



Q3 AND FIRST 9 MONTHS OF 2024 TRADING UPDATE

In Q3 2024, Safilo continued to grow margins and cash generation amidst soft summer sales

- Net sales at €225.4 M, -3.4% at constant exchange rates
- Gross margin at 59.1%, +140 bps from 57.7%¹
- Adjusted¹ EBITDA margin at 7.9%, +20 bps from 7.7%
- Free Cash Flow positive for €16.9 M

In the first 9 months of 2024

- Net sales at €757.4 M, -2.7% at constant exchange rates
- Gross Margin at 59.7%, +120 bps from 58.5%¹
- Adjusted¹ EBITDA margin at 10.0%, +40 bps from 9.6%
- Net Debt to €96.1 M at the end of September from €100.4 M at the end of June

Padua, November 07, 2024 – The Board of Directors of Safilo Group S.p.A. has today reviewed and approved the key performance indicators for the third quarter and first 9 months of 2024.

Angelo Trocchia, Safilo Chief Executive Officer, commented:

“In July and August, sales performance continued to be affected by a soft summer season characterized by uncertainties in various key markets. In September, the business showed a recovery, particularly in Europe, where the launch of our new collections had a promising start to order collection.

In the period, North America remained challenging, with the sports segment still subdued, awaiting the beginning of the winter season, and an eyewear market in which the gradual recovery of the wholesale business coincided with a slowdown in sales through online channels.

In such a complex market environment, it has been crucial to continue focusing on our long-term priorities, consolidating our path of economic and financial improvement. We are particularly pleased to have confirmed also in this quarter the growth of our gross margin, and to have improved our operating performance. We also achieved another period of financial efficiency, thanks to a good cash generation.”

KEY PERFORMANCE INDICATORS**NET SALES PERFORMANCE**

In Q3 2024, Safilo's net sales amounted to Euro 225.4 million, down 3.4% at constant exchange rates and 4.1% at current exchange rates compared to Euro 235.0 million recorded in Q3 2023.

After a soft performance in May and June, third-quarter sales were marked by a modest sun season in July and August, followed by a more promising start to the Fall/Winter order collection in September. Such business context did not allow the Group to counterbalance the exit of the Jimmy Choo brand.

The quarterly performance showed lingering soft trends in North America and Asia, while trends proved more resilient in Europe, despite the slowdown of the sunglasses business. Among brands, Carrera, David Beckham, Tommy Hilfiger, and Marc Jacobs experienced the most significant growth, while Polaroid and other brands were influenced by their higher exposure to sun products. In the sport segment, Smith's performance remained affected by a still cautious market environment.

Safilo closed the first 9 months of 2024 with net sales of Euro 757.4 million, down 2.7% at constant exchange rates and 3.5% at current exchange rates compared to Euro 785.1 million recorded in the first 9 months of 2023. Like in the third quarter, the decline in the first 9 months was entirely due to the exit of Jimmy Choo, net of which the sales performance was substantially stable compared to the same period of 2023.

NET SALES PERFORMANCE BY GEOGRAPHY:

(Euro million)	Q3 2024	%	Q3 2023	%	Change at current forex	Change at constant forex
North America	103.7	46.0	109.6	46.6	-5.3%	-4.3%
Europe	85.1	37.8	85.4	36.3	-0.3%	-1.4%
Asia Pacific	13.5	6.0	15.2	6.5	-11.0%	-12.0%
Rest of the world	23.0	10.2	24.8	10.5	-7.1%	-1.0%
Total	225.4	100.0	235.0	100.0	-4.1%	-3.4%

(Euro million)	9M 2024	%	9M 2023	%	Change at current forex	Change at constant forex
North America	321.4	42.4	341.1	43.4	-5.8%	-5.4%
Europe	324.2	42.8	321.1	40.9	+1.0%	+2.2%
Asia Pacific	40.0	5.3	43.8	5.6	-8.7%	-7.8%
Rest of the world	71.8	9.5	79.2	10.1	-9.3%	-8.1%
Total	757.4	100.0	785.1	100.0	-3.5%	-2.7%

In Q3 2024, sales in North America amounted to Euro 103.7 million, down 4.3% at constant exchange rates and 5.3% at current exchange rates compared to Q3 2023. The performance of the area remained soft and volatile, with varying trends across product categories and distribution channels. In eyewear, wholesale revenues of prescription frames and sunglasses posted a good recovery, thanks to the growth achieved by Carrera, BOSS, David Beckham, Tommy Hilfiger and Marc Jacobs. The market was instead subdued for sunglasses sales through online channels, and for the sports business, where clients and consumers maintained a cautious approach to purchases, awaiting the start of the winter season.

In the first 9 months of 2024, sales in North America totalled Euro 321.4 million, down 5.4% at constant exchange rates and 5.8% at current exchange rates compared to Euro 341.1 million recorded in the first 9 months of 2023.

In Q3 2024, sales in Europe amounted to Euro 85.1 million, down 1.4% at constant exchange rates and 0.3%, at current exchange rates compared to Q3 2023. Excluding the residual negative effect of the Jimmy Choo exit, the underlying performance of the area was slightly positive, marked, on one side, by the ongoing solidity of the prescription frames business, on the other by soft sunglasses sales.

In the current context of uncertainty, Europe remained the Group's most resilient market, particularly France, where the business with independent opticians and chains maintained good growth rates. The quarter was also positive in Germany, and in Eastern European markets.

In the first 9 months of 2024, sales in Europe totalled Euro 324.2 million, up 2.2% at constant exchange rates and 1.0% at current exchange rates compared to Euro 321.1 million recorded in first 9 months of 2023.

In Q3 2024, sales in Asia Pacific amounted to Euro 13.5 million, down 12.0% at constant exchange rates and 11.0% at current exchange rates compared to Q3 2023. The performance of the period was primarily influenced by the slowdown in China, where, however, the feedback on the new collections, gathered at the optical fair held in Beijing in the second week of September, proved to be promising.

In the 9 months of 2024, sales in Asia Pacific totalled Euro 40.0 million, down 7.8% at constant exchange rates and 8.7% at current exchange rates compared to Euro 43.8 million recorded in the 9 months of 2023.

In Q3 2024, sales in the Rest of the World amounted to Euro 23.0 million, down 1.0% at constant exchange rates and 7.1% at current exchange rates compared to Q3 2023. In July and August, business trends in the different markets of the area remained soft, while September registered a good recovery, especially in India, the Middle Eastern and African markets. In the first 9 months of 2024, sales in the Rest of the World totalled Euro 71.8 million, down 8.1% at constant exchange rates and 9.3% at current exchange rates compared to Euro 79.2 million recorded in the first 9 months of 2023.

ECONOMIC HIGHLIGHTS:

In Q3 2024, Safilo improved its economic performance through the ongoing growth of the gross margin, driven by the structural efficiency of the new industrial set-up, and a favourable impact of the price/mix of sales. At the operating level, this recovery was partially offset by the effects of the unfavourable operating leverage stemming from a lower level of revenues. Although marketing expenses saw a slight decrease compared to the same period in 2023, they remained significant to ensure the successful launch of the new collections.

Key Economic highlights - in Euro million	Q3 2024	% on net sales	Q3 2023	% on net sales	% Change 2024 vs 2023
Net sales	225.4		235.0		-4.1%
Performance at cFX					-3.4%
Gross Profit	133.3	59.1%	132.4	56.3%	+0.7%
Adjusted¹ Gross Profit	133.3	59.1%	135.5	57.7%	-1.6%
EBITDA	16.3	7.2%	13.4	5.7%	+21.9%
Adjusted¹ EBITDA	17.8	7.9%	18.1	7.7%	-1.7%
IFRS 16 impact on EBITDA	3.1		2.9		

In Q3 2024:

- gross profit amounted to Euro 133.3 million, showing a slight decrease of 1.6% compared to the adjusted¹ gross profit recorded in Q3 2023. The gross margin instead improved by 140 basis points, to 59.1% of sales from the adjusted¹ level of 57.7% recorded in Q3 2023;
- Selling and marketing, general and administrative expenses recorded a decrease of 2.8%, primarily driven by the ongoing normalization of IT investments. In the period, the incidence of SG&A costs on sales increased due to the unfavourable operating leverage;

- adjusted¹ EBITDA amounted to Euro 17.8 million, decreasing slightly by 1.7% compared to Q3 2023, while the adjusted¹ EBITDA margin improved by 20 basis points compared to the same quarter of 2023, to 7.9% of sales.

In the first 9 months of 2024, despite unfavourable revenue trends, Safilo successfully solidified its gross margin growth, also improving its adjusted operating performance through effective cost management.

Key Economic highlights - in Euro million	9M 2024	% on net sales	9M 2023	% on net sales	% Change 2024 vs 2023
Net sales	757.4		785.1		-3.5%
Performance at cFX					-2.7%
Gross Profit	452.5	59.7%	451.0	57.4%	+0.3%
Adjusted¹ Gross Profit	452.5	59.7%	459.1	58.5%	-1.4%
EBITDA	66.9	8.8%	58.0	7.4%	+15.4%
Adjusted¹ EBITDA	75.4	10.0%	75.4	9.6%	0.0%
IFRS 16 impact on EBITDA	9.1		8.8		

In the first 9 months of 2024:

- the gross profit amounted to Euro 452.5 million, slightly declining by 1.4% compared to the adjusted¹ gross profit recorded in the first 9 months of 2023. On the other hand, gross margin improved by 120 basis points, from 58.5% to 59.7%, confirming the progress achieved in the first half of the year;
- Selling and marketing, general and administrative expenses declined by 2.6% compared to the first 9 months of 2023, while their incidence on sales increased by 50 basis points due to the unfavourable operating leverage;
- the adjusted¹ EBITDA amounted to Euro 75.4 million, stable compared to Euro 75.4 million in the first 9 months of 2023, while the adjusted¹ EBITDA margin improved by 40 basis points, from 9.6% to 10.0% of sales.

FINANCIAL HIGHLIGHTS:

In Q3 2024, Safilo delivered a very solid financial performance, represented by a positive Free Cash Flow of Euro 16.9 million, mainly driven by effective inventory management.

Safilo closed the first 9 months of 2024 with a negative Free Cash Flow of Euro 2.1 million, composed of a cash flow from operating activities, positive for approximately Euro 50 million, counterbalanced by a cash absorption for investments mainly related to the cash consideration to acquire the perpetual license for Eyewear by David Beckham.

Based on the Share Purchase Program launched on July 1, 2024, at the end of September, the Group had bought around 7.9 million Safilo Group ordinary shares, equal to approximately 1.9% of the outstanding capital, for a total transaction amount of Euro 8.7 million.

As at September 30, 2024, after accounting for the Program, the Group's net debt amounted to Euro 96.1 million (Euro 56.6 million pre-IFRS 16, corresponding to a financial leverage, also pre-IFRIC SaaS, of 0.7x), down from Euro 100.4 million (Euro 62.6 million pre-IFRS 16) recorded as of June 30, 2024, and up from €82.7 million at 31 December 2023 (€43.7 million pre-IFRS 16).

2024 TOP BUSINESS NEWS

- On July 1, 2024 Safilo launches Safilo Group S.p.A. share purchase programme.
- On May 2, 2024 Safilo acquires the perpetual license for Eyewear by David Beckham.
- On April 10, 2024 Safilo and Marc Jacobs announce the renewal of their global eyewear licensing agreement until December 2031.
- On March 11, 2024 Safilo and Missoni announce the renewal of their global licensing agreement until 2029.
- On February 8, 2024 Safilo continues its sustainability journey: the near-term science-based targets have been validated by the Science Based Targets initiative (SBTi).
- On February 2, 2024 Safilo continues to invest in its digital journey and creates a partnership with Spaarkly.
- On January 18, 2024 Safilo and Levi Strauss CO. announce the renewal of their global licensing agreement until 2029
- On January 16, 2024 Safilo and Aeffe announce the early renewal of the global licensing agreement for Moschino and Love Moschino eyewear collections until 2033.
- On January 11, 2024 Safilo and HUGO BOSS announce the early renewal of their global licensing agreement until 2030.

Notes to the press release:

¹ In the first 9 months of 2024, the adjusted economic results excluded non-recurring costs for Euro 8.5 million at the EBITDA level mainly due to the costs related to a terminated license agreement and some special projects.
In Q3 2024, the adjusted EBITDA excluded non-recurring costs for Euro 1.5 million related to some restructuring projects.

In the first 9 months of 2023, the adjusted economic results excluded non-recurring costs for Euro 17.4 million at the EBITDA level and Euro 8.2 million at the gross profit level, mainly related to the transfer of the Longarone plant to third parties, to some special projects and restructuring expenses.

In Q3 2023, the adjusted economic results excluded non-recurring costs for Euro 4.7 million at the EBITDA level and Euro 3.1 million at the gross profit level, mainly related to the transfer of the Longarone plant to third parties.

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.

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 Q3 and the first 9 months of 2024 Trading Update will be discussed.

It is possible to follow the event by registering at the following link to receive the details of the conference call/audio webcast (Dial-in numbers, personal passcode/PIN and webcast link)

<https://services.choruscall.it/DiamondPassRegistration/register?confirmationNumber=3933626&linkSecurityString=917820f96>. The presentation will be available and downloadable from the company's website,

<https://www.safilogroup.com/en/investors>.

A recording of the conference call will be available from November 7 to 8, 2024 by dialing +39 02 802 0987 – passcode: 700732# - pin: 732#.

About Safilo Group

Safilo is a global player in the eyewear industry that has been creating, producing, and distributing for over 90 years sunglasses, prescription frames, outdoor eyewear, goggles and helmets. Thanks to a data-driven approach, Safilo goes beyond the traditional boundaries of the eyewear industry: in just one company it brings together Italian design, stylistic, technical and industrial innovation, and state-of-the-art digital platforms, developed in its digital hubs in Padua and Portland, and made available to Opticians and Clients for an unmatched customer experience. Guided by its purpose, See the world at its best, Safilo is leading its Group legacy, founded on innovation and responsibility, onwards towards the future.

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 high 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. The perpetual license Eyewear by David Beckham. Licensed brands include: Banana Republic, BOSS, Carolina Herrera, Dsquared2, Etro, 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 2023, Safilo Group recorded net revenues for Euro 1,024.7 million.

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