Q1 2021 TRADING UPDATE

Safilo’s Q1 2021 business grows compared to 2020 and 2019:

- **Net sales:** +20.0% vs Q1 2020, +6.0% vs Q1 2019 (at constant exchange rates)
- **Adjusted**\(^1\) EBITDA: Euro 25.8 million, margin 10.3% (2.6% in Q1 2020, 8.1% in Q1 2019)

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**Strong recovery of own and licensed brands, with the new brands in the portfolio effectively compensating the licenses terminated at the end of 2020**

**Strong growth of the online business, at 13% of the Group’s net sales**

**Significant improvement in profitability driven by sales rebound and now leaner overheads and cost structure**

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Safilo’s Q1 2021 net sales reached Euro 251.4 million, up 20.0% at constant exchange rates compared to Q1 2020, the first to be hit by the outbreak of the Covid-19 pandemic. More meaningfully, Q1 2021 net sales also grew compared to the same quarter of 2019, up 6.0% at constant exchange rates, thanks to the strong performance of the Group’s own brands and core licenses, and to the significant contribution of the new brands in the portfolio effectively compensating the licenses terminated at the end of last year. The positive sales performance of the period was again largely driven by the United States and by a better than expected contribution from the newly acquired ecommerce business, which, coupled with the growth of Smith’s direct-to-consumer (D2C) channel, boosted Safilo’s total online business to 13% of its net sales from 5.9% in Q1 2020. As anticipated, China, Australia and Middle-East markets were the other strong positive contributors of the quarter, while Europe resulted overall soft as still penalized by the persisting retail restrictions in a number of markets and distribution channels.

From an economic standpoint, the positive sales development, coupled with the ongoing cost containment actions and the leaner overheads cost structure deriving from the structural savings achieved by the Group in recent years, led Safilo to a significant improvement of its operating performance, also above the first quarter of 2019. The adjusted\(^1\) EBITDA equaled Euro 25.8 million in Q1 2021, compared to Euro 5.8 million in Q1 2020 and Euro 20.0 million in Q1 2019. In the period, the adjusted\(^1\) EBITDA margin reached 10.3%, compared to 2.6% in Q1 2020 and 8.1% in Q1 2019.

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Angelo Trocchia, Safilo Chief Executive Officer, commented:

"2021 represents a fresh start for our Group, after two years of significant business turnarounds to establish a stronger and more resilient business model, with a diversified brand portfolio and a supply chain right-sized to market reality. We are pleased about this very positive start to the year, which saw our Q1 2021 sales and economic results exceed the first quarter of 2019.

These results are particularly relevant for us as they were achieved in a health and business environment which remained in the meantime tough in a number of countries and distribution channels, representing a first, encouraging testimony of the growth the Group can aim for thanks to its new business levers.

Despite a still mixed macro picture in Europe and uncertainty concerning the evolution of the summer season, we are today on track to deliver a solid second-quarter, again backed by the strength of the United States, the online business, and by the progress of a number of emerging countries."

NET SALES PERFORMANCE IN Q1 2021

In the first quarter of 2021, Safilo posted total net sales of Euro 251.4 million, up 20.0% at constant exchange rates and +13.7% at current exchange rates compared to Euro 221.1 million posted in the first quarter of 2020, the first to be hit by the outbreak of the Covid-19 pandemic. Q1 2021 net sales were instead up 6.0% at constant exchange rates, +1.7% at current exchange rates compared to Q1 2019.

The positive sales performance reflected the strong recovery recorded by the Group across the brands portfolio, from the strong growth of its own brands Smith and Carrera, to the meaningful rebound of its licenses, in particular Hugo Boss, Tommy Hilfiger, Kate Spade and Jimmy Choo.

In line with the aim of the Group’s portfolio overhaul strategy executed in the last two years, the contribution provided to the period by Privé Revaux and Blenders – the latter not yet included in the Group’s perimeter in Q1 2020 - and the new licensed brands in the portfolio, among them Levi’s, David Beckham, Missoni, Ports and Isabel Marant, largely compensated the licenses terminated at the end of 2020.

By product and channel, Q1 2021 sales were once more largely driven by the strong growth recorded by prescription frames, confirming the resilience of the product category in optical stores across the different markets, and by Smith’s sport products through its D2C and sport channels.

In Q1 2021, Safilo’s online business grew +164%, mainly thanks to the contribution of Blenders’ e-commerce, up 79% on a pro-forma performance basis, the growth of Smith’s D2C channel, and the Group’s sales generated through internet pure players.

The drivers by geography of the Group net sales performance in Q1 2021 were:

<table>
<thead>
<tr>
<th>(Euro million)</th>
<th>Q1 2021</th>
<th>%</th>
<th>Q1 2020</th>
<th>%</th>
<th>Q1 2019</th>
<th>%</th>
<th>% change 2021 vs 2020</th>
<th>% change 2021 vs 2019</th>
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<td>Europe</td>
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<td></td>
<td>101.5</td>
<td>40.4</td>
<td>107.7</td>
<td>48.7</td>
<td>124.6</td>
<td>50.4</td>
<td>-5.8%</td>
<td>-5.0%</td>
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<td></td>
<td>-18.5%</td>
<td>-17.8%</td>
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<tr>
<td>North America</td>
<td>119.1</td>
<td>47.4</td>
<td>84.4</td>
<td>38.2</td>
<td>88.9</td>
<td>36.0</td>
<td>+41.1%</td>
<td>+53.8%</td>
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<tr>
<td></td>
<td>+34.0%</td>
<td>+41.8%</td>
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<tr>
<td>Asia Pacific</td>
<td>13.0</td>
<td>5.2</td>
<td>14.9</td>
<td>6.7</td>
<td>17.7</td>
<td>7.2</td>
<td>-13.0%</td>
<td>-10.8%</td>
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<td>-26.8%</td>
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<td>Rest of the world</td>
<td>17.8</td>
<td>7.1</td>
<td>14.1</td>
<td>6.4</td>
<td>16.1</td>
<td>6.5</td>
<td>+26.6%</td>
<td>+40.6%</td>
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<td></td>
<td>+10.7%</td>
<td>+26.5%</td>
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<td>Total</td>
<td>251.4</td>
<td>100.0</td>
<td>221.1</td>
<td>100.0</td>
<td>247.3</td>
<td>100.0</td>
<td>+13.7%</td>
<td>+20.0%</td>
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- a stronger than expected sales growth in the United States across all product categories and brands, thanks to the combined positive effects of the abovementioned contribution of Privé Revaux and Blenders, and the outstanding business momentum in independent optical stores, chains, department stores, and sport shops.

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In Q1 2021, Safilo’s North America sales totaled Euro 119.1 million, up 53.8% at constant exchange rates and 41.1% at current exchange rates compared to Q1 2020. Total net sales in North America were up 41.8% at constant exchange rates compared to Q1 2019;

- a still soft business environment in a number of countries in Europe, where retail restrictions and the lack of tourist flows continued to penalize the sales of sunglasses in big chains, and in specialty channels like boutiques, department stores and travel retail. A market context which penalized above all Polaroid, a brand particularly exposed to the European sun markets.

The prescription frames business proved very solid for the majority of Safilo’s brands also in Europe, growing compared to both Q1 2020 and Q1 2019.

In Q1 2021, Safilo’s European sales equaled Euro 101.5 million, down 5.0% at constant exchange rates and 5.8% at current exchange rates compared to Q1 2020. Net sales in Europe were down 17.8% at constant exchange rates compared to Q1 2019;

- a slow-down in Asia Pacific, largely due to the relatively high first-quarter 2020 comparison base in terms of travel retail business and to its exposure to the licenses terminated at the end of 2020. On the positive side, the Group’s sales in China and Australia confirmed the significant growth trajectory recorded in the second half of 2020, proving the effectiveness of the portfolio strategy the Group has been implementing to build a more relevant and sustainable business in APAC.

In Q1 2021, Safilo’s sales in Asia Pacific equaled Euro 13.0 million, down 10.8% at constant exchange rates and 13.0% at current exchange rates compared to Q1 2020. Net sales in Asia Pacific were down 25.3% at constant exchange rates compared to Q1 2019;

- a sharp business acceleration across all main brands and product categories in the Rest of the World, following the first signs of the recovery which started to materialize in the Middle East countries from Q4 2020.

In Q1 2021, Safilo’s sales in the Rest of the World equaled Euro 17.8 million, up 40.6% at constant exchange rates and 26.6% at current exchange rates compared to Q1 2020. Net sales in the region were up 26.5% at constant exchange rates compared to Q1 2019.

**KEY ECONOMIC AND FINANCIAL HIGHLIGHTS OF Q1 2021**

In Q1 2021, the significant sales growth supported an even greater improvement of the Group’s operating performance.

Q1 2021 gross profit stood at Euro 126.6 million, with the margin on sales at 50.4% compared to 49.5% in Q1 2020 and 52.7% in Q1 2019. Q1 2021 reported EBITDA equaled Euro 13.4 million, with the margin on sales at 5.3% compared to 1.5% in Q1 2020 and 7.6% in Q1 2019.

On an adjusted\(^1\) basis, Q1 2021 gross profit stood at Euro 131.2 million, with the margin on sales at 52.2%, while the EBITDA equaled Euro 25.8 million, marking an exponential increase compared to Euro 5.8 million recorded in Q1 2020, and a meaningful improvement of +29.4% compared to the adjusted\(^1\) EBITDA of Euro 20.0 million recorded in Q1 2019. The adjusted\(^1\) EBITDA margin jumped to 10.3% in Q1 2021, from 2.6% in Q1 2020 and 8.1% in Q1 2019.

The period benefitted from the ongoing cost containment actions implemented by the Group and from the leaner overheads cost structure deriving from the last two year’s structural savings.
In Q1 2021, Safilo’s structural costs savings amounted to around Euro 3 million, while the contingency measures still in place in relation to the Covid-19 emergency resulted in a one-time saving of Euro 2 million.

### BUSINESS UPDATES AFTER Q1 2021

In the month of April, sales trends remained strong, still driven by outstanding growth in the United States, in the online business and by the progress of a number of emerging countries. Retail restrictions and the uncertainties surrounding stores re-openings in some countries instead prevented a material rebound in Europe. Based on the current visibility on the order book, the Group expects its total net sales for the second quarter of 2021 to normalize compared to the exceptional Covid-19 related decline recorded in the second quarter of last year, aiming to slightly surpass Q2 2019 at constant exchange rates.

On the brands portfolio front, Safilo has today announced a new global licensing agreement for the design, manufacture and distribution of Dsquared2 branded eyewear, starting from January 2022.

### Notes:

1. In Q1 2021, the adjusted economic results exclude non-recurring costs for Euro 16.2 million (Euro 4.6 million at the gross profit level, and Euro 12.4 million at the EBITDA level), mainly due to the announced closure, starting from June 2021, of the Ormoz production plant in Slovenia.

   In Q1 2020, the adjusted economic results excluded non-recurring costs for Euro 2.7 million (Euro 2.4 million at the EBITDA level), due to restructuring expenses related to the ongoing cost saving program.

2. Blenders’ Q1 2021 pro-forma performance is calculated compared to the same period of 2020. Safilo Group consolidated Blenders from June 1st 2020.
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 6.30 pm CET (5.30pm BST; 12:30pm EST) a conference call will be held with the financial community during which Q1 2021 trading update will be discussed. It is possible to follow the conference call by calling +39 02 8020911, +44 121 2818004, +33 1 70918704 or +1 718 7058796 (for journalists +39 02 8020927). The conference call is also available via webcast at the following address: https://87399.choruscall.eu/links/safilogo210511.html. The presentation will be available and downloadable from the company website https://www.safilogroup.com/en, before the beginning of the call. A recording of the conference call will be available from May 11 to May 13, 2021 at the following address: http://SafiloGroup/Q12021TradingUpdate/callconferenceReplay.
About Safilo Group
Established in 1934 in Italy’s Veneto region, Safilo Group is one of the eyewear industry’s principal players in the design, manufacturing and distribution of optical frames, sunglasses, sports 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.


The parent company, Safilo Group S.p.A., is listed on the Italian Stock Exchange (“MTA”) organized and managed by Borsa Italiana (ISIN code IT0004604762, Bloomberg SFL.1M, Reuters SFLG.MI). In 2020, Safilo Group recorded net revenues for Euro 780.3 million.

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