Half year Financial Report

for the period ended June 30th, 2024

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www.safilogroup.com

SAFILO GROUP S.p.A.

Registered Office

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Corporate Bodies and Committees

Board of Directors (1)

Chairman	Eugenio Razelli
Chief Executive Officer	Angelo Trocchia
Non-executive Director	Gerben van de Rozenberg
Non-executive Director	Melchert Frans Groot
Non-executive Director	Robert Polet
Non-executive, Independent Director	Ines Mazzilli
Non-executive, Independent Director	Matthieu Brisset
Non-executive, Independent Director	Irene Boni
Non-executive Director	Katia Buja
Non-executive, Independent Director	Cinzia Morelli-Verhoog

Board of Statutory Auditors (2)

Chairman	Maria Francesca Talamonti
Standing Statutory Auditor	Roberto Padova
Standing Statutory Auditor	Bettina Solimando
Alternate Statutory Auditor	Tina Marcella Amata
Alternate Statutory Auditor	Marco Michielon

Supervisory Committee (3)

Chairman	Bettina Solimando
	Ines Mazzilli
	Giorgia Canova

Control and Risk Committee (3)

Chairman	Ines Mazzilli
	Gerben van de Rozenberg
	Matthieu Brisset

Sustainability Committee (3)

Chairman	Eugenio Razelli
	Angelo Trocchia
	Katia Buja
	Vladimiro Baldin
	Andrea Grassini
	Marco Cella
	Alberto Macciani

Remuneration and Nomination Committee (3)

Chairman	Cinzia Morelli-Verhoog
	Melchert Frans Groot
	Irene Boni

Transactions with Related Parties Committee (3)

Chairman	Ines Mazzilli
	Matthieu Brisset
	Cinzia Morelli Verhoog

Independent Auditors (4)

PricewaterhouseCoopers S.p.A.

(1) Appointed by the Shareholders' Meeting held on April 24, 2024.
(2) Appointed by the Shareholders' Meeting held on April 27, 2023.
(3) Appointed by the Board of Directors' Meeting held on April 24, 2024.
(4) Appointed by the Shareholders' Meeting held on April 27, 2023 for the financial years from 2023 to 2031.

REPORT ON OPERATIONS

General information and activities of the Group

Safilo Group S.p.A., the holding company, is a limited liability company registered in Italy, with the legal seat in Padova, via Settima Strada no. 15.

Established in 1934 in Italy's Veneto region, Safilo Group is one of the eyewear industry's key players in the design, manufacturing and distribution of optical frames, sunglasses, sports eyewear, goggles and helmets. The Group designs and manufactures its collections by blending stylistic, technical and industrial innovation with quality and skilful craftsmanship. Research and development and design have always been the Group's cornerstones: thanks to its constant experimentation with new materials and shapes, and to its specific skills and savoir-faire, Safilo sets the latest eyewear fashion trends worldwide and plays a key role in the global eyewear industry.

Safilo manages a portfolio of proprietary and licensed brands, which are selected based on their competitive positioning and international prestige by way of a consumer segmentation strategy.
Distribution takes place through sales to multiple channels, including opticians, retail chains, specialist shops and direct to consumer (D2C) platform.
With an extensive global presence, Safilo's business model enables it to monitor its entire production and distribution chain, from research and development in five prestigious design studios, located in Padua, Milan, New York, Hong Kong and Portland, to its company-owned production facilities and network of qualified manufacturing partners, to planning, programming and purchasing, quality control, marketing and communications, Safilo ensures that every product offers the perfect fit and meets the highest quality standards.

Safilo has core strengths in product development and design, which is conducted by a significant organization of designers able to ensure the continual stylistic and technical innovation which has always been a distinguishing feature of the Group.
The key factors of success which provide Safilo with a distinctive identity in the world's eyewear industry are represented by its diverse brand portfolio with strong brands in all relevant market segments, its excellence in design, innovation and quality of its products, its coverage of the marketplace by way of a worldwide sales, distribution and customer service network, and the diverse nature of its offer in terms of clientele and target markets.

Safilo Group's portfolio encompasses home brands: Carrera, Polaroid, Smith, Blenders, Privé Revaux and Seventh Street. The perpetual license Eyewear by David Beckham. Licensed brands include: Banana Republic, BOSS, Carolina Herrera, Dsquared2, Etro, Fossil, havaianas, HUGO, Isabel Marant, Juicy Couture, Kate Spade New York, Levi's, Liz Claiborne, Love Moschino, Marc Jacobs, Missoni, M Missoni, Moschino, Pierre Cardin, PORTS, rag&bone, Stuart Weitzman, Tommy Hilfiger, Tommy Jeans and Under Armour.

Key consolidated performance indicators

Economic data (Euro million)	First semester 2024	%	First semester 2023	%
Net sales	532.0	100.0	550.1	100.0
Cost of sales	(212.8)	(40.0)	(231.5)	(42.1)
Gross profit	319.2	60.0	318.6	57.9
Ebitda	50.6	9.5	44.6	8.1
Ebitda pre non-recurring items	57.6	10.8	57.3	10.4
Operating profit	30.6	5.7	18.8	3.4
Operating profit pre non-recurring items	37.6	7.1	35.1	6.4
Group profit/(loss) before taxes	24.8	4.7	0.8	0.2
Profit/(Loss) attributable to the Group	17.6	3.3	(9.0)	(1.6)
Profit/(Loss) attributable to the Group pre non-recurring items	24.2	4.5	6.9	1.2

Economic data (Euro million)	Second quarter 2024	%	Second quarter 2023	%
Net sales	254.8	100.0	263.0	100.0
Gross profit	153.0	60.1	150.8	57.3
Ebitda	22.5	8.8	15.3	5.8
Ebitda pre non-recurring items	25.6	10.1	24.9	9.5

Balance sheet data (Euro million)	June 30, 2024	%	December 31, 2023	%
Total assets	855.7	100.0	855.5	100.0
Total non-current assets	328.6	38.4	307.8	36.0
Net invested capital	524.5	61.3	478.5	55.9
Net working capital	273.9	32.0	260.0	30.4
Net financial position	(100.4)	(11.7)	(82.7)	(9.7)
Net financial position pre IFRS 16	(62.6)	(7.3)	(43.7)	(5.1)
Group Shareholders' equity	407.4	47.6	379.2	44.3

Financial data (Euro million)	First semester 2024	First semester 2023
Cash flow from operating activities	27.3	21.1
Cash flow from investing activities	(41.1)	(6.2)
Cash flow from financing activities	(19.9)	(20.6)
Closing net financial indebtedness (short-term)	41.6	71.2
Free cash flow	(19.0)	9.9
Capital expenditure	41.2	6.5

Earnings/(Losses) per share (in Euro)	First semester 2024	First semester 2023
Earnings/(Losses) per share - basic	0.043	(0.022)
Earnings/(Losses) per share - diluted	0.042	(0.021)
Group Shareholders' equity per share	0.984	0.952

Group personnel	June 30, 2024	December 31, 2023
Punctual at period end	3,740	3,828
Average	3,782	4,168

The interim financial statements have been subject to limited review by the external auditor of the Group.

Adjusted performance indicators

Adjusted performance indicators exclude the effect of items not related to the ordinary operations which may have an impact on the quality of earnings such as restructuring costs, non recurring costs and legal litigations and impairments when impairment is the result of a non-recurring event. Adjusted indicators exclude the following non-recurring items:

- in the first semester 2024, adjusted economic results pre non-recurring items exclude non-recurring costs for Euro 7.0 million, at the EBIT and EBITDA level, mainly due to the costs related to a terminated license agreement and some special projects. In the second quarter 2024, the EBITDA adjusted excludes non-recurring costs for Euro 3.1 million, related to some special projects;
- in the first semester 2023, adjusted economic results pre non-recurring items excluded non-recurring costs for Euro 16.2 million at the EBIT level (Euro 12.7 million at the EBITDA level and Euro 5.0 million at the gross profit level) mainly related to the announced project to transfer the Longarone plant to third parties, to some special projects and restructuring expenses. In the second quarter 2023, the adjusted economic results excluded non-recurring costs for Euro 9.6 million at the EBITDA level and Euro 4.5 million at the gross profit level, related to the announced project to transfer the Longarone plant to third parties.

	First semester 2024				First semester 2023			
(Euro million)	Gross profit	Ebitda	Operating profit	Profit/(Loss) attributable to the Group	Gross profit	Ebitda	Operating profit	Profit/(Loss) attributable to the Group
Economic indicators	**319.2**	**50.6**	**30.6**	**17.6**	**318.6**	**44.6**	**18.8**	**(9.0)**
Restructuring costs and other non recurring costs	-	7.0	7.0	7.0	5.0	12.7	16.2	16.2
Tax effect on non recurring items				(0.5)				(0.4)
Economic indicators adjusted pre non recurring items	**319.2**	**57.6**	**37.6**	**24.2**	**323.6**	**57.3**	**35.1**	**6.9**

Alternative performance indicators definition

Certain "alternative performance indicators", which are not foreseen in the IFRS accounting principles have been used in this interim Report. Their meaning and content is given below:

- "EBITDA" stands for Earnings Before Interest, Taxes, Depreciation and Amortisation and is also stated before impairment losses to intangible assets such as goodwill;
- "EBITDA LTM adjusted" stands for EBITDA calculated for the prior 12 consecutive months ending on the date of measurement before non-recurring items;
- "EBIT" stands for Earnings Before Interest and Taxes and is also stated as "Operating profit/(Loss)";
- "Capital expenditure" refers to purchases of tangible and intangible fixed assets;
- "Net invested capital" refers to the algebraic sum of shareholders' equity of the Group and minority interests and the "Net financial position" (see below);
- "Free Cash Flow" means the algebraic sum of cash flow from/(for) operating activities, the cash flow from/(for) investing activities, and the cash payments for the principal portion of IFRS 16 lease liabilities;
- "Net working capital" means the algebraic sum of inventories, trade receivables and trade payables;
- "Net financial position" means the sum of bank borrowings, short, medium and long-term borrowings, net of cash held on hand and at bank. Such indicator does not include the valuation at the reporting date of derivative financial instruments and the liability for options on non-controlling interests.

It should be noted that:

- certain figures in this report have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be algebraic sums of the figures which precede them;
- the percentage variations and incidences in the tables have been calculated on the basis of data expressed in thousands and not those which are shown, rounded to the nearest million.

Following the entry into force on 18 March 2016 of the Italian Legislative Decree no. 25 of 15 February 2016, which eliminates, in accordance with the European Union's Transparency Directive, the obligation to publish interim management statements, the Group releases on a voluntary basis a trading update for the first and third quarters showing only financial KPIs.

Information on Group economic results

FIRST SEMESTER ECONOMIC PERFORMANCE

Consolidated income statement (Euro million)	First semester 2024	%	First semester 2023	%	Change	Change %
Net sales	532.0	100.0	550.1	100.0	(18.2)	-3.3%
Cost of sales	(212.8)	(40.0)	(231.5)	(42.1)	18.8	8.1%
Gross profit	**319.2**	**60.0**	**318.6**	**57.9**	**0.6**	**0.2%**
Selling and marketing expenses	(221.9)	(41.7)	(222.2)	(40.4)	0.2	0.1%
General and administrative expenses	(60.3)	(11.3)	(67.4)	(12.3)	7.1	10.6%
Other operating income/(expenses)	(6.4)	(1.2)	(10.2)	(1.9)	3.8	37.1%
Operating profit (EBIT)	**30.6**	**5.7**	**18.8**	**3.4**	**11.7**	**62.4%**
Gains/(losses) on liabilities for options on non-controlling interests	1.1	0.2	(8.6)	(1.6)	9.7	n.s.
Financial charges, net	(6.9)	(1.3)	(9.4)	(1.7)	2.5	26.8%
Profit/(Loss) before taxation	**24.8**	**4.7**	**0.8**	**0.2**	**23.9**	**n.s.**
Income taxes	(7.5)	(1.4)	(10.2)	(1.9)	2.7	26.7%
Net profit/(loss)	**17.3**	**3.2**	**(9.4)**	**(1.7)**	**26.7**	**n.s.**
Net profit/(loss) attributable to minority interests	(0.3)	(0.1)	(0.4)	(0.1)	0.1	22.2%
Net profit/(loss) attributable to the Group	**17.6**	**3.3**	**(9.0)**	**(1.6)**	**26.6**	**n.s.**
EBITDA	**50.6**	**9.5**	**44.6**	**8.1**	**6.0**	**13.4%**
Amortization and depreciation	**20.0**		**25.8**		**(5.8)**	**-22.3%**
NON RECURRING ITEMS ON EBITDA	**(7.0)**		**(12.7)**			

Economic indicators adjusted pre non-recurring items	First semester 2024	%	First semester 2023	%	Change	Change %
Gross profit adjusted pre non-recurring items	**319.2**	**60.0**	**323.6**	**58.8**	**(4.4)**	**-1.4%**
EBIT adjusted pre non-recurring items	**37.6**	**7.1**	**35.1**	**6.4**	**2.5**	**7.2%**
EBITDA adjusted pre non-recurring items	**57.6**	**10.8**	**57.3**	**10.4**	**0.3**	**0.5%**
Net profit/(loss) adjusted attributable to the Group pre non-recurring items	**24.2**	**4.5**	**6.9**	**1.2**	**17.3**	**251.7%**

Percentage impacts and changes have been calculated on figures in thousands.

In the first semester 2024, despite the unfavourable sales trend, Safilo delivered a solid set of economic results, bringing gross margin to its new high and delivering a good improvement of the adjusted operating performance.

In the first semester 2024 the **gross profit** amounted to Euro 319.2 million, slightly declining by 1.4%, compared to the adjusted gross profit recorded in the first semester 2023, while the gross margin improved by 120 basis points, reaching 60.0% from the adjusted level of 58.8% in the first semester 2023.

Selling and marketing, general and administrative expenses declined by around 2.5% compared to the first semester 2023, while their incidence on sales increased due to an unfavourable operating leverage.

The adjusted EBITDA amounted to Euro 57.6 million, up 0.5% compared to the first semester 2023, while the adjusted EBITDA margin improved by 40 basis points, to 10.8% of sales from 10.4% recorded in the first semester 2023.

The adjusted operating result (EBIT) amounted to Euro 37.6 million, up 7.2% compared to the first semester 2023, while the adjusted operating margin improved by 70 basis points, to 7.1% of sales from 6.4% recorded in the first semester 2023.

The Group's adjusted net result equalled Euro 24.2 million compared to Euro 6.9 million recorded in the first semester 2023, a result that was last year affected by a charge of Euro 8.6 million, due to the revaluation of the liability for options on the interest in Blenders. In the first semester 2024, net financial charges decreased to Euro 6.9 million from Euro 9.4 million in the first semester 2023, mainly due to a lower average Group net debt.

SECOND QUARTER ECONOMIC PERFORMANCE

Consolidated income statement (Euro million)	**Second quarter 2024**	**%**	**Second quarter 2023**	**%**	**Change %**
Net sales	254.8	100.0	263.0	100.0	-3.1%
Gross profit	**153.0**	**60.1**	**150.8**	**57.3**	**1.5%**
EBITDA	**22.5**	**8.8**	**15.3**	**5.8**	**46.8%**

Economic indicators adjusted pre non-recurring items	**Second quarter 2024**	**%**	**Second quarter 2023**	**%**	**Change**
Gross profit adjusted pre non-recurring items	**153.0**	**60.1**	**155.3**	**59.1**	**-1.5%**
EBITDA adjusted pre non-recurring items	**25.6**	**10.1**	**24.9**	**9.5**	**2.9%**

Percentage impacts and changes have been calculated on figures in thousands.

In the second quarter 2024, Safilo made further progress in margins expansion, continuing to post an improvement both at the industrial and operating level. As seen in the first quarter, the main positive drivers of the period were the higher supply chain efficiency and the lower depreciation resulting from the industrial restructuring that took place in Italy in 2023, coupled with a positive price/mix effect on sales. In addition, in the second quarter the dilution effect of phase-out sales became less impactful than in the first quarter.

Despite the still unfavourable operating leverage, the second quarter operating performance recorded a more significant year-on-year margin recovery than the first quarter, benefitting in particular from the ongoing normalization of IT investments and marketing and advertising expenses.

In the second quarter 2024 **gross profit** amounted to Euro 153.0 million, slightly declining, by 1.5%, compared to the adjusted gross profit recorded in the second quarter 2023, while gross margin improved by 100 basis points, to 60.1% of sales from the adjusted level of 59.1% recorded in the second quarter 2023.

Selling and marketing, general and administrative expenses decreased by around 2% compared to the second quarter 2023, while their incidence on sales just moderately increased due to an unfavourable operating leverage.

Adjusted EBITDA amounted to Euro 25.6 million, up 2.9% compared to the second quarter 2023, while the adjusted EBITDA margin improved by 60 basis points, to 10.1% from 9.5% recorded in the second quarter 2023.

Net sales by geographical area

Net sales by geographical area (Euro million)	First semester 2024	%	2023	%	Change at current forex %	Change at constant forex %
North America	217.6	40.9	231.5	42.1	-6.0%	-5.9%
Europe	239.1	44.9	235.7	42.8	1.4%	3.4%
Asia Pacific	26.4	5.0	28.6	5.2	-7.5%	-5.6%
Rest of the world	48.8	9.2	54.4	9.9	-10.2%	-11.3%
Total	**532.0**	**100.0**	**550.1**	**100.0**	**-3.3%**	**-2.4%**

Net sales by geographical area (Euro million)	Second quarter 2024	%	2023	%	Change at current forex %	Change at constant forex %
North America	103.2	40.5	106.8	40.6	-3.4%	-4.4%
Europe	113.8	44.7	114.1	43.4	-0.3%	0.8%
Asia Pacific	14.5	5.7	16.5	6.3	-12.1%	-11.3%
Rest of the world	23.3	9.1	25.5	9.7	-8.9%	-9.6%
Total	**254.8**	**100.0**	**263.0**	**100.0**	**-3.1%**	**-3.1%**

Safilo closed the first half of 2024 with net sales of Euro 532.0 million, down 2.4% at constant exchange rates and 3.3% at current exchange rates compared to Euro 550.1 million recorded in the first semester 2023.
The performance of the period reflected a sales reduction resulting from the exit of Jimmy Choo, which offset a slight growth by the rest of the portfolio, driven by the brand dynamics described here follow. By channel, the semester was supported by the solid performance of the business at the independent European opticians, also thanks to the benefits of the You&Safilo business-to-business (BTB) platform, and by the good progress of the online business, both DTC and through internet pure players in Europe. Sport shops and the travel retail channel instead represented the main hurdles to growth during the period.

In the second quarter 2024, Safilo's net sales amounted to Euro 254.8 million, down 3.1% both at constant and current exchange rates compared to Euro 263.0 million recorded in the second quarter 2023.
The performance of the period reflected, on one side, the reduction in sales of Jimmy Choo, which had a stronger impact than in the first quarter on the performance of North America and Europe. On the other, the business benefitted from the double-digit growth delivered by Carrera and David Beckham, and the ongoing momentum of Carolina Herrera and Marc Jacobs. The quarter was instead challenging for Smith, due to a still subdued business environment in stores, and for Polaroid, which was affected by the poor weather conditions in Europe.

In the second quarter 2024, sales in North America amounted to Euro 103.2 million, down 4.4% at constant exchange rates and 3.4% at current exchange rates compared to the second quarter 2023. Excluding the Jimmy Choo negative impact, sales performance was substantially stable compared to last year, driven by an eyewear business that showed a recovery, and the sport shops channel that was still subdued.
In the United States, the second quarter was a positive quarter for Carrera, driven by the success of its new woman collections, supporting the brand's productivity in store and its further expansion in the market, and for some of the Group's core licenses, namely David Beckham, Carolina Herrera, Marc Jacobs and Tommy Hilfiger, which saw distribution grow double-digit.
On the other hand, Smith's wholesale revenues of helmets were hampered by lower re-orders of winter products due to a late start to the ski season and a bike business still partially overstocked at the point of sales. Smith's performance remained instead very positive in its direct-to-consumer (DTC) channel, which continued to benefit from greater responsiveness of the end consumer and a more favourable product mix.
In the first semester 2024, sales in North America totalled Euro 217.6 million, down 5.9% at constant exchange rates and 6.0% at current exchange rates compared to Euro 231.5 million recorded in the first semester 2023.

In the second quarter 2024, sales in Europe amounted to Euro 113.8 million, up 0.8% at constant exchange rates and substantially unchanged, at -0.3%, at current exchange rates compared to the second quarter 2023. The deceleration compared to the first quarter of the year was explained by the poor weather conditions that affected the sell-out of most channels between May and June, coupled with the higher impact from the exit of Jimmy Choo.
In the second quarter, the positive sales trend continued to be driven by the French market, led by a solid prescription frames business, and by the growth of Central and Eastern European markets. In Germany, both the internet pure player (IPP) channel and sales at some major optical chains recorded positive performance.
In the first semester 2024, sales in Europe totalled Euro 239.1 million, up 3.4% at constant exchange rates and 1.4% at current exchange rates compared to Euro 235.7 million recorded in the first semester 2023.

In the second quarter 2024, sales in Asia Pacific amounted to Euro 14.5 million, down 11.3% at constant exchange rates and 12.1% at current exchange rates. The performance of the period reflected the weak sales trend at distributors in Southeast Asia and the challenging comparison with the second quarter 2023 (+38% compared to second quarter 2022), which mitigated the still positive performance of China, where Ports and Polaroid led the market growth.
In the first semester 2024, sales in Asia Pacific totalled Euro 26.4 million, down 5.6% at constant exchange rates and 7.5% at current exchange rates compared to Euro 28.6 million recorded in the first semester 2023.

In the second quarter 2024, sales in the Rest of the World amounted to Euro 23.3 million, down 9.6% at constant exchange rates and 8.9% at current exchange rates compared to the second quarter 2023. In the period, sales in Latin America slowed down mainly due to a weak travel retail business, while in IMEA positive trends in the Middle Eastern and African markets were countered by some sales normalization in India. In the first semester 2024, sales in the Rest of the World totalled Euro 48.8 million, down 11.3% at constant exchange rates and 10.2% at current exchange rates compared to Euro 54.4 million recorded in the first semester 2023.

Balance sheet

The table below shows the total balance sheet highlights at 30 June 2024, compared with those of 31 December 2023.

Balance sheet (Euro million)	**June 30, 2024**	**December 31, 2023**	**Change**
Trade receivables	239.3	203.1	36.2
Inventory, net	197.4	229.0	(31.6)
Trade payables	(162.8)	(172.1)	9.3
Net working capital	**273.9**	**260.0**	**13.9**
Tangible assets	87.3	88.7	(1.5)
Right of Use assets	32.7	34.0	(1.3)
Intangible assets	139.1	108.1	31.0
Goodwill	34.8	33.7	1.1
Net fixed assets	**293.9**	**264.5**	**29.3**
Employee benefit liability	(9.7)	(9.7)	0.0
Other assets / (liabilities), net	(13.2)	(15.5)	2.3
Liability for options on non-controlling interests	(20.3)	(20.8)	0.4
NET INVESTED CAPITAL	**524.5**	**478.5**	**46.0**
Cash in hand and at bank	41.6	74.9	(33.3)
Short term borrowings	(30.5)	(30.3)	(0.3)
Short-term Lease liabilities	(9.0)	(9.6)	0.7
Long term borrowings	(73.7)	(88.3)	14.7
Long-term Lease liabilities	(28.8)	(29.4)	0.5
NET FINANCIAL POSITION	**(100.4)**	**(82.7)**	**(17.7)**
Group Shareholders' equity	(407.4)	(379.2)	(28.2)
Non-controlling interests	(16.7)	(16.6)	(0.1)
TOTAL SHAREHOLDERS' EQUITY	**(424.1)**	**(395.8)**	**(28.3)**

Cash flow

The summary statement of cash flows for the first six months ended 30 June 2024, with comparatives for the same period of the previous year, is provided below:

Free cash flow (Euro million)	**First semester 2024**	**First semester 2023**	**Change**
Cash flow from operating activities	27.3	21.1	6.2
Cash flow from investing activities	(41.1)	(6.2)	(34.9)
Cash flow from repayment principal portion of IFRS 16 lease liabilities	(5.2)	(5.0)	(0.2)
Free cash flow	**(19.0)**	**9.9**	**(28.9)**

In the first half of 2024, Safilo's Free Cash Flow was negative for Euro 19.0 million, reflecting, on one side, the higher cash flow from operating activities and, on the other, the higher investments made by the Group during the period.

In the first semester, the cash flow from operating activities reached Euro 27.3 million, posting an improvement compared to Euro 21.1 million recorded in the same period of 2023. In the second quarter, the cash generation of around Euro 21 million, was driven by the positive economic performance of the period, also including the settlement of a non-recurring cost related to a terminated license agreement, and by a cash generation from working capital also due to a reduction of inventories.

The cash flow for investing activities grew to Euro 41.1 million, mainly explained by the investment made by the Group for the perpetual license of the Eyewear by David Beckham.

Net working capital

Net working capital (Euro million)	**June 30, 2024**	**December 31, 2023**	**Change**
Trade receivables, net	239.3	203.1	36.2
Inventories	197.4	229.0	(31.6)
Trade payables	(162.8)	(172.1)	9.3
Net working capital	**273.9**	**260.0**	**13.9**
% on net sales	*27.2%*	*25.4%*	

In the first six months of 2024, changes in net working capital (excluding translation difference effect equal to an increase of Euro 5 million) led to a cash absorption of Euro 8.9 million compared to the end of 2023.

Investments in tangible and intangible fixed assets

The Group's capital expenditure breaks down as follows:

(Euro million)	First semester 2024	First semester 2023	Change
Headquarters	36.6	1.5	35.1
Production factories	2.2	2.9	(0.7)
Europe	0.0	0.2	(0.2)
Americas	2.4	1.7	0.7
Far East	0.0	0.2	(0.2)
Total investments	**41.2**	**6.5**	**34.7**

In the first six months of 2024 capital expenditures amounted to Euro 41.2 million compared with Euro 6.5 million in the same period of the previous year. The increase of the period is mainly explained by the investment made by the Group for the perpetual license of the Eyewear by David Beckham.

Net financial position

Net financial debt (Euro million)	June 30, 2024	December 31, 2023	Change
Current portion of long-term borrowings	(30.5)	(30.3)	(0.3)
Short-term lease liability IFRS 16	(9.0)	(9.6)	0.7
Cash and cash equivalents	41.6	74.9	(33.3)
Short-term net financial position	**2.1**	**35.0**	**(32.9)**
Long-term borrowings	(73.7)	(88.3)	14.7
Long-term financial lease liability IFRS 16	(28.8)	(29.4)	0.5
Long-term net financial position	**(102.5)**	**(117.7)**	**15.2**
TOTAL NET FINANCIAL POSITION	**(100.4)**	**(82.7)**	**(17.7)**
TOTAL NET FINANCIAL POSITION PRE IFRS 16	**(62.6)**	**(43.7)**	**(18.9)**

As at 30 June 2024, the Group's net debt stood at Euro 100.4 million (Euro 62.6 million pre-IFRS 16, corresponding to a financial leverage, also pre-IFRIC SaaS, of 0.7x), from Euro 82.7 million (Euro 43.7 million pre-IFRS 16) recorded as of 31 December 2023, and Euro 103.0 million (Euro 61.7 million pre-IFRS 16) at the end of June 2023.

The key components of the Group's net debt at the end of June 2024 were the following:

- a long-term debt position of Euro 102.5 million, made of bank loans for Euro 73.7 million, related to the Credit Facility signed in September 2022, and an IFRS-16 effect for Euro 28.8 million;
- a short-term debt position of Euro 39.5 million, made of bank loans for Euro 30.5 million, related to the Credit Facility, and an IFRS-16 effect for Euro 9.0 million;
- a cash position of Euro 41.6 million.

The above loans are subject to operating and financial covenants which the Group complied with as at 30 June 2024.

The Group Net financial position reported in the above table does not include the valuation of derivative financial instruments and the Put and Call option liability on minority interests equal respectively to an asset of Euro 0.3 million and a liability of Euro 20.3 million.

Personnel

The Group's total punctual workforce at 30 June 2024, 31 December 2023 and 30 June 2023 is summarized below:

	June 30, 2024	December 31, 2023	June 30, 2023
Padua headquarters	908	899	896
Production factories	1,508	1,588	2,171
Commercial subsidiaries	1,324	1,341	1,364
Total	**3,740**	**3,828**	**4,431**

The average number of Group employees in the first six months of 2024 and 2023 can be summarised as follows:

	First semester 2024	First semester 2023
Padua Headquarters	904	886
Production factories	1,538	2,195
Commercial subsidiaries	1,341	1,355
Total	**3,782**	**4,436**

The reduction of the average number of employees is mainly due to the restructuring of the Group's manufacturing footprint with the disposal of the Longarone production site at the end of October 2023.

Subsequent events

In the period following 30 June 2024, Safilo S.p.A., a subsidiary of Safilo Group S.p.A., has started the purchase program of Safilo Group S.p.A. shares, as per the authorization granted by the Shareholders' Meeting held on 24 April 2024.
Such purchase program of Shares, to be used to service the 2023-2025 Stock Option Plan of Safilo Group S.p.A. and Safilo S.p.A. as well as any stock incentive plans that may be approved in the future, may concern a maximum of 11,000,000 Shares, equal to approximately 2.7% of the Shares currently issued, for a total expenditure up to Euro 14 million. Please note that the number of Shares covered by the program represents a portion of the total number of Shares, equal to a maximum of 16,000,000 Shares (approximately 3.9% of the Shares currently issued), authorized for purchase by the Shareholders' Meeting of Safilo S.p.A. on 24 April 2024. The purchase program will terminate on 31 December 2024.
Taking into consideration the shares purchased since the launch of the programme, as of 26 July 2024, Safilo S.p.A. holds a total no. 1,814,866 of Safilo Group S.p.A. ordinary shares, equal to approximately 0.44% of the outstanding shares.

In the period following 30 June 2024, there were no other events that could have a material impact on the results published in this report.

Interim Condensed Consolidated Financial Statements

and Notes

as at and for the six months period ended

June 30th, 2024

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Interim condensed consolidated balance sheet

(Euro/000)	*Notes*	June 30, 2024	of which related parties	December 31, 2023	of which related parties
ASSETS					
Current assets					
Cash and cash equivalents	*2.1*	41,619		74,898	
Trade receivables	*2.2*	239,255	126	203,075	382
Inventory	*2.3*	197,409		228,991	
Derivative financial instruments	*2.4*	367		585	
Other current assets	*2.5*	48,464		40,119	
Total current assets		**527,113**		**547,667**	
Non-current assets					
Tangible assets	*2.6*	87,282		88,750	
Right of Use assets	*2.7*	32,728		33,988	
Intangible assets	*2.8*	139,107		108,117	
Goodwill	*2.9*	34,768		33,682	
Deferred tax assets	*2.10*	28,907		35,320	
Derivative financial instruments	*2.4*	359		271	
Other non-current assets	*2.11*	5,449		7,668	
Total non-current assets		**328,599**		**307,795**	
TOTAL ASSETS		**855,712**		**855,462**	

(Euro/000)	***Notes***	**June 30, 2024**	**of which related parties**	**December 31, 2023**	**of which related parties**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Borrowings	*2.12*	30,500		30,250	
Lease liabilities	*2.12*	8,975		9,643	
Trade payables	*2.13*	162,778	44	172,107	33
Tax payables	*2.14*	26,787		23,382	
Derivative financial instruments	*2.4*	431		3,909	
Other current liabilities	*2.15*	43,497		40,772	
Provisions	*2.16*	5,898		9,017	
Total current liabilities		**278,866**		**289,081**	
Non-current liabilities					
Borrowings	*2.12*	73,674		88,345	
Lease liabilities	*2.12*	28,831		29,359	
Employee benefit obligations	*2.17*	9,723		9,734	
Provisions	*2.16*	7,620		9,443	
Deferred tax liabilities	*2.10*	4,954		10,291	
Derivative financial instruments	*2.4*	-		-	
Liability for options on non-controlling interests	*2.18*	20,346		20,770	
Other non-current liabilities	*2.19*	7,594		2,653	
Total non-current liabilities		**152,742**		**170,596**	
TOTAL LIABILITIES		**431,608**		**459,676**	
Shareholders' equity					
Share capital	*2.20*	384,920		384,858	
Share premium reserve	*2.21*	27,633		27,388	
Retained earnings and other reserves	*2.22*	(23,098)		(8,669)	
Cash flow hedge reserve	*2.23*	359		271	
Income/(Loss) attributable to the Group		17,606		(24,649)	
Total shareholders' equity attributable to the Group		**407,420**		**379,200**	
Non-controlling interests		**16,684**		**16,586**	
TOTAL SHAREHOLDERS' EQUITY		**424,104**		**395,786**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**855,712**		**855,462**	

Interim condensed consolidated income statement

(Euro/000)	*Notes*	First semester 2024	of which related parties	First semester 2023	of which related parties
Net sales	*3.1*	531,957	341	550,139	556
Cost of sales	*3.2*	(212,772)		(231,543)	
Gross profit		**319,185**		**318,596**	
Selling and marketing expenses	*3.3*	(221,921)	(34)	(222,170)	(28)
General and administrative expenses	*3.4*	(60,290)	(60)	(67,415)	-
Other operating income/(expenses)	*3.5*	(6,401)		(10,185)	
Operating profit		**30,572**		**18,826**	
Gains/(losses) on liabilities for options on non-controlling interests	*3.6*	1,083		(8,586)	
Financial charges, net	*3.7*	(6,892)		(9,414)	
Profit/(Loss) before taxation		**24,763**		**826**	
Income taxes	*3.8*	(7,488)		(10,209)	
Profit/(Loss) of the period		**17,276**		**(9,383)**	
Profit/(Loss) attributable to:					
Owners of the parent		17,606		(8,959)	
Non-controlling interests		(330)		(424)	
Earnings/(Losses) per share - basic (Euro)	*3.9*	0.043		(0.022)	
Earnings/(Losses) per share - diluted (Euro)	*3.9*	0.042		(0.021)	

Interim condensed consolidated statement of comprehensive income

(Euro/000)	*Notes*	First semester 2024	First semester 2023
Net profit (loss) for the period (A)		**17,276**	**(9,383)**
Gains/(Losses) that will not be reclassified subsequently to profit or loss:			
- Remeasurements of post employment benefit obligations		-	-
Total gains/(Losses) that will not be reclassified subsequently to profit or loss:		-	-
Gains/(Losses) that will be reclassified subsequently to profit or loss:			
- Gains/(Losses) on cash flow hedges	*2.23*	88	458
- Gains/(Losses) on exchange differences on translating foreign operations	*2.22*	10,053	(10,666)
Total gains/(losses) that will be reclassified subsequently to profit or loss:		**10,141**	**(10,208)**
Other comprehensive income/(loss), net of tax (B)		**10,141**	**(10,208)**
TOTAL COMPREHENSIVE INCOME/(LOSS) (A)+(B)		**27,417**	**(19,592)**
Attributable to:			
Owners of the parent		27,219	(18,714)
Non-controlling interests		198	(878)
TOTAL COMPREHENSIVE INCOME/(LOSS)		**27,417**	**(19,592)**

Interim condensed consolidated cash flow statement

(Euro/000)	***Notes***	**First semester 2024**	**First semester 2023**
A - Opening net cash and cash equivalents (net financial indebtedness - short term)	*2.1*	**74,898**	**77,710**
B - Cash flow from (for) operating activities			
Net profit/(loss) for the period (including minority interests)		17,276	(9,383)
Depreciation and amortization	*2.6 - 2.8*	14,879	20,629
Right of Use depreciation IFRS 16	*2.7*	5,158	5,162
Non-monetary changes related to liabilities for options on non-controlling interests		(1,083)	8,586
Other items		(3,335)	3,198
Interest expenses, net	*3.7*	3,462	4,632
Interest expenses on lease liabilities IFRS 16	*3.7*	863	873
Income tax expenses	*3.8*	7,488	10,210
Flow from operating activities prior to movements in working capital		**44,708**	**43,907**
(Increase) Decrease in trade receivables		(34,133)	(15,986)
(Increase) Decrease in inventory, net		35,978	23,435
Increase (Decrease) in trade payables		(10,756)	(16,835)
(Increase) Decrease in other receivables		(4,818)	2,726
Increase (Decrease) in other payables		3,680	(7,999)
Interest expenses paid		(3,149)	(3,989)
Interest expenses paid on lease liabilities IFRS 16		(863)	(873)
Income taxes (paid)/received		(3,300)	(3,278)
Total (B)		**27,346**	**21,108**
C - Cash flow from (for) investing activities			
Investments in property, plant and equipment		(5,262)	(5,478)
Net disposals of property, plant and equipment and assets held for sale		112	191
Acquisition of minorities (in subsidiaries)		-	-
Purchase of intangible assets, net of disposals		(35,993)	(914)
Total (C)		**(41,143)**	**(6,201)**
D - Cash flow from (for) financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings	*2.12*	(15,000)	(15,000)
Repayment of principal portion of lease liabilities IFRS 16		(5,243)	(5,047)
Increase in share capital, net of transaction costs		306	39
Dividends paid		-	(557)
Total (D)		**(19,937)**	**(20,565)**
E - Cash flow for the period (B+C+D)		**(33,734)**	**(5,658)**
F - Translation exchange differences		454	(825)
Total (F)		**454**	**(825)**
G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E+F)	*2.1*	**41,619**	**71,227**

Interim condensed consolidated statement of changes in equity

(Euro/000)	Share capital	Share premium reserve	Translation diff. reserve	Cash flow hedge reserve	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
Consolidated net equity at January 1, 2024	**384,858**	**27,388**	**91,200**	**271**	**(124,517)**	**379,200**	**16,586**	**395,786**
Profit/(Loss) for the period	-	-	-	-	17,606	17,606	(330)	**17,276**
Other comprehensive income (loss) for the period	-	-	9,525	88	-	9,613	529	**10,141**
Total comprehensive income (loss) for the period	**-**	**-**	**9,525**	**88**	**17,606**	**27,219**	**198**	**27,417**
Increase in share capital, net of transaction costs	62	244	-	-	-	306	-	**306**
Changes of non-controlling interests of subsidiaries acquired	-	-	-	-	77	77	(77)	**-**
Net increase in the Reserve for share-based payments	-	-	-	-	682	682	-	**682**
Changes in other reserves	-	-	-	-	(64)	(64)	(23)	**(87)**
Consolidated net equity at June 30, 2024	**384,920**	**27,633**	**100,725**	**359**	**(106,217)**	**407,420**	**16,684**	**424,104**

(Euro/000)	Share capital	Share premium reserve	Translation diff. reserve	Cash flow hedge reserve	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
Consolidated net equity at January 1, 2023	**384,846**	**692,521**	**107,421**	**780**	**(775,653)**	**409,915**	**29,005**	**438,920**
Profit/(Loss) for the period	-	-	-	-	(8,959)	(8,959)	(424)	**(9,383)**
Other comprehensive income (loss) for the period	-	-	(10,213)	458	-	(9,755)	(454)	**(10,208)**
Total comprehensive income (loss) for the period	**-**	**-**	**(10,213)**	**458**	**(8,959)**	**(18,714)**	**(878)**	**(19,592)**
Cover previous years losses carried forward	-	(665,160)	-	-	665,160	-	-	-
Increase in share capital, net of transaction costs	12	27	-	-	-	39	-	**39**
Dividends distribution	-	-	-	-	-	-	(557)	**(557)**
Changes of non-controlling interests of subsidiaries acquired	-	-	-	-	2,689	2,689	(2,689)	-
Net increase in the Reserve for share-based payments	-	-	-	-	160	160	-	**160**
Changes in other reserves	-	-	-	-	(11)	(11)	(10)	**(21)**
Consolidated net equity at June 30, 2023	**384,858**	**27,388**	**97,208**	**1,238**	**(116,613)**	**394,079**	**24,871**	**418,950**

NOTES

1. Basis of preparation

1.1 General information

These interim condensed consolidated financial statements refer to the financial period from 1 January 2024 to 30 June 2024. Economic and financial information is provided with reference to the first six months of 2024 and 2023 whilst balance sheet information is provided with reference to 30 June 2024 and 31 December 2023.

The interim consolidated financial report of Safilo Group at 30 June 2024, including condensed consolidated financial statements and interim management report is prepared in accordance with provisions of art. 154 ter of Legislative Decree No. c.2 58/98 - T.U.F. - and subsequent amendments and additions. This interim financial report is prepared in accordance with IAS 34 "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB). The notes, in accordance with IAS 34, are presented in summary form and do not include all information requested in the annual financial statements. They refer only to those components that, in amount, composition or variations, are essential for understanding the economic situation and financial position of the Group. Therefore, this interim financial report should be read in conjunction with the consolidated financial statements for the financial year ended 31 December 2023.

All values are shown in thousands of Euro unless otherwise indicated.

These financial statements were approved by the Board of Directors on 1 August 2024.

The interim condensed consolidated financial statements have been prepared based on the going concern assumption. In its assessments, management believes that there are no significant uncertainties with reference to the going concern assumption for the near future.

1.2 Accounting standards, amendments and interpretations and impact of changes in accounting policies applied from 1 January 2024

Except for what is described below about those accounting policies which changed due to new accounting standards, in preparing these interim consolidated financial reports the same accounting principles and criteria of the consolidated financial statements as at 31 December 2023 have been applied.

At the date of this interim report there are the following amendments that have been endorsed by the European Union applicable to the Group and effective for annual periods beginning on or after 1 January 2024:

- on 23 January 2020, the IASB published an amendment called "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current". On 31 October 2022 the IASB published an amendment called "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". The documents aim to clarify how to classify debts and other short or long-term liabilities;

- on 22 September 2022, the IASB published the amendment to IFRS 16 Lease Liability in a Sale and Leaseback. The document aims to clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale;

- on 25 May 2023 the IASB published amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements.

The Group has complied with these new amendments in preparing this report, their application had no impact on the Group consolidated financial statements. In relation to the amendment to IFRS 7 there are no requirements for the interim financial information, while the Group will include the required information in the annual consolidated financial statements.

On 23 May 2023, the IASB published the amendments to IAS 12 Income taxes International Tax Reform – Pillar Two Model Rules.

With reference to the Pillar Two Model Rules, effective from 1 January 2024 Safilo Group, as Multinational Group of enterprises that – together with its indirect reference shareholder HAL Holding N.V. – meets the Euro 750 million euro annual consolidated revenue threshold in at least two of the four preceding years, falls within the application of the Pillar Two income taxes provided for by the Council Directive (EU) 2022/2523 enacted in Italy by Legislative Decree 209/2023, aimed at ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the European Union. Refer to paragraph "3.8 Income Tax Expense" for further information about the implication to the Group Interim Condensed Consolidated Financial Statements as of 30 June 2024.

Accounting standards, amendments and interpretations issued and endorsed by the European Union but not effective for the reported period and not adopted early by the Group

At the date of this interim report there are the following new standards and amendments to standards and interpretations that have not been early adopted by the Group in preparing this interim report:

- on 15 August 2023 the IASB published amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability;

- on 30 May 2024, the IASB published the amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).

The Group will comply with these new standards and amendments based on their relevant effective dates when endorsed by the European Union. Their application is not expected to have a material impact on the Group's consolidated financial statements.

Accounting standards, amendments and interpretations not yet completed and endorsed by the European Union

In addition, the European Union had not yet completed its endorsement process for the following standards and amendments at the date of this interim report:

- on 9 May 2024 the IASB published the new Standard IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024);

- on 9 April 2024 the IASB published the new Standard IFRS 18 Presentation and Disclosure in Financial Statements.

The Group will comply with these new amendments based on their relevant effective dates when endorsed by the European Union and it will evaluate their potential impacts on the consolidated financial statements.

1.3 Consolidation method and consolidation area

During the first six months of 2024, the Group's consolidation area changed as follow:

- on 19 March 2024 the merger of the intermediate holding company Safilo International BV into Safilo S.p.A. has been executed, effective from 1 April 2024;

- on 22 May 2024 the Group has increased its controlling stake in Privé Revaux from 88.5% to 88.75%, due to the reassignment of some outstanding shares owned by employees who resigned.

The direct and indirect holdings, included in the consolidation scope under the line-by-line method, and other than the holding company Safilo Group S.p.A., are the following:

	Currency	Share capital	% interest held
ITALIAN COMPANIES			
Safilo S.p.A. – Padua	EUR	66,176,000	100.0
Lenti S.r.l. – Bergamo	EUR	500,000	100.0
Safilo Industrial S.r.l. - Padua	EUR	41,634,703	100.0
FOREIGN COMPANIES			
Safilo Benelux S.A. - Zaventem (B)	EUR	560,000	100.0
Safilo Espana S.L. - Madrid (E)	EUR	3,896,370	100.0
Safilo France S.a.r.l. - Paris (F)	EUR	960,000	100.0
Safilo Gmbh - Cologne (D)	EUR	511,300	100.0
Safilo Nordic AB - Taby (S)	SEK	500,000	100.0
Safilo CIS - LLC - Moscow (Russia)	RUB	10,000,000	100.0
Safilo Far East Ltd. - Hong Kong (RC)	HKD	49,700,000	100.0
Safint Optical Investment Ltd - Hong Kong (RC)	HKD	10,000	100.0
Safilo Hong-Kong Ltd – Hong Kong (RC)	HKD	100,000	100.0
Safilo Singapore Pte Ltd - Singapore (SGP)	SGD	400,000	100.0
Safilo Optical Sdn Bhd – Kuala Lumpur (MAL)	MYR	100,000	100.0
Safilo Eyewear (Shanghai) Co Ltd - (RC)	CNY	1,000,000	100.0
Safilo Eyewear (Suzhou) Industries Limited - (RC)	CNY	129,704,740	100.0
Safilo Hellas Ottica S.a. – Athens (GR)	EUR	489,990	100.0
Safilo Nederland B.V. - Bilthoven (NL)	EUR	18,200	100.0
Safilo South Africa (Pty) Ltd. – Bryanston (ZA)	ZAR	3,583	100.0
Safilo Austria Gmbh -Traun (A)	EUR	217,582	100.0
Safilo Japan Co Ltd - Tokyo (J)	JPY	100,000,000	100.0
Safilo Do Brasil Ltda – Sao Paulo (BR)	BRL	197,135,000	100.0
Safilo Portugal Lda – Lisbon (P)	EUR	500,000	100.0
Safilo Switzerland AG – Zurich (CH)	CHF	1,000,000	100.0
Safilo Polska sp. z.o.o. - Warsaw (PL)	PLN	50,000	100.0
Safilo India Pvt. Ltd - Bombay (IND)	INR	42,000,000	100.0
Safilo Australia Pty Ltd.- Sydney (AUS)	AUD	3,000,000	100.0
Safilo UK Ltd. - London (GB)	GBP	250	100.0
Safilo America Inc. - Delaware (USA)	USD	8,419	100.0
Safilo USA Inc. - New Jersey (USA)	USD	23,289	100.0
Safilo Services LLC - New Jersey (USA)	USD	-	100.0
Smith Sport Optics Inc. - Idaho (USA)	USD	12,087	100.0
Solstice Marketing Corp. – Delaware (USA)	USD	1,000	100.0
Safilo de Mexico S.A. de C.V. - Distrito Federal (MEX)	MXP	10,035,575	100.0
Safilo Canada Inc. - Montreal (CAN)	CAD	100,000	100.0
Canam Sport Eyewear Inc. - Montreal (CAN)	CAD	199,975	100.0

Safilo Optik Ticaret Limited Şirketi - Istanbul (TR)	TRL	1,516,000	100.0
Safilo Middle East FZE - Dubai (UAE)	AED	3,570,000	100.0
Privè Goods LLC. - Delaware (USA)	USD	19,919,335	88.8
Privè Capsules LLC - Delaware (USA)	USD	-	88.8
Blenders Eyewear LLC - Delaware (USA)	USD	1,000	80.0
PorSa Eyewear (Xiamen) Co Ltd.- (RC)	CNY	1,000,000	100.0

1.4 Translation of financial statement in currencies other than Euro

The exchange rates applied in the conversion of subsidiaries' financial statements prepared in currencies other than the Euro are given in the following table; appreciation (figures with a minus sign in the table below) indicates an increase in the value of the currency against the Euro.

		As of		(Apprec.) /Deprec.	Average for		(Apprec.)/ Deprec.
Currency	**Code**	**June 30, 2024**	**December 31, 2023**	**%**	**First semester 2024**	**First semester 2023**	**%**
US Dollar	USD	1.0705	1.1050	-3,1%	1.0813	1.0807	0,1%
Hong-Kong Dollar	HKD	8.3594	8.6314	-3,2%	8.4540	8.4709	-0,2%
Swiss Franc	CHF	0.9634	0.9260	4,0%	0.9615	0.9856	-2,4%
Canadian Dollar	CAD	1.4670	1.4642	0,2%	1.4685	1.4566	0,8%
Japanese Yen	YEN	171.9400	156.3300	10,0%	164.4614	145.7604	12,8%
British Pound	GBP	0.8464	0.8691	-2,6%	0.8547	0.8764	-2,5%
Swedish Krown	SEK	11.3595	11.0960	2,4%	11.3914	11.3329	0,5%
Australian Dollar	AUD	1.6079	1.6263	-1,1%	1.6422	1.5989	2,7%
South-African Rand	ZAR	19.4970	20.3477	-4,2%	20.2476	19.6792	2,9%
Russian Ruble	RUB	93.3485	99.9723	-6,6%	98.2195	83.5368	17,6%
Brasilian Real	BRL	5.8915	5.3618	9,9%	5.4922	5.4827	0,2%
Indian Rupee	INR	89.2495	91.9045	-2,9%	89.9862	88.8443	1,3%
Singapore Dollar	SGD	1.4513	1.4591	-0,5%	1.4561	1.4440	0,8%
Malaysian Ringgit	MYR	5.0501	5.0775	-0,5%	5.1107	4.8188	6,1%
Chinese Renminbi	CNY	7.7748	7.8509	-1,0%	7.8011	7.4894	4,2%
Korean Won	KRW	1.474.860	1.433.6600	2,9%	1.460.3153	1.400.4350	4,3%
Mexican Peso	MXN	19.5654	18.7231	4,5%	18.5089	19.6457	-5,8%
Turkish Lira	TRY	35.1868	32.6531	7,8%	34.2364	21.5662	58,7%
Dirham UAE	AED	3.9314	4.0581	-3,1%	3.9709	3.9687	0,1%
Polish Zloty	PLN	4.3090	4.3395	-0,7%	4.3169	4.6244	-6,7%

The foreign exchange rates applied by the Group are the ones published by the European Central Bank on the last working day of the relevant reporting period. Starting from 2 March 2022 the European Central Bank decided to suspend the publication of a Euro reference rate for the Russian Rouble until further notice. The Group has updated the EUR/RUB exchange rate using the reference rate published by a primary financial data provider.

Foreign currency transactions are converted into the currency using the exchange rate at the transaction date. The foreign exchange gains and losses resulting from the settlement of transactions and from the translation at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, in the line "Financial charges, net".

1.5 Use of estimates

The preparation of the interim condensed consolidated financial statements requires the Directors to apply accounting principles and methods that, in some circumstances, are based on difficult and subjective valuations and estimates based on historical experience and assumptions which are from time to time considered reasonable and realistic according to the prevailing circumstances. The application of these estimates and assumptions impact the amounts reported in the financial statements such as the balance sheet, the income statement and the cash flow statement and the disclosures in the notes to the accounts. Actual results may differ from previous estimates and assumptions due to the uncertainty which characterises the assumptions and the conditions upon which the estimates are based.

Some valuation processes, in particular the most complex ones such as the calculation of permanent impairments in values for fixed assets, are only made in full for the preparation of the Annual financial statements when all the necessary information is available, unless "impairment" indicators exist that require an immediate valuation of a potential loss in value.

The potential effects of this phenomenon on the estimates used by management are also commented below.

- *Write-down of goodwill and fixed assets*: in accordance with the accounting standards adopted for the preparation of the financial statements, the Group tests goodwill and net invested capital (including fixed assets) at least once a year in order to ascertain the existence of any loss in value to be recorded in the income statement. In particular, the test results in the determination of the recoverable value allocated to the cash-generating unit. This value is determined according to their current value in use the determination of which requires the Directors to make valuations based on the information available within the Group and from the market, as well as historical experience. In addition, when it is deemed that there may be a potential loss in value, the Group determines this using the most appropriate technical valuation methods available. Proper identification of the indicators of contingent impairment as well as the estimates used to determine them depend on factors which may vary over time, influencing the Directors' measurements and estimates.

- *Allowance for bad or doubtful debts*: the allowance for bad or doubtful debts reflects the management's best estimate regarding losses concerning the credit portfolio towards the final client. This estimate is based on the losses expected by the Group, determined on the basis of past experience for similar credits, current and historic overdue, careful monitoring of credit quality and projections regarding the economic and market conditions. Management in its estimate considered also the economic conditions present in the various markets in which the Group operates and the consequent possible future losses on debts originated by contingent situations in those markets.

- *Allowance for inventory obsolescence*: the Group produces and sells goods subject to changes in market trends and consumer demand, consequently a significant level of judgment is required in determining the appropriate write-down of inventories based on sales forecasts. The inventory of finished products which are obsolete or slow moving are regularly subjected to specific assessment tests, which take into consideration past experience, historic results and the probability of sale under normal market conditions. If the need to reduce the value of the stock should arise following these analyses, management proceeds with the appropriate write-downs.

- *(Contingent) liabilities*: the Group is subject to legal and tax actions regarding different types of problems; due to uncertainties relating to proceedings and the complexity of such proceedings, the management consults its lawyers, and other legal and fiscal experts, and when expenditure is considered probable and the amount can be reasonably estimated, adequate funds are allocated.

- *Deferred taxes*: deferred tax assets are accounted for on the basis of the expectations of future taxable income. The assessment of the recoverability of deferred tax assets derives from specific assumptions about the probability that taxable income will be realized in future years and that these are sufficient to allow the recovery of deferred tax assets. These valuations are based on assumptions that may not be realized or are realized to an insufficient extent compared to what is necessary to fully recover the deferred tax assets recorded in the financial statements, and therefore their variation could have significant effects on the valuation of deferred tax assets.

- *Options on minority interests:* the contractual purchase terms of some investments in subsidiaries also include reciprocal put and call options on the non-controlling interests, for which the Group has recognized a liability whose valuation is highly dependent on the expectations of management regarding the future performance of the acquired companies.

2. Notes to the Interim condensed consolidated balance sheet

2.1 Cash and cash equivalents

At 30 June 2024 this account totals Euro 41,619 thousand, compared to Euro 74,898 thousand at 31 December 2023 and represents the momentary availability of cash invested at market rates. The book value of the available liquidity is aligned with its fair value at the reporting date. The related credit risk is very limited as the counterparties are leading banks.

Management has the ability to readily access to the cash balances located all over the Group if needed.

2.2 Trade receivables

This item breaks down as follows:

(Euro/000)	June 30, 2024	December 31, 2023
Gross value trade receivables	249,389	213,594
Allowance for doubtful accounts (-)	(10,134)	(10,519)
Net value	**239,255**	**203,075**

The allowance for doubtful accounts includes the provision for insolvency posted on the income statement under the item "general and administrative expenses" (note 3.4).

The following table shows changes in the allowance for doubtful accounts:

(Euro/000)	January 1, 2024	Addition	Use/Release (-)	Transl. diff.	June 30, 2024
Allowance for doubtful accounts (-)	10,519	1,208	(1,367)	(226)	10,134

The Group has no particular concentration of credit risk, as its credit exposure is spread over a large number of clients and geographies. The carrying amount of the trade receivables, is considered to be approximately equal to their *fair value*.

The decrease of the period equal to Euro 1,367 thousand is mainly related to the use of the allowance to cover the impact of the write-off of the already impaired accounts receivables considered as definitively not recoverable.

As required by IFRS 7, paragraph 36, the table below analyses the age of gross receivables as of 30 June 2024 and 31 December 2023:

Ageing of trade receivables *(Euro/000)*	**June 30, 2024**	**December 31, 2023**
	Nominal value	**Nominal value**
up to 3 months	148	497
3 to 6 months	680	1,042
6 to 9 months	746	1,358
from 9 to 12 months	791	676
from 12 to 24 months	3,318	2,252
over 24 months	3,776	3,920
Overdue and impaired	**9,458**	**9,744**
up to 1 month	17,465	12,063
from 1 to 3 months	6,792	5,502
3 to 6 months	7,153	6,533
6 to 9 months	2,315	1,796
from 9 to 12 months	1,010	582
from 12 to 24 months	565	1,071
over 24 months	405	310
Overdue and not impaired	**35,705**	**27,856**
Neither overdue nor impaired	**204,226**	**175,994**
Grand total	**249,389**	**213,594**

At 30 June 2024 overdue receivables not impaired, amounted to 35,705 thousand Euro (compared to 27,856 thousand Euro at 31 December 2023). Of these, receivables that were more than 12 months past due, not impaired due to a reasonable expectation of collection, amounted to 970 thousand Euro (compared to 1,381 thousand Euro at 31 December 2023) and accounted for 0.4% of the Group's total trade receivable compared to 0.7% at 31 December 2023.

In accordance with the requirements of IFRS 9, the Group has assessed the existing trade receivables for impairment based on the model of expected losses, as at 30 June 2024 the provision for doubtful accounts includes a credit loss allowance of 0.7 million Euro (0.8 million Euro at 31 December 2023) that covers the potential additional credit risk expected on the amount overdue and not impaired and on the amount not past due.

2.3 Inventory

This item breaks down as follows:

(Euro/000)	**June 30, 2024**	**December 31, 2023**
Raw materials	51,410	51,588
Work in progress	3,085	3,335
Finished goods	194,895	228,158
Gross inventories	**249,390**	**283,081**
Provision for obsolete inventories (-)	(51,981)	(54,090)
Total	**197,409**	**228,991**

In order to deal with obsolete or slow-moving stock, a specific provision has been allocated, calculated on the basis of the possibility for future sale of finished goods and use of raw materials and semi-finished products, also taking into consideration not renewed licenses. This item is charged in the income statement in "cost of sales" (note 3.2).

The movements in the period are shown below:

(Euro/000)	**January 1, 2024**	**Posted to income statement**	**Transl. diff.**	**June 30, 2024**
Inventory gross value	283,081	(38,485)	4,795	249,390
Provision for obsolete inventories (-)	(54,090)	2,507	(398)	(51,981)
Total net	**228,991**	**(35,978)**	**4,397**	**197,409**

The decrease of the inventory gross value is in line with the trend of the business seasonality and the result also of the continuing effort to improve the management of the stock on hand.

2.4 Derivative financial instruments

The following table summarises the total amount of derivative financial instruments:

(Euro/000)	**June 30, 2024**	**December 31, 2023**
Current assets:		
- Foreign currency contracts - Fair value through P&L	367	585
Non-current assets:		
- Interest rate swaps - cash flow hedge	359	271
Current liabilities:		
- Foreign currency contracts - Fair value through P&L	(431)	(3,909)
Total Net	**295**	**(3,054)**

The market value of the forward hedge contracts is calculated using the present value of the differences between the contractual forward exchange rate and the market forward exchange rate. The net market value of interest rate swap (IRS) is based on the mark to market valuation provided by the banks and other primary financial data providers. The Group's policies for managing interest rate risk are designated to hedge of the exposure to variability in future interest cash flows and therefore the related hedging effect must be suspended in the cash flow reserve and recognised in profit or loss in subsequent years when the expected flows actually emerge.

At the reporting date, the Group had outstanding contracts for the hedging against exchange rate fluctuations for a negative net market value of Euro 64 thousand and interest rate swaps contracts for a positive value of 359 thousand Euro.

2.5 Other current assets

This item breaks down as follows:

(Euro/000)	June 30, 2024	December 31, 2023
VAT receivable	8,379	7,670
Income tax receivables	20,362	19,307
Prepayments and accrued income	11,985	6,452
Other receivables	7,737	6,689
Total	**48,464**	**40,119**

Income tax receivables are mainly related to tax credits and advance payments made during the period which will be offset against the related tax payable.

Prepayments and accrued income amounted to Euro 11,985 thousand (Euro 6,452 thousand at 31 December 2023) mainly relate to royalties and advertising expenses, prepaid insurance and other prepaid expenses. The increase of the period is related to the deferral of a commission paid for the early renewal of a license contract.

Other current receivables amounted to Euro 7,737 thousand, compared to Euro 6,689 thousand of 31 December 2023. The balance mainly includes deposit payments due within 12 months and other receivables related to the ordinary business.

These receivables are expected to be recovered in the coming months and are reasonably certain in terms of fulfillment conditions. It is considered that the book value of the other current assets is approximately equal to their *fair value*.

2.6 Tangible assets

Changes in tangible assets in the first six months of 2024 are shown below:

(Euro/000)	January 1, 2024	Increase	Decrease	Reclass.	Transl. diff.	June 30, 2024
Gross value						
Land and buildings	107,669	2,113	(311)	224	517	110,212
Plant and machinery	133,574	667	(3,307)	-	369	131,304
Equipment and other assets	121,301	2,481	(374)	(224)	1,211	124,396
Advance payments	-	-	-	-	-	-
Total	**362,545**	**5,262**	**(3,992)**	**-**	**2,097**	**365,911**
Accumulated depreciation						
Land and buildings	56,341	1,849	(311)	231	244	58,354
Plant and machinery	115,724	1,691	(3,206)	-	289	114,498
Equipment and other assets	101,730	3,734	(363)	(230)	907	105,778
Total	**273,795**	**7,274**	**(3,880)**	**-**	**1,440**	**278,630**
Net value	**88,750**	**(2,013)**	**(112)**	**-**	**657**	**87,282**

Investments in tangible assets in the first six months amount to Euro 5,262 thousand (Euro 5,478 thousand in the previous period), and refer to:

- Euro 2,176 thousand in production facilities, mainly for the upgrade of plants and for the purchase and production of equipment for new models;
- Euro 2,357 thousand for the U.S. companies, mainly for improvements in the Denver distribution center;
- Euro 651 thousand in the Italian distribution center mainly for the upgrade of logistic equipment;
- the remaining part in other companies of the Group.

2.7 Right of Use assets

The table below summarises the changes in the Right of Use assets, mainly related to real estate rent contracts and to long term operating lease contracts for company cars.

(Euro/000)	January 1, 2024	Increase	Decrease	Reclass.	Transl. diff.	June 30, 2024
Gross value						
Buildings Right of Use	56,031	2,242	(4,156)	-	1,353	55,469
Other assets Right of Use	8,568	1,535	(867)	-	7	9,243
Total	**64,599**	**3,777**	**(5,024)**	**-**	**1,360**	**64,713**
Accumulated depreciation						
Buildings Right of Use	26,738	3,991	(3,554)	-	563	27,738
Other assets Right of Use	3,874	1,167	(793)	-	(1)	4,247
Total	**30,612**	**5,158**	**(4,347)**	**-**	**562**	**31,985**
Net value	**33,988**	**(1,381)**	**(676)**	**-**	**798**	**32,728**

Investments in Right of Use assets in the financial period amounts to Euro 3,777 thousand and is mainly related to the ordinary renewal of some locations of the commercial subsidiaries and of the operating lease contracts for company cars.

2.8 Intangible assets

Changes in intangible assets in the first six months of 2024 are shown below:

(Euro/000)	January 1, 2024	Increase	Decrease	Transl. diff.	June 30, 2024
Gross value					
Software	101,275	622	(113)	311	102,095
Trademarks and licenses	152,257	35,275	-	3,062	190,594
Other intangible assets	31,493	96	-	832	32,421
Total	**285,026**	**35,994**	**(113)**	**4,204**	**325,111**
Accumulated amortization					
Software	92,558	2,315	(113)	288	95,048
Trademarks and licenses	58,674	4,599	-	625	63,898
Other intangible assets	25,677	691	-	690	27,058
Total	**176,909**	**7,605**	**(113)**	**1,603**	**186,004**
Net value	**108,117**	**28,389**	**-**	**2,601**	**139,107**

Investments in intangible fixed assets made during the six months amount to 35,994 thousand Euro (914 thousand Euro in the previous period). The asset increase of the item "Trademark and licenses" is mainly related to the perpetual license agreement of David Beckham Eyewear signed on 2 May 2024. This license, in line with other proprietary brands, is considered to have a definite useful lifetime.

Amortization and depreciation for tangible and intangible assets, are allocated over the following income statement items:

(Euro/000)	Notes	First semester 2024	First semester 2023
Cost of sales	3.2	3,854	9,083
Selling and marketing expenses	3.3	1,685	1,733
General and administrative expenses	3.4	9,341	9,813
Amortization and depreciation		**14,879**	**20,629**
Cost of sales - Right of Use depreciation	3.2	570	603
Selling and marketing expenses - Right of Use depreciation	3.3	2,409	2,306
General and administrative expenses - Right of Use depreciation	3.4	2,179	2,253
Depreciation Right of Use - IFRS 16		**5,158**	**5,162**
Total		**20,037**	**25,791**

Amortization and depreciation equal 20,037 thousand Euro (25,791 thousand Euro in the previous period).

The decrease for 5,750 thousand Euro mainly affected the "cost of sales" and is due to the reshaping of the Group's industrial capacity following the disposal of the Longarone plant finalised in October 2023. In the previous period the item was affected by non-recurring tangible assets write-downs equal to 3,519 thousand Euro related to the above mentioned disposal.

The Right of Use depreciations are equal to 5,158 thousand Euro (5,162 thousand Euro in the previous period).

2.9 Goodwill

The item refers to goodwill which arose from the acquisitions in 2020 of Privé Revaux and Blenders. A single CGU has been identified, representing the whole Group, to which the entire amount of goodwill has been allocated: this allocation is consistent with the strategy underlying the acquisitions, that, beyond the acquisition of two new brands, will enable the whole Group to compete more effectively in the fast-growing digital sales and communication channels. The allocation to a single CGU is consistent with the strategic vision that the Directors have of the Group and reflects the way in which management monitors operations and makes decisions on the maintenance or sale of assets and with the high level of interdependence of the cash inflows of the Group. Strategy, goal setting, operations management, as well as reporting and incentive systems are managed at a corporate level, leaving to the local units deployment and tailoring to the specific market. The allocation to a single CGU is consistent with the approach adopted for the preparation of the previous year financial statements.

The following table shows changes in Goodwill:

(Euro/000)	**January 1, 2024**	**Increase**	**Decrease**	**Transl. diff.**	**June 30, 2024**
Goodwill	33,682	-	-	1,085	34,767

During the current period, the item recorded an increase of 1,085 thousand Euro due to the foreign currency translation.

In consideration of the Group's economic and financial performance in the first half of 2024, described in the report on operations and in line with the budget and medium-term forecasts reflected in the Financial Projections for the period 2024–2028, the Directors have concluded that there are no indicators of potential impairment of the value of the Group assets. As a consequence, there has been no need to perform an impairment test on 30 June 2024.

2.10 Deferred tax assets and deferred tax liabilities

The following table shows the amounts of deferred tax assets and liabilities, net of the write-down applied:

(Euro/000)	**June 30, 2024**	**December 31, 2023**
Deferred tax assets	192,198	199,207
Valuation Allowance (-)	(163,291)	(163,887)
Net deferred tax assets	28,907	35,320
Deferred tax liabilities	(4,954)	(10,291)
Total net	**23,953**	**25,029**

The deferred tax assets, net of deferred tax liabilities, have been reviewed and reduced by a valuation allowance in relation to some Group companies to the extent it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax assets to be utilized.

This write-down can be reversed in future years to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and tax losses can be utilized.

2.11 Other non-current assets

This item breaks down as follows:

(Euro/000)	**June 30, 2024**	**December 31, 2023**
Long-term guarantee deposits	1,271	1,183
Other long-term receivables	3,737	5,388
Long-term tax receivables	441	1,097
Total	**5,449**	**7,668**

Long-term guarantee deposits mainly refer to security deposits for leasing contracts related to buildings used by some of the Group's companies.

Other long-term receivables mainly refer to the cash consideration for the disposal of the office real estate near the Padua Headquarters finalised with effective data 1 December 2021. The receivable has been discounted to its present value and will be collected through monthly instalments along a four-year payment period according to the contract.

Long-term tax receivables mainly refer to VAT and other income tax receivables of some Group companies. The book value of the other non-current assets is considered approximately equal to their fair value.

2.12 Bank loans and borrowings

This item breaks down as follows:

(Euro/000)	June 30, 2024	December 31, 2023
Short-term portion of long-term bank loans	30,500	30,250
Short-term borrowings	**30,500**	**30,250**
Long-term bank loans	73,674	88,345
Long-term borrowings	**73,674**	**88,345**
Short-term portion of financial lease liability IFRS 16	8,975	9,643
Long-term portion of financial lease liability IFRS 16	28,831	29,359
Financial lease liability IFRS 16	**37,806**	**39,002**
Total	**141,980**	**157,597**

Borrowings

At 30 June 2024 the Group has bank loans for a total amount of 104,174 thousand Euro of which 30,500 thousand Euro classified as short-term and 73,674 thousand Euro as long-term (118,595 thousand Euro as at 31 December 2023 of which 30,250 thousand Euro classified as short-term and 88,345 thousand Euro as long-term).

The breakdown of bank loans by facility is detailed as follows:

- 105,000 thousand Euro related to the Term Loan Facility and 2,000 thousand Euro related to the partial initial drawn of the Capex Facility Line. Both facilities are carried at amortized cost, meaning that the total outstanding transaction costs are amortized along the duration of the facility and reported as reduction of the par values. This reduces the amount of the two facilities by 2,826 thousand Euro, bringing their combined net value to 104,174 thousand Euro;

- the Group’s Revolving Credit Facility (75,000 thousand Euro) has not been drawn as at 30 June 2024 (no amount drawn also as at 31 December 2023).

These committed, unsubordinated and unsecured facility agreements are subject to customary operating and financial covenants, based on the ratio net debt/EBITDA adjusted. At 30 June 2024 the Group complies with all the outstanding covenants.

The Term Loan Facility matures in September 2027, with a repayment profile in ten semi-annual instalments starting from June 2023. Here below we report the maturity analysis of the nominal value of the long-term bank loans, gross of 2,826 thousand Euro of transaction costs (3,405 thousand Euro as at 31 December 2023):

(Euro/000)	June 30, 2024	December 31, 2023
From 1 to 2 years	30,500	30,500
From 2 to 3 years	30,500	30,500
From 3 to 4 years	15,500	30,750
From 4 to 5 years	-	-
Beyond 5 years	-	-
Total	**76,500**	**91,750**

The following table details the credit lines granted to the Group, the uses and the net available amounts, net of factoring and leasing transactions:

June 30, 2024 *(Euro/000)*	Credit lines granted	Used	Credit lines available
Credit lines on bank accounts and short-term bank loans	17,382	-	17,382
Credit lines on long-term bank loans	182,000	107,000	75,000
Total	**199,382**	**107,000**	**92,382**

The credit lines on loans are related to the committed, unsubordinated and unsecured financing agreement with maturity September 2027 consisting of a Term Loan Facility of 105,000 thousand Euro, a Revolving Credit Facility of 75,000 thousand Euro and a Capex Facility line of 2,000 thousand Euro, for a total amount equal to 182,000 thousand Euro (used for 107,000 thousand Euro at 30 June 2024).

The Group, as at 30 June 2024, has no financial borrowings in currencies other than Euro.

Financial Lease liability

The IFRS 16 financial lease liability, as at 30 June 2024, amounts to 37,806 thousand Euro of which 8,975 thousand Euro as short term, and 28,831 thousand Euro as long term.

Net Financial Debt

The following table shows the breakdown of net financial debt. This has been calculated consistently with the ESMA communication 32-382-1138 issued on 4 March 2021 implementing the European regulation UE 2017/1129 and in line with the CONSOB attention notice 5/21 of 29 April 2021.

Net financial debt *(Euro/000)*	**June 30, 2024**	**December 31, 2023**	**Change**
A Cash	41,619	74,898	(33,280)
B Cash equivalents	-	-	-
C Other current financial assets	-	-	-
D Liquidity (A + B + C)	**41,619**	**74,898**	**(33,280)**
E Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	-	-	-
F Current portion of non-current financial debt	(39,475)	(39,893)	418
G Current financial indebtedness (E + F)	**(39,475)**	**(39,893)**	**418**
H Net current financial indebtedness (G - D)	**2,144**	**35,005**	**(32,862)**
I Non-current financial debt (excluding current portion and debt instruments)	(102,505)	(117,704)	15,199
J Debt instruments	-	-	-
K Non-current trade and other payables	-	-	-
L Non-current financial indebtedness (I + J + K)	**(102,505)**	**(117,704)**	**15,199**
M Total financial indebtedness (H + L)	**(100,361)**	**(82,699)**	**(17,663)**

The Group net financial debt reported in the above table does not include the valuation of derivative financial instruments and the put and call option liability on minority interests described respectively in note 2.4 and 2.18 of this report.

In compliance with the ESMA communication 32-382-1138 of 4 March 2021 and the CONSOB attention notice 5/21 of 29 April 2021, it is specified that at 30 June 2024 the indirect or contingent indebtedness of the Group, includes "liabilities for options on non-controlling interests" equal to 20,346 thousand of Euro as disclosed in note 2.18.

In compliance with the same communication, it is specified that the balance sheet also presents a liability for "employee benefit obligations" equal to 9,723 thousand of Euro as disclosed in note 2.17, and "provisions for risks" for a total of 13,518 thousand of Euro as disclosed in note 2.16.

2.13 Trade payables

This item breaks down as follows:

(Euro/000)	June 30, 2024	December 31, 2023
Trade payables for:		
Purchase of raw materials	17,003	25,055
Purchase of finished goods	54,478	63,007
Supplies from subcontractors	4,988	3,682
Tangible and intangible assets	1,602	1,895
Commissions	4,656	2,333
Royalties	15,872	12,333
Advertising and marketing costs	12,799	13,336
Services	44,711	43,113
Sales returns liabilities (Refund Liability)	6,669	7,353
Total	**162,778**	**172,106**

The book value of the trade payables is maintained as being approximately the same as their fair value.

Sales returns liabilities refer to the amount accrued against the risk of returns of products sold and delivered to customers that, based on the relevant sales terms, might be returned. This sum is charged to the income statement and is deducted directly from revenues. The refund liability refers to identified items and customers and management has elements to estimate the liability with a high level of reliability.

2.14 Tax payables

This item breaks down as follows:

(Euro/000)	June 30, 2024	December 31, 2023
Income tax payables	17,042	14,120
VAT payables	6,364	4,463
Other taxes payables	3,382	4,799
Total	**26,787**	**23,382**

At 30 June 2024 tax payables amounted to Euro 26,787 thousand (compared to Euro 23,382 thousand at 31 December 2023). Of this amount Euro 17,042 thousand referred to income tax for the period, Euro 6,364 thousand to VAT payable and Euro 3,382 thousand to taxes withheld, current and local taxes.

The provision for the year's current income tax is shown in note 3.8 concerning income tax.

2.15 Other current liabilities

This item breaks down as follows:

(Euro/000)	June 30, 2024	December 31, 2023
Payables to personnel and social security institutions	29,526	26,039
Agent fee payables	200	200
Payables to pension funds	731	1,109
Accrued advertising and sponsorship costs	1,029	743
Accrued interests on long-term loans	92	89
Other accruals and deferred income	8,985	8,563
Other current liabilities	2,935	4,030
Total	**43,497**	**40,773**

"Payables to personnel and social security institutions" mainly refer to salaries and wages, which are paid during the following month, and to holidays accrued but not taken at the reporting date.

2.16 Provision for risks and charges

This item breaks down as follows:

(Euro/000)	January 1, 2024	Increase	Decrease	Transl. diff.	June 30, 2024
Product warranty provision	3,337	13	-	29	3,380
Agents' severance indemnity	1,992	80	(156)	-	1,916
Other provisions for risks and charges	4,114	3,918	(5,694)	(13)	2,325
Provisions for risks - long term	**9,443**	**4,012**	**(5,851)**	**16**	**7,620**
Product warranty provision	1,989	-	-	52	2,041
Provision for corporate restructuring	597	300	(597)	-	300
Other provisions for risks and charges	6,431	(56)	(2,817)	(1)	3,557
Provisions for risks - short term	**9,017**	**244**	**(3,414)**	**51**	**5,898**
Total	**18,460**	**4,256**	**(9,265)**	**67**	**13,518**

The product warranty provision was recorded against the costs to be incurred for the replacement of products sold before the balance sheet date.

The agents' severance indemnity was created against the risk deriving from the payment of indemnities in case of termination of the agency agreement. This provision has been calculated based on existing laws at the balance sheet date considering all the future expected financial cash outflows.

Provision for corporate restructuring includes the estimated liability arising from the reorganization projects under way.

Provisions for other risks and charges refer to the best estimate made by the management of the liabilities to be recognized in relation to proceedings arisen against suppliers, tax authorities and other counterparts. The decrease of the period of the other long-term provision for risks is mainly related to the settlement of a litigation related to a terminated license agreement.

The estimate of the above-mentioned allowances takes into account, where applicable, the opinion of legal consultants and other experts, past company experience and others' in similar situations, as well as the intention of the company to take further actions in each case. The provision in the consolidated financial statements is the sum of the individual accruals made by each company of the Group.

The above-mentioned allowances are considered sufficient to cover the existing risks.

2.17 Employees benefits liability

This item breaks down as follows:

(Euro/000)	**June 30, 2024**	**December 31, 2023**
Defined contribution plan	13	12
Defined benefit plan	9,711	9,722
Total	**9,723**	**9,734**

This item refers to different forms of defined benefit and defined contribution pension plans, in line with the local conditions and practices in the countries in which the Group carries out its business.

The table below shows the movement in the item "defined benefit plan" during the period:

(Euro/000)	**January 1, 2024**	**Addition**	**Uses**	**Transl. diff.**	**June 30, 2024**
Defined benefit plan	9,722	663	(658)	(16)	9,711

2.18 Liabilities for options on non-controlling interests

Movements in the item were as follows:

(Euro/000)	January 1, 2024	Increase	Decrease	Transl. diff.	June 30, 2024
Long term - liabilities for options on non-controlling interests	20,770	-	(1,083)	659	20,346
	20,770	**-**	**(1,083)**	**659**	**20,346**

The amount equal to 20,346 thousand Euro refers to the put and call options liability on the non-controlling interests of the business combinations finalised in 2020 in Privé Goods LLC and Blenders Eyewear LLC.

Pursuant to the contractual terms the non-controlling interests held by the minority equity holders are subject to customary reciprocal put and call options. More specifically, the put and call options were to be exercised in each of the years 2023, 2024 and 2025 for one third of the minority interests. In March 2023, the Group has agreed an extension of the second and third tranche of the put and call options on the non-controlling interest in Blenders, from 2024 and 2025 to 2026 and 2027 respectively.

During the period the put and call option fair value liability recorded a fair value adjustment for a decrease equal to 1,083 thousand Euro reported as financial income in the item "Gains/(losses) for options on non-controlling interests" in the income statement.

Furthermore, the value of the liability was adjusted for translation difference due to the Euro/USD exchange rate fluctuation and for the accretion consequent to the financial discounting of the long-term debt.

2.19 Other non-current liabilities

Movements in the item were as follows:

(Euro/000)	January 1, 2024	Increase	Decrease	Transl. diff.	June 30, 2024
Other non current liabilities	2,653	4,933	-	8	7,594
	2,653	**4,933**	**-**	**8**	**7,594**

The "other non-current liabilities" line is mainly related to the estimate of the tax liability equal to 3,060 thousand Euro accrued according to the new IFRIC 23, on the basis of the assessment of the limited uncertain tax treatments identified within the Group and for the rest to the liability related to the deferred part of the payment for the perpetual license agreement of David Beckham Eyewear.

SHAREHOLDERS' EQUITY

Shareholders' equity is the value contributed by the shareholders of Safilo Group S.p.A. (the share capital and the share premium reserve), plus the value generated by the Group in terms of profit gained from its operations (profit carried forward and other reserves). At 30 June 2024, shareholders' equity amounted to 407,420 thousand Euro, compared to 379,200 thousand Euro at 31 December 2023.

2.20 Share capital

At 30 June 2024 the share capital of the Parent Company, Safilo Group S.p.A., amounts to Euro 384,919,813 consisting of 414,161,659 ordinary shares with no par value (413,745,466 ordinary shares as at 31 December 2023). In the period a number of 416,193 new ordinary shares were issued, resulting from the execution of a share capital increase to the service of the stock option plans named "Stock Option Plan 2017 – 2020" and "Stock Option Plan 2020-2022".

2.22 Share premium reserve

At 30 June 2024 the share premium reserve of the Parent Company, Safilo Group S.p.A., amounts to Euro 27,632,807 (Euro 27,388,371 at 31 December 2023). The increase equal to Euro 244,436 is due to the above new shares issued.

2.22 Retained earnings and other reserves

This item includes both the reserves of the subsidiary companies generated after their inclusion in the consolidation area and the translation differences deriving from the translation into Euro of the financial statements of consolidated companies denominated in other currencies.

During the first semester, the movements of the item "retained earnings and other reserve" mainly refer to:

- an increase of 10,053 thousand Euro due to the translation differences coming from the translation of the subsidiaries' financial statements into Euro;
- an increase of 682 thousand Euro related to the cost of the period of the stock option plans in place.

2.23 Cash flow hedge reserve

The cash flow hedge reserve mainly refers to the current value of derivative instruments related to interest rate swap contracts that cover the variable interest rate risk on future financial interest payments.

2.24 Stock options plans

As at 30 June 2024 the Group has in place the following Stock Option Plans: 2017-2020, 2020-2022 and the new 2023-2025 Plan.

The first Plan was deliberated by the Ordinary Shareholders' meeting held on 26 April 2017, in which the Shareholders approved the issue of up to 2,500,000 (adjusted after the 2018 capital increase to 2,891,425) new ordinary shares to be offered to directors and/or employees of the Company and its subsidiaries.

The 2020-2022 Plan was deliberated by the Ordinary Shareholders' meeting held on 28 April 2020, in which the Shareholders approved the issue up to 7,000,000 new ordinary shares without par value to be offered to directors and/or employees of the Company and its subsidiaries.

The 2023-2025 Plan was deliberated by the Ordinary Shareholders' meeting held on 27 April 2023 in which the Shareholders approved the issue up to a maximum of 22,000,000 options (corresponding to a maximum number of 22,000,000 ordinary shares of the Company) in favour of executive directors who are also employees and other employees of the Company and/or other companies within the Group.

The adoption of these plans has affected the income statement for the period for a cost of Euro 682 thousand (Euro160 thousand at 30 June 2023).

3. Notes on the Interim consolidated income statement

3.1 Net sales

The Group's primary revenues are the selling of eyewear products in the wholesale channel through its subsidiary network and a network of independent distribution partners. Moreover, the Group sell its eyewear products directly to its customers through its online sales channel for some brands of its portfolio, mainly in the North America market.

In 2024 first semester sales amounted to 531,957 thousand Euro, showing a decrease of 3.3% compared to the previous period (550,139 thousand Euro).

For a discussion on sales trends and the disaggregated sales by geographical regions, reference should be made to the report on operations section on the Group's economic results.

3.2 Cost of sales

This item breaks down as follows:

(Euro/000)	**First semester 2024**	**First semester 2023**
Purchase of raw materials and finished goods	134,447	149,290
Capitalisation of costs for increase in tangible assets (-)	(1,210)	(1,742)
Change in inventories	35,978	23,436
Wages and social security contributions	29,108	39,831
Subcontracting costs	5,533	4,844
Amortization and depreciation	3,854	9,083
Depreciation Right of Use - IFRS 16	570	603
Rental and operating leases	711	790
Offset Rental and operating leases - IFRS 16	(624)	(644)
Utilities, security and cleaning	2,018	3,166
Other industrial costs	2,388	2,888
Total	**212,772**	**231,543**

Cost of sales decreased by Euro 18,771 thousand (or -8.1%), from Euro 231,543 thousand for the six months ended 30 June 2023, to Euro 212,772 thousand for the six months ended 30 June 2024.

Wages and social security contributions decrease by Euro 10,723 thousand (or -26.9%) from Euro 39,831 thousand to Euro 29,108 thousand for the six months ended 30 June 2024, benefitting from the savings provided by the reshaping of the industrial capacity following the disposal of the Longarone plant finalised in October 2023.

Amortization and depreciation decreased by Euro 5,229 thousand from Euro 9,083 thousand in 2023 to Euro 3,854 thousand in 2024. The decrease is due to the above reshaping of the Group's industrial capacity, in the previous period the item was affected by non-recurring tangible assets write-downs equal to 3,519 thousand Euro related to the above mentioned disposal.

The change in inventories can be broken down as follows:

(Euro/000)	First semester 2024	First semester 2023
Finished products	33,904	14,463
Work-in-progress	279	575
Raw materials	1,795	8,398
Total	**35,978**	**23,436**

3.3 Selling and marketing expenses

This item breaks down as follows:

(Euro/000)	First semester 2024	First semester 2023
Payroll and social security contributions	62,192	57,460
Sales commissions	22,198	23,760
Royalty expenses	32,503	31,804
Advertising and promotional costs	65,168	73,317
Amortization and depreciation	1,685	1,733
Depreciation Right of Use - IFRS 16	2,409	2,306
Logistic costs	19,032	18,296
Consultants fees	904	682
Rental and operating leases	4,632	3,961
Offset Rental and operating leases - IFRS 16	(2,916)	(2,696)
Utilities, security and cleaning	748	597
Provision for risks	(24)	311
Other sales and marketing expenses	13,389	10,639
Total	**221,921**	**222,170**

Selling and marketing expenses decreased by Euro 249 thousand (or -0.1%), from Euro 222,170 thousand for the six months ended 30 June 2023 to Euro 221,921 thousand for the six months ended 30 June 2024. This was due to the decrease of advertising and promotional costs by Euro 8,149 thousand (or -11.1%), sales commissions by Euro 1,561 thousand (or -6.6%), partially offset by the increase of payroll and social security contributions by Euro 4,732 thousand (or 8.2%), other sales and marketing expenses by 2,750 thousand Euro (or 25.8%), logistic costs by Euro 736 thousand (or 4%) and royalty expenses by Euro 700 thousand (or 2.2%).

3.4 General and administrative expenses

This item breaks down as follows:

(Euro/000)	**First semester 2024**	**First semester 2023**
Payroll and social security contributions	25,377	26,665
Allowance and write-off of doubtful accounts	670	251
Amortization and depreciation	9,341	9,813
Depreciation Right of Use - IFRS 16	2,179	2,253
Professional services	6,459	6,569
Rental and operating leases	2,910	3,167
Offset Rental and operating leases - IFRS 16	(2,439)	(2,569)
EDP costs	10,205	15,327
Insurance costs	922	1,114
Utilities, security and cleaning	1,619	1,784
Taxes (other than on income)	634	590
Other general and administrative expenses	2,413	2,452
Total	**60,290**	**67,416**

General and administrative expenses decreased by Euro 7,125 thousand (or -10.6%), from Euro 67,416 thousand for the six months ended 30 June 2023 to Euro 60,290 thousand for the six months ended 30 June 2024. This was mainly due to a decrease of the EDP expenses by Euro 5,122 thousand (or -33.4%), from Euro 15,327 thousand for the six months ended 30 June 2023 to Euro 10,205 thousand for the six months ended 30 June 2024, following the conclusion in 2023 of some EDP projects.

3.5 Other operating income (expenses)

This item breaks down as follows:

(Euro/000)	**First semester 2024**	**First semester 2023**
Losses on disposal of assets	(114)	(142)
Other operating expenses	(7,033)	(11,337)
Gains on disposal of assets	46	47
Other operating income	699	1,246
Total	**(6,401)**	**(10,185)**

Other operating income and expenses include cost and revenue components either not related to the Group's ordinary operations or that are considered by management to be of non-recurring nature.

During the first six months of 2024 under "other operating expenses" non-recurring costs of Euro 6,220 thousand were accounted for mainly related to a terminated license agreement and some special project.

During the first six months of 2023 under "other operating expenses" non-recurring costs of Euro 11,214 thousand were accounted for mainly related to the announced project to transfer the Longarone plant to third parties, for Euro 8,889 thousand, and to some special projects and restructuring expenses.

3.6 Gains (losses) on liabilities for options on non-controlling interests

The item refers to the gain or loss deriving from the changes in the fair value of the liability related the put and call options on the non-controlling interests of the business combinations finalised in the first half of 2020 (for more details see the note 2.18).

As at 30 June 2024 the fair value of the liability recorded a decrease equal to 1,083 thousand Euro reported as financial income in this item of the income statement (a loss of 8,586 thousand Euro in the six months ended 30 June 2023).

3.7 Interest expenses and other financial charges, net

This item breaks down as follows:

(Euro/000)	**First semester 2024**	**First semester 2023**
Nominal interest expenses on loans	(3,894)	(4,378)
Figurative interest expenses on loans	(579)	(645)
Interest expenses on operating leases - IFRS 16	(863)	(873)
Bank commissions	(3,090)	(3,569)
Other financial charges	(434)	(577)
Total financial charges	**(8,860)**	**(10,042)**
Interest income	1,011	391
Other financial income	1,069	1,530
Total financial income	**2,080**	**1,921**
Positive exchange rate differences	3,886	10,007
Negative exchange rate differences	(3,998)	(11,299)
Total exchange rate differences, net	**(112)**	**(1,293)**
Total financial charges, net	**(6,892)**	**(9,414)**

Total net financial charges decrease by Euro 1,181 thousand from Euro 10,042 thousand for the six months ended 30 June 2023 to Euro 8,860 thousand for the six months ended 30 June 2024. Excluding the accounting effect of the IFRS 16 interest expenses equal to Euro 863 thousand, interests on loans decreased by Euro 484 thousand, thanks to the partial reimbursements of the period of the long-term bank loans.

The items "figurative interest expenses on loans" is related to the additional figurative interest component calculated according to the amortised cost method on the basis of the effective interest rate including any transaction costs.

Net exchange rate differences are equal to a loss of Euro 112 thousand in the first six months ended 30 June 2024 compared to a loss of Euro 1,239 thousand in the first six months of 2023.

3.8 Income tax expenses

This item breaks down as follows:

(Euro/000)	**First semester 2024**	**First semester 2023**
Current tax	(6,153)	(11,059)
Deferred tax	(1,335)	850
Total	**(7,488)**	**(10,210)**

Income taxes record an expense for the six months ended 30 June 2024 of 7,488 thousand Euro (10,210 thousand Euro in the previous period).

Pillar Two Model Rules impact

With effect from 1 January 2024, Safilo Group, consolidated line-by-line in the consolidated financial statements of the HAL Group (whose Ultimate Parent Entity is HAL Holding N.V.), falls within the scope of the Global Minimum Tax (or "GMT" or "Pillar Two") application, enacted by the Council Directive (EU) 2022/2523, and enacted in Italy by the Legislative Decree 209/2023 ('the Legislative Decree'), aimed at ensuring a global minimum tax level for multinational groups of enterprises.

Since Safilo Group S.p.A. and its subsidiaries are members of the Multinational Group of Enterprises of HAL Holding N.V., for the Pillar Two Global Minimum Tax purposes, Safilo Group S.p.A. qualifies as a Partially Owned Parent Entity ("POPE").

As provided for in IAS 12, paragraph 4.A, as an exception to the provisions of that Standard, Safilo Group S.p.A. does not recognize or disclose information on deferred taxes and liabilities related to Pillar Two income taxes.

Based on known or reasonably estimable information, Safilo Group's exposure to Pillar Two income taxes as of 30 June 2024, is estimated in Euro 19 thousand in the United Arab Emirates (UAE) jurisdiction.

It should be noted that the above estimation was made in accordance with the provisions of the Legislative Decree and with the OECD rules (i.e. GloBE Rules) concerning both the so-called "Transitional CbCR Safe Harbours Tests" and the "Global Minimum Tax"' (i.e. full compliance), with reference to Safilo Group. The main assumptions are summarized as follows:

- "Transitional CbCR Safe Harbour Tests": according to the Ministry of Economics and Finance Decree enacted pursuant to Article 39, paragraph 3 of the Legislative Decree (and in line with the OECD provision on Transitional Safe Harbours), the three tests provided for (i.e. De Minimis, Simplified ETR and Routine Profit Test) was applied in all jurisdictions in which Safilo Group is present, also considering the economic figures (e.g. profit or loss before tax; current and deferred taxes; revenues), which can be referred to the other constituent entities, located therein, belonging to Safilo Group;

- "Global Minimum tax" (or Top-up Tax (TuT) calculation): as a result of the aforementioned tests, the effective tax rate in the UAE resulted to be lower than the minimum required (i.e., 15%) and, therefore, the resulting Top-up Tax was determined considering all Safilo Group constituent entities (different from excluded entities), located therein (i.e., jurisdictional blending). The full compliance calculation was determined assuming the relevant figures equal to the economic figures used for Transitional CbCR Safe Harbour Tests calculation and without considering the positive impact of the Substance-based Income Exclusion.

3.9 Earnings (Losses) per Share

The calculation of basic and diluted earnings (losses) per share is shown in the tables below:

Basic

	First semester 2024	First semester 2023
Profit/(Loss) for ordinary shares (in Euro/000)	17,606	(8,959)
Average number of ordinary shares (in thousands)	413,797	413,721
Earnings/(Losses) per share - basic (in Euro)	**0.043**	**(0.022)**

Diluted

	First semester 2024	First semester 2023
Profit/(Loss) for ordinary shares (in Euro/000)	17,606	(8,959)
Average number of ordinary shares (in thousands)	413,797	413,721
Dilution effects:		
- stock option (in thousands)	2,941	3,475
Total	**416,738**	**417,196**
Earnings/(Losses) per share - diluted (in Euro)	**0.042**	**(0.021)**

3.10 Seasonality

Group revenues are partially affected by seasonal factors, as demand is higher in the first half of the year as a result of sunglass sales ahead of the summer. Revenues are historically at their lowest in the third quarter of the year, since the sales campaign for the second half is launched in autumn. The described trend in sales has related effects on trade receivables, inventory, trade payables and the liquidity profile of the Group.

3.11 Significant non-recurring transactions and atypical and/or unusual operations

In the first six months of 2024, the Group did not engage in significant non-recurring transactions or atypical and/or unusual operations pursuant to the CONSOB communication of July 28th 2006.

3.12 Dividends

In the first six months of 2024, the parent company Safilo Group S.p.A. did not pay any dividends to its shareholders.

3.13 Segment reporting

The criteria applied for identifying the operating sector are inspired by the methods through which management, at the highest decision-making level, manages the Group and reviews the operating results for the purposes of adopting decisions regarding the resources to be allocated and evaluating of the results themselves. Following the sale of the Group's residual retail business during 2019, the Group considers a sole operating segment.

RELATED PARTIES TRANSACTIONS

The nature of transactions with related parties is set out in the following table:

Related parties transactions *(Euro/000)*	**Relationship**	**June 30, 2024**	**December 31 2023**
Receivables			
Companies controlled by HAL Holding N.V.	(a)	126	382
Total		**126**	**382**
Payables			
Companies controlled by HAL Holding N.V.	(a)	24	23
HAL Investments B.V.	(a)	20	10
Total		**44**	**33**

Related parties transactions *(Euro/000)*	**Relationship**	**First semester 2024**	**First semester 2023**
Revenues			
Companies controlled by HAL Holding N.V.	(a)	341	556
Total		**341**	**556**
Operating expenses			
Companies controlled by HAL Holding N.V.	(a)	34	28
HAL Investments B.V.	(a)	60	-
Total		**94**	**28**

(a) Companies controlled by Group's reference Shareholder

Transactions with related parties, including intercompany transactions, involve the purchase and sale of products and provision of services on an arm's length basis, similarly to what is done in transactions with third parties. The table above depicts the amounts resulting from transactions carried out in line with market conditions with a minor retail chain belonging to HAL Holding N.V., Group's reference shareholder.

CONTINGENT LIABILITIES

The Group does not have any significant contingent liabilities not covered by adequate provisions. Nevertheless, as of the balance sheet date, various legal actions involving the parent company and certain Group companies were pending. These actions are considered to be groundless and/or their eventual negative outcome cannot be determined at this stage.

COMMITMENTS

At the balance sheet date, the Group had no significant purchase commitments. At the balance sheet date, however, the Group had contracts in force with licensors for the production and sale of sunglasses and frames bearing their trademarks. The contracts not only establish minimum guarantees, but also a commitment for advertising investments.

SUBSEQUENT EVENTS

In the period following 30 June 2024, Safilo S.p.A., a subsidiary of Safilo Group S.p.A., has started the purchase program of Safilo Group S.p.A. shares, as per the authorization granted by the Shareholders' Meeting held on 24 April 2024.
Such purchase program of Shares, to be used to service the 2023-2025 Stock Option Plan of Safilo Group S.p.A. and Safilo S.p.A. as well as any stock incentive plans that may be approved in the future, may concern a maximum of 11,000,000 Shares, equal to approximately 2.7% of the Shares currently issued, for a total expenditure up to Euro 14 million. Please note that the number of Shares covered by the program represents a portion of the total number of Shares, equal to a maximum of 16,000,000 Shares (approximately 3.9% of the Shares currently issued), authorized for purchase by the Shareholders' Meeting of Safilo S.p.A. on 24 April 2024. The purchase program will terminate on 31 December 2024.
Taking into consideration the shares purchased since the launch of the programme, as of 26 July 2024, Safilo S.p.A. holds a total no. 1,814,866 of Safilo Group S.p.A. ordinary shares, equal to approximately 0.44% of the outstanding shares.

In the period following 30 June 2024, there were no other events that could have a material impact on the results published in this report.

Padua, 1 August 2024

For the Board of Directors
The Chief Executive Officer
Angelo Trocchia

Attestation in respect of the interim condensed financial statements under Article 154-bis of Legislative Decree 58/98

The undersigned Angelo Trocchia, as the Chief Executive Officer, and Michele Melotti, as the officer responsible for the preparation of Safilo Group S.p.A. financial statements, hereby attest, pursuant to the provisions of Article 154-bis, clauses 3 and 4, of Legislative Decree February 24th 1998, no, 58, the adequacy of the administrative and accounting procedures with respect to the Company structure and their effective application in the preparation of the 2024 half-year condensed financial statements.

Administrative and accounting procedures used for the preparation of the condensed financial statements as of 30 June 2024 were based and the evaluation of their adequacy has been made on a process defined by Safilo Group S.p.A. in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework.

Furthermore, the undersigned attest that the half-year condensed financial statements have been prepared in accordance with the international financial standards as endorsed by the European Union through Regulation (EC) no, 1606/2002 of the European Parliament and Counsel, dated 19 July 2002 and in particular IAS 34 – Interim Financial Reporting. This half-year report corresponds to the amounts shown in the Company's books and records and provides a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

Finally, the interim Management report contains references to the important events occurred in the first six months of the financial year and their impact on the half-year condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the year, together with the respective mitigation plan, along with a description of the transactions with related parties.

Padua, 1 August 2024

Angelo Trocchia
Chief Executive Officer

Michele Melotti
Chief Financial Officer
Manager responsible for the preparation of
the company's financial documents

REPORT OF INDEPENDENT AUDITORS ON HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of
Safilo Group SpA

Foreword

We have reviewed the accompanying interim condensed consolidated financial statements of Safilo Group SpA and its subsidiaries (the Safilo Group) as of 30 June 2024, comprising the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and related notes. The directors of Safilo Group are responsible for the preparation of the interim condensed consolidated financial statements in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Safilo Group as of 30 June 2024 are not prepared, in all material respects, in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Padua, 2 August 2024

PricewaterhouseCoopers SpA

Signed by

Filippo Zagagnin
(Partner)

This review report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.