



## THE BOARD OF DIRECTORS OF SAFILO GROUP S.P.A. APPROVES THE FINANCIAL RESULTS OF THE FIRST HALF OF 2021

**In H1 2021, Safilo delivered strong yoy rebound and results well above 2019:**  
**Constant currency sales growth of +59.9% vs 2020, +7.7% vs H1 2019**  
**Adj.<sup>1</sup> EBITDA margin at 9.7% vs 8.3% in 2019**

**In Q2 2021, constant currency sales growth of +137.1% vs 2020, +9.4% vs 2019**  
**Adj.<sup>1</sup> EBITDA margin at 9.2% vs 8.5% in 2019**

**Successful rebalancing of the Group's brands portfolio**

**Highest growth momentum driven by the USA, China, the online channel,  
prescription frames and sport products**

**Significant increase of operating profitability thanks to sales growth  
and structural cost reduction**

### Economic and Financial Highlights

#### Q1 2021:

- Net Sales €251.4M, +20.0% vs Q1 2020, +6.0% vs Q1 2019 (at constant exchange rates)
- Adjusted<sup>1</sup> EBITDA €25.8M, margin 10.3% vs 2.6% in Q1 2020, 8.1% in Q1 2019

#### Q2 2021:

- Net Sales €259.4M, +137.1% vs Q2 2020, +9.4% vs Q2 2019 (at constant exchange rates)
- Adjusted<sup>1</sup> EBITDA €23.8M, margin 9.2% vs -29.8% in Q2 2020, 8.5% in Q2 2019

#### H1 2021:

- Net Sales €510.7M, +59.9% vs H1 2020, +7.7% vs H1 2019 (at constant exchange rates)
- Adjusted<sup>1</sup> EBITDA €49.7M, margin 9.7% vs -8.4% in H1 2020, 8.3% in H1 2019
- Adjusted<sup>1</sup> Net result €4.4M vs € -63.7M in H1 2020, €8.5M in H1 2019
- Group Net debt €226.9M vs €222.1 at December 31, 2020

**Padua, August 3, 2021** – The Board of Directors of Safilo Group S.p.A. has today reviewed and approved the results of the first half of 2021.

**Angelo Trocchia, Safilo Chief Executive Officer, commented:**

*“We are very pleased that the second quarter continued the solid sales and profitability momentum of the first three months of the year, allowing us to close the first half of 2021 with a significant year on year rebound and well above H1 2019, growing +7.7% at constant exchange rates on the top line and +20.5% at the adjusted<sup>1</sup> EBITDA level.*

*In the period, we continued to seize the business opportunities that our renewed brand portfolio provided us in our key markets.*

*We benefited from the significant organic growth achieved by our core brands already in the portfolio, as well as from the full offset of the brands terminated at the end of 2020 with our Blenders and Prive Revaux acquisitions and the successful introduction of new licenses.*

*Our path of recovery was certainly supported by the magnitude of the rebound in consumption experienced in the United States, and again by the vigorous business progression recorded in China, Australia and most of the Middle-East countries.*

*Also in Q2, sales growth came from the strong progression recorded in all markets by prescription frames, particularly sustained for us in the independent opticians channel, and from the surge of outdoor activities boosting our Smith sport products business.*

*Sales of sunglasses, which were in the period still held back by the pandemic-related restrictions in many markets, benefitted, on the other hand, from the strength of our online channel, which grew double-digit also in the second quarter, thanks to the sustained business momentum of internet pure players and to the direct-to-consumer sales of Blenders and Smith.*

*We are also satisfied with our cash flow as our net debt remained substantially stable compared to the end of last year. This result was achieved despite the cash out in the period relating to the definitive closure of the Ormož production site, with which we took another significant step forward in the execution of our industrial restructuring plan.*

*At the same time, we continued the rebalance of our brand portfolio, with targeted additions that will allow us to gain a leading position in the various eyewear segments and reference markets. After having signed with Dsquared2 in May, a few weeks ago we announced a new partnership with Carolina Herrera, a strong brand, valued worldwide for the extreme elegance and femininity of its products, which will allow us, starting from January 2022, to immediately strengthen our women's proposition.*

*H1 2021 results and the continuation of positive trends into the beginning of the third quarter allow us to look with optimism at the growth prospects for the current year, consolidating our ambition to exceed already in 2021 the pre-pandemic business levels of 2019.”*

## **Q2 2021 TRADING UPDATE**

### **NET SALES PERFORMANCE IN Q2 2021:**

**In the second quarter of 2021**, Safilo's net sales of Euro 259.4 million more than doubled, at +137.1% at constant exchange rates and +126.6% at current exchange rates, compared to Euro 114.5 million posted in the second quarter of 2020, the one most heavily weighed down by the Covid-19 pandemic.

The significant year-on-year rebound translated into a sequential top line acceleration of +9.4% at constant exchange rates, +4.3% at current exchange rates compared to Q2 2019 (Q1 2021 +6.0% vs Q1 2019 at constant exchange rates).

Sales performance continued to reflect the successful rebalancing of the Group's brand portfolio, with the contribution provided by the new proprietary and licensed brand additions - from Blenders and Privé Revaux, to Levi's, David Beckham, Missoni, Ports, Isabel Marant and Under Armour - effectively compensating the licenses terminated at the end of 2020.

The organic sales performance delivered by the Group's comparable brands was very positive, up high-single digits at constant exchange rates versus Q2 2019, driven by each brand's specific exposure to key markets, channels and product categories. Net sales in the period continued to be driven by strong momentum in prescription frames and sport products, reflecting on one hand the sustained business activity of optical stores in the different marketplaces, on the other the surge of outdoor activities boosting Smith's business in its traditional distribution and more significantly through its renewed direct to consumer (DTC) channel.

This press release may use 'alternative performance indicators' not foreseen by the IFRS-EU accounting standards (EBITDA and Net debt), and whose meaning and contents are illustrated in the specific section of the press release and in accordance with the CESR/05-178b recommendation published on 3<sup>rd</sup> November 2005.

Sales of sunglasses, which more than doubled year-on-year, resulted on the other hand slightly below 2019 levels at constant exchange rates, due to the impacts of restrictions on retail and travel, penalizing in particular Polaroid in some of its core markets like Spain, and to a difficult comparison base given the terminated licenses' high weight of these products.

In Q2 2021, the Group's online business reported another strong growth, up 64% year on year versus Q2 2020 and reaching 14.4% of the Group's total net sales, thanks to the new, sizeable contribution of Blenders' e-commerce sales and to the performance of the revenues generated through the internet pure players and of Smith's DTC channel.

### Drivers by geography of the Group net sales performance in Q2 2021:

(Euro million)	Q2 2021		Q2 2020		Q2 2019		% change 2021 vs 2020		% change 2021 vs 2019	
							current forex	constant forex	current forex	constant forex
North America	121.0	46.6	44.1	38.5	80.6	32.4	+174.6%	+198.9%	+50.1%	+60.3%
Europe	106.7	41.1	57.2	50.0	121.7	48.9	+86.5%	+87.5%	-12.3%	-11.4%
Asia Pacific	12.9	5.0	8.8	7.7	25.7	10.3	+46.4%	+49.6%	-49.8%	-48.5%
Rest of the world	18.7	7.2	4.4	3.8	20.6	8.3	+330.3%	+340.4%	-9.1%	+4.9%
<b>Total</b>	<b>259.4</b>	<b>100.0</b>	<b>114.5</b>	<b>100.0</b>	<b>248.6</b>	<b>100.0</b>	<b>+126.6%</b>	<b>+137.1%</b>	<b>+4.3%</b>	<b>+9.4%</b>

- Q2 2021 net sales in North America** totaled Euro 121.0 million, almost tripling compared to the same period of 2020, at +198.9% at constant exchange rates and +174.6% at current exchange rates. Compared to Q2 2019, Safilo's net sales in the region further accelerated, up +60.3% at constant exchange rates (+41.8% in Q1 2021 vs Q1 2019) thanks to the continuing strong momentum recorded in the United States, where buoyant consumption trends and Safilo's compelling business proposition, including now also the new acquisitions, drove the Group's significant and wide-ranging growth across brands, product categories and channels, with Smith outperforming;
- Q2 2021 net sales in Europe** reached Euro 106.7 million, recording a significant year on year rebound of +87.5% at constant exchange rates and +86.5% at current exchange rates. This positive performance was on the other hand still not sufficient to allow the region to return to pre-pandemic levels and to fully compensate the sizeable terminated business in the base period. Compared to Q2 2019, Safilo's net sales in Europe were down -11.4% at constant exchange rates, although improving compared to the first quarter (-17.8% in Q1 2021 vs Q1 2019). After a weak start to the sun season, still affected by the impact of retail restrictions until May and the lack of tourists in key cities and summer locations, sales trends improved in the UK, Italy and some Nordic countries, while remaining more subdued in markets like Germany, France and Spain and in those channels more exposed to the terminated business, in particular licensor-owned boutiques, department stores and travel retail. On the other hand, also in Q2 2021, sales of prescription frames in Europe were up double-digits compared to Q2 2019;
- Q2 2021 net sales in Asia Pacific** equaled Euro 12.9 million, recording a year-on-year growth of +49.6% at constant exchange rates and +46.4% at current exchange rates. The business in the region instead declined by 48.5% at constant exchange rates in the comparison with Q2 2019, which was a record quarter in APAC in particular for the travel retail business. Q2 2021 sales trends in Asia Pacific remained highly diverging, reflecting on one side the ongoing rebound of China and Australia, thanks to a supportive business environment and Safilo's effective relaunch of its business portfolio, on the other the still highly subdued travel retail business and many other markets in the region still affected by the pandemic and lockdown restrictions;
- Q2 2021 net sales in the Rest of the World** equaled Euro 18.7 million, recording an exponential year on year growth of +340.4% at constant exchange rates and +330.3% at current exchange rates. Compared to Q2 2019, net sales in the region increased by +4.9% at constant exchange rates, with both Middle Eastern and Latin American markets contributing to the positive sales performance.

## KEY ECONOMIC HIGHLIGHTS OF Q2 2021

From an economic standpoint, the significant sales rebound recorded by Safilo in Q2 2021 translated into a sharp rise in operating profitability compared to last year's exceptionally low basis and gave the opportunity to exceed 2019 margins at the EBITDA level. Positive economic results were fueled by a structural recovery in operating leverage as sales volumes increased and by cost efficiency drivers in terms of lower obsolescence contributing to offset inflationary pressures particularly on transportation costs. As planned, marketing and advertising expenses reaccelerated compared to Q1 2021, driven by the online business peak season and the expectation of a less restricted retail environment.

On July 22, 2021, the French Competition Authority, following its investigation initiated in 2009 regarding a number of alleged practices in the eyewear sector in France, dismissed all charges raised against Safilo and which Safilo had been vigorously challenging.

Following this outcome, no sanctions were applied to Safilo, which was thus able to release the provision for risks and charges of Euro 17.0 million, booked in 2015 in order to cover the potential estimated liability. Such release had a positive impact on the Group's reported Q2 and H1 2021 results, while it was not included in the adjusted key performance indicators.

(Euro in millions)	Q2 2021	Q2 2020	Q2 2019	% Change Q2 2021 vs Q2 2020	% Change Q2 2021 vs Q2 2019
Net sales	259.4	114.5	248.6	+126.6%	+4.3%
Gross profit	<b>135.6</b>	39.2	135.9	+246.3%	-0.2%
% on net sales	<b>52.3%</b>	34.2%	54.7%		
EBITDA	<b>37.7</b>	(42.0)	17.4	+189.7%	+116.6%
% on net sales	<b>14.5%</b>	(36.7%)	7.0%		
Adjusted <sup>1</sup> EBITDA	<b>23.8</b>	(34.1)	21.2	+169.9%	+12.2%
% on net sales	<b>9.2%</b>	(29.8%)	8.5%		
IFRS 16 impact on EBITDA	2.8	3.0	3.6		

Q2 2021 economic results included restructuring costs of Euro 3.2 million (Euro 3.8 million at the gross profit level) and the above mentioned income of Euro 17 million due to the release of a provision for risks and charges.

**Q2 2021 gross profit** rose to Euro 135.6 million, recording an exponential increase compared with Euro 39.2 million recorded in Q2 2020 and resulting substantially in line with the gross profit of Euro 135.9 million recorded in Q2 2019.

Q2 2021 gross margin reached 52.3%, compared to 34.2% in Q2 2020 and 54.7% in Q2 2019.

**On an adjusted<sup>1</sup> basis, Q2 2021 gross profit** equaled Euro 139.4 million and a margin of 53.7%.

**Q2 2021 EBITDA** soared to Euro 37.7 million compared to the EBITDA loss of Euro -42.0 million recorded in Q2 2020, and posting an increase of +116.6% compared to the profit of Euro 17.4 million reported in Q2 2019. Q2 2021 EBITDA margin increased to 14.5% compared to -36.7% in Q2 2020 and 7.0% in Q2 2019.

**Q2 2021 adjusted<sup>1</sup> EBITDA** equaled Euro 23.8 million compared to the adjusted<sup>1</sup> EBITDA loss of Euro -34.1 million recorded in Q2 2020 and posting an increase of +12.2% compared to the adjusted<sup>1</sup> EBITDA profit of Euro 21.2 million reported in Q2 2019. Q2 2021 adjusted<sup>1</sup> EBITDA margin increased to 9.2% compared to -29.8% in Q2 2020 and was 70 basis points higher than the 8.5% adjusted<sup>1</sup> EBITDA margin recorded in Q2 2019.

## H1 2021 ECONOMIC AND FINANCIAL RESULTS

### NET SALES PERFORMANCE IN H1 2021

In the first half of 2021, Safilo's net sales totaled Euro 510.7 million, posting a year on year rebound of +59.9% at constant exchange rates, +52.2% at current exchange rates compared to Euro 335.6 million in H1 2020.

Compared to the first half of 2019, H1 2021 total net sales recorded an increase of +7.7% at constant exchange rates, +3.0% at current exchange rates, with strong sales momentum throughout the first two quarters consistently driven by the rebound in growth experienced in the US and in China, and by some of the Group's key strategic drivers.

On a two-year basis, H1 2021 key sales dynamics were:

- the full offset of the business terminated at the end of 2020 with the acquisitions of Blenders and Privé Revaux and the introduction of the new licenses of Levi's, David Beckham, Missoni, Ports, Isabel Marant and Under Armour;
- the broad based organic growth delivered by the Group's comparable brands portfolio, up high-single digits at constant exchange rates, led by Smith's strong outperformance in its core product categories, by Carrera and the main licenses of Hugo Boss, Tommy Hilfinger, Kate Spade and Jimmy Choo, all firmly exceeding 2019 levels;
- the strong progress of the online business, thanks to the new, significant contribution of Blenders' e-commerce, up 31.3% on a pro-forma<sup>2</sup> performance basis, the growth of Smith's DTC channel, and of the Group's sales generated through internet pure players. In H1 2021, Safilo's total online sales reached 13.6% of the Group's total business, from 11% in H1 2020 and 3.8% in H1 2019, growing 2x and almost 4x compared to the respective periods;
- the double-digit growth of prescription frames across brands and markets, advancing the Group's strategy for a re-balanced business between product categories, and the still soft performance of sunglasses.

### Group net sales performance by geography in H1 2021:

(Euro million)	H1 2021		H1 2020		H1 2019		% change 2021 vs 2020		% change 2021 vs 2019	
							current forex	constant forex	current forex	constant forex
North America	240.1	47.0	128.5	38.3	169.5	34.2	+86.9%	+103.6%	+41.6%	+50.6%
Europe	208.2	40.8	165.0	49.2	246.3	49.7	+26.2%	+27.1%	-15.5%	-14.7%
Asia Pacific	25.9	5.1	23.7	7.1	43.5	8.8	+9.1%	+11.7%	-40.4%	-39.1%
Rest of the world	36.5	7.2	18.4	5.5	36.7	7.4	+98.6%	+111.7%	-0.4%	+14.4%
<b>Total</b>	<b>510.7</b>	<b>100.0</b>	<b>335.6</b>	<b>100.0</b>	<b>495.9</b>	<b>100.0</b>	<b>+52.2%</b>	<b>+59.9%</b>	<b>+3.0%</b>	<b>+7.7%</b>

### ECONOMIC PERFORMANCE IN H1 2021

Safilo's H1 2021 economic results reflected the benefits of the recovery of operating leverage led by the strong top-line growth, the now leaner overheads structure which the Group continued to manage with disciplined cost control, and cost of goods sold efficiencies.

In H1 2021, Safilo's structural costs savings amounted to around Euro 13 million, while the contingency measures still in place in relation to the Covid-19 emergency resulted in an estimated cost avoidance of Euro 4 million.

The Group's results have been, on the other hand, affected by the inflationary pressures coming in particular from rising transportation costs.

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## Key economic highlights of the Group economic performance in H1 2021

(Euro in millions)	H1 2021	H1 2020	H1 2019	% Change H1 '21 vs H1 '20	% Change H1 '21 vs H1 '19
<b>Net sales</b>	510.7	335.6	495.9	+52.2%	+3.0%
<b>Gross profit</b>	<b>262.2</b>	148.6	266.2	+76.5%	-1.5%
<i>% on net sales</i>	<b>51.3%</b>	44.3%	53.7%		
<b>EBITDA</b>	<b>51.0</b>	(38.6)	36.3	+232.4%	+40.8%
<i>% on net sales</i>	<b>10.0%</b>	(11.5%)	7.3%		
<b>Adjusted<sup>1</sup> EBITDA</b>	<b>49.7</b>	(28.3)	41.2	+275.7%	+20.5%
<i>% on net sales</i>	<b>9.7%</b>	(8.4%)	8.3%		
<b>Operating result</b>	<b>22.3</b>	(68.4)	(218.8)	+132.7%	+110.2%
<i>% on net sales</i>	<b>4.4%</b>	(20.4%)	(44.1%)		
<b>Adjusted<sup>1</sup> operating result</b>	<b>24.7</b>	(55.2)	13.3	+144.7%	+85.5%
<i>% on net sales</i>	<b>4.8%</b>	(16.4%)	2.7%		
<b>Group net result</b>	<b>2.0</b>	(74.8)	(246.9)	+102.6%	+100.8%
<i>% on net sales</i>	<b>0.4%</b>	(22.3%)	(49.8%)		
<b>Adjusted<sup>1</sup> Group net result</b>	<b>4.4</b>	(63.7)	8.5	+106.9%	-48.5%
<i>% on net sales</i>	<b>0.9%</b>	(19.0%)	1.7%		
IFRS 16 impact on EBITDA	5.7	6.0	7.0		
on Operating result	0.9	0.8	0.4		
on Net result	(0.1)	(0.2)	(0.3)		

H1 2021 economic results included restructuring costs of Euro 19.3 million (Euro 8.4 million at the gross profit level, and Euro 15.6 million at the EBITDA level) and the above mentioned income of Euro 17 million due to the release of a provision for risks and charges.

**H1 2021 gross profit** stood at Euro 262.2 million, recording a significant increase of +76.5% compared to H1 2020, and a slight decline of -1.5% compared to the gross profit in H1 2019. The gross margin was instead 51.3% compared to 44.3% in H1 2020 and 53.7% in H1 2019.

**On an adjusted<sup>1</sup> basis, H1 2021 gross profit** equalled Euro 270.6 million and a margin on sales of 53.0 margin.

**H1 2021 EBITDA** soared to Euro 51.0 million from the loss of Euro -38.6 million recorded in H1 2020 and posting an increase of +40.8% compared to the EBITDA of Euro 36.3 million recorded in H1 2019. H1 2021 EBITDA margin increased to 10.0% compared to -11.5% in H1 2020 and 7.3% in H1 2019.

**H1 2021 adjusted<sup>1</sup> EBITDA** equalled Euro 49.7 million compared to the adjusted<sup>1</sup> loss of Euro -28.3 million recorded in H1 2020 and posting an increase of +20.5% compared to the adjusted<sup>1</sup> EBITDA of Euro 41.2 million recorded in H1 2019. The adjusted<sup>1</sup> EBITDA margin increased to 9.7% compared to -8.4% in H1 2020 and was 140 basis-points higher compared to the 8.3% adjusted<sup>1</sup> EBITDA margin recorded in H1 2019.

**H1 2021 operating result** was back to a profit of Euro 22.3 million, compared to the operating losses of Euro -68.4 million and Euro -218.8 million recorded in H1 2020 and H1 2019 respectively. H1 2021 operating margin stood at 4.4% of sales.

**H1 2021 adjusted<sup>1</sup> operating result** equalled Euro 24.7 million, compared to the adjusted<sup>1</sup> loss of Euro -55.2 million booked in H1 2020 and posting a meaningful increase of +85.5% compared to the adjusted<sup>1</sup> operating profit of Euro 13.3 million recorded in H1 2019.

The adjusted<sup>1</sup> operating margin stood at 4.8% of sales from -16.4% in H1 2020, improving 210 basis-points compared to the 2.7% adjusted<sup>1</sup> operating margin recorded in H1 2019.

**H1 2021 Group net result** equalled a profit of Euro 2.0 million, compared to the Group net losses of Euro -74.8 million and Euro -246.9 million recorded in H1 2020 and H1 2019 respectively.

**H1 2021 adjusted<sup>1</sup> Group net result** equalled a profit of Euro 4.4 million, compared to the adjusted<sup>1</sup> net loss of Euro -63.7 million recorded in H1 2020 and registering a decline of 48.5% compared to the adjusted<sup>1</sup> net profit of Euro 8.5 million posted in H1 2019.

### CASH FLOW AND FINANCIAL PERFORMANCE AS AT JUNE 30, 2021

**In H1 2021, Safilo's Free Cash Flow** equalled a small cash absorption of Euro 4.8 million compared to the slightly positive generation (before the acquisitions) of Euro 2.5 million recorded in H1 2020 following a strict, Covid-related, cash protection approach.

(Euro in millions)	H1 2021	H1 2020
Cash flow from operating activities before changes in working capital	19.5	(39.3)
Changes in working capital	(9.4)	56.3
Cash flow from operating activities	10.1	17.0
Cash flow for organic investment activities	(9.8)	(9.3)
Cash payments for the principal portion of lease liabilities IFRS 16	(5.1)	(5.3)
<b>Free Cash Flow (before acquisitions/disinvestments)</b>	<b>(4.8)</b>	<b>2.5</b>
Cash Flow for/from acquisitions/disinvestments	-	(111.7)
<b>Free Cash Flow</b>	<b>(4.8)</b>	<b>(109.2)</b>

Safilo closed H1 2021 with a positive cash flow from operating activities of Euro 10.1 million, which reflected on one hand the significant recovery of operating profitability delivered by the Group in the period, on the other a cash out of around Euro 12 million in relation to the ongoing restructuring plan and a relatively contained absorption from working capital of Euro 9.4 million. In the first half of 2021, net working capital dynamics were characterized both by the normal increase of trade receivables and payables which accompanied the surge of trading activities, and by a reduction of inventories by Euro 6.7 million.

In H1 2021, the cash flow for investments amounted to Euro 9.8 million, primarily devoted to the Group's current digital transformation, overhaul of its IT infrastructure and to ordinary industrial maintenance.

**At the end of June 2021, the Group Net Debt** stood at Euro 226.9 million, compared to the position of Euro 222.1 million recorded at the end of December 2020.

The key components of the Group's net debt at the end of June 2021 were the following:

- a long-term debt position of Euro 269.2 million, consisting of bank loans of Euro 141.4 million (including the Euro 108 million Term Loan facility guaranteed by SACE), the shareholder loan of Euro 96.5 million and IFRS-16 lease liabilities of Euro 31.3 million;
- a short-term debt position of Euro 28.9 million, consisting of bank loans and other short-term borrowings of Euro 20 million and IFRS-16 lease liabilities of Euro 8.9 million;
- a cash position of Euro 71.2 million.

## 2021 OUTLOOK

Based on the better than expected H1 2021 performance and the continuation of positive trends into the beginning of the third quarter, Safilo now expects the Group's full year 2021 net sales above 2019 levels, up mid-single digits at constant exchange rates. Adjusted EBITDA for the year is also forecasted to surpass 2019 levels. Such expectations are also based on the assumption of a stable business environment, in the second half of 2021, in relation to the Covid-19 pandemic.

## BUSINESS UPDATES AFTER H1 2021

On July 15, 2021, Safilo announced a new global licensing agreement for the design, manufacture and distribution of Carolina Herrera branded eyewear, starting from January 2022.

On July 28, 2021, Blenders Eyewear announced a further step in its growth and development projects to fuel international expansion outside the US. Following the go-live of the brand's e-commerce platform in Canada and Australia in the first quarter of 2021, Blenders will now enter the United Kingdom and Ireland.

On July 30, 2021, the Extraordinary Shareholders Meeting of Safilo Group S.p.A. approved the share capital increase up to a maximum of Euro 135 million. The capital increase, supported by the Group's reference shareholder, is mainly aimed at the repayment of the unsecured and subordinated Shareholder Loan of original Euro 90 million, plus the relative amount of interest accrued, granted to Safilo to support the timely closing of the acquisitions of Blenders Eyewear and Prive Goods. The residual part of the proceeds is aimed at further strengthening the Group's capital structure, supporting its investments and drivers of future growth, including new opportunities that may come available in the sector.

## GROUP BUSINESS PLAN 2020-2024

The Group confirms the strategies outlined in December 2019 in its Group Business Plan 2020-2024, the implementation of which is effectively supporting Safilo in recovering from the negative effects of the Covid-19 pandemic and in continuing to pursue its 2024 sales, economic and financial targets, now also including the effects of the acquisition of Privé Revaux, the new licenses signed in 2020 and 2021 and the expected proceeds of the capital increase.

### *Notes to the press release:*

<sup>1</sup> In H1 2021, the adjusted economic results exclude non-recurring costs for Euro 19.3 million (Euro 8.4 million at the gross profit level, and Euro 15.6 million at the EBITDA 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 Q2 2021, the adjusted EBITDA excludes non-recurring costs for Euro 3.2 million (Euro 3.8 million at the gross profit level), and a non-recurring income of Euro 17 million due to the release of the above mentioned provision.

In H1 2020, the adjusted economic results excluded non-recurring costs for Euro 13.2 million (Euro 10.3 million on EBITDA), due to restructuring expenses related to the ongoing cost saving program. In Q2 2020, the adjusted EBITDA excluded non-recurring costs for Euro 7.9 million.

In H1 2019, the adjusted economic results excluded: (i) the impairment of the entire goodwill allocated to the Group's cash generating units for Euro 227.1 million, (ii) non-recurring costs for Euro 5 million (Euro 3.8 million in Q2 2019) due to restructuring expenses related to the ongoing cost saving program, and (iii) a write-down of deferred tax assets of Euro 23.3 million.

<sup>2</sup> Blenders' H1 2021 pro-forma performance is calculated compared to the same period of 2020. Safilo Group consolidated Blenders from June 1<sup>st</sup> 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 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 6.30 pm CET (5.30pm BST; 12.30pm EST) a conference call will be held with the financial community during which H1 2021 results 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: <http://SafiloGroup/H12021Results/audiowebcast>.

A recording of the conference call will be available from August 3 until August 5, 2021 on <http://SafiloGroup/H12021Results/callconferenceReplay>.

## Interim condensed consolidated income statement

<i>(Euro/000)</i>	First semester 2021	First semester 2020
Net sales	510,724	335,590
Cost of sales	(248,487)	(187,007)
<b>Gross profit</b>	<b>262,236</b>	<b>148,583</b>
Selling and marketing expenses	(188,080)	(149,954)
General and administrative expenses	(59,050)	(56,715)
Other operating income/(expenses)	7,235	(10,323)
<b>Operating profit/(loss)</b>	<b>22,342</b>	<b>(68,409)</b>
Gains/(losses) on liabilities for options on non-controlling interests	(673)	-
Financial charges, net	(11,605)	(11,580)
<b>Profit/(Loss) before taxation</b>	<b>10,064</b>	<b>(79,989)</b>
Income taxes	(7,584)	5,693
<b>Profit/(Loss) of the period</b>	<b>2,480</b>	<b>(74,297)</b>
<b>Profit/(Loss) attributable to:</b>		
Owners of the parent	1,960	(74,754)
Non-controlling interests	520	457
Earnings/(Losses) per share - basic (Euro)	0.007	(0.271)
Earnings/(Losses) per share - diluted (Euro)	0.007	(0.271)

This press release may use 'alternative performance indicators' not foreseen by the IFRS-EU accounting standards (EBITDA and Net debt), and whose meaning and contents are illustrated in the specific section of the press release and in accordance with the CESR/05-178b recommendation published on 3<sup>rd</sup> November 2005.

## Interim condensed consolidated balance sheet

<i>(Euro/000)</i>	June 30, 2021	December 31, 2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	71,229	88,966
Trade receivables	220,635	172,642
Inventory	195,063	197,285
Derivative financial instruments	166	599
Other current assets	64,598	55,533
<b>Total current assets</b>	<b>551,691</b>	<b>515,026</b>
<b>Non-current assets</b>		
Tangible assets	116,506	128,821
Right of Use assets	35,975	38,808
Intangible assets	147,576	148,915
Goodwill	31,318	30,331
Deferred tax assets	37,167	38,084
Derivative financial instruments	-	-
Other non-current assets	7,343	7,376
<b>Total non-current assets</b>	<b>375,886</b>	<b>392,336</b>
<b>Non-current assets held for sale</b>	<b>11,450</b>	<b>6,560</b>
<b>TOTAL ASSETS</b>	<b>939,026</b>	<b>913,921</b>

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(Euro/000)	June 30, 2021	December 31, 2020
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Borrowings	20,000	23,000
Lease liabilities	8,858	9,605
Trade payables	215,143	181,401
Tax payables	18,710	18,369
Derivative financial instruments	109	764
Other current liabilities	57,725	51,697
Provisions	19,652	38,515
<b>Total current liabilities</b>	<b>340,196</b>	<b>323,349</b>
<b>Non-current liabilities</b>		
Borrowings	237,915	244,926
Lease liabilities	31,321	33,504
Employee benefit obligations	20,060	23,500
Provisions	15,931	14,324
Deferred tax liabilities	12,709	11,345
Derivative financial instruments	-	-
Liabilities for options on non-controlling interests	77,958	74,839
Other non-current liabilities	1,874	1,765
<b>Total non-current liabilities</b>	<b>397,768</b>	<b>404,204</b>
<b>TOTAL LIABILITIES</b>	<b>737,964</b>	<b>727,553</b>
<b>Shareholders' equity</b>		
Share capital	349,943	349,943
Share premium reserve	594,277	594,277
Retained earnings and other reserves	(784,899)	(727,519)
Cash flow hedge reserve	26	-
Income/(Loss) attributable to the Group	1,960	(69,380)
<b>Total shareholders' equity attributable to the Group</b>	<b>161,308</b>	<b>147,321</b>
<b>Non-controlling interests</b>	<b>39,754</b>	<b>39,047</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>201,062</b>	<b>186,368</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>939,026</b>	<b>913,921</b>

This press release may use 'alternative performance indicators' not foreseen by the IFRS-EU accounting standards (EBITDA and Net debt), and whose meaning and contents are illustrated in the specific section of the press release and in accordance with the CESR/05-178b recommendation published on 3<sup>rd</sup> November 2005.

## Interim condensed consolidated cash flow statement

(Euro/000)	First semester 2021	First semester 2020
<b>A - Opening net cash and cash equivalents (net financial indebtedness - short term)</b>	<b>85,966</b>	<b>53,915</b>
<b>B - Cash flow from (for) operating activities</b>		
Net profit/(loss) for the period (including minority interests)	2,480	(74,297)
Depreciation and amortization	23,817	24,554
Right of Use depreciation IFRS 16	4,882	5,298
Non-monetary changes related to liabilities for options on non-controlling interests	673	-
Other items	(20,362)	9,205
Interest expenses, net	6,515	3,838
Interest expenses on lease liabilities IFRS 16	788	924
Income tax expenses	7,584	(5,692)
<b>Flow from operating activities prior to movements in working capital</b>	<b>26,377</b>	<b>(36,169)</b>
(Increase) Decrease in trade receivables	(43,783)	37,931
(Increase) Decrease in inventory, net	6,730	15,360
Increase (Decrease) in trade payables	31,556	(3,155)
(Increase) Decrease in other receivables	(7,191)	(6,561)
Increase (Decrease) in other payables	3,303	12,680
Interest expenses paid	(3,121)	(1,854)
Interest expenses paid on lease liabilities IFRS 16	(788)	(924)
Income taxes paid	(2,968)	(312)
<b>Total (B)</b>	<b>10,115</b>	<b>16,996</b>
<b>C - Cash flow from (for) investing activities</b>		
Investments in property, plant and equipment	(5,725)	(6,290)
Net disposals of property, plant and equipment and assets held for sale	598	(66)
(Purchase)/Disposal of subsidiary (net of cash acquired/disposed)	-	(111,680)
Purchase of intangible assets, net of disposals	(4,715)	(2,911)
<b>Total (C)</b>	<b>(9,842)</b>	<b>(120,946)</b>
<b>D - Cash flow from (for) financing activities</b>		
Proceeds from borrowings	-	168,623
Repayment of borrowings	(10,457)	(5,000)
Repayment of principal portion of lease liabilities IFRS 16	(5,111)	(5,263)
Dividends paid	(1,121)	-
<b>Total (D)</b>	<b>(16,688)</b>	<b>158,360</b>
<b>E - Cash flow for the period (B+C+D)</b>	<b>(16,415)</b>	<b>54,410</b>
Translation exchange differences	1,678	(1,345)
<b>Total (F)</b>	<b>1,678</b>	<b>(1,345)</b>
<b>G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E+F)</b>	<b>71,229</b>	<b>106,980</b>

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**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.

Safilo Group's portfolio encompasses own core brands: Carrera, Polaroid, Smith, Safilo, Blenders, Privé Revaux and Seventh Street. Licensed brands include: Banana Republic, BOSS, Eyewear by David Beckham, Elie Saab, Fossil, Givenchy, 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 Italian Stock Exchange ("MTA") organized and managed by Borsa Italiana (ISIN code IT0004604762, Bloomberg SFL.IM, Reuters SFLG.MI). In 2020, Safilo Group recorded net revenues for Euro 780.3 million.

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