



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

**OF**

**SAFILO GROUP S.p.A.**

**CALLED ON APRIL 24, 2018, IN SINGLE CALL**

**ITEM NO. 1 ON THE AGENDA – EXTRAORDINARY SESSION**

**(Report drafted pursuant to Article 125-ter of the T.U.F. and Article 72 of the  
Issuers' 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 24, 2018, at 10:00 am, in single call.

**1. Proposal for the integration of the resolution of the capital increase, with exclusion of the option right pursuant to Article 2441, 4th paragraph, second part, of the Italian Civil Code, at the service of a stock option plan (Stock Option Plan 2017-2020) approved by the extraordinary Shareholders' Meeting on April 26, 2017, with the inclusion of a minimum issuance price; consequent amendments to Article 5 of the Articles of Association; related and consequent resolutions**

Dear Shareholders,

We hereby remind you that the Shareholders' Meeting held on April 26, 2017 resolved to approve a capital increase in cash and in more tranches, up to a maximum number of 2,500,000 ordinary shares with par value of Euro 5 (five) each, having the same characteristics of the existing shares, with exclusion of the option right pursuant to Article 2441, 4 paragraph, second part, of the Italian Civil Code, at the service of a stock option plan, enjoying regular benefits, at a certain exercise price equal to the volume weighted average of the official price of the Safilo Group S.p.A. ordinary 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 day on which the Board of Directors resolves the granting of options under the Plan (i.e. the period starting from the day preceding the Board of Directors' meeting which resolves the granting of Options under the Plan 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).

To this regard, the Board of Directors believes it appropriate to propose to the upcoming Shareholders' Meeting, ordinary session, to approve certain amendments to the conditions of the Stock Option Plan 2017-2020 (for any related information, reference is made to the Illustrative Report of the Board of Directors published within the legal terms provided for by the applicable law).

With particular reference to the exercise price of the option, the Board of Directors intends to propose that the latter – without prejudice to the fact that the exercise price shall be equal to the volume weighted average of the official price of the shares of SAFILO GROUPS S.p.A. 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 day on which the Board of Directors resolves the granting of options under the Plan (therefore the period starting from the day preceding the Board of Directors' meeting which resolves the granting of Options under the Plan 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) – shall not in any case be less than Euro 5 per share.

It is therefore necessary to integrate the resolution of the capital increase at the service of a stock option plan as approved by the extraordinary Shareholders' Meeting on April 26, 2017, in order to expressly include a minimum issuance price equal to Euro 5 per share (i.e. equal to the nominal value of the SAFILO Group's ordinary shares), and therefore in compliance with a limit already provided for by the Italian legal system (as, under the provisions of the Civil Code, it is not possible to issue shares below nominal value).

❖ **Amendments made to Company's Articles of Association**

As a consequence of the above-mentioned integration to the Capital Increase's resolution, Article 5 of the Company's Articles of Association shall be amended accordingly. The proposed wording to be inserted into the Article 5 is hereinafter attached.

Current Text	Amended Text
<p><i>Share capital amounts to Euro 313,299,825.00 (three hundred thirteen million two hundred ninety-nine thousand eight hundred twenty-five/00) divided into no. 62,659,965 (sixty-two million six hundred fifty-nine thousand nine hundred sixty-five) ordinary shares of a par value of Euro 5.00 (five/00) each.</i></p> <p><i>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.</i></p> <p><i>By virtue of what has been specified, the extraordinary meeting of November 5, 2010 resolved to increase the share capital by a maximum nominal value of Euro 8,500,00.00 by issuing new ordinary shares for an amount up to a maximum of no n. 1,700,000, par value Euro 5,00 (five/00) each, to be offered for subscription to directors and/or employees of the Company and its subsidiaries.</i></p> <p><i>By virtue of what has been specified above, the extraordinary meeting of April 15th, 2014 resolved to increase the share capital by a maximum nominal 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) of a par value Euro 5,00 (five/00) each, to be offered for subscription to directors and/or employees of the Company and its subsidiaries.</i></p> <p><i>The extraordinary general meeting of July 10th, 2014 has resolved to increase the capital in cash, payable and in divisible form, with the exclusion of the pre-emption right pursuant to article 2441,</i></p>	<p><i>Share capital amounts to Euro 313,299,825.00 (three hundred thirteen million two hundred ninety-nine thousand eight hundred twenty-five/00) divided into no. 62,659,965 (sixty-two million six hundred fifty-nine thousand nine hundred sixty-five) ordinary shares of a par value of Euro 5.00 (five/00) each.</i></p> <p><i>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.</i></p> <p><i>By virtue of what has been specified, the extraordinary meeting of November 5, 2010 resolved to increase the share capital by a maximum nominal value of Euro 8,500,000.00 by issuing new ordinary shares for an amount up to a maximum of no n. 1,700,000, par value Euro 5,00 (five/00) each, to be offered for subscription to directors and/or employees of the Company and its subsidiaries.</i></p> <p><i>By virtue of what has been specified above, the extraordinary meeting of April 15th, 2014 resolved to increase the share capital by a maximum nominal 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) of a par value Euro 5,00 (five/00) each, to be offered for subscription to directors and/or employees of the Company and its subsidiaries.</i></p> <p><i>The extraordinary general meeting of July 10th, 2014 has resolved to increase the capital in cash, payable and in divisible form, with the exclusion of the pre-emption right pursuant to article 2441,</i></p>

paragraph 5, of the Italian Civil Code, for a maximum amount of Euro 150,000,000 (one hundred and fifty million), inclusive of any possible share premium, to be issued in one or more times by means of issue of ordinary shares of the Company with a nominal value of Euro 5,00 (five/00) each, having the same characteristics of the outstanding ordinary shares, exclusively and irrevocably reserved to the conversion of the equity linked bond, of an amount equal to Euro 150,000,000 (one hundred and fifty million), with due date May 22nd, 2019, reserved to qualified investors, named "Safilo Group Euro 150 million, 1.25 per cent Guaranteed Equity-Linked bonds due 2019", it being understood that the last possible due date for the underwriting of the newly issued ordinary shares is on June 30th, 2019, and that, in the event that on that date the capital increase is not completely underwritten, the capital in any case shall be considered increased by an amount equal to the collected underwritings and since the underwritings, expressly authorizing the directors to issue new shares every time the shares are underwritten.

On April 26, 2017 the extraordinary general meeting resolved to increase the share capital, in cash and in more tranches, by a maximum nominal 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) of a par value Euro 5,00 (five/00) each, 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 granting of options (therefore the period starting from the day preceding the Board of Directors' meeting which resolves the granting of options under the Plan 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 24, 2018 the extraordinary general meeting resolved to integrate the resolution of

	<p><i>capital increase of April 26, 2017, including that the issuance price of the new ordinary shares, equal up to a maximum of no. 2,500,000 (two million five hundred thousand) to be offered for subscription to the beneficiaries of the 2017-2020 Stock Option Plan, it being understood that such exercise price will be 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 granting of options (therefore the period starting from the day preceding the Board of Directors' meeting which resolves the granting of options under the Plan 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), shall not in any case be lower than the nominal value of the shares and, therefore, shall not be less than Euro 5 (five/00) per share.</i></p>
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It is hereby specified that the amendments to the Articles of Association do not imply the right of withdrawal pursuant to Article 2437 of the Italian Civil Code.

For the reasons described above, the Board of Directors submits the following resolution for your approval:

***proposed resolution***

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

- taking into account the related illustrative report of the Board of Directors;*
- taking into account the approval by the Ordinary Shareholder's Meeting of the Company held on April 24, 2018 of certain amendments to the conditions of the stock option plan named "Stock Option Plan of Safilo Group S.p.A. 2017-2020";*

***resolves***

- 1) to integrate the resolution of capital increase with exclusion of the option right pursuant to Article 2441, 4 paragraph, second part, of the Italian Civil Code, at the service of the stock option plan 2017-2020, as approved by the Extraordinary Shareholders' Meeting on April 26, 2017, with the inclusion of a minimum issuance price of Euro 5.00 (five/00) per shares, equal to the nominal value of the ordinary shares of Safilo Group S.p.A.;*
- 2) to amend accordingly the text of Article 5 of the Company's Articles of Association and adding a new chapter with the following text:*

*"Share capital amounts to Euro 313,299,825.00 (three hundred thirteen million two hundred ninety-nine thousand eight hundred twenty-five/00) divided into no. 62,659,965 (sixty-two million six hundred fifty-nine thousand nine hundred sixty-five) ordinary shares of a par value of Euro 5.00*

*(five/00) each. 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, the extraordinary meeting of November 5, 2010 resolved to increase the share capital by a maximum nominal value of Euro 8,500,000.00 by issuing new ordinary shares for an amount up to a maximum of no. 1,700,000, par value Euro 5,00 (five/00) each, to be offered for subscription to directors and/or employees of the Company and its subsidiaries.*

*By virtue of what has been specified above, the extraordinary meeting of April 15th, 2014 resolved to increase the share capital by a maximum nominal 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) of a par value Euro 5,00 (five/00) each, to be offered for subscription to directors and/or employees of the Company and its subsidiaries.*

*The extraordinary general meeting of July 10th, 2014 has resolved to increase the capital in cash, payable and in divisible form, with the exclusion of the pre-emption right pursuant to Article 2441, paragraph 5, of the Italian Civil Code, for a maximum amount of Euro 150,000,000 (one hundred and fifty million), inclusive of any possible share premium, to be issued in one or more times by means of issue of ordinary shares of the Company with a nominal value of Euro 5,00 (five/00) each, having the same characteristics of the outstanding ordinary shares, exclusively and irrevocably reserved to the conversion of the equity linked bond, of an amount equal to Euro 150,000,000 (one hundred and fifty million), with due date May 22nd, 2019, reserved to qualified investors, named "Safilo Group Euro 150 million, 1.25 per cent Guaranteed Equity-Linked bonds due 2019", it being understood that the last possible due date for the underwriting of the newly issued ordinary shares is on June 30th, 2019, and that, in the event that on that date the capital increase is not completely underwritten, the capital in any case shall be considered increased by an amount equal to the collected underwritings and since the underwritings, expressly authorizing the directors to issue new shares every time the shares are underwritten.*

*On April 26, 2017 the extraordinary meeting resolved to increase the share capital, in cash and in more tranches, by a maximum nominal 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) of a par value Euro 5,00 (five/00) each, 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 granting of options (therefore the period starting from the day preceding the Board of Directors' meeting which resolves the granting of options under the Plan 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 24, 2018 the extraordinary general meeting resolved to integrate the resolution of capital increase of April 26, 2017, including that the issuance price of the new ordinary shares, equal up to a maximum of no. 2,500,000 (two million five hundred thousand) to be offered for subscription to the beneficiaries of the 2017-2020 Stock Option Plan, it being understood that such exercise price will be 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 granting of options (therefore the period starting from the day preceding the Board of Directors' meeting which resolves the granting of options under the Plan 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) and shall not in any case be lower than the nominal value of the shares and, therefore, shall not be less than Euro 5 (five/00)per share.";*

- 5) *to grant the Chairman with the 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 that might be appropriate or required by the competent Authority.”*

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Padua, April 3, 2018

for the Board of Directors  
Eugenio Razelli  
Chairman