



Q1 2022 TRADING UPDATE

Positive start to 2022 for Safilo, with solid growth in sales and profits

- **Net sales +8.4% vs 2021 at constant FX**
- **Organic¹ sales +14.3%**
- **Gross profit +22.8% and margin at 55.0% vs 50.4%**
- **Adj.² EBITDA +23.8% and margin at 11.3% vs 10.3%**

Padua, May 3, 2022 – The Board of Directors of Safilo Group S.p.A. has today reviewed and approved Q1 2022 economic and financial key performance indicators.

Angelo Trocchia, Safilo Chief Executive Officer, commented:

“We closed a positive first quarter, with a solid start to 2022 for our net sales, which grew by 8.4% at constant exchange rates compared to 2021, and, more meaningfully for the improvement of our profitability, with the gross margin reaching 55.0% of sales and the adjusted² EBITDA margin increasing to 11.3%.

The period confirmed once more the strength of our own and licensed brands which continued to show their ability to grow at a healthy pace in their core product categories and markets.

We saw an encouraging pick-up in demand in Europe and continued progress in some of our key emerging markets in Latin America and the Middle East, while North America remained a stronghold despite a tough comparison basis, both in our traditional wholesale channels and in the online business.

Despite the challenges deriving from the developments of the Covid-19 pandemic, inflationary pressures and the conflict in Ukraine, we remain confident that the resilience of the eyewear sector and the effectiveness of our strategy will continue to support the Group’s sales and margin growth also in 2022.”

Q1 2022 NET SALES PERFORMANCE

Safilo’s net sales in Q1 2022 reached Euro 282.6 million, up 8.4% at constant exchange rates (+12.4% at current exchange rates) compared to Euro 251.4 million recorded in Q1 2021.

Organic¹ sales performance was up double-digits, at + 14.3% at constant exchange rates, backed by the continued strength of own brands Smith and Carrera, and by an encouraging start to the year for Polaroid. In the licensed portfolio, Tommy Hilfiger, Kate Spade and Hugo Boss kept a strong pace of growth, and the newer licenses of David Beckham, Missoni, Isabel Marant and Under Armour increased their portfolio relevance, gaining further momentum in their reference markets.

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 3rd November 2005.

Q1 2022 also saw the promising launch of Carolina Herrera, Dsquared2 and Chiara Ferragni's new eyewear collections, three debuts that met with considerable market excitement, supporting the offset of the non-recurring sales recorded in the corresponding period of last year.

Q1 2022 net sales performance by **product and channel** was broad-based, with the prescription frames business which remained a resilient stronghold, growing by 7.9% at constant exchange rates, +5.2% organic¹, and continuing to drive positive momentum worldwide in the core independent optician channel. The quarter was also a promising start to the year for sunglass sales, up 5.1% at constant exchange rates, +19.8% organic¹, compared to the same period of 2021, reflecting, in particular, the products' significant rebound in Europe. Finally, sales of Smith's sports products confirmed the double-digit growth pace recorded in 2021, continuing to progress both in specialized sports shops and online through its direct to consumer (D2C) channel. The latter contributed, together with the Group's sales via internet pure players, to push Safilo's total online business up 9.4% at constant exchange rates in Q1 2022.

Q1 2022 net sales performance by **geography** was driven by a strong business rebound in Europe and the continued positive momentum in Latin America markets and the Middle East, while sales in the United States remained solid. Conversely, total business performance in the Asia region was impacted by new Covid-19 related restrictions.

					Change at current forex	Change at constant forex	
(Euro million)	Q1 2022	%	Q1 2021	%	Reported	Reported	Organic ¹
North America	129.0	45.7	119.1	47.4	+8.3%	+0.9%	+5.5%
Europe	117.2	41.5	101.5	40.4	+15.5%	+16.2%	+24.9%
Asia Pacific	12.4	4.4	13.0	5.2	-4.4%	-9.3%	+2.3%
Rest of the world	23.9	8.5	17.8	7.1	+34.6%	+27.3%	+29.8%
Total	282.6	100.0	251.4	100.0	+12.4%	+8.4%	+14.3%

- Q1 2022 net sales **in North America** reached Euro 129.0 million, up 0.9% at constant exchange rates (+8.3% at current exchange rates) against a challenging comparison base. Organic¹ growth was solid at +5.5%, once again supported by Smith's strength in snow and bike helmets and goggles, but also by its growing eyewear business, one the brand's key priorities for the current year, alongside its international expansion. Among the other leading brands of the region, Kate Spade, Carrera and Under Armour were key growth drivers in the different wholesale distribution, while in the online channel, Blenders' e-com sales closed the quarter substantially in line with the extraordinary level of business recorded in Q1 2021 when the brand surged by 79%.
- Q1 2022 net sales **in Europe** reached Euro 117.2 million, up 16.2% at constant exchange rates (+15.5% at current exchange rates) compared to Q1 2021. The rebound in Europe was driven by a +24.9% organic¹ growth, to which all the Group's own brands and key licenses provided a strong contribution, in particular thanks to the significant uplift of their sunglass sales.
Safilo's sales growth in Europe was broad-based across markets, with UK, France, and Germany outperforming, while Spain and Portugal posted a strong year on year rebound as the countries were last year among the most exposed to the slow-recovering sunglass market.
- Q1 2022 net sales **in Asia and Pacific** remained under pressure mainly due to rising Covid-19 cases and related lockdowns in a growing number of Chinese provinces. Net sales in the region stood at Euro 12.4 million in the quarter, down 9.3% at constant exchange rates (-4.4% at current exchange rates) compared to Q1 2021, as business activities were also constrained by the cancellation of the Shanghai optical fair, the most important eyewear sector exhibition in Asia. The organic¹ performance was however positive, at +2.3% at constant exchange rates, backed by a business recovery in Japan and South East Asia.

- Q1 2022 net sales **in the Rest of the World** equalled Euro 23.9 million, up 27.3% at constant exchange rates (+34.6% at current exchange rates) compared to Q1 2021. The business performance, which fully reflected organic¹ growth of 29.8%, was driven by the continued positive sales in Brazil and Mexico, but also by a constantly improving business environment in the Middle East and in India, with the latter returning to growth after many quarters of softness.

Q1 2022 ECONOMIC AND FINANCIAL PERFORMANCE

In Q1 2022, Safilo recorded a significant improvement in its gross margin, driven by a positive price/mix effect and further progress on the Group's structural COGS savings project envisaged in the 2024 business plan. These levers continued to effectively counter the inflationary pressures deriving from increasing transport costs and the more marked incidence of energy expenses.

Safilo continued to focus on the efficiency of its supply chain, also completing in the quarter the industrial restructuring plan launched at the end of 2019.

In the period, marketing and advertising expenses increased as a result of the more dynamic business and market environment compared to Q1 2021, while EDP expenses grew due to the recent inclusion of costs, no longer capitalized due to the IFRIC on SaaS (software as a service), related to investments in software that the Group continued to implement in line with its digitalization strategy.

At the adjusted² EBITDA level, Safilo closed Q1 2022 with a strong profit growth and another meaningful improvement of the margin.

(Euro million)	Q1 2022	% on net sales	Q1 2021	% on net sales	% Change 2022 vs 2021
Net sales	282.6		251.4		+12.4%
Gross Profit	155.5	55.0%	126.6	50.4%	+22.8%
EBITDA	28.7	10.2%	13.4	5.3%	+114.7%
Adjusted EBITDA ²	32.0	11.3%	25.8	10.3%	+23.8%
IFRS 16 impact on EBITDA	2.6		2.9		
IFRIC SaaS impact on EBITDA	(1.9)		n.a.		

Gross profit in Q1 2022 amounted to Euro 155.5 million, up 22.8% compared to Q1 2021, while the gross margin at 55.0% of sales, marked an improvement of 460 basis points compared to the margin of 50.4% reported in Q1 2021. This year's progress remained very meaningful, at +18.5% in absolute terms and with a margin improvement of +280 basis points, even in comparison with last year's adjusted² gross profit of Euro 131.2 million and margin of 52.2%.

In the period, selling, general and administrative costs increased by around 15% compared to Q1 2021, mainly due to higher investments in marketing and advertising, and to IFRIC SaaS costs, not yet recognized in the comparative period, which equalled Euro 1.9 million in Q1 2022.

Adjusted² EBITDA in Q1 2022 stood at Euro 32.0 million, up 23.8% compared to Q1 2021, while the adjusted¹ EBITDA margin increased to 11.3% of sales (12.0% ex IFRIC SaaS impact), improving 100 basis points compared to the 10.3% margin recorded in Q1 2021.

From a financial standpoint, at March 31, 2022, the Group's net debt amounted to Euro 109.1 million (Euro 68.9 million pre-IFRS 16), a small increase compared to Euro 94.0 million (Euro 52.8 million pre-IFRS 16) at the end of 2021, mainly reflecting the normal seasonality of the business in terms of working capital dynamics.

Notes to the press release:

¹ Organic sales include 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 Q1 2022, the adjusted EBITDA excludes non-recurring costs for Euro 3.3 million related to some special projects and restructuring expenses.

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

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; 12:15pm EST) a conference call will be held with the financial community during which the Q1 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/Q12022TradingUpdate/audiowebcast>.

A recording of the conference call will be available from May 3 until May 8, 2022 on <http://SafiloGroup/Q12022TradingUpdate/replay>.

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, Blenders, Privé Revaux and Seventh Street. Licensed brands include: Banana Republic, BOSS, Carolina Herrera, Chiara Ferragni Collection, 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 Italian Stock Exchange ("MTA") 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.

*Contacts:****Safilo Group Investor Relations***

Barbara Ferrante

Ph. +39 049 6985766

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

Safilo Group Press Office

Elena Todisco

elena.todisco@safilo.com

Mob. +39 339 1919562

Barabino&Partners S.p.A.

Pietro Cavallera

p.cavallera@barabino.it

Ph. +39 02 72023535

Mob. +39 338 9350534