SEE THE WORLD AT ITS BEST

Half year Financial Report

for the period ended June 30th, 2023

Date of publication: 3 August 2023

This interim report is available on the Company’s website:

www.safilogroup.com

SAFILO GROUP S.p.A.

Registered Office

Settima Strada, 15

35129 Padua - Italy

Contents

Corporate Bodies and Committees

Board of Directors (1)

Chairman	Eugenio Razelli
Chief Executive Officer	Angelo Trocchia
Non-executive Director	Jeffrey A. Cole
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
	Melchert Frans Groot
	Matthieu Brisset

Sustainability Committee (3)

Chairman	Eugenio Razelli
	Angelo Trocchia
	Katia Buja
	Vladimiro Baldin
	Fabio Roppoli
	Marco Cella
	Alberto Macciani

Remuneration and Nomination Committee (3)

Chairman	Cinzia Morelli-Verhoog
	Jeffrey A. Cole
	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 29, 2021.
(2) Appointed by the Shareholders' Meeting held on April 27, 2023.
(3) Appointed by the Board of Directors' Meeting held on April 29, 2021.
(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. Licensed brands include: Banana Republic, BOSS, Carolina Herrera, Chiara Ferragni, Dsquared2, Etro (starting from 2024), Eyewear by David Beckham, Fossil, havaianas, HUGO, Isabel Marant, Jimmy Choo, Juicy Couture, Kate Spade New York, Levi's, Liz Claiborne, Love Moschino, Marc Jacobs, Missoni, M Missoni, Moschino, Pierre Cardin, PORTS, rag&bone, Tommy Hilfiger, Tommy Jeans and Under Armour.

Key consolidated performance indicators

Economic data (Euro million)	First semester 2023	%	First semester 2022	%
Net sales	550.1	100.0	570.9	100.0
Cost of sales	(231.5)	(42.1)	(252.6)	(44.2)
Gross profit	318.6	57.9	318.3	55.8
Ebitda	44.6	8.1	62.1	10.9
Ebitda pre non-recurring items	57.3	10.4	62.6	11.0
Operating profit	18.8	3.4	38.0	6.7
Operating profit pre non-recurring items	35.1	6.4	39.2	6.9
Group profit before taxes	0.8	0.2	44.0	7.7
Profit/(Loss) attributable to the Group	(9.0)	(1.6)	32.7	5.7
Profit attributable to the Group pre non-recurring items	6.9	1.2	33.7	5.9

Economic data (Euro million)	Second quarter 2023	%	Second quarter 2022	%
Net sales	263.0	100.0	288.3	100.0
Gross profit	150.8	57.3	162.8	56.5
Ebitda	15.3	5.8	33.3	11.6
Ebitda pre non-recurring items	24.9	9.5	30.6	10.6

Balance sheet data (Euro million)	June 30, 2023	%	December 31, 2022	%
Total assets	912.9	100.0	960.3	100.0
Total non-current assets	331.2	36.3	361.6	37.7
Net invested capital	522.0	57.2	552.3	57.5
Net working capital	296.2	32.4	292.3	30.4
Net financial position	(103.0)	(11.3)	(113.4)	(11.8)
Net financial position pre IFRS 16	(61.7)	(6.8)	(69.6)	(7.3)
Group Shareholders' equity	394.1	43.2	409.9	42.7

Financial data (Euro million)	First semester 2023	First semester 2022
Cash flow from operating activities	21.1	(3.6)
Cash flow from investing activities	(6.2)	(6.2)
Cash flow from financing activities	(20.6)	(15.3)
Closing net financial indebtedness (short-term)	71.2	78.7
Free cash flow	9.9	(14.5)
Capital expenditure	6.5	6.4

Earnings/(Losses) per share (in Euro)	First semester 2023	First semester 2022
Earnings/(losses) per share - basic	(0.022)	0.079
Earnings/(losses) per share - diluted	(0.021)	0.078
Group Shareholders' equity per share	0.952	0.966

Group personnel	June 30, 2023	December 31, 2022
Punctual at period end	4,431	4,432
Average	4,436	4,435

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

Adjusted performance indicators

Adjusted performace 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, impairments when impairment is the result of a non-recurring event. Adjusted indicators exclude the following non-recurring items:

- in the first semester 2023, adjusted economic results pre non-recurring items exclude 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 for the disposal of the Longarone plant to third parties, to some special projects and restructuring expenses. In second quarter 2023, the adjusted economic results exclude 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 for the disposal of the Longarone plant to third parties;

- in the first semester 2022, adjusted economic results pre non-recurring items excluded non-recurring costs for Euro 1.2 million (Euro 0.6 million on EBITDA) due to some special projects costs and restructuring expenses, almost fully offset by the release of a restructuring provision. In second quarter 2022, the adjusted EBITDA excludes a net non-recurring income for Euro 2.7 million, related to the release of the above mentioned restructuring provision, net of some other non-recurring expenses of the period.

	First semester 2023				First semester 2022		
(Euro million)	Gross profit	Ebitda	Operating profit	Profit/(Loss) attributable to the Group	Ebitda	Operating profit	Profit/(Loss) attributable to the Group
Economic indicators	**318.6**	**44.6**	**18.8**	**(9.0)**	**62.1**	**38.0**	**32.7**
Restructuring costs and other non recurring costs	5.0	12.7	16.2	16.2	0.6	1.2	1.2
Tax effect on non recurring items				(0.4)			(0.3)
Economic indicators pre non recurring items	**323.6**	**57.3**	**35.1**	**6.9**	**62.6**	**39.2**	**33.7**

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";
- "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 algebraic 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 2023**	**%**	**First semester 2022**	**%**	**Change %**
Net sales	550.1	100.0	570.9	100.0	-3.6%
Cost of sales	(231.5)	(42.1)	(252.6)	(44.2)	8.3%
Gross profit	**318.6**	**57.9**	**318.3**	**55.8**	**0.1%**
Selling and marketing expenses	(222.2)	(40.4)	(219.0)	(38.4)	-1.4%
General and administrative expenses	(67.4)	(12.3)	(62.5)	(11.0)	-7.8%
Other operating income/(expenses)	(10.2)	(1.9)	1.2	0.2	n.s.
Operating profit	**18.8**	**3.4**	**38.0**	**6.7**	**-50.5%**
Gains/(losses) on liabilities for options on non-controlling interests	(8.6)	(1.6)	8.7	1.5	n.s.
Financial charges, net	(9.4)	(1.7)	(2.7)	(0.5)	n.s.
Profit before taxation	**0.8**	**0.2**	**44.0**	**7.7**	**-98.1%**
Income taxes	(10.2)	(1.9)	(11.7)	(2.0)	12.7%
Net profit/(loss)	**(9.4)**	**(1.7)**	**32.3**	**5.7**	**n.s.**
Net profit/(loss) attributable to minority interests	(0.4)	(0.1)	(0.4)	(0.1)	-13.2%
Net profit/(loss) attributable to the Group	**(9.0)**	**(1.6)**	**32.7**	**5.7**	**n.s.**
EBITDA	**44.6**	**8.1**	**62.1**	**10.9**	**-28.1%**

Economic indicators adjusted pre non-recurring items	**First semester 2023**	**%**	**First semester 2022**	**%**	**Change %**
Gross Profit adjusted pre non-recurring items	**323.6**	**58.8**	**318.3**	**55.8**	**1.7%**
EBIT adjusted pre non-recurring items	**35.1**	**6.4**	**39.2**	**6.9**	**-10.7%**
EBITDA adjusted pre non-recurring items	**57.3**	**10.4**	**62.6**	**11.0**	**-8.4%**
Net profit attributable to the Group adjusted pre non-recurring items	**6.9**	**1.2**	**33.7**	**5.9**	**-79.6%**

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

In the first half of 2023, Safilo's economic performance was marked, on one side, by the significant increase in the adjusted (pre non-recurring items) gross margin, driven by positive price/mix dynamics on sales, and receding transportation and energy costs, notably high in the same period of last year, while, on the other side, by a slight contraction of the adjusted operating profitability due to lower sales-related operating leverage, along with higher personnel costs and investments in information technology mainly front loaded in the first half of the year.

In the period, the Group's reported gross and operating performance was impacted by non-recurring costs equal to 5.0 million at the gross profit level and Euro 12.7 million and 16.2 million at the EBITDA and EBIT level respectively, mainly related to the announced project for the disposal of the Longarone plant to third parties.

In first half 2023 the **adjusted gross profit** equalled Euro 323.6 million, slightly up 1.7% compared to first half 2022, while the adjusted gross margin improved by 300 basis points, from 55.8% to 58.8%.

Selling, general and administrative expenses increased by 2.9% compared to first half 2022, with the increase of their incidence on sales mainly due to the aforementioned increases in personnel costs (+5.9%) following inflationary pressures, and those related to software-as-a-service projects to support the advancement of the Group's digital transformation, which increased from Euro 3.7 million to Euro 6.3 million.

Adjusted EBIT equalled Euro 35.1 million and a margin on sales of 6.4%, down respectively 10.7% and 50 basis points compared to first half 2022.

Adjusted EBITDA equalled Euro 57.3 million and a margin on sales of 10.4%, down respectively 8.4% and 60 basis points compared to first half 2022.

Group's adjusted net profit, equal to Euro 6.9 million compared to Euro 33.7 million recorded in first half 2022, was affected by a charge of Euro 8.6 million, due to the revaluation of the liability for options on the interests in Blenders, in relation to the extension of the second and third tranche of the related put and call options. In first semester 2022, the Group's adjusted net result had instead benefitted from an income of Euro 8.7 million, mainly following the increase of Safilo's controlling stake in Privé Revaux. Furthermore, in the period, net financial charges increased to Euro 9.4 million from 2.7 million in first semester 2022, mainly due to slightly negative exchange rate differences compared to a positive difference last year and to an increase in interest rates.

SECOND QUARTER ECONOMIC PERFORMANCE

Consolidated income statement (Euro million)	**Second quarter 2023**	**%**	**Second quarter 2022**	**%**	**Change %**
Net sales	263.0	100.0	288.3	100.0	-8.8%
Cost of sales	(112.2)	(42.7)	(125.5)	(43.5)	10.6%
Gross profit	**150.8**	**57.3**	**162.8**	**56.5**	**-7.4%**
EBITDA	**15.3**	**5.8**	**33.3**	**11.6**	**-54.0%**

Economic indicators adjusted pre non-recurring items	**Second quarter 2023**	**%**	**Second quarter 2022**	**%**	**Change %**
Gross Profit adjusted pre non-recurring items	**155.3**	**59.1**	**162.8**	**56.5**	**-4.6%**
EBITDA adjusted pre non-recurring items	**24.9**	**9.5**	**30.6**	**10.6**	**-18.6%**

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

In second quarter 2023, Safilo's adjusted gross margin continued to improve year on year, thanks to a still positive price/mix effect on sales, which was, nonetheless, less accretive than in previous quarters, and to lower logistics costs and obsolescence impacts.

In the period, the softer top line, along with inflationary pressures on personnel costs and higher IT investments to support the implementation of the Group's digital transformation, negatively impacted the operating leverage, translating into a small contraction of the adjusted EBITDA margin.
The period was affected by non-recurring costs equal to Euro 4.5 million at the gross profit level and Euro 9.6 million at the EBITDA level, due to the announced project for the disposal of the Longarone plant to third parties.

Adjusted gross profit amounted to Euro 155.3 million, down 4.6% compared to second quarter 2022, while the adjusted gross margin improved by 260 basis points, from 56.5% to 59.1%.

Selling, general and administrative expenses, which decreased by 2.6% compared to second quarter 2022, increased their incidence on sales mainly driven by higher personnel costs and "software as a service" expenses increasing from Euro 1.8 million to Euro 3.0 million.

Adjusted EBITDA equalled Euro 24.9 million and a margin on sales of 9.5%, down respectively 18.6% and 110 basis points compared to second quarter 2022.

Net sales by geographical area

(Euro million)	First semester 2023	%	2022	%	Change at current forex %	Change at constant forex %	Change organic sales % (*)
North America	231.5	42.1	258.7	45.3	-10.5%	-11.3%	-6.2%
Europe	235.7	42.8	237.1	41.5	-0.6%	0.4%	-0.3%
Asia Pacific	28.6	5.2	25.1	4.4	13.7%	17.0%	17.8%
Rest of the world	54.4	9.9	49.9	8.7	8.9%	7.6%	7.9%
Total	**550.1**	**100.0**	**570.9**	**100.0**	**-3.6%**	**-3.5%**	**-1.4%**

(Euro million)	Second quarter 2023	%	2022	%	Change at current forex %	Change at constant forex %	Change organic sales % (*)
North America	106.8	40.6	129.6	45.0	-17.6%	-15.3%	-11.5%
Europe	114.1	43.4	120.0	41.6	-4.9%	-3.1%	-6.1%
Asia Pacific	16.5	6.3	12.7	4.4	29.9%	36.0%	38.0%
Rest of the world	25.5	9.7	26.0	9.0	-1.7%	-0.7%	-0.1%
Total	**263.0**	**100.0**	**288.3**	**100.0**	**-8.8%**	**-6.6%**	**-5.9%**

(*) Change organic sales is calculated at constant exchange rates and include only the proprietary brands and not terminated licenses, present in both of the compared periods, excluding the business attributable to the production supply contract with Kering Eyewear.

In second quarter 2023, Safilo's net sales amounted to Euro 263.0 million, recording a decline of 8.8% at current exchange rates and 6.6% at constant exchange rates compared to Euro 288.3 million recorded in second quarter 2022 (-5.9% at the organic level). The performance of the period reflected the expected significant drop of the Group's sales in the former Grand Vision chains in Europe, which negatively impacted growth by about 4%, and the ongoing weakness of the North American market, two headwinds which were further exacerbated by poor weather conditions holding back the sales of sunglasses and bike products in the United States. Safilo instead experienced a significant sales rebound in Asia, thanks to the reopening of China, along with ongoing growth in emerging markets such as India and the Middle East.
On the brands front, Carolina Herrera was once again in the spotlight thanks to another quarter of growth, while Polaroid, David Beckham and Hugo Boss outperformed the rest of the portfolio.

Safilo closed the first half of 2023 with net sales of Euro 550.1 million, down 3.6% at current exchange rates and 3.5% at constant exchange rates compared to Euro 570.9 million euros recorded in the first half of 2022. The organic business was more stable, at -1.4%.
In the period, online channels confirmed their 15% share of the Group's total sales, thanks to the very positive performance of sports products direct to consumer (DTC) sales countering the soft trends recorded by online channels in eyewear.

Safilo's sales in North America amounted to Euro 106.8 million in second quarter 2023, down 17.6% at current exchange rates and 15.3% at constant exchange rates compared to Euro 129.6 million recorded in

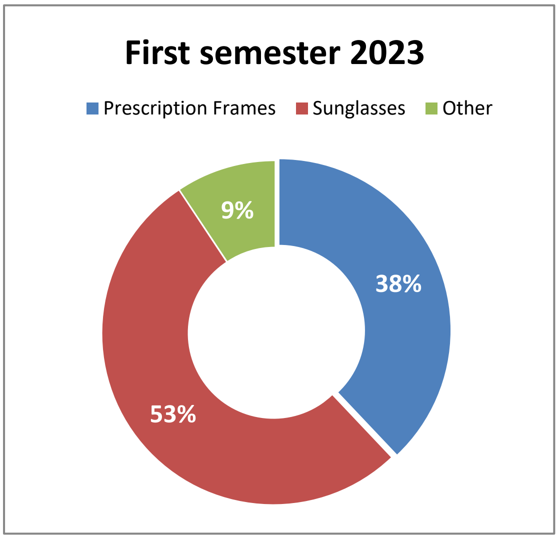
second quarter 2022 (-11.5% at the organic level). The performance of the region reflected the continuation of the subdued trends in the independent optician channel, a challenge which was heightened in the period by poor weather conditions impacting orders and sales of sunglasses, both in stores and in the online channels.
On the sport business front, sales performance continued to reflect a still demanding base period, and a difficult start to the season for bike products. Smith's sales in sport shops improved in May and June, while continuing to grow seamlessly in the DTC channel.
In first half 2023, Safilo's sales in North America totalled Euro 231.5 million, down 10.5% at current exchange rates and 11.3% at constant exchange rates compared to Euro 258.7 million recorded in first half 2022 (-6.2% at the organic level).

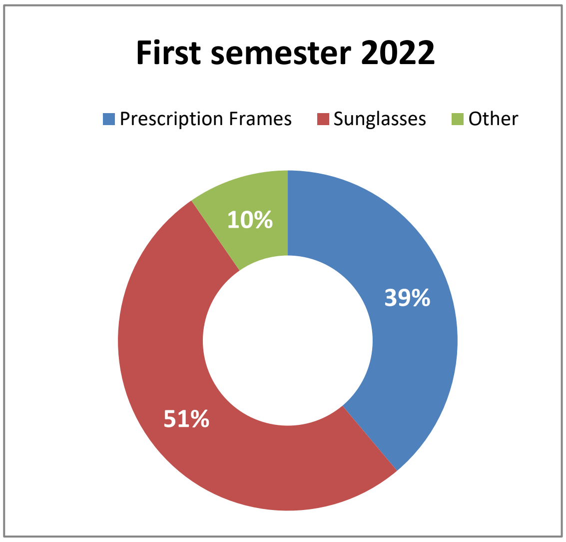
Safilo's sales in Europe equalled Euro 114.1 million in second quarter 2023, down 4.9% at current exchange rates and 3.1% at constant exchange rates compared to Euro 120.0 million recorded in second quarter 2022 (-6.1% at the organic level), as the period was affected by the expected significant drop of business in the former Grand Vision chains. However, in the rest of the European market, the Group's performance remained solid, up mid-single digits, with all product categories positive thanks to the progress of the Group's BTB business in independent opticians and another positive quarter for the travel retail channel.
In first half 2023, Safilo's sales in Europe reached Euro 235.7 million, substantially stable compared to Euro 237.1 million recorded in first half 2022, at -0.6% at current exchange rates and +0.4% at constant exchange rates (-0.3% at the organic level). In first half, sales in Europe, excluding the former Grand Vision chains, grew by 10% at constant exchange rates, with Italy, Spain and the Eastern European markets being the main positive contributors.

Safilo's sales in Asia Pacific equalled Euro 16.5 million in second quarter 2023, recording a significant growth compared to Euro 12.7 million recorded in second quarter 2022, up 29.9% at current exchange rates and 36.0% at constant exchange rates (+38.0% at the organic level). The significant rebound of the region was mainly driven by the reopening of China, where sales soared by over 60% year on year, coupled with the Hong Kong domestic market returning to normal. Ports, Hugo Boss and Polaroid were the key growth drivers in these markets, while Smith led in the period the positive performance of Australia.
In first half 2023, Safilo's sales in Asia Pacific reached Euro 28.6 million, up 13.7% at current exchange rates and 17.0% at constant exchange rates, compared to Euro 25.1 million recorded in first half 2022 (+17.8% at the organic level).

Safilo's sales in the Rest of the World equalled Euro 25.5 million in second quarter 2023, slightly down compared to Euro 26.0 million recorded in second quarter 2022, at -1.7% at current exchange rates and -0.7%, at constant exchange rates (-0.1% at the organic level). After five consecutive quarters of significant growth in the area, the performance for the quarter was one of normalization for the main markets of Latin America, while it remained in growth in India and in the Middle Eastern markets, where Safilo progressed with its development plans driven by strong local marketing and product activities.
In first half 2023, Safilo's sales in the Rest of the World reached at Euro 54.4 million, up 8.9% at current exchange rates and 7.6% at constant exchange rates, compared to Euro 49.9 million recorded in first half 2022 (+7.9% at the organic level).

The charts below summarize the breakdown of net sales by product category for the semester compared to the previous period:





Balance sheet

The table below shows the total balance sheet highlights at 30 June 2023, compared with those of 31 December 2022.

Balance sheet (Euro million)	**June 30, 2023**	**December 31, 2022**	**Change**
Trade receivables	227.3	214.0	13.3
Inventory, net	230.7	259.0	(28.3)
Trade payables	(161.9)	(180.7)	18.8
Net working capital	**296.2**	**292.3**	**3.9**
Tangible assets	92.3	109.1	(16.8)
Right of Use assets	36.5	39.0	(2.5)
Intangible assets	123.7	133.0	(9.3)
Goodwill	34.3	34.9	(0.6)
Net assets/(liabilities) held for sale	4.8	2.3	2.5
Net fixed assets	**291.5**	**318.3**	**(26.8)**
Employee benefit liability	(9.2)	(14.0)	4.8
Other assets / (liabilities), net	(28.8)	(24.8)	(4.0)
Liability for options on non-controlling interests	(27.7)	(19.5)	(8.2)
NET INVESTED CAPITAL	**522.0**	**552.3**	**(30.3)**
Cash in hand and at bank	71.2	77.7	(6.5)
Short term borrowings	(30.0)	(30.0)	0.0
Short-term Lease liabilities	(9.6)	(9.1)	(0.5)
Long term borrowings	(103.0)	(117.3)	14.4
Long-term Lease liabilities	(31.7)	(34.7)	3.0
NET FINANCIAL POSITION	**(103.0)**	**(113.4)**	**10.3**
Group Shareholders' equity	(394.1)	(409.9)	15.8
Non-controlling interests	(24.9)	(29.0)	4.1
TOTAL SHAREHOLDERS' EQUITY	**(418.9)**	**(438.9)**	**20.0**

Cash flow

The summary statement of cash flows for the first six months ended 30 June 2023, with comparatives for the same period of the previous year, is provided below:

Free cash flow (Euro million)	First semester 2023	First semester 2022	Change
Cash flow from operating activities	21.1	(3.6)	24.7
Cash flow from investing activities	(6.2)	(6.2)	0.0
Cash flow from repayment principal portion of IFRS 16 lease liabilities	(5.0)	(4.7)	(0.4)
Free cash flow	**9.9**	**(14.5)**	**24.4**

In the first half of 2023, Safilo recorded a positive Free Cash Flow of Euro 9.9 million compared to a cash absorption of Euro 14.5 million recorded in the first half of 2022.
In the period, the cash flow from operating activities improved, equalling a positive generation of Euro 21.1 million, which reflected a more moderate absorption from working capital of Euro 14.7 million, mainly driven by a decrease in inventories and a healthy cash collection in all the main geographical areas. The cash flow for investing activities instead remained stable at Euro 6.2 million.

Net working capital

Net working capital (Euro million)	June 30, 2023	June 30, 2022	Change vs June	December 31, 2022	Change vs December
Trade receivables, net	227.3	241.1	(13.8)	214.0	13.3
Inventories	230.7	252.7	(22.0)	259.0	(28.3)
Trade payables	(161.9)	(202.0)	40.1	(180.7)	18.8
Net working capital	**296.2**	**291.9**	**4.3**	**292.3**	**3.9**
% on net sales LTM	*28.0%*	*28.3%*		*27.1%*	

In the first six months of 2023, changes in net working capital (excluding translation difference effect equal to a decrease of Euro 5.5 million) led to a cash absorption of Euro 9.4 million compared to the end of 2022, with a more moderate absorption from working capital, mainly driven by a decrease in inventories and a healthy cash collection in all the main geographical areas.

Investments in tangible and intangible fixed assets

The Group's capital expenditure breaks down as follows:

(Euro million)	First semester 2023	First semester 2022	Change
Headquarters	1.5	2.0	(0.5)
Production factories	2.9	2.0	0.9
Europe	0.2	0.1	0.1
Americas	1.7	2.3	(0.6)
Far East	0.2	-	0.2
Total investments	**6.5**	**6.4**	**0.1**

In the first six months of 2023 capital expenditures amounted to Euro 6.5 million (Euro 6.2 million net of disposals) compared with Euro 6.4 million in the same period of the previous year. The investments of the period were related to product supply and logistic chain for Euro 2.9 million, IT infrastructure for Euro 0.7 million and others for Euro 2.9 million.

Net financial position

Net financial debt (Euro million)	June 30, 2023	December 31, 2022	Change
Current portion of long-term borrowings	(30.0)	(30.0)	0.0
Short-term lease liability IFRS 16	(9.6)	(9.1)	(0.5)
Cash and cash equivalents	71.2	77.7	(6.5)
Short-term net financial position	**31.7**	**38.7**	**(7.0)**
Long-term borrowings	(103.0)	(117.3)	14.4
Long-term financial lease liability IFRS 16	(31.7)	(34.7)	3.0
Long-term net financial position	**(134.7)**	**(152.1)**	**17.4**
TOTAL NET FINANCIAL POSITION	**(103.0)**	**(113.4)**	**10.3**
TOTAL NET FINANCIAL POSITION PRE IFRS 16	**(61.7)**	**(69.6)**	**7.9**

As at 30 June 2023, the Group's net debt stood at Euro 103.0 million (Euro 61.7 million pre-IFRS 16, corresponding to an adjusted financial leverage of 0.6x), better than the position of Euro 113.4 million reported at the end of December 2022 and of Euro 105.6 million recorded at the end of June 2022.

The key components of the Group's net debt at the end of June 2023 were the following:

- a long-term debt position of Euro 134.7 million, made of bank loans for Euro 103.0 million, related to the Credit Facility signed in September 2022, and IFRS-16 lease liabilities of Euro 31.7 million;
- a short-term debt position of Euro 39.6 million, made of bank loans for Euro 30.0 million, related to the Credit Facility, and IFRS-16 lease liabilities of Euro 9.6 million;
- a cash position of Euro 71.2 million.

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

2023.

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 0.5 million and a liability of Euro 27.7 million.

Personnel

The Group's total punctual workforce at 30 June 2023, 31 December 2022 and 30 June 2022 is summarized below:

	June 30, 2023	December 31, 2022	June 30, 2022
Padua headquarters	896	883	880
Production factories	2,171	2,224	2,211
Commercial subsidiaries	1,364	1,325	1,313
Total	**4,431**	**4,432**	**4,404**

The average number of Group employees in the first six months of 2023 and 2022 can be summarised as follows:

	First semester 2023	First semester 2022
Padua Headquarters	886	885
Production facilities	2,195	2,274
Commercial subsidiaries	1,355	1,297
Total	**4,436**	**4,457**

Main critical risk factors for the Group

The Group takes appropriate measures to counteract the potential risks and uncertainties that characterize its business. As disclosed in the 2022 Group Annual Report the Group actively monitors key risks and put in place action plans on a continuous basis to mitigate them.

In compliance with ESMA 32-63-1277 public statement issued on 13 May 2022, the Group has reviewed its critical risks also with regards to the macro-economic and geo-political implications related to Russia's invasion of Ukraine and the sanctions imposed against Russia and Belarus considering the significant business challenges and the high degree of uncertainty and knock-on effects. The outcome of the risk assessment performed has substantially confirmed the limited exposure to financial and business impacts for the Group related to this specific risk. Safilo has continued to operate in full control of its local subsidiary and in compliance with all sanctions.

Subsequent events

In the period following 30 June 2023, there were no 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, 2023

Interim condensed consolidated balance sheet

(Euro/000)	*Notes*	June 30, 2023	of which related parties	December 31, 2022	of which related parties
ASSETS					
Current assets					
Cash and cash equivalents	*2.1*	71,227		77,710	
Trade receivables	*2.2*	227,350	209	214,034	328
Inventory	*2.3*	230,717		258,980	
Derivative financial instruments	*2.4*	697		698	
Other current assets	*2.5*	41,658		44,878	
Total current assets		**571,648**		**596,300**	
Non-current assets					
Tangible assets	*2.6*	92,265		109,088	
Right of Use assets	*2.7*	36,470		38,997	
Intangible assets	*2.8*	123,704		132,993	
Goodwill	*2.9*	34,252		34,895	
Deferred tax assets	*2.10*	35,479		36,274	
Derivative financial instruments	*2.4*	1,238		780	
Other non-current assets	*2.11*	7,747		8,623	
Total non-current assets		**331,155**		**361,649**	
Assets held for sale	*2.6*	**10,120**		**2,320**	
TOTAL ASSETS		**912,923**		**960,268**	

(Euro/000)	Notes	June 30, 2023	of which related parties	December 31, 2022	of which related parties
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Borrowings	2.12	30,000		30,000	
Lease liabilities	2.12	9,573		9,051	
Trade payables	2.13	161,860	34	180,701	83
Tax payables	2.14	28,013		22,492	
Derivative financial instruments	2.4	1,400		7,656	
Liability for options on non-controlling interests	2.18	5,919		6,195	
Other current liabilities	2.15	44,606	-	47,291	-
Provisions	2.16	13,665		9,166	
Total current liabilities		**295,035**		**312,552**	
Non-current liabilities					
Borrowings	2.12	102,977	-	117,329	-
Lease liabilities	2.12	31,727		34,727	
Employee benefit obligations	2.17	9,201		13,975	
Provisions	2.16	13,647		14,512	
Deferred tax liabilities	2.10	11,477		12,863	
Derivative financial instruments	2.4	-		-	
Liability for options on non-controlling interests	2.18	21,805		13,349	
Other non-current liabilities	2.19	2,819		2,041	
Total non-current liabilities		**193,653**		**208,796**	
Liabilities held for sale	2.17	**5,286**		**-**	
TOTAL LIABILITIES		**493,974**		**521,348**	
Shareholders' equity					
Share capital	2.20	384,858		384,846	
Share premium reserve	2.21	27,388		692,521	
Retained earnings and other reserves	2.22	(10,446)		(722,392)	
Cash flow hedge reserve	2.23	1,238		780	
Income/(Loss) attributable to the Group		(8,959)		54,160	
Total shareholders' equity attributable to the Group		**394,079**		**409,915**	
Non-controlling interests		**24,871**		**29,005**	
TOTAL SHAREHOLDERS' EQUITY		**418,950**		**438,920**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**912,923**		**960,268**	

Interim condensed consolidated income statement

(Euro/000)	*Notes*	First semester 2023	of which related parties	First semester 2022	of which related parties
Net sales	*3.1*	550,139	556	570,882	618
Cost of sales	*3.2*	(231,543)		(252,572)	
Gross profit		**318,596**		**318,310**	
Selling and marketing expenses	*3.3*	(222,170)	(28)	(219,015)	(17)
General and administrative expenses	*3.4*	(67,415)	-	(62,520)	-
Other operating income/(expenses)	*3.5*	(10,185)		1,236	
Operating profit		**18,826**		**38,011**	
Gains/(losses) on liabilities for options on non-controlling interests	*3.6*	(8,586)		8,731	
Financial charges, net	*3.7*	(9,414)	-	(2,701)	-
Profit before taxation		**826**		**44,041**	
Income taxes	*3.8*	(10,209)		(11,699)	
Profit/(Loss) of the period		**(9,383)**		**32,342**	
Profit/(Loss) attributable to:					
Owners of the parent		(8,959)		32,717	
Non-controlling interests		(424)		(375)	
Earnings/(Losses) per share - basic (Euro)	*3.9*	(0.022)		0.079	
Earnings/(Losses) per share - diluted (Euro)	*3.9*	(0.021)		0.078	

Interim condensed consolidated statement of comprehensive income

(Euro/000)	***Notes***	**First semester 2023**	**First semester 2022**
Net profit (loss) for the period (A)		**(9,383)**	**32,342**
Gains/(Losses) that will not be reclassified subsequently to profit or loss:			
- Remeasurements of post employment benefit obligations		-	-
- Other gains/(losses)		-	-
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*	458	-
- Gains/(Losses) on exchange differences on translating foreign operations	*2.22*	(10,666)	32,818
Total gains/(losses) that will be reclassified subsequently to profit or loss:		**(10,208)**	**32,818**
Other comprehensive income/(loss), net of tax (B)		**(10,208)**	**32,818**
TOTAL COMPREHENSIVE INCOME/(LOSS) (A)+(B)		**(19,592)**	**65,160**
Attributable to:			
Owners of the parent		(18,714)	62,916
Non-controlling interests		(878)	2,244
TOTAL COMPREHENSIVE INCOME/(LOSS)		**(19,592)**	**65,160**

Interim condensed consolidated cash flow statement

(Euro/000)	First semester 2023	First semester 2022
A - Opening net cash and cash equivalents (net financial indebtedness - short term)	**77,710**	**99,002**
B - Cash flow from (for) operating activities		
Net profit/(loss) for the period (including minority interests)	(9,383)	32,342
Depreciation and amortization	20,629	19,221
Right of Use depreciation IFRS 16	5,162	4,822
Non-monetary changes related to liabilities for options on non-controlling interests	8,586	(8,731)
Other items	3,198	(11,230)
Interest expenses, net	4,632	2,070
Interest expenses on lease liabilities IFRS 16	873	781
Income tax expenses	10,210	11,699
Flow from operating activities prior to movements in working capital	**43,907**	**50,974**
(Increase) Decrease in trade receivables	(15,986)	(57,885)
(Increase) Decrease in inventory, net	23,435	(4,833)
Increase (Decrease) in trade payables	(16,835)	3,840
(Increase) Decrease in other receivables	2,726	4,443
Increase (Decrease) in other payables	(7,999)	(1,152)
Interest expenses paid	(3,989)	(1,678)
Interest expenses paid on lease liabilities IFRS 16	(873)	(781)
Income taxes (paid)/received	(3,278)	3,462
Total (B)	**21,108**	**(3,609)**
C - Cash flow from (for) investing activities		
Investments in property, plant and equipment	(5,478)	(4,702)
Net disposals of property, plant and equipment and assets held for sale	191	62
Purchase of intangible assets, net of disposals	(914)	(1,597)
Total (C)	**(6,201)**	**(6,237)**
D - Cash flow from (for) financing activities		
Proceeds from borrowings	-	-
Repayment of borrowings	(15,000)	(10,000)
Repayment of principal portion of lease liabilities IFRS 16	(5,047)	(4,688)
Increase in share capital, net of transaction costs	39	13
Dividends paid	(557)	(589)
Total (D)	**(20,565)**	**(15,263)**
E - Cash flow for the period (B+C+D)	**(5,658)**	**(25,109)**
F - Translation exchange differences	(825)	4,781
Total (F)	**(825)**	**4,781**
G - Closing net cash and cash equivalents (net financial indebtedness - short term) (A+E+F)	**71,227**	**78,674**

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, 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**

(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, 2022	**384,820**	**692,458**	**92,193**	**-**	**(842,730)**	**326,741**	**39,346**	**366,087**
Profit/(Loss) for the period	-	-	-	-	32,717	32,717	(375)	**32,342**
Other comprehensive income (loss) for the period	-	-	30,199	-	-	30,199	2,619	**32,818**
Total comprehensive income (loss) for the period	**-**	**-**	**30,199**	**-**	**32,717**	**62,916**	**2,244**	**65,160**
Increase in share capital, net of transaction costs	4	10	-	-	-	14	-	**14**
Dividends distribution	-	-	-	-	-	-	(589)	**(589)**
Changes of non-controlling interests of subsidiaries acquired	-	-	-	-	9,419	9,419	(9,419)	**-**
Net increase in the Reserve for share-based payments	-	-	-	-	320	320	-	**320**
Changes in other reserves	-	-	-	-	-	-	-	**-**
Consolidated net equity at June 30, 2022	**384,824**	**692,467**	**122,393**	**-**	**(800,274)**	**399,410**	**31,582**	**430,992**

NOTES

1. Basis of preparation

1.1 General information

These interim condensed consolidated financial statements refer to the financial period from 1 January 2023 to 30 June 2023. Economic and financial information is provided with reference to the first six months of 2023 and 2022 whilst balance sheet information is provided with reference to 30 June 2023 and 31 December 2022.

The interim consolidated financial report of Safilo Group at 30 June 2023, including interim 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 2022.

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

These financial statements were approved by the Board of Directors on 2 August 2023.

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 2023

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 balance sheet as at 31 December 2022 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 2023:

- on 12 February 2021, the IASB published the amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies, Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates;
- on 7 May 2021, the IASB published the amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The Group has complied with these new amendments in preparing this report, their application had no impact on the Group consolidated financial statements.

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 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. The changes come into effect from 1 January 2024;

- 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. The changes come into effect from 1 January 2024.

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 has not yet completed its endorsement process for the following standards and amendments at the date of this interim report:

- on 23 May 2023 the IASB published an amendment to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules. The change had been expected to come into effect from 1 January 2023, but it has not yet been endorsed;

- 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 changes will come into effect from 1 January 2024.

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 2023, the Group's consolidation area changed as follow:

- on 6 April 2023 the liquidation of the company Safilo Trading (Shenzhen) Co. Ltd. (PRC) has been completed and the company has been de-registered;

- on 30 June 2023 pursuant to the contractual terms of the acquisition the Group has exercised the first tranche of its put and call option on 5.7% of non-controlling interests increasing its controlling stake in Privé Revaux from 82.8% to 88.5% in exchange for a nominal amount.

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 International B.V. - Rotterdam (NL)	EUR	24.165.700	100,0
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 (Shenzen) Company Limited - (RC) (in liquidation)	CNY	-	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 d.o.o. Ormož - Ormož (SLO) (in liquidation)	EUR	563.767	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	88,5
Privè Capsules LLC - Delaware (USA)	USD	-	88,5
Blenders Eyewear LLC - Delaware (USA)	USD	1.000	70,0
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, 2023**	**December 31, 2022**	**%**	**First semester 2023**	**First semester 2022**	**%**
US Dollar	USD	1.0866	1.0666	1.9%	1.0807	1.0934	-1.2%
Hong-Kong Dollar	HKD	8.5157	8.3163	2.4%	8.4709	8.5559	-1.0%
Swiss Franc	CHF	0.9788	0.9847	-0.6%	0.9856	1.0319	-4.5%
Canadian Dollar	CAD	1.4415	1.4440	-0.2%	1.4566	1.3901	4.8%
Japanese Yen	YEN	157.1600	140.6600	11.7%	145.7604	134.3071	8.5%
British Pound	GBP	0.8583	0.8869	-3.2%	0.8764	0.8424	4.0%
Swedish Krown	SEK	11.8055	11.1218	6.1%	11.3329	10.4796	8.1%
Australian Dollar	AUD	1.6398	1.5693	4.5%	1.5989	1.5204	5.2%
South-African Rand	ZAR	20.5785	18.0986	13.7%	19.6792	16.8485	16.8%
Russian Ruble	RUB	97.5085	78.4308	24.3%	83.5368	84.7589	-1.4%
Brasilian Real	BRL	5.2788	5.6386	-6.4%	5.4827	5.5565	-1.3%
Indian Rupee	INR	89.2065	88.1710	1.2%	88.8443	83.3179	6.6%
Singapore Dollar	SGD	1.4732	1.4300	3.0%	1.4440	1.4921	-3.2%
Malaysian Ringgit	MYR	5.0717	4.6984	7.9%	4.8188	4.6694	3.2%
Chinese Renminbi	CNY	7.8983	7.3582	7.3%	7.4894	7.0823	5.7%
Korean Won	KRW	1,435.8800	1,344.0900	6.8%	1,400.4350	1,347.8363	3.9%
Mexican Peso	MXN	18.5614	20.8560	-11.0%	19.6457	22.1653	-11.4%
Turkish Lira	TRY	28.3193	19.9649	41.8%	21.5662	16.2579	32.7%
Dirham UAE	AED	3.9905	3.9171	1.9%	3.9687	4.0155	-1.2%
Polish Zloty	PLN	4.4388	4.6808	-5.2%	4.6244	4.6354	-0.2%

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 company 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 fair value allocated to the cash-generating units. 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 2023 this account totals Euro 71,227 thousand, compared to Euro 77,710 thousand at 31 December 2022 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.

At 30 June 2023 more than 84% of the Group's cash balance was located in the Italian, other European and US entities of the Group. 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, 2023	December 31, 2022
Gross value trade receivables	238,129	225,758
Allowance for doubtful accounts	(10,779)	(11,725)
Net value	**227,350**	**214,034**

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, 2023	Addition	Use/Release (-)	Transl. diff.	June 30, 2023
Allowance for doubtful accounts (-)	11,725	1,087	(1,974)	(59)	10,779

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 1,974 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 2023 and 31 December 2022:

Ageing of trade receivables *(Euro/000)*	**June 30, 2023**	**December 31, 2022**
Overdue and impaired	**9,908**	**10,809**
up to 1 month	18,248	16,789
from 1 to 3 months	5,784	6,871
3 to 6 months	3,455	4,511
6 to 9 months	1,148	2,262
from 9 to 12 months	610	970
from 12 to 24 months	1,728	2,374
over 24 months	82	95
Overdue and not impaired	**31,054**	**33,872**
Neither overdue nor impaired	**197,166**	**181,078**
Grand total	**238,129**	**225,758**

At 30 June 2023 overdue receivables not impaired, amounted to 31,054 thousand Euro (compared to 33,872 thousand Euro at 31 December 2022). Of these, receivables that were more than 12 months past due amounted to 1,810 thousand Euro (compared to 2,468 thousand Euro at 31 December 2022) and accounted for 0.8% of the Group's total trade receivable compared to 1.1% at 31 December 2022.

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 2023 the provision for doubtful accounts includes a credit loss allowance of 0.9 million Euro (0.9 million Euro at 31 December 2022) 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, 2023**	**December 31, 2022**
Raw materials	55,074	74,277
Work in progress	4,426	5,212
Finished goods	219,861	238,766
Gross inventories	**279,361**	**318,255**
Provision for obsolete inventories (-)	(48,644)	(59,274)
Total	**230,717**	**258,980**

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. 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, 2023**	**Posted to income statement**	**Transl. diff.**	**June 30, 2023**
Inventory gross value	318,255	(33,271)	(5,623)	279,361
Provision for obsolete inventories (-)	(59,274)	9,835	796	(48,644)
Total net	**258,980**	**(23,436)**	**(4,827)**	**230,717**

2.4 Derivative financial instruments

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

(Euro/000)	**June 30, 2023**	**December 31, 2022**
Current assets:		
- Foreign currency contracts - Fair value through P&L	697	698
Non-current assets:		
- Interest rate swaps - cash flow hedge	1,238	780
Current liabilities:		
- Foreign currency contracts - Fair value through P&L	(1,400)	(7,656)
Total Net	**535**	**(6,177)**

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 the exposure to variability in future interest cash flows and therefore the related hedging effect must be suspended in the cash flow hedge 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 703 thousand and interest rate swaps contracts for a positive value of 1,238 thousand Euro.

2.5 Other current assets

This item breaks down as follows:

(Euro/000)	June 30, 2023	December 31, 2022
VAT receivable	9,514	9,772
Income tax receivables	16,553	17,169
Prepayments and accrued income	10,923	9,398
Other receivables	4,669	8,539
Total	**41,658**	**44,878**

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 10,923 thousand (Euro 9,398 thousand at 31 December 2022) mainly relate to royalties and advertising expenses, prepaid insurance and other prepaid expenses.

Other current receivables amounted to Euro 4,669 thousand, compared to Euro 8,539 thousand of 31 December 2022. 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 term 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 and Right of Use assets

Tangible assets

Changes in tangible assets in the first six months of 2023 are shown below:

(Euro/000)	January 1, 2023	Increase	Decrease	Reclass.	Reclass. assets held for sale	Transl. diff.	June 30, 2023
Gross value							
Land and buildings	121,200	1,735	1	(726)	(13,162)	(1,732)	107,316
Plant and machinery	176,106	186	(1,877)	384	(31,894)	(1,673)	141,233
Equipment and other assets	122,299	3,557	(281)	342	(12,218)	(2,980)	110,719
Advance payments	65	-	(25)	-	-	-	40
Total	**419,670**	**5,478**	**(2,182)**	**-**	**(57,274)**	**(6,384)**	**359,308**
Accumulated depreciation							
Land and buildings	61,078	3,522	-	-	(9,417)	(715)	54,468
Plant and machinery	149,674	4,184	(1,546)	-	(29,741)	(1,217)	121,354
Equipment and other assets	99,830	4,651	(446)	-	(10,339)	(2,475)	91,221
Total	**310,582**	**12,357**	**(1,991)**	**-**	**(49,498)**	**(4,406)**	**267,043**
Net value	**109,088**	**(6,879)**	**(191)**	**-**	**(7,776)**	**(1,978)**	**92,265**

Investments in tangible assets in the first six months amount to 5,478 thousand Euro (5,299 thousand Euro in the previous period), and refer to:

- Euro 2,882 thousand in production facilities, mainly for the upgrade of plants and for the purchase and production of equipment for new models;
- Euro 1,731 thousand for the U.S. companies, mainly for fixtures in retail stores of Blenders and logistic equipment in the Denver distribution center;
- Euro 772 thousand in the Italian distribution center mainly for the upgrade of logistic equipment;
- the remaining part in other companies of the Group.

Assets held for sale

The balance related to the reclassification to "Assets held for sale" refers to the reclassification of the assets of the Longarone production site that is subject to a negotiation for its disposal.

Following the previous communication concerning the evaluation of a possible disposal of the Longarone plant to potential third parties the Group has announced advanced negotiations with Thelios S.p.A., a player in the eyewear sector and part of the LVMH Group, and with Carlo Fulchir of Innotek which would allow to preserve the plant's know-how and to substantially relocate its current 458 workers.
In line with IFRS 5 all fixed assets of the Longarone production site that are subject to these two negotiations have been reclassified as "assets held for sale".

At 30 June 2023 the item "assets held for sale", presented in a separate line item in the balance sheet, amounts to 10,120 thousand Euro and has been measured at its recoverable value through the sale based on the advanced ongoing negotiations.

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, 2023**	**Increase**	**Decrease**	**Reclass.**	**Transl. diff.**	**June 30, 2023**
Gross value						
Buildings Right of Use	58,742	2,039	(3,725)	-	(791)	56,264
Other assets Right of Use	8,127	1,354	(888)	-	(94)	8,499
Total	**66,869**	**3,393**	**(4,614)**	**-**	**(885)**	**64,763**
Accumulated depreciation						
Buildings Right of Use	24,074	4,045	(3,653)	-	(282)	24,184
Other assets Right of Use	3,798	1,117	(738)	-	(68)	4,109
Total	**27,872**	**5,162**	**(4,391)**	**-**	**(350)**	**28,293**
Net value	**38,997**	**(1,769)**	**(222)**	**-**	**(535)**	**36,470**

Investments in Right of Use in the financial period amounts to 3,393 thousand Euro 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 2023 are shown below:

(Euro/000)	January 1, 2023	Increase	Decrease	Reclass.	Reclass. assets held for sale	Transl. diff.	June 30, 2023
Gross value							
Software	100,469	714	(10)	-	(217)	(492)	100,463
Trademarks and licenses	154,910	94	-	-	-	(1,812)	153,192
Other intangible assets	32,388	106	-	-	-	(576)	31,918
Total	**287,766**	**914**	**(10)**	**-**	**(217)**	**(2,879)**	**285,573**
Accumulated amortization							
Software	87,787	2,754	(10)	-	(193)	(468)	89,869
Trademarks and licenses	51,332	3,492	-	-	-	(259)	54,565
Other intangible assets	15,654	2,027	-	-	-	(247)	17,435
Total	**154,773**	**8,272**	**(10)**	**-**	**(193)**	**(973)**	**161,869**
Net value	**132,993**	**(7,359)**	**-**	**-**	**(24)**	**(1,907)**	**123,704**

Investments in intangible fixed assets made during the six months amount to 914 thousand Euro (1,698 thousand Euro in the previous period).

Investments of 6,292 thousand Euro relating the implementation of cloud-based software-as-a-service (SaaS) agreements, have been expensed as EDP service costs, in line with the accounting policy introduced by the Group in 2021 to comply with the guidelines of the IFRIC agenda on SaaS arrangements published in April 2021.

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

(Euro/000)	*Notes*	First semester 2023	First semester 2022
Cost of sales	*3.2*	9,083	6,249
Selling and marketing expenses	*3.3*	1,733	1,482
General and administrative expenses	*3.4*	9,813	11,490
Amortization and depreciation		**20,629**	**19,221**
Cost of sales - Right of Use depreciation	*3.2*	603	588
Selling and marketing expenses - Right of Use depreciation	*3.3*	2,306	2,117
General and administrative expenses - Right of Use depreciation	*3.4*	2,253	2,118
Depreciation Right of Use - IFRS 16		**5,162**	**4,822**
Total		**25,791**	**24,043**

Amortization and depreciation equal 20,629 thousand Euro (19,221 thousand Euro in the previous period).

The increase of the "cost of sales" depreciation and amortization is due to non-recurring tangible assets write-downs equal to 3,519 thousand Euro, related to the ongoing plan of disposal of the Longarone plant.

The Right of Use depreciations are equal to 5,162 thousand Euro (4,822 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 fast growing brands, will enable the whole Group to compete more effectively in markets impacted by digitalization. The allocation to a single CGU is consistent with the approach adopted for the preparation of the 31 December 2022 financial statements, which was designed to appropriately reflect the Group's strategy and business model.

The following table shows changes in Goodwill:

(Euro/000)	**January 1, 2023**	**Increase**	**Decrease**	**Transl. diff.**	**June 30, 2023**
Goodwill	34,895	-	-	(642)	34,252

During the current period, the item recorded a decrease of 642 thousand Euro due to the foreign currency translation.

In consideration of the Group's economic and financial performance in the first half of 2023, described in the report on operations and in line with the budget and medium-term forecasts reflected in the Financial Projections for the period 2023 – 2027 and of the 2022 impairment test's high level of cover in case of increases to the WACC, 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 2023.

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, 2023**	**December 31, 2022**
Net deferred tax assets	35,479	36,273
Deferred tax liabilities	(11,477)	(12,863)
Total net	**24,002**	**23,410**

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, 2023**	**December 31, 2022**
Long-term guarantee deposits	2,033	2,199
Other long-term receivables	3,910	4,172
Long-term tax receivables	1,804	2,251
Total	**7,747**	**8,623**

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, 2023**	**December 31, 2022**
Short-term portion of long-term bank loans	30,000	30,000
Short-term borrowings	**30,000**	**30,000**
Long-term bank loans	102,977	117,329
Long-term borrowings	**102,977**	**117,329**
Short-term portion of financial lease liability IFRS 16	9,573	9,051
Long-term portion of financial lease liability IFRS 16	31,727	34,727
Financial lease liability IFRS 16	**41,300**	**43,778**
Total	**174,277**	**191,107**

Borrowings

At 30 June 2023 the Group has bank loans for a total amount of 132,977 thousand Euro of which 30,000 thousand Euro classified as short-term and 102,977 thousand Euro as long-term (147,329 thousand Euro as at 31 December 2022 of which 30,000 thousand Euro classified as short-term and 117,329 thousand Euro as long-term).

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

- 150,000 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 4,023 thousand Euro, bringing their combined net value to 132,977 thousand Euro (147,329 thousand Euro as at 31 December 2022). The Term Loan Facility matures in September 2027, with a repayment profile in ten semi-annual instalments starting from June 2023. In line with this repayment schedule, the first instalment of 15,000 thousand Euro has been repaid in June 2023, leaving a principal amount of 135,000 thousand Euro on the Term Loan Facility as at 30 June 2023;

- the Revolving Credit Facility (75,000 thousand Euro) has not been drawn as at 30 June 2023 (no amount drawn also as at 31 December 2022).

These committed, unsubordinated and unsecured facility agreements are subject to customary operating and financial covenants. At 30 June 2023 the Group complies with all the outstanding covenants.

Here below we report the maturity analysis of the nominal value of the long-term bank loans, gross of 4,023 thousand Euro of transaction costs (4,671 thousand Euro as at 31 December 2022):

(Euro/000)	**June 30, 2023**	**December 31, 2022**
From 1 to 2 years	30,000	30,000
From 2 to 3 years	30,000	30,000
From 3 to 4 years	30,000	30,000
From 4 to 5 years	17,000	32,000
Beyond 5 years	-	-
Total	**107,000**	**122,000**

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

(Euro/000)	**Credit lines granted**	**Uses**	**Credit lines available**
Credit lines on bank accounts and short-term bank loans	17,651	-	17,651
Credit lines on long-term bank loans	285,000	137,000	148,000
Total	**302,651**	**137,000**	**165,651**

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 135,000 thousand Euro, a Revolving Credit

Facility of 75,000 thousand Euro and a Capex Facility line of 75,000 thousand Euro, for a total amount equal to 285,000 thousand Euro (used for 137,000 thousand Euro at 30 June 2023).

The Group, as at 30 June 2023, has no financial borrowings in currencies other than Euro.

Financial Lease liability

The IFRS 16 financial lease liability, as at 30 June 2023, amounts to 41,300 thousand Euro of which 9,573 thousand Euro as short term, and 31,727 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, 2023**	**December 31, 2022**	**Change**
A Cash	71,227	77,710	(6,483)
B Cash equivalents	-	-	-
C Other current financial assets	-	-	-
D Liquidity (A + B + C)	**71,227**	**77,710**	**(6,483)**
E Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	-	-	-
F Current portion of non-current financial debt	(39,573)	(39,051)	(522)
G Current financial indebtedness (E + F)	**(39,573)**	**(39,051)**	**(522)**
H Net current financial indebtedness (G - D)	**31,654**	**38,659**	**(7,005)**
I Non-current financial debt (excluding current portion and debt instruments)	(134,704)	(152,057)	17,353
J Debt instruments	-	-	-
K Non-current trade and other payables	-	-	-
L Non-current financial indebtedness (I + J + K)	**(134,704)**	**(152,057)**	**17,353**
M Total financial indebtedness (H + L)	**(103,050)**	**(113,398)**	**10,348**

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 2023 the indirect or contingent indebtedness of the Group, includes "liabilities for options on non-controlling interests" equal to 27,724 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 9,201 thousand of Euro as disclosed in note 2.17, and "provisions for risks" for a total of 27,312 thousand of Euro as disclosed in note 2.16.

2.13 Trade payables

This item breaks down as follows:

(Euro/000)	June 30, 2023	December 31, 2022
Trade payables for:		
Purchase of raw materials	19,804	25,383
Purchase of finished goods	50,772	64,066
Supplies from subcontractors	3,143	3,322
Tangible and intangible assets	1,556	2,816
Commissions	4,160	4,443
Royalties	12,446	10,776
Advertising and marketing costs	12,142	11,351
Services	47,356	49,251
Sales returns liabilities (Refund Liability)	10,480	9,295
Total	**161,860**	**180,701**

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, 2023	December 31, 2022
Income tax payables	19,497	12,964
VAT payables	5,336	3,820
Other taxes payables	3,181	5,709
Total	**28,013**	**22,492**

At 30 June 2023 tax payables amounted to Euro 28,013 thousand (compared to Euro 22,492 thousand at 31 December 2022). Of this amount Euro 19,497 thousand referred to income tax for the period, Euro 5,336 thousand to VAT payable and Euro 3,181 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, 2023	December 31, 2022
Payables to personnel and social security institutions	31,966	31,918
Agent fee payables	199	173
Payables to pension funds	1,008	1,370
Accrued advertising and sponsorship costs	1,037	781
Accrued interests on long-term loans	32	53
Other accruals and deferred income	8,143	9,422
Other current liabilities	2,221	3,574
Total	**44,606**	**47,291**

"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.

It is considered that the book value of the "other current liabilities" approximates their fair value.

2.16 Provision for risks and charges

This item breaks down as follows:

(Euro/000)	January 1, 2023	Increase	Decrease	Transl. diff.	June 30, 2023
Product warranty provision	5,706	206	(631)	(37)	5,244
Agents' severance indemnity	2,396	102	(112)	-	2,386
Other provisions for risks and charges	6,410	705	(1,115)	17	6,017
Provisions for risks - long term	**14,512**	**1,013**	**(1,858)**	**(21)**	**13,647**
Product warranty provision	2,167	-	-	(33)	2,134
Provision for corporate restructuring	1,296	8,889	(1,034)	-	9,151
Other provisions for risks and charges	5,704	(59)	(3,264)	(0)	2,381
Provisions for risks - short term	**9,166**	**8,830**	**(4,298)**	**(33)**	**13,665**
Total	**23,678**	**9,843**	**(6,156)**	**(54)**	**27,312**

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. The increase of the period equal to Euro 8,889 thousand refers to the Longarone plant disposal plan, this amount has been reported as a non-recurring expenses in the item "other operating expenses".

Provisions for other risks and charges refer to the best estimate made by management of the liabilities to be recognized in relation to proceedings arisen against suppliers, tax authorities and other counterparts.

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, 2023	December 31, 2022
Defined contribution plan	15	15
Defined benefit plan	9,186	13,959
Total	**9,201**	**13,975**

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, 2023	Addition	Actuarial (gains)/losses	Uses	Reclass. liabilities held for sale	Transl. diff.	June 30, 2023
Defined benefit plan	13,959	1,059	-	(1,146)	(4,674)	(12)	9,186

The balance related to the reclassification to "Liabilities held for sale" refers to the reclassification of the employees benefit liability of the Longarone production site that is subject to a negotiation for its disposal.

At 30 June 2023 the item "Liabilities held for sale", presented in a separate line item in the balance sheet, amounts to 5,286 thousand Euro and include the above amounts related to the employees benefit liability and other personnel liabilities equal to Euro 612 thousand.

2.18 Liabilities for options on non-controlling interests

Movements in the item were as follows:

(Euro/000)	January 1, 2023	Increase	Decrease	Reclass.	Transl. diff.	June 30, 2023
Short term - liabilities for options on non-controlling interests	6,195	-	(164)	-	(113)	5,919
Long term - liabilities for options on non-controlling interests	13,349	8,750	-	-	(294)	21,805
	19,545	**8,750**	**(164)**	**-**	**(407)**	**27,724**

The amount equal to 27,724 thousand Euro of which 5,919 thousand Euro as short-term liability refers to the put and call options liability on the non-controlling interests of the two business combinations finalised in 2020 of Privé Goods LLC and of Blenders Eyewear LLC.

Pursuant to the contractual terms the non-controlling interests held by the minority equity holders of these two investments 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 and 2024 for one third of the minority interests and in 2025 for the remaining portions.

On 30 June 2023 the Group has already finalised the exercise of the first option on Privé Revaux non-controlling interests, following this event pursuant to the contractual terms the Group has increased its controlling stake in Privé Revaux from 82.8% to 88.5% in exchange for a nominal amount.

On Blenders non-controlling interests, the exercise of the first option on an additional 10% of the interests has been already agreed but will be finalised in the third quarter 2023 in exchange for amount of 5,919 thousand Euro and it is classified as a short-term liability as at 30 June 2023.

In March 2023, the Group has also 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.

Following the above extension, the option fair value liability recorded an increase equal to 8,586 thousand Euro reported as financial loss 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/US 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, 2023	Increase	Decrease	Reclass.	Transl. diff.	June 30, 2023
Other non current liabilities	2,041	799	-	-	(22)	2,819
	2,041	**799**	**-**	**-**	**(22)**	**2,819**

The "other non current liabilities" include the estimate of the tax liability equal to 1,635 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.

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 2023, shareholders' equity amounted to 394,079 thousand Euro, compared to 409,915 thousand Euro at 31 December 2022.

2.20 Share capital

At 30 June 2023 the share capital of the Parent Company, Safilo Group S.p.A., amounts to Euro 384,857,848 consisting of no. 413,745,466 ordinary shares with no par value (413,687,781 ordinary shares as at 31 December 2022). In the period a number of 57,685 new ordinary shares were issued, resulting from the execution of a share capital increase to the service of the stock option plan named "Stock Option Plan 2017 – 2020".

2.21 Share premium reserve

At 30 June 2023 the share premium reserve of the Parent Company, Safilo Group S.p.A., amounts to Euro 27,388,371 (Euro 692,520,684 at 31 December 2022). The decrease equal to Euro 665,132,313 is due to its utilization to integrally cover the losses carried-forward resolved with the shareholders' approval of the 2022 statutory report, net of the increase for 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:

- a decrease of 10,213 thousand Euro due to the translation differences coming from the translation of the subsidiaries' financial statements into Euro;

- an increase of 160 thousand Euro related to the cost of the period of the stock option plans in place.

During the first semester, the Group has distributed dividends to the minority interests of the subsidiary Blenders Eyewear LLC equal to 557 thousand Euro, this amount has reduced the equity related to the non-controlling interests.

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 2023 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 Extraordinary 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 Extraordinary Meeting held on 28 April 2020, in which the Shareholders approved the issue up to 7,000,000 new ordinary shares to be offered to directors and/or employees of the Company and its subsidiaries.

On 27 April 2023 the Ordinary Shareholders' Meeting approved the Stock Option Plan 2023-2025 which provides for the assignment of 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. At the date of the present report no options have been assigned to beneficiaries of this Plan.

The adoption of these plans has affected the income statement for the period for Euro 160 thousand (Euro 320 thousand at 30 June 2022).

3. Notes on the interim condensed consolidated income statement

3.1 Net sales

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

Revenues include the fair value of the sale of goods and services, less VAT, returns and discounts. In particular, the Group recognizes the revenues when the control over goods sold is transferred to the customer, assumed at the shipment date, in accordance with the sales terms agreed. According to the standard contractual conditions applied by the Group, customers may have a right of return. If the sale includes the right for the client to return unsold goods, at the time of sale, a liability is recognized and a corresponding adjustment of revenues for the goods whose return is estimated.

In 2023 first semester sales amounted to 550,139 thousand Euro, showing a decrease of 3.6% compared to the previous period (570,882 thousand Euro).

For a discussion on sales trends and the disaggregated sales by geographical regions, reference is 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 2023**	**First semester 2022**
Purchase of raw materials and finished goods	149,290	195,065
Capitalisation of costs for increase in tangible assets (-)	(1,742)	(1,317)
Change in inventories	23,436	(4,966)
Wages and social security contributions	39,831	41,509
Subcontracting costs	4,844	7,576
Amortization and depreciation	9,083	6,249
Depreciation Right of Use - IFRS 16	603	588
Rental and operating leases	790	764
Offset Rental and operating leases - IFRS 16	(644)	(616)
Utilities, security and cleaning	3,166	4,532
Other industrial costs	2,888	3,189
Total	**231,543**	**252,572**

Cost of sales decreased by Euro 21,029 thousand (or -8.3%), from Euro 252,572 thousand for the six months ended 30 June 2022, to Euro 231,543 thousand for the six months ended 30 June 2023.

Wages and social security contributions decreased by Euro 1,679 thousand (or -4.0%) from Euro 41,509 thousand to Euro 39,831 thousand for the six months ended 30 June 2023, benefitting from the savings provided by the reshaping of the industrial capacity according to the restructuring plan of the Group's manufacturing footprint.

Amortization and depreciation increased by Euro 2,835 thousand from Euro 6,249 thousand for the six months ended 30 June 2022 to Euro 9,083 thousand for the six months ended 30 June 2023. The item was affected by non-recurring tangible assets write-downs equal to 3,519 thousand Euro, related to the ongoing plan of disposal of Longarone plant.

The change in inventories can be broken down as follows:

(Euro/000)	**First semester 2023**	**First semester 2022**
Finished products	14,463	294
Work-in-progress	575	986
Raw materials	8,398	(6,246)
Total	**23,436**	**(4,966)**

3.3 Selling and marketing expenses

This item breaks down as follows:

(Euro/000)	**First semester 2023**	**First semester 2022**
Payroll and social security contributions	57,460	54,232
Sales commissions	23,760	25,796
Royalty expenses	31,804	32,737
Advertising and promotional costs	73,317	74,387
Amortization and depreciation	1,733	1,482
Depreciation Right of Use - IFRS 16	2,306	2,117
Logistic costs	18,296	17,079
Consultants fees	682	743
Rental and operating leases	3,961	3,513
Offset Rental and operating leases - IFRS 16	(2,696)	(2,393)
Utilities, security and cleaning	597	545
Provision for risks	311	(173)
Other sales and marketing expenses	10,639	8,949
Total	**222,170**	**219,015**

Selling and marketing expenses increased by Euro 3,155 thousand (or 1.4%), from Euro 219,015 thousand for the six months ended 30 June 2022 to Euro 222,170 thousand for the six months ended 30 June 2023. This was due to the increase of payroll and social security contributions by Euro 3,228 thousand (or 6.0%), logistic costs by Euro 1,217 thousand (or 7.1%) and other sales and marketing expenses by 1,690 thousand Euro (or 18.9%), partially offset by a decrease of the sales commissions by Euro 2,037 thousand (or -7.9%), royalty expenses and advertising and promotional costs by respectively Euro 933 thousand (or -2.9%) and Euro 1,070 thousand (or -1.4%).

3.4 General and administrative expenses

This item breaks down as follows:

(Euro/000)	First semester 2023	First semester 2022
Payroll and social security contributions	26,665	25,183
Allowance and write-off of doubtful accounts	251	(93)
Amortization and depreciation	9,813	11,490
Depreciation Right of Use - IFRS 16	2,253	2,118
Professional services	6,569	6,293
Rental and operating leases	3,167	2,916
Offset Rental and operating leases - IFRS 16	(2,569)	(2,467)
EDP costs	15,327	10,889
Insurance costs	1,114	1,245
Utilities, security and cleaning	1,784	1,950
Taxes (other than on income)	590	949
Other general and administrative expenses	2,452	2,046
Total	**67,416**	**62,520**

General and administrative expenses increased by Euro 4,895 thousand (or 7.8%), from Euro 62,520 thousand for the six months ended 30 June 2022 to Euro 67,416 thousand for the six months ended 30 June 2023. This was mainly due to an increase of payroll and social security contributions by Euro 1,482 thousand (or 5.9%) and an increase of the EDP expenses by Euro 4,438 thousand (or 40.8%), from Euro 10,889 thousand for the six months ended 30 June 2022 to Euro 15,327 thousand for the six months ended 30 June 2023.

The increase of the EDP expenses is mainly related to the cost incurred for the implementation of the latest-generation integrated information system (ERP) which are cloud-based and hence structured as a software-as-a-service (SaaS) agreement. Safilo has therefore fully expensed the related amount of 6,292 thousand Euro as EDP service costs, in line with the accounting policy introduced by the Group in 2021 to comply with the guidelines of the IFRIC agenda on SaaS arrangements published in April 2021.

3.5 Other operating income (expenses)

This item breaks down as follows:

(Euro/000)	First semester 2023	First semester 2022
Losses on disposal of assets	(142)	(3)
Other operating expenses	(11,337)	(5,035)
Gains on disposal of assets	47	26
Other operating income	1,246	6,248
Total	**(10,185)**	**1,236**

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 2023 under "other operating expenses" non-recurring costs of Euro 11,214 thousand were accounted for mainly related to the announced projects to dispose the Longarone plant to third parties, for Euro 8,889 thousand in line with IAS 37, and to some other restructuring expenses.

During the first six months of the previous period under "other operating expenses" non-recurring costs of Euro 4,170 thousand were accounted for mainly related to some special projects and restructuring expenses, "Other operating income" included a non-recurring income of Euro 3,600 thousand due to the release of an excess restructuring provision.

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 two business combinations finalised in the first half of 2020 (for more details see the note 2.18).

As at 30 June 2023 the fair value of the liability following the 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, recorded an increase equal to 8,586 thousand Euro reported as financial loss in this item of the income statement (a gain of 8,731 thousand Euro in the previous period).

3.7 Interest expenses and other financial charges, net

This item breaks down as follows:

(Euro/000)	**First semester 2023**	**First semester 2022**
Nominal interest expenses on loans	4,378	2,044
Figurative interest expenses on loans	645	363
Interest expenses on operating leases - IFRS 16	873	781
Bank commissions	3,569	3,489
Negative exchange rate differences	11,300	25,950
Other financial charges	577	535
Total financial charges	**21,341**	**33,161**
Interest income	391	337
Positive exchange rate differences	10,007	29,340
Other financial income	1,530	784
Total financial income	**11,928**	**30,460**
Total financial charges, net	**9,414**	**2,701**

Total net financial charges increase from Euro 2,701 thousand for the six months ended 30 June 2022 to Euro 9,414 thousand for the six months ended 30 June 2023. Excluding the accounting effect of the IFRS 16 interest expenses, net financial interests increased by Euro 2,561 thousand, due to the increase in interest rates on the long-term bank loans.

Net exchange rate differences are equal to a loss of Euro 1,293 thousand in the first six months ended 30 June 2023 compared to a gain of Euro 3,390 thousand in the first six months of 2022.

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.

3.8 Income tax expenses

This item breaks down as follows:

(Euro/000)	First semester 2023	First semester 2022
Current tax	(11,059)	(10,629)
Deferred tax	850	(1,071)
Total	**(10,210)**	**(11,699)**

Income taxes record an expense for the six months ended 30 June 2023 of 10,210 thousand Euro, the Group's effective tax rate was primarily affected by certain relevant non-deductible expense items that have negatively affected the result before tax of the period, mainly related to the loss on the liabilities for options on non-controlling interest, and by the non-recognition of deferred tax assets for the Italian and other Group entities.

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 2023	First semester 2022
Profit/(Loss) for ordinary shares (in Euro/000)	(8,959)	32,717
Average number of ordinary shares (in thousands)	413,721	413,558
Earnings/(Losses) per share - basic (in Euro)	**(0.022)**	**0.079**

Diluted

	First semester 2023	First semester 2022
Profit/(Loss) for ordinary shares (in Euro/000)	(8,959)	32,717
Average number of ordinary shares (in thousands)	413,721	413,558
Dilution effects:		
- stock option (in thousands)	3,475	4,051
Total	**417,196**	**417,609**
Earnings/(Losses) per share - diluted (in Euro)	**(0.021)**	**0.078**

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 2023, 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 2023, the parent company Safilo Group S.p.A. did not pay any dividends to its shareholders.

3.13 Segment reporting

Following the divestiture of the Group's retail operations in 2019, from the 2019 financial statements going onwards, the Group considers the Wholesale segment as its 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 2023**	**December 31 2022**
Receivables			
Companies controlled by HAL Holding N.V.	(a)	209	328
Total		**209**	**321**
Payables			
Companies controlled by HAL Holding N.V.	(a)	34	53
HAL Investments B.V.	(a)	-	30
Total		**34**	**83**

Related parties transactions *(Euro/000)*	**Relationship**	**First semester 2023**	**First semester 2022**
Revenues			
Companies controlled by HAL Holding N.V.	(a)	556	618
Total		**556**	**618**
Operating expenses			
Companies controlled by HAL Holding N.V.	(a)	28	17
Total		**28**	**17**

(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 2023, there were no events that could have a material impact on the results published in this report.

Padua, 2 August 2023

For the Board of Directors
The Chief Executive Officer
Angelo Trocchia

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

The undersigned Angelo Trocchia, as the Chief Executive Officer, and Gerd Graehsler, 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 2023 half-year condensed financial statements.

Administrative and accounting procedures used for the preparation of the condensed financial statements as of 30 June 2023 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, 2 August 2023

Angelo Trocchia
Chief Executive Officer

Gerd Graehsler
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 2023, 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 2023 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.

Other Matters

The consolidated financial statements as of and for the year ended 31 December 2022 and the interim condensed consolidated financial statements for the period ended 30 June 2022 were audited and reviewed, respectively, by other auditors, who on 15 March 2023 expressed an unqualified opinion on the consolidated financial statements, and on 5 August 2022 expressed an unmodified conclusion on the interim condensed consolidated financial statements.

Treviso, 3 August 2023

PricewaterhouseCoopers SpA

Signed by

Filippo Zagagnin
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers