INDEPENDENT AUDITOR’S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREES No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Safilo Group S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Safilo Group S.p.A. (the Company), which comprise the
statement of financial position as at 31 December 2020, and the statement of income, statement of
comprehensive income, statement of changes in equity and statement of cash flows for the year then
ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position
of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year
then ended in accordance with International Financial Reporting Standards as adopted by the European
Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree
no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our
responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit
of the Financial Statements section of our report. We are independent of the Company in accordance
with the ethical requirements applicable under Italian law to the audit of the financial statements. We
believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our
opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our
audit of the financial statements of the current period. These matters were addressed in the context of
our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not
provide a separate opinion on these matters.
## Impairment of the equity investment in Safilo S.p.A.

### Description of the key audit matter

The balance sheet includes for Euro 320 million the equity investment in Safilo S.p.A. As disclosed in Note 4.5. In order to confirm the evaluation of the equity investment as December 31, 2020, the Directors have submitted the equity investment to impairment test. Since Safilo S.p.A. is the operating company of the Safilo Group, the impairment test has been derived from the one performed for the purposes of evaluating the goodwill recognized in the consolidated financial statements, and as a consequence it is based on the financial projections which cover the 5 years' period 2021 – 2025, approved on 11 March 2021, derived from the business plan 2020 – 2024 presented in December 2019, updated to reflect the estimated impact of the Covid 19 pandemic, as described in note 4.5, reshaping and adapting the actions and the timing to achieve the Group’s strategic goals.

In note 3, the Directors explain how the impairment test represents a complex process and is based on assumptions related, among others, to the expectations in term of cash flows for each CGU, the determination of appropriate discount rates (WACC) and long-term growth (g-rate). Those estimates depend on factors which may change in time, particularly in the uncertain environment generated by the Covid 19 pandemic, with possible effects which may be significant on Management’s assessment.

We considered the relevance of the value of the investment, which represents about 90% of the Company’s assets as of December 31, 2020, we considered the subjectivity of the estimates underlying the determination of the key variables of the impairment test; we also took into account the negative results obtained by the Group in the last years and the the persistence of the Covid 19 pandemic, whose evolution is still hardly predictable. As a result we assessed that the impairment of the equity investment in Safilo S.p.A. represents a key audit matter for the audit of Safilo Group’s financial statements.

### Audit procedures

We preliminarily analyzed the methodology and assumptions used by Management to perform the impairment test.

We performed the following audit procedures, supported by the experts belonging to our network:

- detection and understanding of the relevant controls designed by Safilo Group in the process of performing the impairment test;
- obtaining the sources of information and analysis of the main assumptions adopted by the Directors to elaborate the expectations in terms of cash flows, also using industry data and researches about the potential impacts of the Covid 19 pandemic, comparison with analysts’ expectations and obtaining information from Management;
- analysis of the actual results obtained compared to the expectations, in order to investigate the nature of the variations and evaluate the
reliability of the planning process;
- analysis of the reasonableness of the discount rates (WACC) and long-term growth (g-rate);
- test of the accuracy of the determination of the carrying value and comparison with the recoverable value resulting from the impairment test;

**Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements**

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company’s financial reporting process.

**Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

• Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders’ Meeting of Safilo Group S.p.A. has appointed us on 15 April, 2014 as auditors of the Company for the years from 31 December 2014 to 31 December 2022.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.
REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Safilo Group S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Safilo Group S.p.A. as at 31 December 2020, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of Safilo Group S.p.A. as at 31 December 2020 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Safilo Group S.p.A. as at 31 December 2020 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Carlo Pergolari
Partner

Padova, Italy
March 16, 2021

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