<td></td>
</tr>
<tr>
<td>IFRS 16 impact on EBITDA</td>
<td>3.2</td>
<td>3.4</td>
<td></td>
</tr>
</tbody>
</table>

In the third quarter of 2020, Safilo’s adjusted\(^1\) EBITDA returned to a profit, equaling Euro 14.3 million and recording an increase of 9.3% compared to the adjusted\(^1\) EBITDA of Euro 13.1 million recorded in the same quarter of 2019. The adjusted\(^1\) EBITDA margin improved by 30 basis points, from 6.2% to 6.5% on sales.

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In the period, the Group was able to restore a higher gross profit and a better operating leverage thanks to the supportive sales dynamics previously described and the Group’s continued implementation of the cost savings actions envisaged in its Group Business Plan. The latter structural savings, coupled with the utilization of ongoing contingency measures in relation to the Covid-19 emergency, resulted in an additional positive P&L impact of around Euro 13 million.

**Q3 2020 gross profit** increased by 3.3% to Euro 112.6 million compared to Euro 109.0 million in the third quarter of 2019, with the gross margin moving to 51.4% of sales from 51.2% in the third quarter of 2019. While production volumes remained subdued, the industrial performance reflected the positive effect of lower provisions for obsolescence, driven by the Group’s tight control on inventories, and of the accretive impact of the growing online business.

Below the gross profit, SG&A expenses, excluding D&A, were just slightly up in the third quarter compared to the same period last year, notwithstanding the new costs, mainly of selling and marketing, associated with the two acquisitions. SG&A expenses of the organic business were in fact down around 14% in the third quarter, reflecting the structural savings and the utilization of the contingency measures of the period.

### KEY ECONOMIC AND FINANCIAL HIGHLIGHTS FOR THE FIRST 9 MONTHS

<table>
<thead>
<tr>
<th></th>
<th>9M 2020</th>
<th>9M 2019</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>554.7</td>
<td>708.7</td>
<td>-21.7%</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>261.2</td>
<td>375.1</td>
<td>-30.4%</td>
</tr>
<tr>
<td>% on net sales</td>
<td>47.1%</td>
<td>52.9%</td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>(25.8)</td>
<td>43.9</td>
<td>n.s.</td>
</tr>
<tr>
<td>% on net sales</td>
<td>(4.6%)</td>
<td>6.2%</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted¹ EBITDA</strong></td>
<td>(13.9)</td>
<td>54.3</td>
<td>n.s</td>
</tr>
<tr>
<td>% on net sales</td>
<td>(2.5%)</td>
<td>7.7%</td>
<td></td>
</tr>
<tr>
<td>IFRS 16 impact on EBITDA</td>
<td>9.2</td>
<td>10.4</td>
<td></td>
</tr>
</tbody>
</table>

Thanks to the progress recorded in the third quarter, Safilo managed to reduce the Group’s negative adjusted¹ EBITDA in the first 9 months of 2020 to Euro 13.9 million compared to a loss of Euro 28.3 million in the first half of 2020. The Group’s adjusted¹ EBITDA was a profit of Euro 54.3 million in the first 9 months of 2019.

**9M 2020 gross profit** was Euro 261.2 million compared to Euro 375.1 million recorded in the first nine months of 2019, with the gross margin at 47.1% of sales compared to 52.9% in the same period of 2019.

At the end of September 2020, the **Group Net Debt (post-IFRS 16)** stood at Euro 201.7 million (Euro 155.8 million pre-IFRS 16) compared to Euro 188.5 million at the end of June 2020 and Euro 74.8 million at the end of December 2019. The Euro 13.2 million increase recorded at the end of the third quarter compared to June 30, was in line with management’s expectations in terms of higher working capital requirements following the tight management which supported the Group’s liquidity needs during the second quarter.

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BUSINESS UPDATE IN RELATION TO THE COVID-19 PANDEMIC

Business activity into the month of October 2020 showed a continuation of some of the positive trends recorded in the third quarter, confirming, in particular, positive organic growth in North America and solid business developments in Mainland China and some other Asian markets. Online sales remained a solid growth driver in US but also in Europe where uncertainties rose again across most countries following the rise of infections.

Given the persistence of a market environment still burdened by the Coronavirus pandemic, with a new wave of infections emerging in several countries and fresh governments restrictions on people’s movement, the Group maintains a very prudent stance for the remainder of the year and remains committed to providing timely information to the market and to all stakeholders on the developments that the health emergency may have in the coming months on the Group's economic and financial results.

Notes:

1 In the first 9 months of 2020, the adjusted EBITDA excludes non-recurring costs for Euro 11.8 million, due to restructuring expenses related to the ongoing cost saving program. In Q3 2020, the adjusted EBITDA excludes non-recurring costs for Euro 1.5 million.

   In the first 9 months of 2019, the adjusted EBITDA excluded non-recurring costs for Euro 10.4 million due to restructuring expenses related to the cost saving program.
   In Q3 2019, the adjusted EBITDA excluded non-recurring costs for Euro 5.4 million.

2 The wholesale business excludes the business of the production agreement with Kering, reported within the geographical area of Europe.

3 Safilo Group has consolidated Privé Revaux and Blenders Eyewear in 2020, as per the respective acquisition dates of February 10, 2020 and June 1st, 2020.
   Privé Revaux and Blenders Eyewear pro-forma performance is calculated on their total net sales for the first 9 months of 2020 compared to the same period of 2019.
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 adding to the Operating profit, depreciation and amortization;
- The Net Debt is the sum of bank borrowings and short, medium and long-term loans, net of cash in hand and at bank.

Conference Call

Today, at 6.15 pm CET (5.15pm GMT; 12:15pm EST) a conference call will be held with the financial community during which Q3 and first 9 months of 2020 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: https://87399.choruscall.eu/links/safilo201103.html.
A recording of the conference call will be available from November 3 to November 5, 2020 on Safilo Group Conference Call Replay Q3/9M 2020 Trading Update.
About Safilo Group
Safilo Group is a worldwide leader in the design, manufacturing and distribution of sunglasses, optical frames, sports eyewear and related products. Thanks to strong craftsmanship expertise dating back to 1878, Safilo translates its designs into high-quality products according to the Italian tradition. Through an extensive wholly owned network of subsidiaries in 40 countries and more than 50 distribution partners in key markets throughout North and Latin America, Europe, Africa, the Middle East, Asia Pacific and China, Safilo is committed to quality distribution of its products in nearly 100,000 selected points of sale worldwide. Safilo’s portfolio encompasses its own core brands Carrera, Polaroid, Smith, Safilo, Blenders, Privé Revaux, and licensed brands Dior, Dior Homme, Fendi, Banana Republic, BOSS, David Beckham, Elie Saab, Fossil, Givenchy, havaianas, HUGO, Jimmy Choo, Juicy Couture, kate spade new york, Levi’s, Liz Claiborne, Love Moschino, Marc Jacobs, Missoni, M Missoni, Moschino, Pierre Cardin, rag&bone, Rebecca Minkoff, Saks Fifth Avenue, Swatch, and Tommy Hilfiger.

Listed on the Italian Stock Exchange (ISIN code IT0004604762, Bloomberg SFL.IM, Reuters SFLG.MI), in 2019 Safilo recorded net revenues for Euro 939 million.

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