



**THE BOARD OF DIRECTORS OF SAFILO GROUP S.P.A. APPROVES  
2019 FINANCIAL RESULTS**

***Positive sales performance driven by the growth of own core brands  
Carrera, Polaroid and Smith***

***Effective execution of cost savings plan marks a further significant step  
towards restoring a profitable Safilo***

**2019 ECONOMIC AND FINANCIAL HIGHLIGHTS OF THE CONTINUING OPERATIONS<sup>4</sup> (PRE-IFRS 16).  
UNLESS OTHERWISE SPECIFIED:**

- Net sales at Euro 939.0 million, +3.1% at current exchange rates and +0.9% at constant exchange rates. Wholesale<sup>2</sup> business up +2.8% at constant exchange rates;
- Adjusted<sup>3</sup> EBITDA at Euro 51.8 million (5.5% on sales), compared to Euro 57.3 million in 2018\*;
- Adjusted<sup>3</sup> Net loss of Euro 4.0 million, compared to a loss of Euro 14.0 million in 2018\*;
- Group Net Debt of the Total Operations at Euro 27.8 million compared to Euro 32.9 million in 2018.
- Non-recurring items of Euro 295.9 million mainly related to the non-cash impairment of the entire goodwill already booked in the first half of 2019 and to the restructuring plan in Italy announced on December 10, 2019.

*\* 2018 economic results include an income of Euro 39.0 million for the early termination of the Gucci license.*

**Padua, March 11, 2020** – The Board of Directors of Safilo Group S.p.A. has today approved the Company’s consolidated financial statements for the year ended 31 December 2019<sup>1</sup> and examined the separate financial statements for the year ended 31 December 2019<sup>1</sup>, which will be submitted for approval by the shareholders at the Annual General Meeting to be held in a single call on April 28, 2020.

The Board of Directors has decided not to propose the payment of a dividend to the next Annual General Meeting.

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Angelo Trocchia, Safilo Chief Executive Officer, commented:

*“In 2019 we continued the work started in 2018, consolidating the business foundations to develop our medium-term strategies and ambitions. Our efforts and projects focused on strengthening the customers’ trust in Safilo, strenuously improving customer care and service levels, while reshaping the commercial organization around relevant eyewear competences and strong local accountability.*

*Our economic results for the year were supportive, in line with the targets we had given ourselves and shared with the market, thanks to a strong execution plan to recover top line growth in our wholesale<sup>2</sup> business and restore a mid-single digit adjusted<sup>3</sup> EBITDA margin through a strict cost optimization plan.*

*In 2019, our wholesale<sup>2</sup> revenues grew by 2.8% at constant exchange rates, also thanks to the positive contribution of all our core own brands Carrera, Polaroid and Smith, together posting a sales growth of 5.7% at constant exchange rates. This result is for us particularly encouraging and supportive of the strategic choice to sharpen commercial execution, focusing skills and investments in fewer, more brand-relevant markets.*

*2019 was a meaningful year also for our licensed portfolio, a year rich of important renewals, from Tommy Hilfiger and Kate Spade, to Hugo Boss and Marc Jacobs, and the signing of four exciting new partnerships, namely Missoni, Levis, David Beckham and Under Armour. We consider all what we achieved last year a significant statement and confirmation of Safilo’s relevance in the eyewear licensing business, where we remain strongly committed to playing a leading role.*

*At the profit level, we landed where we wanted to be, with an adjusted<sup>3</sup> EBITDA margin of our Continuing Operations<sup>4</sup> at 5.5% thanks to the savings in the costs of goods sold and to our actions to reduce overhead expenses. Our balance sheet remained strong as we closed 2019 with a net debt position of Euro 27.8 million at the end of December and an adjusted<sup>4</sup> financial leverage of 0.5x.*

*2019 can be considered a transformational year for Safilo, in which we decided to exit the retail business, selling the Solstice chain in the USA on July 1<sup>st</sup> 2019, a year in which we were confronted with the LVMH decision to internalize its eyewear business, and in which we took the decision to pursue more decisively a digital transformation strategy, initiating the acquisition of new, relevant brands and capabilities.*

*December 2019 was a turning point for our Group, when we announced the acquisition of Blenders, a fast-growing digitally native California brand, which will become part of our own core brand portfolio and the most important building block to support the development of our Direct-to Consumer capabilities and business.*

*The latter is a key pillar of the new Group Business Plan 2020-2024 we presented in the same month of December, which also had to give a new course to our manufacturing footprint, rescaling its Italian capacity to the future production needs of the Company, safeguarding our competitiveness and financial solidity for the long term.*

*2020 has started under the banner of our new strategic direction, with the acquisition in February of a new brand, Privé Revaux, another enrichment of our proprietary brand portfolio and a strong fit with our millennial-focused digital strategy aimed at strengthening a marketing model strongly focused on the consumer.*

*After a very promising start to the new year for all our own core brands and key licenses, we are now facing the challenges posed by the outbreak and spread of coronavirus, the impacts of which we are closely monitoring while planning for mitigation actions.”*

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## SALE OF SOLSTICE RETAIL OPERATIONS

On July 1, 2019 Safilo communicated the closing of the transaction to sell Solstice retail business for a cash consideration of USD 9.0 million. Such discontinued operations generated a total loss of Euro 26.1 million, of which Euro 17.3 related to the assets disposal and Euro 8.8 million to the net result of the chain in the period.

2019 results and comments are provided on the Group's Continuing Operations, which exclude the retail discontinued operations.

## FIRST ADOPTION OF IFRS 16

The Group elected to implement IFRS 16, applying the modified retrospective approach, whereby the cumulative effect of adopting the standard has been recognized at its relevant effective date on January 1<sup>st</sup>, 2019, without the restatement of 2018 comparative information. IFRS 16 has a significant impact on the Group's consolidated balance sheet side due to the right of use assets and lease liabilities that are now recognized for contracts in which the Group is a lessee.

In the consolidated statement of income, the majority of the current operating rental costs is now presented as depreciation of right of use assets and interest expenses on the lease liabilities, with a material positive impact in terms of EBITDA and a minor effect on EBIT and net income.

2019 results are commented on a pre-IFRS 16 basis in order to support the transition and to allow proper comparison with the previous period.

| <b>IFRS 16 impact on 2019</b>                              |                       |   |              |
|--|-----------------------|---|--------------|
| (Euro in millions)   | CONTINUING OPERATIONS | DISCONTINUED OPERATIONS<br>(SOLSTICE RETAIL BUSINESS) | TOTAL        |
| <b>Income Statement impacts</b>                            |                       |   |              |
| Reduction of operating rental expenses (additional EBITDA) | 13.6                  | 5.8   | 19.4         |
| Increase in depreciation expenses                          | (14.2)                | (5.4)   | (19.6)       |
| Increase in interest expenses                              | (1.5)                 | (0.7)   | (2.2)        |
| <b>Reduction of net result</b>                             | <b>(2.1)</b>          | <b>(0.3)</b>  | <b>(2.4)</b> |
| <b>Net debt impact as at December 31, 2019</b>             |                       |   |              |
| Increase of lease liabilities                              | (47.0)                |   | (47.0)       |

## 2019 NON-RECURRING ITEMS

### Non-cash goodwill impairment and write-down of assets

The Group has performed an impairment test for the purpose of its annual financial statements, which has not required further non-cash write downs compared to those already performed at the time of its semiannual results, of the entire goodwill on the Balance Sheet, equaling a charge of Euro 227.1 million, while updating the non-cash write down of deferred tax assets from Euro 23.3 million at the end of June 2019 to Euro 22.4 million at the end of December 2019. Following the announcement, on December 10, 2019, of a restructuring plan in Italy, the Group proceeded with a non-cash write-down of fixed assets of Euro 9.0 million.

### Non-recurring costs

2019 economic results include non-recurring costs for a total of Euro 39.4 million, related to the above-mentioned restructuring plan in Italy for Euro 21 million, to the cost saving program undertaken by the Company during the year and to activities linked to acquisitions and divestitures. The net result also includes a positive tax effect on the non-recurring costs themselves of Euro 1.9 million.

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**FULL YEAR NET SALES BY GEOGRAPHIC AREA OF THE CONTINUING OPERATIONS<sup>4</sup>**

| (Euro in millions) | FY 2019      | %             | FY 2018      | %             | % Change<br>at current forex | % Change<br>at constant forex |
|--------------------|--------------|---------------|--------------|---------------|------------------------------|-------------------------------|
| Europa             | 448.8        | 47.8%         | 452.0        | 49.6%         | -0.7%                        | <b>-0.7%</b>                  |
| North America      | 334.0        | 35.6%         | 319.1        | 35.0%         | 4.6%                         | <b>-0.6%</b>                  |
| Asia Pacific       | 78.0         | 8.3%          | 63.3         | 7.0%          | 23.1%                        | <b>19.2%</b>                  |
| Rest of the world  | 78.3         | 8.3%          | 76.3         | 8.4%          | 2.7%                         | <b>1.1%</b>                   |
| <b>Total</b>       | <b>939.0</b> | <b>100.0%</b> | <b>910.7</b> | <b>100.0%</b> | 3.1%                         | <b>0.9%</b>                   |

**Safilo closed 2019 with the net sales** at Euro 939.0 million, up 3.1% at current exchange rates and 0.9% at constant exchange rates compared to Euro 910.7 million in 2018.

In the second half of the year, the performance of net sales in Europe was influenced by the expected decline of the supply business related to the agreement with Kering, a contraction which mainly materialized in the 4<sup>th</sup> quarter.

In 2019, the wholesale<sup>2</sup> revenues increased by 5.2% at current exchange rates and by 2.8% at constant exchange rates, with the latter performance driven by the positive trends recorded in Europe, up 3.2% while North America remained slightly negative, by 0.6%, despite the business recovery achieved in the 4<sup>th</sup> quarter.

The year marked significant business progress in Asia, up 19.2% at constant exchange rates, while sales in the Rest of the World recorded an improvement of 1.1%, driven by a mid-single digit growth in Latin America.

2019 wholesale<sup>2</sup> performance was driven by the good results achieved by the Group's own core brands Carrera, Polaroid and Smith, overall growing by 5.7% at constant exchange rates, and by the positive performance of the main licensed brands.

**Q4 NET SALES BY GEOGRAPHIC AREA OF THE CONTINUING OPERATIONS<sup>4</sup>**

| (Euro in millions) | Q4 2019      | %             | Q4 2018      | %             | % Change<br>at current forex | % Change<br>at constant forex |
|--------------------|--------------|---------------|--------------|---------------|------------------------------|-------------------------------|
| Europa             | 106.9        | 46.4%         | 120.4        | 50.8%         | -11.2%                       | <b>-11.8%</b>                 |
| North America      | 84.7         | 36.8%         | 78.7         | 33.2%         | 7.6%                         | <b>4.2%</b>                   |
| Asia Pacific       | 17.0         | 7.4%          | 15.4         | 6.5%          | 10.1%                        | <b>8.9%</b>                   |
| Rest of the world  | 21.8         | 9.5%          | 22.4         | 9.5%          | -2.7%                        | <b>-3.4%</b>                  |
| <b>Total</b>       | <b>230.4</b> | <b>100.0%</b> | <b>236.9</b> | <b>100.0%</b> | -2.8%                        | <b>-4.3%</b>                  |

**In the fourth quarter of 2019, Safilo's net sales** equaled Euro 230.4 million, down 2.8% at current exchange rates and 4.3% at constant exchange rates due to the above mentioned, expected decline of the business related to the supply agreement with Kering (renewed until the end of 2023).

In the quarter, the wholesale<sup>2</sup> revenues were up 1.8% at current exchange rates and +0.1% at constant exchange rates, reflecting on one side the recovery of the North American business, up 4.2% at constant exchange rates, and the ongoing strength of Asia-Pacific, up 8.9%, on the other a decrease of 4.0% in Europe, mainly due to the strong sales recovery posted in the region in the comparative quarter of 2018. Sales in the Rest of World declined by 3.4% at constant exchange rates, driven by some business deceleration in Mexico after the strong performance posted in the first nine months of the year.

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**FULL YEAR ECONOMIC HIGHLIGHTS OF THE CONTINUING OPERATIONS<sup>4</sup>, UNLESS OTHERWISE SPECIFIED**

| (Euro in millions)  | 2019<br>reported | 2019<br>pre-IFRS 16 | 2018   | % Change<br>pre-IFRS 16 |
|---|------------------|---------------------|--------|-------------------------|
| <b>Net sales</b>  | 939.0            | <b>939.0</b>        | 910.7  | <b>+3.1%</b>            |
| <b>Gross profit</b>   | 476.9            | <b>477.2</b>        | 453.2  | <b>+5.3%</b>            |
| <i>% on net sales</i>   | 50.8%            | <b>50.8%</b>        | 49.8%  |                         |
| <b>EBITDA</b>   | 26.1             | <b>12.4</b>         | 51.5   | <b>-75.8%</b>           |
| <i>% on net sales</i>   | 2.8%             | <b>1.3%</b>         | 5.7%   |                         |
| <b>Adjusted<sup>3</sup> EBITDA</b>  | 65.4             | <b>51.8</b>         | 57.3   | <b>-9.6%</b>            |
| <i>% on net sales</i>   | 7.0%             | <b>5.5%</b>         | 6.3%   |                         |
| <b>Operating result</b>   | (271.7)          | <b>(271.2)</b>      | 7.6    | <b>n.s.</b>             |
| <i>% on net sales</i>   | -28.9%           | <b>-28.9%</b>       | 0.8%   |                         |
| <b>Adjusted<sup>3</sup> operating result</b>  | 3.7              | <b>4.2</b>          | 13.5   | <b>-68.6%</b>           |
| <i>% on net sales</i>   | 0.4%             | <b>0.5%</b>         | 1.5%   |                         |
| <b>Group net result</b>   | (301.9)          | <b>(299.8)</b>      | (19.8) | <b>n.s.</b>             |
| <i>% on net sales</i>   | -32.2%           | <b>-31.9%</b>       | -2.2%  |                         |
| <b>Adjusted<sup>3</sup> Group net result</b>  | (6.0)            | <b>(4.0)</b>        | (14.0) | <b>+71.8%</b>           |
| <i>% on net sales</i>   | -0.6%            | <b>-0.4%</b>        | -1.5%  |                         |
| <b>Total Group net result,<br/>incl. discontinued operations</b>                        | (328.3)          | <b>(325.9)</b>      | (32.4) | <b>n.s.</b>             |
| <i>% on total net sales</i>   | -34.0%           | <b>-33.8%</b>       | -3.4%  |                         |
| <b>Total adjusted<sup>3,5</sup> Group net result,<br/>incl. discontinued operations</b> | (13.7)           | <b>(11.4)</b>       | (26.7) | <b>+57.5%</b>           |
| <i>% on total net sales</i>   | -1.4%            | <b>-1.2%</b>        | -2.8%  |                         |

On a pre-IFRS 16 basis:

**2019 gross profit** grew by 5.3% to Euro 477.2 million compared to Euro 453.2 million in 2018, with the margin on sales increasing to 50.8% from 49.8% in the previous year.

It is to be highlighted that 2019 gross profit included a write-down of fixed assets, for an amount of Euro 6.6 million, booked in the fourth quarter in relation to the announced restructuring plan in Italy. Excluding this non-recurring item, 2019 gross profit increased by 6.8%, while the margin improved by 170 basis points compared to 2018. The underlying performance reflected the cost savings achieved mainly in procurement activities, lower obsolescence costs and a more favorable sales mix effect.

Below the gross profit:

- the adjusted<sup>3</sup> EBITDA reached Euro 51.8 million and a margin on net sales of 5.5%, recording a decline of 9.6% compared to the Euro 57.3 million booked in 2018 (6.3% on sales);
- the adjusted<sup>3</sup> Operating result equaled Euro 4.2 million and a margin on net sales of 0.5%, recording a decline of 68.6% compared to Euro 13.5 million booked in 2018 (1.5% on sales);

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- net financial charges totaled Euro 5.8 million compared to Euro 13.8 million in 2018, thanks to the lower average net debt and a neutral impact from exchange rates differences;
- the adjusted<sup>3</sup> net result equaled a loss of Euro 4.0 million and a margin on sales of -0.4%, recording an improvement of 71.8% compared to a loss of Euro 14.0 million booked in 2018 (-1.5% on sales).

**When comparing 2019 results to 2018, it is important to recall that 2018 results included an income of Euro 39.0 million for the early termination of the Gucci license. Excluding such income from the comparative period, 2019 results marked a significant recovery of the Group's economic performance with 2019 adjusted<sup>3</sup> EBITDA, Operating and Net results improving exponentially compared to 2018, with the margins increasing respectively by 350, 330 and 540 basis points.**

#### Q4 ECONOMIC HIGHLIGHTS OF THE CONTINUING OPERATIONS<sup>4</sup>

| (Euro in millions)                 | Q4 2019<br>reported | Q4 2019<br>pre-IFRS 16 | Q4 2018 | % Change<br>pre-IFRS 16 |
|------------------------------------|---------------------|------------------------|---------|-------------------------|
| <b>Net sales</b>                   | 230.4               | <b>230.4</b>           | 236.9   | <b>-2.8%</b>            |
| <b>Gross profit</b>                | 101.8               | <b>102.1</b>           | 108.3   | <b>-5.8%</b>            |
| <i>% on net sales</i>              | 44.2%               | 44.3%                  | 45.7%   |                         |
| <b>EBITDA</b>                      | (17.9)              | <b>(21.1)</b>          | 12.0    | <b>n.s.</b>             |
| <i>% on net sales</i>              | (7.8%)              | (9.2%)                 | 5.1%    |                         |
| <b>Adjusted<sup>3</sup> EBITDA</b> | 11.1                | <b>7.9</b>             | 13.3    | <b>-40.9%</b>           |
| <i>% on net sales</i>              | 4.8%                | 3.4%                   | 5.6%    |                         |

#### On a pre-IFRS 16 basis:

As previously highlighted, **Q4 2019 gross profit** included a write-down of fixed assets, for an amount of Euro 6.6 million, in relation to the announced restructuring plan in Italy, which explains the 5.8% decline recorded in the period. Excluding this non-recurring item, Q4 2019 gross profit slightly increased, by 0.3%, compared to the same quarter of 2018, with the gross margin improving by 140 basis points.

**Q4 adjusted<sup>3</sup> EBITDA** equaled Euro 7.9 million, with the margin on sales at 3.4%. This result compared to Euro 13.3 million reported in the fourth quarter of 2018, which however included the income of Euro 9.8 million for the early termination of the Gucci license.

**Excluding such income from the comparative period, Q4 2019 adjusted<sup>3</sup> EBITDA margin improved by 190 basis points compared to Q4 2018.**

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**KEY CASH FLOW DATA OF THE TOTAL OPERATIONS**

| (Euro in millions)  | 2019<br>reported | 2019<br>pre-IFRS 16 | 2018   |
|---|------------------|---------------------|--------|
| Cash flow from operating activities before changes in working capital | 36.8             | 19.5                | 27.8   |
| Changes in working capital  | (10.2)           | (9.9)               | (25.1) |
| Cash flow from operating activities                                   | 26.5             | 9.6                 | 2.7    |
| Cash flow for investment activities                                   | (41.0)           | (23.4)              | (28.3) |
| <b>Free Cash Flow</b>   | (14.5)           | <b>(13.8)</b>       | (25.6) |

On a pre-IFRS 16 basis:

**2019 Free Cash Flow** equaled an absorption of Euro 13.8 million compared to the negative flow of Euro 25.6 million recorded in 2018.

In the period, the cash flow from operating activities was positive for Euro 9.6 million, benefitting from a significant improvement of the underlying operating performance and more favorable trends in net working capital compared to 2018.

Cash flow for investment activities totaled Euro 23.4 million in 2019, reflecting a total net capital expenditure of Euro 30.6 million, mainly related to investments in product supply, logistics and new IT systems, partially counterbalanced by the proceeds from the disposal of the retail business.

**At the end of December 2019, Group net debt** stood at Euro 27.8 million compared to Euro 32.9 million at the end of December 2018, and Euro 24.3 million at the end of September 2019. The position reflected the above-mentioned Free Cash Flow dynamics as well as the remaining proceeds, received on January 2, 2019 and equal to Euro 17.7 million, from the share capital increase executed in 2018. At the end of December 2019, the adjusted<sup>3</sup> financial leverage stood at 0.5x compared to 0.7x at the end of December 2018.

On a post-IFRS 16 basis, 2019 Group net debt stood at Euro 74.8 million.

**2020 OUTLOOK**

On December 10, 2019, in the context of the release of its Group Business Plan 2020-2024, Safilo communicated its forecasts for 2020: net revenues of Euro 960 to 1,000 million, adjusted EBITDA margin (before the impact of IFRS 16) at around 6% of sales and a financial leverage of 1-1.5x.

The Group's estimates include the acquisition of Blenders, signed and communicated on December 8, 2019 and still to be closed at the present date, while they do not include the acquisition of Privé Revaux, signed and simultaneously closed on February 10, 2020. 2020 estimates furthermore do not include any potential impact deriving from the current COVID-19 (coronavirus) outbreak and spread. This latter situation, extraordinary in nature and extent, has direct and indirect repercussions on economic activities and has created a context of general uncertainty, whose evolution and related effects are not currently foreseeable. The Group is actively working to address the current challenges, and is closely monitoring potential impacts, while implementing mitigation actions.

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## OTHER RESOLUTIONS BY THE BOARD OF DIRECTORS

### Approval of the Sustainability Report

Together with the 2019 Annual Report, the Board of Directors of Safilo Group S.p.A. approved the Sustainability Report (concerning 2019), in line with the application of the non-financial reporting obligation for listed companies under Legislative Decree 254/2016.

### Amendments to the Articles of Association

The Board of Directors has also approved some amendments to the Articles of Association in order to align them to the mandatory provisions of Law No. 160/2019, which amended the provisions on gender balance in corporate bodies of listed companies.

The minutes of the meeting and the amended Articles of Association will be made available to the public in compliance with applicable law.

### Notes to the press release:

<sup>1</sup> The auditing process of the consolidated and separate financial statements is currently under finalization.

<sup>2</sup> The wholesale business excludes the business of the supply agreement with Kering, reported within the geographical area of Europe.

<sup>3</sup> In 2019, the adjusted economic results of the Continuing Operations exclude: (i) the impairment of the entire goodwill allocated to the Group's cash generating units of Euro 227.1 million, (ii) the write-down of deferred tax assets of Euro 22.4 million, (iii) the write-down of fixed assets of Euro 9.0 million for the restructuring plan in Italy, announced on December 10, 2019, (iv) non-recurring costs of 39.4 million, related to the above-mentioned restructuring plan in Italy for Euro 21 million, to the cost saving program undertaken by the Company during the year, and to activities linked to acquisitions and divestitures. At the net result level, there was a positive tax effect on the non-recurring costs themselves of Euro 1.9 million.

In Q4 2019, the adjusted EBITDA excludes non-recurring costs for Euro 29.0 million, the corresponding part of the above indicated Euro 39.4 million.

In 2018, the adjusted economic results excluded non-recurring costs for Euro 5.8 million, mainly related to the CEO succession plan and reorganization costs in North America and Europe, and included an income of Euro 39.0 million, annual portion of the total Euro 90 million accounting compensation for the early termination of the Gucci license.

In Q4 2018, the adjusted EBITDA excluded non-recurring costs for Euro 1.3 million and included an income of Euro 9.8 million, as pro-rata portion of the annual accounting compensation for the early termination of the Gucci license.

<sup>4</sup> Continuing Operations exclude the Group's discontinued Retail operations sold on July 1<sup>st</sup>, 2019.

<sup>5</sup> In 2019, the adjusted economic results of the Total Operations also exclude non-recurring items related to the retail discontinued operations: (i) Euro 17.3 million for the loss on disposal and (ii) non-recurring costs for Euro 1.3 million.



## APPENDIX

## ECONOMIC HIGHLIGHTS OF THE TOTAL OPERATIONS

| (Euro in millions)                             | 2019<br>reported | 2019<br>pre-IFRS 16 | 2018   | % Change<br>pre-IFRS 16 |
|--|------------------|---------------------|--------|-------------------------|
| <b>Net sales</b>                               | 964.7            | <b>964.7</b>        | 962.9  | <b>+0.2%</b>            |
| <b>Gross profit</b>                            | 487.3            | <b>487.7</b>        | 481.5  | <b>+1.3%</b>            |
| <i>% on net sales</i>                          | 50.5%            | <b>50.6%</b>        | 50.0%  |                         |
| <b>EBITDA</b>                                  | 23.0             | <b>3.6</b>          | 41.7   | <b>-91.5%</b>           |
| <i>% on net sales</i>                          | 2.4%             | <b>0.4%</b>         | 4.3%   |                         |
| <b>Adjusted<sup>3,5</sup> EBITDA</b>           | 63.7             | <b>44.3</b>         | 47.5   | <b>-6.8%</b>            |
| <i>% on net sales</i>                          | 6.6%             | <b>4.6%</b>         | 4.9%   |                         |
| <b>Operating result</b>                        | (294.5)          | <b>(294.3)</b>      | (5.9)  | <b>n.s.</b>             |
| <i>% on net sales</i>                          | <b>-30.5%</b>    | <b>-30.5%</b>       | -0.6%  |                         |
| <b>Adjusted<sup>3,5</sup> operating result</b> | (4.1)            | <b>(3.9)</b>        | 0.0    | <b>n.s.</b>             |
| <i>% on net sales</i>                          | -0.4%            | <b>-0.4%</b>        | 0.0%   |                         |
| <b>Group net result</b>                        | (328.3)          | <b>(325.9)</b>      | (32.4) | <b>n.s.</b>             |
| <i>% on net sales</i>                          | <b>-34.0%</b>    | <b>-33.8%</b>       | -3.4%  |                         |
| <b>Adjusted<sup>3,5</sup> Group net result</b> | (13.7)           | <b>(11.4)</b>       | (26.7) | <b>+57.5%</b>           |
| <i>% on net sales</i>                          | -1.4%            | <b>-1.2%</b>        | -2.8%  |                         |

This press release may use 'alternative performance indicators' not foreseen by the IFRS-EU accounting standards (EBITDA, Net debt, Net capital employed and Free Cash Flow), 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.

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 in hand and at bank;
- 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.

Conference Call and Webcast

Today, at 6.30 pm CET (5.30pm BST; 1.30pm EST) a conference call will be held with the financial community during which Full Year 2019 results will be discussed.

It is possible to follow the conference call by calling +39 06 87502026, +33 1 76700794, +44 844 5718892 or +1 631 5107495 (for journalists +39 06 87500896) and entering the access code: SAFILO.

A recording of the conference call will be available until March 13, 2020 on +39 06 99721048, +44 844 5718951 or +1 917 6777532 (access code: 3193195).

The conference call can be also followed live in webcast: <https://edge.media-server.com/mmc/go/SafiloFY2019Results>

**Safilo Group S.p.A.****Consolidated income statement**

| <i>(Euro/000)</i>   | <b>2019</b>      | <b>2018<br/>(Restated)<br/>(*)</b> | <b>Change %</b> |
|---|------------------|------------------------------------|-----------------|
| Net sales   | 939,038          | 910,742                            | 3.1%            |
| Cost of sales   | (462,149)        | (457,527)                          | 1.0%            |
| <b>Gross profit</b>   | <b>476,890</b>   | <b>453,215</b>                     | <b>5.2%</b>     |
| Selling and marketing expenses  | (367,024)        | (353,158)                          | 3.9%            |
| General and administrative expenses                                     | (120,699)        | (126,999)                          | -5.0%           |
| Other operating income (expenses)                                       | (33,847)         | 34,535                             | n.s.            |
| Impairment loss on goodwill   | (227,062)        | -                                  |                 |
| <b>Operating profit/(loss)</b>  | <b>(271,742)</b> | <b>7,593</b>                       | <b>n.s.</b>     |
| Financial charges, net  | (7,304)          | (13,833)                           | -47.2%          |
| <b>Profit/(Loss) before taxation</b>                                    | <b>(279,046)</b> | <b>(6,240)</b>                     | <b>n.s.</b>     |
| Income taxes  | (22,941)         | (13,512)                           | 69.8%           |
| <b>Profit/(Loss) of the period from continuing operations</b>           | <b>(301,987)</b> | <b>(19,752)</b>                    | <b>n.s.</b>     |
| <b>Profit/(Loss) of the period from discontinued operation</b>          | <b>(26,358)</b>  | <b>(12,694)</b>                    | <b>n.s.</b>     |
| <b>Profit/(Loss) of the period</b>                                      | <b>(328,345)</b> | <b>(32,446)</b>                    | <b>n.s.</b>     |
| Non-controlling interests   | (85)             | -                                  |                 |
| <b>Net profit/(loss) attributable to the Group</b>                      | <b>(328,260)</b> | <b>(32,446)</b>                    | <b>n.s.</b>     |
| Earnings/(Losses) per share - basic (Euro)                              | (1.191)          | (0.300)                            |                 |
| Earnings/(Losses) per share - basic from continuing operations (Euro)   | (1.096)          | (0.183)                            |                 |
| Earnings/(Losses) per share - diluted (Euro)                            | (1.190)          | (0.300)                            |                 |
| Earnings/(Losses) per share - diluted from continuing operations (Euro) | (1.094)          | (0.183)                            |                 |

(\*) The Group has reported in the current period the Solstice retail business as discontinued operations. The Group has elected to disclose a single amount of post-tax profit or loss of discontinued operations in the statement of profit or loss. The comparative consolidated income statement has been "restated" to show the contribution of the retail discontinued operation separately allowing a proper comparison with the current period.

**Sàfilo Group S.p.A.**  
**Consolidated Balance sheet**

| (Euro/000)  | December 31, 2019 | December 31, 2018 | Change           |
|---|-------------------|-------------------|------------------|
| <b>ASSETS</b>   |                   |                   |                  |
| <b>Current assets</b>                                       |                   |                   |                  |
| Cash and cash equivalents                                   | 64,233            | 178,247           | (114,014)        |
| Trade receivables   | 188,163           | 184,356           | 3,807            |
| Inventory   | 235,801           | 237,710           | (1,909)          |
| Derivative financial instruments                            | 118               | 389               | (271)            |
| Other current assets  | 43,281            | 52,582            | (9,301)          |
| <b>Total current assets</b>                                 | <b>531,597</b>    | <b>653,284</b>    | <b>(121,687)</b> |
| <b>Non-current assets</b>                                   |                   |                   |                  |
| Tangible assets   | 149,387           | 176,891           | (27,504)         |
| Right-of-Use assets   | 42,219            | -                 | 42,219           |
| Intangible assets   | 48,976            | 58,486            | (9,510)          |
| Goodwill  | -                 | 226,267           | (226,267)        |
| Deferred tax assets   | 41,723            | 63,248            | (21,525)         |
| Derivative financial instruments                            | -                 | -                 | -                |
| Other non-current assets                                    | 9,906             | 11,552            | (1,646)          |
| <b>Total non-current assets</b>                             | <b>292,210</b>    | <b>536,444</b>    | <b>(244,234)</b> |
| <b>Non-current assets held for sale</b>                     | <b>5,531</b>      | <b>-</b>          | <b>5,531</b>     |
| <b>Total assets</b>   | <b>829,338</b>    | <b>1,189,728</b>  | <b>(360,390)</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                 |                   |                   |                  |
| <b>Current liabilities</b>                                  |                   |                   |                  |
| Short-term borrowings                                       | 19,159            | 211,129           | (191,970)        |
| Lease liability   | 9,720             | -                 | 9,720            |
| Trade payables  | 173,122           | 170,772           | 2,350            |
| Tax payables  | 18,771            | 23,173            | (4,402)          |
| Derivative financial instruments                            | 1,121             | 408               | 713              |
| Other current liabilities                                   | 54,024            | 52,020            | 2,004            |
| Provisions  | 22,824            | 26,736            | (3,912)          |
| <b>Total current liabilities</b>                            | <b>298,742</b>    | <b>484,238</b>    | <b>(185,496)</b> |
| <b>Non-current liabilities</b>                              |                   |                   |                  |
| Long-term borrowings  | 72,864            | -                 | 72,864           |
| Lease liability   | 37,327            | -                 | 37,327           |
| Employees benefits liability                                | 27,064            | 26,226            | 838              |
| Provisions  | 39,264            | 13,748            | 25,516           |
| Deferred tax liabilities                                    | 10,852            | 13,455            | (2,603)          |
| Derivative financial instruments                            | -                 | -                 | -                |
| Other non-current liabilities                               | 1,232             | 5,737             | (4,505)          |
| <b>Total non-current liabilities</b>                        | <b>188,604</b>    | <b>59,166</b>     | <b>129,438</b>   |
| <b>Total liabilities</b>                                    | <b>487,346</b>    | <b>543,404</b>    | <b>(56,058)</b>  |
| <b>Shareholders' equity</b>                                 |                   |                   |                  |
| Share capital   | 349,943           | 345,610           | 4,333            |
| Share premium reserve                                       | 594,277           | 581,121           | 13,156           |
| Retained earnings and other reserves                        | (273,901)         | (247,961)         | (25,940)         |
| Cash flow hedge reserve                                     | -                 | -                 | -                |
| Income/(Loss) attributable to the Group                     | (328,260)         | (32,446)          | (295,814)        |
| <b>Total shareholders' equity attributable to the Group</b> | <b>342,059</b>    | <b>646,324</b>    | <b>(304,265)</b> |
| <b>Non-controlling interests</b>                            | <b>(67)</b>       | <b>-</b>          | <b>(67)</b>      |
| <b>Total shareholders' equity</b>                           | <b>341,992</b>    | <b>646,324</b>    | <b>(304,332)</b> |
| <b>Total liabilities and shareholders' equity</b>           | <b>829,338</b>    | <b>1,189,728</b>  | <b>(360,390)</b> |

This press release may use 'alternative performance indicators' not foreseen by the IFRS-EU accounting standards (EBITDA, Net debt, Net capital employed and Free Cash Flow), 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.

## Sàfilo Group S.p.A.

## Consolidated statement of cash flows

| (Euro/000)   | 2019             | 2018            |
|--|------------------|-----------------|
| <b>A - Opening net cash and cash equivalents (net financial indebtedness - short term)</b>         | <b>174,967</b>   | <b>20,842</b>   |
| <b>B - Cash flow from (for) operating activities</b>   |                  |                 |
| Net profit/(loss) for the period (including minority interests)                                    | (328,345)        | (32,447)        |
| Depreciation and amortization  | 57,219           | 47,630          |
| Right to Use depreciation IFRS 16  | 19,588           | -               |
| Impairment loss on goodwill  | 227,062          | -               |
| (Gain)/Loss from disposal of subsidiary  | 13,587           | -               |
| Other non-monetary items   | 22,742           | (6,568)         |
| Interest expenses, net   | 5,583            | 11,312          |
| Interest expenses on lease liability IFRS 16   | 2,207            | -               |
| Income tax expenses  | 24,430           | 9,213           |
| <b>Flow from operating activities prior to movements in working capital</b>                        | <b>44,073</b>    | <b>29,141</b>   |
| (Increase) Decrease in trade receivables   | (1,595)          | 2,157           |
| (Increase) Decrease in inventory, net  | (13,702)         | 24,051          |
| Increase (Decrease) in trade payables  | 2,145            | (43,180)        |
| (Increase) Decrease in other receivables   | 4,573            | 38,882          |
| Increase (Decrease) in other payables  | (1,631)          | (46,990)        |
| Interest expenses paid   | (3,267)          | (6,053)         |
| Interest expenses paid on lease liability IFRS 16  | (2,207)          | -               |
| Income taxes paid  | (1,844)          | 4,705           |
| <b>Total (B)</b>   | <b>26,546</b>    | <b>2,712</b>    |
| <b>C - Cash flow from (for) investing activities</b>   |                  |                 |
| Investments in property, plant and equipment   | (23,242)         | (22,797)        |
| Increase Right to Use - IFRS 16  | (19,696)         | -               |
| Net disposals of property, plant and equipment and assets held for sale                            | 1,117            | 2,324           |
| Net disposals of Right to Use - IFRS 16  | 2,085            | -               |
| Disposal of subsidiary (net of cash disposed)  | 7,239            | -               |
| Purchase of intangible assets, net of disposals  | (8,513)          | (7,876)         |
| <b>Total (C)</b>   | <b>(41,010)</b>  | <b>(28,348)</b> |
| <b>D - Cash flow from (for) financing activities</b>   |                  |                 |
| Proceeds from borrowings   | 83,790           | 60,000          |
| Increase lease liability IFRS 16   | 19,483           | -               |
| Repayment of borrowings  | (210,000)        | (10,000)        |
| Repayment lease liability IFRS 16  | (18,804)         | -               |
| Share capital increase, net of transaction costs   | 17,490           | 128,570         |
| Dividends paid   | -                | -               |
| <b>Total (D)</b>   | <b>(108,042)</b> | <b>178,570</b>  |
| <b>E - Cash flow for the period (B+C+D)</b>  | <b>(122,507)</b> | <b>152,933</b>  |
| Translation exchange differences   | 1,454            | 1,192           |
| <b>Total (F)</b>   | <b>1,454</b>     | <b>1,192</b>    |
| <b>G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+B+E)</b> | <b>53,915</b>    | <b>174,967</b>  |

This consolidated statement of cash flows includes indicators not foreseen by the IFRS-EU account (Free Cash Flow), and whose meaning and contents are illustrated in the specific section of the press release and in accordance with the CESK/05-178b recommendation published on 3<sup>rd</sup> November 2005.

**Safilo Group S.p.A.****Separate income statement**

| <i>(Euro)</i>                            | <b>2019</b>          | <b>2018</b>         |
|--|----------------------|---------------------|
| Net sales                                | 915,531              | 785,659             |
| <b>Gross profit</b>                      | <b>915,531</b>       | <b>785,659</b>      |
| General and administrative expenses      | (7,236,255)          | (6,891,494)         |
| Other income (expenses)                  | (2,439,031)          | (3,288,086)         |
| <b>Operating profit/(loss)</b>           | <b>(8,759,755)</b>   | <b>(9,393,921)</b>  |
| Write-down of investment in subsidiaries | (229,224,726)        | -                   |
| Financial charges, net                   | (2,219,463)          | (7,231,279)         |
| <b>Profit/(Loss) before taxation</b>     | <b>(240,203,944)</b> | <b>(16,625,200)</b> |
| Income taxes                             | (1,915,866)          | 6,174,021           |
| <b>Net profit/(loss) of the period</b>   | <b>(242,119,810)</b> | <b>(10,451,179)</b> |

This press release may use 'alternative performance indicators' not foreseen by the IFRS-EU accounting standards (EBITDA, Net debt, Net capital employed and Free Cash Flow), 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.

**Sàfilo Group S.p.A.**  
*Separate balance sheet*

| <i>(Euro)</i>                                     | December 31,<br>2019 | December 31,<br>2018 | Change               |
|---|----------------------|----------------------|----------------------|
| <b>ASSETS</b>                                     |                      |                      |                      |
| <b>Current assets</b>                             |                      |                      |                      |
| Cash and cash equivalents                         | 1,163,436            | 75,969,317           | (74,805,881)         |
| Trade receivables                                 | 1,936,570            | 1,235,723            | 700,847              |
| Financial loans                                   | -                    | 62,000,000           | (62,000,000)         |
| Other current assets                              | 21,811,009           | 42,682,578           | (20,871,569)         |
| <b>Total current assets</b>                       | <b>24,911,015</b>    | <b>181,887,618</b>   | <b>(156,976,603)</b> |
| <b>Non-current assets</b>                         |                      |                      |                      |
| Right of Use assets                               | 260,244              | -                    | 260,244              |
| Investments in subsidiaries                       | 440,048,024          | 669,121,830          | (229,073,806)        |
| Deferred tax assets                               | 1,971,229            | 5,168,064            | (3,196,835)          |
| Other non-current assets                          | 988,779              | 3,264,779            | (2,276,000)          |
| <b>Total non-current assets</b>                   | <b>443,268,276</b>   | <b>677,554,673</b>   | <b>(234,286,397)</b> |
| <b>Total assets</b>                               | <b>468,179,291</b>   | <b>859,442,291</b>   | <b>(391,263,000)</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |                      |                      |                      |
| <b>Current liabilities</b>                        |                      |                      |                      |
| Trade payables                                    | 4,777,192            | 5,567,533            | (790,341)            |
| Tax payables                                      | 295,866              | 393,370              | (97,504)             |
| Other current liabilities                         | 32,469,992           | 50,833,443           | (18,363,451)         |
| Borrowings  | -                    | 147,849,193          | (147,849,193)        |
| Lease liability                                   | 125,258              | -                    | 125,258              |
| <b>Total current liabilities</b>                  | <b>37,668,308</b>    | <b>204,643,539</b>   | <b>(166,975,231)</b> |
| <b>Non-current liabilities</b>                    |                      |                      |                      |
| Lease liability                                   | 140,849              | -                    | 140,849              |
| Employee benefit obligations                      | 169,940              | 152,402              | 17,538               |
| Provisions  | 916,015              | 916,015              | -                    |
| <b>Total non-current liabilities</b>              | <b>1,226,804</b>     | <b>1,068,417</b>     | <b>158,387</b>       |
| <b>Total liabilities</b>                          | <b>38,895,112</b>    | <b>205,711,956</b>   | <b>(166,816,844)</b> |
| <b>Shareholders' equity</b>                       |                      |                      |                      |
| Share capital                                     | 349,943,373          | 345,610,119          | 4,333,254            |
| Share premium reserve                             | 594,277,350          | 581,121,027          | 13,156,323           |
| Retained earnings (losses) and other reserves     | (272,816,734)        | (262,549,632)        | (10,267,102)         |
| Net profit (loss) of the year                     | (242,119,810)        | (10,451,179)         | (231,668,631)        |
| <b>Total shareholders' equity</b>                 | <b>429,284,179</b>   | <b>653,730,335</b>   | <b>(224,446,156)</b> |
| <b>Total liabilities and shareholders' equity</b> | <b>468,179,291</b>   | <b>859,442,291</b>   | <b>(391,263,000)</b> |

This press release may use 'alternative performance indicators' not foreseen by the IFRS-EU accounting standards (EBITDA, Net debt, Net capital employed and Free Cash Flow), 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.

## Sàfilo Group S.p.A.

## Separate statement of cash flows

| (Euro)   | 2019                | 2018               |
|--|---------------------|--------------------|
| <b>A - Opening net cash and cash equivalents (net financial indebtedness - short term)</b>       | <b>75,969,317</b>   | <b>175,305</b>     |
| <b>B - Cash flow from (for) operating activities</b>   |                     |                    |
| Net profit/(loss) for the period   | (242,119,810)       | (10,451,179)       |
| Right of Use depreciation IFRS 16  | 130,183             | -                  |
| Stock Options figurative cost  | 194,043             | (243,610)          |
| Net changes in employees benefits liability  | 17,538              | 29,648             |
| Net changes in provision for risks   | -                   | 916,015            |
| Other non monetary P&L items   | 229,214,761         | -                  |
| Interest expenses, net   | 2,876,692           | 7,233,026          |
| Interest expenses on lease liability IFRS 16   | 9,612               | -                  |
| Income tax expenses  | 1,915,866           | (6,174,021)        |
| <b>Income (loss) from (for) operating activities prior to movements in working capital</b>       | <b>(7,761,116)</b>  | <b>(8,690,121)</b> |
| (Increase) Decrease in trade receivables   | (700,633)           | 337                |
| (Increase) Decrease in other receivables   | 20,041,122          | (8,774,585)        |
| Increase (Decrease) in trade payables  | (790,341)           | 3,682,982          |
| Increase (Decrease) in other payables  | (18,362,511)        | 21,185,083         |
| Interests expenses paid  | (735,497)           | (1,875,000)        |
| <b>Total (B)</b>   | <b>(8,308,976)</b>  | <b>5,528,696</b>   |
| <b>C - Cash flow from (for) investing activities</b>   |                     |                    |
| (Investments) disinvestments in subsidiaries   | (150,920)           | 195,559            |
| (Increase) Right of Use IFRS 16  | (390,427)           | -                  |
| <b>Total (C)</b>   | <b>(541,347)</b>    | <b>195,559</b>     |
| <b>D - Cash flow from (for) financing activities</b>   |                     |                    |
| Proceeds from loan to subsidiaries   | 62,000,000          | -                  |
| Increase lease liability IFRS 16   | 390,425             | -                  |
| Repayment lease liability IFRS 16  | (125,258)           | -                  |
| Bond repayment   | (150,000,000)       | -                  |
| Loan to subsidiaries   | -                   | (62,000,000)       |
| Share capital increase, net of transaction costs   | 17,489,577          | 128,569,757        |
| Dividends received   | 4,289,697           | 3,500,000          |
| <b>Total (D)</b>   | <b>(65,955,559)</b> | <b>70,069,757</b>  |
| <b>E - Cash flow for the period (B+C+D)</b>  | <b>(74,805,881)</b> | <b>75,794,012</b>  |
| <b>F - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E)</b> | <b>1,163,436</b>    | <b>75,969,317</b>  |

This press release may use 'alternative performance indicators' not foreseen by the IFRS-EU accounting standards (EBITDA, Net debt, Net capital employed and Free Cash Flow), 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.



**About Safilo Group**

Safilo Group is a worldwide leader in the design, manufacturing and distribution of sunglasses, optical frames, sports eyewear and related products. Thanks to strong craftsmanship expertise dating back to 1878, Safilo translates its designs into high-quality products according to the Italian tradition. Through an extensive wholly owned network of subsidiaries in 40 countries and more than 50 distribution partners in key markets throughout North and Latin America, Europe, Africa, the Middle East, Asia Pacific and China, Safilo is committed to quality distribution of its products in nearly 100,000 selected points of sale worldwide. Safilo's portfolio encompasses its own core brands Carrera, Polaroid, Smith, Safilo, Privé Revaux, and licensed brands Dior, Dior Homme, Fendi, Banana Republic, BOSS, David Beckham, Elie Saab, Fossil, Givenchy, havaianas, HUGO, Jimmy Choo, Juicy Couture, kate spade new york, Levi's, Liz Claiborne, Love Moschino, Marc Jacobs, Max Mara., Missoni, M Missoni, Moschino, Pierre Cardin, rag&bone, Rebecca Minkoff, Saks Fifth Avenue, Swatch, and Tommy Hilfiger.

Listed on the Italian Stock Exchange (ISIN code IT0004604762, Bloomberg SFL.IM, Reuters SFLG.MI), in 2019 Safilo recorded net revenues for Euro 939 million.

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