

REPORT OF THE BOARD OF STATUTORY AUDITORS

To the Shareholders' Meeting of Safilo Group S.p.A. on the financial year 2018 pursuant to art. 153 T.U.F. and art. 2429 co. 2, C.C.

Dear Shareholders,

during the financial year ended 31 December 2018, the Board of Statutory Auditors of Safilo Group S.p.A. carried out the supervision activity required by law, in accordance with the requirements of the Civil Code, articles 148 and following of T.U.F., the Legislative Decree no.39 of January 27, 2010 as modified from the Legislative Decree July 17, 2016 no.135 and the Legislative Decree 254/2016, considering also the recommendations included in Consob's Communications on company controls and the activities of the Board of Statutory Auditors, as well as principles of conduct of the Board of Statutory Auditors recommended by the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili* (Italian national council of graduate accountants and accounting experts).

In the introduction, it should be noted that the Board of Statutory Auditors of Safilo Group S.p.A. has been appointed by the Shareholders' Meeting of 26 April 2017, in charge until the approval of the financial statements as at December 31, 2019.

As regards the methods employed by the Board of Statutory Auditors to carry out its institutional activities, it confirms the following:

- it monitored compliance with the law and by laws;
- it attended the Shareholders' Meeting and all the meetings of the Board of Directors held during this year, and obtained from the Directors quarterly reports on activities carried out and significant operations executed by the company or its subsidiaries and verified that the aforesaid operations were coherent with the assumed deliberations and in respect for the principles of correct management;
- it monitored, within our area of responsibility, the organisational adequacy of the company, its respect for the principles of correct management and the organisational evolution of the Group;
- it monitored the operation of the administrative and accounting system, in order to assess its adequacy for management requirements and its reliability for the reporting of business operations. During this activity, it relied on the information supplied by the executive Director in charge of the internal control system, on information obtained as part of the regular participation to the activities of the Control Risk and Sustainability Committee, on examination of reports prepared by the Head of the Internal Audit function on the adequacy of administrative and accounting procedures pursuant to Law 262/05 and on the outcome of related tests carried out, together with the information obtained during periodic meetings with the auditing firm Deloitte & Touche S.p.A. which reported on the outcome of systematic checks and on the proper keeping of accounting records. We have no particular comments to make in this respect;
- not having been appointed to perform an analytical inspection of the content of the financial statements, we verified the general structure of the financial statements and consolidated financial statements, drawn up in compliance with IAS/IFRS international accounting principles, and of the respective management reports through direct checks and using specific information supplied by the auditing company;

- it verified that the impairment test had been carried out for the intangible asset entries made in the consolidated financial statements, and investments in subsidiaries booked in the statutory financial statements.

The Board reports that:

- to the best of our knowledge, the Directors did not infringe the provisions of article 2423 paragraph 4 of the Civil Code in the Notes to the Financial Statements;
- it verified that, following adoption of its own "Internal Dealing Code", the Company has set up specific operational and management procedures for any communications from "relevant" parties;
- it verified that, pursuant to the provisions of Legislative Decree No. 231 of 8/6/2001, your company has equipped itself with an Organisation, Management and Control Model that complies with the *Confindustria* Guidelines and fulfils the requirements of the aforementioned legislative decree, disseminated the Code of Ethics and established a Supervisory Committee that reported to the Control and Risk Committee and the Board of Directors on its activities. The necessary actions and measures have been taken to ensure that the organisational model remains appropriate and up-to-date for the purpose of fulfilling its functions and complying with new regulatory requirements;
- we have verified that the company has complied with the provisions of law 15/11/2017 n. 179 concerning Whistleblowing, adopting its Worldwide Business Conduct Manual (WBCM) and related reporting system of alleged violations to the same.

In accordance with the aforementioned Consob communications, the Board hereby provides the following information:

1. events incurred during the year: the Extraordinary Shareholders' meeting held on 29 October 2018 resolved a share capital increase for consideration, for a maximum amount of Euro 150,000,000 including any share premium, through the issue of new ordinary shares to be offered to the Company's shareholders via a rights offering pursuant to Article 2441, paragraph 1 of the Italian Civil Code. The event, supporting the overall Group's refinancing process, has been completed with a full subscription of the share capital increase resolved, and is deeply disclosed in the specific section of the Notes to the Consolidated Financial Statements related to the share capital.

In particular, the total consideration collected for the subscription of the 187,850,544 newly issued shares equal to Euro 132,246,783 as at December 31, 2018 has been allocated to share capital for Euro 32,310,294 and to share premium reserve for Euro 99,936,489 (this amount has been deducted of capital increase transaction costs equal to Euro 3,677,026).

Therefore, as at December 31, 2018 the share capital of the parent company Safilo Group S.p.A. amounts to Euro 345,610,119 (Euro 313,299,825 as at December 31, 2017) consisting of no. 250,510,509 ordinary shares.

The 25,193,337 new shares remained unsubscribed as at December 31, 2018 at the end of the Rights Auction, for a total amount of Euro 17,736,109.25 have been subscribed and paid in full on 2 January 2019 by the reference shareholder Multibrands Italy B.V., with a total amount of the share capital increase equal to Euro 149,982,892.

2. events after the year end: at the end of January 2019, the Group has been contacted by potential investors expressing interest in acquiring the Group's Solstice retail business in the United States, which led the Group to evaluate a possible divestiture as a potential alternative to the current turnaround strategy. At the date of preparation of this report, the Group is proceeding with the divestiture plan entering a non-binding agreement to sell the relevant assets of Solstice to a third

party in exchange for a cash consideration and a multi-year supply agreement for Safilo's product in the future, conditioned in any case on a due diligence process currently underway. The event is disclosed in the specific section of the report on operations;

3. the significant economic, financial and capital operations carried out by the company and its subsidiaries were executed in accordance with the law and company bylaws. Based on the information acquired, the Board was able to ascertain that they were not manifestly imprudent or risky, that they did not result in a conflict of interest and did not compromise the integrity of the company's assets;
4. it has been ascertained that no atypical and/or unusual operations, as defined by Consob communication DEM/6064293 of 28 July 2006, were carried out within the group or with related or third parties, having found confirmation of this in the information supplied by the Board of Directors and the Auditing Firm.

Furthermore, the Board ascertained that the standard operating procedures in force within the Group guarantee that all commercial operations with related parties take place according to market conditions;

5. the Board believes that the information presented by the Directors in their report on operations and explanatory notes in respect of the operations mentioned in paragraphs 1, 2 and 3 are adequate;
6. the reports prepared by the audit firm Deloitte & Touche S.p.A., issued on March 22th 2019, regarding the individual and consolidated balance sheet of Safilo Group S.p.A. as of 31.12.2018 do not contain significant findings and/or disclosure requests. The auditing firm issued its assessment of the consistency of the Management Report with the relevant financial statements without any observations and/or objections;
7. during 2018, no reports were made to the Board of Statutory Auditors under article 2408 of the Civil Code, and no complaints were submitted by shareholders;
8. during 2018, Safilo Group S.p.A. has no appointed to Deloitte & Touche S.p.A. engagement other than to perform the legal audit of the statutory and consolidated financial statements. In the appendix to the consolidated financial statement is reported, in accordance with the principle 149-Duodecies of the Issuers' Regulations, the statement of the fees recognized for the year to Deloitte & Touche S.p.A. and its network for statutory audit and other services provided by the same Independent Auditor to the company and to the Group. In accordance with the article 17, ninth paragraph, of the Legislative Decree 39/2010, the Independent Auditor has regularly communicated to the Board of Statutory Auditors additional engagements to those of auditing the accounts, obtaining the relative authorization from the Board after assessment of possible risks for the independence of the Auditor;
9. during the 2018 financial year, the Board of Statutory Auditors expressed its opinion when required by current laws and verified that its members fulfilled the integrity and independence requirements;
10. the Board of Statutory Auditors verified the accuracy of the criteria and assessment procedures employed by the Board of Directors to assert the independence of its members;
11. the Board of Statutory Auditors has verified the possession of the requirements of integrity and independence of its members; to the Report on Corporate Governance and Ownership Structure for the financial year 2018, approved by the Board of Directors on March 13th 2019, is attached a list on supervision activities that outlines the tasks performed, as of the date of issue of the Report, by the members of the Board of Statutory Auditors, drawn up according to sample 4, appendix 5-bis of the Issuers' Regulations;
12. during 2018, the Board of Directors held fourteen meetings and the Board of Statutory Auditors held thirteen meetings. Additionally, the Control Risk and Sustainability Committee met seven times with

the constant participation of the Board of Statutory Auditors, while the Remuneration and Nomination Committee met seven times and the Related Parties Transactions Committee met four times, always with the participation of the Board of Statutory Auditors;

13. on the basis of the information gathered from the company's departmental managers, from the Internal Audit function, and during periodic meetings with the Auditing Firm, the Board believes that the principles of correct management were constantly observed;
14. the Board gathered information about and monitored the company's organisational structure to the extent of our responsibilities;
15. based on the analyses performed and the information obtained during meetings with the Director in charge of the internal control system, with the Internal Control Manager, with the Manager in charge of preparing the accounting documentation and during meetings of the Control Risk and Sustainability Committee and the Supervisory Board, the Board verified the adequacy and reliability of the internal control system and risks management;
16. the Board verified the adequacy of the administrative and accounting system and the reliability of the same in correctly representing business operations;
17. the Board verified the adequacy of the manner in which the parent company hands down instructions to its main subsidiaries;
18. during systematic meetings between the Board of Statutory Auditors and the Auditing Firm under art. 150, paragraph 2, Legislative Decree 58/1998, no significant findings emerged;
19. the Remuneration Report is prepared pursuant to art. 84 quarter of the Issuers' Regulations and to Consob resolution No. 11971/1999 and subsequent amendments;
20. the 2018 Report on Corporate Governance and Ownership Structure prepared by the Board of Directors contains a description of the governance of the Company and the Group that appears to be in line with the principles of the Self-Regulation Code and the Issuers' Regulations. This Report also presents information on the ownership structure pursuant to art. 123 bis of the TUF (consolidated finance act). The Board of Statutory Auditors monitored implementation of the corporate governance rules, which appear to be in line with the model adopted by the company;
21. the Managing Director and the Manager in charge of preparing the company's accounting documents provided the statements required by article 154-bis, paragraph 5, regarding the financial statements and consolidated financial statements in accordance with the model provided in appendix 3c-ter of the Issuers' Regulations;
22. the evaluation of the goodwill in the consolidated financial statement, based on impairment test results, led to an increase equal to Euro 5.851 thousand due to the translation difference for the goodwill denominated in US Dollar currency. For the purposes of the impairment test, the Board of Directors considered a five year business plan for the period 2019 – 2023, substantially based on the previous Group Business Plan 2018-2022 (approved on August 2nd 2018), while updating 2019 with the Budget for the year and adding an additional year for 2023. This plan includes certain key assumptions regarding sales and cost reduction initiatives. The plan used for impairment test considers management's best estimates based on available information with reference to business operations, market contest and evolution of Group activities.

In the Notes to the Consolidated Financial Statements, note 4.8, has been widely described the complex evaluation process, as well as the assumptions on which the impairment test is based. The value of the Company that can be deduced from the Stock Market's prices is still significantly lower than the evaluation of the Equity Value for the impairment test, obtained with the application of the

DCF (Discounted Cash Flow) method, however, as commented in the Notes to the Consolidated Financial Statements, the Board of Directors considers that the assumptions included into the Business Plan approved for the impairment test are reasonable, also taking into account all the other elements considered in the test's execution;

23. the Board also took note about the topics described in the "Key Audit Matters" paragraph included in the report of Independent Auditor;
24. Consolidated Non-Financial Information Statement: the Board verified the compliance with the provisions pursuant to the Legislative Decree 30 December 2016 no.254, regarding the consolidated non-financial information statement of Safilo Group S.p.A. and its subsidiaries (hereinafter NFD). The Board of Statutory Auditors finds that the Company has prepared, in its capacity as Parent Company and following the provisions of the Legislative Decree 30 December 2016 no. 254 ("Implementation of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014, amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups" – hereinafter "Decree"), the 2018 Consolidated Non-Financial Information Statement of the Safilo Group, as required by Articles 3 and 4 of the Decree and by the "Global Reporting Initiative Sustainability Reporting Standards" (hereinafter "GRI Standards"), defined in 2016 by the GRI - Global Reporting Initiative – adopted by the directors as reporting standards. The Board of Statutory Auditors supervised about the compliance with the provisions established by the Decree in the preparation of the NFD, verifying that it allows the understanding of the business, its performance, its results and its impacts produced, and that reports about the relevant topics such as environmental, social, people, respect of human rights and anticorruption, taking into account the business and characteristics of the Company, in compliance with the provisions of the Article 3 of the Decree. The Board of Statutory Auditors also noted that, pursuant to the Article 3 paragraph 10, the company Deloitte & Touche S.p.A., in charge of auditing the Group's financial statements, issued on 22 March 2019 a specific Report on the Consolidated Non-Financial Information Statement, attesting the compliance of the information provided in this Document with Articles 3 and 4 of the Decree and the GRI Standards.
25. the Board confirms that no omissions, irregularities or wrongful actions emerged from our supervisory activities that would need to be reported to the Supervisory Bodies or Shareholders.

To conclude, the Board expresses its approval, to the extent of its responsibilities, of the 2018 financial statements as presented by the Board of Directors in the Management Report, and of Directors' proposal to carry forward the loss of the period.

Padua, 22 March 2019

THE BOARD OF STATUTORY AUDITORS

Signed by

Carmen Pezzuto

President

Franco Corgnati

Regular auditor

Bettina Solimando

Regular auditor

This report has been translated into the English language solely for the convenience of international readers.