



Q1 2024 TRADING UPDATE

**Positive start to the year in Europe,
where Carrera and David Beckham growth shines.**

**In North America, the sports business and
the eyewear contemporary segment remains subdued.**

All margins grow in the quarter and net debt slightly declines.

- Net sales at €277.2 M, -1.8% at constant exchange rates (including a sales reduction resulting from the exit of the Jimmy Choo license)
- Gross margin improved to 60.0% from 58.4%
- Adj.¹ EBITDA margin improved to 11.5% from 11.3%
- Net debt at €81.3 M from €82.7 M at the end of December 2023

Padua, May 7, 2024 – The Board of Directors of Safilo Group S.p.A. has today reviewed and approved Q1 2024 economic and financial key performance indicators.

Angelo Trocchia, Safilo Chief Executive Officer, commented:

“In a business environment which is still complex and uncertain, it was again a positive start to the year for our European business, supported by the brilliant growth of Carrera, which has made its debut in our main markets with a brand-new women's collection that is gathering excellent feedback, and David Beckham, which continued to register strong progress in the global premium segment.

In North America, sales were affected by a subdued winter season for the sports business and a wholesale eyewear market that remained weak in the contemporary segment, while the direct-to-consumer channel of both Blenders and Smith continued to grow nicely.

In the first quarter, it was particularly significant for us to deliver margin growth both at the industrial and operating level, and to maintain a good grip on cash generation.

We remain focused on the objectives of our medium-term strategy, enhancing the quality, uniqueness and innovation of our products and services, while solidifying the core assets of our business model.”

KEY ECONOMIC AND FINANCIAL INDICATORS

Q1 2024 NET SALES PERFORMANCE

In Q1 2024, Safilo's net sales amounted to Euro 277.2 million, down 1.8% at constant exchange rates and 3.5% at current exchange rates compared to Euro 287.2 million recorded in Q1 2023. The performance of the period was influenced by the reduction in sales of Jimmy Choo, a license not renewed at the end of December 2023 and now in phase-out until June 30, 2024.

The other main drivers of the period were the weak performance of North America and the temporary slowdown of some emerging markets, dynamics largely offset by the continued progress of the direct-to-consumer (DTC) business, and the good growth of the European market.

Q1 2024 NET SALES PERFORMANCE BY GEOGRAPHY:

(Euro million)	Q1 2024	%	Q1 2023	%	Change at current forex	Change at constant forex
North America	114.5	41.3	124.7	43.4	-8.2%	-7.2%
Europe	125.3	45.2	121.6	42.3	+3.0%	+5.8%
Asia Pacific	11.9	4.3	12.0	4.2	-1.1%	+2.3%
Rest of the world	25.6	9.2	28.8	10.0	-11.3%	-12.7%
Total	277.2	100.0	287.2	100.0	-3.5%	-1.8%

In North America, sales amounted to Euro 114.5 million, down 7.2% at constant exchange rates and 8.2% at current exchange rates compared to Euro 124.7 million recorded in Q1 2023. The weakness in revenues concerned both Smith's business in the physical sport shops, impacted by a subdued winter season, which started slowly in Q4 2023 and continued with a low level of reorders in Q1 2024, and the eyewear business in the contemporary sunglass segment, still penalized by the prudent attitude of the principal wholesale clients. In the quarter, the Group was also affected by the contraction of Jimmy Choo, a license not renewed at the end of 2023.

In the United States, Blenders and Smith's direct-to-consumer business instead recorded good growth.

In Europe, Safilo delivered a solid performance despite a tough comparison base.

In Q1 2024, sales in Europe amounted to Euro 125.3 million, up 5.8% at constant exchange rates and 3.0% at current exchange rates compared to Euro 121.6 million recorded in Q1 2023.

The start to the year was particularly positive in France, where Safilo strengthened and expanded its commercial network, and in the Central and Eastern European markets, driven by the good performance of the internet pure player (IPP) channel in Germany and the excellent progress of the business in Poland and Turkey. Among the brands, the growth in Europe of Carrera and David Beckham stood out, while the license portfolio also saw the debut of the new Etro eyewear collections.

In Asia and Pacific, sales grew by 2.3% at constant exchange rates and declined by 1.1% at current exchange rates compared to Q1 2023, a performance that reflected, on one side, a positive Chinese market, also supported by the good results achieved during the Shanghai Fair in March, and, on the other, some weakness in other Asian markets most impacted by the decline in sales of Jimmy Choo eyewear.

In the Rest of the World, sales fell by 12.7% at constant exchange rates and by 11.3% at current exchange rates, mainly due to a soft travel retail business in Latin America and the different timing of some deliveries to Middle Eastern markets.

Q1 2024 ECONOMIC AND FINANCIAL HIGHLIGHTS:

In Q1 2024, Safilo confirmed a solid economic and financial profile, which translated into an improvement in both industrial and operating margins, and a positive cash generation thanks to a careful management of its net working capital.

The main factors that positively influenced the results of the period were the higher production efficiency and the lower depreciation resulting from the industrial restructuring that took place in Italy in 2023, and a positive price/mix effect on sales. The pricing lever, coupled with the favourable channel mix resulting from the continued development of the direct-to-consumer business, more than countered the dilutive effect of phase-out sales.

Below the industrial margin, the expected normalization of IT investments and marketing expenses allowed the Group to limit the still negative operating leverage.

(Euro million)	Q1 2024	% on net sales	Q1 2023	% on net sales	% Change
Net sales	277.2		287.2		-3.5%
Performance at constant exchange rates					-1.8%
Gross Profit	166.2	60.0%	167.8	58.4%	-1.0%
EBITDA	28.1	10.1%	29.3	10.2%	-4.0%
Adjusted¹ EBITDA	32.0	11.5%	32.4	11.3%	-1.3%
IFRS 16 impact on EBITDA	3.0		3.0		
IFRIC SaaS impact on EBITDA	(2.0)		(3.3)		

In Q1 2024, gross profit amounted to Euro 166.2 million, down 1.0% compared to Q1 2023, while gross margin improved by 160 basis points from 58.4% to 60.0%.

In the period, adjusted¹ EBITDA amounted to Euro 32.0 million, down 1.3% compared to Q1 2023, while the adjusted¹ EBITDA margin improved to 11.5% from 11.3% recorded in Q1 2023.

Thanks to a positive cash generation also in the first quarter, equal to a Free Cash Flow of Euro 1.7 million, **the Group's net debt** as at 31 March 2024 **stood at Euro 81.3 million** (approximately Euro 41.8 million pre-IFRS 16), from 82.7 million euros (Euro 43.7 million pre-IFRS 16) recorded as of December 31, 2023.

LATEST NEWS

- On April 10, 2024 Safilo and Marc Jacobs announce the renewal of their global eyewear licensing agreement until December 2031.
- On May 2, 2024 Safilo signs a perpetual license agreement for David Beckham Eyewear.

Notes to the press release:

¹ In Q1 2024, the adjusted EBITDA excludes non-recurring charges for Euro 3.9 million mainly due to the potential costs related to a terminated license agreement.

In Q1 2023, the adjusted EBITDA excluded non-recurring costs for Euro 3.1 million related to some special projects and restructuring expenses.

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 BST; 12.15pm EST) a conference call will be held with the financial community during which the Q1 2024 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 presentation will be available and downloadable from the company's website, <https://www.safilogroup.com/en/investors>.

The conference call is also available via webcast at: <https://87399.choruscall.eu/links/safilo240507.html>.

A recording of the conference call will be available from May 7 until May 9, 2024 by dialing +39 02 802 0987 – passcode: 700713# - pin: 713#.

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. Licensed brands include: Banana Republic, BOSS, Carolina Herrera, Dsquared2, Etro, Eyewear by David Beckham, 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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