

To the members of the Board of Directors of Safilo Group S.p.A.

Dear Sirs,

In compliance with applicable regulation concerning transactions with related parties, including Safilo Group Rules for Transactions with Related Parties (the “**Rules**”), the Transactions with Related Parties Committee (the “**TRP Committee**”) of SAFILO GROUP S.P.A. (the “**Company**”) has been required to express its non-binding opinion about the agreement between Safilo Group S.p.A., on one side, and the reference shareholder Multibrands Italy B.V. (the “**Shareholder**”), on the other side (the “**Agreement**”), before the submission to the final approval of this Board of Directors.

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The TRP Committee has received all the documentation and information necessary to give this opinion.

Since the “Equivalent-value relevance ratio” (i.e. the ratio between the counter value of the Transaction and the greater value of either net equity value - most recent figure published - or the market capitalization of Safilo), calculated in compliance with the Rules is lesser than the 5% threshold, the Agreement is to be qualified as a Transaction with Related Parties of Lesser Importance, and as a consequence subject to the preliminary non-binding opinion of the TRP Committee.

In this respect, refer to Gianni, Origoni, Grippo, Cappelli & Partners Memorandum (Attachment 1).

The Agreement is to be evaluated in the context of a share capital increase for a maximum amount of Euro 150 million to be offered in option to the Company’s shareholders pursuant to Article 2441, subsections 1, 2 and 3 of the Italian Civil Code (the “**Capital Increase**”), as a part of the overall refinancing process of the Safilo Group.

More in details, under the Agreement, the Shareholder would undertake to (i) subscribe for and pay its own stake in the capital increase (41.61%) as well as to (ii) subscribe for and pay in cash at the issue price all the remaining new shares pertaining to the subscription rights that remain unexercised at the end of the market auction as provided for by Article 2441, subsection 3, of the Italian Civil Code.

In relation to the undertaking under (ii) above, the Agreement provides for the payment to the Shareholder from the Company of:

- 2% (two per cent) of the **Effective Risk** (the “**Fees**”), defined as the final size of the capital increase, as determined on the basis of the issue price and the number of new shares to be issued, deducted the countervalue of the new shares relating to the Shareholder’s entitlement undertaking under (i) above and the countervalue of the new shares to be subscribed under any irrevocable commitments of other Company’s shareholders (if any) which will be disclosed in the Prospectus drafted for the capital increase to be approved by the Commissione Nazionale per le Società e la Borsa (“**CONSOB**”), equal to a maximum amount of Euro 1,751,700 and payable if the Agreement is not terminated, and upon completion of the capital increase within a long stop date;
- all expenses and costs reasonably incurred by the Shareholder related to and connected with the Agreement and its execution and the fulfilment of Shareholder’s obligations, including, by way of example, fees and expenses due to any authorities, its legal, accounting and tax counsels with a cap of Euro 250,000 (the “**Shareholder’s Expenses**”).

Both Fees and Shareholder’s Expenses are due for payment by the Company to the Shareholder within 10 days of receipt of an invoice.

On the basis of the documentation and information made available to the TRP Committee, there is the evidence that the amount of the Fees is below the minimum of the market ranges and the averages and median values which are generally applied by financial institutions acting as pre-underwriters and underwriters in rights issues transactions having characteristics similar to the Capital Increase.

This conclusion is also confirmed by adding the Shareholder’s Expenses to the Fees.

The TRP Committee has acknowledged that the Agreement includes certain conditions to the Shareholder's obligations as well as provisions dealing with withdrawal and termination which, also based of the memorandum prepared by Linklaters appear to be not worse than those usually applied by financial institutions acting as pre-underwriters and underwriters in rights issues transactions having characteristics similar to the Capital Increase.

With regard to the Company's convenience in entering into the Agreement it is worth noting that the Agreement: (a) will consent to the Company to obtain a high degree of likelihood about the full success of the Capital Increase corresponding to that listed companies in general look for when executing pre-underwriting and underwriting agreements with financial institutions; (b) will provide for a cash injection to the Company enabling it to proceed with the implementation of Safilo Group's business plan approved by the Board of Directors on August 2, 2018 (the "**Business Plan**"); (c) will offer to the Company the opportunity to reduce the timeframe for the desirable completion of the Capital Increase; and (d) thus enable also the refinancing of the Group's revolving credit facility which the management of the Company is negotiating with the banks.

At the end of the evaluation of the documentation and the information given by the Group CFO/Manager responsible for the preparation of the company's financial documents and by the Group General Counsel about the Transaction – which constitutes a "transaction with related parties of lesser importance", the TRP Committee has considered, at the date of this Report, the interest of the Company in entering into the Agreement in the context and for the purposes of the Capital Increase, as well as the convenience and substantial fairness of the relevant terms and conditions. Therefore, the TRP Committee, at the date of this Report, gives its favourable opinion.

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#### **Attachments**

Gianni, Origoni, Grippo, Cappelli & Partners Memorandum September 14, 2018 (Attachment 1)

Padua, September 21, 2018

## Memorandum

**To:** Safilo Group S.p.A. - Related Parties Transactions Committee

**From:** Gianni, Origoni, Grippo, Cappelli & Partners

**Date:** Rome, September 14, 2018

**Reference:** Project Phoenix 2

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This memorandum is aimed at providing our considerations with respect to a potential transaction involving the share capital increase of Safilo Group S.p.A. (“**Safilo**” or the “**Company**”), to be offered for subscription to the existing shareholders pursuant to Section 2441, paragraph 1, of the Italian Civil Code (“**ICC**”) for an amount of Euro 150 million (the “**Capital Increase**”), assisted by the undertaking of Multibrands Italy B.V. (the “**Shareholder**”), that is the current largest shareholder of the Company and is controlled by HAL Holding N.V. (“**HAL**”), to (i) exercise entirely its option rights and subscribe the relevant portion of the Capital Increase and (ii) acquire the entire portion of the Capital Increase possibly remaining unsubscribed by the Company shareholders, by virtue of an *ad-hoc* contractual arrangement (the “**Subscription Agreement**”).

In this contest we are pleased to illustrate and analyse herein below the applicability of the related parties’ transactions regulation (Consob Regulation no. 17221/2010, “**RPT Regulation**”). To this purpose we have been informed that HAL is not a listed company.

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RPT Regulation provides for specific obligations and rules with respect to transactions carried out with certain entities’ categories (each an “**RPT**”), deemed subject to a significant “risk of exploitation of private advantages” (so called tunnelling phenomenon). Among the RPTs are, first of all, those between the listed company and its controlling entity.

In the case at stake, it is worth noting that:

- the exercise by the Shareholder of the option rights arising from the Capital Increase and the subscription of the relevant Safilo shares will not be subject to the RPT Regulation. As clarified by Consob in its communication no. DEM/10078683 dated September 24, 2010, capital increase transactions effected pursuant to Section 2441, paragraph 1, of the Italian Civil Code, and therefore contemplating the option rights of the existing shareholders, cannot be considered as relevant related parties transactions, because shares are offered at equal terms and conditions to all the shareholders (i.e. to those qualifying as related parties as well as to those not having such nature);
- the execution of the Subscription Agreement is instead subject to the RPT Regulation, as contractual arrangement negotiated and signed between the listed company and its larger shareholder. Therefore, the existence of a corporate interest in the completion of the transaction, as well as the convenience and substantial correctness of the underlying terms, shall be ensured

and attested with respect to the Subscription Agreement, *inter alia*, by the opinion of the Company's Related Parties Transactions Committee, a committee composed of non-executive directors, the majority of which holding the independence requirements (see below). In this contest, the terms and conditions contemplated by the Subscription Agreement shall be compared with those applied in the standard market practice. Indeed, the execution of the agreement with the Shareholder, rather than with market operators (such as banks or other financial institutions typically involved in this kind of transactions), shall be reasonable, justified and convenient under a corporate interest perspective (of course, the Subscription Agreement should be considered convenient if the fees/commissions are lower than those usually applied on the market).

Without going into detail as to the content of the RPT Regulation, it suffices to recall that such legal framework includes procedural rules (i.e. the involvement of the committee in charge of releasing an opinion the transaction) and transparency rules (i.e. obligations of periodic and specific information to Consob and disclosure obligations to the market).

The RPT Regulation distinguishes major and minor RPTs, based on the economic value of the transaction, to be calculated in accordance with certain economic/financial criteria (i.e., total shareholders' equity, capitalization, total assets, total liabilities, etc.). Should any of the criteria lead to an amount higher than a threshold of 5% (the "**Threshold**"), the transaction would qualify as a major RPT. Both procedural and transparency rules vary on the basis of the major or minor nature of the RPT. Of course, major RPTs' regulation is stricter.

To this purposes we have been informed by the Company that, given the proposed fees that would be agreed upon by and between the Shareholder and the Company, the execution of the Subscription Agreement by the Company may be qualified as a minor RPT and not as a major one. In making this statement, with your permission we rely on the figures set forth in page no. 4 of the presentation headed "*Safilo Group HAL Holding – Phoenix 2 Subscription Agreement*", we received from the Company, which has been prepared to illustrate the matter to the Company's Related Parties Transactions Committee.

Since the execution of the Subscription Agreement qualifies as a minor RPT, Paragraph 3.1 of the Company's Procedure for Related Parties Transaction (the "**Procedure**") shall apply.

Paragraph 3.1 of the Procedure provides, *inter alia*, for the following:

- (i) minor RPT have to be approved by the Board of Directors or the Managing Director to which the former delegated the relevant powers;
- (ii) the Company's Related Parties Transactions Committee has to deliver to the Board of Director its non-binding opinion on minor RPTs for the purposes of their approval;
- (iii) the non-binding opinion of the Company's Related Parties Transactions Committee have to consider the Company's interest in pursuing and executing the minor RPT, and the convenience and correctness of its conditions. On the other hand same opinion cannot provide any business judgement and elaborate on further aspects of the minor RPT.

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We remain at your disposal for any additional information and/or clarifications you may need. Should the features of the subject transaction vary, we will be glad to expand our analysis accordingly.