

MORELLATOGROUP

MORELLATO GROUP: FINANCIAL RESULTS AS AT 28/2/2023

INVESTMENT IN INNOVATION AND SUSTAINABILITY GROWTH IN DIRECT RETAIL SALES

Milan, 7 July 2023 - The Morellato Group, Italy's leading jewellery and watchmaking group, has published its statutory consolidated financial statements for 2022, drawn up for tax purposes as at 23/02/23 in accordance with the IAS/IFRS accounting principles.

For the second year, the Group has also presented its Sustainability Report, detailing and reporting its ESG activities and projects, in accordance with the international principles of the Global Sustainability Reporting Initiative (GRI) Standards.

KEY FIGURES

Turnover: EUR 392.5 million, +17% over the l.y. (310 mln), on a like-for-like basis (without considering the impact of the CHRIST Group acquisition)

Proforma turnover¹: EUR 780 million

Adjusted EBITDA²: EUR 95.5 million, or 24.3% of turnover

Net Financial Banking Position: EUR 204.6 million

Investments: EUR 251 million (for staff expansion and for new acquisitions CHRIST Group and Pierre Roux).

All markets have registered double-digit growth over the previous year. Through the Christ acquisition, the share achieved abroad has risen to 71%.

Turnover by Geographical Area	28/02/2023	% of the total
Italy	224,016	29%
France	107,521	14%
Germany	417,079	53%
Other countries	31,436	4%
Total	780,052	100%
Impact of foreign markets	71%	

¹ **Proforma Turnover** obtained by combining the result of the two groups over the last 12 months

² **Adjusted EBITDA** obtained by subtracting the costs incurred for the acquisition of Christ

As regards product type, the jewellery share continues to grow (in particular gold and gold with precious stones), and now represents 62% of the total.

% on product alone	Proforma total 2023
Jewels	62%
Watches & Straps	38%
Total	100%

In terms of employment, the Group now employs more than 4,400 people worldwide.

Employees	28/02/2023
Italy	1,565
France	823
Germany	1,922
Other countries	106
Total	4,416

THE PILLARS OF GROWTH

INDUSTRIAL MODEL: FROM PRODUCTION THROUGH TO THE END CONSUMER

BRAND PORTFOLIO - INNOVATION AND SUSTAINABILITY: FROM MORELLATO "GIOIELLI DA VIVERE" TO "LIVE DIAMOND", THE FIRST 100% SUSTAINABLE LUXURY JEWELS

INTERNATIONAL EXPANSION: A BRAND SYMBOLISING ITALIAN STYLE, FEATURING IN OVER 40 COUNTRIES WORLDWIDE

DIRECT RETAIL: STRATEGY BASED ON INTERNAL DEVELOPMENT AND ACQUISITIONS, AFFIRMATION OF LEADERSHIP SO AS TO BRING ITALIAN JEWELLERY EXCELLENCE TO EUROPE

INDUSTRIAL MODEL

Development of the brand portfolio and expansion of direct retail sales contributed in 2022 to the **consolidation of a business model** considered truly unique in the European jewellery and watchmaking market, which sees the **complete integration of the entire supply chain**: from **brand conception** to design, **production** - including the purchase of raw materials directly at source - and through to **delivery to the end consumer** through the **most important European direct retail network of stores and online platforms** and through **wholesale** distribution, with the Group brands featuring in **more than 40 countries around the globe**.

BRAND PORTFOLIO - INNOVATION AND SUSTAINABILITY

The development of a fully integrated industrial model was helped on by the growth, also in quality terms, of the **Group's proprietary and licensed brands**.

The Morellato Group's historical jewellery and watchmaking brands lead this development, in some cases with particularly significant performance levels.

Morellato, the jewellery brand synonymous with tradition, femininity and contemporary style for over 90 years, continues its focus on 925 silver collections, which are becoming increasingly popular. The introduction of recycled silver is the brand's latest innovation and an important milestone in the field of sustainability.

A more glamorous image and a new digital and social communication campaign helped to create engagement also with a younger audience.

The Group's watchmaking brands registered excellent performance, thanks to targeted investments in growth and quality terms.

Philip Watch. A 5-year trend of constant growth has today given the brand a unique positioning in Swiss-Made watchmaking, rewarding the efforts made to increase value, not only in automatic and women's watches, but also in marketing and communication activities.

The upgrading process undertaken by **Sector**, the pioneering sports watch brand that in 2023 celebrates its 50th anniversary, has earned significant affirmation and recognition.

The iconic **No limits DNA** is expressed in new collections with a strong sporty imprint in terms of design and technical characteristics (automatic movements, ceramic inserts, Superluminova details, recycled steel).

A sporty attitude and an advanced technology content also feature in the world of smartwatches, where the brand's new **Sector Smart** collections have achieved a precise positioning with an excellent price-quality ratio, accompanied by a proprietary app.

The **Maserati** watches and jewels, reflecting avant-garde design paired with mechanical perfection, registered high performance levels also in 2022, in all international markets as well as Italy.

The brand, an Italian point of excellence celebrated the world over, is one of the historical licenses held by the Morellato Group.

The focus on **high-end jewellery** already embarked upon in previous years, and which will continue to be pursued in 2023, sees an ever-greater focus and increasing resources dedicated to the growth of jewellery collections designed by the brands **Bluespirit, CHRIST, Cleor and D'Amante**, each leaders of their various markets.

INTERNATIONAL EXPANSION

An established presence has been confirmed in **Europe, APAC, Middle East and the Americas**, with access to the main department stores and traditional jewellery stores through solid partnerships with the most important distributors and retailers in the sector.

A particular focus in 2022 on the Middle East resulted in the birth of the **Italian Luxury Mea** branch, based in the heart of the Dubai Design District.

DIRECT RETAIL SALES

With the acquisition of the CHRIST GROUP, the new German brands **CHRIST, BRINCKMANN&LANGE and VALMANO**, along with the **leading European e-commerce platform in the sector**, have been added to the French chains **CLEOR, NOÉLIE and PIERRE ROUX** and to the Italian brands **BLUESPIRIT and D'AMANTE** already owned by the Morellato Group.

In 2022, the total number of **direct stores in Italy (260), France (160) and Germany (200)** grew to **620**, with a **unique digital presence in Europe** in the multi-brand watch and jewellery retail market.

Important new investments are planned for the **relocation and restyling** of existing stores as well as **new openings**: 16 new openings in Italy, 15 in France e 4 in Germany with the expectation of reaching around 655 total direct stores by 28/2/2024.

The Group's retail brands in Europe are marked by the presence of stores in the best shopping centres and in city centres in Italy, France and Germany, together with excellent omni-channel services and a perfect mix of proprietary, licensed and distributed brands.

SUSTAINABILITY

For the second year, together with its statutory consolidated financial statements, the Morellato Group has also published its **Sustainability Report** drawn up in accordance with the international principles of the Global Sustainability Reporting Initiative (GRI) Standards.

Morellato is committed to respecting the environment, and to this end promotes sustainable development in all its activities, increasing efficiency and reducing the use of materials and waste.

The results of the ESG objectives set out in the previous Report are highlighted, in order to provide clear and transparent information and ensure an increasing commitment to environmental and social sustainability policies.

Environmental sustainability

A **new photovoltaic system** has been inaugurated at the Group's Padua headquarters. This will enable the **autonomous production of approximately 50% of the premises' annual energy needs**. This new, important energy saving measure follows the adoption of LED lighting in all retail stores.

With a view to achieving a virtuous circular economy process, the Morellato Group encourages the recycling of materials such as gold, silver and steel by collecting its used products at direct retail stores and bring these materials back into the recycling chain. As a demonstration of its commitment to reducing its environmental impact, in 2022 the company promoted the use of recycled metals in its products.

Live Diamond, the Group's sustainable jewellery brand launched in 2019, has added the **use of 100% recycled gold to that of lab-grown diamonds, rubies, emeralds and sapphires** (with the ad hoc certification of the IGI International Gemological Institute). This is a very important innovation in the high-end jewellery world, and an expression of an innovative sustainable luxury concept.

OUI&ME represents sustainability in the field of watchmaking. The French brand, owned by the Morellato Group, offers **fully sustainable watches** produced using recycled steel for the cases and bracelets, and regenerated leather and recycled fibres for the straps. In the Fall-Winter '22 season, **Sector No Limits** showcased a sustainable limited edition watch - 230 Automatic Recycled – featuring a recycled steel case and bracelet and an automatic movement which does not require the use of batteries, and stored in packaging made exclusively from recycled material. In 2023, a capsule collection of sustainable watches will be launched to celebrate the brand's 50th anniversary.

Morellato Cinturini, the division that represents the heart and history of the company, has continued to develop **Save the Nature** collections of watch straps and bracelets made exclusively from materials obtained from recycled sources such as food industry residues, fibres obtained from ocean plastic, and steel scrap from industrial waste. All the materials are subjected to strict laboratory tests to ensure high performance levels, because sustainability should never disregard quality.

Morellato also certifies that the material used in the production process is sourced from the recycling chain.

The packaging and communication materials of the Group's sustainable brands are also made from recycled and certified materials.

Social sustainability

The Morellato Group has long been working with *Medici con l’Africa Cuamm* in support of the ‘Mothers and Children First’ programme. In 2022, this commitment resulted in the complete renovation of a hospital located in the centre of Rumbek County, in the heart of the Lakes State, and to ensure the presence of qualified medical staff in the hospital’s Paediatric Ward.

People-related responsibilities

Today, the Morellato Group has 4,416 employees worldwide, 39.3% of whom are young people under the age of 30 and 85% are women.

Human capital is considered a primary factor for achieving Morellato's goals.

This is why a continuous process of strengthening the technical and managerial skills of the Group's human resources is underway, so as to ensure equal opportunities for all and the ability to express one’s aptitude and potential at best.

Investment in training plays an important role in the Group's social responsibility activities. In 2022, approximately 155,000 hours of training were provided, involving more than 3,500 employees worldwide.

“The 2022/23 financial year was an important year for the Group, one in which we achieved exceptional results. Growth in all markets and the acquisition of the German group CHRIST will allow us to double our turnover and to achieve further growth in the coming years. The expansion of the direct retail chain is not just an expression of growth in terms of size. As an Italian entrepreneur, I am proud to keep promoting our manufacturing culture, the stunning creativity of Italian jewellery, and our industrial project beyond our national borders.

The major brands in our portfolio - iconic names in the jewellery and watchmaking worlds - continue to grow, as a sign of appreciation for the work we are bringing forward in terms of product quality and innovation.

We always look to the future and to the younger generations, proposing contemporary brands and products, communicating through new channels, and above all showing our constant commitment to sustainability in terms of our attention to the environment and to people.

We pursue these challenges by drawing on our firm's strong family roots, our exceptional management team at the head of over 4,000 people, and the 6,000 plus customers and distributors worldwide who share our vision.”

Massimo Carraro, President of the Morellato Group.

“This year, we are proud to present the Morellato Group’s second sustainability report alongside the 2022 statutory financial statements, which highlight our excellent financial performance. This is not a mandatory step, but one that gives us the opportunity to share our best practices and activities in the fields of environmental protection and sustainability.

The objectives set out in the previous Sustainability Report have been achieved and the next goals have been set.

Sustainability also means having a focus on people, on their growth and training.

This is an even greater challenge for our Group, which today includes over 4,400 employees worldwide, almost 40% of whom are under 30. The female quota is high (85%), also at the highest managerial levels and in corporate governance roles (43%).”

Cristina de’ Stefani, CEO Finance & Corporate Affairs Morellato Group

“The size and organisation of the Group since its acquisitions in France and now in Germany lead us to focus on the future, and in particular on the complete integration of our industrial model and of new foreign retail entities within the supply chain.

This is an extremely challenging goal which we believe will bring excellent results by granting us full in-house control over the entire process, starting from the supply of raw materials. In 2023, for example, we plan to buy more than 150,000 carats of diamonds and coloured stones directly from the mines for the production of our precious jewels.”

Marco Carraro, CEO Supply Chain Morellato Group

The MORELLATO GROUP is Italy’s leading jewellery and watchmaking group and a world leader in the field of watch straps. The MORELLATO GROUP serves national and international markets through the brands Morellato, Sector No limits, Philip Watch, Lucien Rochat, FAVS, Live Diamond, Oui&Me, La Petite Story, Chronostar, Bluespirit, D’Amante, CHRIST, Cleor and through the worldwide licensed brands Maserati, Chiara Ferragni, Trussardi, Esprit, Jette and Guido Maria Kretschmer.