



**REPORTS OF THE DIRECTORS FOR THE ORDINARY AND EXTRAORDINARY
SHAREHOLDERS' MEETING**

OF

SAFILO GROUP S.p.A.

CALLED ON APRIL 28, 2020, IN SINGLE CALL

ITEM NO. 1 ON THE AGENDA – EXTRAORDINARY SESSION
(Report drafted pursuant to Articles 125-ter of the T.U.F. and Article 72 of the
Issuer's Regulation)

Dear Shareholders,

With this report we would like to illustrate item no. 1 - extraordinary session - on the agenda of the Ordinary and Extraordinary Shareholders' Meeting of the Company, called at the registered office of the Company on April 28, 2020, at 10:00 am, in single call.

- 1. Proposal of issuance in cash, without capital increase, up to a maximum number of 7,000,000 ordinary shares without any indication of par value, with exclusion of the pre-emption right pursuant to Article 2441, Paragraph 8, of the Italian Civil Code, at the service of a stock option plan (Stock Option Plan 2020-2022) reserved to executive directors who are also employees and other employees of Safilo Group S.p.A. and/or other companies within the Safilo Group; consequent amendments to Article 5 of the Articles of Association; related and consequent resolutions**

The Board of Directors brings to your attention the proposed issuance in cash, without capital increase, up to a maximum number of 7,000,000 ordinary shares without any indication of par value, with exclusion of the pre-emption right pursuant to Article 2441, Paragraph 8, of the Italian Civil Code (the "**Shares' Issuance**"), at the service of a stock option plan (Stock Option Plan 2020-2022) reserved to executive directors who are also employees and other employees of Safilo Group S.p.A. and/or other companies within the Safilo Group, to be subscribed within June 30, 2030.

1. Reasons and aim of the Shares' Issuance

The Shares' Issuance is at the service of the share incentive plan called " Stock Option Plan 2020 - 2022" (the "**Plan**"), whose guidelines have been submitted for approval to the ordinary Shareholders' Meeting by the Board of Directors; for this purpose, reference should be made to the report related to item no. 4 on the agenda, ordinary session.

In particular, it is hereby pointed out that a maximum of 7,000,000 options are the object of the Plan (the "**Options**") valid for the subscription of a maximum number of 7,000,000 ordinary shares, at the rate of no. 1 (one) ordinary share every no. 1 (one) option awarded and exercised pursuant to the terms and conditions of the Plan.

The Options shall be granted free of charge to the beneficiaries identified by the Board of Directors, upon the proposal of the Remuneration and Nomination Committee in case the beneficiary is the Chief Executive Officer, or upon the proposal of the Chief Executive Officer after consulting the Remuneration and Nomination Committee, for the other beneficiaries. Pursuant to Article 2441,

paragraph 8, of the Italian Civil Code, beneficiaries may only be employees of Safilo Group S.p.A. and/or other companies within Safilo Group.

The reasons for the implementation of a share incentive plan, which the Shares' Issuance is aimed at, can be found in the opportunity to provide the Company with an efficient instrument for retention of employees who hold an important role within the Company or who play a significant role in the achievement of the medium-long term goals of the Company or of its Subsidiaries (the "**Beneficiaries**").

In addition to employee retention objectives of the Beneficiaries, the Plan is also implemented to offer incentives to the same, through the use of an instrument aimed at aligning Beneficiaries and shareholders' economic interest towards a common goal of share price increase.

The Shares' Issuance serving the Plan, in case of full subscription of the same following the exercise of all the Options, will determine for the shareholders of the Company a dilution of 2.50% of the shareholding percentage of the share capital of the Company.

2. Issue price

Having premised that, according to the Plan guidelines submitted to the Ordinary Shareholders' Meeting for approval by the Board of Directors, (i) Options under the Plan will be awarded in no more than three tranches and the amount of each tranche will be determined by the Board of Directors; and (ii) the Board of Directors, with reference to each tranche, will not be subject to any obligation in the determination of the quantity of Options to be assigned to the Beneficiaries, being able to discretionally proceed not to assign any Option, or to make multiple assignments within the same tranche, the Board of Directors decided to propose to the Shareholders' Meeting to set the determination criteria of the shares' issue price as illustrated here below.

The issue price of the shares shall be equal to the volume weighted average (rounded down to the second decimal place) official price of the Company shares for the preceding month leading up to the day on which the Board of Directors resolves the assignment of the Options under the Plan (therefore, it means the period starting from the day preceding the Board of Directors' meeting which resolves the assignment and ending on the same day of the previous calendar month, being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average).

The criteria proposed by the Board of Directors, as stated above, permits to consider a time period long enough to remove financial market volatility from the result, indicating the Company market price, and corresponds to the current practice of financial markets used to determine the subscription price of newly issued shares under stock option plans in favor of employees.

It should be noted that any payments made by the Beneficiaries for the purpose of exercising the Options assigned to them will be fully charged to the share premium reserve, without any increase in the share capital; consequently, the Shares' Issuance will lead to an increase in maximum no. 7,000,000 shares of the number of shares into which the share capital is divided, equal to 349,943,372.53 euros, the latter remaining unchanged.

3. Characteristics of the newly issued shares

The Company shall make available to the Beneficiaries the ordinary newly issued shares subscribed based on the exercise of the Options in accordance with the provisions of the Plan. The ordinary shares of the Company subscribed by the Beneficiary shall guarantee regular entitlement and have entitlement coinciding with that of the Company's shares already in circulation on the issuance date and are equipped with coupons in progress on that date.

4. Amendments to Company's Articles of Association

The Shares' Issuance above described will imply the inclusion of a new paragraph in Article 5 of the Articles of Association. The proposed wording to be inserted into the Article 5 is hereinafter attached.

<i>Current Text</i>	<i>Amended Text</i>
<p>Article 5 Share capital amounts to Euro 349,943,372.53 (three hundred forty-nine million nine hundred forty-three thousand three hundred seventy-two/53) divided into no. 275,703,846 (two hundred seventy-five million seven hundred and three thousand eight hundred forty-six) ordinary shares without any indication of par value. Option rights may be excluded, in respect of the capital increase, up to the limit of ten per cent of existing capital, on the condition that the issue price corresponds to the market value and this is confirmed in a report by the Company's auditors, pursuant to article 2441, paragraph 4, point 2, of the Italian Civil Code. By virtue of what has been specified above, the extraordinary meeting of April 15th, 2014 resolved to increase the share capital by a maximum value of Euro 7,500,000.00 (seven million five hundred thousand/00) by issuing new ordinary shares for an amount up to a maximum of no. 1,500,000 (one million five hundred thousand/00) without any</p>	<p>Article 5 Share capital amounts to Euro 349,943,372.53 (three hundred forty-nine million nine hundred forty-three thousand three hundred seventy-two/53) divided into no. 275,703,846 (two hundred seventy-five million seven hundred and three thousand eight hundred forty-six) ordinary shares without any indication of par value. Option rights may be excluded, in respect of the capital increase, up to the limit of ten per cent of existing capital, on the condition that the issue price corresponds to the market value and this is confirmed in a report by the Company's auditors, pursuant to article 2441, paragraph 4, point 2, of the Italian Civil Code. By virtue of what has been specified above, the extraordinary meeting of April 15th, 2014 resolved to increase the share capital by a maximum value of Euro 7,500,000.00 (seven million five hundred thousand/00) by issuing new ordinary shares for an amount up to a</p>

indication of par value, to be offered for subscription to directors and/or employees of the Company and its subsidiaries.

On April 26, 2017, the extraordinary general meeting resolved to increase the share capital, in cash and in more tranches, by a maximum value of Euro 12,500,000.00 (twelve million five hundred thousand/00) attributable to the entire share capital by issuing new ordinary shares for an amount up to a maximum of no. 2,500,000 (two million five hundred thousand) without any indication of par value, having the same characteristics as those already issued, with regular enjoyment, with the exclusion of the option right pursuant to article 2441, paragraph 4, second part of the Italian Civil Code, to be offered for subscription to the beneficiaries of the 2017-2020 Stock Option Plan, at a certain exercise price, equal to the volume weighted average of the official price of the Safilo Group's shares registered on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A. (Mercato Telematico Azionario) for the preceding month leading up to the granting of options (therefore the period starting from the day preceding the Board of Directors' meeting which resolves the granting of options and ending on the same day of the previous calendar month, it being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average).

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On April 28, 2020, the extraordinary shareholders' meeting resolved to issue, without capital increase, up to a maximum number of 7,000,000 (seven million) ordinary shares without any indication of par value, having the same characteristics as those already issued, with exclusion of the pre-emption right pursuant to Article 2441, Paragraph 8, of the Italian Civil Code, to be offered for subscription to the beneficiaries of the 2020-2022 Stock Option Plan, at an issue price, fully charged to the share premium reserve, equal to the volume weighted average (rounded down to the second decimal place) official price of the

	<p>Company shares for the preceding month leading up to the day on which the Board of Directors resolves the assignment of the Options under the Plan (therefore, it means the period starting from the day preceding the Board of Directors' meeting which resolves the assignment and ending on the same day of the previous calendar month, being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average).</p>
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It is hereby specified that the amendment to the Articles of Association do not imply the right of withdrawal pursuant to Article 2437 of the Italian Civil Code.

The Board of Directors therefore submits the following resolution for your approval:

"The Extraordinary Shareholders' Meeting of Safilo Group S.p.A.,

- *having taken into account the approval by the Ordinary Shareholder's Meeting of the Company held on April 28, 2020, pursuant to Article 114-bis of the Legislative Decree no. 58 of February 24, 1998, of the stock option plan named "Stock Option Plan 2020-2022";*
- *having taken into account the Illustrative Report of the Board of Directors;*
- *having taken into account that the share capital is Euro 349,943,372.53 (three hundred forty-nine million nine hundred forty-three thousand three hundred seventy-two/53), fully subscribed and paid in, represented by no. 275,703,846 (two hundred seventy-five million seven hundred and three thousand eight hundred forty-six) ordinary shares without any indication of par value;*

resolves

- 1) *to issue in cash, without capital increase, up to a maximum number of 7,000,000 ordinary shares without any indication of par value, having the same characteristics as those already issued, with exclusion of the pre-emption right pursuant to Article 2441, Paragraph 8, of the Italian Civil Code, reserved for subscription to the beneficiaries of the 2020-2022 Stock Option Plan, stating that according to Article 2439, paragraph 2, of the Italian Civil Code, the deadline for the subscription is June 30, 2030, and providing that should all the shares not be subscribed according to the terms and conditions stated herein and by the set deadline, the*

number of shares representing the share capital will be increased by an amount equal to the number of shares subscribed at that time;

- 2) *to confer to the Board of Directors the right to set the issue price of the shares, that shall be equal to the volume weighted average (rounded down to the second decimal place) official price of the Company shares for the preceding month leading up to the day on which the Board of Directors resolves the assignment of the Options under the Plan (therefore, it means the period starting from the day preceding the Board of Directors' meeting which resolves the assignment and ending on the same day of the previous calendar month, being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average);*

- 3) *to amend accordingly the text of Article 5 of the Company's Articles of Association:*

"Share capital amounts to Euro 349,943,372.53 (three hundred forty-nine million nine hundred forty-three thousand three hundred seventy-two/53) divided into no. 275,703,846 (two hundred seventy-five million seven hundred and three thousand eight hundred forty-six) ordinary shares without any indication of par value.

Option rights may be excluded, in respect of the capital increase, up to the limit of ten per cent of existing capital, on the condition that the issue price corresponds to the market value and this is confirmed in a report by the Company's auditors, pursuant to article 2441, paragraph 4, point 2, of the Italian Civil Code.

By virtue of what has been specified above, the extraordinary meeting of April 15th, 2014 resolved to increase the share capital by a maximum value of Euro 7,500,000.00 (seven million five hundred thousand/00) by issuing new ordinary shares for an amount up to a maximum of no. 1,500,000 (one million five hundred thousand/00) without any indication of par value, to be offered for subscription to directors and/or employees of the Company and its subsidiaries.

On April 26, 2017, the extraordinary general meeting resolved to increase the share capital, in cash and in more tranches, by a maximum value of Euro 12,500,000.00 (twelve million five hundred thousand/00) attributable to the entire share capital by issuing new ordinary shares for an amount up to a maximum of no. 2,500,000 (two million five hundred thousand) without any indication of par value, having the same characteristics as those already issued, with regular enjoyment, with the exclusion of the option right pursuant to article 2441, paragraph 4, second part of the Italian Civil Code, to be offered for subscription to the beneficiaries of the 2017-2020 Stock Option Plan, at a certain exercise price, equal to the volume weighted average of the official price of the Safilo Group's shares registered on the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A. (Mercato Telematico Azionario) for the preceding month leading up to the granting of options (therefore the period starting from the day preceding the Board of Directors' meeting which resolves the granting of options and ending on the same day of the previous calendar month, it being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average).

On April 28, 2020, the extraordinary shareholders' meeting resolved to issue, without capital increase, up to a maximum number of 7,000,000 (seven million) ordinary shares without any indication of par value, having the same characteristics as those already issued, with exclusion of the pre-emption right pursuant to Article 2441, paragraph 8, of the Italian Civil Code, to be offered for subscription to the beneficiaries of the 2020-2022 Stock Option Plan,

at an issue price, fully charged to the share premium reserve, equal to the volume weighted average (rounded down to the second decimal place) official price of the Company shares for the preceding month leading up to the day on which the Board of Directors resolves the assignment of the Options under the Plan (therefore, it means the period starting from the day preceding the Board of Directors' meeting which resolves the assignment and ending on the same day of the previous calendar month, being understood that, during the aforesaid period, only trading days will be taken into account to determine the weighted average)."

- 4) *to grant severally the Chairman and the Chief Executive Officer, who can sub-delegate someone else, any power necessary to implement the above resolutions as well as to take care of the required and/or appropriate formalities needed, with the power to make any non-substantial amendments, adjustments or integrations that might be appropriate or required by the competent Authorities, even upon filing and in general for the precise execution of the present resolutions, with the right to amend, following the full and/or partial exercise of the options and related full and/or partial subscription of the shares' issuance serving the Plan, Article 5 of the Company's Articles of Association, every time this is required, and provide for the related official registration, pursuant to Article 2436, paragraph 2, of the Italian Civil Code".*

Padua, April 7, 2020

for the Board of Directors
Eugenio Razelli
Chairman