



Q3 2022 marked another quarter of sales and profits growth:

Net sales +14.9%
+4.6% at constant exchange rates
+5.6% organic¹ growth

Adj.² EBITDA +18.6%
and margin at 8.7%

Sunglass sales continued to boost growth in Europe and in emerging markets thanks to a buoyant summer season

Solid prescription frames business in all key markets

Continued profit and margins improvement despite macro headwinds

First 9 Months of 2022

- Net sales: **€831.3M**, +12.7%, +5.7% at constant exchange rates, +9.9% organic¹
 - Gross profit: **€458.4M**, +20.3% and margin of 55.1% vs 51.7% in 2021
 - Adj.² EBITDA: **€85.3M**, +24.0% and margin of 10.3% vs 9.3% in 2021
 - Net Debt: **€115.4M** vs €94.0M as at December 2021
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Padua, November 3, 2022 – The Board of Directors of Safilo Group S.p.A. has today reviewed and approved the third quarter and the first 9 months of 2022 key performance indicators.

Angelo Trocchia, Safilo Chief Executive Officer commented:

“Q3 marked another quarter of growth of our sales and profits, driven by the strength of our new collections, the investments behind our brands and a continued effort to increase the breadth of the services we offer to our clients.

In Q3, our net sales increased by 14.9% thanks to the solid pace of growth posted by the organic¹ business, up 5.6% at constant exchange rates, and further boosted by the tailwind of a strong USD.

Our performance in the period reflected the continued strength of Europe, Latin America and the Middle East markets, the first significant business rebound of Asia, and the North American market holding up versus another tough period of comparison and some logistic delays in the US. Sunglasses remained our best performing product category, boosted by a strong summer season, and sales of prescription frames were solid in all our key markets.

In the quarter, our growth was enabled by the successful launch of our new collections and marketing campaigns.

We in fact continued to focus on projects of great impact and visibility, ranging from Carrera’s partnership with Ducati, to the new ‘Back to School’ campaign of Polaroid, to the launch of Smith’s new eyewear campaign, focused on both sun and prescription, to finish in September with an exciting new partnership of Blenders with Oracle Red Bull Racing, officially kicked off at the Gran Premio d’Italia in Monza.

The third quarter confirmed another double-digit improvement in gross profit and adjusted² EBITDA, which reached 53.8% and 8.7% of sales respectively, keeping us on track to reach our full year goals.”

Q3 2022 NET SALES PERFORMANCE

Safilo’s net sales in Q3 2022 amounted to Euro 260.4 million, up 14.9% at current exchange rates and 4.6% at constant exchange rates compared to Euro 226.6 million recorded in Q3 2021.

Organic¹ sales growth equalled +5.6%, benefitting from the ongoing success of the Group's main proprietary and licensed brands. In Q3, Safilo’s sunglass sales continued to enjoy positive momentum, up +7.1%, as did the Group’s prescription frames business, up +4.6% on a challenging comparison with Q3 2021.

Sales of Carrera and Polaroid continued to record a remarkable double-digit growth, while the progress of Smith was more moderate in the quarter due to some logistic delays in the shipment of sports products in the United States.

As for the licensed brands portfolio, Tommy Hilfiger, HUGO BOSS, David Beckham, Under Armour and Isabel Marant were the other key drivers of the positive organic¹ performance, while the licenses of Carolina Herrera, Chiara Ferragni and Dsquared2, introduced this year in the portfolio, added significant new business.

Q3 2022 continued to see the significant return of consumers to stores, giving Safilo the opportunity to further advance the development and adoption of its B2B platforms, in particular in Europe, where the 'You&Safilo' business increased by approximately 40% compared to the same period of 2021.

Safilo's net sales performance by geography:

(Euro million)	Q3 2022		Q3 2021		Change at current forex	Change at constant forex	
					Reported	Reported	Organic ¹
North America	124.7	47.9	115.1	50.8	+8.4%	-7.4%	-1.2%
Europe	95.7	36.7	82.8	36.6	+15.5%	+14.1%	+8.1%
Asia Pacific	16.2	6.2	11.3	5.0	+43.3%	+31.6%	+46.1%
Rest of the world	23.9	9.2	17.4	7.7	+36.9%	+21.8%	+13.3%
Total	260.4	100.0	226.6	100.0	+14.9%	+4.6%	+5.6%

- in **North America**, net sales in Q3 2022 amounted to Euro 124.7 million, up 8.4% at current exchange rates, thanks to the further strengthening of the dollar against the euro which occurred in the period, while at constant exchange rates sales, the business declined by 7.4% on a reported basis and by 1.2% at the organic¹ level versus another tough comparison with last year (Q3 2021 grew by ca +20% vs Q3 2019 at the organic¹ level).
On one hand, sales in the United States continued to register positive momentum in the upper part of Safilo's portfolio and a softer performance in the entry and mid-tier price points, on the other, sales of Smith sports products were temporarily constrained by logistic delays in some deliveries expected to be made by the end of the quarter.
- in **Europe**, net sales in Q3 2022 rose to Euro 95.7 million, up 15.5% at current exchange rates and +14.1% at constant exchange rates compared to Q3 2021, driven by the Group's solid performance in prescription frames and the continued rebound of sunglass sales, favoured by a buoyant summer season and the significant flows of local and international tourists. In Europe, Safilo recorded another solid organic¹ performance of +8.1%, driven by another excellent quarter for Polaroid and Carrera, as well as for some of the Group's main licensed brands. During the period, the new licenses instead provided the market an additional growth of around 6%.
Italy, Spain, France, Germany and some Eastern European countries such as Turkey and Poland, remained Safilo's best performing markets.
- in **Asia and Pacific**, net sales in Q3 2022 reached Euro 16.2 million, for the first time in the year recording a significant recovery over 2021. The improvement, equal to an increase of 43.3% at current exchange rates and 31.6% at constant exchange rates, reflected a marked acceleration of the organic¹ sales, up 46.1%, thanks to the significant progress of the brands the Group is focusing on to ensure current sales and the future growth of the area. In the period, the Group's key licenses remained the main growth drivers in South East Asia, while Carrera and Smith posted a strong progress in Australia.
- in **the Rest of the World**, net sales in Q3 2022 equalled Euro 23.9 million, showing a double-digit growth of 36.9% at current exchange rates and 21.8% at constant exchange rates compared to Q3 2021. During the period, Carrera, Polaroid, and some of the Group's key licenses were the main contributors to the continued good organic¹ performance of the business in the area, equal to +13.3%, and are the main brands with which the Group, together with the most recent addition of Carolina Herrera, is pursuing the growth of emerging markets such as Brazil and Mexico.

Q3 2022 KEY ECONOMIC PERFORMANCE

In Q3 2022, the Group's economic profile improved compared to the same quarter of 2021, thanks to the growth and increased profitability achieved in terms of gross profit.

The main drivers contributing to the results of the period were the following:

- the positive revenue effect in terms of price/mix, and some further structural cost of goods sold savings, related to the 2020-2024 business plan, effectively countering the surge of energy costs, linked to current inflationary pressures, and the dilutive impact of currencies on margins;
- higher selling, general and administrative costs due to the increase in marketing to support business growth over the summer, and the impact related to software-as-a-service investment projects under the new IFRIC agenda, the equivalent of which in Q3 2021 had been capitalized.

Gross profit in Q3 2022 amounted to Euro 140.0 million, marking an increase of 18.0% compared to Q3 2021, and with the gross margin improving by 140 basis points, from 52.4% to 53.8% of sales (up 16.2% and 60 basis points respectively compared to Q3 2021 adjusted² gross profit and margin).

Adjusted² EBITDA in Q3 2022 stood at Euro 22.6 million, up 18.6% compared to Q3 2021, with the adjusted² EBITDA margin increasing by 30 basis points, from 8.4% to 8.7% of sales (9.4% ex IFRIC SaaS impact).

Key Economic highlights - in Euro million	Q3 2022	% on net sales	Q3 2021	% on net sales	% Change 2022 vs 2021
Net sales	260.4		226.6		+14.9%
Reported at cFX					+4.6%
Organic ¹ at cFX					+5.6%
Gross Profit	140.0	53.8%	118.7	52.4%	+18.0%
EBITDA	21.5	8.3%	17.4	7.7%	+24.0%
Adjusted² EBITDA	22.6	8.7%	19.1	8.4%	+18.6%
IFRS 16 impact on EBITDA	3.1		3.0		

9M 2022 NET SALES PERFORMANCE

Following Q3 positive performance, the Group's net sales in the first 9 months of the year reached Euro 831.3 million, up 12.7% at current exchange rates and +5.7% at constant exchange rates compared to Euro 737.4 million recorded in the first 9 months of 2021.

In the period, organic¹ sales increased by 9.9%, thanks in particular to the strong growth achieved by Smith, Polaroid and Carrera, which, together with the other proprietary brands, represented, at the end of September, 41.3%³ of the Group's revenues. In the licensing business, the double-digit performance of Tommy Hilfiger, HUGO BOSS, David Beckham and Isabel Marant was the other consistent growth driver. In the first 9 months, the new business of Carolina Herrera, Dsquared2 and Chiara Ferragni was an excellent support to the Group's further development in specific geographies and consumer segments, and in offsetting of the sales made last year with the discontinued brands.

In terms of the main geographic areas and product categories in which the Group operates, the first 9 months of 2022 recorded, on one hand, the North American market holding up versus a very tough comparison base and the significant recovery of Europe, up respectively 1.2% and 18.2% at the organic¹ level, and on the other, the rebound of the sunglass business and the solidity of prescription frames sales, up respectively 11.9% and 4.9% at the organic¹ level.

The period was also particularly favourable for outdoor sport activities, which backed the extraordinary performance of Smith's snow goggles and snow and bike helmets, driving the sales of the 'Other' product category to a growth of 20.3% compared to the first 9 months of 2021.

In the first 9 months, Safilo's business strongly increased also in emerging markets, in particular in Brazil, Mexico and the Middle East, which represent most of the area called 'Rest of the World', which grew by 23.0% at the organic¹ level in the period. In Asia and Pacific, the Group's organic¹ sales stood up at 17.2%, benefiting from the consistent good performance of the South East Asian markets, and from the recovery posted by China in Q3.

In the first 9 months of 2022, Safilo's online sales, consisting of the direct to consumer (D2C) business and of the revenues through internet pure players (IPPs), made up for around 14% of the Group's total business, and grew by 5.2% at constant exchange rates.

Safilo's net sales performance by geography:

(Euro million)					Change at current forex	Change at constant forex	
	9M 2022	%	9M 2021	%	Reported	Reported	Organic ¹
North America	383.5	46.1	355.2	48.2	+8.0%	-3.8%	+1.2%
Europe	332.7	40.0	291.0	39.5	+14.3%	+14.1%	+18.2%
Asia Pacific	41.3	5.0	37.2	5.0	+11.1%	+3.4%	+17.2%
Rest of the world	73.8	8.9	54.0	7.3	+36.8%	+24.7%	+23.0%
Total	831.3	100.0	737.4	100.0	+12.7%	+5.7%	+9.9%

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9M 2022 KEY ECONOMIC AND FINANCIAL PERFORMANCE

In the first 9 months of 2022 Safilo recorded a significant progress of its key economic metrics, despite the period being characterized by the negative impact of inflationary pressures. Sales growth, positively impacted by both volumes and price/mix dynamics, together with approximately Euro 8 million of structural COGS savings achieved since the beginning of the year, represented the main growth drivers of profits and profitability, which the Group partly reinvested in marketing and advertising activities to support business growth.

Gross profit in the first 9 months of 2022 amounted to Euro 458.4 million, up 20.3% compared to the first 9 months of 2021, with the gross margin improving by 340 basis points, from 51.7% to 55.1% of sales (up 17.2% and 210 basis points respectively compared to the first 9 months of 2021 adjusted² gross profit and margin).

Adjusted² EBITDA in the first 9 months of 2022 stood at Euro 85.3 million, up 24.0% compared to the adjusted² EBITDA of Euro 68,8 million recorded in the first 9 months of 2021. The adjusted² EBITDA margin stood at 10.3% (10.9% ex IFRIC SaaS impact), marking an improvement of 100 basis points compared to the 9.3% margin achieved in the first 9 months of 2021.

Key Economic highlights - in Euro million	9M 2022	% on net sales	9M 2021	% on net sales	% Change 2022 vs 2021
Net sales	831.3		737.4		+12.7%
Reported at cFX					+5.7%
Organic ¹ at cFX					+9.9%
Gross Profit	458.4	55.1%	380.9	51.7%	+20.3%
EBITDA	83.6	10.1%	68.4	9.3%	+22.2%
Adjusted² EBITDA	85.3	10.3%	68.8	9.3%	+24.0%
IFRS 16 impact on EBITDA	8.6		8.7		

From a financial standpoint, **the Group Net Debt as at September 30, 2022**, amounted to Euro 115.4 million (Euro 67.2 million pre-IFRS 16, corresponding to a financial leverage, also pre IFRIC SaaS, of 0.7x), compared to Euro 105.6 million (Euro 63.5 million pre-IFRS 16) at the end of June 2022 and Euro 94.0 million (Euro 52.8 million pre-IFRS 16) as at December 31, 2021.

LATEST NEWS AND NEXT EVENTS

Safilo announced the introduction of Eastman Tritan™ Renew in its polarized lenses, becoming the first player in the market to adopt Tritan™ Renew Polarized lenses and have a bilateral collaboration with Eastman on technical innovation, unlocking new opportunities for the eyewear industry.

Safilo and rag & bone announced the renewal of their eyewear licensing agreement.

Safilo extended the manufacturing agreement with Kering Eyewear to 2026.

Safilo will host a Capital Market Day in order to provide an update of its medium-term economic and financial targets, within the first quarter of 2023.

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Notes to the press release:

¹ Organic sales performance is provided at constant exchange rates and includes only the proprietary 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 the first 9M 2022, the adjusted EBITDA excludes net non-recurring costs for Euro 1.7 million due to some special projects costs and restructuring expenses, partially offset by the release of a restructuring provision.
In Q3 2022, the adjusted EBITDA excludes a net non-recurring cost for Euro 1.1 million.

In the first 9M 2021, the adjusted EBITDA excluded non-recurring costs for Euro 17.4 million (Euro 10.2 million at the gross profit level), mainly related to the announced closure, starting from June 2021, of the Ormož production plant in Slovenia, and also a non-recurring income of Euro 17 million due to the release of a provision for risks and charges booked in 2015 in relation to an investigation by the French Competition Authority. The release is a result of the positive outcome, without sanctions, of this investigation.

In Q3 2021, the adjusted EBITDA excluded non-recurring costs for Euro 1.7 million (Euro 1.8 million at the gross profit level).

³ % on total sales, excluding the business attributable to the production supply contract with Kering Eyewear.

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; 13.15pm EST) a conference call will be held with the financial community during which the Q3 and the first 9 months of 2022 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://SafiloGroup/TradingUpdateQ32022/audiowebcast>.

A recording of the conference call will be available from November 3 until November 8, 2022 on +39 02 8020987 – Passcode: 700714# - Pin: 714#.

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 own core 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, Rebecca Minkoff, 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 2021, Safilo Group recorded net revenues for Euro 969.6 million.

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