



Safilo Group S.p.A.

Registered office in Padova 35129 – Zona Industriale, Settima Strada 15

Share capital of Euro 349,943,372.53 fully paid-in.

Registered with the Company Register of Padova with No. 03032950242

**INFORMATION DOCUMENT
CONCERNING A TRANSACTION WITH RELATED PARTIES OF GREATER IMPORTANCE**

*(Document drafted pursuant to Article 5 of the Regulations for transactions with related parties
approved by Consob with resolution No. 17221 of March 12, 2010)*

March 2, 2021

INTRODUCTION

This information document ("**Information Document**") has been drafted by Safilo Group S.p.A. (the "**Company**") pursuant to Article 5 of the Regulations approved by Consob with resolution No. 17221 of March 12, 2010, concerning transactions with related parties (the "**Regulations**"), as well as Article 3.2, letter (f), of the procedure for transactions with related parties approved by the Board of Directors of the Company on November 5, 2010, as subsequently amended, published on the Company's website (www.safilogroup.com/en) (the "**Procedure**").

This Information Document illustrates the renewal agreement of the master agreement for the year 2021 (the "**2021 Renewal**" and/or the "**Transaction**"). The master agreement refers to the commercial agreement signed on September 7, 2015 (the "**2015-2016 Master Agreement**"), by Safilo S.p.A., ("**Safilo**"), controlled by the Company, on one hand, and GrandVision Supply Chain B.V. ("**GVSC**" and collectively with Safilo the "**Parties**"), controlled by GrandVision N.V. ("**GVNV**"), in turn controlled by HAL Holding N.V., on the other hand, stating the general terms and conditions for the wholesale sales of sunglasses and optical frames bearing Safilo's owned and licensed trademarks (the "**Products**") by Safilo and the subsidiaries of the group controlled by the Company (the "**Safilo Group**") to GNVN and the subsidiaries of the group controlled by GNVN operating through several optical chains with a worldwide presence (the "**GVNV Group**").

It is appropriate to recall that:

- on November 6, 2014, the Board of Directors of the Company approved the 2015-2016 Master Agreement (subsequently confirmed by the Board of Directors on August 4, 2015), based on the favourable opinion of the Transactions with Related Parties Committee issued on October 30, 2014 (confirmed by the Transactions with Related Parties Committee, in its new composition, on August 3, 2015);
- On June 20, 2017, the Parties signed the extension of the 2015-2016 Master Agreement until December 31, 2017 and the amendment of certain commercial conditions (the "**2017 Renewal**"). To this end, on May 9, 2017, the Board of Directors of the Company approved the 2017 Renewal, based on the favourable opinion of the Transactions with Related Parties Committee dated May 4, 2017;
- on February 8, 2018, the Parties signed the further extension of the 2015-2016 Master Agreement, as amended by the 2017 Renewal, until December 31, 2018 (the "**2018 Renewal**"). To this end, on October 19, 2017, the Board of Directors of the Company

approved the 2018 Renewal, based on the favourable opinion of the Transactions with Related Parties Committee issued on September 25, 2017,

- on April 5, 2019, the Parties signed the further extension of the 2015-2016 Master Agreement, amending certain commercial conditions, until December 31, 2020 (the “**2019-2020 Renewal**”). To this end, on January 30, 2019, the Board of Directors of the Company approved the 2019-2020 Renewal, based on the favourable opinion of the Transactions with Related Parties Committee issued on January 18, 2019;

(the 2015-2016 Master Agreement, together with the above subsequent amendments, the “**Master Agreement**”).

It is specified that, even if the current Transaction is a transaction that is included among the ordinary business of the Safilo Group and whose terms and conditions are standard for this type of transactions, taking into consideration its particularly significant size, the Company has not availed itself of the exemption right provided for under Article 4.1.(iii) of the Procedure (and therefore has decided to publish this Information Document), in order to ensure a high level of transparency to the market and to its shareholders.

1. WARNINGS

In the light of the terms and conditions of the Master Agreement described in this Information Document, it is deemed that the Transaction is in the interest of the Company, of Safilo and of Safilo Group and it does not entail risks for the fact that the other Party is a related party and/or the potential conflicts of interests resulting from the Transaction, in fact all the measures guaranteeing the substantial and procedural correctness of the Transaction and of its terms and conditions have been adopted.

2. INFORMATION ON THE TRANSACTION

2.1 Description of the characteristics, modalities, terms and conditions of the Transaction.

As above mentioned, the Master Agreement can be qualified as a framework agreement as it regulates the possible and future sales of sunglasses and optical frames by companies of the Safilo Group to companies of the GNVV Group, as well as some connected promotional activities; therefore, the Master Agreement as well as any subsequent amendment, including the 2021 Renewal, falls within the Safilo Group’s ordinary business.

The 2021 Renewal provides for the renewal and extension of the Master Agreement for one further year, from January 1, 2021 to December 31, 2021, not changing the agreement structure and the related commercial conditions; in particular the following remain unchanged:

- the sales and the relative invoicing (with some exceptions) are between each operating entity of the GNVN Group and Safilo or the other companies of the Safilo Group;
- the commercial terms and conditions provided for by the 2021 Renewal (and in particular discounts, marketing contributions, promotions, returns) are applicable to all the sales of the Products between the Safilo Group and the GNVN Group;
- the commercial terms and conditions are standard or in line with the market (see following paragraph 2.4).

With reference to the commercial terms and conditions related to the sales of the Products, it is specified that, in compliance with the policy of the Safilo Group regarding the sales of Products to its commercial partners, the commercial terms and conditions of the 2019-2020 Renewal of the Master Agreement can be summarized as follows:

- discounts, promotions and/or marketing contributions - i.e. contributions for promotional activities in order to promote the Products and increase their sales and their presence in the market - are applied to the turnover generated by the sales of Products to the optical chains owned by GNVN Group, divided on the bases of specific commercial criteria - i.e. clusters, doors and banners;
- the discounts and/or marketing contributions are applied within the limits of specific percentages as indicated in the 2019-2020 Renewal of the Master Agreement;
- these percentages are both fixed and variable, between a minimum and a maximum, taking also into consideration the volume of the turnover of the Safilo Group in each retail chain.

2.2 Information on the related party with whom the Transaction is entered into and on the nature and extent of the interests of such party in the Transaction.

As of the date of this Information Document, and pending the closing of the possible acquisition of GNVN by EssilorLuxottica, GNVN keeps being a related party of the Company, as it is controlled by HAL Holding N.V. that, through its subsidiary named Multibrands Italy B.V., is the indirect controlling company of the Company.

The Parties have a commercial interest in the Transaction, in fact the 2021 Renewal (along with the Master Agreement) is a significant framework agreement, governing all the commercial relations that will be established between the two groups.

The Company has no knowledge of other interests of GVSC in the Transaction.

2.3 Information on the economic rationale and convenience of the Transaction for the Safilo Group.

The 2021 Renewal is part of the uncertainty in the context of the potential acquisition by EssilorLuxottica, which does not leave room for any further negotiation, including the possibility to take into account the impact on business due to Covid 19, but only maintaining current business relationships at the same conditions; the goal for Safilo Group is therefore to put itself in the strongest position possible once said acquisition will take place, driving and incentivizing actions to consolidate distribution and support sell out growth on priority brands.

2.4 Modalities for determination of the amount of the Transaction and evaluation of its consistency with market values related to similar transactions.

As stated above, the Master Agreement is a framework agreement, that rules the commercial relation between the Safilo Group and the GNVV Group; consequently, the total amount of the Transaction has been defined *ex ante* taking into account the maximum amount between the net sales expected to be generated by the Transaction (i.e. the total amounts that will be paid by the GNVV Group on the basis of the annual gross volume of the turnover) and total investment from the Safilo Group (i.e. the total amounts to be borne by the Safilo Group for discounts, selling and marketing investments, returns) (the “**Amount of the Transaction**”).

In order to verify if the commercial terms and conditions of the Transaction, even if they are unchanged as opposed to those of the 2019-2020 Renewal of the Master Agreement, could still be considered in line with the market or standard on the basis of objective comparable elements, it has been deemed appropriate to perform some analysis from a comparative point of view, based on the commercial relation of the Safilo Group with companies or groups whose business is the retail sale of the Products, as specified here below.

In particular, such analysis concerned:

- the commercial sales terms and conditions stated in the Master Agreement, also including the 2019-2020 Renewal, and guaranteed to the GNVV Group and the commercial policies adopted by the Safilo Group with reference to other clients that are business model-wise comparable to the GNVV Group and operating on a multinational scale (so called “**Comparable Clients**”), even though Safilo Group does not have clients perfectly identical and thus comparable, in the strict sense of the word, to the GNVV Group in the light of the number of brands listed, the total size of business and/or to its territoriality;

- the verification of economic conditions agreed with the Comparable Clients in addition to the analysis of profitability achieved by the Safilo Group taking into consideration some sales to the Comparable Clients as opposed to the sales to be performed in accordance with the Master Agreement (the “*benchmark*”);
- the comparison between the profitability and the total commercial leverage achieved with the GNVV Group and that of the *benchmark*.

Based on the above, the terms and conditions of the 2021 Renewal and the Amount of the Transaction resulted adequate and in line with the policy applied by the Company to Comparable Clients unrelated parties, for comparable commercial agreements and with equivalent transactions for peculiarity, risk and entity.

From a commercial point of view

The Safilo Group, based on its commercial policy, applies to the GNVV Group some discounts, promotions and marketing contributions in line with those applied to other clients (including the Comparable Clients).

The terms and conditions of payment applicable to the GNVV Group are in line with those applied to Comparable Clients.

From the point of view of the economic conditions – analysis of the commercial marginality

The economic conditions, also taking into consideration the utilized reward systems and the maximum level of returns and the complexity of the logistics requirements, are substantially consistent with the ones applied to other Comparable Clients.

The above is also confirmed by an analysis on the overall margin and by a benchmark analysis on the margin of a sample of most sold models (“**SKUs**”). Commercial marginality of the selected SKUs sold to the GNVV Group was analyzed compared with the SKUs sold and that could be sold to Comparable Clients, that represented the reference and comparison benchmark. The SKUs were selected based on some criteria:

- Best-selling SKUs within the GNVV assortment;
- Best-selling SKUs within the assortment of the Comparable Clients.

The performance of commercial marginality compared with selected SKUs was made on the basis of price lists applied to the GNVV Group and of the commercial agreements in place with the Comparable Clients.

From this analysis, the commercial marginality of the SKUs appears substantially included between the minimum and the maximum marginality of the Comparable Clients.

With reference to the overall commercial marginality analysis, it is highlighted that the commercial margin in percentage is substantially in line with the margins of the Comparable Clients.

2.5 Illustration of the economic, patrimonial and financial effects of the Transaction.

With reference to the economic effects of the Transaction for the Safilo Group, it is to be highlighted that the Transaction is adequate to guarantee a suitable level of commercial marginality and profitability.

In consideration of the extension of the global retail structure of the GNVV Group, the Transaction appears adequate to allow the Safilo Group to consolidate distribution and support sell-out growth on priority brands r.

In order to evaluate the size of the Transaction, the equivalent-value relevance ratio (as the ratio between the Amount the Transaction and the greater between the net equity as at June 30, 2020 – being this figure greater than the market capitalization of the Company at the same date) was applied resulting greater than 5%; therefore the Transaction qualifies as "*transaction with related parties of greater importance*" in accordance with the Regulations and the Procedure.

2.6 Impact of the Transaction on the remuneration of the members of the administrative body of the Company and/or of its subsidiaries.

The remuneration of the members of the Board of Directors of the Company or members of the administrative body of the subsidiaries of the Company shall not vary as a consequence of the Transaction.

It is underlined that, in line with the Company's Remuneration Policy, the remuneration of the Chief Executive Officer is also composed by an annual variable part that shall be obtained upon achievement of certain performance targets of the Safilo Group, that could be influenced not by the signing of the 2021 Renewal, but indirectly by the volume of the business that could be achieved by signing it, that for the fiscal year 2020 is estimated to be equal to around 4.8% of the total turnover of the Safilo Group.

2.7 Carrying out of and participation to the negotiations. Procedures for the approval of the Transaction.

Introduction

The execution of the 2021 Renewal is a part of the ordinary business of the Safilo Group as it is functional to the activity of sales of Products, one of the main and typical activities generating revenues for the Safilo Group. Moreover, the ordinary nature of the Transaction can be confirmed in

consideration of the characteristics of the counterpart, a primary global group operating in the field of sale of Products, of the recurring commercial relation between the Safilo Group and the GNVV Group (the 2021 Renewal follows previous agreements with GNVV Group) as well as of the contractual terms and conditions of the Master Agreement.

Notwithstanding the above-mentioned characteristic of the Transaction and the fact that the terms and conditions are standard or in line with the market, in consideration of the size of the Transaction connected to the territorial extension of the GNVV Group's business, the Company has chosen to apply the Procedure (and not to avail itself of the exemption right provided for by the Procedure) and it has also chosen to draw up this Information Document pursuant to Article 5 of the Regulations.

Carrying out of and participation to the negotiations

The 2021 Renewal did not lead to any changes in the economic or commercial conditions of the Master Agreement and it is only an extension of the expiry of the contract by one year. Therefore, no significant negotiation phase has been required by the Company and hence, despite being a Transaction with Related Parties of Greater Importance, there was no need for the prior involvement of the Transactions with Related Parties Committee ("**TRP Committee**").

Procedure for the approval of the Transaction

Pursuant to Article 3.3 of the Procedure, should the transaction carried out by the subsidiary qualify as a Transaction with Related Party of Greater Importance, such transaction shall be approved by the Board of Directors with the previous non-binding opinion of the TRP Committee.

The Board of Directors of the Company examined and approved the Transaction on December 15, 2020, upon the TRP Committee's favourable opinion of December 1, 2020, concerning the Safilo Group's interest in entering into the 2021 Renewal, as well as the convenience and substantial fairness of the relevant terms and conditions.

A copy of the above-mentioned opinion is attached to this Information Document as attachment A) The Board of Directors of the Company approved the Transaction unanimously and with the abstention of the Directors Melchert Frans Groot e Jeffrey A. Cole, who have declared that, in light of their role as members of the Supervisory Board of GNVV, they were bearer of an interest in connection with the Transaction.

The 2021 Renewal was signed on February 25, 2021.

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 and the internal rules for Transactions with Related Parties (the “Rules”) of Safilo Group S.p.A. (the “Company”), the Transactions with Related Parties Committee of the Company (the “TRP Committee”) has been required to express its opinion about the renewal of the Master Agreement between the controlled company Safilo S.p.A. (“Safilo”), on the one hand, and GrandVision Supply Chain B.V. (“GVBV”), on the other (the “Renewal of the Master Agreement”), before the submission to the approval of the Board of Directors.

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The TRP Committee, when drawing up this opinion and making its own evaluations, has received from the management of the Company the relevant documentation and information necessary to give the opinion concerning the interest of the Company, of Safilo and of the subsidiaries of the Company (the “Safilo Group”) in executing the Renewal of the Master Agreement, as well as the convenience and substantial fairness of its terms and conditions.

✓ **Size of the Renewal of the Master Agreement**

Since the “Equivalent-value relevance ratio” (i.e. the ratio between the counter value of the Renewal of the Master Agreement and the net equity value as at June 30, 2020 – being this figure greater than the market capitalization of the Company at the same date), calculated in compliance with the Rules, is above the 5% threshold, the Renewal of the Master Agreement is to be qualified as a Transaction with Related Parties of Greater Importance, and as a consequence subject to a prior opinion of the TRP Committee to the Board of Directors called to resolve pursuant to article 3.3 of the Rules. To this aim, the counter value has been defined as the maximum amount between the net sales totally foreseen to be generated by the Renewal of the Master Agreement and the total investments behind the same (in terms of discounts, selling and marketing investments, returns).

The Renewal of the Master Agreement did not lead to any changes in the economic or commercial conditions and it is only an extension of the expiry of the contract by 1 year. Therefore, no significant negotiation phase has been required by the Company and hence, despite being a Transaction with Related Parties of Greater Importance, there was no need for the prior involvement of the TRP Committee.

✓ **Background**

The management of the Company has provided the TRP Committee with a background for the Renewal of the Master Agreement, expiring on December 31, 2020 (the “2019 Master Agreement”), for 1 additional year (and therefore until December 31, 2021) by maintaining the same overall contract structure and the same commercial conditions.

In particular, the Renewal of the Master Agreement, as the 2019 Master Agreement, regulates the commercial conditions of possible future sales of sunglasses and optical frames by companies of the Safilo Group to companies of the GrandVision group operating under different banners (the “GVNV Group”), for their further resale and promotion, and some related promotional activities, all that is included among the ordinary business of the Safilo Group.

Starting from (i) a background on the evolution of the business relationship with GVBV with reference to the original signing of the Master Agreement and the following renewals and (ii) an overview in terms of net sales and profit evolution, the TRP Committee has gone through the investment and profit analysis of the Renewal of the Master Agreement based on four business scenarios in relation to the year 2021, which assume different assumptions of business growth, and respectively Flat Growth, Low Growth, Mid Growth and High Growth, in terms of net sales.

The management has provided the TRP Committee with insights on the rationale behind the renewal of the Master Agreement highlighting that the proposal of renewal of one year confirms the uncertainty around the future business

conduct of GVVN Group and its principle to maintain business continuity in the context of the potential acquisition by EssilorLuxottica, which does not leave room for any further negotiation, including taking account the impact on business due to Covid 19, but maintaining current business relationships at the same conditions; the goal for Safilo Group is therefore to put itself in the strongest position possible once that said acquisition will take place, driving and incentivizing actions to consolidate distribution and support sell out growth on priority brands.

✓ **Convenience and substantial fairness of the terms and conditions of the Renewal of the Master Agreement and interest of the Safilo Group**

In order to verify if the economic and commercial terms and conditions of the Renewal of the Master Agreement, although unchanged compared to the 2019 Master Agreement, could be still considered in line with the market, the TRP Committee has also gone through some analysis from a comparative point of view, based on the commercial relation with companies or groups whose business is the retail sale of the products, with which agreements similar to the Renewal of the Master Agreement are in place. To this aim the comparison has considered the commercial conditions with Global Accounts Fielmann, Specsavers, Luxottica, Dufry and Hans Anders.

In addition, the benchmark analysis was also performed through different tests on a representative sample of SKUs, in line with the methodology applied on the occasion of the previous renewals of the Master Agreement.

Based on the above-mentioned analysis, the terms and conditions of the Renewal of the Master Agreement resulted in line with the terms and conditions applied to similar transactions for peculiarity, risk and size with unrelated parties.

With regards to Safilo Group's interest in entering into the Renewal of the Master Agreement, it should be highlighted that the Renewal of the Master Agreement aims to consolidate distribution and support sell out growth on priority brands.

At the end of the evaluation of the documentation and the information given by the management of the Company, the TRP Committee has positively considered, at the date of this Report, the interest of the Safilo Group in entering into the Renewal of the Master Agreement, as well as the convenience and substantial fairness of its terms and conditions. Therefore, the TRP Committee, at the date of this Report, gives its favourable opinion.

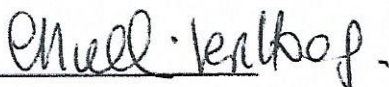
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1 December 2020

Ines Mazzilli



Cinzia Morelli-Verhoog



Guido Guzzetti

