



**BOARD OF DIRECTORS' REPORT
TO THE EXTRAORDINARY SHAREHOLDERS' MEETING
OF
SAFILO GROUP S.P.A.
CONVENED FOR
29 OCTOBER 2018 IN SINGLE CALL**

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Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements as a prediction of actual results. The issuer's ability to achieve its projected objectives or results is dependent on many factors which are outside management's control. Actual results may differ materially from (and be more negative than) those projected or implied in the forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results and is based on certain key assumptions. All forward-looking statements included herein are based on information available as of the date hereof. No undertaking or obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable law is accepted.

This illustrative report is made available to the public at the registered office of Safilo Group S.p.A. in Padua - Settima Strada no. 15, on the Safilo Group S.p.A's website www.safilogroup.com/enit/investors.html and on the authorised storage mechanism 1INFO.

ILLUSTRATIVE REPORT DRAWN UP BY THE DIRECTORS PURSUANT TO ARTICLE 125—TER OF LEGISLATIVE DECREE 58/98 AND ARTICLE 72 AND ANNEX 3A TO CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS, REGARDING THE FIRST AND SECOND ITEM ON THE AGENDA OF THE EXTRAORDINARY SHAREHOLDERS' MEETING SCHEDULED FOR 29 OCTOBER 2018, IN SINGLE CALL.

Agenda

1. Cancellation of the expressed par value of ordinary shares and subsequent amendment of Article 5 of the Company's Bylaws; related and consequent resolutions.

2. Subject to approval of the proposed resolution as per point 1), share capital increase for consideration and divisibly, up to a maximum amount of Euro150,000,000, including any share premium, through the issue of new ordinary shares without any indication of par value, having regular enjoyment, to be offered in option to the Company's shareholders pursuant to Article 2441, subsections 1, 2 and 3 of the Italian Civil Code. Subsequent amendments of the Company Bylaws; related and consequent resolutions.

Dear Shareholders,

with this report (the "**Report**") we illustrate the items on the agenda of the extraordinary Shareholders' Meeting of Safilo Group S.p.A. ("**Safilo**" or the "**Company**"), convened at Borsa Italiana S.p.A., Piazza degli Affari, 6 – Palazzo Mezzanotte, Sala Convegni, in Milano on 29 October 2018 at 11:00, in single call (the "**Shareholders' Meeting**").

In particular, the purpose of this Report are the proposals concerning (a) the cancellation of the expressed par value of the ordinary Company's shares issued as well as (b) subject to the approval by the Shareholders' Meeting of the proposal as per the point above (a), the share capital increase for consideration, up to a maximum amount of Euro 150,000,000, including any share premium, to be performed divisibly, by and not later than August 31, 2019, through the issue of new ordinary shares without any indication of par value with the same characteristics as those already issued, to be offered in option to the Company's shareholders pursuant to Article 2441, subsections 1, 2 and 3 of the Italian Civil Code ("**Share Capital Increase**").

As regards the proposed Share Capital Increase, a prospectus must be drafted and published pursuant to law (the "**Prospectus**").

PART A. CANCELLATION OF THE EXPLICIT PAR VALUE OF ISSUED ORDINARY SHARES

1. Reasons for cancellation of the par value of ordinary shares

The proposal outlined below illustrates the reasons for cancellation of the par value of ordinary shares and it must be viewed within the context of the Share Capital Increase submitted by the Company to today's Shareholders' Meeting, as per item 2) on the agenda in order to achieve the best conditions for its success.

Articles 2328 and 2346 of the Italian Civil Code allow joint-stock companies to issue shares without any par value or, as regards already issued shares, to eliminate the indication of the par value.

In these cases, the shares maintain an implicit carrying amount in any case, even if no par value is indicated, equal to the ratio between the total amount of share capital and the number of shares issued (so-called "accounting par value").

Therefore, with the cancellation of indication of the par value, the individual shareholder's interest shall be represented a by the number of shares held in relation to the total number of issued shares, without prejudice to the fact that the par value of the interest shall always be able to be identified by calculating the implicit accounting par value.

The cancellation of the indication of the par value of the shares represents a simplification tool, as it allows greater flexibility in corporate transactions on the share capital, allowing to overcome the rigidities connected to the presence of the par value set in a predetermined amount. In the absence of an expressed par value, in fact, the change in the amount of capital will result in the possible corresponding variation of the accounting par value of the existing shares, thus allowing the execution of transactions on the share capital without any transaction on the shares being necessary.

In addition, the cancellation of the indication of the par value of the shares allows for greater flexibility in a share capital increase for consideration, allowing to issue new shares with a lower subscription price than the pre-existing accounting par value. Indeed, lacking an expressed par value, the issuer can freely

decide the number of new shares to be issued within the capital increase, requesting, in the form of capital, a sum which may be equal to, higher or even lower than the accounting par value in force at the time of the transaction. This way the Company will be able to determine with greater flexibility the definitive terms of the increase and, therefore, the number of new shares to be issued, also taking into account situations of uncertainty and volatility that characterize the market at certain times.

The cancellation of the par value of the shares is of specific interest for the Company in relation to the proposed Share Capital Increase included in the second item on the agenda, insofar as it would give the Company greater flexibility as regards the issue conditions for shares to be issued within the Share Capital Increase.

This flexibility does not in any way reduce safeguard of the share capital's integrity insofar as the obligations as per Article 2346, subsection 5 of the Italian Civil Code, must be complied with in any case. In light of said obligation, the total value of contributions cannot, in any case, be lower than the total amount of the share capital.

As a result of the cancellation of the explicit par value of shares, the Company Bylaws must only indicate the share capital and the number of shares it is split into, eliminating any mention of the explicit par value of the share.

Under Article 2346, paragraph 3, of the Italian Civil Code, in the absence of indication of the par value of shares, any provisions included in any law referring to this must be applied with regard to the share value in relation to the total number of shares issued.

The cancellation of the indication of the par value of the shares, as well as determining a modification of the first paragraph of article 5 of the Bylaws concerning the composition of the share capital, also implies updating the statutory provisions relating to the capital increases serving the stock incentive plans approved by the Company (the "**Stock Option Plans**"). It should be noted that the cancellation of the reference to the expressed par value of the shares deriving from the capital increases serving the Stock Option Plans constitutes a merely formal adjustment. For more information on the effects of the proposals on the agenda of today's Shareholders' Meeting on the Stock Option Plans, see also the subsequent Section B of the Report.

For a further information on the amendments to the Bylaws following the cancellation of the indication of the par value of the shares, please refer to paragraph 2 below.

2. Amendments to the Bylaws

Following the approval of the proposal to eliminate express indication of the par value, Article 5 of the Bylaws shall be amended as follows.

<i>Current text</i>	<i>Proposed text</i>
<p>Share capital amounts to Euro 313,299,825.00 (three hundred thirteen million two hundred ninety-nine thousand eight hundred twenty-five/00) divided into no. 62,659,965 (sixty-two million six hundred fifty-nine thousand nine hundred sixty-five) ordinary shares of a par value of Euro 5.00 (five/00) each.</p> <p>Option rights may be excluded, in respect of the capital increase, up to the limit of ten per cent of existing capital, on the condition that the issue price corresponds to the market value and this is confirmed in a report by the Company's auditors, pursuant to article 2441, paragraph 4, point 2, of the Italian Civil Code.</p> <p>By virtue of what has been specified, the extraordinary meeting of November 5, 2010 resolved to increase the share capital by a maximum nominal value of Euro 8.500.000,00 by issuing new ordinary shares for an amount up to a maximum of no n. 1.700.000, par value Euro 5,00 (five/00) each, to be offered for subscription to directors and/or employees of the Company and its subsidiaries.</p> <p>By virtue of what has been specified above, the extraordinary meeting of April 15th, 2014 resolved to increase the share capital by a maximum nominal value of Euro 7,500,000.00 (seven million five hundred thousand/00) by issuing new ordinary shares for an amount up to a maximum of no. 1,500,000 (one million five hundred thousand/00) of a par value Euro 5,00 (five/00) each, to be offered for subscription to directors and/or employees of the Company and its subsidiaries.</p> <p>The extraordinary general meeting of July 10th, 2014 has resolved to increase the capital in cash, payable and in divisible form, with the exclusion of the pre-emption right pursuant to article 2441, paragraph 5, of the Italian Civil Code, for a maximum amount of Euro 150,000,000 (one hundred and fifty million), inclusive of any possible share premium, to be issued in one or more times by means of issue of ordinary shares of the Company with a nominal value of Euro 5,00 (five/00) each, having the same characteristics of</p>	<p>Share capital amounts to Euro 313,299,825.00 (three hundred thirteen million two hundred ninety-nine thousand eight hundred twenty-five/00) divided into no. 62,659,965 (sixty-two million six hundred fifty-nine thousand nine hundred sixty-five) ordinary shares of a par value of Euro 5.00 (five/00) each <u>without any indication of par value.</u></p> <p>Option rights may be excluded, in respect of the capital increase, up to the limit of ten per cent of existing capital, on the condition that the issue price corresponds to the market value and this is confirmed in a report by the Company's auditors, pursuant to article 2441, paragraph 4, point 2, of the Italian Civil Code.</p> <p>By virtue of what has been specified, the extraordinary meeting of November 5, 2010 resolved to increase the share capital by a maximum nominal value of Euro 8.500.000,00 by issuing new ordinary shares for an amount up to a maximum of no n. 1.700.000, par value Euro 5,00 (five/00) each <u>without any indication of par value</u>, to be offered for subscription to directors and/or employees of the Company and its subsidiaries.</p> <p>By virtue of what has been specified above, the extraordinary meeting of April 15th, 2014 resolved to increase the share capital by a maximum nominal value of Euro 7,500,000.00 (seven million five hundred thousand/00) by issuing new ordinary shares for an amount up to a maximum of no. 1,500,000 (one million five hundred thousand/00) of a par value Euro 5,00 (five/00) each <u>without any indication of par value</u>, to be offered for subscription to directors and/or employees of the Company and its subsidiaries.</p> <p>The extraordinary general meeting of July 10th, 2014 has resolved to increase the capital in cash, payable and in divisible form, with the exclusion of the pre-emption right pursuant to article 2441, paragraph 5, of the Italian Civil Code, for a maximum amount of Euro 150,000,000 (one hundred and fifty million), inclusive of any possible share premium, to be issued in one or more times by means of issue of ordinary shares</p>

the outstanding ordinary shares, exclusively and irrevocably reserved to the conversion of the equity linked bond, of an amount equal to Euro 150,000,000 (one hundred and fifty million), with due date May 22nd, 2019, reserved to qualified investors, named “Safilo Group Euro 150 million, 1.25 per cent Guaranteed Equity-Linked bonds due 2019”, it being understood that the last possible due date for the underwriting of the newly issued ordinary shares is on June 30th, 2019, and that, in the event that on that date the capital increase is not completely underwritten, the capital in any case shall be considered increased by an amount equal to the collected underwritings and since the underwritings, expressly authorising the directors to issue new shares every time the shares are underwritten.

On April 26, 2017, the extraordinary general meeting resolved to increase the share capital, in cash and in more tranches, by a maximum nominal value of Euro 12,500,000.00 (twelve million five hundred thousand/00) attributable to the entire share capital by issuing new ordinary shares for an amount up to a maximum of no. 2,500,000 (two million five hundred thousand) of a par value Euro 5,00 (five/00) each, having the same characteristics as those already issued, with regular enjoyment, with the exclusion of the option right pursuant to article 2441, paragraph 4, second part of the Italian Civil Code, to be offered for subscription to the beneficiaries of the 2017-2020 Stock Option Plan, at a certain exercise price, equal to the volume weighted average of the official price of the Safilo Group’s shares registered on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A. (Mercato Telematico Azionario) for the preceding month leading up to the granting of options (therefore the period starting from the day preceding the Board of Directors’ meeting which resolves the granting of options and ending on the same day of the previous calendar month, it being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average).

On April 24, 2018 the extraordinary general

of the Company ~~with a nominal value of Euro 5,00 (five/00) each~~ without any indication of par value, having the same characteristics of the outstanding ordinary shares, exclusively and irrevocably reserved to the conversion of the equity linked bond, of an amount equal to Euro 150,000,000 (one hundred and fifty million), with due date May 22nd, 2019, reserved to qualified investors, named “Safilo Group Euro 150 million, 1.25 per cent Guaranteed Equity-Linked bonds due 2019”, it being understood that the last possible due date for the underwriting of the newly issued ordinary shares is on June 30th, 2019, and that, in the event that on that date the capital increase is not completely underwritten, the capital in any case shall be considered increased by an amount equal to the collected underwritings and since the underwritings, expressly authorising the directors to issue new shares every time the shares are underwritten.

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<p>meeting resolved to integrate the resolution of capital increase of April 26, 2017, including that the issuance price of the new ordinary shares, equal up to a maximum of no. 2,500,000 (two million five hundred thousand) to be offered for subscription to the beneficiaries of the 2017-2020 Stock Option Plan, it being understood that such exercise price will be equal to the volume weighted average of the official price of the Safilo Group's shares registered on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A. (Mercato Telematico Azionario) for the preceding month leading up to granting of options (therefore the period starting from the day preceding the Board of Directors' meeting which resolves the granting of options under the Plan and ending on the same day of the previous calendar month, it being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average), shall not in any case be lower than the nominal value of the shares and, therefore, shall not be less than Euro 5 (five/00)per share.</p>	<p>understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average). On April 24, 2018 the extraordinary general meeting resolved to integrate the resolution of capital increase of April 26, 2017, including that the issuance price of the new ordinary shares, equal up to a maximum of no. 2,500,000 (two million five hundred thousand) to be offered for subscription to the beneficiaries of the 2017-2020 Stock Option Plan, it being understood that such exercise price will be equal to the volume weighted average of the official price of the Safilo Group's shares registered on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A. (Mercato Telematico Azionario) for the preceding month leading up to granting of options (therefore the period starting from the day preceding the Board of Directors' meeting which resolves the granting of options under the Plan and ending on the same day of the previous calendar month, it being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average), shall not in any case be lower than the nominal value of the shares and, therefore, shall not be less than Euro 5 (five/00)per share.</p>
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3. Withdrawal right

The amendments to the Company's Bylaws as illustrated in Section A shall not result in the right of withdrawal for the shareholders pursuant to Article 2437 of the Italian Civil Code or the Bylaws.

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If you agree with the above proposal, you are invited to resolve as follows:

"The Extraordinary Shareholders' Meeting of Safilo Group S.p.A:

- *having examined the report by the Board of Directors;*
- *having deemed it advisable to proceed for the purposes and in the manner described above;*

resolves

- (A) *to eliminate pursuant to Articles 2328 and 2346 of the Italian Civil Code, the indication of the par value of the Company's ordinary shares, currently equal to EUR 5.00 each;*

- (B) *to amend Article 5 of the Company Bylaws currently in force through the inclusion of a new subsection, worded as follows: Share capital amounts to Euro 313,299,825.00 (three hundred thirteen million two hundred ninety-nine thousand eight hundred twenty-five/00) divided into no. 62,659,965 (sixty-two million six hundred fifty-nine thousand nine hundred sixty-five) ordinary shares without any indication of par value. Option rights may be excluded, in respect of the capital increase, up to the limit of ten per cent of existing capital, on the condition that the issue price corresponds to the market value and this is confirmed in a report by the Company's auditors, pursuant to article 2441, paragraph 4, point 2, of the Italian Civil Code. 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The extraordinary general meeting of July 10th, 2014 has resolved to increase the capital in cash, payable and in divisible form, with the exclusion of the pre-emption right pursuant to article 2441, paragraph 5, of the Italian Civil Code, for a maximum amount of Euro 150,000,000 (one hundred and fifty million), inclusive of any possible share premium, to be issued in one or more times by means of issue of ordinary shares of the Company without any indication of par value, having the same characteristics of the outstanding ordinary shares, exclusively and irrevocably reserved to the conversion of the equity linked bond, of an amount equal to Euro 150,000,000 (one hundred and fifty million), with due date May 22nd, 2019, reserved to qualified investors, named "Safilo Group Euro 150 million, 1.25 per cent Guaranteed Equity-Linked bonds due 2019", it being understood that the last possible due date for the underwriting of the newly issued ordinary shares is on June 30th, 2019, and that, in the event that on that date the capital increase is not completely underwritten, the capital in any case shall be considered increased by an amount equal to the collected underwritings and since the underwritings, expressly authorising the directors to issue new shares every time the shares are underwritten. On April 26, 2017, the extraordinary general meeting resolved to increase the share capital, in cash and in more tranches, by a maximum value of Euro 12,500,000.00 (twelve million five hundred thousand/00) attributable to the entire share capital by issuing new ordinary shares for an amount up to a maximum of no. 2,500,000 (two million five hundred thousand) without any indication of par value, having the same characteristics as those already issued, with regular enjoyment, with the exclusion of the option right pursuant to article 2441, paragraph 4, second part of the Italian Civil Code, to be offered for subscription to the beneficiaries of the 2017-2020 Stock Option Plan, at a certain exercise price, equal to the volume weighted average of the official price of the Safilo Group's shares registered on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A. (Mercato Telematico Azionario) for the preceding month leading up to the granting of options (therefore the period starting from the day preceding the Board of Directors' meeting which resolves the granting of options and ending on the same day of the previous calendar month, it being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average). On April 24, 2018 the extraordinary general meeting resolved to integrate the resolution of capital increase of April 26, 2017, including that the issuance price of the new ordinary shares, equal up to a maximum of no. 2,500,000 (two million five hundred thousand) to be offered for subscription to the beneficiaries of the 2017-2020 Stock Option Plan, it being understood that such exercise price will be equal to the volume weighted average of the official price of the Safilo Group's shares registered on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A. (Mercato Telematico Azionario) for the preceding month leading up to granting of options (therefore the period starting from the day preceding the Board of Directors' meeting which resolves the granting of options under the Plan and*

ending on the same day of the previous calendar month, it being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average), shall not in any case be lower than Euro 5 (five/00)per share;

- (C) to grant to the Board of Directors, and through it the Chairman and the Chief Executive Officer, also severally, all the broadest powers to implement and carry out the above decisions, including, the power to change and/or supplement, in a non-substantial way, the adopted decisions should it become necessary and/or appropriate, and, in general, to carry out all that may be necessary for the complete performance of said decisions, also following possible requests of the competent Authority.

PART B. SHARE CAPITAL INCREASE TO BE OFFERED IN OPTION TO SHAREHOLDERS

1. Reasons for and use of share capital increase

The Share Capital Increase up to a maximum amount of 150 million Euros that is submitted to your approval supports the overall program of refinancing of the Group's debt expiring within the next twelve months, strengthening and optimizing Safilo's capital and financial structure so as to allow the company to focus on the growth and development targets set forth in the Group's update of the 2020 business plan, released on 2 August 2018.

2. Analysis of the structure of the Company's net financial indebtedness

The following tables illustrate the structure of the Company's net financial indebtedness and of the Company's consolidated net financial indebtedness in the short and medium/long term as of June 30, 2018, and December 31, 2017.

Company's short and medium/long term net financial indebtedness

Net financial position (Euro/000)	As at June 30,	
	2018	December 31, 2017
A Cash and cash equivalents	85	175
B Cash and cash equivalents included as Assets held for sale	-	-
C Current securities (securities held for trading)	-	-
D Liquidity (A+B+C)	85	175
E Receivables from financing activities	-	-
F Bank overdrafts and short-term bank borrowings	-	-
G Current portion of long-term borrowings	(145.110)	-
H Other short-term borrowings	-	-
I Debts and other current financial liabilities (F+G+H)	(145.110)	-
J Current financial position, net (D)+(E)+(I)	(145.025)	175
K Long-term bank borrowings	-	-
L Bonds	-	(142.491)
M Other long-term borrowings	-	-
N Debts and other non current financial liabilities (K+L+M)	-	(142.491)
Net financial position (J)+(N)	(145.025)	(142.316)

Consolidated short and medium/long term net financial indebtedness

Net financial position (Euro/000)	As at June 30, 2018 December 31, 2017	
A Cash and cash equivalents	112.935	76.251
B Cash and cash equivalents included as Assets held for sale	-	-
C Current securities (securities held for trading)	-	-
D Liquidity (A+B+C)	112.935	76.251
E Receivables from financing activities	-	-
F Bank overdrafts and short-term bank borrowings	(3.994)	(55.409)
G Current portion of long-term borrowings	(280.081)	-
H Other short-term borrowings	-	(10.000)
I Debts and other current financial liabilities (F+G+H)	(284.075)	(65.409)
J Current financial position, net (D)+(E)+(I)	(171.140)	10.842
K Long-term bank borrowings	-	-
L Bonds	-	(142.491)
M Other long-term borrowings	-	-
N Debts and other non current financial liabilities (K+L+M)	-	(142.491)
Net financial position (J)+(N)	(171.140)	(131.649)

The following pro-forma consolidated financial statements have been prepared to illustrate retroactively, for illustration purposes and based on the information currently available, the relevant economic and financial effects of the Share Capital Increase, if concluded at the closing date of the Half-Yearly Financial Report as at 30 June 2018 (the “**Pro-forma Consolidated Financial Statements**”).

The accounting principles and assessment criteria adopted for preparing the Pro-Forma Consolidated Financial Statements, albeit with the limitations implied in the assumptions made, are consistent with those applied for preparing the Half-Yearly Financial Report as at 30 June 2018.

The Share Capital Increase is represented as if it had already been put in place and executed on the date considered, without thereby wishing to represent that any of the effects related to this transaction should have been correctly reflected on that date and that such effects should be necessarily reflect in subsequent periods. The underlying assumptions represent a conventional element: if the Share Capital Increase had really taken place before 30 June 2018, the same effects presented in the Pro-Forma Consolidated Financial Statements would not necessarily have been obtained. Therefore, in consideration of the different purposes, the Pro-Forma Consolidated Financial Statements could differ significantly from the representation that the Share Capital Increase could have in the consolidated financial statements of the Company at December 31, 2018 and in those referring to subsequent periods, as these will be prepared on the basis of the methods, terms and conditions relating to the dates of reference.

It is worth underlying that the Pro-Forma Consolidated Financial Statements are not by their nature capable of representing the future economic and financial situation of the Group, given that they are prepared: (i) based on hypothesis and to retroactively reflect the effects of subsequent, irrelevant transactions as at the dates of the periods subject to pro-forma, despite compliance with the widely accepted accounting principles and the use of reasonable assumptions; and (ii) only to represent the isolated and objectively measurable effects of the execution of the Share Capital Increase, without taking into account the potential effects due to variations in the policies of the Group and operational decisions

subsequent to the execution of the Share Capital Increase.

Net financial position (Euro/000)	June 30, 2018	Pro-forma adjustments	June 30, 2018 pro-forma
Cash and cash equivalents	112.935	7.035	119.970
Receivables from financing activities	-	-	-
Debts and other current financial liabilities	(284.075)	138.965	(145.110)
Current financial position, net	(171.140)	146.000	(25.140)
Debts and other non current financial liabilities	-	-	-
Net financial position	(171.140)	146.000	(25.140)

Should the Share Capital Increase be fully subscribed for its total maximum amount, the net financial indebtedness of the Group is reduced by Euro 146 million (net of costs of the Shares Capital Increase, which on a preliminary basis have been estimated at about Euro 4 million), of which Euro 139 million due to the reduction of the amount of the outstanding debts as of June 30, 2018 related to the Revolving credit facility and some uncommitted short-term bank lines and, for the rest, due to the increase of available cash by Euro 7 million.

In the light of above, it is expected that the Shares Capital Increase will lower the financial charges in connection with the reduction the financial indebtedness of the Group.

The consolidated net equity of the Group, equal to Euro 529,8 million as of June 30, 2018, is increased by Euro 146 million (i.e. the total amount of newly issued shares net of the estimated costs related to the Share Capital Increase) and will be equal to Euro 675,8 million.

3. Shareholders that expressed their willingness to subscribe the Share Capital Increase

The board of directors of Multibrands Italy B.V. (“**Multibrands**”), being the main shareholder of the Company holding approx. 41,61% of the share capital, has favorably assessed the project and on 26 September 2018 has executed with the Company an agreement for the subscription of the shares arising from the Share Capital Increase (“**Subscription Agreement**”). In particular, the Subscription Agreement concerns Multibrands’ undertaking: (a) to subscribe and pay the new shares underlying the option rights relating to its existing holding, as well as (b) to subscribe and pay in cash also all the new Shares that may be unsubscribed at the end of the offer of the unexercised rights on the stock exchange pursuant to Article 2441, third paragraph, of the Italian Civil Code.

Multibrands’ undertakings are subject to the following conditions: (i) that all the necessary resolutions are taken by the internal bodies of the Company and by the competent authorities for the purpose of performing the Share Capital Increase; (ii) the cancellation of the par value of the shares; (iii) the drafting of the Prospectus in compliance with the applicable laws; (iv) the disclosure of Multibrands’ undertakings in the Prospectus; (v) the subscription by the Company of a financing agreement substantially in accordance with the terms and conditions contained in the term sheet negotiated with a pool of leading banks (vi) the circumstance that the issue price shall not be higher than Euro 1,50 per share; (vii) that the shares of the Company remain listed on the *Mercato Telematico Azionario*) organised and managed by Borsa Italiana S.p.A. and (viii) the completeness and correctness of the representations and warranties (so called *reps*) made by the Company to Multibrands.

Moreover, Multibrands shall have the right to withdraw from the Subscription Agreement in case of (i) a material adverse change relating to the Company or to its Group, (ii) non-compliance by the Company with

its representations, warranties and undertakings and/or (iii) for the case in which the above conditions will be no longer capable of being satisfied.

As consideration for the commitment sub (b), the Company undertook to pay to Multibrands 2% of the final amount of the Share Capital Increase, as determined on the basis of the issue price and the number of new Shares to be issued, deducted the counter value of the new Shares subscribed by Multibrands in the exercise of its option rights and the counter value of the new Shares to be subscribed under any irrevocable commitments of other Company's shareholders (if any) which are disclosed in the Prospectus.

4. Underwriting syndicate

No underwriting and/or placement syndicates, nor other forms of placement in relation to newly issued shares arising from the Share Capital Increase will be provided. For more information on the commitments made by the relevant shareholder Multibrands Italy B.V. please refer to the previous paragraph 3.

5. Other forms of placement

Given that it is a rights' offering, the shares resulting from the Share Capital Increase will be offered directly by the Company. No further placement arrangements are envisaged.

As regards the "equity linked" bond for a total nominal amount of 150,000,000.00 Euro, expiring on 22 May 2019, called "Safilo Group Euro 150 million, 1.25 per cent Guaranteed Equity-Linked Bonds due 2019", ISIN XS1069899232 (the "**Equity Linked Loan**"), approved on May 15, 2014 and fully placed on May 22, 2014, the Company will make the adjustment of the conversion price, given the Share Capital Increase, pursuant to Article 6 of the "Terms and Conditions" of the Equity Linked Loan.

Any rights left unexercised upon termination of the subscription period will be offered on the stock exchange pursuant to Article 2441, paragraph 3 of the Italian Civil Code. Should any shares still be unsubscribed following the offer on the stock exchange, these shares will be subscribed by Multibrands pursuant to the Subscription Agreement. For more information on the commitments made by Multibrands please refer to the previous paragraph 3.

No other forms of placement are envisaged.

6. Issue price of shares resulting from the Share Capital Increase

The proposal submitted for approval to the Extraordinary Shareholders' Meeting provides for the issue price of shares resulting from the Share Capital Increase to be calculated by the Board of Directors in the run-up to launch of the rights offering, taking into account, among other things, prevailing market conditions, prices of the shares of the Company in the period preceding such determination, the economic condition, assets, financial results and prospects of the Company and the Group. Without prejudice to the above criteria, the issue price will be calculated by applying a discount to the so-called Theoretical Ex-Right Price (TERP) of existing shares, calculated using current methodology, in accordance with market practices for similar operations.

The proposal also provides for the Board of Directors to be assigned all the powers needed to define the timeframe for executing the Share Capital Increase resolution as well as the issue price of new shares (including any share premium) in accordance with the above criteria, the number of new shares to be issued and the option ratio.

The proposal to assign powers is motivated by the need to put the Board of Directors in the condition to be able to execute the Share Capital Increase in the best way possible, with specific reference to the issue price for new shares, in order to ensure the success of the transaction, taking into account the uncertainty and instability of the markets.

7. Planned period for execution of Share Capital Increase

The Board of Directors will determine the timeframe for the launch of the rights offering, as well as the subsequent offer on the stock exchange of any unexercised rights upon termination of the subscription period, without prejudice to the deadline of 31 August 2019 for performance of the Share Capital Increase.

When deciding on the aforementioned timeframe, the Board of Directors will also take into account the technical time needed for CONSOB to issue the authorisation for publication of the Prospectus.

Subject to corporate and regulatory approvals, the Company intends however to complete the Share Capital Increase as soon as possible.

8. Share dividends deriving from the Share Capital Increase

The newly-issued shares resulting from the Share Capital Increase will grant their holders with the same rights as Company shares already in circulation, as from their issue date.

9. Effects on the unit value of shares of any dilution of this value

The newly-issued shares resulting from the Share Capital Increase will be offered in option to the Company's shareholders pursuant to Article 2441, subsection 1, of the Italian Civil Code and therefore there are no dilution-related effects in terms of overall share capital interest for the shareholders that would entirely exercise their option rights.

On the contrary, shareholders not subscribing the offer in option in relation to their pertaining quota shall undergo a dilution of their own interest following the issue of new shares which is unable to be quantified at present, given that the issue price and exact number of shares to be issued shall only be decided by the Board of Directors in the run-up to launch the rights offering for new shares resulting from the Share Capital Increase.

10. Group's incentive plans

In general terms, the Rights Issue is an extraordinary transaction on the capital of a company that may require applying adjustment factors aimed at ensuring the continuity in the historic series of prices, maintaining a neutral situation for holders of the securities concerned.

As is known, the Company has adopted shares incentive plans intended for the Group's Staff, aimed at aligning the interests of the management with those of the shareholders, by remunerating the creation of long-term value, and, at the same time, motivating and retaining Group's strategic resources.

At the time of this Report the following Stock Option Plans are in place:

- Stock Option Plan Safilo Group S.p.A. 2010 – 2013
- Stock Option Plan Safilo Group S.p.A. 2014 – 2016
- Stock Option Plan Safilo Group S.p.A. 2017 – 2020

The Plans are executed through the granting of stock options, exercisable once a certain period of unavailability has expired and for certain number of years.

Specifically, the Stock Options granted under the above-mentioned Plans in place at the date of this Report (the "**Granted Stock Options**"), along with the number of ordinary shares which – if exercised – will have to be issued at the respective expiry dates (the "**Underlying Shares**"), are detailed in the following table.

Stock Option Plans	Granted Stock Options	Underlying Shares	Expiry date of the Stock Option Plans
Stock Option Plan 2010 – 2013	217,500	217,500	31 May 2019
Stock Option Plan 2014 – 2016	505,000	505,000	31 May 2024
Stock Option Plan 2017 – 2020	635,000	635,000	31 May 2028
Total	1,357,500	1,357,500	

Therefore, the total maximum number of ordinary shares to be issued in the event of the total exercise of the Granted Stock Options is, at the date of this Report, theoretically equal to no. 1,357,500. However, it should be noted that the Board of Directors may proceed, even before the start of the Share Capital Increase, to grant Stock Options of the second tranche of the 2017-2020 Stock Option Plan (which can be granted, in compliance with the provisions of the related Regulation, within 31 December 2018).

As mentioned and as provided for in the Stock Plans Regulations, in case of extraordinary transactions like the Share Capital Increase the Board of Directors is required to align the number of shares and/or the subscription price of the shares in the context of the Plans.

To this aim it is necessary to identify an adjustment ratio that may constitute the parameter to calculate the possible adjustments concerning the exercise price of the Granted Stock Options and the number of the shares to be issued in case of exercise of relevant rights. Likewise, it is considered appropriate to apply the identified adjustment ratio also to the minimum exercise price of the options to be assigned under the 2017-2020 Stock Option Plan, considering that this minimum price is anchored to the nominal value of the shares of which it is proposed the cancellation.

This adjustment ratio, in the context of a Rights Issue, is normally identified as the so-called factor K, calculated as follows:

$$K = \frac{\text{TERP}}{\text{P cum}}$$

where:

TERP = ex-right theoretical price = $[(P \text{ cum} * O) + (P \text{ sub} * N)] / (O + N)$

P cum = cum-right latest price

P sub = subscription price for one new share

O = number of existing shares

N = number of newly issued shares

From the above, it appears that the adjustment K factor can only be calculated, on one hand, once the issue price of the new shares has been determined and, on the other hand, the final “cum-right” price of existing shares is known, as well as the theoretical “ex-right” price. This information shall only be available when the Share Capital Increase is executed by the Board of Directors on the basis of the powers granted to it.

In this regard, Borsa Italiana S.p.A. will calculate and publish, on the trading day prior to the start of the Share Capital Increase, an adjustment factor K in relation to the prices of the Safilo Group ordinary shares as a result of the Share Capital Increase (the “**Adjustment Factor**”).

In relation to the above, it is proposed that, provided that there is no need to resolve upon and approve a further capital increase pursuant to article 2441, paragraph 4, second sentence, of the Italian Civil Code to integrate the capital increases approved by the Shareholders' Meeting respectively on November 5, 2010, April 15, 2014 and April 26, 2017 (the latter as integrated on April 24, 2018), the Shareholders' Meeting resolves upon the modification of the powers delegated to the Board of Directors on the dates referred to above as to grant to same Board of Directors all powers which are required to made (after the execution, even partial, of the Share Capital Increase) all suitable adjustment related to said capital increases applying the Adjustment Factor to the Underlying Shares, without prejudice to rounding, and to the minimum exercise price with regard to the Stock Option Plan 2017-2020, and to amend Article 5 of the Company's By-laws in accordance with its resolution as approved in accordance with the powers granted above.

11. Amendments to the Bylaws

Following the approval of the proposal to eliminate express indication of the par value as explained herein, Article 5 of the Bylaws shall be amended as follows.

<i>Current text</i>	<i>Proposed text</i>
<p>Share capital amounts to Euro 313,299,825.00 (three hundred thirteen million two hundred ninety-nine thousand eight hundred twenty-five/00) divided into no. 62,659,965 (sixty-two million six hundred fifty-nine thousand nine hundred sixty-five) ordinary shares without any indication of par value.</p> <p>Option rights may be excluded, in respect of the capital increase, up to the limit of ten per cent of existing capital, on the condition that the issue price corresponds to the market value and this is confirmed in a report by the Company's auditors, pursuant to article 2441, paragraph 4, point 2, of the Italian Civil Code.</p> <p>By virtue of what has been specified, the extraordinary meeting of November 5, 2010 resolved to increase the share capital by a maximum nominal value of Euro 8.500.000,00 by issuing new ordinary shares for an amount up to a maximum of no n. 1.700.000, without any indication of par value, to be offered for subscription to directors and/or employees of the Company and its subsidiaries.</p> <p>By virtue of what has been specified above, the extraordinary meeting of April 15th, 2014 resolved to increase the share capital by a maximum nominal value of Euro 7,500,000.00 (seven million five hundred thousand/00) by issuing new</p>	<p>Share capital amounts to Euro 313,299,825.00 (three hundred thirteen million two hundred ninety-nine thousand eight hundred twenty-five/00) divided into no. 62,659,965 (sixty-two million six hundred fifty-nine thousand nine hundred sixty-five) ordinary shares without any indication of par value.</p> <p>Option rights may be excluded, in respect of the capital increase, up to the limit of ten per cent of existing capital, on the condition that the issue price corresponds to the market value and this is confirmed in a report by the Company's auditors, pursuant to article 2441, paragraph 4, point 2, of the Italian Civil Code.</p> <p>By virtue of what has been specified, the extraordinary meeting of November 5, 2010 resolved to increase the share capital by a maximum nominal value of Euro 8.500.000,00 by issuing new ordinary shares for an amount up to a maximum of no n. 1.700.000, without any indication of par value, to be offered for subscription to directors and/or employees of the Company and its subsidiaries.</p> <p>By virtue of what has been specified above, the extraordinary meeting of April 15th, 2014 resolved to increase the share capital by a maximum nominal value of Euro 7,500,000.00 (seven million five hundred thousand/00) by issuing new</p>

ordinary shares for an amount up to a maximum of no. 1,500,000 (one million five hundred thousand/00) without any indication of par value, to be offered for subscription to directors and/or employees of the Company and its subsidiaries.

The extraordinary general meeting of July 10th, 2014 has resolved to increase the capital in cash, payable and in divisible form, with the exclusion of the pre-emption right pursuant to article 2441, paragraph 5, of the Italian Civil Code, for a maximum amount of Euro 150,000,000 (one hundred and fifty million), inclusive of any possible share premium, to be issued in one or more times by means of issue of ordinary shares of the Company without any indication of par value, having the same characteristics of the outstanding ordinary shares, exclusively and irrevocably reserved to the conversion of the equity linked bond, of an amount equal to Euro 150,000,000 (one hundred and fifty million), with due date May 22nd, 2019, reserved to qualified investors, named "Safilo Group Euro 150 million, 1.25 per cent Guaranteed Equity-Linked bonds due 2019", it being understood that the last possible due date for the underwriting of the newly issued ordinary shares is on June 30th, 2019, and that, in the event that on that date the capital increase is not completely underwritten, the capital in any case shall be considered increased by an amount equal to the collected underwritings and since the underwritings, expressly authorising the directors to issue new shares every time the shares are underwritten.

On April 26, 2017, the extraordinary general meeting resolved to increase the share capital, in cash and in more tranches, by a maximum nominal value of Euro 12,500,000.00 (twelve million five hundred thousand/00) attributable to the entire share capital by issuing new ordinary shares for an amount up to a maximum of no. 2,500,000 (two million five hundred thousand) without any indication of par value, having the same characteristics as those already issued, with regular enjoyment, with the exclusion of the option right pursuant to article 2441, paragraph 4, second part of the Italian Civil Code, to be offered

ordinary shares for an amount up to a maximum of no. 1,500,000 (one million five hundred thousand/00) without any indication of par value, to be offered for subscription to directors and/or employees of the Company and its subsidiaries.

The extraordinary general meeting of July 10th, 2014 has resolved to increase the capital in cash, payable and in divisible form, with the exclusion of the pre-emption right pursuant to article 2441, paragraph 5, of the Italian Civil Code, for a maximum amount of Euro 150,000,000 (one hundred and fifty million), inclusive of any possible share premium, to be issued in one or more times by means of issue of ordinary shares of the Company without any indication of par value, having the same characteristics of the outstanding ordinary shares, exclusively and irrevocably reserved to the conversion of the equity linked bond, of an amount equal to Euro 150,000,000 (one hundred and fifty million), with due date May 22nd, 2019, reserved to qualified investors, named "Safilo Group Euro 150 million, 1.25 per cent Guaranteed Equity-Linked bonds due 2019", it being understood that the last possible due date for the underwriting of the newly issued ordinary shares is on June 30th, 2019, and that, in the event that on that date the capital increase is not completely underwritten, the capital in any case shall be considered increased by an amount equal to the collected underwritings and since the underwritings, expressly authorising the directors to issue new shares every time the shares are underwritten.

On April 26, 2017, the extraordinary general meeting resolved to increase the share capital, in cash and in more tranches, by a maximum nominal value of Euro 12,500,000.00 (twelve million five hundred thousand/00) attributable to the entire share capital by issuing new ordinary shares for an amount up to a maximum of no. 2,500,000 (two million five hundred thousand) without any indication of par value, having the same characteristics as those already issued, with regular enjoyment, with the exclusion of the option right pursuant to article 2441, paragraph 4, second part of the Italian Civil Code, to be offered

for subscription to the beneficiaries of the 2017-2020 Stock Option Plan, at a certain exercise price, equal to the volume weighted average of the official price of the Safilo Group's shares registered on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A. (Mercato Telematico Azionario) for the preceding month leading up to the granting of options (therefore the period starting from the day preceding the Board of Directors' meeting which resolves the granting of options and ending on the same day of the previous calendar month, it being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average).

On April 24, 2018 the extraordinary general meeting resolved to integrate the resolution of capital increase of April 26, 2017, including that the issuance price of the new ordinary shares, equal up to a maximum of no. 2,500,000 (two million five hundred thousand) to be offered for subscription to the beneficiaries of the 2017-2020 Stock Option Plan, it being understood that such exercise price will be equal to the volume weighted average of the official price of the Safilo Group's shares registered on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A. (Mercato Telematico Azionario) for the preceding month leading up to granting of options (therefore the period starting from the day preceding the Board of Directors' meeting which resolves the granting of options under the Plan and ending on the same day of the previous calendar month, it being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average), shall not in any case be lower than Euro 5 (five/00)per share.

for subscription to the beneficiaries of the 2017-2020 Stock Option Plan, at a certain exercise price, equal to the volume weighted average of the official price of the Safilo Group's shares registered on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A. (Mercato Telematico Azionario) for the preceding month leading up to the granting of options (therefore the period starting from the day preceding the Board of Directors' meeting which resolves the granting of options and ending on the same day of the previous calendar month, it being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average).

On April 24, 2018 the extraordinary general meeting resolved to integrate the resolution of capital increase of April 26, 2017, including that the issuance price of the new ordinary shares, equal up to a maximum of no. 2,500,000 (two million five hundred thousand) to be offered for subscription to the beneficiaries of the 2017-2020 Stock Option Plan, it being understood that such exercise price will be equal to the volume weighted average of the official price of the Safilo Group's shares registered on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A. (Mercato Telematico Azionario) for the preceding month leading up to granting of options (therefore the period starting from the day preceding the Board of Directors' meeting which resolves the granting of options under the Plan and ending on the same day of the previous calendar month, it being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average), shall not in any case be lower than Euro 5 (five/00)per share.

On 29 October 2018 the extraordinary shareholders meeting resolved to increase the share capital divisible for consideration in compliance with the option right pursuant to Article 2441, paragraph 1, of the Italian Civil Code, up to a maximum amount of 150,000,000 Euro, including any share premium, through the issuance of ordinary

	<u>shares without any indication of par value with the same characteristics as those in circulation to be subscribed by 31 August 2019 at a unit price calculated taking into account, inter alia, market conditions in general and the trend of the Company's share price and volumes, expressed on the stock exchange, as well as the Company's economic, financial and capital performance and market practice for similar transactions. Without prejudice to the above criteria, the issue price will be calculated by applying, in accordance with market practice for similar transactions, a discount to the so-called Theoretical Ex-Right Price (TERP) of existing shares, calculated using current methodology.</u>
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For the sole purpose of providing complete information, please find below definitive text of Article 5 of the Bylaws further to approval by the extraordinary Shareholders' Meeting of the Company of the resolutions referred to in points 1) and 2) on the agenda.

<i>Current text</i>	<i>Proposed text</i>
<p>Share capital amounts to Euro 313,299,825.00 (three hundred thirteen million two hundred ninety-nine thousand eight hundred twenty-five/00) divided into no. 62,659,965 (sixty-two million six hundred fifty-nine thousand nine hundred sixty-five) ordinary shares of a par value of Euro 5.00 (five/00) each.</p> <p>Option rights may be excluded, in respect of the capital increase, up to the limit of ten per cent of existing capital, on the condition that the issue price corresponds to the market value and this is confirmed in a report by the Company's auditors, pursuant to article 2441, paragraph 4, point 2, of the Italian Civil Code.</p> <p>By virtue of what has been specified, the extraordinary meeting of November 5, 2010 resolved to increase the share capital by a maximum nominal value of Euro 8.500.000,00 by issuing new ordinary shares for an amount up to a maximum of no n. 1.700.000, par value Euro 5,00 (five/00) each, to be offered for subscription to directors and/or employees of the Company and</p>	<p>Share capital amounts to Euro 313,299,825.00 (three hundred thirteen million two hundred ninety-nine thousand eight hundred twenty-five/00) divided into no. 62,659,965 (sixty-two million six hundred fifty-nine thousand nine hundred sixty-five) ordinary shares of a par value of Euro 5.00 (five/00) each <u>without any indication of par value.</u></p> <p>Option rights may be excluded, in respect of the capital increase, up to the limit of ten per cent of existing capital, on the condition that the issue price corresponds to the market value and this is confirmed in a report by the Company's auditors, pursuant to article 2441, paragraph 4, point 2, of the Italian Civil Code.</p> <p>By virtue of what has been specified, the extraordinary meeting of November 5, 2010 resolved to increase the share capital by a maximum value of Euro 8.500.000,00 by issuing new ordinary shares for an amount up to a maximum of no n. 1.700.000, par value Euro 5,00 (five/00) each <u>without any indication of par</u></p>

its subsidiaries.

By virtue of what has been specified above, the extraordinary meeting of April 15th, 2014 resolved to increase the share capital by a maximum nominal value of Euro 7,500,000.00 (seven million five hundred thousand/00) by issuing new ordinary shares for an amount up to a maximum of no. 1,500,000 (one million five hundred thousand/00) of a par value Euro 5,00 (five/00) each, to be offered for subscription to directors and/or employees of the Company and its subsidiaries.

The extraordinary general meeting of July 10th, 2014 has resolved to increase the capital in cash, payable and in divisible form, with the exclusion of the pre-emption right pursuant to article 2441, paragraph 5, of the Italian Civil Code, for a maximum amount of Euro 150,000,000 (one hundred and fifty million), inclusive of any possible share premium, to be issued in one or more times by means of issue of ordinary shares of the Company with a nominal value of Euro 5,00 (five/00) each, having the same characteristics of the outstanding ordinary shares, exclusively and irrevocably reserved to the conversion of the equity linked bond, of an amount equal to Euro 150,000,000 (one hundred and fifty million), with due date May 22nd, 2019, reserved to qualified investors, named "Safilo Group Euro 150 million, 1.25 per cent Guaranteed Equity-Linked bonds due 2019", it being understood that the last possible due date for the underwriting of the newly issued ordinary shares is on June 30th, 2019, and that, in the event that on that date the capital increase is not completely underwritten, the capital in any case shall be considered increased by an amount equal to the collected underwritings and since the underwritings, expressly authorising the directors to issue new shares every time the shares are underwritten.

On April 26, 2017, the extraordinary general meeting resolved to increase the share capital, in cash and in more tranches, by a maximum nominal value of Euro 12,500,000.00 (twelve million five hundred thousand/00) attributable to the entire share capital by issuing new ordinary

value, to be offered for subscription to directors and/or employees of the Company and its subsidiaries.

By virtue of what has been specified above, the extraordinary meeting of April 15th, 2014 resolved to increase the share capital by a maximum value of Euro 7,500,000.00 (seven million five hundred thousand/00) by issuing new ordinary shares for an amount up to a maximum of no. 1,500,000 (one million five hundred thousand/00) ~~of a par value Euro 5,00 (five/00) each~~ without any indication of par value, to be offered for subscription to directors and/or employees of the Company and its subsidiaries.

The extraordinary general meeting of July 10th, 2014 has resolved to increase the capital in cash, payable and in divisible form, with the exclusion of the pre-emption right pursuant to article 2441, paragraph 5, of the Italian Civil Code, for a maximum amount of Euro 150,000,000 (one hundred and fifty million), inclusive of any possible share premium, to be issued in one or more times by means of issue of ordinary shares of the Company ~~with a nominal value of Euro 5,00 (five/00) each~~ without any indication of par value, having the same characteristics of the outstanding ordinary shares, exclusively and irrevocably reserved to the conversion of the equity linked bond, of an amount equal to Euro 150,000,000 (one hundred and fifty million), with due date May 22nd, 2019, reserved to qualified investors, named "Safilo Group Euro 150 million, 1.25 per cent Guaranteed Equity-Linked bonds due 2019", it being understood that the last possible due date for the underwriting of the newly issued ordinary shares is on June 30th, 2019, and that, in the event that on that date the capital increase is not completely underwritten, the capital in any case shall be considered increased by an amount equal to the collected underwritings and since the underwritings, expressly authorising the directors to issue new shares every time the shares are underwritten.

On April 26, 2017, the extraordinary general meeting resolved to increase the share capital, in cash and in more tranches, by a maximum value

shares for an amount up to a maximum of no. 2,500,000 (two million five hundred thousand) of a par value Euro 5,00 (five/00) each, having the same characteristics as those already issued, with regular enjoyment, with the exclusion of the option right pursuant to article 2441, paragraph 4, second part of the Italian Civil Code, to be offered for subscription to the beneficiaries of the 2017-2020 Stock Option Plan, at a certain exercise price, equal to the volume weighted average of the official price of the Safilo Group's shares registered on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A. (Mercato Telematico Azionario) for the preceding month leading up to the granting of options (therefore the period starting from the day preceding the Board of Directors' meeting which resolves the granting of options and ending on the same day of the previous calendar month, it being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average).

On April 24, 2018 the extraordinary general meeting resolved to integrate the resolution of capital increase of April 26, 2017, including that the issuance price of the new ordinary shares, equal up to a maximum of no. 2,500,000 (two million five hundred thousand) to be offered for subscription to the beneficiaries of the 2017-2020 Stock Option Plan, it being understood that such exercise price will be equal to the volume weighted average of the official price of the Safilo Group's shares registered on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A. (Mercato Telematico Azionario) for the preceding month leading up to granting of options (therefore the period starting from the day preceding the Board of Directors' meeting which resolves the granting of options under the Plan and ending on the same day of the previous calendar month, it being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average), shall not in any case be lower than the nominal value of the shares and, therefore, shall not be less than Euro 5 (five/00) per share.

of Euro 12,500,000.00 (twelve million five hundred thousand/00) attributable to the entire share capital by issuing new ordinary shares for an amount up to a maximum of no. 2,500,000 (two million five hundred thousand) ~~of a par value Euro 5,00 (five/00) each~~ without any indication of par value, having the same characteristics as those already issued, with regular enjoyment, with the exclusion of the option right pursuant to article 2441, paragraph 4, second part of the Italian Civil Code, to be offered for subscription to the beneficiaries of the 2017-2020 Stock Option Plan, at a certain exercise price, equal to the volume weighted average of the official price of the Safilo Group's shares registered on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A. (Mercato Telematico Azionario) for the preceding month leading up to the granting of options (therefore the period starting from the day preceding the Board of Directors' meeting which resolves the granting of options and ending on the same day of the previous calendar month, it being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average).

On April 24, 2018 the extraordinary general meeting resolved to integrate the resolution of capital increase of April 26, 2017, including that the issuance price of the new ordinary shares, equal up to a maximum of no. 2,500,000 (two million five hundred thousand) to be offered for subscription to the beneficiaries of the 2017-2020 Stock Option Plan, it being understood that such exercise price will be equal to the volume weighted average of the official price of the Safilo Group's shares registered on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A. (Mercato Telematico Azionario) for the preceding month leading up to granting of options (therefore the period starting from the day preceding the Board of Directors' meeting which resolves the granting of options under the Plan and ending on the same day of the previous calendar month, it being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted

	<p>average), shall not in any case be lower than the nominal value of the shares and, therefore, shall not be less than Euro 5 (five/00) per share.</p> <p><u>On 29 October 2018 the extraordinary shareholders meeting resolved to increase the share capital divisible for consideration in compliance with the option right pursuant to Article 2441, paragraph 1, of the Italian Civil Code, up to a maximum amount of 150,000,000 Euro, including any share premium, through the issuance of ordinary shares without any indication of par value with the same characteristics as those in circulation to be subscribed by 31 August 2019 at a unit price calculated taking into account, inter alia, market conditions in general and the trend of the Company's share price and volumes, expressed on the stock exchange, as well as the Company's economic, financial and capital performance and market practice for similar transactions. Without prejudice to the above criteria, the issue price will be calculated by applying, in accordance with market practice for similar transactions, a discount to the so-called Theoretical Ex-Right Price (TERP) of existing shares, calculated using current methodology.</u></p>
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12. Withdrawal right

The amendments to the Company's Bylaws as illustrated in Section B shall not result in the right of withdrawal for the shareholders pursuant to Article 2437 of the Italian Civil Code or to the Bylaws.

If you agree with the above proposal, you are invited to resolve as follows:

"The Extraordinary Shareholders' Meeting of Safilo Group S.p.A:

- *having examined the report by the Board of Directors and the proposal formulated therein;*
- *Having acknowledged the certification of the Board of Statutory Auditors that the share capital is equal to 313.299.825,00 (three hundred and ninety million two hundred and ninety-nine thousand eight hundred and twenty-five /00) is fully subscribed, paid-in and existing;*
- *Having acknowledged the resolution to eliminate, pursuant to Articles 2328 and 2346 of the Italian Civil Code, indication of the par value of Safilo Group S.p.A.'s ordinary shares, approved by today's Shareholders' Meeting pursuant to item 1 on the agenda;*

hereby resolves

- 1) *to approve the proposed divisible increase in share capital for consideration up to a maximum amount of 150,000,000 Euro, including any share premium, through the issue of new ordinary shares without any indication of par value, with the same characteristics as those in circulation and paying regular dividends, to be offered in option to Company shareholders, pursuant to Article 2441, paragraph one, two and three of the Italian Civil Code, in proportion to the number of shares held, at a unit price calculated taking into account, inter alia, market conditions in general and the trend of the Company's share price and volumes, expressed on the stock exchange, as well as the Company's economic, financial and capital performance and market practice for similar transactions. Without prejudice to the above criteria, the issue price will be calculated by applying a discount to the so-called Theoretical Ex- Right Price (TERP) of existing shares, calculated using current methodology;*
- 2) *to set 31 August 2019 as the deadline for execution of the Share Capital Increase and to establish, pursuant to Article 2439, subsection two of the Italian Civil Code, that the Share Capital Increase, where not subscribed in full, shall be limited to the amount resulting from subscriptions made by the above deadline;*
- 3) *to grant the Board of Directors with the broadest powers to define the timeframe for the execution of the Share Capital Increase resolution, especially for the launch of the rights offering, as well as subsequent offer on the stock exchange of any rights left unexercised upon termination of the subscription period, in compliance with the deadline set by the Shareholders' Meeting, i.e. 31 August 2019, as well as to determine, in the run-up to launch of the offer;*
 - (i) *the final amount of the Share Capital Increase, within the limits of the maximum amount of 150,000,000 Euro;*
 - (ii) *the issue price of the newly-issued shares and, therefore, the portion of issue price to be in case allocated to the share premium reserve;*
 - (iii) *as a result of what is defined under points (i) and (ii), the maximum number of newly-issued shares and the ratio of assignment in option, rounding off as needed with regard to the number of shares;*
- 4) *to amend Article 5 of the current Company Bylaws by inserting a new subsection, in accordance with the following wording: "On 29 October 2018 the extraordinary shareholders meeting resolved to increase the share capital divisible for consideration in compliance with the option right pursuant to Article 2441, paragraph 1, of the Italian Civil Code, up to a maximum amount of 150,000,000 Euro, including any share premium, through the issuance of ordinary shares without any indication of par value with the same characteristics as those in circulation to be subscribed by 31 August 2019 at a unit price calculated taking into account, inter alia, market conditions in general and the trend of the Company's share price and volumes, expressed on the stock exchange, as well as the Company's economic, financial and capital performance and market practice for similar transactions. Without prejudice to the above criteria, the issue price will be calculated by applying, in accordance with market practice for similar transactions, a discount to the so-called Theoretical Ex-Right Price (TERP) of existing shares, calculated using current methodology.";*
- 5) *to amend the resolutions approved respectively on November 5, 2010, April 15, 2014 and April 26, 2017 (the latter as integrated on April 24, 2018), pursuant to which the capital increases serving the incentive plans of the Company in force and under execution as at the date hereof (Stock Option Plan Safilo Group S.p.A. 2010 - 2013, Stock Option Plan Safilo Group S.p.A. 2014 - 2016 and Stock Option Plan Safilo Group S.p.A. 2017 - 2020) have been approved, granting to the Board of Directors all powers, without any exclusion or limitation, required to carry out, (after the execution, even partial, of the capital increase under item no. 2 of the today's agenda) all suitable adjustment of the number of shares to be issued pursuant to the incentive plan referred to above*

and, with reference to the Stock Option Plan 2017 – 2020, also the minimum subscription price of the underlying shares, up to the maximum amount resulting from the application of the adjustment ratio identified as the so-called factor K, which will be published by Borsa Italiana S.p.A.; and also granting to the Board of Directors all powers required to amend Article 5 of the Company's By-laws in accordance with its resolution it will approve in compliance with the above. All as illustrated in the Board of Director's Report prepared by same for the purposes of this Shareholders' Meeting, being it understood that all other terms and conditions of the delegations of powers approved by Shareholders' Meeting referred to above are not varied;

- 6) *to grant the Board of Directors and the Chairman and the Chief Executive Officer on its behalf, also severally, with the broadest powers to implement the above resolutions for the success of the transaction, including, by way of example and not limited to, the powers to:*
- (i) formulate and submit all documents required for the purpose of executing the resolved capital increase, and to fulfill all formalities needed to perform the subscription offer and for admission and listing of the newly-issued shares on the MTA – Italian Equities Market organized and managed by Borsa Italiana S.p.A., including the powers to formulate and submit to the relevant authorities any application, claim, document or prospectus needed or appropriate for such purpose;*
 - (ii) make any amendments and/or supplements which may prove necessary and/or appropriate to the resolutions adopted, including further to requests by relevant authorities or during registration and, generally speaking, to perform all actions needed for complete execution of the resolutions, with all and any powers needed or appropriate to this end, with no exceptions, including the task of filing the updated Company Bylaws including amendment of the share capital with the relevant Companies Register."*

Padua, October 4, 2018

On behalf of the Board of Directors
Eugenio Razelli
Chairman