



Our values are what we believe in as a company. **Our competencies** define the uniqueness of our contribution and where each of us must excel to fulfil our mission. **Our mission**, our values and our competencies drive the vision of who we want to be: **a sustainable leader**. We aspire to be a **trusted partner** and **an excellent eyewear maker**.



A N N U A L
R E P O R T
2 0 2 4

INDEX

01

DIRECTORS OPERATIONS REPORT

Economic & Financial performance, Corporate Governance, Risk Factors & Other

SAFILO GROUP PROFILE

- 10 The Safilo manifesto
- 11 Our values
- 12 Safilo at a glance
- 16 History of the Group
- 20 Our strategy
- 24 Our value chain
- 36 Our brand portfolio

SAFILO GROUP S.P.A. ANNUAL REPORT AT 31 DECEMBER 2024

- 46 Corporate bodies and Committees
- 48 Chief Executive Officer's letter

- 54 Summary of key consolidated performance indicators
- 58 Group economic performance
- 64 Consolidated balance sheet
- 66 Financial situation
- 68 Main critical risk factors for the group
- 72 Human resources
- 73 ICT – information systems
- 74 Group structure
- 75 Safilo in the stock exchange and investor relations
- 77 Corporate Governance
- 92 Other information
- 93 Reconciliation of the parent company's net profit and shareholders' equity with the consolidated balances
- 93 Significant events after the year-end and outlook

SUSTAINABILITY STATEMENT

General Disclosures [ESRS 2]

- 98** Key highlights
- 100** General basis for preparation of the Sustainability Statement
- 101** Other governance topics
- 104** Our 4 PS Approach - People, Product, Planet, Partnership
- 107** Safilo's stakeholders and engagement
- 109** Material impacts, risks and opportunities and their interaction with strategy and business model
- 115** Description of process to identify and assess material impacts, risks and opportunities
- 118** Information stemming from other legislation or from generally accepted sustainability reporting standards and frameworks included in sustainability statement
- 121** Disclosure requirements in ESRS covered by the Sustainability statement
- 127** Additional notes on ESRS 2

Environmental information

- 130** Disclosures pursuant to article 8 of regulation 2020/852 (taxonomy regulation)
- 140** Climate Change [ESRS E1]
- 140** Strategy and targets on climate change
- 143** Safilo's environmental policy and actions
- 145** Energy consumption mix
- 148** Scope 1, 2, 3 and total GHG emissions
- 150** Climate risk analysis (physical and transition)
- 152** Additional notes on ESRS - E1
- 154** Resources use and circular economy [ESRS E5]
- 154** Safilo creation process: a product minded process
- 155** Strategy and targets on products
- 156** Resources inflows: sustainable materials
- 157** Policies and actions
- 158** Resources outflows: waste management
- 160** Additional notes on ESRS – E5

Social Information

- 164** Own Workforce [ESRS S1]
 - 164** People centric culture
 - 165** Talent management
 - 165** Talent acquisition
 - 165** Learning and training
 - 168** Employee engagement survey: "Safilo through our eyes"
 - 168** Work-life balance
 - 168** Policies related to Safilo workforce
 - 170** Safilo people
 - 172** Collective bargainings
 - 173** Non-employees
 - 174** Health and safety
 - 177** Additional notes on ESRS – S1
 - 178** Workers in the value chain [ESRS S2]
 - 178** Safilo value chain
 - 178** Workers in the value chain
 - 179** Supplier engagement process
 - 180** Policies and actions
 - 182** Payment practices
 - 182** Additional notes on ESRS – S2
 - 184** Consumers and end-users [ESRS S4]
 - 184** Consumer and end-users
 - 184** Process for engaging with consumers and end-users
 - 185** Policies and actions
 - 186** Social initiatives
 - 188** Safilo customer care
 - 189** Additional notes on ESRS – S4
-
- Business Conduct [ESRS G1]**
 - 192** Business conduct policies and corporate culture
 - 194** Prevention and detection of corruption or bribery and incidents of corruption or bribery
 - 195** Additional notes on ESRS – G1
 - 195** Certifications

02

✓ CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

Consolidated Financial Statements

- 200** Consolidated Balance Sheet
- 202** Consolidated Income Statement
- 203** Consolidated Statement of Comprehensive Income
- 204** Consolidated Statement of Cash Flows
- 206** Consolidated Statement of Changes in Equity

Notes to the Consolidated Financial Statements

- 210** General information
- 210** Summary of accounting principles adopted
- 229** Risk management
- 240** Notes to the consolidated balance sheet
- 265** Notes to the consolidated income statement
- 273** Transactions with related parties
- 274** Contingent liabilities
- 275** Commitments
- 275** Subsequent events
- 275** Significant non-recurring events and transactions
- 275** Transactions resulting from unusual and/or abnormal operations
- 276** Appendix - Information requested by art. 149-duodecies of the Regulation on Issuers issued by Consob

Attestations and Auditor's Reports

- 280** Attestation of the consolidated financial statements pursuant to art. 154-bis of Legislative Decree 58/98
- 281** Attestation of the Annual report consolidated sustainability statements pursuant to art. 81- Ter, paragraph 1, of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions
- 282** Report of Independent Auditor on the consolidated financial statements
- 290** Report of Independent Auditor on the consolidated sustainability report

03

SAFILO GROUP S.P.A. – STATUTORY FINANCIAL STATEMENTS AT 31 DECEMBER 2024

Directors operations report

- 300** Introduction
- 300** Subsidiaries
- 300** Dealings with subsidiaries
- 302** Significant events after the year-end

Statutory Financial Statements

- 306** Balance Sheet
- 308** Income Statement
- 308** Statement of Comprehensive Income
- 309** Statement of Cash Flows
- 310** Statement of Changes in Equity

Notes to statutory Financial Statements

- 314** General information
- 314** Summary of accounting principles adopted
- 319** Use of estimates
- 320** Notes to the balance sheet
- 332** Notes to the income statement
- 336** Commitments
- 336** Subsequent events
- 336** Significant non-recurring events and transactions
- 336** Transactions resulting from unusual and/or abnormal operations
- 337** Transactions with related parties
- 337** Resolution regarding the result of the year
- 338** Appendix - Information requested by art. 149-duodecies of the Regulation on Issuers issued by Consob

Attestations and Auditor's Reports

- 342** Attestation of the Annual Report pursuant to article 81 -ter of CONSOB Regulation 11971 of 14 May 1999 as amended
- 343** Report of the Board of Statutory Auditors
- 354** Report of Independent Auditor on the Statutory Financial Statements



Have you ever wondered
who's behind a pair of glasses?

It's us, from Safilo.

[DISCOVER THE SAFILO WAY](#) 

SAFILO GROUP PROFILE

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- 20** Our strategy
- 24** Our value chain
- 36** Our brand portfolio

THE SAFILO MANIFESTO

Discover what it means
to be Safilo

[WATCH THE MANIFESTO VIDEO >](#)

Have you ever wondered who is behind a pair of glasses? It's us, from Safilo. A company that, since 1878, has in its DNA a principle that, more than anyone, it can call its own: looking ahead. Looking ahead to allow millions of people to see the world at its best. Without avoiding change, but reaching out to it.

Looking for innovative and responsible solutions, and embracing digital transformation to redefine eyewear. So innovation and sustainability are not just nice words, but represent instead an inclusive path that involves us all. And the ability to create value through this becomes our aim.

✓ This is the Safilo Way. Safilo.
See the world at its best.

OUR VALUES

Our values are what we believe in as a company. Our competencies define the uniqueness of our contribution and where each of us must excel to fulfil our mission. Our mission, values and competencies drive the vision of who we want to be: a **sustainable leader**. We aspire to be a **trusted partner** and an **excellent eyewear maker**.



PEOPLE CENTRIC

We believe people are at the heart of everything. For this reason, we strive to make the work environment also a place where, at any time, we can thrive and develop our skills, sharing experiences and collaborating with everyone. In this way we create relationships based on trust, competence, and loyalty. **This is how we create value.**



PURPOSE LED

We always look for the best balance between present and future. We believe in projects that are not limited to the short term, and that have always a strong sense of environmental, cultural, and social responsibility. Only in this way we can work concretely to improve our planet and contribute to the development of a truly inclusive and sustainable economy. **In this way we look forward.**



INNOVATION DRIVEN

We always look in one direction: beyond. To do this, starting from our roots entrenched in tradition, we work for a new concept of innovation that can unite beauty and functionality, that evolves based on a digital model, and that approaches the world in a clear and responsible way. Innovation that allows our never-ending passion to go beyond the ordinary. **In this way we create the future.**

WE ARE

SAFILO AT A GLANCE

We are a global player in eyewear. For over 90 years, we have been creating, producing and distributing sunglasses, eyeglass frames, helmets, goggles and outdoor eyewear.

— We stand out on the market through a portfolio of important **home brands**, with Carrera, Polaroid, Smith and Blenders as key pillars of our offering.

— In 2024, the portfolio was enriched with the **perpetual license** for the Eyewear by David Beckham collections, consolidating the Group's offering of iconic brands.

— The offering is complemented by a strong and prestigious portfolio of **licensed brands**: BOSS, Carolina Herrera, Dsquared2, Etro, Fossil, HUGO, Isabel Marant, Juicy Couture, Kate Spade New York, Levi's, Liz Claiborne, Love Moschino, Marc Jacobs, Missoni, Moschino, Pierre Cardin, PORTS, Stuart Weitzman, Tommy Hilfiger, Tommy Jeans and Under Armour, are the brands that have chosen Safilo to grow their eyewear business, recognizing its strong expertise built up over the years, and its ability to interpret and enhance the DNA of each individual brand.

Our **business model** has always covered the entire value chain, carrying into the future a legacy founded on **innovation** and business **sustainability**. The ideas for our products come to life through Research & Development and Product Creation in prestigious **design studios** in Padua, Milan, New York, Hong Kong and Portland. Production takes place in our own factories and with the support of professional partners, guaranteeing the highest quality standards. **Marketing and brand building strategies** guide market positioning and customer and consumer loyalty, while distribution reaches 40 Countries through **direct branches** and another 70 through a **network of over 40 partners**. A global, multi-channel presence that makes use of both the **consolidated wholesale sales model** with which the Group reaches around 100,000 select points of sale worldwide, and **modern e-commerce platforms** for direct sales to the end consumer, a constantly evolving channel in which we continue to invest.

In a single company, which now employs more than 3,600 people, Italian design, stylistic, technical and industrial innovation are thus combined with the most innovative digital solutions, made available to opticians and consumers for a state-of-the-art customer experience.

OUR NUMBERS IN 2024



993.2 M€

Net sales



>3,600

Employees

58% women, 11% of the workforce is aged under 30



5

Design studios

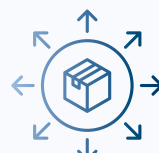
Padua/Milan/New York/
 Hong Kong/Portland



4

Plants

and a network of very select
 external suppliers



3

Distribution centers

Padua/Denver/Hong Kong



40

Countries

where we are present with direct branches
 and a network of more than 40 partners
 in 70 other countries



approximately

100,000

Selected points of sale

worldwide



23%

of new collections

made from recycled or bio-based materials



95%

of our electricity needs

through renewable sources

THE EYEWEAR INDUSTRY

We operate in a **highly competitive** and fragmented sector. Large **international players** face the competition of **many national**, regional and local **companies**.

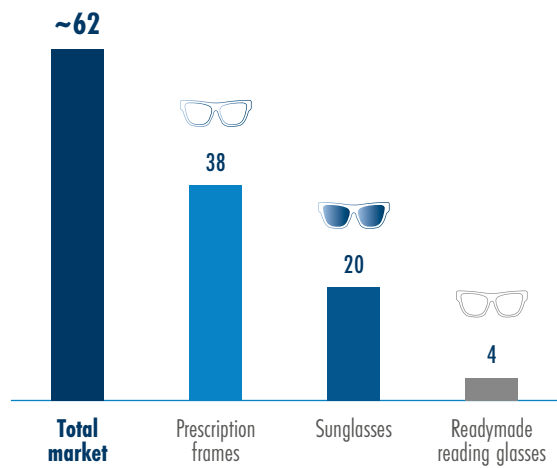
Eyewear is considered a **particularly attractive sector** as it is supported by key **demographic drivers**, such as the ageing population and increasing myopia, which determine its resilience, even in times of recession and crisis. Other important growth drivers for the sector are **increasingly involved and sophisticated consumers** who are technology-savvy and oriented towards higher quality products, the **strong development of digital sales channels**, as well as sustainability, no longer a “nice-to-have” but a “must-have”.

In 2023, the global **retail sales** value in the **eyewear sector**, which includes eyeglass frames, sunglasses and pre-packaged reading glasses, was estimated at around **EUR 62 billion** (source: Euromonitor, BCG Analysis). Based on our turnover generated mainly through the wholesale channel, the Group is estimated to have a **market share** of around **4%**.



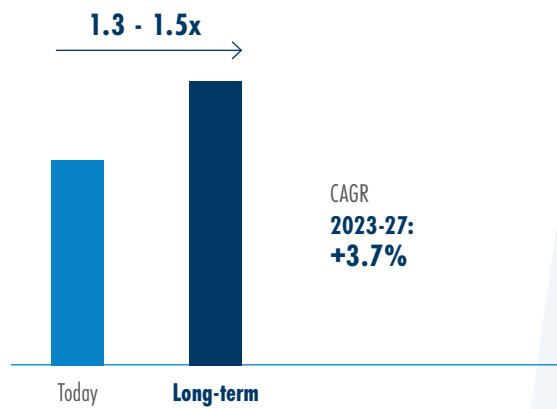
We are a global player in the eyewear sector

Retail value of eyewear market 2023 (in €B)



Source: Euromonitor, BCG analysis

Eyewear market size in the long-term



Source: BCG analysis

Main trends affecting the eyewear market globally

DEMOGRAPHICS

- Ageing population
- Increasing incidence of myopia

LIFESTYLE CHANGES

- Use of digital devices increasing risk of blue light damage
- Higher awareness of importance of sun protection against UV light

PREMIUMIZATION

- Eyewear as a relevant accessory in the fashion world

DIGITAL

- Online: low double-digits
- Offline: low single-digit

NEW CONSUMERS

- By 2030, gen Z will make up the largest segment

SUSTAINABILITY

- no longer a nice-to-have but a must-have

HISTORY OF THE GROUP

1934

ORIGINS AND FOUNDATION

In 1934, Guglielmo Tabacchi acquired an industrial complex active since 1878 in Calalzo di Cadore and founded **Safilo**, an acronym for Società Azionaria Fabbrica Italiana Lavorazione Occhiali. Thus was born a company that took up the legacy of the parent company in the Cadore eyewear district.

1960s-70s

INDUSTRIAL DEVELOPMENT AND INNOVATION

We expand our production capacity with a new factory in **Santa Maria di Sala** (Venice) and move our headquarters and distribution to **Padua**. In **1970** we patent the **Elasta** hinge and launch the iconic **UFO** sunglasses.

1980s-90s

COMMERCIAL AND BRAND PORTFOLIO GROWTH

We expand internationally by opening branches in Europe, Asia and America. We strengthen our positioning through licensing agreements with major fashion brands, significantly expanding our portfolio.

In **1996** we acquired:

CARRERA
EYEWEAR SINCE 1956

SMITH

2005-2012

LISTING AND RESTRUCTURING

In **2005** we return to **the stock market** after first listing between 1987 and 2001.

In 2010, we strengthen our financial structure with the entry of HAL Holding N.V. as a major shareholder.

In **2012** we acquired:

Polaroid
eyewear

2016-2020

INDUSTRY CHALLENGES

In these years, we face major sectoral challenges, in particular the decision of the major French luxury groups to internalise the eyewear business, and the subsequent exit of key licences such as Gucci (2016) and Dior (2020) from the portfolio platforms.

2018-2022

TURNAROUND AND RELAUNCH

We embark on an ambitious re-launch path, exiting the retail business in 2019, streamlining the production footprint, signing new licences and expanding and strengthening the portfolio of home brands, for a more balanced business. In **2020 we acquire:**



PRIVÉ REVAUX
 EYEWEAR

2019-2024

INNOVATION AND SUSTAINABILITY

We initiate a **complete digital transformation**, implementing new BtC, CRM and BtB.

In line with the growing commitment to sustainability, we join The Fashion Pact in 2022, and set our short-term sustainability goals in 2023.

2023-2024

VISIBILITY AND PORTFOLIO BALANCING

Between 2023 and 2024 we renew the main licences until 2030-31 and further strengthen the property portfolio by signing the perpetual licence for **Eyewear by David Beckham.**



EYEWEAR by DAVID BECKHAM



Our roots go back to **1934**, when Guglielmo Tabacchi bought Italy's first eyewear factory in Calalzo di Cadore, which had been in operation since 1878. With the founding of the Società Azionaria Fabbrica Italiana Lavorazione Occhiali (S.A.F.I.L.O.), the company became one of the world's leading eyewear manufacturers.

The **1960s and 1970s** were a period of important **industrial developments** with opening of the second factory in Santa Maria di Sala (Venice), the relocation of acetate and cellulose frame production and the opening of the offices in Padua, now our headquarters and an important logistics centre.

In **1970**, came the **patenting** of the revolutionary **Elasta** hinge, an innovative mechanism designed to improve the flexibility and durability of spectacle frames. This hinge allows the temples to withstand outward stress without deforming, maintaining the shape of the glasses and ensuring optimal comfort for the wearer. In the same year, the **UFO** sunglasses model was launched, featuring a distinctive and avant-garde design for the time. These glasses quickly became popular, representing a style icon in the 1970s. Today, the original Safilo UFO sunglasses are considered collectors' items.

The **1980s and 1990s** were years in which we expanded our **global presence**, opening sales subsidiaries in Europe, Asia and America.

In **1996**, we acquired a business unit of **Carrera GmbH**, a company specialising in the production of sports glasses. In the same year, we entered the sports segment with the acquisition of the **American company Smith Sport Optics**.

As of **2005**, we were again **listed** on the **Milan Stock Exchange**, after an initial listing period between 1987 and December 2001.

In **2010**, the entry of **HAL Holding N.V.** as major shareholder strengthened the financial and strategic stability.

In **2012**, we acquired **Polaroid Eyewear**, a leader in polarised lens technology.

The following years were marked by **important sector challenges**, in particular the decision of the major French luxury groups to internalise the eyewear business, and the consequent exit of key licences such as Gucci (2016) and Dior (2020) from the portfolio.

Between 2018 and 2022, we embarked on an Ambitious **strategic re-launch** to reaffirm Ourselves among the leaders in the eyewear industry.



In **2019**, with the complete divestment of the retail business (Solstice chain), we focused on wholesale activities and started a development path in direct-to-consumer sales through **digital**. In the same year, we initiated a rationalisation of the production footprint, a key step within the broader **relaunch strategy**. Between 2020 and 2023, we closed the Ormoz plant, and sold the Martignacco and Longarone production sites, in order to realign production volumes to the renewed market environment and portfolio needs.

In **2019**, we began a major 360° **digital transformation** strategy, equipping the company with the latest technologies in business intelligence and data analytics. We invested in the adoption of innovative next-generation BtB platforms that redefined and enhanced customer experience, engagement and services.

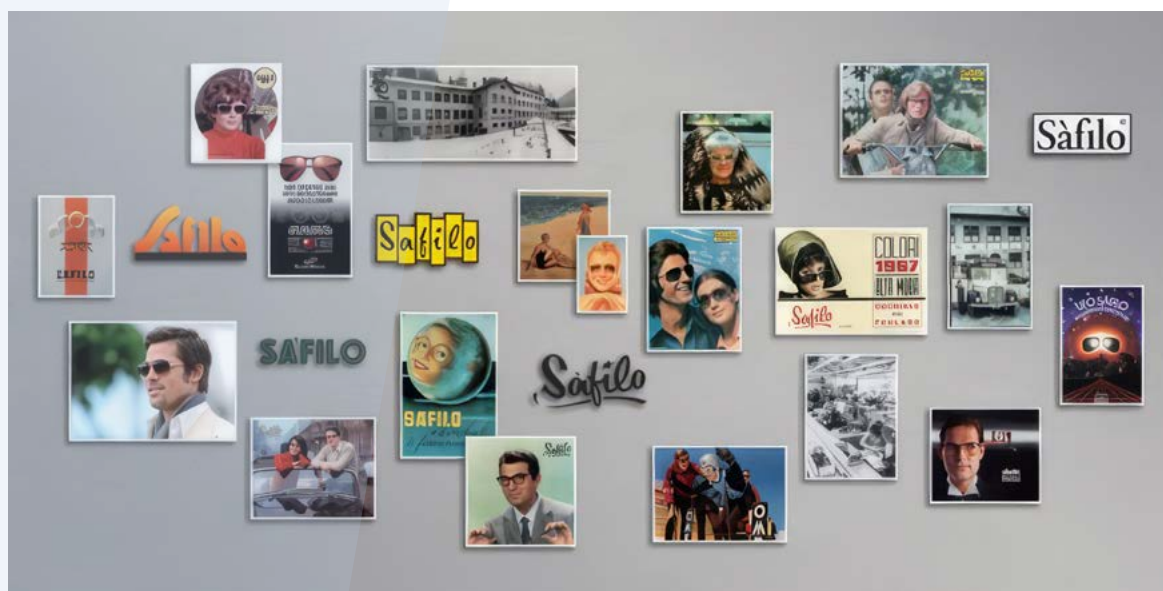
In **2020**, we complete the acquisitions of **Privé Revaux** and the **Blenders Eyewear** brand. The latter, a digitally native Californian brand, in addition to enriching the portfolio of home brands, brought an innovative and growing e-commerce-focused business to the US.

In **2022**, in line with our growing commitment to sustainable business management, we will join **The Fashion Pact**, a coalition of leading global suppliers, distributors and companies in the fashion and textile industry (ready-to-wear, sports, lifestyle and luxury), committed to achieving shared goals in three main areas: halting global warming, biodiversity and protecting the oceans.

In **2023**, we set short-term **sustainability targets** validated by the Science Based Targets initiative (SBTi) in February 2024.

Between **2023 and 2024**, came the **renewal of major licences** in the portfolio, from **Kate Spade** and **Tommy Hilfiger**, to **BOSS** and **HUGO**, as well as other important partnerships. This gave the licensed business an unprecedented visibility of approximately six years.

In **2024**, we celebrated 90 years as one of the global leaders in eyewear. Among the most significant initiatives of the year was the signing of the **perpetual licence for the Eyewear by David Beckham** collections, a milestone that contributed to bringing the company's rich **portfolio of home brands**, made up of the Carrera, Smith, Blenders and Polaroid brands, to account **for around 50% of sales**.



OUR STRATEGY

As of 2019, in the context of a **changing market**, we **transformed our strategy**, and we have confirmed ourselves among the leading players in the sector.

In the wake of changes in the competitive environment (from the internalisation of luxury eyewear by the two main players in the sector, to industry consolidation), we embarked on an **ambitious strategic turnaround**.

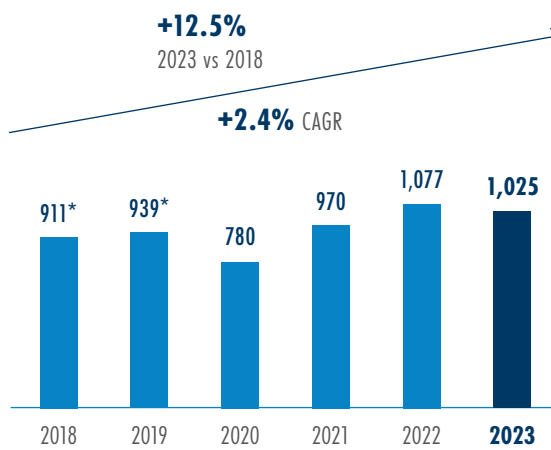
In spite of a global health and economic crisis that required us to face the situation with great pragmatism, often making difficult choices, we overcame major **portfolio challenges** through **significant organic growth of our major home brands**, the **acquisition of Blenders**, Privé Revaux and entry of **new licensed partnerships**.



5 years of effective turnaround

In 2022, net sales exceeded the Business Plan target to bring the Group back to around EUR 1 billion sales by 2024.

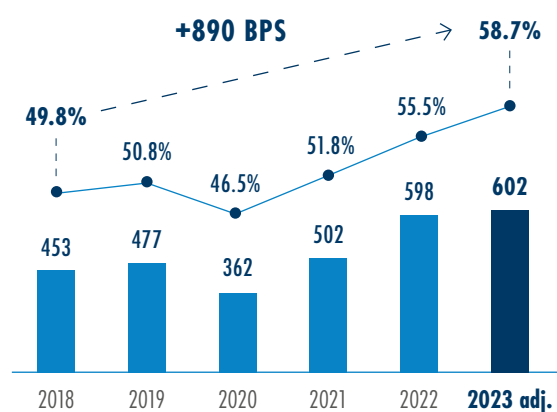
Net sales
(in €M and % change @cFX)



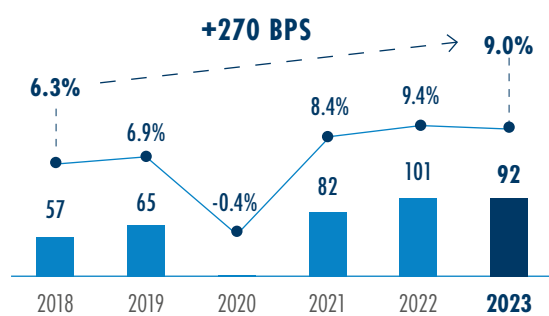
* Continuing operations, excluding retail

Structural expansion of profits and margins (€M and % of sales)

Gross Profit

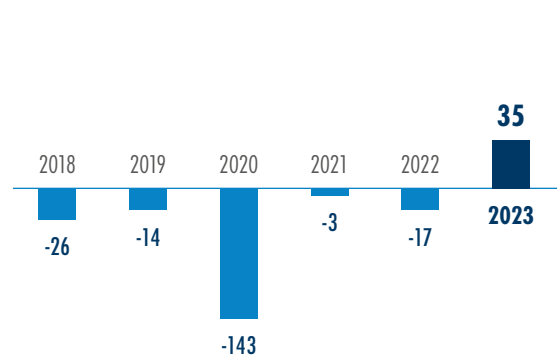


Adj. EBITDA

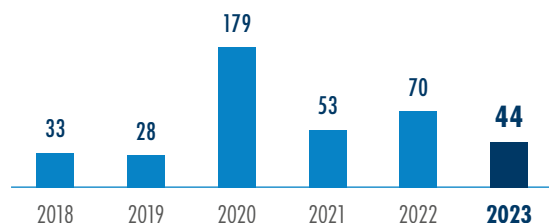


Financial Solidity (€M)

Free Cash Flow



Net debt pre IFRS-16



OUR STRATEGY FOR A BALANCED PORTFOLIO

In continuity with the strategic lines previously outlined and effectively implemented over the past few years, we continue to pursue the following main objectives:

- sales growth accompanied by a **business portfolio balanced by brand, geographic area and distribution channel**, which maximises customer service and meets the needs of different consumers.
- **expansion of profitability** due to the further improvement of the gross industrial margin, and operating leverage.
- **positive cash generation** that fuels and supports organic and external sales growth.

The strategy relies on **two main enablers**:

- **end-to-end digitisation** of the business model with the aim of transversally enhancing data analytics, optimising processes, operations and time to market.
- a **sustainability** roadmap to support business objectives, through a clear and shared agenda and targets.

What it means to build a balanced portfolio?

In recent years, we have strengthened our revenue development and relaunch path, focusing on four key brands: **Carrera, Smith, Polaroid** and **Blenders**. These brands are the **main drivers of our growth**, thanks to our expertise in **product innovation** and a targeted increase in marketing investments, with a particular focus on **digital channels**.

A further growth engine for the proprietary business is the possibility of acquiring one or more strategic brands.

In parallel, we continue to dynamically develop our **licences portfolio**, carefully balancing and diversifying brands according to their market positioning and relative size. This allows us to maximise our offering for different consumer groups and reduce the risk associated with individual licences.

The growth of the brand portfolio also drives our **geographical sales mix**. We maintain a strong focus on North America and Europe, and work to strengthen our positioning in emerging markets.

“A new chapter in our story has begun, a new phase of development that will continue to leverage the **multiple drivers** underpinning the long-term growth of the eyewear sector, and build on our main **strategic choices**.

Angelo Trocchia

Group Chief Executive Officer

Our medium-term ambitions therefore remain focused on our strong brand portfolio to effectively reach a broad audience of target consumers, powered by the sustained growth of our home brands, to be achieved organically but also via new acquisitions, and complemented by a diversified set of licensed brands.

It will be essential to continue to maintain a balanced business, which will have a significant impact on the development of our mix by geographic area and distribution channel, including all the online channels we have successfully developed in recent years, from B2C to revenue through internet pure players, to our innovative B2B platforms that will continue to put the customer first.

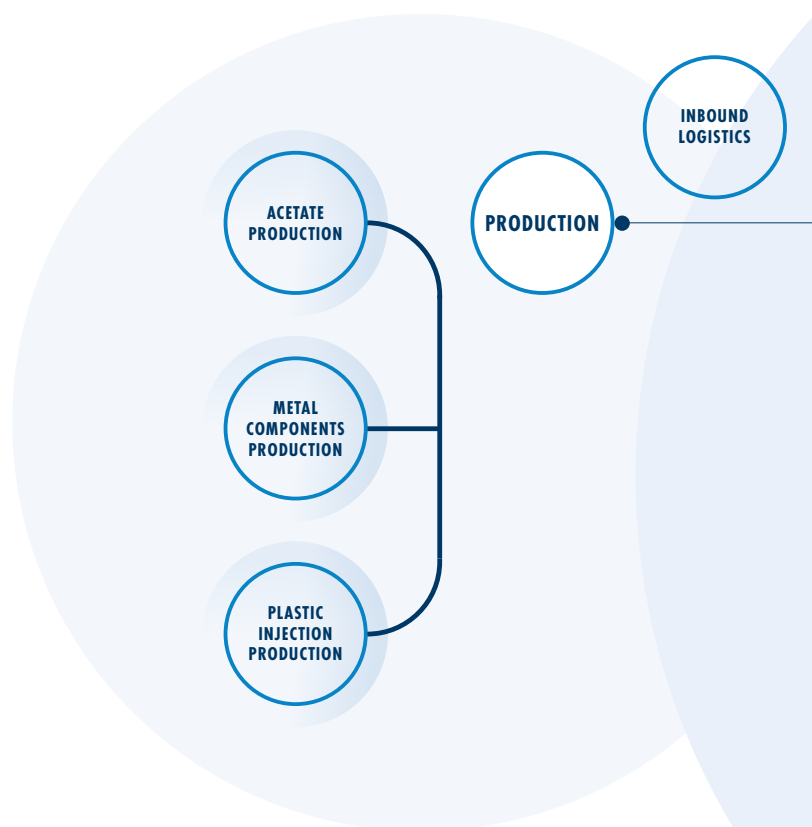
Today, our home brands, together with the perpetual license of Eyewear by David Beckham, already represent about 50% of sales, another important milestone that enables us to face both the challenges and opportunities in our industry with clarity and pragmatism.

Our portfolio strategies will keep leveraging two main enablers of growth. On the one hand, the 360° digital transformation to equip the company with the latest technologies in terms of business intelligence and data analytics, and which will see us further investing in particular in the last two years. On the other hand, our growing commitment to developing a sustainable business. Our sustainability strategy reached another accomplishment through an official commitment also for our scope 1, 2 and 3 greenhouse gas reduction targets, which we decided to validate with the Science Based Target initiative, receiving a positive response in February 2024.”

OUR VALUE CHAIN

We oversee the entire **eyewear value chain**. We play a central role in all the key activities: from research and development, product design and creation, to sourcing and production; from the management and development of a rich portfolio of own and licensed brands, to branding, marketing and communication activities, and on to multi-channel distribution and customer and consumer care, supported by dedicated tools and activities.

The value chain comprises **upstream activities**, carried out by select suppliers of raw materials, consumables and finished products, and **downstream activities**, carried out by our customers through sales in physical and online shops. By purchasing glasses, end consumers complete the value chain.



VALUE CHAIN MAP

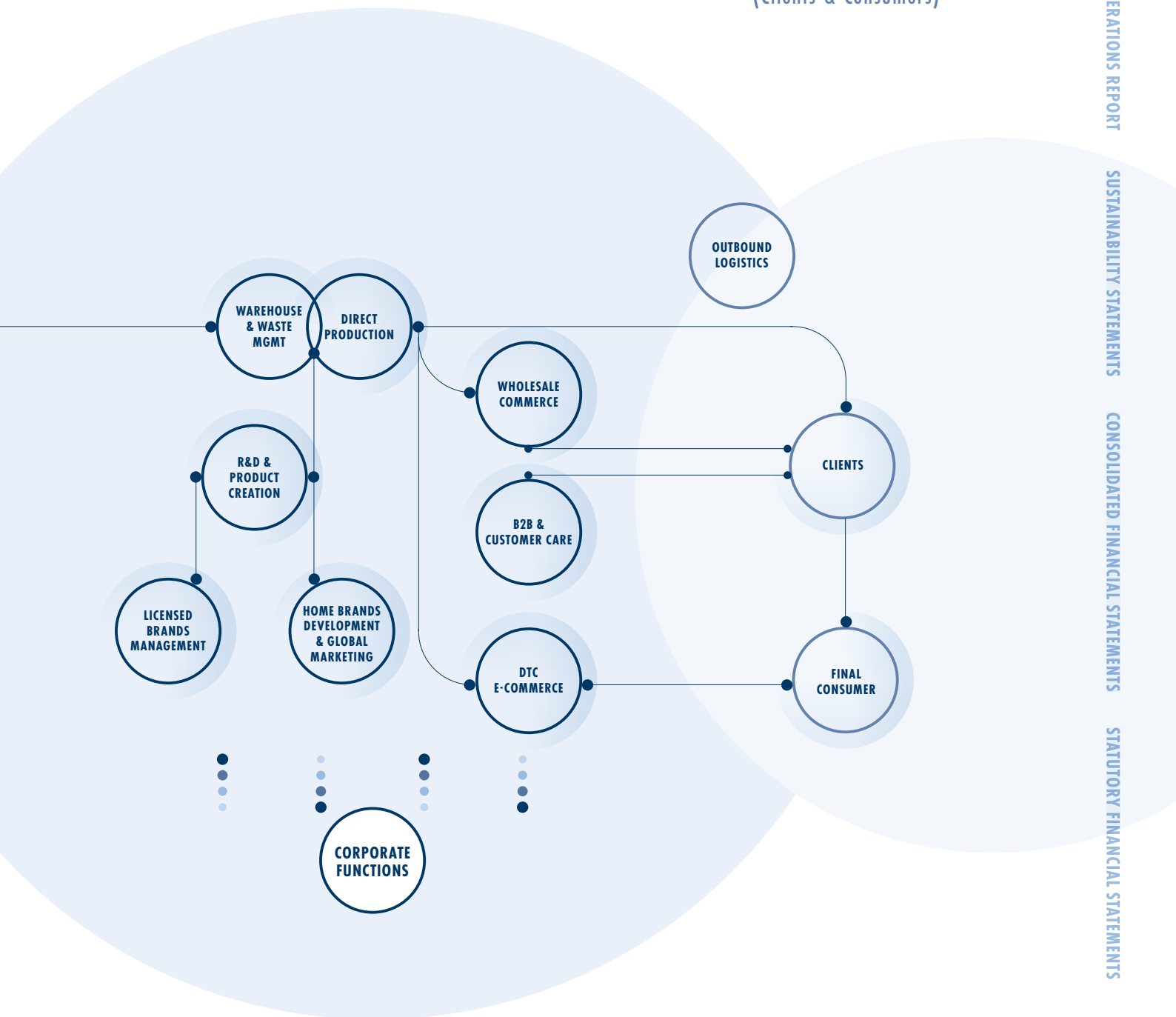
SAFILO'S OPERATIONS

DOWNSTREAM
 ACTIVITIES

DOWNSTREAM



(Clients & Consumers)





RESEARCH AND DEVELOPMENT

Innovation is at the heart of our mission. Our crafts heritage, combined with state-of-the-art technology, allows us to develop products that not only offer aesthetics and functionality, but are also responsibly designed to **minimize environmental impact**.

A key pillar of our innovation strategy is in fact the integration of recycled and bio-based materials into the product, which consists of polymers such as acetate, polyamide and polycarbonate and various metal alloys. We aim to develop **25% of our new collections made with recycled or bio-based materials** by 2025 reducing the overall environmental impact of our production processes.

Our **Global Innovation Centre** focuses on **product innovation** to analyze trends, research new materials and develop new technologies, and on **industrial engineering** to test specific solutions to create better quality products.

We are engaged in both proactive and collaborative research, developing new and innovative products in **partnership** with universities, research centers, qualified suppliers, customers, industry experts and associations.

Some important examples are:

- The **Smith I/O MAG Imprint 3D mask** is the first customized mask built to fit the individual characteristics of a person's face. By using Smith's customized app, users scan their face to capture its unique details and contours, allowing them to automatically generate a customized frame, 3D print it using HP's Multi Jet Fusion industrial platform, and finally assemble it by hand in Smith's manufacturing facility;
- **Collaboration with Amazon** to offer, exclusively for the US market, a solution that combines the great build and design quality of Carrera Eyewear with the hi-tech content of Alexa AI. To this end, Amazon has produced two different iconic and innovative models with open-ear audio technology that direct sound to the ear, minimizing what people nearby can hear.

✓ **25%**
of our new
collections
with recycled and/or bio-based
materials





PRODUCT DESIGN AND DEVELOPMENT



It all starts with product **design** and creation. Designers express their creativity to develop new collections based on input from the brands. The result is 2D and 3D drawings that are used to create **prototypes**. These samples, handmade or 3D printed, are used to approve the collection. The design aspects are defined and then a careful strategic analysis ensures **the industrialization of the product**, using the best materials and processes available.

In order to maintain excellence, quality and heritage, we have set up a **Trends Observatory** to select and analyze what is trending and why, allowing us to combine brilliant design and innovative ideas with a solid market-based approach, all without losing the connection to our roots. The designers combine the intelligence from the Observatory with market analysis and brand-specific potential innovations, to then create prototype models. **Atelier Safilo** produces prototypes using computer-aided 3D design (CAD) and 3D printing, combining craftsmanship and front-end technology.

In 2024, a creative team of more than **160 designers** and technicians from the eyewear industry made a major contribution to developing around **1,700 new models**.

✓ over **160**
eyewear designers
and technicians

✓ **230**
suppliers
of finished products and
components in 2024

GLOBAL SUPPLY

In recent years, we have optimized our industrial footprint, adapting it to the production volumes and know-how required to meet the needs of our current brand portfolio. Today, about 80 per cent of our volumes are covered by a very select network of suppliers, mainly located in Asia, while the remaining 20 per cent comes from the Group's own factories in Italy, China and the United States.

The **Supply Chain** specializes mainly in three different **production materials: acetate, injection-molded plastic and metal**. The raw materials are then modelled by various processes such as milling, molding, welding and tumbling into temples and fronts. These can then be colored and coated by processes such as galvanic treatment and painting. The frame is then assembled with the lenses and final adjustments and checks are made.

The **Global Sourcing** department is responsible for the purchase of raw materials, components and equipment for inhouse production, as well as the purchase of finished products. This is a strategic role that involves evaluating and selecting suppliers, monitoring their costs and services and ensuring their compliance and accountability.



To ensure the development of transparent traceable business relations and to manage them in line with the highest ethical standards, we have defined a **Code of Conduct for suppliers**. Each direct supplier is obliged to adhere to and respect all the principles outlined in the "Corporate Responsible Sourcing Manual" and to promote its principles and manage their business relations throughout their supply chain accordingly. In 2024, the Group had about 230 suppliers of finished products and components, located mainly in Asia (Italy and the US). Over time, **Demand Planning**, which defines production or purchasing requirements for finished products on a weekly basis, has become increasingly strategic. The department uses information gathered internally and externally to ensure that products are available in the warehouse for shipment to customers at the time of order.



QUALITY

We create, design, industrialize, manufacture and market **high-quality** products in compliance with the strictest international standards and regulations. This commitment has always been at the core of our strategy and objectives.

In our processes, **quality management** has evolved from a strong and concrete product focus to an increasingly holistic philosophy that integrates the discipline of quality into the corporate culture and all activities. We do not simply look for defects, we try to prevent them in order to reduce product waste. A goal for which we have invested in a **Corporate Lab**, as a central point of reference in a quality system that makes use of

controls, either inhouse or at suppliers, on both raw materials and finished products. Every year, the **Quality Control** department carries out - in greater numbers than required by even the most stringent European conformity standards - optical, mechanical and chemical tests to assess, and constantly improve, the performance, functionality, comfort and durability of Safilo glasses.

The **Quality System** is ISO 9001:2015 certified, the last certification renewal was issued in December 2024 and is valid until December 2027.





LOGISTICS

We design **logistics solutions** that combine effectiveness, operational efficiency and on-time delivery with environmental responsibility. Over time, we have made several choices that have led to a **containment of environmental impacts** and costs. With the same objectives, other initiatives are being evaluated.

We aim to build a **logistics system with a low environmental impact** through:

- the definition of **more efficient routes** in order to reduce distances traveled;
- **flow optimization**, to minimize movements;
- the **promotion of transport with a lower environmental impact**, favoring sea over air transport.

At Safilo, inbound and outbound logistics are managed and coordinated by the systems, automation and operations expertise of skilled regional teams operating in **three main distribution centers**:

- the distribution center in **Padua**, which guarantees the delivery of products to the EMEA region;
- the **Denver** distribution center, which handles distribution throughout North America and to distributors in Latin America;
- the **Hong Kong** distribution center, which covers the Far East region.



MARKETING

We develop **specific marketing and communication plans** for each of the brands in our portfolio, adopting differentiated strategies and actions to ensure optimal positioning for each of them. For licensed brands, the strategy is developed in close coordination with the licensors.

Marketing and communication activities are divided mainly between direct-to-consumer activities and trade marketing activities focusing on actions carried out in cooperation with opticians.

Direct-to-consumer activities account for a large part of the advertising and promotional investment; the main media used are digital and social media advertising, out-of-home, influencer marketing, sponsorships and public relations with journalists and opinion leaders in the fashion, entertainment and sports sectors. Digital marketing has become increasingly important as a communication vehicle due to its efficient targeting capabilities and the changing media usage habits of consumers.

Trade marketing activities, which are focused on the point of sale of major customers and chains, are of paramount importance both in terms of better targeting the end buyer's choice and the customer loyalty policy. The main objectives of the Group's marketing strategies are:

- **ensuring the correct positioning of all brands** in the portfolio by fully understanding the unique DNA of each brand through communication campaigns that include original creative ideas and clear awareness, consideration and conversion objectives to cover different consumer targets;
- **ensuring the development of owned brands** through an effective marketing mix and the support of adequate investments in product development, communication and trade marketing activities, and implementing an end-consumer approach through the various e-commerce platforms of home brands;
- **communicating the distinctive brand equity** of each brand through product design and technology in the different categories (sight, sun, sport).








16:28 15%

BACK VIEW ON MOBILE



95

PLD 6209/S/X POLAROID

BLACK GREY

SCAN THIS TO TRY-ON YOUR GLASSES EVERYWHERE

ARShades AMAZING REALITY SOLUTIONS FOR EYEWEAR

DISTRIBUTION

We sell our products through an extensive network of **direct subsidiaries** in about 40 countries in Europe, North America, Asia-Pacific and the rest of the world (Latin America and the Middle East and Africa), and a **network of more than 40 partners** in another 70 countries. We distinguish ourselves in the industry by a **global, multi-channel sales presence** using both the well-established wholesale sales model with which we reach about 100,000 select points of sale worldwide, and modern e-commerce sales platforms. In Europe as from 2020, we have strengthened and expanded our customer base through a customer-centric strategy, which, thanks to the adoption of the latest technologies in BtB, Customer Relationship Management (CRM) and sales process automation, has redefined and improved the Customer Experience, Customer Engagement and Customer Care.



To this end, the launch in 2020 of the new BtB digital platform for Europe, called **You&Safilo**, was particularly important and was the result of collaboration with over 1,000 opticians who provided valuable feedback during the design phase.

28k
 customers
 active on You&Safilo

Today, over 28,000 customers access You&Safilo, in total autonomy, to view catalogues and marketing content, purchase products, order spare parts, submit service and warranty requests, check product availability in real time, follow the progress of their order and directly contact Customer Care. The You&Safilo ecosystem now also acts as a gateway for innovative features, including Safilo MyKey, a new educational platform designed to support opticians in growing their business, and Safilo Omnia, a digital content hub offering resources and content to increase brand visibility. The tool is also used to engage and educate customers on sustainability issues such as recycled and bio-based materials used in the collections.

In recent years, we have pursued a **multi-channel distribution strategy** also through the acceleration of projects aimed at achieving an ever closer connection with the end consumer. Hence, the decision to invest in **digital**, from social and digital marketing to distribution to the end consumer, a sales channel that, thanks mainly to the **e-commerce sites of Smith and Blenders**, has grown exponentially, particularly in the North American market. In this region, the other main channels in which we sell products are opticians, ophthalmologists and optometrists, department stores and chains, and sports shops.

In Asia Pacific and the Rest of the World, we manage wholesale distribution through a direct presence with sales subsidiaries in major markets (China, Hong Kong, Japan, Singapore, Malaysia, Australia, India, Brazil, South Africa, Dubai and Mexico) and in partnership with local distributors in all other markets.

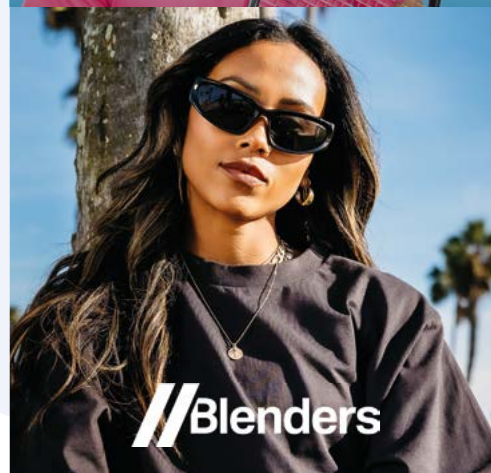
OUR BRAND PORTFOLIO

The brand portfolio comprises a well-balanced set of **home** and **licensed brands**.

With more than 30 brands, Safilo's portfolio covers all consumer segments: it extends from Fashion Luxury - Isabel Marant, BOSS, Missoni, Moschino, Carolina Herrera, Etro - to Lifestyle - with Carrera, Eyewear by David Beckham, Dsquared2, Marc Jacobs, Levi's, Tommy Hilfiger, Tommy Jeans, Kate Spade New York, Fossil, HUGO, Juicy Couture, Liz Claiborne, Love Moschino, Pierre Cardin, PORTS, and Stuart Weitzman - to Sports and Outdoor - with Smith and Under Armour - to the rapidly growing Mass Cool segment with Blenders, Polaroid, Privé Revaux and Seventh Street.

In 2024, some of the major partnerships in the portfolio were renewed:

- In January, we arranged early renewal of the licensing agreements for the **BOSS** and **HUGO** eyewear collections, and subsequently for the **Moschino** and **Love Moschino** brands. Also in January, we renewed the license agreement for **Levi's®** branded eyewear;
- In March, we renewed the license agreement for **Missoni** branded glasses;
- In April, we renewed the license agreement for **Marc Jacobs** branded glasses.



HOME BRANDS

The **home brands** are of great strategic importance for the future development and goals of the Group. The main ones are: Carrera, Smith, Polaroid, and Blenders Eyewear - which play a key role in their respective market segments.



Synonymous with pioneering design and high quality, Carrera is a brand created in 1956 for all those who live by their own rules and have the courage to stand out from the crowd. The Carrera Collection is composed of three major product lines: CARRERA FLAG, a direct expression of Carrera's soul, drawing on the archives with a close eye to future trends and movements; CARRERA SIGNATURE, which represents evolution, combining classic shapes with urban contaminations; and CARRERA ACTIVE, which reinterprets the brand's sporty roots in a street style.



Blenders Eyewear was founded by Chase Fisher in San Diego in 2012. Blenders offers a wide range of sunglasses, blue light glasses and ski goggles. Inspired by the company's motto "Life in Forward Motion", it caters to a dynamic and sporty target audience with a vibrant, punchy aesthetic and a rainbow of colors. With a talented team of designers, photographers and communicators, Blenders is now one of America's fastest growing eyewear brands.



Polaroid Eyewear, a world leader in eyecare, is an international brand that owes its name to the invention that changed the world of technology and optics: polarized lenses. From the revolutionary innovation of the polarized lens by the brand's founder, to the continuous adoption of modern innovations, Polaroid maintains its original values, adding revolutionary elements to the eyewear industry and inventive thinking. An innate attitude to see more, and better. Polaroid Eyewear is a brand for everyone, with an offer that extends to consumers from age 0 to 99: easy to choose, easy to wear and easy to buy. The brand manufactures and distributes worldwide polarized sunglasses, clip-ons, suncovers™ and eyeglass frames through Safilo's network of subsidiaries and its own network of exclusive distributors.



Hailing from the Sun Valley in Idaho, the Smith brand was created in 1965 with the invention of the first ski goggle with sealed thermal lenses and breathable ventilation foam rubber. Backed by more than 50 years of innovation and design expertise, Smith is a brand that is internationally renowned for producing goggles and helmets based on cutting-edge technologies that combine high performance with a sporty, racy style. Skiing, surfing, biking, the sea and adventure: Smith speaks the language of adrenalin-fueled excitement and life in the open air, with a complete collection featuring modern styling and an exuberant personality. For Smith experience is everything.

SEVENTH STREET by Safilo

Seventh Street is a brand specializing in eyeglass frames which offers functional, reliable, pleasing and easy-to-wear products at an affordable price, guaranteed by Safilo's quality and distinctive know-how. The choice of materials, shapes, designs, colors and sizes is diverse and comprehensive - for men, women and young people looking for stylish, comfortable and top-quality eyewear.

PRIVÉ REVAUX EYEWEAR

Privé Revaux Eyewear is more than just an eyewear brand, it is a lifestyle. It was born out of a shared passion for style and quality, with the aim of making them accessible in ways never seen before.

Inspired by the vibrant energy of Miami, the brand offers fashionable, cool, trendy and well-designed frames at affordable prices for men and women.

Privé Revaux is the only company to offer the unique combination of celebrity-inspired style and durability at an unprecedented price, celebrating individuality and encouraging people to embrace their own unique style. It is the benchmark for all eyewear needs, from sunglasses to prescription eyewear to corrective lenses.

Safilo's own brand portfolio also includes other minor brands mainly for the North American market, such as **Adensco, Chesterfield, Elasta and Emozioni**.

PERPETUAL LICENSE

As of May 2024, **Eyewear by David Beckham** became a **perpetually licensed** brand.

With this agreement, we have consolidated one of the most successful eyewear brands of recent years in our portfolio.



EYEWEAR by DAVID BECKHAM

David Beckham, a global icon recognized for his style, curates *Eyewear by David Beckham*, a collection of timeless frames made from the finest materials, combining effortless British style and attitude with a vintage spirit. His refined taste and eye for detail have brought together an exceptional contemporary look with traditional craftsmanship. The brand reflects David's vision, with an unwavering dedication to design and the highest quality. "My journey into the style world has taught me the power of simplicity and the importance of detail and craftsmanship." – David Beckham.



LICENSED BRANDS

Our **licensed brands** are among the most important and diversified brands in the eyewear sector. In addition to the countless renewals in the last two years, in 2023 we signed two new licensing agreements with the **Etro** and **Stuart Weitzman** brands, strengthening our presence in the luxury segment.

Each licensed brand is designed and positioned for a specific market segment and consumer target. The Group's licenses are governed by exclusive contracts, which provide for royalties and marketing contributions to the licensors, calculated as a percentage of the net turnover generated by the sales of the relevant collections, with guaranteed minimum annual amounts. In many cases, these minimum guaranteed royalties are calculated based on a percentage of the turnover generated by the licensed brand in the previous year.

BOSS

CAROLINA HERRERA



DSQUARED2

FOSSIL

HUGO

ISABEL MARANT

Juicy Couture

kate spade
NEW YORK



LIZ CLAIBORNE

LOVE
MOSCHINO

MARC JACOBS


MISSONI

MOSCHINO


pierre cardin

PORTS
EYEWEAR

STUART WEITZMAN

TOMMY HILFIGER

**TOMMY
JEANS**





BOSS



CAROLINA HERRERA



DSQUARED2



ETRO



FOSSIL



HUGO



ISABEL MARANT



Juicy Couture



kate spade
NEW YORK



Levi's®



LIZ CLAIBORNE



MARC JACOBS



MISSONI



MOSCHINO



pierre cardin



PORTS
EYEWEAR



STUART WEITZMAN



TOMMY HILFINGER



TOMMY JEANS



UNDER ARMOUR

A summary and brief description of the licensed brands follows:

BOSS

BOSS is for those who lead a self-determined life with style, passion and purpose. The collections offer dynamic and modern designs to form a complete wardrobe for today's inspirational BOSS.

CAROLINA HERRERA

Carolina Herrera is synonymous with luxury and sophistication in the fashion world. Since its beginnings in New York in 1981, thanks to a global approach, Herrera has achieved international success and experienced unforgettable moments in fashion history, dressing incredible women all over the world: royals, first ladies, celebrities and acclaimed actresses. For over 40 years, always pushing the boundaries of style with its mix of the modern and the classic, it has shown that sensuality and femininity with a contemporary touch are a perfect combination.

DSQUARED2

Individual, bold and creative, Dsquared2's approach to fashion is a distinct mix of Canadian iconography, modern Italian tailoring and playful sensuality. Founded by brothers Dean and Dan Caten in 1995, the brand's collections are a perfect fusion of contrasts: sporty and glamorous, relaxed and extravagant, masculine and feminine. The Dsquared2 ready-to-wear collections are produced in Italy, giving life to the brand's motto "Born in Canada, Made in Italy".



Founded in 1968 in Milan by Gerolamo Etro, today Etro is a luxury lifestyle brand whose heritage of excellence and quality is reflected in a complete and transversal range of items: Ready-to-Wear for men and women, Accessories, Home, Fragrances and Etro Kids, announced in May 2023. Etro is a luxury brand with a rich history in reinterpreting beauty standards and is recognized for its iconic designs.

FOSSIL

Fossil draws inspiration from the design of the mid-1920s, which it reinterprets in the light of the desires of today's customers. This "modern vintage" philosophy nods to the classic style, but is at the same time an expression of a contemporary look. The collection is aimed at those looking for fashionable glasses with linear and colorful frames. The sunglass models are fresh, sporty and easy to wear, with polarized lenses and flexible hinges. Eyeglass frames offer a wide range of styles, for both men and women, in materials ranging from metal to acetate.

HUGO

The HUGO collection was created for those who do not follow the rules in going their own way and offers contemporary pieces with materials such as denim, jersey, clothing and outerwear with a sharp attitude, expressing the individuality of the wearer.

ISABEL MARANT

More than twenty-five years after its foundation, nothing has changed: Isabel Marant remains the most undisciplined of the great French fashion houses. In the polite world of Parisian fashion, the designer plays a provocative role. Passionate about materials that live and travel, she draws inspiration from every corner of the world to breathe new life into the urban wardrobe in an irreverent manner. If some mythologize women as icons in glossy publications, Isabel dresses them for everyday life, whether riding around by scooter or walking down the street. Not a single garment leaves her workshop without her trying it on. A joyful mix of exuberant creativity, absolute seduction and tireless pursuit of pleasure, Maison Isabel Marant is an ode to the sublime chaos of life.

Juicy Couture®

From the streets of New York, London and Seoul to the beaches of Malibu, "Juicy Girl" celebrates life and approaches every day with a touch of irreverence. Thanks to her desire to dare, the originality of her style and her verve, she never goes unnoticed. On the strength of the Los Angeles heritage, Juicy brings

high fashion into everyday life and surprises with unexpected details in each creation, from the iconic athleisure line to perfumes and accessories, through footwear and of course super trendy sunglasses and eyeglasses for women and girls.

kate spade NEW YORK

Founded in New York in 1993, Kate Spade is a brand strongly rooted in an optimistic, joyful and stylish femininity. Kate Spade appeals to women of all latitudes and generations who want to live their lives to the full. The eyewear collection reflects these distinctive traits through the use of cheerful colors, prints and patterns, applied to modern, easy-to-wear eyewear with irresistible appeal. The brand identity is strategically integrated into each product and itself becomes a source of wonder.



The Levi's® brand is a symbol of American style, informal and cool. Invented by Levi Strauss & Co. in 1873, Levi's jeans are one of the best-known and most recognizable garments in the world and have captured the imagination and loyalty of generations of people. Today, Levi's product portfolio continues to evolve under the impetus of a pioneering and innovative drive that is unparalleled in the industry. The offering includes denim garments and accessories, available in more than 110 countries around the world. The Levi's® eyewear collection shows the same stylistic foresight and is the perfect complement to the clothing line, allowing the wearer to express themselves with authenticity.

LIZ CLAIBORNE

Liz Claiborne was created from the great aspiration to make fashion accessible to everyone. It is the brand of choice for strong-willed women, at work and in everyday life. Liz Claiborne designs a modern, bright, self-confident yet refined femininity, inviting women to become the best version of themselves. Hers is a woman who loves to dress well, but has neither the time nor the desire to chase trends. The eyewear collection includes classic and functional frames and sunglasses, with feminine details and colors and the brand's innate style. Affordable quality, natural elegance and versatility.

MARC JACOBS

For over 30 years, Marc Jacobs has been reinvigorating the fashion world by challenging conventions and creating clothes and accessories that we love to wear. The brand carries on its legacy as rebellious, irreverent and original while maintaining a distinct authenticity that is rooted in the philosophy of fusing the everyday with the extraordinary.



MISSONI

Always associated with the innovative look and technical invention that revolutionized the identity of knitwear, the Missoni brand is one of the most famous and loved in the field of fashion and design. The creation of the Missoni style was a two-person job. In 1953 Ottavio and Rosita launched themselves into knitwear production and quickly rose to the top of Italian fashion. Missoni inaugurated an unmistakable style in clothing and living: a colorful patchwork of zig-zags, stripes, waves and flamboyant motifs interwoven in geometric and floral jacquards. Under the artistic direction of Angela Missoni since 1997, Missoni is now one of the most representative brands of Italian fashion and excellence in the world, and continues to infuse contemporary lifestyle with its pioneering, multicolored aesthetic.

MOSCHINO

The Italian luxury brand Moschino, founded in 1983 by Franco Moschino, has conquered the international catwalks with its ironic creations. In 2024, Adrian Appiolaza stepped in as Creative Director, fusing the brand's iconic legacy of intelligence and excellence with a contemporary and innovative vision. Paying homage to *Franco Moschino's* timeless messages of peace, love and inclusiveness, Appiolaza carries them forward with renewed relevance for a new generation.



pierre cardin

"The clothes I prefer are those I create for a life that does not yet exist, in the world of tomorrow". Pierre Cardin was not just a designer but a visionary genius: designer, artist, diplomat and entrepreneur.

Created in 1950, the Pierre Cardin brand is the epitome of a multiform and avant-garde world. Fashion, accessories, jewelry, perfumes, furniture, theatre costumes and even Maxim's restaurants. From the mixture of traditional fabrics and new synthetic materials come geometric shapes that create unique and inimitable garments, known throughout the world. Each collection is clear evidence of an irrepressible hunger for experimentation.

PORTS EYEWEAR

The brand was founded in 1961 in Toronto, Canada by a visionary entrepreneur, Luke Tanabe. One of the first brands to adopt the revolutionary lifestyle of the jet set, PORTS appealed to those who wanted to travel, dream and work all at once: breakfast in the Sahara and then dinner in New York. With its "global soul, urban spirit" DNA, PORTS soon became synonymous with cutting-edge fashion, design excellence and a free spirit. In 1993, Ports was the first high-end fashion brand to land in China, quickly becoming the fashion benchmark for many successful women in China due to its international allure. In 1999, Ports also introduced the eyewear category, with simple and elegant glasses that are widely recognized and admired by Chinese industry.

STUART WEITZMAN

Since 1986, Stuart Weitzman has been inspired by confident, sexy, bold and, above all, strong women. The New York-based global luxury footwear brand combines Spanish craftsmanship and precision engineered wearability to create shoes that allow every woman to stand out. Stuart Weitzman is part of the Tapestry portfolio, a global brand house committed to pushing the boundaries of what is possible. Stuart Weitzman is known for creating elegant, comfortable, high-quality shoes that inspire confidence and, just like footwear, eyewear is an emotional, everyday accessory. The goal is to infuse our distinctive values into eyewear and create accessories that help our consumers look and feel their best.

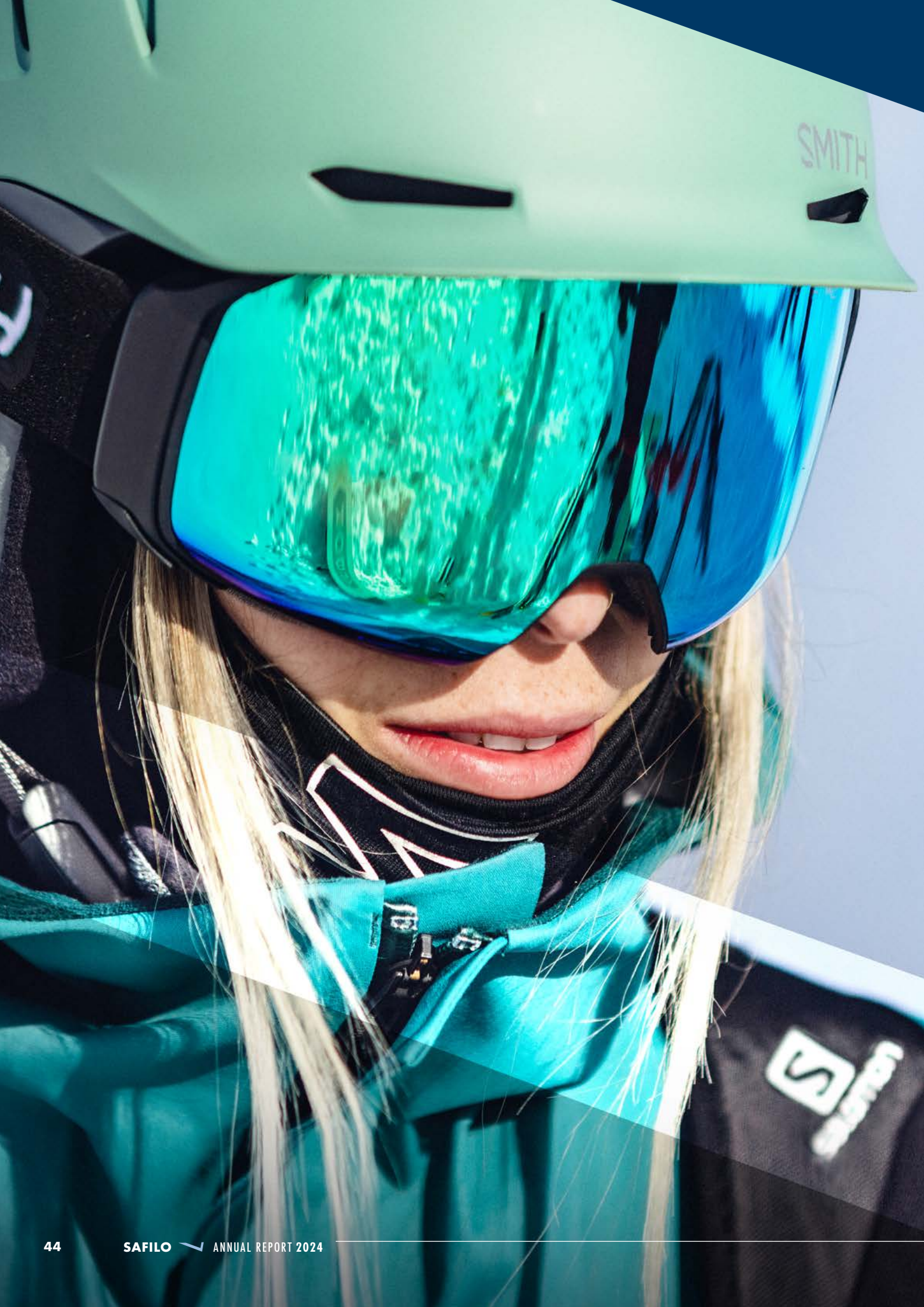
TOMMY HILFIGER



With a brand portfolio that includes TOMMY HILFIGER and TOMMY JEANS, Tommy Hilfiger is one of the world's leading fashion and lifestyle groups. Tommy Hilfiger is the expression of the classic, the American, the cool, the personification of the American spirit: energetic, entrepreneurial, fun, colorful and inclusive. Its goal is to design and market American clothing icons reinvented with a modern twist. High-quality menswear and sportswear, womenswear collections and children's clothing - all the lines offer a confident style for any time, place or occasion. Through select licensees, Tommy Hilfiger offers complementary lifestyle products such as spectacles, watches, perfumes, swimwear, socks, small leather goods, homeware and luggage. TOMMY HILFIGER and TOMMY JEANS branded products are available worldwide through an extensive network of TOMMY HILFIGER and TOMMY JEANS stores, but also in specialized shops, department stores, online retailers and of course on tommy.com.



Founded in 1996, Under Armour, Inc. designs, manufactures and distributes sportswear, sports shoes and accessories designed to compete at the highest level. The company is headquartered in Baltimore, Maryland, and powers one of the largest digital fitness and wellness communities in the world. Its innovative products and experiences optimize sports performance and make athletes better. The brand's vision is to offer athletes high-performance solutions they did not know to need and now cannot do without. Under Armour stands for energy and passion. It is the force that drives every athlete to constantly improve and to pursue their goals with tenacity, without ever giving up. It is the irrepressible desire to succeed. It is no coincidence that Under Armour can count on brand ambassadors of the caliber of Dwayne "The Rock" Johnson, Steph Curry, Tom Brady, Bryce Harper and Jordan Spieth.



SAFILO GROUP S.P.A. ANNUAL REPORT AT 31 DECEMBER 2024

- 46** Corporate bodies and Committees
- 48** Chief Executive Officer's letter

CORPORATE BODIES AND COMMITTEES

Board of Directors¹

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

Board of Statutory Auditors²

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 Committee³

Chairman	Bettina Solimando
	Ines Mazzilli
	Giorgia Canova

- 1 Appointed by the Shareholders' Meeting held on April 24, 2024.
 2 Appointed by the Shareholders' Meeting held on April 27, 2023.
 3 Appointed by the Board of Directors' Meeting held on April 24, 2024.

Control and Risk Committee³	
Chairman	Ines Mazzilli Gerben van de Rozenberg Matthieu Brisset
Sustainability Committee³	
Chairman	Eugenio Razelli Angelo Trocchia Katia Buja Vladimiro Baldin Andrea Grassini Marco Cella Alberto Macciani
Remuneration and Nomination Committee³	
Chairman	Cinzia Morelli-Verhoog Melchert Frans Groot Irene Boni
Transactions with Related Parties Committee³	
Chairman	Ines Mazzilli Matthieu Brisset Cinzia Morelli Verhoog
Independent Auditors⁴	
	PricewaterhouseCoopers S.p.A.

⁴ Appointed by the Shareholders' Meeting held on April 27, 2023 for the financial years from 2023 to 2031.

CHIEF EXECUTIVE OFFICER'S LETTER



Dear Shareholders,

2024 was a year marked by a complex macroeconomic context and geopolitical tensions, persistent inflation in some areas and by general uncertainty in financial markets. These factors weighed on business and consumer confidence, influencing demand dynamics in various sectors, including eyewear.

In the face of market challenges, Safilo proved its resilience and adaptability, consolidating its competitive edge through dynamic brand portfolio management, targeted investments, and a steadfast dedication to the quality of services provided to its customers and consumers.

Of the important transactions carried out during the year, the acquisition of the perpetual license for Eyewear by David Beckham, today one of the most successful brands and a leader in the premium men's segment, stands out. This transaction represented a further step towards strengthening a high-quality, long-term brand portfolio, now perfectly balanced between home and licensed brands and able to cover all the main consumer segments.

2024 was a year of great satisfactions for many of our brands. Carrera was one of these, recording double digit growth and confirming itself as one of the most dynamic brands in our portfolio. The success achieved by David Beckham, Tommy Hilfiger and Carolina Herrera represented other main strengths of the year, highlighting also the brilliance of our designers in enhancing the uniqueness of each brand in addition to our ability to expand and optimize our distribution network.

On the geographical front, Europe confirmed its stability and resilience, driven by the good performance of key markets such as Italy, France and Eastern European countries. These results in part compensated the slowdown in North America, which continued to be influenced by unfavourable dynamics in the sunglasses sector and sports business, as well as the weakness of some emerging markets. The overall performance

of total sales for the year, which fell by 2.3% at constant exchange rates, reflected the combination of these dynamics and the conclusion of the Jimmy Choo license.

In this context, we took decisive action on the levers within our control, and we are pleased to report that we concluded the year with improvements across all economic metrics, most notably a gross industrial margin nearing 60% of sales, thanks to the increase in efficiency deriving from the restructuring of the industrial footprint, completed in 2023, and an effective pricing policy. Despite the pressure on revenues, operating performance also improved, with an adjusted EBITDA margin that passed from 9% to 9.4% of sales, supported by the normalization of IT investments which had significantly increased between 2022 and 2023 to accelerate the Group's digital transformation.

In parallel, we continued to strongly support marketing investments, which remained high and heavily digital oriented, to strengthen the desirability of our brands and respond quickly to evolving consumer habits.

Finally, the year also confirmed our financial solidity and ability to improve cash generation. Cash flow from operating activities rose to over Euro 70 million, while net debt remained stable, despite the acquisition of the perpetual license of David Beckham Eyewear and the completion of the share buyback program.

In 2024, we stayed strongly committed to our sustainability strategy, accelerating the decarbonization process and implementing initiatives aimed at reducing environmental impact throughout the entire value chain. The validation, at the beginning of the year, by SBTi of our targets to reduce emissions confirmed the soundness of our plan which aims, by 2030, to reduce by 70% Scope 1 and 2 emissions, and by 25% of Scope 3 emissions.

The majority of our emissions derives from electricity consumption for company, production and operational processes. For this reason, we have intensified investments to cover 100% of our electrical needs with renewable sources, and ended 2024 with more than 95% coverage of our electricity needs coming from renewable sources, and achieved a reduction of Scope 1 and 2 emissions of around 19% compared to 2023.

This result was achieved thanks to the adoption of renewable energy sources for the electrical needs of our sites in Clearfield and Denver, and in all the sites in Italy and our production facility in China. We have furthermore completed another step with the installation of a second group of photovoltaic panels in our headquarters in Padova, thereby increasing the amount of self-produced renewable energy.

2024 also saw notable progress in product sustainability, with the share of new collections made with recycable or bio-based materials increasing from 17% in 2023 to approximately 23% in 2024, reaching above 90% for Polaroid collections and above 40% for BOSS, Tommy Hilfiger and Levi's. These results, together with improvement initiatives upstream in the value chain, have contributed to a reduction of Scope 3 emissions by 5% compared to 2023.

In 2024 we celebrated the 20th Anniversary of our partnership with Special Olympics an agreement that we have now renewed until 2027 which testifies our support of inclusion through sport, accessibility and eye health. In the same spirit, Polaroid became a global partner of the Love Your Eyes campaign, promoted by the International Agency for the Prevention of Blindness (IAPB), together with other leading companies in the eyecare sector, to highlight the importance of visual health.

Looking to 2025, the complexity of the macroeconomic and geopolitical scenario, and the growing challenges associated with it, will continue to impact the markets in which we operate, making particularly difficult to predict the evolution of the business in the coming months. In this context, we remain focused on strengthening our partnerships, agility and operational flexibility, with the aim of seizing opportunities to return to revenue growth. We remain firmly committed to continuously improving margins and cash generation.

I would like to sincerely thank our employees, clients, partners, and of course you, our shareholders, for your support and trust. We are ready to look to the future with determination and the solid foundations built in 2024.

Angelo Trocchia
 Chief Executive Officer



01

DIRECTORS OPERATIONS REPORT

Economic & Financial
performance, Corporate
Governance, Risk Factors
& Other

Sustainability Statement



01

Economic & Financial performance, Corporate Governance, Risk Factors & Other

- 54** Summary of key consolidated performance indicators
- 58** Group economic performance
- 64** Consolidated balance sheet
- 66** Financial situation
- 68** Main critical risk factors for the group
- 72** Human resources
- 73** ICT – information systems
- 74** Group structure
- 75** Safilo in the stock exchange and investor relations
- 77** Corporate Governance
- 92** Other information
- 93** Reconciliation of the parent company's net profit and shareholders' equity with the consolidated balances
- 93** Significant events after the year-end and outlook

SUMMARY OF KEY CONSOLIDATED PERFORMANCE INDICATORS

Economic data (Euro million)

	2024	%	2023	%
Net sales	993.2	100.0	1,024.7	100.0
Cost of sales	(400.4)	(40.3)	(439.0)	(42.8)
Gross profit	592.8	59.7	585.7	57.2
EBITDA	79.8	8.0	62.9	6.1
Adjusted EBITDA	93.0	9.4	92.0	9.0
Operating profit	39.4	4.0	7.7	0.7
Adjusted operating profit	52.6	5.3	49.6	4.8
Group profit/(loss) before taxes	31.7	3.2	(19.5)	(1.9)
Profit/(Loss) attributable to the Group	22.3	2.2	(24.6)	(2.4)
Adjusted net profit/(loss) attributable to the Group	34.2	3.4	14.0	1.4

Economic data (Euro million)

	Fourth quarter 2024	%	Fourth quarter 2023	%
Net sales	235.8	100.0	239.6	100.0
Gross profit	140.3	59.5	134.8	56.2
EBITDA	12.9	5.5	4.9	2.0
Adjusted EBITDA	17.6	7.5	16.5	6.9

Balance sheet data (Euro million)

	December 31, 2024	%	December 31, 2023	%
Total assets	842.3	100.0	855.5	100.0
Total non-current assets	331.8	39.4	307.8	36.0
Net invested capital	510.1	60.6	478.5	55.9
Net working capital	256.8	30.5	260.0	30.4
Net financial position	(82.7)	(9.8)	(82.7)	(9.7)
Net financial position pre IFRS 16	(40.3)	(4.8)	(43.7)	(5.1)
Group Shareholders' equity	413.1	49.0	379.2	44.3

Financial data (Euro million)

	2024	2023
Cash flow from operating activities	76.2	47.7
Cash flow from investing activities	(48.9)	(8.6)
Cash flow from financing activities	(54.8)	(40.5)
Closing net cash and cash equivalents	47.4	74.9
Free cash flow	16.7	29.1
Capital expenditure	48.7	13.3

Earnings/(Losses) per share (in Euro)

	2024	2023
Earnings/(Losses) per share - basic	0.054	(0.060)
Earnings/(Losses) per share - diluted	0.054	(0.059)
Group Shareholders' equity per share	0.997	0.917

Group personnel

	December 31, 2024	December 31, 2023
Punctual at period end	3,645	3,828
Average	3,724	4,168

Share and market data (in Euro)

	December 31, 2024	December 31, 2023
Share price at the end of the financial year	0.93	0.91
Maximum share price of the financial year	1.24	1.63
Minimum share price of the financial year	0.85	0.71
No. shares in share capital at 31 December	414,239,313	413,745,466
Stock Market value at the end of the financial year	386,071,040	378,163,356

ADJUSTED PERFORMANCE INDICATORS

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

Adjusted indicators exclude the following non-recurring items:

- in 2024, the adjusted economic results exclude non-recurring costs for Euro 13.2 million at the EBIT (operating profit) and EBITDA level mainly due to costs related to a terminated license agreement and some special and restructuring projects. In fourth quarter 2024, adjusted EBITDA excludes non-recurring costs of Euro 4.7 million due to expenses related to certain restructuring project;
- in 2023, the adjusted economic results excluded non-recurring costs for Euro 41.9 million at the EBIT (operating profit) level, Euro 29.1 million at the EBITDA level and Euro 16.0 million at the gross profit level, mainly related to the disposal of the Longarone plant, to some other restructuring costs, and in the fourth quarter, also to the termination of activities related to exiting licensed brands and to a partial write-down of some intangible assets related to a previous acquisition. In fourth quarter 2023, the adjusted EBITDA and gross profit excluded non-recurring costs for Euro 11.7 million and Euro 7.9 million respectively.

Starting from the current year Gross profit adjusted indicator is not reported because this performance measure no longer provides relevant information after the completion of Longarone plant restructuring in 2023.

The table below summarizes the reconciliation between the economic indicators and their adjusted value pre-non-recurring items:

	2024			2023		
	Ebitda	Operating profit	Profit/(Loss) attributable to the Group	Ebitda	Operating profit	Profit/(Loss) attributable to the Group
Economic indicators	79.8	39.4	22.3	62.9	7.7	(24.6)
Restructuring costs and other non recurring costs	13.2	13.2	13.2	29.1	41.9	41.9
Tax effect on non recurring items			(1.3)			(3.2)
Adjusted economic indicators	93.0	52.6	34.2	92.0	49.6	14.0

ALTERNATIVE PERFORMANCE INDICATORS DEFINITION

Certain "alternative performance indicators", which are not foreseen in the IFRS accounting principles and are applied to the financial statements being audited, have been used in this 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;
- "EBIT" stands for Earnings Before Interest and Taxes and is also stated as "Operating profit/(Loss)";
- "Capital expenditure" refers to purchases of tangible and intangible fixed assets;
- "Net invested capital" refers to the sum of shareholders' equity of the Group and minority interests and the "Net financial position" (see below);
- "Free Cash Flow" means the 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 sum of inventories, trade receivables and trade payables;
- "Net financial position" means the sum of bank borrowings, short, medium and long-term borrowings, net of cash held on hand and at bank. This indicator does not include the valuation of derivative financial instruments and the liability for options on non-controlling interests;
- "Financial leverage" is the ratio between "Net financial position" and "EBITDA".

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 March 18, 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 the main financial KPIs.

DISCLAIMER

This report and, in particular, the section entitled "Significant events after the year-end and outlook" contains forward looking statements based on current expectations and projects of the Group in relation to future events. Due to their specific nature, these statements are subject to inherent risks and uncertainties, as they depend on certain circumstances and facts, most of which being beyond the control of the Group. Therefore actual results could differ, even to a significant extent, with respect to those reported in the statements.

GROUP ECONOMIC PERFORMANCE

Consolidated income statement (Euro million)

	2024	%	2023	%	Change %
Net sales	993.2	100.0	1,024.7	100.0	-3.1%
Cost of sales	(400.4)	(40.3)	(439.0)	(42.8)	8.8%
Gross profit	592.8	59.7	585.7	57.2	1.2%
Selling and marketing expenses	(423.6)	(42.6)	(428.8)	(41.8)	1.2%
General and administrative expenses	(121.0)	(12.2)	(138.1)	(13.5)	12.4%
Other operating income/(expenses)	(8.8)	(0.9)	(11.2)	(1.1)	21.2%
Operating profit	39.4	4.0	7.7	0.7	n.s.
Gains/(losses) on liabilities for options on non-controlling interests	8.6	0.9	(7.9)	(0.8)	n.s.
Financial charges, net	(16.3)	(1.6)	(19.2)	(1.9)	15.3%
Profit/(Loss) before taxation	31.7	3.2	(19.5)	(1.9)	n.s.
Income taxes	(9.9)	(1.0)	(6.6)	(0.6)	-49.2%
Net profit/(loss)	21.8	2.2	(26.1)	(2.5)	n.s.
Net profit/(loss) attributable to minority interests	(0.5)	(0.0)	(1.4)	(0.1)	67.2%
Net profit/(loss) attributable to the Group	22.3	2.2	(24.6)	(2.4)	n.s.
EBITDA	79.8	8.0	62.9	6.1	27.0%
Amortization and depreciation	(40.5)		(55.2)		26.7%

Adjusted economic indicators (Euro million)

	2024	%	2023	%	Change %
Adjusted EBIT	52.6	5.3	49.6	4.8	6.1%
Adjusted EBITDA	93.0	9.4	92.0	9.0	1.1%
Adjusted net profit/(loss) attributable to the Group	34.2	3.4	14.0	1.4	n.s.

In 2024, **Safilo's net sales** amounted to Euro 993.2 million, recording a decrease of 2.3% at constant exchange rates and 3.1% at current exchange rates compared to 2023. The contraction was driven by the exit of the Jimmy Choo license, the impact of which affected the performance of all geographies. Net of this, the sales trend was slightly positive, thanks to the solidity of Europe, which grew mid-single digits. North America remained slightly contracted, penalized by an election year and the climate of uncertainty that affected business and consumer confidence.

In the year, the business benefited from particularly strong growth from Carrera, David Beckham, Tommy Hilfiger and Carolina Herrera, which stood out across all key reference markets.

Thanks to a strong recovery in the fourth quarter, Smith and Polaroid closed 2024 with only a marginal slowdown, in spite of the year's challenges stemming from sports retailers' conservative purchasing and a sunglasses market hampered by uncertain conditions.

The year ended with an almost complete balance between home brands, which now also include the perpetual license of Eyewear by David Beckham, and the licensed portfolio, marking a further strengthening of Safilo business model.

In 2024, online channels continued to account for around 16% of the Group's sales, in a year marked by further growth of Smith's direct-to-consumer (DtC) business and of European internet pure players. Among physical channels, Safilo continued strengthening its position in independent European optician stores, thanks to the steady growth of the prescription frames business and efforts to build customer loyalty and provide continuous service improvements through the You&Safilo Business-to-Business (B2B) e-commerce platform.

In 2024, **Safilo confirmed a very solid economic profile**, which translated into the improvement of all economic metrics. During the year, the gross margin benefitted from the increased efficiency of the supply chain achieved through the restructuring of the Italian footprint completed in fourth quarter 2023. This was further boosted by positive pricing effects, while the sales mix was partially affected by the dilutive impact of the phase-out business and the lower contribution of Blenders' DtC channel in fourth quarter.

Below the industrial margin, the expected normalization of IT investments, which had

increased between 2022 and 2023 to accelerate the Group's digital transformation, allowed Safilo to limit the revenue pressure on the operating leverage, also improving the operating performance. Despite the challenging market environment for revenue recovery, in 2024 the Group continued to strongly support marketing investments, which remained high and heavily digital oriented, a key channel for efficient targeting and flexibility in quickly responding to evolving consumer habits. The growth in operating profit, combined with improved financial management driven by lower rates and a slight reduction in gross debt, led the year to an improvement in the Group's net profit..

In 2024 **gross profit** amounted to Euro 592.8 million, up 1.2% compared to the profit recorded in 2023, a year impacted by the restructuring of the Italian footprint, and down 1.5% compared to adjusted gross profit in 2023. The 2024 gross margin grew to 59.7% of sales, an improvement of 250 basis points compared to the previous year, while the improvement stood at 100 basis points compared to the 2023 adjusted margin.

Among sales and marketing expenses, promotional and advertising costs recorded a slight decrease, while their incidence on revenues for the year remained almost stable, just under 13%. General and administrative expenses saw a more significant decline, mainly thanks to the normalization of SaaS (Software as a Service) costs, which had increased significantly in the previous two years to strengthen the company's IT and digital infrastructure.

The adjusted EBITDA was Euro 93.0 million, up 1.1% compared to 2023, while the adjusted EBITDA margin improved by 40 basis points, from 9.0% to 9.4%..

The adjusted operating profit was Euro 52.6 million, up 6.1% compared to 2023, while the adjusted operating margin stood at 5.3% of sales, an improvement of 50 basis points compared to 4.8% recorded in 2023.

The Group's adjusted net profit amounted to Euro 34.2 million, more than doubling the adjusted result recorded in 2023, mainly due to the effect of the valuation of the option liability on minority interests. Net of this impact, growth for the year was approximately 17%, driven by a 15.3% decline in net financial charges, from Euro 19.2 million to Euro 16.3 million, thanks to a reduction in interest rates and a slight decline in gross debt.

Fourth quarter - Key economic performance indicators (Euro million)

	Fourth quarter 2024	%	Fourth quarter 2023	%	Change %
Net sales	235.8	100.0	239.6	100.0	-1.6%
Gross profit	140.3	59.5	134.8	56.2	4.1%
EBITDA	12.9	5.5	4.9	2.0	n.s.
Adjusted EBITDA	17.6	7.5	16.5	6.9	6.3%

In fourth quarter, **sales performance** improved compared to the previous quarters of the year, showing a contraction of 1.1% at constant exchange rates and 1.6% at current exchange rates, to which the recovery of emerging markets contributed in particular. Excluding the residual effect of the Jimmy Choo exit, the quarter was positive by almost 2%.

In fourth quarter 2024, **gross profit** amounted to Euro 140.3 million, up 4.1% compared to fourth quarter 2023, and down 1.6% compared to the adjusted profit. Fourth quarter gross margin was 59.5%, an improvement of 330 basis points compared to fourth quarter 2023, but stable compared to the adjusted margin.

In fourth quarter 2024, **adjusted EBITDA** amounted to Euro 17.6 million, up 6.3% compared to the adjusted result of fourth quarter 2023. The adjusted EBITDA margin grew to 7.5% of revenues, an improvement of 60 basis points compared to the same quarter of 2023, thanks to the optimization of some selling and transportation expenses and lower revenue pressure on operating leverage.

NET SALES BY GEOGRAPHICAL AREA

Full year (Euro million)

	2024	%	2023	%	Change at current forex %	Change at constant forex %
North America	428.7	43.2	452.9	44.2	-5.3%	-5.2%
Europe	414.2	41.7	411.8	40.2	0.6%	1.6%
Asia Pacific	58.6	5.9	59.9	5.8	-2.3%	-2.1%
Rest of the world	91.8	9.2	100.1	9.8	-8.3%	-5.9%
Total	993.2	100.0	1,024.7	100.0	-3.1%	-2.3%

Fourth quarter (Euro million)

	2024	%	2023	%	Change at current forex %	Change at constant forex %
North America	107.3	45.5	111.9	46.7	-4.1%	-4.6%
Europe	90.1	38.2	90.7	37.9	-0.7%	-0.1%
Asia Pacific	18.6	7.9	16.2	6.8	14.4%	12.9%
Rest of the world	19.9	8.4	20.8	8.7	-4.5%	2.4%
Total	235.8	100.0	239.6	100.0	-1.6%	-1.1%

In 2024, sales in North America amounted to Euro 428.7 million, down 5.2% at constant exchange rates and 5.3% at current exchange rates compared to Euro 452.9 million in 2023.

The year's performance was influenced by multiple factors that, over the quarters, impacted different business segments and distribution channels.

Smith's performance was influenced by an unfavourable environment for the sports sector, with a delayed start to the ski season limiting restocking and the bike segment still being somewhat oversized at retail level. On the eyewear front, sunglasses sales remained largely weak due to cautious purchasing behaviour from key wholesale channels. The prescription frames business instead continued to show solid growth, supporting brands with greater exposure to this category.

Carrera achieved excellent results, also driven by the success of its new women's collections, which enhanced the brand's in-store performance and supported its market expansion. Also David Beckham, Tommy Hilfiger and Marc Jacobs recorded solid growth, fuelled by an expansion in distribution.

In fourth quarter, sales in North America declined by 4.6% at constant exchange rates and by 4.1% at current exchange rates, mainly reflecting the drop in sales of Blenders, which, in the same period of 2023, had been boosted by the success of the brand's first collection in collaboration with Coach Prime. The quarterly performance was also influenced by a still subdued sunglasses business in the wholesale channel, which nevertheless showed signs of improvement in the final weeks of the year.

It was instead a quarter back to growth for Smith's sports business, which continued to progress in the DtC channel and saw a recovery in physical stores, supported by a strong start to the 2025 ski season and a favourable comparison base.

In 2024, sales in Europe amounted to Euro 414.2 million, up 1.6% at constant exchange rates and 0.6% at current exchange rates compared to Euro 411.8 million recorded in 2023.

The year confirmed the solidity of the European business, with France standing out as one of the most dynamic markets, driven by the expansion of the commercial network and the strong performance of the prescription eyewear segment among

independent opticians and chains. The Italian market performed well, while Central and Eastern European markets continued to see strong growth, with Poland and Turkey showing particularly positive results and Germany benefiting from the solid performance of the Internet Pure Players channel.

In 2024, a key driver of success in Europe continued to be the growing adoption of the You&Safilo BtB platform. With constantly evolving content and services, it has further improved operational efficiency and strengthened relationships with clients.

Among the brands, Carrera and David Beckham posted significant growth, strengthening their market position, while the licensed portfolio benefited from the strong performance of Carolina Herrera and DSquared2, as well as the debut of Etro's eyewear collections.

Among the Group's product categories, prescription frames continued to outperform sunglasses, whose demand in Europe also partly influenced by adverse weather conditions in May and June.

In fourth quarter, sales in Europe remained stable compared to the same period of 2023 (-0.1% at constant exchange rates and -0.7% at current exchange rates). Weaker demand in Germany was offset by solid growth in France, Italy and Eastern European markets, which continued to be the main drivers of expansion in the region.

In 2024, sales in Asia Pacific amounted to Euro 58.6 million, down 2.1% at constant exchange rates and 2.3% at current exchange rates compared to Euro 59.9 million recorded in 2023.

In 2024, the Asia Pacific area experienced mixed trends, with China standing out as the main positive driver. The results achieved at major events – such as the Shanghai International Optics Fair in March and the Beijing International Optics Fair in September – stimulated demand and strengthened the Group's presence in the market. In particular, Tommy Hilfiger, Ports and Polaroid drove growth, consolidating their position and contributing positively to the performance of the area.

The year was more complex in the Southeast Asian markets, where the contraction in sales at distributors affected overall performance.

In fourth quarter, sales in Asia Pacific increased by 12.9% at constant exchange rates and 14.4% at current exchange rates, driven by the recovery of the Chinese market after the temporary slowdown

in Q3 and the positive reception of the new collections presented at the Beijing eyewear fair.

In 2024, sales in the Rest of the World amounted to Euro 91.8 million, down 5.9% at constant exchange rates and 8.3% at current exchange rates compared to Euro 100.1 million recorded in 2023.

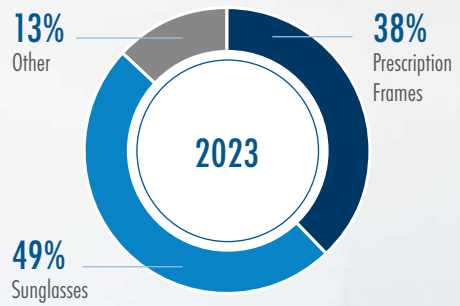
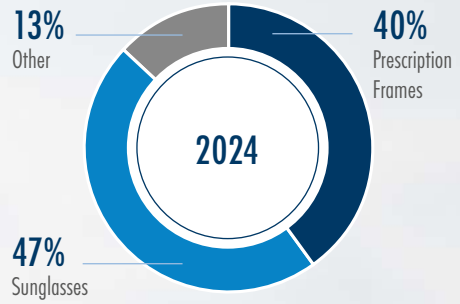
The year highlighted contrasting dynamics, with some countries experiencing growth and others being affected by macroeconomic factors and challenges related to specific distribution channels. In Latin America, sales slowed down, mainly due to weakness in the travel retail channel. Brazil, however, showed signs of recovery, particularly in the last quarter, thanks to greater stability in domestic demand. In the IMEA region, Middle East markets grew, driven by the strong performance of Carrera, Tommy Hilfiger, and David Beckham, while India experienced a deceleration after a period of sustained growth in 2023.

In fourth quarter, the markets of the region recorded growth of 2.4% at constant exchange rates, while sales at current exchange rates decreased by 4.5% due to an unfavourable currency environment, with the significant weakening of the Mexican peso and the Brazilian real.



The charts below summarize the breakdown of net sales by product category for the full year 2024 compared to the previous year:

Full Year



CONSOLIDATED BALANCE SHEET

The table below shows the highlights from the balance sheet as at 31 December 2024 compared with those of 31 December 2023:

Balance sheet (Euro million)

	December 31, 2024	December 31, 2023	Change
Trade receivables	211.9	203.1	8.8
Inventory, net	210.2	229.0	(18.8)
Trade payables	(165.3)	(172.1)	6.8
Net working capital	256.8	260.0	(3.2)
Tangible assets	86.9	88.7	(1.9)
Right of Use assets	37.1	34.0	3.1
Intangible assets	135.2	108.1	27.1
Goodwill	35.8	33.7	2.1
Net fixed assets	295.0	264.5	30.5
Employee benefit liability	(9.4)	(9.7)	0.4
Other assets / (liabilities), net	(19.2)	(15.5)	(3.7)
Liability for options on non-controlling interests	(13.1)	(20.8)	7.7
NET INVESTED CAPITAL	510.1	478.5	31.7
Cash in hand and at bank	47.4	74.9	(27.5)
Short term borrowings	(30.0)	(30.3)	0.3
Short-term Lease liabilities	(10.4)	(9.6)	(0.8)
Long term borrowings	(57.7)	(88.3)	30.6
Long-term Lease liabilities	(31.9)	(29.4)	(2.6)
NET FINANCIAL POSITION	(82.7)	(82.7)	0.0
Group Shareholders' equity	(413.1)	(379.2)	(33.9)
Non-controlling interests	(14.4)	(16.6)	2.2
TOTAL SHAREHOLDERS' EQUITY	(427.5)	(395.8)	(31.7)

NET WORKING CAPITAL

Net working capital at 31 December 2024 amounts to Euro 256.8 million compared with Euro 260.0 million of the previous year.

Net working capital (Euro million)

	December 31, 2024	December 31, 2023	Change	Of which	
				Translation difference	Change before Transl. Diff.
Trade receivables, net	211.9	203.1	8.8	2.9	5.9
Inventories	210.2	229.0	(18.8)	6.9	(25.7)
Trade payables	(165.3)	(172.1)	6.8	(2.7)	9.5
Net working capital	256.8	260.0	(3.2)	7.1	(10.3)
% on net sales	25.9%	25.4%			

In the year, the cash flow from operating activities benefitted of cash generation of Euro 10.3 million (excluding the translation difference effect) at the net working capital level.

The key driver of the decrease in the net working capital was the decrease of inventories thanks also of the continuing effort to improve the management of the stock on hand, partially absorbed by the increase of trade receivables and decrease of trade payables.

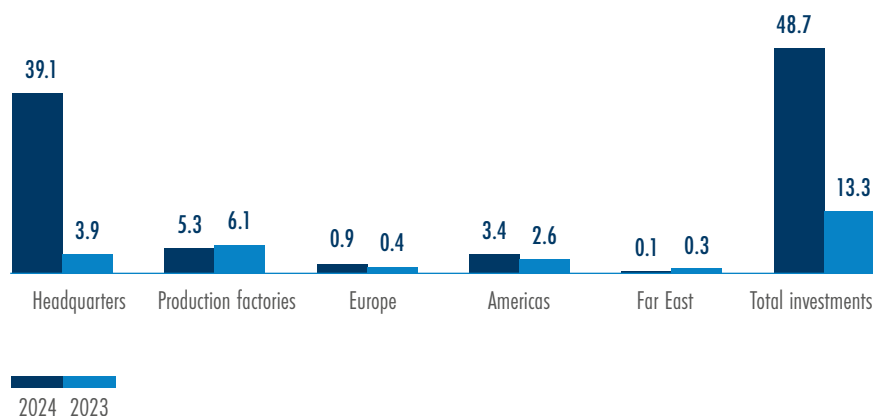
FIXED ASSETS AND INVESTMENTS IN TANGIBLE AND INTANGIBLE FIXED ASSETS

Net fixed assets total Euro 295.0 million at the end of 2024 compared to Euro 264.5 million in 2023.

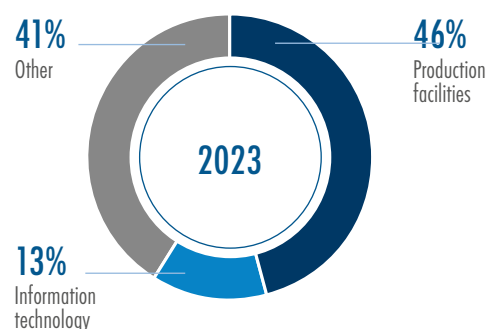
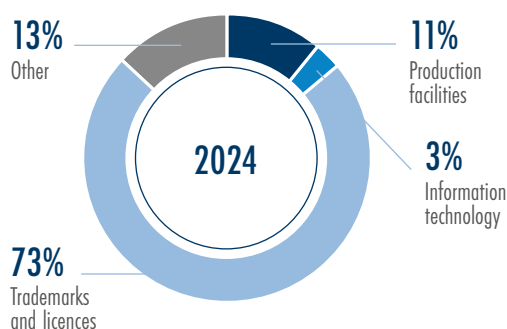
The increase of net fixed assets equal to 30.5 million Euro is mainly due to capital expenditure of 48.7 million Euro and to depreciation of the tangible and intangible assets equal to 29.8 million Euro. The Group's operating investments of the year equal to Euro 48.7 million (Euro 13.3 million in 2023), were significant increased due to the investment for the perpetual license of the Eyewear by David Beckham.

The allocation of the Group operating investments breaks down as follows:

Investments breakdown



Investments by nature



FINANCIAL SITUATION

The main items of the net financial position at 31 December 2024 as well as free cash flow figures are reported below in comparison with the previous year.

NET FINANCIAL POSITION

Net financial debt (Euro million)

	December 31, 2024	December 31, 2023	Change
Current portion of long-term borrowings	(30.0)	(30.3)	0.3
Short-term lease liability IFRS 16	(10.4)	(9.6)	(0.8)
Cash and cash equivalents	47.4	74.9	(27.5)
Short-term net financial position	7.0	35.0	(28.0)
Long-term borrowings	(57.7)	(88.3)	30.6
Long-term financial lease liability IFRS 16	(31.9)	(29.4)	(2.6)
Long-term net financial position	(89.7)	(117.7)	28.0
TOTAL NET FINANCIAL POSITION	(82.7)	(82.7)	0.0
TOTAL NET FINANCIAL POSITION PRE IFRS 16	(40.3)	(43.7)	3.4

As at 31 December 2024, the Group's net debt, which also takes into account the completion of the Share Buyback programme for Euro 11.8 million, remained stable compared to 2023, at Euro 82.7 million (Euro 40.3 million pre-IFRS 16, an improvement of Euro 3.4 million compared to 2023, with the financial leverage, also pre-IFRIC SaaS, stable at 0.48x).

The main components of the Group's net debt at the end of December 2024 were as follows:

- a medium-long-term debt position of Euro 89.7 million, made of bank loans for Euro 57.7 million, related to the Credit Facility signed in September 2022, and an IFRS-16 effect for Euro 31.9 million;
- a short-term debt position of Euro 40.4 million, made of bank loans for Euro 30.0 million, related to the Credit Facility, and an IFRS-16 effect for Euro 10.4 million;
- a cash position of Euro 47.4 million.

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

The Group net financial position reported in the above table does not include the valuation of derivative financial instruments and the option liability on the non-controlling interests.

FREE CASH FLOW

Free cash flow (Euro million)

	2024	2023	Change
Cash flow from operating activities	76.2	47.7	28.5
Cash flow from investing activities	(48.9)	(2.7)	(46.2)
Cash flow from repayment principal portion of IFRS 16 lease liabilities	(10.6)	(10.0)	(0.7)
Free cash flow before acquisitions/disposals	16.7	35.1	(18.3)
Cash flow for acquisitions minority interests	-	(5.9)	5.9
Free cash flow	16.7	29.1	(18.3)

In 2024, Safilo confirmed a positive cash generation, with a Free Cash Flow of Euro 16.7 million compared to Euro 29.1 million recorded in 2023. In Fourth quarter, positive Free Cash Flow amounted to Euro 18.9 million, accelerating compared to the Euro 13.3 million recorded in the same period of the previous year.

Cash generation for the year was characterised, on the one hand, by the significant improvement in cash flow from operating activities, amounting to Euro 76.2 million compared to Euro 47.7 million recorded in 2023, and, on the other hand, by the increase in investment activities. In 2024, cash flow for investments grew to Euro 48.9 million, mainly due to the Group's investment to acquire the perpetual license for Eyewear by David Beckham.

The operating activities of the business reflected the good economic result recorded by the Group throughout the year, along with efficient net working capital management, which was primarily driven by the reduction in inventories.

MAIN CRITICAL RISK FACTORS FOR THE GROUP

The Group implements the measures deemed to be appropriate to contrast any relevant risks and uncertainties arising from its business. The risks are both internal and external and are explained below. The Group has an enterprise risk management approach in place to monitor key risks and related mitigation plans.

INTERNAL RISKS

STRATEGIC RISKS

The Group could be unable:

- to build, acquire, develop and protect its brands and patents;
- to add maintain, replace and develop key licence contracts and fulfil relative obligations and commitments;
- to contrast the competition maintaining and strengthening its own product supply, distribution and sales networks;
- to launch innovative products on the market that meet consumer tastes and are in tune with fashion trends;
- to meet its long term financial targets.

OPERATING RISKS

The Group business is subject to:

- the risk of being unable to organise and coordinate integrated supply/production/logistics and commercial processes in order to provide a rapid response to the needs of increasingly attentive and discerning customers;
- the risk of being unable to identify and purchase raw materials, semi-finished and finished products compliant with the Group's quality standards;
- the operational risks of industrial facilities, distribution centres, logistics and supplier relationships;

- the risk of non-compliance with internal control procedures as well as the Italian and foreign legislation that are applicable to the Group (for example local tax laws).

PANDEMIC OPERATING RISKS

The spread of the Covid 19 pandemic in 2020, led to a focus on the risk related to the business impacts coming from such pandemic and the redefinition of the scope of some risks already identified.

Following the spread of the Covid 19 pandemic the Group implemented a set of procedure and action plans primarily focused on the health and safety of all its employees, based on the implementation of the safety and prevention regulations provided by government protocols. At the same time, Safilo carried out an action plan to guarantee the business continuity, ensuring production and service levels and implementing smart working solutions for office staff. Safilo thanks to this set of procedure and action plans, Safilo can face and guarantee the business continuity in case of any future pandemic scenario in term of new upsurge of Covid-19 variants.

CYBER SECURITY AND ICT RISKS

The main risks related to cyber security refer to possible cases of fraud and cyberattacks, which are generally conducted against companies with increasing frequency and complexity. Protection of integrity, availability and confidentiality of data and information is a primary objective of the Group ICT function and digital strategy.

Over the last years, Safilo has accelerated the adoption of new technologies and services allowing users to work remotely with ease, including new digital services and general enhancements at both the infrastructure and application levels.

In addition, Safilo continues the transformation plan of the Group core systems towards the adoption of a single cloud-based, distributed ERP progressively replacing legacy systems in the subsidiaries.

The Group continuously works undertaken to ensure the best protection of ICT systems and data, to monitor risks associated with cyber threats improving security through initiatives involving technology, systems, processes and human resources.

In particular, Safilo has recently updated the Security Roadmap aimed to guarantee an efficient and effective organizational setup to protect against and respond to digital threats in the near future. The main strategy actions are the following:

- Convergence to a single centralized technology layout for all entities of the group. Regardless of the geography, all entities in the group will share the same interconnected services, technology and capabilities, including new next gen Firewalls and identity, detection and response layers.
- Convergence of Incident Response Teams into a single global team, making incident resolution management more efficient and reducing the response time.
- Increase the awareness program dedicated to Safilo users through amongst others phishing simulation and alert cam-paigns;
- Continue the execution of Attack & Response simulations.
- Identify new AI-based protection technologies.

EXTERNAL RISKS

BUSINESS RISKS

In terms of business risks, the Group is exposed to:

- actions implemented by competitors and the possible entry of new market players;
- the loss of licenses;
- the effects of the macro-economic, political and social factors, in terms of consumers' buying power, loyalty and buying trends;

- changes in national and international regulations that could hamper the Group's competitive position;
- climatic conditions, such as very bad weather in the spring or summer which could drastically reduce sales of sunglasses or warm winter conditions with respect to the sale of snow products;
- health epidemics and pandemics, which could reduce demand for and constrain supply of the Group's products;
- labour risk associated with employment of people in several jurisdictions in the world.

CLIMATE CHANGE

Safilo considers the relevance of the climate change in its management system and monitors the related risks.

Climate Change is declined by Safilo in the management system and risks identified with respect to environmental topics. The governance of climate change topics, as well as environmental matters, is entrusted to the Board of Directors with the consultative support of the Sustainability Committee in defining the related guidelines, as well as the Control and Risks Committee with reference to the management of related risks.

As regards the risks related to climate change, in the short to medium term, there are no significant risks related to the production processes or markets in which the Group operates. The Group is focused on the risks related to climate change with regards to the potential impacts in the medium-long term. The climate change risks identified by the Group are related to the improper management of energy and emission sources, to risks related to regulation changes associated with the fight against climate change and physical risks, such as risks arising from the progressive change of climate conditions related to long-term variations (chronic risks) and from extreme weather events (acute risks) that expose the Group to damage or destruction of "tangible capital" as industrial buildings, plants machineries and infrastructures, potential interruptions of essential supplies, and potential reduction of production capacity. With

reference to physical risks, the Group's plants, located in different countries (Italy, China, and the USA), together with the extensive supplier network, guarantee an excess capacity to mitigate, if necessary, the production volumes of other sites impacted by extreme weather events or natural catastrophes, mitigating the climate change risks and related financial implications.

Regarding environmental responsibility risks and the transitory risks related to regulation changes associated with the fight against climate change, the Group monitors these risks and implement the necessary actions to mitigate them. In term of actions to mitigate environmental risks, the Group obtained sustainability and energy management system certifications, implemented initiatives aimed at improving the energy efficiency of Italian production plants and headquarters, and started the transition to a sustainable mobility of the company car fleet, with benefits in terms of lower energy consumption and the consequent costs and emissions reduction. Starting from 2022 Safilo has progressively moved all Italian legal entities, Chinese and Nordamerica Operations sites to 100% renewable energy reaching at Safilo group level 95% of Renewable Electric Energy.

IMPACTS OF RUSSIA'S INVASION OF UKRAINE

During the second half of February 2022 conflict broke out in the Ukraine. The world continues to focus on the Ukraine conflict and its devastating impact they have had on the people in that region.

The Group monitors 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. The relevant risk assessment confirmed a limited exposure to financial and business impacts for the Group.

Safilo has continued to operate in full control of its local subsidiary, commercial business with local customers has not been in substance affected by limitations and sanctions against Russia and Belarus, due to the nature of the business. All the eyewear products shipped to Russia are pre-checked to assess the full compliance with all the EU and Ofac regulation in term of sanctions.

MACROECONOMIC ENVIRONMENT

The macroeconomic environment, resulting from a combination of remaining pandemic-related effects and geopolitical risks consequents to Russia's invasion and to Israel and Hamas conflict, represented an extraordinary circumstance that had direct and indirect repercussions on economic activity and has created a general environment of uncertainties regarding future developments, with significant challenges in terms of foreseen risks.

The Group has implemented all the measures deemed to be appropriate to contrast such uncertainties that may affect both internal and external risks such as business risks but also financial risks, credit risks, market risks, liquidity risks that as explained here follow are duly mitigated by the Group enterprise risk management approach.

FINANCIAL RISKS

The Group pays constant attention to financial risk management

The Group constantly monitors the financial risk it is exposed to in order to assess in advance any possible negative impact and to undertake any corrective measures aimed at mitigating or correcting the risks.

The Group is exposed to a variety of risks of a financial nature: credit risk, market risks and liquidity risk, which are centrally and locally managed on the basis of strict financial planning processes, credit and hedging policies which may also entail the use of derivatives in order to minimise the effects deriving from fluctuations in exchange rates (especially of the U.S. dollar) and interest rates.

CREDIT RISKS

The Group minimizes risk through instruments to control customer insolvency

The Group strives to reduce risk deriving from the insolvency of its customers as much as possible, by adopting credit policies intended to focus sales on reliable and solvent customers. Specifically, credit management procedures, which include the evaluation of information available on customers' solvency and the analysis of historical data series, combined with assigned exposure limits per customer and the strict control of compliance with payment terms, enable the mitigation of credit risk. Credit exposure is, moreover, divided among a large number of counterparties and clients.

Significant exposures for which the Group identifies situations of objective, total or partial, non-recoverability, taking also into consideration any guarantees obtained and the costs and expenses of recovery, are typically written off individually.

It is deemed that the maximum theoretical exposure to credit risk is represented by the book value of the financial assets in the financial statements.

MARKET RISKS

Market risks can be divided into the following categories:

Exchange rate risk. The Group operates on an international level and is therefore exposed to exchange rate risk.

The Group holds shares in subsidiaries in countries not belonging to the Euro area; as a result, the variations of shareholders' equity deriving from fluctuations in exchange rates between the local currency and the Euro are booked into a reserve of the consolidated shareholders' equity denominated "translation difference reserve".

Some companies operate in currencies other than the local currency, in this case mainly in relation to the U.S. dollar.

The Group constantly tries to reduce the effects deriving from currency fluctuations trying to couple as much as possible sales and purchases in the same foreign currency, thus implementing a sort of "natural hedging".

Net currency exposures can be typically hedged using forward contracts ("plain vanilla") whose duration is generally less than twelve months. Information on the fair value and on the method of accounting of derivatives is given in the notes to the financial statements.

Changes in fair value risk. The Group holds some assets and liabilities subject to changes in value over time depending on the fluctuations of the market where they are traded.

Interest rate risk. Borrowing from banks exposes the Group to the risk of variations in the interest rates. Specifically, loans at variable rates determine the risk of a change in cash flows.

The Group regularly assesses its overall exposure to the risk of interest rate fluctuations and can typically manage such risk through the use of derivatives, such as interest rate swaps (I.R.S.) executed with primary financial institutions.

LIQUIDITY RISK

The Group constantly monitors its cash flows

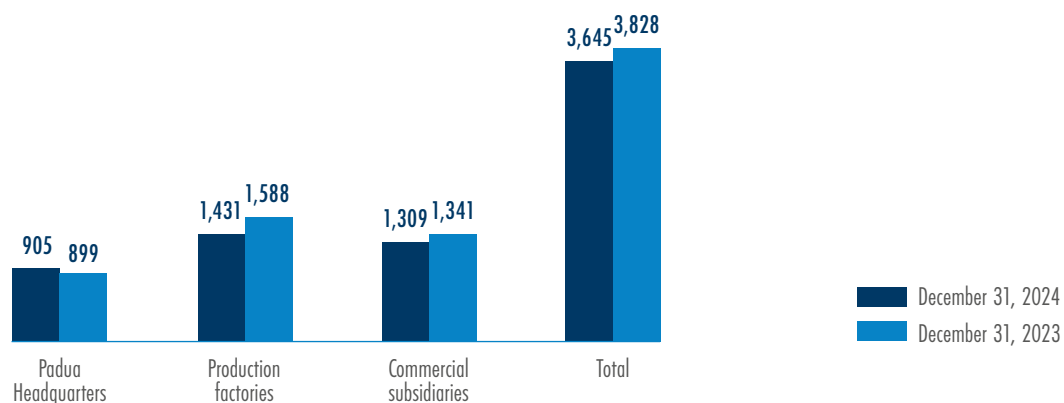
This risk could generate the inability to find, at acceptable conditions, the financial resources needed to sustain operations within the necessary timeframe. Cash flows, borrowings and company liquidity are constantly monitored at central level by the Group treasury in order to ensure effective and efficient management of the financial resources.

HUMAN RESOURCES

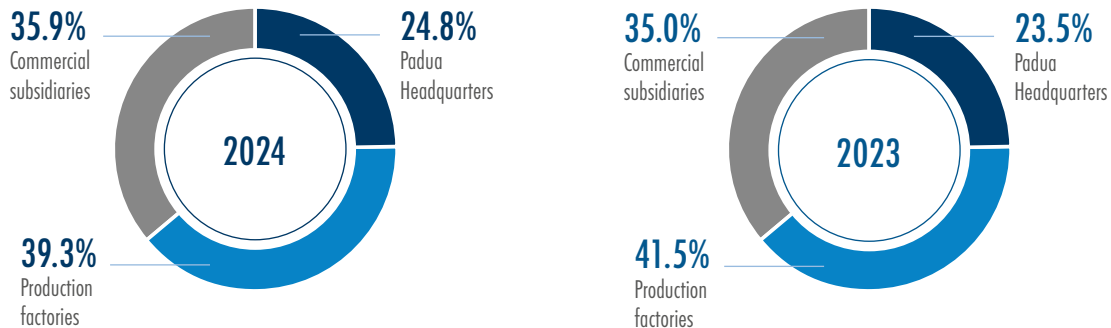
At the end of 2024, the Group had 3,645 employees compared with 3,828 at the end of 2023, with a decrease of 183 employees.

The allocation of the Group workforce by business area breaks down as follows

Employees by business area



Incidence by business area



ICT – INFORMATION SYSTEMS

During 2024, activities for the consolidation and development of SAP S4 continued, with ongoing improvements and internalization of maintenance, monitoring, and support processes. The SAP adoption projects in the EMEA region saw significant evolution with the implementation of the new SAP S4 for Fashion infrastructure, in the Cloud version on RISE-AWS. This achievement confirms that Safilo is the first company in the eyewear sector to manage B2B back-end operational processes through a Cloud ERP system.

As of 1 January 2024, the go-live of SAP S4 on Finance and Indirect P2P processes for Safilo US was completed. Progress was made in stabilizing operational processes and improvements were achieved thanks to the integration of automation with Tomkins technology in the Denver warehouse.

In EMEA, the S4 go-lives completed the stabilization of Safilo Middle East and new implementations in South Africa and the United Kingdom. For the United Kingdom, with the go-live of SAP S4, new integrations with Salesforce Lightning were designed and implemented, an important step for future extensions and a new phase in the modernization of Business applications.

The digital transformation of sales platforms through Salesforce was successfully completed, with the migration from CloudCraze to Lightning Experience. New Product Increments were released for the B2B Commerce components (You&Safilo), while CRM, and Sales Force Automation (COMPASS) platforms were consolidated. In the context of continuous improvement of customer service, the use of COMPASS was expanded to additional countries. As part of the Data & Analytics programme, initiatives aimed at improving the effectiveness of business decisions have continued. This has been achieved through the evolution of Business Intelligence platforms, enriched with new available data sources, as well as the development and adoption of new dashboards (Tableau) and the creation of analytical models to support internal processes related to both vertical service components and cross-departmental functions.

In 2024, the development of the Oracle EPM application for the Corporate Sustainability Reporting Directive (CRSD) format was completed. This project involved the implementation on the

Oracle Cloud platform, selected as the target for the development of future Enterprise Performance Management applications.

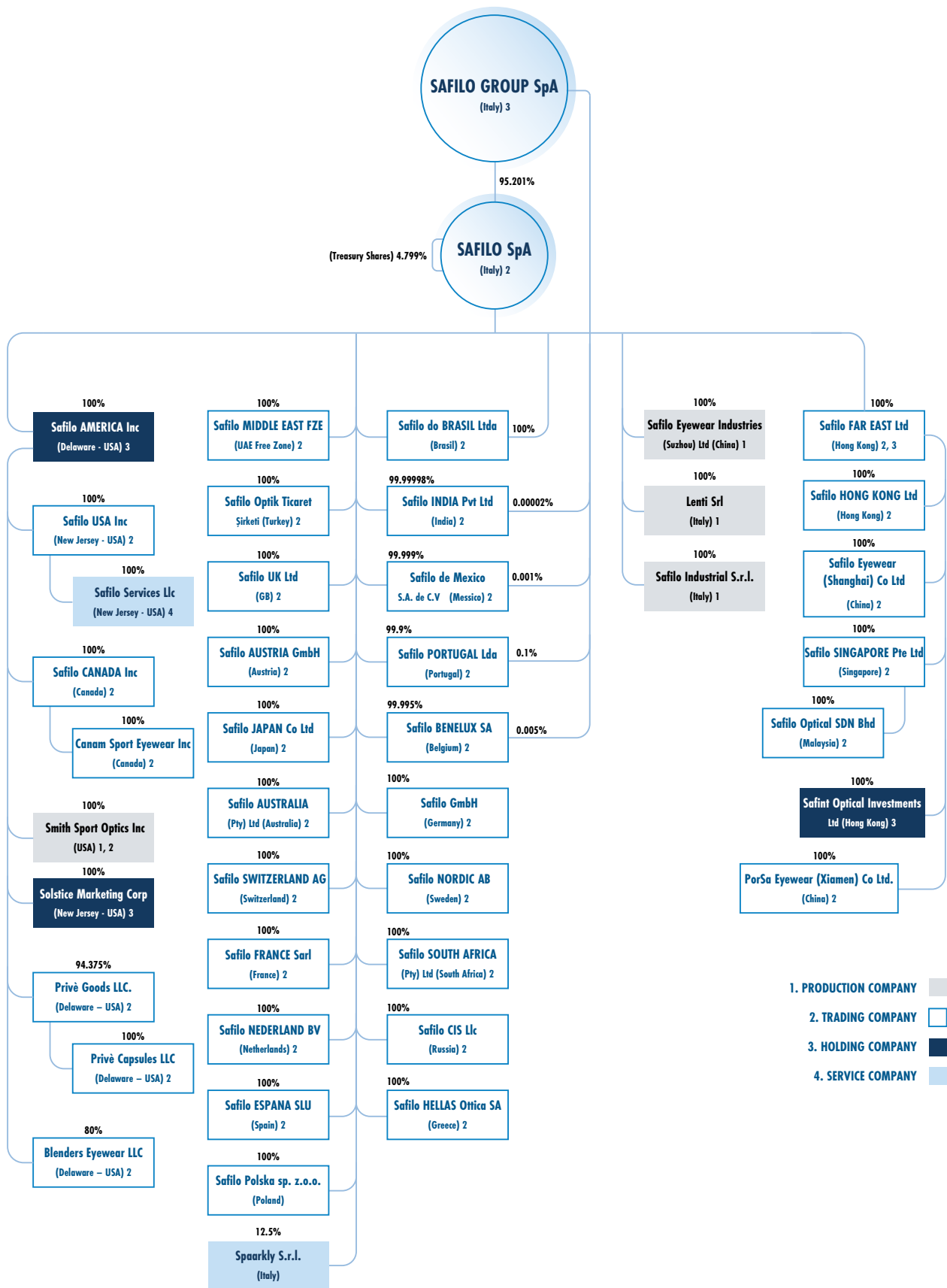
In the internal ICT perimeter, the use of HelpYou as a platform for tracking service requests and incident reports was consolidated and extended. The main progressions were recorded in the adoption in the US (Smith) and Asia Pacific.

The adoption of SAP IAG for monitoring privileged access and segregation of duties in SAP continued to be extended. Continuous improvements were made in the adoption of new tools, ensuring greater efficiency and security in business processes. The adoption of Firefighter technology on S4 was also initiated, with a tracking system on uses to ensure rigorous and transparent control of privileged activities.

In 2024, in line with previous years, the process of modernizing individual productivity tools continued through the purchase, configuration, and distribution of new personal computers equipped with advanced security technologies. These interventions aimed to improve collaboration and work efficiency. At the headquarters in Padova and peripheral offices, communication and data and document storage technologies were enhanced to ensure more effective work both in presence and remotely.

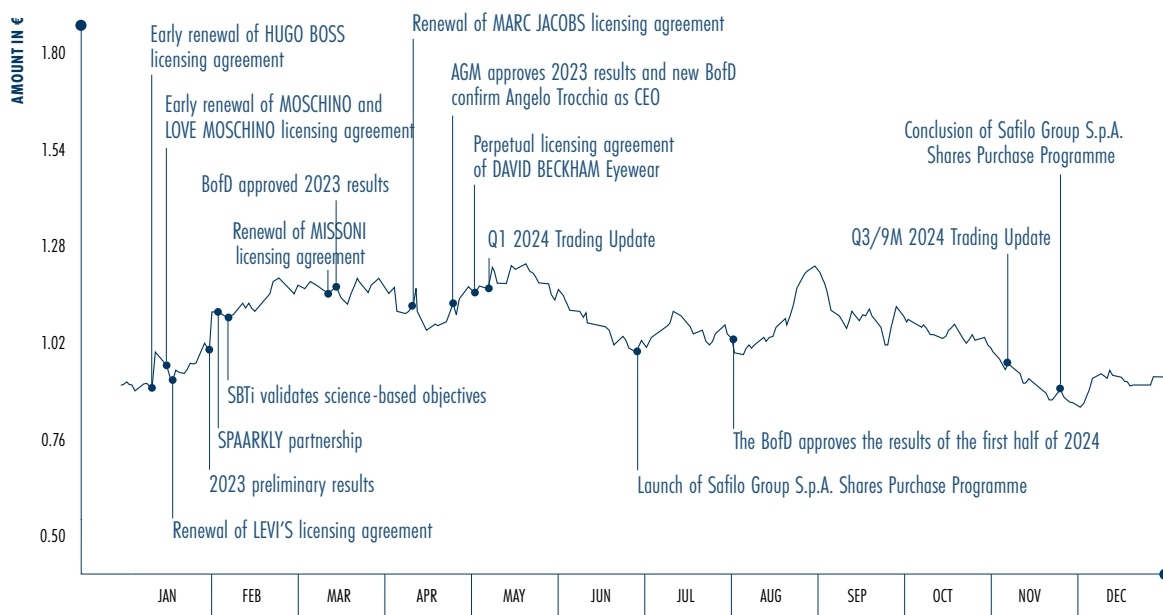
In the field of CyberSecurity, all technological choices were confirmed and there was a further push to consolidate and globalize protection systems. The extension program of firewalls was completed in all planned countries. Additionally, thanks to new technology, the MFA process was introduced on user VPN connections. The adoption of Multi-Factor Authentication (MFA) systems and End Point Protection tools was further accelerated. Finally, a new service was selected to improve user awareness on cybersecurity issues (CyberGuru). The goal for the coming years will be to strengthen human-level protection by providing continuous training and updates on best practices in information security. Safilo employees will be made more aware of cyber threats and defense techniques, contributing to creating a company culture oriented towards security and data protection.

GROUP STRUCTURE



SAFILO IN THE STOCK EXCHANGE AND INVESTOR RELATIONS

SAFILO IN THE STOCK EXCHANGE



In 2024, financial markets saw some significant equity gains, supported by a resilient global economy, easing inflation, and the long-anticipated rate-cutting cycle from the U.S. Federal Reserve. The S&P 500 led the way with an impressive +25% rise, which significantly outperformed most other indices. In Europe, stock markets performance was more varied, with the Stoxx 600 gaining approximately 6%, while the CAC 40 underperformed (-2%), and the FTSE Mib and DAX posted robust gains of +13% and +19%, respectively.

Italian mid-caps had a strong start to 2024, but in the subsequent months, valuations were weighed down by growing uncertainties regarding the market's recovery for the second half of the year and early 2025, leading to a steady de-rating.

Within this context, Safilo's stock experienced a year of significant volatility, shaped by key business developments, financial results, and broader market trends affecting small-mid cap stocks.

The stock posted significant upsides during the first half of the year, outperforming many related indices and peers. Positive momentum was driven by

successful license renewals—including agreements with Hugo Boss, Levi's, Missoni, Moschino, and Marc Jacobs—as well as the acquisition of the perpetual license for Eyewear by David Beckham. Investor sentiment was further bolstered by solid FY 2023 results, which highlighted a robust gross margin improvement, positive free cash flow generation and an improved balance sheet.

Despite macroeconomic challenges and the Group's specific headwinds on sales, Safilo reported better-than-expected first quarter 2024 results in May, triggering a stock rally, with the shares reaching a yearly high of Euro 1.242 (+36% YTD) on May 20.

Between June and August, Safilo's share performance experienced significant volatility, also influenced by media articles rumouring about a potential acquisition of a relevant Italian eyewear players by one of the industry's major players, including Safilo.

In June, Safilo shares saw a decline of approximately 19%, but they swiftly recovered during the summer months.

First semester results on August 1 met market expectations, with resilient margins and cash flow, although limited sales visibility led to a more cautious outlook by brokers. Safilo stock rebounded in August, again approaching its yearly highs, buoyed by a broader financial market rally and the upcoming inclusion of Safilo's shares in the FTSE Italia Mid Cap Index.

September, October and November were three consecutive months of declines (-11%, -9% and -14% respectively), largely due to macroeconomic uncertainties, with market conditions in the U.S particularly volatile leading up to the elections. Safilo's third quarter Trading Update on November 7 provided a continuation of first semester dynamics, with no top line inflection (again driven by weak North America) but solid margins and cash flow management.

The stock hit its lowest point of the year on December 2, at Euro 0.851 (-6.9% YTD), to then rebound by 8.5% during the rest of December (overall a strong month for global financial markets), and close the year at Euro 0.932, securing an annual gain of +2% and a market capitalization of Euro 386M.

In 2024, average daily volumes on Safilo stock were 870 thousand.

INVESTOR RELATIONS

Throughout 2024, Safilo continued to actively engage with the financial community through roadshows, investor conferences and direct meetings, ensuring a transparent communication about its strategic direction and operational improvements. In a year challenged by macroeconomic and geopolitical concerns, the investor relations efforts focused on enhancing the Group's achievements in terms of its rebalanced business model and economic and financial progress, clarifying market challenges and company specific headwinds, addressing investor questions regarding top line trends and competitive positioning.

During the year, Safilo's management team participated to the Unicredit and Kepler Italian Investment Conference, held in May in Milan, to Berenberg Pan European Discovery Conference held in June in France, and to Mediobanca IV Luxury Goods Conference, held in September in Milan. To continue improving the market understanding of Safilo's business transformation, while maintaining a constant and transparent dialogue on its economic and financial performance, the Group also met investors through an analyst-backed roadshow in Milan, Paris, and London, the three key financial hubs for the Group, as well as one organized in Madrid.

These engagements activities continued to support Safilo to gather valuable, direct feedbacks from analysts and investors, helping to shape its communication and strategic focus.

FINANCIAL CALENDAR



Board of Directors' meetings for 2025:

28 January	Preliminary sales for the Fourth quarter and full year 2024
11 March	Draft Financial Statements for 2024
24 April	Shareholders' Meeting for the approval of the Financial Statements 2024
7 May	Trading update on the First quarter 2025 KPIs
31 July	Interim Report on Operations for the Second quarter and First half 2025
4 November	Trading update on the Third quarter and first Nine months 2025 KPIs

CORPORATE GOVERNANCE

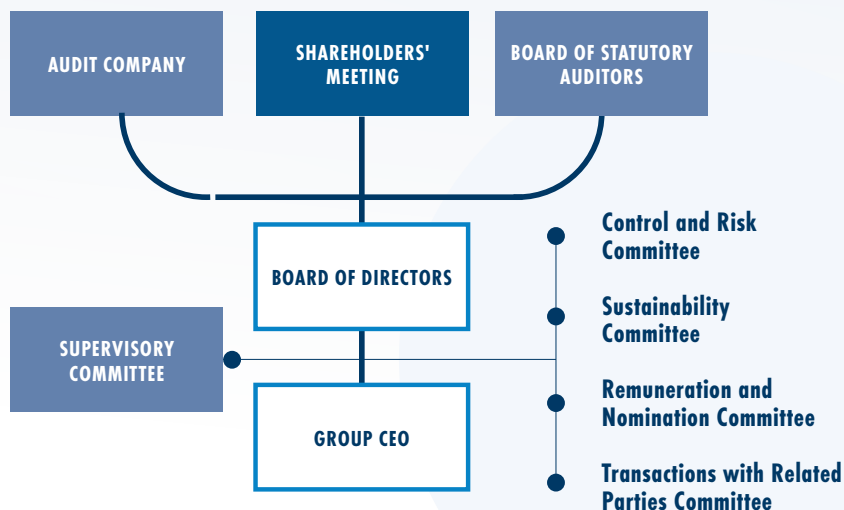
CORPORATE BODIES AND OFFICERS

Safilo Group S.p.A. adopt the traditional governance system

The Corporate Governance model adopted by Safilo aims to ensure transparent and responsible business operations, significantly contributing to medium and long-term value creation, in compliance with the principles of the Corporate Governance Code for Listed Companies issued by the Corporate Governance Committee. Safilo adopted the traditional governance system which includes:

- the Shareholders' Meeting: a corporate body that expresses the wishes of shareholders through resolutions;
- the Board of Directors: responsible for strategic management in pursuit of the corporate goals and for supervising the implementation of the strategic guidelines;
- the Board of Statutory Auditors: responsible for ensuring compliance with the applicable laws and regulations and the articles of association as well as management control;

Safilo also engaged an Independent Audit Company to perform the statutory, legal, financial and sustainability auditing tasks.

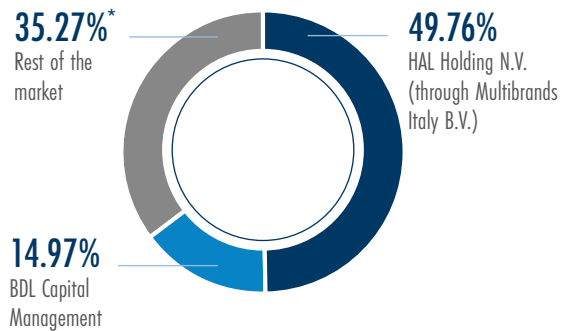


INFORMATION ON SHAREHOLDERS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1, OF ITALIAN CONSOLIDATED FINANCE ACT)

Shareholding structure of Safilo Group S.p.A.

The following chart shows owners of Safilo Group S.p.A. ordinary shares with shareholdings exceeding 5% of share capital as at 31 December 2024.

The Issuer falls under the definition of a concentrated ownership company, since the shareholder HAL Holding N.V. has a majority of the voting rights exercisable at the ordinary shareholders' meeting.



*Rest of market includes the Company purchase of a total number of 11,000,000 of Safilo Group ordinary shares, equal to approximately 2.66% of the outstanding shares for an overall consideration of approximately Euro 11.8 million and at the weighted average price of approximately Euro 1.07

In accordance with IFRS 10 HAL Holding N.V. (through Multibrands Italy B.V.) is deemed to have control over Safilo Group S.p.A. and, accordingly, is required to consolidate the Company in its consolidated financial statements as from 1 January 2014 (even though the ownership interest of HAL Holding N.V. in Safilo Group S.p.A. is below 50%). However, Safilo Group S.p.A. is still deemed not to be subject to the direction and coordination activity (as such activity is defined under Articles 2497 et seq. of the Civil Code) by other entities, including HAL Holding N.V., since there are not the presumptions that typically have been considered relevant by the doctrine and practice.

As a matter of fact, the presumption set forth by Article 2497-sexies of the Civil Code – unless it is proved otherwise, whereby a company is deemed to be under the direction and coordination of the entity which is bound to consolidate same company in its financial statements – can be rebutted in the case at issue for the following main reasons:

- (i) Safilo Group S.p.A. can autonomously define its general strategic and operative guidelines and has independent authority to negotiate with customers and suppliers; its decision making process is therefore carried out independently from the decision making process of HAL Holding N.V.;
- (ii) the Company is managed by a Board of Directors

the majority of whose members are not members of corporate bodies of HAL Holding N.V. or its subsidiaries. Moreover, the Board of Directors also has a sufficient number of independent directors to ensure that their opinions have a significant impact on its own judgment and decisions;

(iii) the Company is not subject to any centralized management approach by HAL Holding N.V. which, indeed, according to the report of its Executive Board, has not developed a central risk management system, thus allowing each investee company, including the Company, to have its own financial structure and be responsible for evaluating and managing its own risks. Moreover, since HAL Holding N.V. (a) has not included Safilo Group in its management reporting system which monitors the performance of the investee companies and, therefore, (b) has no instruction rights with respect to the governance of the Company, HAL Holding N.V. will continue to include the financial results of the Group in the segment “quoted interests” of its accounts;

(iv) although two members of the board of directors of companies controlled by HAL Holding N.V. are also members of the Board of Directors of the Company, the information they periodically obtain in this capacity has never been used – and will never be used – for the preparation of the

consolidated financial statements of HAL Holding N.V., so as to preserve confidentiality and to allow the Company to operate independently from any of its shareholders. Accordingly, the risk management and internal control systems of the Company, with respect to financial reporting risks, are neither monitored nor managed by HAL Holding N.V.

For the sake of completeness and in the interest of transparency, the consolidation of the Group in the consolidated financial statements of HAL Holding N.V., as requested by the IFRS no. 10, may have a material impact on both companies in terms of accounting reconciliation and consolidation requirements. The Company has therefore agreed with HAL Holding N.V. on certain procedures for the exchange of information which allow the latter to comply with its (statutory) obligations in preparing its consolidated financial statements on a timely basis while avoiding any interference with the Company's accounting standards and relevant interpretations, its administrative and accounting system, as well as its internal control system.

In order to make the aforesaid exchange of information more efficient and expeditious, HAL Holding N.V. and the Company, among other things, have (a) set up a procedure aimed at ensuring, to the maximum possible extent permitted by accounting laws and regulations applicable to each of them, that their financial statements are based on materially the same accounting policies or, whenever it is not possible to fully converge the accounting principles of the Company and HAL Holding N.V., at making the necessary (accounting) adjustments to the consolidated financial statements of the Company to be reflected in the consolidated group reporting of HAL Holding N.V., (b) agreed to review the effect of any newly issued accounting standards (if any) with the objective to converge, where practically and legally possible, the implementation of these new standards in the financial statements of both the Company and HAL Holding N.V., and (c) jointly hired an independent financial expert who, through access to the appropriate management and control bodies of both concerned companies (including, as far as the Company is concerned, the Control and Risk Committee and the external auditing firm), is required to reach his own assessments and form an opinion on any accounting/financial matters relating to the Company which should be taken into account in the consolidation process. This activity of the financial expert (which is not to be deemed as an audit or review of the accounts

of the Company) will allow HAL Holding N.V. to comply with IFRS in consolidating its ownership interest in the Company while preserving, at the same time, the current risk management and internal control systems of the Company from any external influence (thus rebutting also any presumption of direction and coordination of HAL Holding N.V. over the Company).

In addition, with reference to Directive (EU) 2022/2523 which transposed at the European level the so-called Pillar 2 regulations ("Pillar 2 Regulations") developed by OCSE on ensuring a global minimum level of taxation for certain multinational enterprise groups. The Company and HAL Holding N.V. signed a framework agreement in order to regulate the manner of collection, processing and transmission of information deemed relevant to ensure compliance with the Pillar 2 Regulations and specific payment obligations between the parties aimed at neutralizing certain effects that may result from the application of the aforementioned regulations.

As at 31 December 2024 there were no restrictions of share transfer.

The Articles of Association do not provide restrictions to the right to vote and the Company has not issued shares with special controlling rights.

The Company does not have knowledge of any shareholders' agreements pursuant to Article 122 of the CFA.

The Shareholders' Meeting has neither delegated the power to increase the share capital nor authorized purchases of own shares.

As at 31 December 2024, Safilo S.p.A. holds a total number of 11,000,000 of Safilo Group ordinary shares, equal to approximately 2.66% of the outstanding shares.

The ordinary shareholders' meeting of the subsidiary Safilo S.p.A., held on 24 April 2024, unanimously resolved to authorize the purchase and disposal of ordinary shares of the parent company Safilo Group S.p.A., inter alia to service the Stock Option Plan 2023-2025, of Safilo Group S.p.A. and Safilo S.p.A., proposed by the Board of Directors held on March 9, 2023, for a maximum number of 16,000,000 shares equal to approximately 3.9% of the shares currently issued by Safilo Group S.p.A.. The authorization for the purchase of the parent company's shares was granted for the maximum duration allowed by law, provided for by article 2359-bis, paragraph 2 and by article 2357,

paragraph 2, of the Italian Civil Code for a period of eighteen months, starting from the approval of the resolution. The shareholders' meeting of the subsidiary Safilo S.p.A. also gave the mandate to the Sole Director to identify, for the purpose of the purchase, the amount of shares to be purchased prior to the commencement of each purchase programme provided as the unit price, shall be, in any case, not lower or higher of more than 10% of the reference price recorded by Safilo Group's share on the Euronext Milan market organized and managed by Borsa Italiana S.p.A. on the trading day prior preceding the relevant date of purchase.

THE BOARD OF DIRECTORS

Board of Directors roles and responsibility

The Board of Directors is the central body of the Corporate Governance system; it is granted the widest possible powers for the ordinary and extraordinary administration of the Company, excluding only those powers that by law are the prerogative of the Shareholders' Meeting. Its responsibilities encompass strategic oversight aimed at achieving corporate objectives and monitoring the execution of strategic directives. The Board plays a pivotal role in organizing, guiding, and managing the Company to fulfill its corporate mission, maximize shareholder value in the medium to long term—with a keen focus on sustainability—and address the expectations of stakeholders. The Board holds exclusive authority over the most important decisions from an economic and strategic point of view, as well as in terms of their structural influence on management, i.e. functional to monitoring and guiding the Company.

It is appointed based on lists submitted by shareholders, with each list containing a maximum of 15 candidates numbered sequentially. This system ensures that i) minority shareholders are represented by at least one member on the Board; and ii) there is a gender balance.

The current Board of Directors was appointed by the Shareholders' Meeting held on 24 April 2024 and will remain in office until the Shareholders' Meeting convened for the approval of the financial statements as of December 31, 2026. Comprising 10 members, four are independent (40%). Executive powers are assigned solely to the

CEO, while the remaining nine members are non-executive. Notably, there are no members of top management or the Board representing employees or other workers, nor any members directly elected by the workforce or their representatives.

The Board is committed to responsible and transparent governance, leveraging its expertise in corporate governance and knowledge of local and international regulations to guide business conduct. Members bring diverse skills and experiences gained in strategic sectors relevant to the Group's activities and geographical footprint. This diversity enhances the Company's ability to adapt its strategies to the evolving needs of consumers, fostering sustainable and competitive growth for Safilo on a global scale.

Moreover, the Board may engage external agencies and consultants to augment specific expertise. In light of the new Corporate Sustainability Reporting Directive and associated European Sustainability Reporting Standards, a dedicated training session was held in 2024, conducted by a leading consulting firm, to equip all Board members with ESG knowledge essential for overseeing and managing these areas. The experience gained in previous leadership roles plays a key role in managing the Group's strategy, including the main ESG impacts, risks, and opportunities, such as reducing emissions, developing employee inclusion and diversity programs, and strengthening corporate culture, business ethics, transparency and integrity. These skills enable the Board to adopt an integrated and strategic approach to sustainability, in line with stakeholder expectations and corporate responsibility.

Regarding sustainability matters - specifically the oversight of impacts, risks, opportunities, and related due diligence activities, policies, actions, metrics, and targets - the Board of Directors has delegated these responsibilities to the Sustainability Committee. This Committee is informed by dedicated functions regarding the Double Materiality assessment and is responsive to any new impacts, risks, or opportunities that may arise during the reporting year. The Chairman informs the Board of all Committee activities at the earliest possible Board meeting and at least biannually. In 2024, the Double Materiality assessment, was discussed and approved by the Sustainability Committee on 20 November 2024 and by Board of Directors on 28 January 2025.

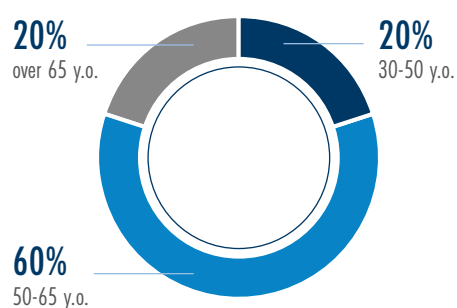
BOARD OF DIRECTORS(*)

Office	Members	Male	Female (**)	Year of Birth	Date of first appointment	Non-executive	Executive	Indep as per Code	Independent as per CFA	CRC	RNC	SC	TRPC
Chairman	Eugenio Razelli	x		1950	29.03.2010	x							x
Chief Executive Officer	Angelo Trocchia	x		1963	24.04.2018		x						x
Non-executive Director	Gerben van de Rozenberg	x		1976	24.04.2024	x				x			
Non-executive Director	Katia Buja		x	1966	28.04.2020	x							x
Non-executive Director	Melchert Frans Groot	x		1959	29.03.2010	x						x	
Non-executive, Independent Director	Cinzia Morelli-Verhoog		x	1960	24.04.2018	x		x	x			x	x
Non-executive, Independent Director	Ines Mazzilli		x	1962	27.04.2015	x		x	x	x			x
Non-executive Director	Robert Polet	x		1955	05.10.2011	x							
Non-executive, Independent Director	Irene Boni		x	1981	29.04.2021	x		x	x			x	
Non-executive, Independent Director	Matthieu Brisset	x		1972	29.04.2021	x		x	x	x			x

(*) For further information on Board Members expertise please refer to their CVs in the Director Operations Report dedicated section.

(**) In the Board of Directors, composed of 10 members, 40% are women and 60% are men, with an average ratio of 0.67 women per man in the Board.

BoD Composition by age threshold



THE BOARD OF DIRECTORS

Eugenio Razelli

(Chairman Non-executive)

Eugenio Razelli (born in Genova on June 18, 1950), has been Chairman of the Board of Directors of Safilo GROUP S.p.A. since April 26, 2017. He was previously a Director of the Board of Directors of Safilo GROUP S.p.A. (since March 29, 2010). He graduated in Electrical Engineering from Genova University. He began his career in Fiat Auto and Zanussi, and became CEO of Gilardini Industriale in 1983. Subsequently, he held positions of growing responsibility with Comind (General Manager of Stars and Politecna) and Magneti Marelli. In particular, in the Components Sector of the Fiat Group he held the positions of General Manager of the Electronic Components Division, of Executive Vice President Manufacturing of the Electromechanical Components Group and, later on, of General Manager of this same Group. In 1991 he was appointed President of the Engine Control Systems. He moved to Pirelli Cavi in 1993 as Vice President Manufacturing and was later appointed President & CEO of Pirelli Cable North America. Upon his return to Italy in 1997 he continued to work at Pirelli Cavi first serving as Senior Executive Vice President, Telecom Division and then as Senior Executive Vice President, Energy Division. From 2001 to 2003 he held the position of President & CEO of Fiamm, a leading company in the market of batteries. From May 2003 to March 2005 he was Senior Vice President for Business Development of Fiat S.p.A. in charge of Mergers and Acquisitions, Innovation and ICT strategies. From April 2005 to June 2015 he was President and Chief Executive Officer of Magneti Marelli. Today he is Industrial Advisor of FSI and, since June 2022, he is a Board Member of ART Spa. He is also President and Board Member of Motor Valley Accelerator. In July 2020 he became a



Board Member and then, in 2024, non-executive Chairman of the start-up Easyrain i.S.p.A. and in December 2019 he was appointed Vice-President of Texa S.p.A.. In addition, in July 2023 he was appointed as a Board Member of Tatuus Racing. From 2005 to 2011 he was President of the Italian Association of the Automotive Industry (ANFIA) that has been representing since 1912 the whole automotive sector in Italy; and from 2006 to 2011 Member of the Board of CONFINDUSTRIA (General Confederation of the Italian Industry). Since 2009 he has been Vice President of OICA (International Organization of Motor Vehicle Manufacturers) and from 2009 to 2011 President of FEDERVEICOLI, the Federation of the Italian Motor Vehicles and Components Associations of the transport sector, established after an agreement among ANCMA (National Association for the Bicycle, Motorcycle and Accessory Industry), ANFIA and UNACOMA (Italian Farm Machinery Manufacturers Association).



Angelo Trocchia

(Chief Executive Officer)

Angelo Trocchia (born in Formia (Latina) on April 27, 1963) has been the Sole Director of Safilo S.p.A. and Safilo Industrial S.r.l. since April 6, 2018 and the Chief Executive Officer of Safilo GROUP S.p.A. since April 24, 2018. Angelo Trocchia was formerly Chairman and Chief Executive Officer of Unilever Italia from 2013 to 2018. After an MBA at the STOA/MIT in Naples and a PHD in aeronautical engineering at the University La Sapienza in Rome, he began, in 1991, an international career in Unilever, where he held various roles of increasing responsibility in supply chain and sales. Until February 2013 he was the Chief Executive Officer of the Unilever Business in Israel, where he delivered two important acquisitions in the Ice Cream and Salty Snack fields, as well as significant growth in the Personal Care business. He also played a key role in leading the local company towards a brand-new organizational set-up. Previous roles in Unilever include the General Management of the Frozen Foods business, including the sale of Findus Group to a private equity fund and the management of the whole transition process. Before that, he served as General Manager of the Unilever Ice Cream business in the Czech Republic and he also led the Italian Ice Cream business, which accounts for more than 40% of the total Italian business turnover. He speaks Italian (mother tongue) and English (fluent).



Gerben Van de Rozenberg



(Non-Executive Director)

Gerben van de Rozenberg (born in Enschede, the Netherlands, on July 5th, 1976), director of Safilo Group S.p.A. since April 24, 2024. He holds a Master of Science (MSc) in Econometrics and Operational Research and a Master of Laws (LLM) in Dutch Law, both from the University of Groningen. From 2002 to 2007 he was associate of HAL Investments B.V. and in 2008 he became investment manager. From 2009 to 2014 he was based in São Paulo (Brazil), where he was responsible for the M&A activities of HAL Investments B.V. in Latin America. Since 2016, he is director of HAL Investments B.V. (Rotterdam, the Netherlands). In the past, Gerben van de Rozenberg has been member of the Board (non-executive) of Grupo Óptico Lux S.A. de C.V. (Mexico), Reliance-Vision Express Pvt. Ltd. (India) and member of the Supervisory Board (non-executive) of AudioNova B.V. (Netherlands). Presently, he is a director of HAL Investments B.V. (Rotterdam, the Netherlands), a member of the Supervisory Board of TABS Holland N.V. (Netherlands), Royal IHC (Netherlands), IQIP B.V. (Netherlands) and member of the Board (non-executive) of HAL Real Estate Inc (US).



Melchert Frans Groot

(Non-Executive Director)

Mel Groot (born in The Hague, Netherlands, on October 22, 1959), was the Chairman of the Board of Directors of Safilo GROUP S.p.A. from March 29, 2010 to October 5, 2011, when he handed over his position, remaining as a non-executive Director of the Board of Directors. In 1984 he graduated in Civil Engineering from the Technical University of Delft, and subsequently gained a Master's in Business Administration from Columbia University in New York. After his first work experience with Philips, in 1989 he joined HAL Holding N.V. where he was the Chairman of the Executive Board from October 2014 up to March 31, 2024. Presently he is the Chairman of the Board of Directors of Chile Holding Optico S.A. the holding company of Rotter y Krauss Lta. (non-executive), and a Director of HAL Real Estate Investments Inc. In the past, Mel Groot held important roles in different companies of the HAL Group among these, he was CEO of Pearle Europe B.V. (2001-2003) and GrandVision S.A. (2005-2006), Supervisory Board member of Pearle Europe B.V. (1996 – 2010), Chairman of Supervisory Board of GrandVision S.A. (2004 – 2010), Supervisory Board member of GrandVision N.V. (2010- 2021), Vice-chairman of the Supervisory Board of Royal Vopak B.V. (2014-2024) and Chairman of the Supervisory Board of Audionova B.V. (2011-2014).

Robert Polet

(Non-Executive Director)

Robert Polet (born in Kuala Lumpur, Malaysia, on July 25, 1955), is a Director of the Board of Directors of Safilo GROUP S.p.A. since April 26, 2017. He was previously Chairman of the Board of Directors of Safilo GROUP S.p.A. (from October 5, 2011 to April 26, 2017). He was, from 2004 to 2011, Chairman and Chief Executive Officer of the Management Board of the Gucci Group contributing to the successful consolidation and growth of the Group and its brands. He previously spent 26 years in the Unilever Group where he was President of Unilever's Worldwide Ice Cream and Frozen Foods division, a \$ 7.8 billion business consisting of over 40 operating companies. Prior to that position, Mr. Polet worked in a variety of executive roles within Unilever, including Chairman of Unilever Malaysia, Chairman of Van den Bergh's and Executive Vice President of Unilever's European Home and Personal Care division. Mr. Polet is also a non-executive Director of Philip Morris International Inc. and non-executive Chairman of SFMS B.V. and Arica Holding B.V.

Cinzia Morelli-Verhoog

(Non-executive Independent Director)

Cinzia Morelli Verhoog (born in Premosello (Italy) on January 28, 1960), Director of the Board of Directors of Safilo GROUP S.p.A. since April 24, 2018. She is the founder of The Marketing Capability Academy, a Dutch company advising companies on how to increase the effectiveness of their marketing strategies and return on investments. She graduated in modern languages from the State University of Milan. From 2004 to 2016 she held various positions in Heineken NV including: International Portfolio Manager, Regional Marketing Manager Europe, Global Commercial Strategy Director, Senior Director Global Marketing Capabilities and finally Senior Director Global Marketing Development. In the past, Cinzia Morelli Verhoog worked for Reckitt & Colman and ReckittBenckiser (London), IDV Diageo (Turin), Capgemini (Frankfurt, Milan, London), Benckiser Italiana S.p.A. (Milan) and Richardson Vicks/Procter & Gamble (Milan and Rome). Since 2022, Cinzia Morelli Verhoog is independent non-executive director of NeoDecorTech. She speaks Italian (mother tongue), English, French and Dutch.

Ines Mazzilli

(Non-executive Independent Director)

Ines Mazzilli (born in Milan on May 5, 1962), Director of the Board of Directors of Safilo GROUP S.p.A. since April 27, 2015.

She graduated in Business Administration, major in Finance, from Bocconi University in Milan, attended a Management Course at the INSEAD University in France and attended the Director's Program Enhancing the Skills of Corporate and Financial Governance from SDA Bocconi School of Management in Milan.

In 2019-2022 she served as non-executive independent Director of the Board of Directors of Assicurazioni Generali S.p.A. and member of its Risk and Control Committee and Related Party Transactions Committee. In 2022 she served as member of its Remuneration and Appointments Committee when dealing with appointments issues.

In 2018-2021 she served as non-executive independent Director of the Board of Directors of Saipem S.p.A. and has been the President of its Audit and Risk Committee.

In 2016-2020 she served as member of the Advisory Council and Senior Advisor (external) for GENPACT.



She has more than 30 years of experience in a variety of senior finance management positions.

She previously worked for 23 years in HEINEKEN. In 1993, she joined the Italian Operating Company as Planning & Control Manager and she was Finance Director 2001-2005.

In 2006-2010, she was Senior Finance Director of the Western Europe Region.

In 2011-2015, she has been Senior Finance Director of the Global Business Services, responsible for Business Partnering to Global Business Services, HEINEKEN Global Shared Services in Kraków, Global Process and Control Improvement and Global Finance Business Process Management.

In 2015-2016, she has been Senior Director Global Finance Processes & Internal Control, responsible for HEINEKEN Global Shared Services, Global Process and Control Improvement and Global Finance Business Process Management.

Prior to joining HEINEKEN, she spent the early part of her career, from 1987 to 1993, in senior finance jobs in Elizabeth Arden, being part of Eli Lilly first, and Unilever after.

She started her career in banking.

She is active in a variety of roundtables with multinationals and since 2014 member of the Advisory Board of Corso di Laurea Magistrale in Economia e Legislazione d'impresa, University of Pavia, Italy.



Katia Buja

(Non-executive Director)

Katia Buja (born in Padua, Italy on January 20, 1966), is a Director of the Board of Directors of Safilo GROUP S.p.A. since April 28, 2020.

She graduated in Law from the University of Padua; qualified to practice the profession of lawyer.

She has spent her entire professional career in the Safilo Group with increasing responsibilities until becoming Group General Counsel in 2005, dealing with the legal and corporate aspects of the listed parent company and the Italian and foreign subsidiaries, leading a team of internal lawyers.

Furthermore, she has been a member of the Sustainability Committee of Safilo Group S.p.A. since January 2021. Previously she worked for some law firms and notaries.



Irene Boni

(Non-Executive Independent Director)

Irene Boni (born in Sassuolo - Modena, Italy, on February 9, 1981), member of the Board of Directors of Safilo GROUP S.p.A. since 29 April 2021. She graduated in Economics in 2004 from the Alma Mater Studiorum University of Bologna, Italy, and has a Master in Business Administration from Columbia University in New York, USA. Irene is a Senior Advisor, Digital Transformation and E-commerce with an international background and strong experience in digital. She supports executives, entrepreneurs and investors to identify and unleash the growth potential of companies, exploiting technological and process innovation. After starting her career with Procter & Gamble and McKinsey & Co., from 2010 to 2019 she worked at YOOX Group, then YOOX NET-A-PORTER Group, covering roles of increasing responsibility (Corporate Development, Operations, Technology, Organization and Human Resources). Between 2021 and 2024 she was Chief Executive Officer of Talent Garden, a European leading player focusing on Digital Education.

Currently she is a member of Angels4Women, independent director of Edizione Holding, Laminam, and Fondazione AGO Modena Fabbriche Culturali E.T.S. She speaks Italian (mother tongue), English and Spanish.



Matthieu Brisset

(Non-Executive Independent Director)

Matthieu Brisset (born in Paris, France, on March 2, 1972), member of the Board of Directors of Safilo GROUP S.p.A. since 29 April 2021. He graduated in 1995 from Ecole Polytechnique in France. He is an experienced executive in the luxury sector, with strong financial experience and strong proven experience in B2B and B2C luxury brand management. From 2008 to 2020 he held various roles at LVMH Louis Vuitton Moët Hennessy, where he notably served as Chief Executive Officer of Loro Piana and, most recently, Senior Vice President Strategy & Development, Moët Hennessy. Previously, from 1995 to 2008 he held various roles at JPMorgan Investment Banking. He is the Founder and President of Bespoke Advisory Partners, a consulting firm and a Senior Advisor of the Boston Consulting Group. Matthieu Brisset is currently non-executive member of the Board of Directors of EXA MP S.r.l. He was previously Vice President of the Board of Directors of MonteNapoleone District and, among others, a member of the Board of Directors of Editions Assouline and of the Supervisory Board of Royal van Lent. He speaks French (mother tongue), English (bilingual) and Italian (fluent).



CORPORATE COMMITTEES

INTERNAL COMMITTEES

The Board of Directors has established four internal committees with advisory and propositional functions:

- the **Remuneration and Nomination Committee** submits to the Board of Directors the policy for the remuneration of the directors and of the managers with strategic responsibilities and periodically evaluates its adequacy, overall consistency and actual application; it also submits proposals or expresses opinions to the Board of Directors on the remuneration of the managing directors and of the other directors provided with special assignments; and expresses opinions to the Board of Directors regarding its size and composition. This Committee also independently assesses the disbursement of any compensation closely related to ESG issues, subject to the proposal of the Sustainability Committee. For more details on disbursement related to ESG targets, see paragraph GOV-3 (Integration of sustainability-related performance in incentive scheme) of the Sustainability Statement.
- the **Transactions with Related Parties Committee** has a consultative role towards the Board of Directors concerning transactions with related parties. It performs the functions assigned to it by the Regulations for Transactions with Related Parties, adopted by the Company in compliance with the provisions of CONSOB Regulation No. 17221 of March 12, 2010, as subsequently amended, containing provisions regarding transactions with related parties. In particular, the Committee's main duty is to express specific reasoned opinions on the interest of Safilo – as well as of the companies involved from time to time directly or indirectly controlled by the same – in Transactions with Related Parties, of Greater and of Lesser Importance, expressing its opinion, based on timely and adequate information flows, on the convenience and substantial correctness of the related terms and conditions. The Transactions with Related Parties Committee was appointed in its present composition by the Board of Directors on 24th April 2024;

- the **Control and Risk Committee** supports the assessments and decisions – with preliminary, proposing and consultative functions - of the Board of Directors relating to the internal control and risk management system, and the approval of periodic financial and non-financial reports. Its main duties are:
 - the definition of the guidelines for the internal control and the risk management system, consistently with the Company's strategies
 - the evaluation, conducted at least on an annual basis, on the adequacy of the internal control and risk management system with respect to the Group's characteristics and its risk profile
 - the description, in the report on corporate governance, of the main characteristics of the internal control and the risk management system;
- the **Sustainability Committee** supports the Board of Directors, with proposing and consultative functions, in assessments and decisions relating to sustainability. It was effectively established on January 1st, 2021, and it is foreseen that it meets each 3/4 months in order to¹:
 - Express opinions on sustainability policies and information;
 - Provide opinions, at the request of the Board of Directors, on any other issue related to sustainability;
 - Oversee sustainability issues related to the core business and its interactions with all stakeholders;
 - Support the Board of Directors in defining a sustainability strategy, also through:
 - Analysis of relevant topics for long-term value generation and the definition of the double materiality matrix;
 - Development of an action plan to address key sustainability topics, including identifying related initiatives, necessary resources, and associated benefits;

¹ The responsibilities of the Sustainability Committee regarding the management and supervision of IROs are clearly outlined in the Regulations of the Sustainability Committee, under Article 10 "Duties of the Committee" which formalizes the support provided to the Board of Directors in defining and monitoring the sustainability strategy.

- Monitoring, managing, and controlling the impacts, risks, and opportunities (IRO) considered relevant for the company;
- Monitor the actual implementation of the sustainability strategy approved by the Board of Directors;
- Oversee the evolution of sustainability issues in light of international guidelines and principles, monitoring the Group's positioning in the market on sustainability topics (such as green bonds, participation in sustainability indices, ESG principles, and performance).

The Committee advances the collective knowledge, skills, and experience of the highest governance body on sustainable development. The Committee has, therefore, a functional role to integrate both business and sustainability priorities within the Group strategy and to identify emerging opportunities to gain competitive advantages.

The Committee is responsible for assessing the adequacy of the consolidated sustainability reporting in accurately representing the company's business model, strategies, the impact of its activities, and the performance achieved. It reports the outcome of its evaluations to the Control and Risk Committee through its Chairman, which is tasked with evaluating the structure of the relevant

contents in compliance with the principles in force from time to time, as well as the completeness and transparency of the information provided through the same report.

To support the Sustainability Committee, a working group endowed with cross-functional expertise encompassing all facets of Safilo's operations has been established, designated as the "Sustainability Operative Committee". This unit, comprising representatives from various operational functions, is tasked with overseeing and coordinating all sustainability initiatives and activities. It is responsible for monitoring and ensuring compliance with the commitments undertaken, as well as evaluating the progress of projects and the achievement of Environmental, Social, and Governance (ESG) objectives. Furthermore, this group bears operational responsibility for identifying, managing, and monitoring the Impacts, Risks and Opportunities (IROs) to which the Group is exposed, while assessing their significance in collaboration with the respective functional managers through the Double Materiality process. In addition, the group diligently monitors the collection and performance of Key Performance Indicators (KPIs) related to the identified IROs.



Below is the composition of the Corporate Committees of Safilo Group S.p.A. as appointed by the Board of Directors meeting held on 24 April 2024:

Control and Risk Committee

Chairman	Ines Mazzilli
	Gerben van de Rozenberg
	Matthieu Brisset

Sustainability Committee

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

Remuneration and Nomination Committee

Chairman	Cinzia Morelli-Verhoog
	Melchert Frans Groot
	Irene Boni

Transactions with Related Parties Committee

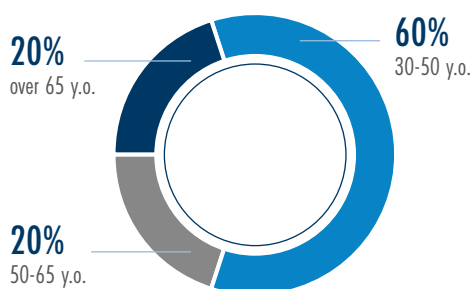
Chairman	Ines Mazzilli
	Matthieu Brisset
	Cinzia Morelli Verhoog

Corporate Governance Model – Appointment and diversity metrics

The Corporate Governance model includes also:

- The **Board of Statutory Auditors** is appointed pursuant to Article 27 of the Article of Association by the Shareholders' Meeting on the basis of lists presented by the shareholders, to allow minority shareholders to appoint a statutory auditor and a substitute auditor. The Board of Statutory Auditors oversees compliance with laws, regulations and Articles of Association, with principles of good management and, especially, the adequacy of the administrative, organizational and accounting structure adopted by the Company as well as its actual operations and the adequacy and efficiency of the risk management and control system. As established by the Legislative Decree 39/2010, as amended, the Board of Statutory Auditors, is responsible to make a reasoned proposal to the Shareholders' Meeting for the appointment of the sustainability audit company while, serving as the Internal Control and Audit Committee as required by that legislation, is responsible to make a reasoned proposal to the Shareholders' Meeting for the appointment of the independent audit company. The Board of Statutory Auditors currently in office has been appointed by the Shareholders' Meeting held on 27 April 2023 and will remain in office for three years until the date of the Shareholders' Meeting called for the approval of the financial statements at 31 December 2025.
- the **Supervisory Committee**: established pursuant to Legislative Decree 231/01, is responsible to supervise the effectiveness, efficiency, maintenance and update of the organization, management and control model under the same Legislative Decree 231/01.
- an **Independent Auditing Company** responsible for the audit on the financial and sustainability statements. The Shareholders' Meeting held on 27 April 2023, upon proposal of the Board of Statutory Auditors, appointed PricewaterhouseCoopers S.p.A. as external Audit Company for the financial years from 2023 to 2031. The Partner responsible for the mandate is Mr. Filippo Zagagnin.

Board of Statutory Auditors by age threshold



Board of Statutory Auditors

Office	Members	Male	Female	Year of Birth	Date of first appointment	Independent as per Code
Chairman	Maria Francesca Talamonti		x	1978	27.04.2023	x
Standing Statutory Auditor	Bettina Solimando		x	1974	24.04.2011	x
Standing Statutory Auditor	Roberto Padova	x		1956	28.04.2020	x
Alternate Statutory Auditor	Marco Michielon	x		1980	27.04.2023	x
Alternate Statutory Auditor	Tina Marcella Amata		x	1968	27.04.2023	x

Maria Francesca Talamonti

(Chairman)

Born in Rome in 1978, she is a graduate in Economics and Commerce of L.U.I.S.S. University in Rome. She has been registered with the Rome Chartered Accountants' Register since 2006 and with the Legal Auditors Register since 2007. She is a statutory auditor for various Companies in the sector of energy, investments and digital technologies.

Bettina Solimando

(Standing Statutory Auditor)

Born in San Severo (FG) in 1974, she is a graduate in Economics and Commerce of Verona University. She has been registered with the Verona Chartered Accountants' and Auditors' Register since 2002. She is a statutory auditor for industrial and commercial companies.

Roberto Padova

(Standing Statutory Auditor)

Born in Rome in 1956, he is a graduate in Law of Roma University. He has been a member of the Bar Association of Rome since 1985. He is a statutory auditor and member of the Supervisory Committee (Lgs. Decree 231/2001) for companies operating in the industrial, energy and medical devices sector.

FINANCIAL REPORTING MANAGER

Appointment of the financial reporting manager

The Financial Reporting Manager must prepare the adequate administration and accounts procedures for drafting the annual financial statements, the consolidated financial statements and any other financial communications and/or documents, and he must certify that the procedures:

- are adequate taking into account the characteristics of the company;
- have been effectively applied during the period relative to the annual financial statement, the consolidated financial statement and any other financial communication or document.

For the assessment of the adequacy of the administrative and accounting procedures the Company has opted for applying a theoretic reference model issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) that is universally recognised and is the most accredited.

The activities required to assess the adequacy and effectiveness of the procedures and processes that generate financial statement are as follows:

- identifying the control systems necessary to reduce the identified risks;
- carrying out the control tests;
- implementing corrective actions that may be required to adapt the control system.

On 9 July 2023 Michele Melotti was appointed by BOD, after receiving the favourable opinion of the Board of Statutory Auditors, as Group Chief Financial Officer and Manager Responsible for the preparation of the company's financial documents (hereinafter "Financial Reporting Manager"). On the BOD meeting of 11 December 2024 the responsibility of Financial Reporting Manager has been extended to the Sustainability Statement.

Moreover, it has been established that the Financial Reporting Manager will hold office until his resignation or revocation by the Board of Directors.

OTHER INFORMATION

Atypical and/or unusual transactions

No atypical and/or unusual transactions, as defined by Consob Communication 6064293 dated 28 July 2006, were undertaken during 2024.

Related party transactions

In compliance with applicable legislative and regulatory requirements, the Board of Directors of 5 November 2010 approved the "Regulations for the transactions with related parties", to govern transactions of major strategic, economic, capital or financial significance for the Company, including those undertaken with related parties, to assure their transparency and material and procedural correctness. Our related party transactions are neither atypical nor unusual nor of major relevance and occur in the ordinary course of our business. Management believes that these transactions are fair to the Group. Transactions with related parties, are on an arm's length basis, according to the nature of the transaction, sale of products or provision of services.

For further details regarding the related party transactions, please refer to note 6 to the Consolidated Financial Statements as of 31 December 2024.

Research and development

The Group's research and development focuses on materials, production processes and the improvement of technical characteristics of the products, and on innovations of the production process which increases its effectiveness, efficiency, quality and speed to market. Expenditure on research is expensed as incurred.

RECONCILIATION OF THE PARENT COMPANY'S NET PROFIT AND SHAREHOLDERS' EQUITY WITH THE CONSOLIDATED BALANCES

	Equity as of December 31, 2024	Net profit/(loss) of the period	Equity as of December 31, 2023	Net profit/(loss) of the period
Balances as per Safilo Group S.p.A.'s statutory financial statements	399.4	(10.6)	408.0	(7.5)
Contribution of consolidated companies	1,027.2	29.6	1,050.3	(2.0)
Elimination of the book value of consolidated subsidiaries	(980.8)	6.0	(1,034.1)	(0.1)
Goodwill	34.7	-	32.6	-
Liability for options on non-controlling interests	(13.1)	8.6	(20.8)	(7.9)
Elimination of dividends paid within the Group	-	(12.5)	0.0	(16.7)
Elimination of intercompany gains within the Group	(1.3)	-	(1.3)	0.8
Elimination of intercompany profits included in inventory	(35.6)	0.4	(36.2)	9.1
Other consolidated entries	(2.9)	0.2	(2.7)	(1.9)
Total	427.5	21.8	395.8	(26.1)
Equity attributable to minority interests	14.4	(0.5)	16.6	(1.4)
Total attributable to the Group	413.1	22.3	379.2	(24.6)

SIGNIFICANT EVENTS AFTER THE YEAR-END AND OUTLOOK

SIGNIFICANT EVENTS AFTER YEAR-END

Subsequent to 31 December 2024 through the approval date of this report, no significant events occurred which would have impacted the financial and economic results shown pursuant to IAS 10 Events after the reporting period.

OUTLOOK

For the current year, amid a complex macroeconomic and business environment, further challenged by escalating geopolitical uncertainties, Safilo remains focused on strengthening partnerships, maintaining agility and operational flexibility, with the goal of seizing opportunities to drive a return to revenue growth.

The Group continues to work on improving its economic and financial profile through careful and increasingly targeted allocation of resources and investments.

For the Board of Directors

Angelo Trocchia

Group Chief Executive Officer



01

SUSTAINABILITY STATEMENT

General Disclosures [ESRS 2]

Environmental information [ESRS E1 - E5]

Social Information [ESRS S1 - S2 - S4]

Business Conduct [ESRS G1]



01

SUSTAINABILITY STATEMENT

General Disclosures [ESRS 2]

- 98** Key highlights
- 100** General basis for preparation of the Sustainability Statement
- 101** Other governance topics
- 104** Our 4 PS Approach - People, Product, Planet, Partnership
- 107** Safilo's stakeholders and engagement
- 109** Material impacts, risks and opportunities and their interaction with strategy and business model
- 115** Description of process to identify and assess material impacts, risks and opportunities
- 118** Information stemming from other legislation or from generally accepted sustainability reporting standards and frameworks included in sustainability statement
- 121** Disclosure requirements in ESRS covered by the Sustainability statement
- 127** Additional notes on ESRS 2

KEY HIGHLIGHTS

OVER 140 YEARS OF EYEWEAR INDUSTRY TRADITION



PRODUCT AND INNOVATION

≈ 1,700

new models developed in 2024

of which around 400 made with recycled or bio-based materials (23%)

Introduction of **recycled polycarbonate GRS certified**

Smith Rodeo: **first helmet made with recycled material**



EMPLOYEE LEARNING & DEVELOPMENT

More than 81,000

hours of training in 2024

22

average hours of training per employee in 2024



DIVERSITY & INCLUSION

58%

woman in the total workforce

46%

female in executive, directors and management categories in 2024

11%

under 30 of the total workforce in 2024

11

nationalities at executive and director level in 2024



HEALTH AND SAFETY



INDUSTRIAL RELATIONS AND SUPPLY CHAIN RESPONSIBILITY



ENVIRONMENTAL RESPONSIBILITY



In 2024, a second series of **photovoltaic panels was installed in Padua**, bringing the total energy production - including panels installed in 2022 - to about 381 MWh.

The electric energy produced by Safilo through photovoltaic panels and used in 2024 was 2,552 MWh, which corresponded to **1,513 tCO₂** of avoided emissions.

* In 2024 all minor Commercial subsidiaries (Emea, Apac, Latin America and Canada) are included in the scope and perimeter of Group. In 2023 all minor Commercial subsidiaries (Emea, Apac, Latin America and Canada) were not included while Longarone was part of Group. In 2023 and 2024 no injuries happened in minor Commercial subsidiaries. Like for like considers all industrial and US Legal Entities + SEI China Factory.

**2024 consumptions are equal to 160,528 GJ compared to 195,420 GJ of 2023

GENERAL BASIS FOR PREPARATION OF THE SUSTAINABILITY STATEMENT

General Basis for preparation

The Safilo Group, as a public interest entity (pursuant to Article 16, paragraph 1, of Legislative Decree 27 January 2010 no. 39) with size limits of employees, balance sheet and net revenues above the thresholds set in Article 2, paragraph 1, has been subject since 2016 to the application of the Legislative Decree 30 December 2016 no. 254 (hereinafter Decree 254) "Implementation of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014, amending Directive 2013/34/EU and subsequent updates Law no.145 published on December 30, 2018 as regards disclosure of non-financial and diversity information by certain large undertakings and groups". The above mentioned Legislative Decree has been replaced by the Legislative Decree 10 September 2024 no. 125 (hereinafter Decree 125) "Implementation of Directive 2022/2464/EU of the European Parliament and of the Council of December 14, 2022, amending Regulation 537/2014/EU, Directive 2004/109/EC, Directive 2006/43/EC, and Directive 2013/34/EU as regards corporate sustainability reporting" which include in its scope of application Safilo Group as a public interest entity (pursuant to Article 16, paragraph 1, of Legislative Decree 27 January 2010 no. 39) with size limits of employees, balance sheet and net revenues above the thresholds.

This document refers to the period January 1 - December 31, 2024, which is the same period as the Consolidated Financial Statement.

This Sustainability Statement has been drawn up to the extent necessary to ensure the understanding of the Safilo Group's business, its performance, its results and the impacts produced by the same, and includes the data of the parent company and its subsidiaries consolidated at December 31, 2024 on a line-by-line basis, and covers the topics deemed relevant and provided for by the Article 3 of Decree

125. In details the Consolidated Sustainability Statement covers the same scope of Legal Entities included in the Consolidated Financial Statement.

In order to draw up this Consolidated Sustainability Statement the scope of the information provided has been extended to include main material impacts, risks and opportunities connected with the undertaking through its direct and indirect business relationships in the upstream and/or downstream value chain and only when material till the end consumer.

As this is our first year reporting in accordance with European Sustainability Reporting Standards (ESRS) certain 2023 data are unavailable. Where previous year's data were reported in the Non-financial statement 2023 prepared in accordance with Global Reporting Initiative Framework, they were disclosed in this Sustainability Statement to the extent deemed useful for the readers. 2023 data in this Sustainability Statement are to be considered as additional information under ESRS 1. It should be noted that with regard to the forward-looking information concerning events that may occur in the future and possible future actions by the Group mentioned in this document, these have a contingent nature as they are based on assumptions and estimates. Therefore, it is possible that in the coming years there may be deviations from the actual values. The information provided regarding Scope 3 emissions is subject to greater intrinsic limitations compared to Scope 1 and 2, due to the lower availability/accuracy, both quantitative and qualitative, related to the value chain.

Other medium- or long-term time horizons than those defined in ESRS1 and Disclosures in relation to specific circumstances

The consolidation and design of this document adopt the definitions of short, medium and long-term horizons¹ proposed by ESRS 1 and it is noted that no specific circumstances have occurred during the reporting period.

Reporting errors in previous period

As it is the first year of reporting on ESRS standards, it is not possible to recognized changes in preparation and presentation of sustainability information and retrace errors in prior periods.

¹ a) short-term time horizon is the period adopted by the undertaking as the reporting period in its financial statements; b) medium-term time horizon: from the end of the short-term reporting period defined in (a) up to 5 years; and c) long-term time horizon: more than 5 years.

OTHER GOVERNANCE TOPICS

THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Please refer to 1.A Group Economic & Financial Performance; Corporate Governance; Risk Factors & Other, chapter "Corporate Governance"

INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE UNDERTAKING 'S ADMINISTRATIVE, MANAGEMENT & SUPERVISORY BODIES

Please refer to 1.A Group Economic & Financial Performance; Corporate Governance; Risk Factors & Other, chapter "Corporate Governance" paragraph "the Board of Directors"

STRATEGY BUSINESS MODEL & VALUE CHAIN

Please refer to "Our Value Chain" and to Sustainability Statement, chapter "Our 4Ps Approach, People, Product, Planet, Partnership".

INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

Safilo has a dedicated incentive system for the CEO and Managers that is directly linked to the company's performance, using a Management by Objectives (MBO) framework known as STAR at Safilo. Starting from 2022, the targets are not only connected to the Group's annual financial performance but also to non-financial strategic objectives. Specifically, the CEO has 10% of his short-term variable compensation tied to sustainability goals, while manager with strategic responsibilities has 5%.

For 2024 the sustainability targets focus on two key strategic areas for the Group: Planet (CO₂ emissions) and Product (sustainable models). Each target is assessed independently, meaning that failure to meet one target does not prevent the payout of the remaining portion of the MBO.



The STAR targets for the Chief Executive Officer are established by the Board of Directors based on the proposal of the Remuneration and Nomination Committee, which then reviews the performance achieved. The metrics and details are clearly outlined in the Remuneration Policy Report, which is approved and updated annually.

STATEMENT ON DUE DILIGENCE

As part of the preparation of the Sustainability Statement, Safilo has initiated a process of mapping information related to its due diligence practices. However, it is acknowledged that there is currently no structured process or formalized policy explicitly dedicated to this area. The table below outlines the sections of the Sustainability Statement that describe the initiatives and activities significantly contributing to the definition of a framework for managing the impacts generated or potentially generated by the Group in the environmental, social, and governance domains. The efforts undertaken serve as the foundation for the development of a more comprehensive strategy in the future.

<p>Embedding due diligence in governance, strategy, and the business model</p>	<p>GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies GOV-3 Integration of sustainability-related performance in incentive schemes SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model</p>
<p>Engaging with affected stakeholders</p>	<p>GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies SBM-2 Interests and views of stakeholders IRO-1 Description of the process to identify and assess material impacts, risks and opportunities Topical ESRS: - S1 – Own workforce - S2 – Workers in the value chain - S4 – Consumer and end users</p>
<p>Identifying and assessing negative impacts on people and the environment</p>	<p>IRO-1 Description of the process to identify and assess material impacts, risks and opportunities SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model</p>
<p>Taking action to address negative impacts on people and the environment</p>	<p>MDR-A Policies adopted to manage material sustainability matters Topical ESRS: - E1 – Climate Change - S1 – Own workforce - S2 – Workers in the value chain - S4 – Consumers and end-users</p>
<p>Monitoring the effectiveness of these efforts</p>	<p>MDR-M Metrics in relation to material sustainability matter MDR-T Tracking effectiveness of policies and actions through targets Topical ESRS: - E1 – Climate Change - E5 – Resource use and circular economy - S1 – Own workforce - S2 – Workers in the value chain - S4 – Consumers and end-users - G1 – Business Conduct</p>

RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

Safilo takes an integrated and transversal perspective of risks in order to implement effective mitigation actions.

Safilo developed an Enterprise Risk Management (ERM) framework, with the aim of identifying and monitoring critical areas of risk (business, operational and compliance).

With reference to sustainability, the Group monitors the main ESG risks arising from the business and is aware of the impacts it has on the environment and society, striving to eliminate or reduce negative impacts, and implements instruments and actions aimed at mitigating them. Specifically, the Group oversees and develops actions to prevent or contrast: i) non-compliance with environmental legislation in force in the countries in which Safilo operates; ii) climate change; iii) non-protection and non-promotion of fundamental human rights, and non-compliance with international human rights regulations and national labor laws both internally and along the value chain; iv) health and safety risks related to possible injuries and occupational diseases involving the Group's employees; v) possible errors or fraud, or non-compliance with laws and regulations at a national and international level; vi) possible cases of fraud and cyberattacks.

Furthermore, to assess the adequacy and effectiveness of the procedures and processes that generate the financial and sustainability statement the Group has established an **Internal Control and Risk Management System (ICRMS)** consisting of a set of tools, organizational structures, and company procedures that seek to contribute to a sound and correct management of the Company, in a way that is consistent with the predetermined objectives defined by the Board of Directors.

This system, defined according to leading international practices, is based on the three traditional levels of control:

1st level: the operational departments identify and assess risks and implement specific actions to manage them;

2nd level: the functions in charge of risk management define risk management methods and tools and conduct monitoring activities.

3rd level: the Internal Audit function provides independent assessments of the entire system.

Risk management and internal controls over sustainability reporting

In 2020 Safilo defined a Sustainability Internal Control Framework for the non-financial reporting process. In 2024 Safilo strengthened it, identifying controls on some strategic KPIs (a subset of the Disclosure Requirements highlighted as material by the Double Materiality Assessment) necessary

to ensure compliance with the new requirements (ESRS) established by the CSRD at a Group level. In this perspective, each operational department is responsible for implementing and monitoring the necessary actions identified to ensure that the identified gaps during the testing activities are effectively addressed.

Through this approach the key risks associated with the sustainability reporting addressed were:

- **Data not Relevant:** the information is relevant when it has been assessed as such by the Double Materiality Assessment;
- **Data not Accurate and Complete:** information may be incomplete or incorrect leading to erroneous conclusions. This risk may mainly arise when figures encompass estimates, the data source is not owned by the Company, the data or part of it is not available;
- **Data not Comparable:** information is not comparable and consistent over years and with information provided in previous statements;
- **Data not Verifiable:** the information cannot be verified against reliable and credible documentation;
- **Data not Understandable:** information is not understandable if not clear and concise and does not allow a reasonably competent reader to have a clear comprehension of the information communicated;
- **Data not Neutral:** information is partial, biased, emphasized, suppressed, or manipulated in any way with the intention of making it more likely for recipients to accept it favorably or unfavorably;

Once the risks have been identified, Safilo prioritizes them based on the identification of the

most relevant disclosure requirements, meaning those that are most critical as they can significantly impact the transparency and accuracy of sustainability reporting.

As reinforcement of the Internal Control system on the non-financial reporting the Group has identified the Safilo Group CFO (so-called "**Dirigente Preposto**") as the person responsible for providing attestation of the internal control system over sustainability reporting (The D.Lgs n.125/2024, has amended the Art. 154-bis of the TUF) and for the disclosure pursuant to ex. Art. 8 of the Taxonomy Regulation.

Within his duties, the "Dirigente Preposto" assures annually to the Control and Risk Committee and to the Board of Directors that the non-financial statement has been prepared in accordance with the ESRS principles.

OUR 4 PS APPROACH - PEOPLE, PRODUCT, PLANET, PARTNERSHIP

For us, **sustainability means taking a long-term view and making business decisions that are a win-win for all our stakeholders**, contributing to the growth of the social, economic and environmental context in which we operate. Our approach to sustainability is strategically motivated and practically implemented.

We focus on our 4 Ps - People, Product, Planet, Partnership - to **steer our business responsibly**, ensuring we deliver the best products in ways that protect the environment and enhance people's lives.

Underscoring this approach are fundamental beliefs and behavior that are vital to achieving our sustainability vision while driving long-term value creation.

We are driven by our heritage: a history of longstanding passion, perseverance and reliability and outstanding craftsmanship that started in Cadore (Italy) more than a century ago.

We look forward in ways that honor our past: staying true to our origins while investing to modernize our products and processes. Through our Global Innovation Centre, design studios dispersed all over the world, and our supply network, we are able to invest not only

in technologies, but also in human capital, as our people are the key to the Group's long-term success.

We act with passion: focused on our product excellence, with great attention to detail and to changing styles and evolving market dynamics, striving to preserve and enhance our expertise and knowledge, we pass down our precious heritage through valuable apprenticeships. We carefully select our business partners to ensure we share long-term goals and can learn and grow together.

Safilo sustainability strategy

Our sustainability strategy is developed around 4 pillars and their related goals:



1) PRODUCT INNOVATION

We are committed to continuous innovation of our products and our industrial process enabling a sustainable economy at every stage of the value chain; to this end we use the following factors:

- use of low-impact raw materials for frames, lenses and cases;
- responsible production - green chemistry; supply chain engagement and monitoring.

As evidence of our focus on product innovation, we are committed, by 2025, to realize more than 25% of new eyewear collections from certified sustainable materials: recycled or bio-based². We regularly carry out a thorough assessment of the emissions related to the main types of products during their life cycle (Life Cycle Assessment). Knowing what kind of impact on CO₂ emissions the combinations of materials (metal, acetate, injection plastics) and production processes have, we are able to develop more sustainable products collections.

² Bio based material: material of biological origin, excluding material embedded in geological formations or transformed to fossilized material and excluding peat (Source: ISO14021). Bio based content is the amount of biobased carbon in the material or product as a percent of the weight (mass) of the total organic carbon in the product (Source: ASTM D6866-12).

Recycled Material: Material that has been reprocessed from recovered [reclaimed] material by means of a manufacturing process and made into a final product or into a component for incorporation into a product. (Source: ISO14021). For Safilo a product is considered as sustainable when it has at least 30% recycled and or bio-based content in weight considering the whole weight of the product.



2) PLANET CARE

We want to contribute to reducing the impact on natural resources to protect and preserve the planet, specifically:

- we contribute to the reduction of carbon and greenhouse gas emissions through (i) the adoption of renewable energy, (ii) the involvement of our suppliers in decarbonisation paths, (iii) the implementation of a sustainable mobility initiatives and optimization of logistical flows;
- we have started adopting sustainable packaging, and we have dematerialized some of the product information notes through digitalization.

To support our commitment to safeguarding the planet, we have decided to validate our sustainability targets with "Science Based Target initiative" (SBTi), to which we have submitted our official commitment. These targets were validated in February 2024.

We are committed to reducing Scope 1 and 2 emissions by 70% by 2030 and Scope 3 emissions (Category 1 Purchased Goods and Category 4 Upstream Transportation and Distribution) by 25% by 2030, compared to the emissions published in our 2022 Consolidated Non-Financial statement.

Our emissions (Scope 1 and 2) and supply chain (Scope 3) emissions are strongly influenced by electricity consumption, which is the main energy source for all business processes (production and non-production).

We are therefore committed to covering 100% of our electricity needs with renewable electric energy by 2030.

Regarding logistics packaging, we are committed to eliminate the unnecessary single-use plastic in coming years and substituting the remaining plastic with more sustainable alternative materials that contain at least 50% of recycled content.



3) EMPOWERING PEOPLE

We are committed to strengthening our vision of excellence and collaboration among people; specifically:

- employees - by adopting a policy of respecting diversity, fair treatment and inclusion, promoting learning and development, ensuring safety and well-being;
- communities - by prioritizing partnerships that foster positive social impact, education for a "better vision to see better" and thus live better;

We like to engage our employees on our strategic path, targets and results. In the first semester of 2024 a specific Employee Survey was performed to gather and assess the feedback of the employees and the organizational environment. For more details please refer to S1 – Our people.



4) PARTNERSHIP (GOVERNANCE)

We want to reinforce our commitment to pursuing our customer satisfaction, favouring a responsible partnership in terms of sustainability with our suppliers and maintaining the trust of our licensors.

With the Sustainability Committee support for our sustainability journey, we aim at granting the adequacy and engagement of our organization, a remuneration policy connected to ESG targets, IT systems and processes to measure sustainability KPI's and expanding product & supplier ESG data.

INNOVATIVE IN OUR PRODUCT



PRODUCT

Sustainable New Collections >25% by 2025
 Certified bio-based & recycled sustainable materials

UN SDGs:



EMPOWERING PEOPLE



PEOPLE

Employee Survey 2024
 Engagement Focus Areas
 Meaningful Community Outreach

UN SDGs:



OUR PURPOSE SEE THE WORLD AT ITS BEST

CARING FOR OUR PLANET



PLANET

Fashion Pact adherence
 Science Based Targets initiative (SBTi):
 Scope 1&2 tCO₂e, -70% by 2030 vs 2022
 Scope 3 tCO₂e, -25% by 2030 vs 2022
 100% renewable electric energy by 2030
 Plastic packaging reduced or recycled

UN SDGs:



RESPONSIBLE PARTNER



PARTNER

Best In Class Customer Satisfaction
 Trusted License Partnerships
 Orchestrating for Success:
 - Robust Governance
 - System & Processes
 - Report & Reward

UN SDGs:



SAFILO'S STAKEHOLDERS AND ENGAGEMENT

For Safilo to create value it is important to maintain an active dialogue with all the stakeholders the Group interacts with in the regular course of business and along the value chain, to gain a good understanding of their expectations and, as a consequence, build meaningful partnerships. In particular, the engagement with our main stakeholders - **employees, suppliers, customers, licensors, communities, public authorities and shareholders** – is vital to Safilo's long-term success. The Group considers the point of view of our stakeholders introducing innovation in our products and deploying dedicated activities. The outcomes of these various engagement activities are then analysed to gain insight into stakeholders' perspectives and concerns on current sustainability issues, ensuring alignment with their interests. As of now the point of view and the interest of our stakeholders didn't raise any motivation to amend the actual Group Strategy.

Stakeholder	Engagement	Goal of the Engagement
Employees	Periodically, the Company involves employees through the deployment of surveys gathering their opinions and point of views.	<ul style="list-style-type: none"> • Safeguard the safety and wellbeing of the workplace environment • Enhance personal and professional growth • Understand the views and interests of Safilo's workforce
Suppliers	The Group, incentivise the transparent behaviour through on-site visits and encouraging the adoption of Code of Ethics. Periodically, Safilo involves suppliers organizing dedicated suppliers' days and remote meetings.	<ul style="list-style-type: none"> • Build long-lasting collaborative relationships • Share value growth • Engagement in definition of sustainability journey • Collect and understand suppliers points of view and needs • Sharing guidelines to reach common goals
Customers	The Group has pursued its growth of the touch points with customers continuing the implementation of CRM platform and the You&Safilo B2B e-commerce website. Furthermore, surveys to gather feedback from customers and end-consumers are deployed annually at MIDO and other worldwide trade fair.	<ul style="list-style-type: none"> • Assure a supportive relationship with its commercial counterparts • Develop tools that facilitate communication • Grant excellent services • Inform customers and end-consumers on our sustainability initiatives
Licensors	Safilo is focused on conducting its activities with high level of transparency, providing reliable information and delivering on promises.	<ul style="list-style-type: none"> • Respect and enhance license brand values • Being a trusted business partner
Public Authorities	To maintain a positive working relationship and serve the interests of the community, the Group interacts with governmental and regulatory bodies as well as public administrations with respect, honesty and fairness, in accordance with the principles, roles, and responsibilities identified in applicable law.	<ul style="list-style-type: none"> • Avoid corruption and bribery actions • Be aligned with the constantly evolving regulatory framework
Shareholders	Safilo commitment is to achieve an efficient sustainable business growth while securing the creation of added value for its shareholders. In this regard, the Group is actively focused on engaging third parties through the promotion high-frequency meetings and embracing best practices on Investor Relations matters.	<ul style="list-style-type: none"> • Added value creation strategy • Clarity in financial and non-financial information
Communities	The Group support its communities through collaborations with key partnerships pursuing a positive social impact.	<ul style="list-style-type: none"> • Preserve and enhance eyesight to improve quality of life of people



2024 Safilo's Stakeholder engagement activities

During 2024 Safilo involved external and internal stakeholders, in order to confirm sustainability relevant topics. Safilo analyzed the related outcomes in terms of key topics and concerns raised. In detail, the involvement of stakeholder has been managed:

- at **MIDO** (one of the world's leading trade fairs for the eyewear industry) in February 2024 in Milan involving consumers, suppliers, licensors, Safilo employees, and other stakeholders,
- at **Safilo Group** Level with a 2024 **Management & employee survey**.

Also in 2024, in line with normal practice for a listed company and in compliance with market regulations, Safilo interacted with shareholders through conference calls as per the corporate calendar published on the Safilo Group website, various ad hoc one-on-one and some group meetings in core European financial markets with the purpose of maintaining a continuous dialogue with investors.

During 2024 the Group also, involved the main **suppliers** organizing 2 days of meetings & trainings on Sustainability & Business matters.

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

In past years, Safilo has conducted **Materiality Analysis** engaging internal and external stakeholders through surveys and interviews to identify Sustainability topics. Safilo from 2016 to 2023 prepared the Consolidated non-financial information statement according to GRI standards.

In **2024**, due to new CRSD legislation, the Group started the **new Double Materiality analysis** process in order to identify the CRSD Sustainability topics considering material impacts, risks, and opportunities.

Here below a list of the identified material impacts, risks, and opportunities.

In the perimeter own operation of double materiality analysis, the Group considers the Industrial and Commercial Legal Entities.

Material impacts, risks and opportunities

(*) I = Impact, R = Risk, O = Opportunity

Description	IRO (*)	Actual (A)/ Potential(P)	Negative (N)/ Positive (P)	Perimeter	Time Horizon
E1 - Climate change					
Generation of indirect GHG emissions (Scope 3) related to value chain activities	I	A	N	Value chain	Upstream and down-stream Actual
Negative environmental impacts and reduction of available energy reserves due to energy consumption	I	P	N	Value chain	Own operations, upstream, down-stream Medium Term
Negative impact on climate change contribution through direct and indirect GHG emissions related to activities performed at Group offices and sites (Scope 1 and 2)	I	A	N	Own operations	Actual
Climate change poses physical risks, such as increased severity of extreme weather events, potentially reducing revenues due to damage/destruction of "tangible assets" (e.g., industrial buildings, plants, machinery, infrastructure), potential disruptions in essential supplies, and possible reduction in production capacity. Additionally, adverse weather conditions can lead to lower sales of sunglasses or snow products	R	P	N	Value chain	Own Operation, Upstream, down-stream Short Term
Emissions production by the Group and its value chain contributes to air pollution and may result in sanctions due to increasingly stringent regulations. Moreover, there may be increased management costs and transition costs to low-emission technologies due to greater regulatory pressures and stricter emission reporting requirements	R	P	N	Value chain	Own operations, upstream, down-stream Medium Term
Group's purchase of guarantees of origin certificates is subject to the risk of potential increase in renewable energy prices (GO certificates), resulting in increased operational costs for the Group	R	P	N	Value chain	Upstream and Own operations Medium Term

Description	IRO (*)	Actual (A)/ Potential (P)	Negative (N)/ Positive (P)	Perimeter	Time Horizon
E5 - Circular economy					
Environmental pollution due to the production of hazardous and non-hazardous waste	I	A	N	Value chain	Own operations and upstream
Macroeconomic instability and climate transition risks can lead to: <ul style="list-style-type: none"> increased raw material costs resulting in reduced profitability; increased production costs due to fluctuation in input prices (e.g., energy, water); increased procurement costs also stemming from new stakeholder demands and expectations regarding raw materials (e.g., greater sustainability, traceability, recyclability) underlying marketed products; customer loss due to price or quality variations. 	R	P	N	Value chain	Upstream and Own operations
Offering "sustainable" products using recyclable materials in products can enhance corporate reputation with potential sales growth and attraction of new customers	O	P	P	Own operations	Medium Term
Risk of loss of competitiveness and sales/profits due to higher market requirements in terms of product sustainability	R	P	N	Own operations	Medium Term
S1 - Own workforce					
Cases of child labor within the organization	I	P	N	Own operations	Short Term
Cases of discrimination/abuse within corporate operations	I	P	N	Own operations	Short Term
Cases of forced labor within the organization	I	P	N	Own operations	Short Term
Cases of human rights violations due to inadequate policies/practices and lack of supervision	I	P	N	Own operations	Short Term
Creation of an inclusive environment by promoting diversity in governance bodies and among employees	I	A	P	Own operations	Actual
Deterioration of relations with trade unions and associations (e.g., working conditions, freedom of association)	I	P	N	Own operations	Medium Term
Enhancing employee satisfaction and well-being through the implementation of welfare and work-life balance activities	I	A	P	Own operations	Actual
Improvement of worker competences through training and professional development activities	I	A	P	Own operations	Actual
Injuries, occupational diseases or other workplace incidents with negative consequences for workers' health	I	A	N	Own operations	Actual
Lack of monitoring and implementation of health and safety management systems	I	P	N	Own operations	Short Term

Description	IRO (*)	Actual (A)/ Potential(P)	Negative (N)/ Positive (P)	Perimeter	Time Horizon
Cases of discrimination/abuse within corporate operations can lead to increased personnel turnover affecting productivity and key personnel (e.g.with technical skills for product prototyping and industrialization management), impacting business continuity. Additionally, this can result in higher costs (e.g., consulting costs/external collaborators/temporary agencies) and potential legal actions/sanctions, protests, or strikes damaging corporate reputation and business continuity	R	P	N	Own operations	Short Term
Inadequate working conditions (e.g., remuneration, working hours, violation of workers' rights), cases of discrimination can lead to increased personnel turnover affecting productivity and key personnel (e.g. with technical skills for product prototyping and industrialization management) impacting business continuity. Additionally, this can result in higher costs (e.g., consulting costs/external collaborators/temporary agencies) and potential legal actions/sanctions, protests, or strikes damaging corporate reputation and business continuity	R	P	N	Own operations	Short Term
Workplace accidents and cases of occupational diseases can cause: <ul style="list-style-type: none"> • loss of productivity due to sick leave; • increased costs from contractual changes compared to existing insurance policies or potential compensations; • possible regulatory sanctions for non-compliance with health and safety management systems; • reputational damage related to severe injuries or fatalities. 	R	P	N	Own operations	Short Term
S2 - Workers in the value chain					
Cases of child or forced labor along its value chain	I	P	N	Value chain	Upstream Short Term
Cases of human rights violations within the value chain due to inadequate policies/practices and lack of supervision	I	P	N	Value chain	Upstream Short Term
Injuries, occupational diseases or other workplace incidents with negative consequences for workers' health along the value chain	I	A	N	Value chain	Upstream Actual
Quality and transparency of the supply chain through the selection of certified suppliers	I	A	P	Value chain	Upstream Actual
Workplace accidents and cases of occupational diseases along the value chain can cause: <ul style="list-style-type: none"> - loss of productivity due to sick leave; - increased costs from contractual changes compared to existing insurance policies or potential compensations; - possible regulatory sanctions for non-compliance with health and safety management systems; - reputational damage related to severe injuries or fatalities. 	R	P	N	Value chain	Upstream Short Term

Description	IRO (*)	Actual (A)/ Potential(P)	Negative (N)/ Positive (P)	Perimeter	Time Horizon	
S4 - Consumers and end-users						
Diversification of product portfolio to ensure customer access to medical devices	I	A	P	Value chain	Down-stream and own operations	Actual
Improvement of customer and end-user satisfaction through the offering of safe and high-quality products	I	A	P	Value chain	Down-stream	Actual
Improvement of customer satisfaction and loyalty through high-quality pre- and post-sales customer service	I	A	P	Value chain	Down-stream and own operations	Actual
Improvement of product value perception through targeted marketing strategies that effectively communicate brand values and product quality	I	P	P	Value chain	Down-stream and own operations	Short Term
Privacy violations and customer data loss (DTB)	I	P	N	Value chain	Down-stream and own operations	Short Term
Privacy violations and customer data loss (DTC)	I	P	N	Value chain	Down-stream and own operations	Short Term
Diversification of the product portfolio to ensure accessibility of medical devices to customers can enhance the company's image as a comprehensive and reliable provider of medical devices, with a consequent positive impact on the economic and financial situation of the Company (e.g., increased sales, expanded customer base)	O	P	P	Value chain	Down-stream and own operations	Short Term
Effective and transparent communication, including marketing strategy, can lead to increased sales, customer loyalty, and brand value	O	P	P	Value chain	Down-stream and own operations	Short Term
Greenwashing actions and dissemination of inaccurate and misleading information about products offered can lead to legal actions and reputational damage, potentially resulting in customer loss	R	P	N	Value chain	Down-stream and own operations	Short Term
Inadequate customer service management and handling of complaints can result in potential customer losses	R	P	N	Value chain	Down-stream and own operations	Short Term
Increased sales and customer loyalty through offering safe and high-quality products, effective customer service management, handling of any complaints, and greater attention to customer needs	O	P	P	Value chain	Down-stream and own operations	Short Term

Description	IRO (*)	Actual (A)/ Potential(P)	Negative (N)/ Positive (P)	Perimeter		Time Horizon
Occurrence of consumer health and safety damages can lead to legal actions and consumer compensation claims, as well as damage to corporate image and reputation, resulting in negative impact on economic and financial situation	R	P	N	Value chain	Down-stream and own operations	Short Term
Promotion of positive lifestyle and behavior changes in society through initiatives aiming at making real difference for people of all ages and their eyes through our broad vision that progress is for everyone	I	A	P	Value chain	Down-stream	Actual
G1 - Business conduct						
Guarantee of confidentiality through appropriate management of corporate reporting channels	I	A	P	Own operations		Actual
Promotion of a responsible supply chain by evaluating suppliers based on ESG criteria	I	A	P	Own operations		Actual
Raising stakeholder awareness of proper behaviors and developing a sustainable corporate culture based on values of legality, equity, and honesty	I	A	P	Own operations		Actual
Inadequate verification and control management of the supply chain from social, environmental, and economic perspectives can expose the Company to potential sanctions, reputational damage, and negative business impacts (e.g., suppliers not operating in line with international standards / not compliant with current environmental regulations including waste management / not adhering to Group Guidelines/Code of Ethics, violations of current human rights regulations)	R	P	N	Value chain	Upstream	Short Term
Occurrence of cases of antitrust law violations can lead to fines, sanctions, and reputational damage with potential customer and business opportunity loss	R	P	N	Own operations		Short Term
Occurrence of cases of corruption can lead to financial risks such as fines, sanctions, and legal actions for violations of regulations, as well as reputational damage with potential loss of trust from customers and investors	R	P	N	Value chain	Upstream and Down-stream	Short Term
Occurrence of macro-economic, geopolitical events, or emergence of diseases (e.g., COVID-19) can negatively impact Company activities and results, such as difficulty in maintaining economic and financial stability, and normal business operations (e.g., operational slowdown due to absenteeism from emerging diseases, significant disruption or halt in business continuity, reduced sales)	R	P	N	Own operations		Short Term
Unethical or improper behavior by the Group or its business partners can cause reputational damage with potential customer loss	R	P	N	Value chain	Upstream and Down-stream	Short Term

These impacts, risks, and opportunities, which are related to the Group's strategic direction, have led Safilo to increasingly focus on its value chain. Selection and continuous monitoring of suppliers based on ESG criteria has become crucial to ensure a responsible supply chain and to mitigate risks related to human rights violations, environmental issues, disruptions, or reputational damage. Indeed, the Group is committed to ensuring transparency and quality among its suppliers by favoring certified suppliers and requiring them to adhere to the Supplier Code of Conduct and the Group's Code of Ethics.

Additionally, the rising demand for **sustainable products** and increased consumer awareness have influenced the Group's product and marketing strategies. Safilo will continue to develop and promote products that meet sustainability standards to remain competitive and address the growing consumer sensitivity towards sustainability.

Regarding **climate change**, the most significant impact in terms of emissions occurs during the material and product procurement phases, as well as in the logistics associated with their transportation. To mitigate these impacts and the associated risks of emissions generation, Safilo is implementing a gradual transition in its logistics carriers, favoring sea transport over air transport. Additionally, to reduce emissions related to the production of materials used, Safilo is enhancing engagement with its suppliers, supporting them in adopting sustainable and renewable energy sources, with the aim of minimizing the impact across the entire upstream supply chain.

It is noted that in 2024, no material financial effects were reported from material risks and opportunities related to sustainability matters. In addition, the Group does not estimate material financial effects in a forward – looking perspective.

As this is the first year of defining impacts, risks, and opportunities through double materiality analysis, a direct comparison with the impacts resulting from the previous materiality assessment in accordance with GRI standards is not possible. For more detailed information on the double materiality analysis process, please refer to the following section.

DESCRIPTION OF PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Description of process to identify and assess material impacts, risks and opportunities

In 2024, the Safilo Group conducted its first **double materiality analysis** in accordance with ESRS Standards to identify the most relevant environmental, social, and governance (ESG) topics from the perspective of impact materiality and/or financial materiality. The analysis was carried out following the guidelines outlined in the implementation guidance published by EFRAG in 2024.

In particular:

- a sustainability matter is material when it impacts people or environment. Impact can be actual or potential, positive or negative, in the short, medium or long term,
- a sustainability matter is material from a financial point of view when it causes or is likely to cause material financial effects on the company, its results and its financial situation.

The Group aims to review and update the double materiality analysis when there are changes in Safilo business contest, strategy and/or transition scenario to ensure the proper and timely management of sustainability-related risks and opportunities, while maintaining alignment with regulatory changes, market dynamics, and stakeholder expectations.

As a first step in the process, the Safilo Group conducted **a context analysis** to identify the key sustainability trends and drivers in the eyewear and fashion sectors. Specifically, a benchmark analysis was performed on 12 national and European companies, including both comparable and competitors, as well as 3 industry associations and leading sustainability reporting standards, such as the Sustainability Accounting Standards Board (SASB), and reference literature like the S&P Global Yearbook.

Furthermore, Safilo Group carried out an analysis of its activities and business relationships with internal and external stakeholders **to map its value chain** and key commercial relationships, including suppliers, customers, and business partners, and to identify any impacts, risks, and opportunities arising from these relationships. This activity enabled the identification of stakeholders impacted by the company's activities and provided insights into the needs, expectations, and concerns of each group, assessing how business decisions influence each category.

The Group has defined and evaluated a list of relevant impacts, risks, and opportunities relating to environmental, social and governance matters across Safilo own operations and in its upstream and downstream value chain.

The impacts were evaluated based on:

- **likelihood**, probability of the impact occurring;
- **severity**, that is assessed from the perspective of the affected people or the environment, and it is determined by the following characteristics:
 - scale, how grave the impact is;
 - scope, how widespread the impact is;
 - irremediable character, the extent to which the impact can be remediated.

The impact assessment involved scoring on a scale from 1 to 4 for likelihood, scale, scope, and irremediable character, with the average of the latter three metrics used to determine the severity of each impact. The product of likelihood and severity provided the impact score, which indicates the relevance of each impact for the Group. This score was then used to create a ranking and set a quantitative materiality threshold for impact.

For the evaluation of risks and opportunities, these were assessed based on:

- **likelihood**, probability of the risk/opportunity occurring;
- **magnitude**, the extent to which risks and opportunities affect the company's financials (Net sales, EBIT and Cash-flow) in the short, medium or long term.

To assess the likelihood of ESG risks and opportunities, four evaluation levels, from 1 to 4, were identified: remote (1), possible (2), probable (3), and highly probable (4). Regarding the magnitude, the risk control matrix already used by the Group for evaluating business risks was applied. This matrix refers to four levels corresponding to specific financial effects of risks and opportunities on Safilo's Net Sales and EBIT: low (1), medium (2), high (3), and critical (4). The product of these two metrics determined the risk/opportunity score, which was then used to create a ranking and establish a quantitative threshold **for financial materiality**.

To ensure a consistent evaluation of each impact, risk, and opportunity, the primary business lines were identified and organized into **5 working groups**, in addition to the sustainability working group, which oversaw the entire process. Each working group assessed the IROs (impacts, risks, and opportunities) based on their specific expertise. Where an impact, risk, or opportunity involved multiple working groups, the evaluations from all the relevant groups were collected and averaged.

In the process of evaluating the materiality of impacts, risks, and opportunities, **inherent impacts** and risks were considered, meaning their extent was assessed without accounting for any mitigation actions taken by the company. Additionally, the expected effects of impacts, risks, and opportunities were evaluated exclusively within the **nearest time horizon** in which they might occur.

The process of identifying, assessing, and monitoring impacts took into account both the impacts in which Safilo is directly involved through its **own operations** and those it is **indirectly involved** in. This was achieved through a preliminary analysis of business operations,

stakeholder engagement during a dedicated event, and the mapping of its value chain.

Specifically, after identifying its impacts through the mapping of its own operations and value chain, the Group focused on its dependencies on natural and social resources. This approach allowed for the identification of key sustainability-related risks and emerging opportunities, such as the adoption of green technologies or the increasing demand for sustainable products.

To prioritize sustainability-related risks over other types of risks, Safilo adopts an approach that links ESG risks into its overall risk management framework. This means that ESG risks are considered as a subset of the company's broader vision. Environmental, social, and governance risks are evaluated not only for their ethical or reputational impact but also for their direct financial effects, such as increased costs, operational disruptions, or regulatory penalties. To prioritize sustainability-related risks, Safilo first assesses which ESG risks could have the most significant impact on the company's finances in the short, medium, or long term, and which risks affect areas of particular concern for stakeholders, such as customers, investors, or regulatory authorities.

The Group is studying how to integrate the process to identify, assess, and manage ESG impacts, risks, and opportunities within Safilo's overall risk oversight and management processes.

Once the working groups' votes were collected and the scores for each impact, risk, and opportunity were determined, two rankings were created:

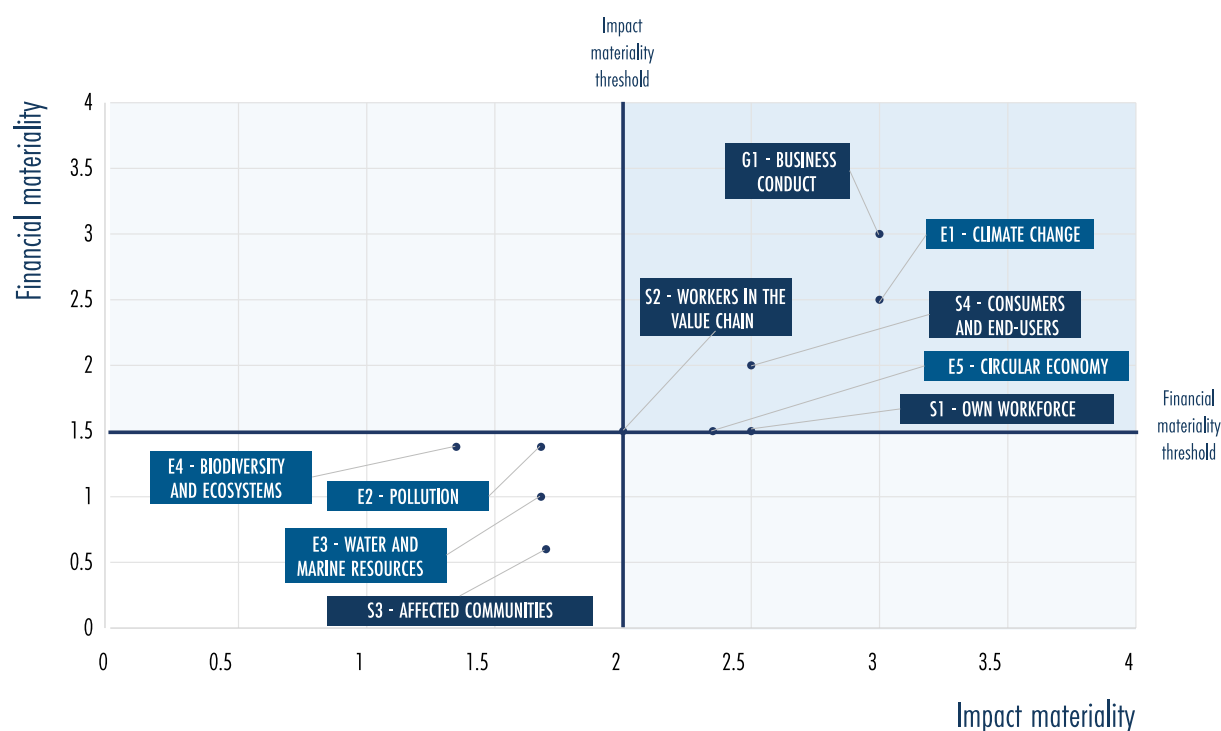
- one for impacts and
- one for risks and opportunities.

Subsequently, a threshold was established for impact materiality (2.0 on a scale from 1 to 4) and a threshold for financial materiality (1.5 on a scale from 1 to 4) in order to define the material IROs (Impacts, Risks, and Opportunities) to be disclosed in the sustainability statement. These thresholds were set based on a significant level of probability of occurrence and the severity of financial, environmental, or social consequences for the Group. Once the material IROs were defined, they were correlated with the ESRS (European Sustainability Reporting Standards) topics proposed in the Application Requirement 16 of Annex I of the CSRD directive. For each topic,

an impact materiality score and a financial materiality score were assigned. These scores were based on the highest score of the IROs correlated to each topic. Based on this process, the following topics were deemed material from both an impact materiality and financial materiality perspective:

- ESRS E1 – Climate change;
- ESRS E5 – Circular economy;
- ESRS S1 – Own workforce;
- ESRS S2 – Workers in the value chain;
- ESRS S4 – Consumers and end-users;
- ESRS G1 – Business conduct.

Below is a representation of the double materiality matrix, with impact materiality on the x-axis and financial materiality on the y-axis for each ESRS topic.



According to our double materiality assessment, the ESRS E2, E3, E4 and ESRS S3 have not been identified as material so their information will be not subject to disclose.

Considering Safilo's eyewear business, which shares similarities with but also has distinct characteristics from the Fashion industry, the Group has not identified any sites or activities that generate significant impacts in terms of amounts of pollutants, water consumption and biodiversity loss or dependencies related to it.

In addition, the process did not involve consultations with affected communities. Furthermore, with regard to biodiversity and ecosystems, it is noted that no physical nor transitional risks and opportunities have been identified, and systemic risks have not been considered.

INFORMATION STEMMING FROM OTHER LEGISLATION OR FROM GENERALLY ACCEPTED SUSTAINABILITY REPORTING STANDARDS AND FRAMEWORKS INCLUDED IN SUSTAINABILITY STATEMENT

The table below includes the data points that derive from other EU legislation as listed in ESRS 2 appendix B. Safilo has reported those related to material Disclosure Requirements, indicating where the data points can be found in the report and which data points are assessed as not applicable to Safilo.

Disclosure requirement	Data point	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Section
ESRS 2 GOV-1	21 (d)	x		x		1.A ECONOMIC & FINANCIAL PERFORMANCE, CORPORATE GOVERNANCE, RISK FACTORS & OTHER - The Board of Directors
ESRS 2 GOV-1	21 (e)			x		1.A ECONOMIC & FINANCIAL PERFORMANCE, CORPORATE GOVERNANCE, RISK FACTORS & OTHER - The Board of Directors
ESRS 2 GOV-4	30	x				1.B SUSTAINABILITY STATEMENT - General Disclosures - Statement on due diligence
ESRS 2 SBM-1	40 (d) i	x	x	x		Not applicable for Safilo
ESRS 2 SBM-1	40 (d) ii	x		x		Not applicable for Safilo
ESRS 2 SBM-1	40 (d) iii	x		x		Not applicable for Safilo
ESRS 2 SBM-1	40 (d) iv			x		Not applicable for Safilo
ESRS E1-1	14				x	1.B SUSTAINABILITY STATEMENT - Climate Change - Strategy and Targets on Climate Change - Transition Plan
ESRS E1-1	16 (g)		x	x		1.B SUSTAINABILITY STATEMENT - Climate Change - Strategy and Targets on Climate Change - Transition Plan
ESRS E1-4	34	x	x	x		1.B SUSTAINABILITY STATEMENT - Climate Change - Strategy and targets on climate change
ESRS E1-5	38	x				1.B SUSTAINABILITY STATEMENT - Climate Change - Energy Consumption mix
ESRS E1-5	37	x				1.B SUSTAINABILITY STATEMENT - Climate Change - Energy Consumption mix
ESRS E1-5	40-43	x				1.B SUSTAINABILITY STATEMENT - Climate Change - Energy Consumption mix
ESRS E1-6	44	x	x	x		1.B SUSTAINABILITY STATEMENT - Climate Change - Scope 1, 2, 3 and total GHG emissions
ESRS E1-6	53-55	x	x	x		1.B SUSTAINABILITY STATEMENT - Climate Change - Scope 1, 2, 3 and total GHG emissions

Disclosure requirement	Data point	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Section
ESRS E1-7	56				x	Not material for Safilo
ESRS E1-9	66			x		Phase-in
ESRS E1-9	66 (a); 66 (c)		x			Phase-in
ESRS E1-9	67 (c)		x			Phase-in
ESRS E1-9	69			x		Phase-in
ESRS E5-5	37 (d)	x				1.B SUSTAINABILITY STATEMENT - Resource Use and Circular Economy - Resources Outflow: Waste Management
ESRS E5-5	39	x				1.B SUSTAINABILITY STATEMENT - Resource Use and Circular Economy - Resources Outflow: Waste Management
ESRS 2- SBM3 - S1	14 (f)	x				1.B SUSTAINABILITY STATEMENT - S1 Safilo Workforce - Policies related to Safilo Workforce - Child and Forced Labor Prohibition
ESRS 2- SBM3 - S1	14 (g)	x				1.B SUSTAINABILITY STATEMENT - S1 Safilo Workforce - Policies related to Safilo Workforce - Child and Forced Labor Prohibition
ESRS S1-1	20	x				1.B SUSTAINABILITY STATEMENT - Safilo Workforce - Policies related to Safilo Workforce - Harassment; 1.B SUSTAINABILITY STATEMENT - Safilo Workforce - Policies related to Safilo Workforce - Child and Forced Labor Prohibition; 1.B SUSTAINABILITY STATEMENT - Business Conduct - BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE - Worldwide Business Conduct Manual
ESRS S1-1	21			x		1.B SUSTAINABILITY STATEMENT - Safilo Workforce - Policies related to Safilo Workforce - Harassment; 1.B SUSTAINABILITY STATEMENT - Safilo Workforce - Policies related to Safilo Workforce - Child and Forced Labor Prohibition; 1.B SUSTAINABILITY STATEMENT - Business Conduct - BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE - Worldwide Business Conduct Manual
ESRS S1-1	22	x				1.B SUSTAINABILITY STATEMENT - Safilo Workforce - Policies related to Safilo Workforce - Child and Forced Labor Prohibition;
ESRS S1-1	23	x				1.B SUSTAINABILITY STATEMENT - Safilo Workforce - Health and Safety
ESRS S1-3	32 (c)	x				1.B SUSTAINABILITY STATEMENT - Business conduct - Business conduct and Corporate Culture - Mechanism for raising concerns – Whistleblowing
ESRS S1-14	88 (b) and (c)	x		x		1.B SUSTAINABILITY STATEMENT - Safilo Workforce - Health and Safety
ESRS S1-14	88 (e)	x				1.B SUSTAINABILITY STATEMENT - Safilo Workforce - Health and Safety

Disclosure requirement	Data point	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Section
ESRS S1-16	97 (a)	x		x		Not material for Safilo
ESRS S1-16	97 (b)	x				Not material for Safilo
ESRS S1-17	103 (a)	x				1.B SUSTAINABILITY STATEMENT - Safilo Workforce - Policies related to Safilo Workforce - Harassment;
ESRS S1-17	104 (a)	x		x		1.B SUSTAINABILITY STATEMENT - Safilo Workforce - Policies related to Safilo Workforce - Child and forced labor prohibition
ESRS 2- SBM3 - S2	11 (b)	x				1.B SUSTAINABILITY STATEMENT - Workers in the value chain - Additional Notes on ESRS - S2
ESRS S2-1	17	x				1.B SUSTAINABILITY STATEMENT -Workers in the value chain - Policies and Actions - Policies related to value chain workers
ESRS S2-1	18	x				1.B SUSTAINABILITY STATEMENT -Workers in the value chain - Policies and Actions - Policies related to value chain workers
ESRS S2-1	19	x		x		1.B SUSTAINABILITY STATEMENT -Workers in the value chain - Policies and Actions - Policies related to value chain workers
ESRS S2-1	19			x		1.B SUSTAINABILITY STATEMENT -Workers in the value chain - Policies and Actions - Policies related to value chain workers
ESRS S2-4	36	x				1.B SUSTAINABILITY STATEMENT -Workers in the value chain - Policies and Actions - Policies related to value chain workers
ESRS S4-1	16	x				1.B SUSTAINABILITY STATEMENT - Consumer and End Users -Additional Notes on ESRS - S4
ESRS S4-1	17	x		x		1.B SUSTAINABILITY STATEMENT - Consumer and End Users -Additional Notes on ESRS - S4
ESRS S4-4	35	x				1.B SUSTAINABILITY STATEMENT - Consumer and End Users -Additional Notes on ESRS - S4
ESRS G1-1	10 (b)	x				1.B SUSTAINABILITY STATEMENT - Business Conduct - Prevention and detection of corruption or bribery and incidents of corruption or bribery
ESRS G1-1	10 (d)	x				1.B SUSTAINABILITY STATEMENT - Business Conduct - Prevention and detection of corruption or bribery and incidents of corruption or bribery
ESRS G1-4	24 (a)	x		x		1.B SUSTAINABILITY STATEMENT - Business Conduct - Prevention and detection of corruption or bribery and incidents of corruption or bribery
ESRS G1-4	24 (b)	x				1.B SUSTAINABILITY STATEMENT - Prevention and detection of corruption or bribery and incidents of corruption or bribery

DISCLOSURE REQUIREMENTS IN ESRS COVERED BY THE SUSTAINABILITY STATEMENT

ESRS		DISCLOSURE REQUIREMENTS	PARAGRAPH/S
GENERAL DISCLOSURES			
ESRS2	BP - 1	GENERAL BASIS FOR PREPARATION OF SUSTAINABILITY STATEMENTS	1.B SUSTAINABILITY STATEMENT - ESRS 2 – GENERAL DISCLOSURES - GENERAL BASIS FOR PREPARATION OF THE SUSTAINABILITY STATEMENT 1.B SUSTAINABILITY STATEMENT - ESRS 2 – GENERAL DISCLOSURES - ADDITIONAL NOTES ON ESRS 2
ESRS2	BP - 2	DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES	1.B SUSTAINABILITY STATEMENT - ESRS 2 – GENERAL DISCLOSURES - GENERAL BASIS FOR PREPARATION OF THE SUSTAINABILITY STATEMENT 1.B SUSTAINABILITY STATEMENT - ESRS 2 – GENERAL DISCLOSURES - ADDITIONAL NOTES ON ESRS 2
ESRS2	GOV - 1	ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES	1.A ECONOMIC & FINANCIAL PERFORMANCE, CORPORATE GOVERNANCE, RISK FACTORS & OTHER - CORPORATE GOVERNANCE - Board of Directors roles and responsibility 1.A ECONOMIC & FINANCIAL PERFORMANCE, CORPORATE GOVERNANCE, RISK FACTORS & OTHER - CORPORATE GOVERNANCE - Corporate committees
ESRS2	GOV - 2	INFORMATION PROVIDED AND SUSTAINABILITY MATTERS ADDRESSED BY THE UNDERTAKING'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES	1.A ECONOMIC & FINANCIAL PERFORMANCE, CORPORATE GOVERNANCE, RISK FACTORS & OTHER - CORPORATE GOVERNANCE - Board of Directors roles and responsibility
ESRS2	GOV - 3	INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVES SCHEMES	1.B SUSTAINABILITY STATEMENT - ESRS 2 – GENERAL DISCLOSURES - Integration of sustainability-related performance in incentive schemes
ESRS2	GOV - 4	STATEMENT ON DUE DILIGENCE	1.B SUSTAINABILITY STATEMENT - ESRS 2 – GENERAL DISCLOSURES - STATEMENT ON DUE DILIGENCE
ESRS2	GOV - 5	RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING	1.B SUSTAINABILITY STATEMENT - ESRS 2 – GENERAL DISCLOSURES - Risk management and internal controls over sustainability reporting
ESRS2	SBM - 1	STRATEGY, BUSINESS MODEL AND VALUE CHAIN	1.A ECONOMIC & FINANCIAL PERFORMANCE, CORPORATE GOVERNANCE, RISK FACTORS & OTHER - Safilo in a nutshell 1.A ECONOMIC & FINANCIAL PERFORMANCE, CORPORATE GOVERNANCE, RISK FACTORS & OTHER- The eyewear industry 1. B SUSTAINABILITY STATEMENT - ESRS 2 – GENERAL DISCLOSURES - OUR 4 PS APPROACH - PEOPLE, PRODUCT, PLANET, PARTNERSHIP 1.B SUSTAINABILITY STATEMENT - ESRS S1 – OWN WORKFORCE - Safilo PEOPLE
ESRS2	SBM - 2	INTEREST AND VIEWS OF STAKEHOLDERS	1.B SUSTAINABILITY STATEMENT - ESRS 2 – GENERAL DISCLOSURES - Safilo'S STAKEHOLDERS AND ENGAGEMENT
ESRS2	SBM - 3	MATERIAL IMPACTS, RISKS, OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL	1.B SUSTAINABILITY STATEMENT - ESRS 2 – GENERAL DISCLOSURES - Material impacts, risks and opportunities and their interaction with strategy and business model

ESRS		DISCLOSURE REQUIREMENTS	PARAGRAPH/S
ESRS2	IRO - 1	DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISK AND OPPORTUNITIES	1.B SUSTAINABILITY STATEMENT - ESRS 2 – GENERAL DISCLOSURES - DESCRIPTION OF PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES
ESRS2	IRO - 2	DISCLOSURE REQUIREMENTS IN ESRS COVERED BY THE UNDERTAKING'S SUSTAINABILITY STATEMENT	1.B SUSTAINABILITY STATEMENT - ESRS 2 – GENERAL DISCLOSURES - Disclosure requirements in ESRS covered by sustainability statements
ENVIRONMENTAL INFORMATION			
CLIMATE CHANGE			
E1	GOV - 3	INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES	1.B SUSTAINABILITY STATEMENT - ESRS 2 – GENERAL DISCLOSURES - Integration of sustainability-related performance in incentive schemes
E1	E1 - 1	TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION	1.B SUSTAINABILITY STATEMENT - ESRS E1 – CLIMATE CHANGE - STRATEGY AND TARGETS ON CLIMATE CHANGE - Transition Plan
E1	SBM - 3	MATERIAL IMPACTS, RISKS, OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL	1.B SUSTAINABILITY STATEMENT - ESRS E1 – CLIMATE CHANGE - CLIMATE RISK ANALYSIS (PHYSICAL AND TRANSITION)
E1	IRO - 1	DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISK AND OPPORTUNITIES	1.B SUSTAINABILITY STATEMENT - ESRS 2 – GENERAL DISCLOSURES - DESCRIPTION OF PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES 1.B SUSTAINABILITY STATEMENT - ESRS E1 – CLIMATE CHANGE - CLIMATE RISK ANALYSIS (PHYSICAL AND TRANSITION)
E1	E1 - 2	POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION	1.B SUSTAINABILITY STATEMENT - ESRS E1 – CLIMATE CHANGE - Safilo ENVIRONMENTAL POLICY AND ACTIONS - Policies related to climate change mitigation and adaptation
E1	E1 - 3	ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES	1.B SUSTAINABILITY STATEMENT - ESRS E1 – CLIMATE CHANGE - Safilo ENVIRONMENTAL POLICY AND ACTIONS - Actions and resources in relation to climate change policies
E1	E1 - 4	TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION	1.B SUSTAINABILITY STATEMENT - ESRS E1 – CLIMATE CHANGE - STRATEGY AND TARGETS ON CLIMATE CHANGE
E1	E1 - 5	ENERGY CONSUMPTION AND MIX	1.B SUSTAINABILITY STATEMENT - ESRS E1 – CLIMATE CHANGE - ENERGY CONSUMPTION MIX
E1	E1 - 6	GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS	1.B SUSTAINABILITY STATEMENT - ESRS E1 – CLIMATE CHANGE - SCOPE 1, 2, 3 AND TOTAL GHG EMISSIONS
RESOURCE USE AND CIRCULAR ECONOMY			
E5	IRO - 1	DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISK AND OPPORTUNITIES	1.B SUSTAINABILITY STATEMENT - ESRS 2 – GENERAL DISCLOSURES - DESCRIPTION OF PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES 1.B SUSTAINABILITY STATEMENT - E5 RESOURCE USE AND CIRCULAR ECONOMY - RESOURCES OUTFLOWS: WASTE MANAGEMENT
E5	E5 - 1	POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY	1.B SUSTAINABILITY STATEMENT - E5 RESOURCE USE AND CIRCULAR ECONOMY - POLICIES AND ACTIONS - Policies related to resource use and circular economy

ESRS		DISCLOSURE REQUIREMENTS	PARAGRAPH/S
E5	E5 - 2	ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY	1.B SUSTAINABILITY STATEMENT - E5 RESOURCE USE AND CIRCULAR ECONOMY - STRATEGY AND TARGETS ON PRODUCTS 1.B SUSTAINABILITY STATEMENT - E5 RESOURCE USE AND CIRCULAR ECONOMY - POLICIES AND ACTIONS - Policies related to resource use and circular economy
E5	E5 - 3	TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY	1.B SUSTAINABILITY STATEMENT - E5 RESOURCE USE AND CIRCULAR ECONOMY - STRATEGY AND TARGETS ON PRODUCTS 1.B SUSTAINABILITY STATEMENT - E5 RESOURCE USE AND CIRCULAR ECONOMY - RESOURCES OUTFLOWS: WASTE MANAGEMENT
E5	E5 - 4	RESOURCE INFLOWS	1.B SUSTAINABILITY STATEMENT - E5 RESOURCE USE AND CIRCULAR ECONOMY - RESOURCES INFLOWS: SUSTAINABLE MATERIALS 1.B SUSTAINABILITY STATEMENT - E5 RESOURCE USE AND CIRCULAR ECONOMY - ADDITIONAL NOTES ON ESRS – E5
E5	E5 - 5	RESOURCE OUTFLOWS	1.B SUSTAINABILITY STATEMENT - E5 RESOURCE USE AND CIRCULAR ECONOMY - STRATEGY AND TARGETS ON PRODUCTS 1.B SUSTAINABILITY STATEMENT - E5 RESOURCE USE AND CIRCULAR ECONOMY - RESOURCES OUTFLOWS: WASTE MANAGEMENT
SOCIAL INFORMATION			
OWN WORKFORCE			
S1	SBM - 2	INTEREST AND VIEWS OF STAKEHOLDERS	1.B SUSTAINABILITY STATEMENT - ESRS 2 – GENERAL DISCLOSURES - Safilo'S STAKEHOLDERS AND ENGAGEMENT
S1	SBM - 3	MATERIAL IMPACTS, RISKS, OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL	1.B SUSTAINABILITY STATEMENT - ESRS S1 – OWN WORKFORCE -HEALTH AND SAFETY 1.B SUSTAINABILITY STATEMENT - ESRS S1 – OWN WORKFORCE -ADDITIONAL NOTES ON ESRS – S1
S1	S1 - 1	POLICIES RELATED TO OWN WORKFORCE	1.B SUSTAINABILITY STATEMENT - ESRS S1 – OWN WORKFORCE -POLICIES RELATED TO Safilo WORKFORCE - Harassment 1.B SUSTAINABILITY STATEMENT - ESRS S1 – OWN WORKFORCE -POLICIES RELATED TO Safilo WORKFORCE - Child and forced labor prohibition 1.B SUSTAINABILITY STATEMENT - ESRS G1 - BUSINESS CONDUCT - BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE - Worldwide Business Conduct Manual
S1	S1 - 2	PROCESSES FOR ENGAGING WITH OWN WORKFORCE AND WORKERS' REPRESENTITIVES ABOUT IMPACTS	1.B SUSTAINABILITY STATEMENT - ESRS S1 – OWN WORKFORCE - EMPLOYEE ENGAGEMENT SURVEY: "Safilo THROUGH OUR EYES"
S1	S1 - 3	PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKFORCE TO RAISE CONCERNS	1.B SUSTAINABILITY STATEMENT - ESRS S1 – OWN WORKFORCE -HEALTH AND SAFETY
S1	S1 - 4	TAKING ACTION ON MATERIAL IMPACTS ON OWN WORKFORCE AND APPROACHES TO MANAGING AND PURSUING OPPORTUNITIES RELATED TO OWN WORKFORCE, AND AFFECTIVENESS OF THOSE ACTIONS	1.B SUSTAINABILITY STATEMENT - ESRS S1 – OWN WORKFORCE -HEALTH AND SAFETY 1.B SUSTAINABILITY STATEMENT - ESRS S1 – OWN WORKFORCE -EMPLOYEE ENGAGEMENT SURVEY: "Safilo THROUGH OUR EYES"

ESRS		DISCLOSURE REQUIREMENTS	PARAGRAPH/S
S1	S1 - 5	TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS AND MANAGING MATERIAL RISKS AND OPPORTUNITIES	1.B SUSTAINABILITY STATEMENT - ESRS S1 – OWN WORKFORCE - ADDITIONAL NOTES ON ESRS – S1
S1	S1 - 6	CHARACTERISTICS OF THE UNDERTAKING'S EMPLOYEES	1.B SUSTAINABILITY STATEMENT -ESRS S1 – OWN WORKFORCE - Safilo PEOPLE
S1	S1 - 7	CHARACTERISTICS OF NON-EMPLOYEES IN THE UNDERTAKINGS OWN WORKFORCE	1.B SUSTAINABILITY STATEMENT - ESRS S1 – OWN WORKFORCE -NON-EMPLOYEES
S1	S1 - 8	COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE	1.B SUSTAINABILITY STATEMENT - ESRS S1 – OWN WORKFORCE - COLLECTIVE BARGAININGS
S1	S1 - 9	DIVERSITY METRICS	1.B SUSTAINABILITY STATEMENT - ESRS S1 – OWN WORKFORCE -POLICIES RELATED TO Safilo WORKFORCE - Diversity and equal opportunities
S1	S1 - 13	TRAINING AND SKILLS DEVELOPMENT METRICS	1.B SUSTAINABILITY STATEMENT -ESRS S1 – OWN WORKFORCE - LEARNING AND TRAINING
S1	S1 - 14	HEALTH AND SAFETY METRICS	1.B SUSTAINABILITY STATEMENT - ESRS S1 – OWN WORKFORCE - HEALTH AND SAFETY 1.B SUSTAINABILITY STATEMENT - ESRS S1 – OWN WORKFORCE -ADDITIONAL NOTES ON ESRS – S1
S1	S1 - 17	INCIDENTS, COMPLIANTS AND SEVERE HUMAN RIGHTS IMPACT	1.B SUSTAINABILITY STATEMENT - ESRS S1 – OWN WORKFORCE -POLICIES RELATED TO Safilo WORKFORCE - Harassment 1.B SUSTAINABILITY STATEMENT - ESRS S1 – OWN WORKFORCE -POLICIES RELATED TO Safilo WORKFORCE - Child and forced labor prohibition

WORKERS IN THE VALUE CHAIN

S2	SBM - 2	INTEREST AND VIEWS OF STAKEHOLDERS	1.B SUSTAINABILITY STATEMENT - ESRS 2 – GENERAL DISCLOSURES - Safilo'S STAKEHOLDERS AND ENGAGEMENT 1.B SUSTAINABILITY STATEMENT - ESRS S2 – WORKERS IN THE VALUE CHAIN - SUPPLIER ENGAGEMENT PROCESS
S2	SBM - 3	MATERIAL IMPACTS, RISKS, OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL	1.B SUSTAINABILITY STATEMENT - ESRS S2 – WORKERS IN THE VALUE CHAIN - WORKERS IN THE VALUE CHAIN - Safilo suppliers 1.B SUSTAINABILITY STATEMENT - ESRS S2 – WORKERS IN THE VALUE CHAIN - ADDITIONAL NOTES ON ESRS – S2
S2	S2 - 1	POLICIES RELATED TO VALUE CHAIN WORKERS	1.B SUSTAINABILITY STATEMENT - ESRS S2 – WORKERS IN THE VALUE CHAIN - SUPPLIER ENGAGEMENT PROCESS 1.B SUSTAINABILITY STATEMENT - ESRS S2 – WORKERS IN THE VALUE CHAIN - POLICIES AND ACTIONS - Policies related to value chain workers
S2	S2 - 2	PROCESSES FOR ENGAGING WITH VALUE CHAIN WORKERS ABOUT IMPACTS	1.B SUSTAINABILITY STATEMENT - SUPPLIER ENGAGEMENT PROCESS
S2	S2 - 3	PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR VALUE CHAIN WORKERS TO RAISE CONCERNS	1.B SUSTAINABILITY STATEMENT - POLICIES AND ACTIONS - Policies related to value chain workers 1.B SUSTAINABILITY STATEMENT - BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE Mechanism for raising concerns – Whistleblowing

ESRS		DISCLOSURE REQUIREMENTS	PARAGRAPH/S
S2	S2 - 4	TAKING ACTION ON MATERIAL IMPACTS ON VALUE CHAIN WORKERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO VALUE CHAIN WORKERS, AND EFFECTIVENESS OF THOSE ACTIONS	1.B SUSTAINABILITY STATEMENT - ESRS S2 – WORKERS IN THE VALUE CHAIN - POLICIES AND ACTIONS - Policies related to value chain workers 1.B SUSTAINABILITY STATEMENT - ESRS S2 – WORKERS IN THE VALUE CHAIN - ADDITIONAL NOTES ON ESRS – S2
S2	S2 - 5	TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES	1.B SUSTAINABILITY STATEMENT - ESRS S2 – WORKERS IN THE VALUE CHAIN - POLICIES AND ACTIONS - Policies related to value chain workers
CONSUMERS AND END-USERS			
S4	SBM - 2	INTEREST AND VIEWS OF STAKEHOLDERS	1.B SUSTAINABILITY STATEMENT - ESRS 2 – GENERAL DISCLOSURES - Safilo'S STAKEHOLDERS AND ENGAGEMENT 1.B SUSTAINABILITY STATEMENT - ESRS S4 - CONSUMERS AND END-USERS - PROCESS FOR ENGAGING WITH CONSUMERS AND END-USERS
S4	SBM - 3	MATERIAL IMPACTS, RISKS, OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL	1.B SUSTAINABILITY STATEMENT - ESRS S4 - CONSUMERS AND END-USERS - CONSUMERS AND END-USERS 1.B SUSTAINABILITY STATEMENT - ESRS S4 - CONSUMERS AND END-USERS - POLICIES AND ACTIONS - Impacts on consumer 1.B SUSTAINABILITY STATEMENT - ESRS S4 - CONSUMERS AND END-USERS - ADDITIONAL NOTES ON ESRS – S4
S4	S4 - 1	POLICIES RELATED TO CONSUMERS AND END-USERS	1.B SUSTAINABILITY STATEMENT - ESRS S4 - CONSUMERS AND END-USERS - POLICIES AND ACTIONS - Policies related to customer consumers and end-users 1.B SUSTAINABILITY STATEMENT - ESRS S4 - CONSUMERS AND END-USERS - ADDITIONAL NOTES ON ESRS – S4
S4	S4 - 2	PROCESSES FOR ENGAGING WITH CONSUMERS AND END-USERS ABOUT IMPACTS	1.B SUSTAINABILITY STATEMENT - ESRS S4 - CONSUMERS AND END-USERS - PROCESS FOR ENGAGING WITH CONSUMERS AND END-USERS
S4	S4 - 3	PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR CONSUMERS AND END-USERS TO RAISE CONCERNS	1.B SUSTAINABILITY STATEMENT - ESRS S4 - CONSUMERS AND END-USERS - Safilo CUSTOMER CARE 1.B SUSTAINABILITY STATEMENT - ESRS S4 - CONSUMERS AND END-USERS - ADDITIONAL NOTES ON ESRS – S4 1.B SUSTAINABILITY STATEMENT - ESRS G1 - BUSINESS CONDUCT - BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE - Mechanism for raising concerns – Whistleblowing
S4	S4 - 4	TAKING ACTION ON MATERIAL IMPACTS ON CONSUMERS AND END- USERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO CONSUMERS AND END-USERS, AND EFFECTIVENESS OF THOSE ACTIONS	1.B SUSTAINABILITY STATEMENT - ESRS S4 - CONSUMERS AND END-USERS - POLICIES AND ACTIONS 1.B SUSTAINABILITY STATEMENT - ESRS S4 - CONSUMERS AND END-USERS - SOCIAL INITIATIVES 1.B SUSTAINABILITY STATEMENT - ESRS S4 - CONSUMERS AND END-USERS - Safilo CUSTOMER CARE 1.B SUSTAINABILITY STATEMENT - ESRS S4 - CONSUMERS AND END-USERS - ADDITIONAL NOTES ON ESRS – S4
S4	S4 - 5	TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES	1.B SUSTAINABILITY STATEMENT - ESRS S4 - CONSUMERS AND END-USERS - ADDITIONAL NOTES ON ESRS – S4

ESRS	DISCLOSURE REQUIREMENTS		PARAGRAPH/S
GOVERNANCE INFORMATION			
BUSINESS CONDUCT			
G1	GOV - 1	ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES	1.A ECONOMIC & FINANCIAL PERFORMANCE, CORPORATE GOVERNANCE, RISK FACTORS & OTHER - ESRS 2 – GENERAL DISCLOSURES - CORPORATE GOVERNANCE
G1	IRO - 1	DESCRIPTION OF THE PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISK AND OPPORTUNITIES	1.B SUSTAINABILITY STATEMENT - ESRS 2 – GENERAL DISCLOSURES - DESCRIPTION OF PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISK AND OPPORTUNITIES
G1	G1 - 1	BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE	1.A ECONOMIC & FINANCIAL PERFORMANCE, CORPORATE GOVERNANCE, RISK FACTORS & OTHER - ESRS 2 – GENERAL DISCLOSURES - BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE
G1	G1 - 2	MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS	1.B SUSTAINABILITY STATEMENT - ESRS S2 - WORKERS IN THE VALUE CHAIN - WORKERS IN THE VALUE CHAIN
G1	G1 - 3	PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY	1.B SUSTAINABILITY STATEMENT - ESRS G1 - BUSINESS CONDUCT - PREVENTION AND DETECTION OF CORRUPTION OR BRIBERY AND INCIDENTS OF CORRUPTION OR BRIBERY
G1	G1 - 4	INCIDENTS OF CORRUPTION OR BRIBERY	1.B SUSTAINABILITY STATEMENT - ESRS G1 - BUSINESS CONDUCT - PREVENTION AND DETECTION OF CORRUPTION OR BRIBERY AND INCIDENTS OF CORRUPTION OR BRIBERY
G1	G1 - 6	PAYMENT PRACTICES	1.B SUSTAINABILITY STATEMENT - ESRS S2 - WORKERS IN THE VALUE CHAIN - PAYMENT PRACTICES

ADDITIONAL NOTES ON ESRS 2

It should be noted that:

- There was no need to omit portions of mandatory disclosures arising from IP, know-how, or innovations;
- Safilo has not used the exemption from disclosure of impending developments or matters in the course of negotiation;
- At present, the Group has not conducted a specific and dedicated analysis on the resilience of its strategy and business model in relation to its ability to deal with relevant impacts and risks, as well as to seize emerging opportunities.
- About Scope 3 the Group has calculated the emissions following the same assumptions:
 - Cat.1: average data method.
 - The Group has considered the main material and average weight of the product. After that assumption at each material is associated an emission factor extracted from database GaBi. For the product where was not possible to estimate the unitary weight or the main material the Group has used the spend based methodology.
 - The Group has estimated the emission generated by the production process to manufacture eyewear, googles, helmets and lenses as well. The estimation is based on the pieces produced in the Group plants and their consumption energy mix.
 - Cat. 4 primary data by main carries and where the data is not available the Group has used an estimation based on the distance between the origin location and the destination of the shipment
- About E5 KPIs the Group has calculated:
 - the recyclability content of the packaging based on the average packaging configuration³ of a standard Safilo product for eyewear, helmet and googles
 - the resources inflow weight has been estimated considering the main material and average weight of the product. The recycled and biogenic content of the inflow resources has been calculated based on the certified recycle or biogenic content of each main material identified.
- The eyewear industry in which the Group operates is highly competitive and extremely fragmented in different markets. The competition arise from the major international eyewear player but also from numerous national, regional, or local companies.
- The Group in the double materiality assessment followed only the European Sustainability Reporting Standard.

³ The recyclability content of the packaging is based on the standard packaging configuration of a standard Safilo product for eyewear, helmet and googles. The standard packaging configuration has been defined taking into account the most used packaging components for each product and considering the specific materials those components are made of and their weight. The final rate takes into account the production volume of each product configuration.

The main materials considered when referring to standard packaging configurations, are paper, cardbox and polymers, such as LDPE, PE and PU foam.



01

SUSTAINABILITY STATEMENT

Environmental information

- 130** Disclosures pursuant to article 8 of regulation 2020/852 (taxonomy regulation)
- 140** **Climate Change [ESRS E1]**
 - 140** Strategy and targets on climate change
 - 143** Safilo's environmental policy and actions
 - 145** Energy consumption mix
 - 148** Scope 1, 2, 3 and total GHG emissions
 - 150** Climate risk analysis (physical and transition)
 - 152** Additional notes on ESRS - E1
- 154** **Resources use and circular economy [ESRS E5]**
 - 154** Safilo creation process: a product minded process
 - 155** Strategy and targets on products
 - 156** Resources inflows: sustainable materials
 - 157** Policies and actions
 - 158** Resources outflows: waste management
 - 160** Additional notes on ESRS – E5

DISCLOSURES PURSUANT TO ARTICLE 8 OF REGULATION 2020/852 (TAXONOMY REGULATION)

On the basis of Article 8 of EU Regulation 2020/852, non-financial companies are required to communicate several KPIs in the Consolidated Non-Financial Information Statement: from the share of turnover from products or services associated with economic activities considered environmentally sustainable, to the share of capital expenditure (Capex) and operating expenses (Opex) relating to assets or processes associated with economic activities considered environmentally sustainable.

During 2023, the regulatory framework for the Taxonomy evolved with the publication of the amendment to the Delegated Climate Regulation (EU Regulation 2023/2485) and the Delegated Environment Regulation (EU Regulation 2023/2486), which, together with the previously published Delegated Climate Regulation (EU Delegated Regulation 2021/2139), define the activities that have the potential to contribute to the achievement of the six targets, setting the technical screening criteria for all targets. The EU Taxonomy aims to identify whether the Company has activities that can be classified as environmentally sustainable according to the follow six environmental objectives:

1. Climate change mitigation,
2. Climate change adaptation,
3. Sustainable use and protection of marine resources,
4. Transition to a circular economy,
5. Pollution, prevent and control,
6. Protection and restoration of biodiversity and ecosystem.

Furthermore, to be considered sustainable, an economic activity has to go through the following five step process: 1) Identification of eligibility as defined in the Delegation Acts, 2) Contribution to at least one of the environmental objectives, 3) do no significant harm to any of the environmental objectives, 4) must be carried out in compliance with the minimum social safeguards, 5) and must comply with the technical criteria provided.

In order to prepare the required information, the Group has considered the applicable legislation as specified above, in addition to the clarifications issued by the European Commission in the form of Q&A adopting an overall prudent approach.

Safilo Group, in order to comply with this request, carried out a screening of its economic activities in order to recognize if and which were eligible and aligned to Article 8 of the Taxonomy, based on the descriptions reported in the Annexes to the Delegated Regulation 2021/2139 and 2023/2486, and with reference to the six Taxonomy's objectives. Within the scope of turnover, CapEx and OpEx and in relation to the identified Safilo's NACE economic activity 32.50 - Manufacture of medical instruments and supplies it has been obtained the following results:

- For Turnover no revenue was recognized as coming from environmentally sustainable activities therefore the entirety of the turnover is to be considered as "not eligible".
- For Capital Expenditure (CapEx), several activities were recognized as eligible¹, contributing to the first environmental and climate goal namely Climate change mitigation:
 - In 2024, the installation of photovoltaic panels at the Padua HQ (CCM 7.6);
 - In 2024, the idronic revamping of first floor offices in the Padua headquarter building, installation of more efficient heating machinery, maintenance of post combustor with replacement of internal part with Oneycomb (CCM 7.3).²

¹ by referring to the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2) of Regulation (EU) 2020/852; Article 10 (3): climate change mitigation; Article 11 (3): climate change adaptation; Article 12 (2): sustainable use and protection of water and marine resources; Article 13 (2): transition to a circular economy; Article 14 (2): pollution prevention and control; Article 15 (2): protection and restoration of biodiversity and ecosystems.

² Although the economic activities 7.3 - Installation, maintenance, and repair of energy efficiency devices, and 7.6 - Installation, maintenance, and repair of renewable energy technologies substantially contribute to the first two objectives defined by the Taxonomy: i) climate change mitigation and ii) climate change adaptation, for the capital expenditures identified by Safilo, only the objective of climate change mitigation is pursued.

- For Operating Expenses (OpEx), the Group did not track down any material value correlated with sustainable economic activity identified as eligible.

The Group has identified activities eligible under the taxonomy that are not relevant to its business. Due to a lack of information, the Group was unable to assess compliance with the technical screening criteria for the eligible activities, and therefore, these activities are considered not aligned with the taxonomy without further evaluation.

As required by Article 8 of Delegated Regulation 2020/852, the calculation methodologies and indicator values provided by the Taxonomy are given below.

For the calculation of the turnover indicator, the denominator is the consolidated net turnover while, as explained above, as of the date of publication of this Document, no sustainable economic activity has been identified and therefore no share of turnover obtained from the sale of sustainable products or services. Therefore, the numerator will be zero.

Financial year 2024	Year			Substantial contribution criteria				
	Code (a) (2)	Turnover (3)	Proportion of Turnover, year 2024 (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular Economy (9)
Text		MLN €	%	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)	Y; N; N/EL; (b)(c)
A. TAXONOMY-ELIGIBLE ACTIVITIES								
A.1 Environmental sustainable activities (Taxonomy-aligned)								
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%	N/EL	N/EL	N/EL	N/EL	N/EL
Of which enabling		-	0%	N/EL	N/EL	N/EL	N/EL	N/EL
Of which transitional		-	0%					
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)								
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	0%	%	%	%	%	%
A. Turnover of Taxonomy eligible activities (A.1+A.2)		-	0%	%	%	%	%	%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES								
Turnover of Taxonomy-non-eligible activities		993.21	100%					
TOTAL		993.21	100%					

E=Eligible; N/EL=Not Eligible

Biodiversity (10)	DNSH criteria (Does Not Significantly Harm)(h)							Minimum safe-guards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, 2023 (18)	Category (enabling activity or) (19)	"Category (transitional activity)" (20)"
	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosystems (16)					
Y; N; N/EL; (b) (c)	Y/N	Y/N	YN/	Y/N	Y/N	Y/N	Y/N	%	E	T	
N/EL	N	N	N	N	N	N	N	0%			
N/EL	N	N	N	N	N	N	N	0%	E		
	N	N	N	N	N	N	N	0%		T	
EL; N/EL (f)											
%								0%			
%								0%			

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM - Climate Change Mitigation	0%	0%
CCA - Climate Change Adaptation	0%	0%
WTR - Water and Marine Resources	0%	0%
CE - Circular Economy	0%	0%
PPC - Pollution Prevention and Control	0%	0%
BIO - Biodiversity and ecosystems	0%	0%

Calculation methodology and CapEx value

For the calculation of the Capital Expenditure indicator, the denominator was constructed by considering the additions to tangible and intangible and right of use assets that occurred during the year, before depreciation and any revaluations, including those resulting from restatements and reductions in value, for the year in question, and excluding changes in fair value. The denominator includes, in particular, any acquisitions of tangible fixed assets (IAS 16), intangible fixed assets (IAS

38) and right of use assets (IFRS 16). With regard to the numerator³, increases related to these investments contribute to the first objective of the Taxonomy i) climate change mitigation.

³ Double counting was avoided by individually examining each of the items categorized as eligible and filling in reporting templates in line with the provisions of the Regulation

Financial year 2024	Year		Substantial contribution criteria					
Economic activities (1)	Code (a) (2)	CapEx (3)	Proportion of CapEx, year 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)
Text		MLN €	%	Y; N; N/EL; (b) (c)	Y; N; N/EL; (b) (c)	Y; N; N/EL; (b) (c)	Y; N; N/EL; (b) (c)	Y; N; N/EL; (b)(c)
A. TAXONOMY-ELIGIBLE ACTIVITIES								
A.1 Environmental sustainable activities (Taxonomy-aligned)								
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0,00	0.00%	N	N	N	N	N
Of which enabling		0,00	0.00%	%	%	%	%	%
Of which transitional			0.00%					
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)								
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)
Installation, maintenance and repair of energy efficiency equipment	7.3 CCM/CCA	0,62	0.99%	EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4 CCM/CCA	0,00	0.00%	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of renewable energy technologies	7.6 CCM/CCA	0,24	0.38%	EL	N/EL	N/EL	N/EL	N/EL
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0,85	1.37%	%	%	%	%	%
A. CapEx of Taxonomy eligible activities (A.1+A.2)		0,85	1.37%	1.37%	%	%	%	%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES								
CapEx of Taxonomy-non-eligible activities		61,43	99%					
TOTAL		62,28	100%					

E=Eligible; N/EL=Not Eligible

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM - Climate Change Mitigation	0%	1.37%
CCA - Climate Change Adaptation	0%	1.37%
WTR - Water and Marine Resources	0%	0%
CE - Circular Economy	0%	0%
PPC - Pollution Prevention and Control	0%	0%
BIO - Biodiversity and ecosystems	0%	0%

Biodiversity (10)	DNSH criteria (Does Not Significantly Harm)(h)						Minimum safe-guards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx. year 2023 (18)	"Category (transitional activity) (20)"	Category (enabling activity or) (19)
	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Y; N; N/EL; (b)(c)	Y/N	Y/N	YN/	Y/N	Y/N	Y/N	Y/N	%	E	T
N	N	N	N	N	N	N	N	0.00%		
%	Y	Y	Y	Y	Y	Y	Y	%	E	
	Y	Y	Y	Y	Y	Y	Y	%		T
EL; N/EL (f)										
N/EL								0%		
N/EL								0.43%		
N/EL								0.10%		
%								0.53%		
%								0.53%		

Calculation methodology and OpEx value

For the calculation related to Operating Expenses, the denominator incorporates overhead non-capitalized expenses except payroll and social contributions, agent commissions and royalties of licensing agreements. As indicated above, no operating expenses could be recognized as eligible therefore this indicator is nil.

Financial year 2024	Year		Substantial contribution criteria					
Economic activities (1)	Code (a) (2)	OpEx (3)	Proportion of OpEx, year 2024 (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular Economy (9)
Text		MLN €	%	Y; N; N/EL; (b) (c)	Y; N; N/EL; (b) (c)	Y; N; N/EL; (b) (c)	Y; N; N/EL; (b) (c)	Y; N; N/EL; (b)(c)
A. TAXONOMY-ELIGIBLE ACTIVITIES								
A.1 Environmental sustainable activities (Taxonomy-aligned)								
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%	%	%	%	%	%
Of which enabling		-	0%	%	%	%	%	%
Of which transitional		-	0%					
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)								
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	0%	%	%	%	%	%
A. OpEx of Taxonomy eligible activities (A.1+A.2)		-	0%	%	%	%	%	%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES								
OpEx of Taxonomy-non-eligible activities		241,69	%					
TOTAL		241,69	100%					

E=Eligible; N/EL=Not Eligible

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM - Climate Change Mitigation	0%	0%
CCA - Climate Change Adaptation	0%	0%
WTR - Water and Marine Resources	0%	0%
CE - Circular Economy	0%	0%
PPC - Pollution Prevention and Control	0%	0%
BIO - Biodiversity and ecosystems	0%	0%

Biodiversity (10)	DNSH criteria (Does Not Significantly Harm)(h)						Minimum safe-guards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2023 (18)	Category (enabling activity or) (19)	"Category (transitional activity) (20)"
	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Y; N; N/EL; (b) (c)	Y/N	Y/N	Y/N/	Y/N	Y/N	Y/N	Y/N	%	E	T
%	Y	Y	Y	Y	Y	Y	Y	%		
%	Y	Y	Y	Y	Y	Y	Y	%	E	
	Y	Y	Y	Y	Y	Y	Y	%		T
EL; N/EL (f)										
%								%		
%										

Annex XII - Standard templates for the disclosure referred to in Article 8(6) and (7)

The information referred to in Article 8(6) and (7) shall be presented as follows, for each applicable key performance indicator (KPI)

Template 1 Nuclear and fossil gas related activities

Nuclear Energy and related activities		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO



CLIMATE CHANGE [ESRS E1]

STRATEGY AND TARGETS ON CLIMATE CHANGE

Safilo acknowledges that respect for the environment is not only fundamental to protecting and preserving the areas in which it operates but is also crucial for ensuring the long-term sustainability of its business. By adopting environmentally responsible practices, the company recognizes its role in minimizing its footprint. This commitment to environmental stewardship aligns with its broader goals of creating value for stakeholders, reducing operational risks, and fostering a positive legacy for future generations. Safilo strives to integrate sustainability into all aspects of its operations, from sourcing materials to energy use, waste management, and community engagement, understanding that a healthy environment directly contributes to the success and resilience of its business over time. In summary Safilo's long term aim is to create an **environmentally sustainable business model**, achieved by incorporating environmental considerations into its products, processes and operational decisions.

In fact, in 2022 the Group announced that it has joined **The Fashion Pact**, a global coalition of companies in the fashion and textile industry (ready-to-wear, sport, lifestyle and luxury) including their suppliers and distributors, all committed to a common core of key environmental goals in three areas: stopping global warming, restoring biodiversity and protecting the oceans. Being a signatory of The Fashion Pact is part of Safilo's purpose-led strategy based on four sustainability pillars: Planet, Product, People and Partnership and it represents a further step confirming the Group's commitment to develop projects and initiatives that address the global challenges of tomorrow, as per The Fashion Pact mission and priorities.

Safilo Group business plan, sustainability strategy and targets

The Group **strategy**¹ integrates the guidelines promoted by the Paris Agreement with the aim of limiting global warming to 1.5°C to transition into sustainable economy. Safilo has made a strong commitment to environmental targets, which are aligned with the Science Based Targets initiative (SBTi-Near term). The **target** has been validated by SBTi in February 2024. By committing to science-based targets, the Company is positioning itself as a leader in sustainability, demonstrating accountability and transparency in its climate actions. The targets established by the Company are designed to significantly reduce its carbon footprint, contribute to global efforts against climate change and limit the actual and potential negative impact and risks strictly connected with the environment.

Decarbonization pathways

1 - Scope 1 and Scope 2 Emissions: The Company aims for a 70% reduction in CO₂ emissions by 2030, using 2022 as the baseline year². This target reflects the decarbonization approach, focusing on direct emissions from owned or controlled sources (Scope 1) and indirect emissions from the generation of purchased electricity, steam, heating, and cooling consumed by the Company (Scope 2). This target is aligned with Paris Agreement.

2 - Scope 3 Emissions: the Company is committed to reducing Scope 3 emissions by 25% by 2030, using 2022 as the baseline³. In setting this target, Scope 3 GHG inventory has been considered, ensuring that the targets for Category 1 – Purchased Goods and Services and Category 4 – Upstream Transportation and Distribution meet the minimum coverage requirements imposed by the SBTi.

¹ For any details, please refer to Group's Business Plan (Section "1.B Sustainability Statement", chapter "General Information" paragraph "Our 4 Ps Approach – People, Product, Planet, Partnership")

² Baseline 2022: 16,337 tCO₂e of which 4,846 tCO₂e Scope 1 and 11,491 tCO₂e Scope 2

³ Baseline value 2022 Scope 3: 116,158 tCO₂e of which Cat. 1 - 103,655 tCO₂e and Cat. 4 12,503 tCO₂e.

Key levers to reach sustainability targets

To achieve the sustainability targets, Safilo has identified several key levers:

a) Reduction of Scope 1 Emissions through Energy Efficiency Solutions: implementing a range of energy efficiency measures aimed at significantly lowering its direct greenhouse gas emissions. Initiatives include upgrading to more efficient heating systems and energy-efficient models. These measures not only contribute to reduced emissions but also enhance overall operational efficiency.

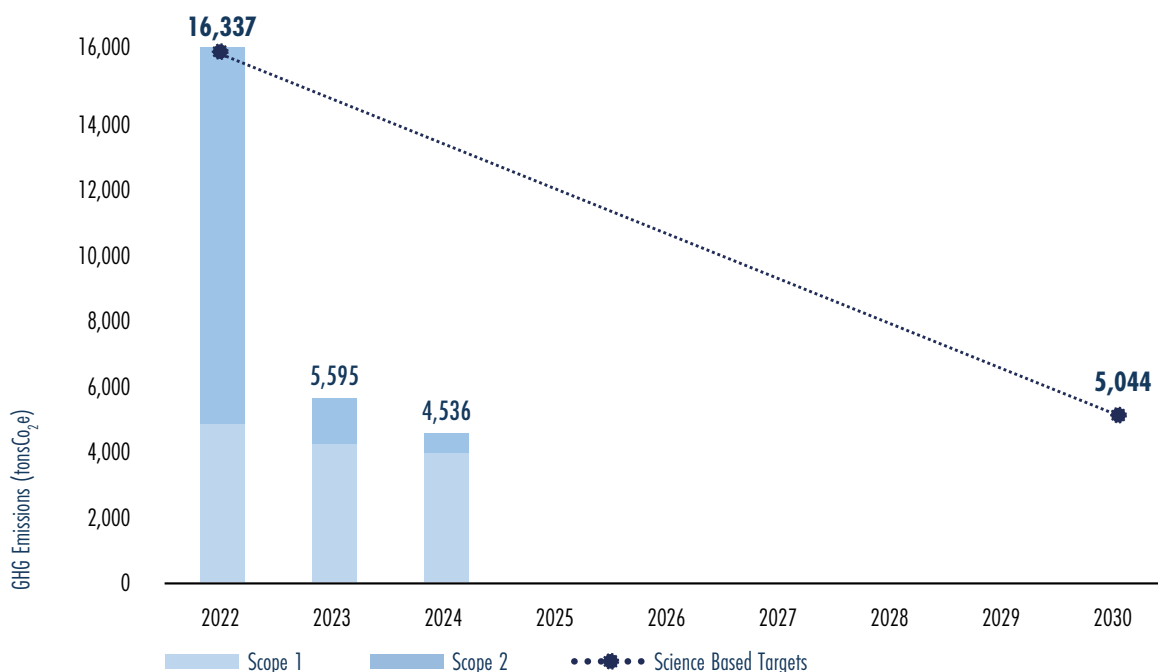
b) Switch to 100% Renewable Electric Energy by 2030: adopting renewable electric energy for all operations by 2030. By harnessing solar, wind, and other renewable technologies, the Company aims to eliminate reliance on fossil fuels and minimize its carbon footprint.

c) Onboarding Top Suppliers for Collaborative CO₂ Reduction: recognizing that a significant portion of its emissions arises from the supply chain, the Company is actively engaging its top suppliers in collaborative efforts to reduce CO₂ emissions throughout Safilo's value chain.

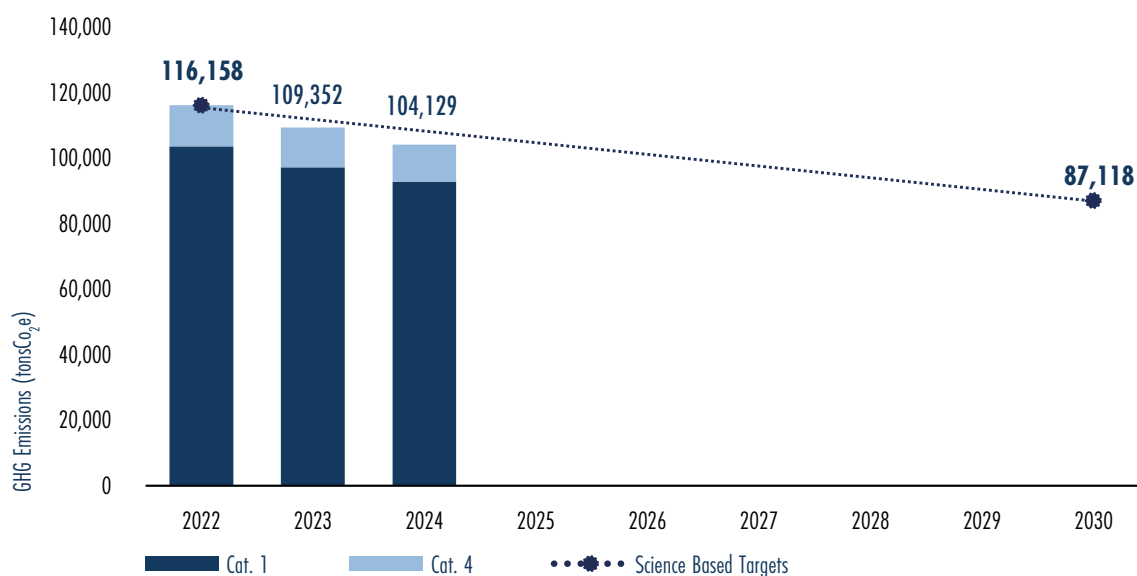
d) Gradual Transition in Logistics Carriers Favoring Sea Transport: shifting its logistics strategy by prioritizing sea transport over air transport. This transition is crucial as shipping by sea results in lower emissions per ton-mile compared to air freight.

e) Gradual Adoption of bio-based and recycled materials for Products and Packaging: increasing number of Finished Products and Packaging using bio-based and recycled materials, choosing them over virgin or fully oil-based materials.

Scope 1 & 2



Scope 3



Decarbonization targets and levers

Decarbonization targets and levers	2022	2030 target	Delta to be reached thanks to key levers and decarbonization actions
GHG emissions (tCO ₂ eq) Scope 1 + 2	16,337	5,044*	11,293
GHG emissions (tCO ₂ eq) Scope 3	116,158	87,118	29,040

* Safilo expects to reduce its Scope 1+2 emissions through the transition of the 100% of its own electric energy consumption into renewable energy. In 2030, the Scope 2 emissions are expected to be null.

Here is the table describing the decarbonization levers and their estimated quantitative contributions to the achievement of its GHG emission reduction targets, broken down by each Scope (1, 2, and 3).

	2022 Baseline year	2030 target
GHG emissions Scope 1+2 (tCO ₂ eq)	16,337	5,044
GHG emissions Scope 3 (tCO ₂ eq)	116,158	87,118
GHG emission total (tCO ₂ eq)	132,495	92,162
Total reduction from the use of renewable energy and other minor factors (tCO ₂ eq)		-40,333*

* The main lever to reach our targets is the transition from fossil energy sources to renewable energy. Minor reductions could be obtained through 1) energy efficiency and consumption reduction; 2) material efficiency and consumption reduction; 3) fuel switching but they have been included into the "Use of renewable energy" lever.

Transition plan

In 2024, The Group did not formalize a stand-alone Transition Plan document. However, it will be developed and approved by 2026 and it is committed to reaching the sustainability targets outlined in the Group's Business Plan.

SAFILO'S ENVIRONMENTAL POLICY AND ACTIONS

Policies related to climate change mitigation and adaptation

Confirming its commitment to environmental risk prevention, Safilo has adopted a **Group Environmental Policy**⁴ that aims to minimize the negative impact on the environment (particularly regarding greenhouse gas emissions), and promote sustainable practices across all aspects of our operations. The policy is based on the following pillars:

- **Compliance with applicable environmental laws and regulations**

The Group is committed to taking all measures to meet the requirements of environmental laws and applicable regulations, including rules governing the use, control, transportation, storage and disposal of regulated materials that may reach the environment as a part of wastewater, air emissions, solid or hazardous waste

- **Minimization of the environmental impact**

Safilo aims to minimize its environmental impact and address climate change by reducing: i) energy consumption, improving energy efficiency, ii) the use of raw materials and potentially hazardous substances, iii) waste generation, iv) greenhouse gases emissions and other pollutants through the implementation of technical innovations, v) the adoption of more efficient solutions, vi) the promotion of renewable energy use sources, vii) the incorporation of recycled and bio-based materials.

- **Supply chain awareness and engagement**

Safilo expects the same from its business partners, in order to source products manufactured in an environmentally responsible way, while maintaining quality standards. To this end, Safilo monitors environmental risks across its supply chain, through social and environmental audit.

⁴ Applied to all companies and employees worldwide.

- **Transparency with stakeholders**

The Group is dedicated to maintaining transparency and accountability in its environmental performance by actively monitoring and reporting its sustainability efforts to all stakeholders.

In the Policy there is no specific reference to climate change adaptation actions because the Group has not identified areas exposed to significant environmental adverse risks. The Policy encourages all legal entities to reduce fossil fuel and kilowatt hours consumption in favor of renewable sources to reduce Scope 1 and 2 CO₂ emissions. This goal is outlined in the Strategic Plan.

Actions and resources in relation to climate change policies

During 2024, Safilo implemented multiples **actions**:

1. To minimize our Scope 1 and Scope 2 emissions the company invested in energy efficiency solutions and implemented practices to reduce energy consumption. Some of the implemented projects include: i) a second round of photovoltaic panels⁵ installation at the Padua headquarters, following those installed in 2022, producing about 381 MWh in the current year which correspond to an emission avoidance of 191 tCO₂e; ii) a gradual transition of the vehicle fleet towards sustainable mobility. By December 2024, 275 vehicles in the Group fleet were hybrid and 6 were electric, for a total of 281 out of 402 (70%). During 2025 the Group follow the strategy already adopted in 2024 and is investigating the possibility to extend the adoption of in other countries. The total Group production and usage of

⁵ For the relevant line items or notes and for key performance indicators required under Commission Delegated Regulation (EU) 2021/2178 please refer to "1.B SUSTAINABILITY STATEMENT DISCLOSURES PURSUANT TO ARTICLE 8 OF REGULATION 2020/852 (TAXONOMY REGULATION)" section.

photovoltaic panels in 2024 is 2,552 MWh corresponding to 1,513 tCO₂ of avoided emissions.

2. Thanks to these energy efficiency practices, investments, and the reduction of carbon emissions, the Group obtained ISO 50001:2018 energy management system certification for the Italian plants of Safilo Industrial S.r.l. and Lenti S.r.l., as well as the headquarters of Safilo S.p.A. This certification will expire in December 2026⁶.

⁶ These actions are correlated to Scope 1 emissions reduction through energy efficiency solutions lever

3. To promote a collaborative decarbonization initiative Safilo has engaged the suppliers, specifically those of materials and finished products. This initiative requires suppliers to move a portion of their fossil-source energy consumption to renewable ones by 2025⁷. The reduction in 2024 is about 1,199 tCO₂. During 2025 the Group will follow the strategy validated by SBTi and expects a linear annual year reduction of 2.5% of emissions.

⁷ This action is correlated with onboarding top suppliers for collaborative CO₂ reduction lever



ENERGY CONSUMPTION MIX

Energy intensity based on net revenue

2024 - Energy intensity per net revenue	Energy Consumption 2024 (MWh)	Net Sales 2024 (Euro/1000)	% Energy Consumption/ Net Sales
Total energy consumption from activities in high climate impact sectors (NACE 32.50) per net revenue from activities in high climate impact sectors (MWh/Monetary unit)	44,591	993,219*	0.045
2023 - Energy intensity per net revenue	Energy Consumption 2023 (MWh)	Net Sales 2023 (Euro/1000)	% Energy Consumption 2023 / Net Sales 2023
Total energy consumption from activities in high climate impact sectors (NACE 32.50) per net revenue from activities in high climate impact sectors (MWh/Monetary unit)	54,298	1,024,732*	0.053

* The net sales coincide with the same line of the Directors Operations Report. Please refer to "SUMMARY OF KEY ECONOMIC & FINANCIAL PERFORMANCE INDICATORS" paragraph in the Financial Statement. The totality of this revenue comes from the Manufacturing sector (NACE 32.50 - Manufacture of medical instruments and supplies).

Energy consumption mix

Energy Consumption and mix (MWh)	2024	2023	Delta
Fuel consumption from coal and coal products	-	-	-
Fuel consumption from crude oil and petroleum products	7,127	7,219	-92
Fuel consumption from natural gas	7,518	11,343	-3,825
Fuel consumption from other fossil sources	-	-	-
Consumption of purchased or acquired electricity, heat, steam, and cooling	1,554	3,672	-2,118
Total fossil energy consumption	16,199	22,235	-6,036
Share of fossil sources in total energy consumption (%)	36.33%	40.94%	-4.62%
Consumption from nuclear sources	0	0	0
Share of consumption from nuclear sources in total energy consumption (%)	0%	0%	0
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc)	-	-	-
Consumption of purchased or acquired electricity, heat, steam, and cooling	25,840	29,589	-3,749
The consumption of self-generated non-fuel renewable energy	2,552	2,474	78
Total renewable energy consumption*	28,392	32,063	-3,671
Share of renewable sources in total energy consumption (%)	63.67%	59.06%	4.51%
Total energy consumption	44,591	54,298	-9,707

* The Group generated 2,573 MWh and sold 21 MWh.

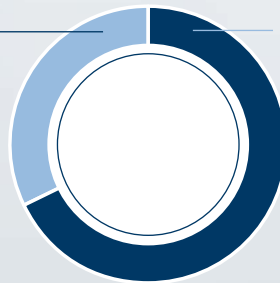
RENEWABLE ELECTRIC ENERGY SHARES BY REGION



✓ **29,946** MWh
of which 95% Renewable

AMERICA 3,481 MWh

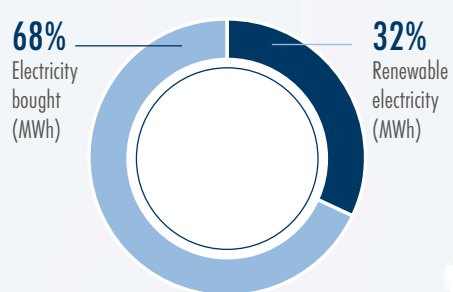
32%
Electricity
bought
(MWh)



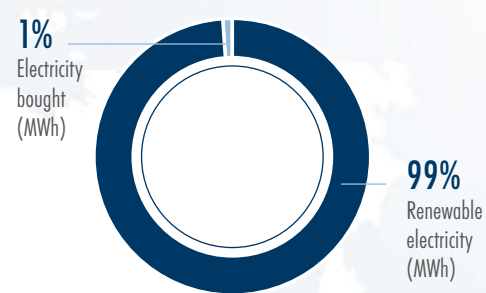
68%
Renewable
electricity
(MWh)

- High consumption
- Medium consumption
- Low consumption

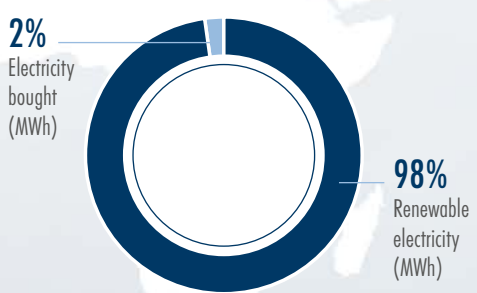
REST OF THE WORLD 131 MWh



ASIA 15,114 MWh



EUROPE 11,220 MWh



SCOPE 1, 2, 3 AND TOTAL GHG EMISSIONS

GHG EMISSIONS	2024	2023	Delta 2024 vs 2023	Baseline Year 2022
Scope 1 GHG Emissions				
Gross Scope 1 GHG Emissions (tCO ₂ eq)	3,949	4,216	-266	4,846
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0%	0%	0%	0%
Scope 2 GHG Emissions				
Gross location-based Scope 2 GHG emissions (tCO ₂ eq)	12,621	14,760	-2,139	17,090
Gross market-based Scope 2 GHG emissions (tCO ₂ eq)*	586	1,379	-793	11,491
Significant Scope 3 GHG emissions				
Total Gross indirect (Scope 3) GHG emissions (tCO ₂ eq)	104,129	109,352	-5,223	116,158
1. Purchased goods and services (tCO ₂ eq)	92,833	97,178	-4,345	103,655
4. Upstream transportation and distribution (tCO ₂ eq)	11,296	12,174	-878	12,503
Total GHG emissions (location-based) (tCO₂eq)	120,700	128,328	-7,628	138,094
Total GHG emissions (market-based) (tCO₂eq)	108,665	114,947	-6,282	132,495

* Scope 2 reduction is driven also by the agreements for Italian companies, Chinese and US production plant and US Distribution Center that all of the energy supplied will be 100% from renewable sources. The Scope 1 and Scope 2 emissions are related only to the consolidated Group.

The Company has used the following methodology:

- Scope 1: natural gas consumption 1 mc = 9,849 Kwh; for diesel (transportation and heating) consumption 1 litre = 10.0037 Kwh; for petrol (transportation) consumption 1 litre = 8.8652 Kwh, heating consumption 1 MWh = 1,000 kWh. The CO₂ figures are calculated using TERNA 2019 and Minambiente 2024 emissions factors: (<https://www.ets.minambiente.it/News#459-pubblicazione-parametri-standard-nazionali-anno-2024>) The fugitive emissions are calculated based on recognized GHG protocol methodology estimating the rate of losses and using GWP factors of refrigerant gases circulating in the systems.
- Scope 2: electricity consumption 1 MWh = 1,000 kWh. Location based CO₂ figures are calculated using TERNA 2019 (https://download.terna.it/terna/7-internazionali_8d97371411ddb6.pdf) Market based are calculated using AIB RESIDUAL MIXES 2023 (<https://www.aib-net.org/facts/european-residual-mix/2023>).

- Scope 3: Indirect emissions have been calculated using emission factors extracted from database GaBi 2022.2 GaBi 10. The respective data is evaluated with the impact measurement category GWP100 (according to IPCC AR5), excluding biogenic carbon, including climate carbon feedback. More information here: https://www.ghgprotocol.org/sites/default/files/ghgp/GlobalWarmingPotentialValues%20%28Feb%2016%202016%29_1.pdf 20. Scope 3 relevant categories emissions have been calculated considering the consolidated Group boundary.

The Company in 2024 purchased Certificates Guarantee of Origins for the Italian Legal Entities, Chinese Production Plant (Safilo Eyewear Industries) and some US Companies (Denver Distribution Plant and Smith Optics Clearfield plant).

Emissions intensity based on net revenue

2024 : LOCATION BASED - Emissions intensity per net revenue	Total GHG Emissions 2024 tCO₂	Net Sales 2024 / (Euro/1000)	% Total Emissions / Net sales
Total emissions from activities in high climate impact sectors (NACE 32.50) per net revenue from activities in high climate impact sectors (tCO ₂ e/Monetary unit)	120,700	993,219*	0.12
2024 : MARKET BASED - Emissions intensity per net revenue	Total GHG Emissions 2024 tCO₂	Net Sales 2024/ (Euro/1000)	% Total Emissions / Net sales
Total energy consumption from activities in high climate impact sectors (NACE 32.50) per net revenue from activities in high climate impact sectors (tCO ₂ e /Monetary unit)	108,665	993,219*	0.11
2023 : LOCATION BASED - Emissions intensity per net revenue	Total GHG Emissions 2023 tCO₂	Net Sales 2023/ (Euro/1000)	% Total Emissions / Net sales
Total emissions from activities in high climate impact sectors (NACE 32.50) per net revenue from activities in high climate impact sectors (tCO ₂ e/Monetary unit)	128,328	1,024,732*	0.13
2023 : MARKET BASED - Emissions intensity per net revenue	Total GHG Emissions 2023 tCO₂	Net Sales 2023/ (Euro/1000)	% Total Emissions / Net sales
Total energy consumption from activities in high climate impact sectors (NACE 32.50) per net revenue from activities in high climate impact sectors (tCO ₂ e /Monetary unit)	114,947	1,024,732*	0.11

* The net sales coincide with the same line of the Directors Operations Report. Please refer to "SUMMARY OF KEY ECONOMIC & FINANCIAL PERFORMANCE INDICATORS" paragraph in the Directors Operations Report. The totality of this revenue comes from the Manufacturing sector (NACE 32.50 - Manufacture of medical instruments and supplies).

CLIMATE RISK ANALYSIS (PHYSICAL AND TRANSITION)

In 2024 Safilo initiated a climate change risk assessment to evaluate its exposure to climate-related risks and understand the potential impacts these risks may have on its operations. This assessment represents the first step taken by Safilo towards defining a group transition plan, including a structured resilience analysis, and the basis for the evaluation of material climate risks and opportunities in context of the double materiality assessment.

Climate risks are broadly categorized into two primary groups: **physical risks and transition risks**, each presenting distinct challenges and implications for businesses striving to address climate change.

Physical risks are the direct consequences of climate change, encompassing extreme weather events, environmental degradation, and evolving climatic patterns. These risks can lead to significant economic repercussions and operational disruptions. They are further divided into acute risks, which are event-driven and linked to the increasing intensity of extreme weather phenomena such as floods and wildfires, and chronic risks, which emerge from long-term shifts in climate patterns, including rising temperatures, sea level rise, and persistent droughts.

As part of Safilo's climate risk analysis, the following physical risks were evaluated: flash floods, wildfires, river floods, heatwaves, coastal floods, droughts, windstorms.

Transition risks stem from the global transition to a low-carbon economy. These risks arise from factors such as increase carbon taxes associated with greenhouse gas (GHG) emissions, energy price volatility, and compliance with increasingly stringent climate-related regulations. Beyond financial considerations, climate transition risks can also influence corporate reputation and competitive positioning, underscoring the importance of proactive adaptation to align with sustainability objectives.

During the assessment, the following transition risks were analyzed: policy and legal risks, reputational risks, market risks, technological risks.

The **climate change risk assessment** conducted

by Safilo spans three distinct time horizons: i) short-term (2030), ii) medium-term (2040), iii) long-term (2050) and considers different scenarios. These scenarios represent plausible but hypothetical trajectories for greenhouse gas (GHG) concentrations and the associated temperature rise, the severity of extreme weather events, and the stringency of climate policies.

The analysis used two primary types of scenarios:

- **The Intergovernmental Panel on Climate Change (IPCC)** scenarios for the assessment of physical risks. These scenarios are modeled under different GHG Representative Concentration Pathways (RCP) – RCP 2.6 (stringent scenario likely to keep global temperature rise below 1.5 °C by 2050), RCP 4.5 (intermediate scenario likely to result in global temperature rise between 1.5 °C and 2.2 °C by 2050), and RCP 8.5 (worst-case climate change scenario likely to result in increase in global temperature over 2.5 °C by 2050). The climate risk analysis used the above mentioned three IPCC scenarios to analyze the frequency and severity of extreme weather events Safilo may be exposed to.
- For the assessment of transition risks, the analysis used climate scenarios developed by the **Network for Greening the Financial System (NGFS)**. These scenarios focus on the risks associated with the transition to a low-carbon economy and consider potential developments such as policy changes (e.g., carbon pricing mechanisms), regulatory shifts (e.g., the Carbon Border Adjustment Mechanism), technological advancements (e.g., the adoption of renewable energy), and market dynamics (e.g., shifts in consumer preferences or supply chain structures).

The six NGFS scenarios considered are:

- **Below 2 Degrees** - moderate policy changes and keep warming below 2°C;
- **Current Policies** - continues with existing policies and increased frequency of extreme weather events;
- **Delayed Transition** - no emissions reduction until 2030, requiring intense action afterward;
- **Fragmented World**;

- **Nationally Determined Contributions** - reflects current global pledges;
- **Net Zero 2050**— limit global warming to 1.5°C through stringent policies and innovations.

Following this preliminary analysis, Safilo focused on the two scenarios that were considered more relevant and prominent for Safilo's business: **Current Policies** as the Business-as-Usual scenario, and **Net Zero Transition** as scenario to understand the implications of global decarbonization.

Safilo's climate change risk assessment is carried out across a perimeter that includes its strategic assets, such as production centers and distribution hubs, integrating key components of its business operations. Smaller assets have been excluded from this analysis, as they were deemed immaterial to the overall risk evaluation. Where applicable, the value chain has been considered through its integration with distribution centers. This expanded scope ensures a comprehensive understanding of how climate risks manifest at critical points within Safilo's operations and highlights the most significant material risks the company faces. By assessing both the direct and indirect impacts of climate change, Safilo is better positioned to anticipate challenges across its supply chain, manufacturing processes, and distribution networks, enabling a more robust risk management framework.

To achieve this, the assessment employs **two distinct methodologies**:

- In order to identify and categorize the physical risk, the methodology used Safilo's assets geolocation, IPCC data across the above-mentioned three horizons, RCP and scenarios together with expert judgment, historical data, and scenario analysis. It evaluates these risks based on factors such as their likelihood, potential magnitude, and duration. This approach provides an initial overview of the key climate risks affecting Safilo, creating a prioritized foundation for deeper investigation into the most pressing vulnerabilities, laying the groundwork for the definition of the financially material physical risks.
- For the transition risks, variations in financial metrics such as EBIT, consistent with the parameters used for the financial materiality analysis, were analyzed to identify the possible

impacts of different NGFS climate scenarios on the company's performance. The financial implications of transition policies were also estimated, enabling the company to refine its mitigation actions and seize sustainable opportunities.

The outcome of this climate change risk assessment represents the first step taken by Safilo to evaluate the economic impact of climate risks on its assets, revenues, and overall business performance, while also identifying opportunities associated with these transitions. By integrating these insights, Safilo ensures that its approach to climate change is well-rounded, addressing both the immediate and long-term challenges posed by climate risks and is enabling Safilo to strategically align current mitigation measures and guide future investment decisions effectively.

The primary physical risks identified medium, and long-term horizons are related to extreme weather events, including river flooding, flash flooding, and heatwaves, which may be affecting Safilo's production and distribution sites. These risks may pose threats to physical assets, potentially disrupting operations and incurring financial costs. Although, these risks increase their likelihood of occurrence only from a medium-term horizon, Safilo is already implementing and planning the development of mitigation strategies designed to reduce vulnerability and enhance the resilience of its assets. These efforts underscore the company's commitment to safeguarding its operations from the adverse impacts of climate change.

Transition risks have been analyzed with respect to the current policy and projected scenarios over the short, medium, and long term. In the NGFS **Current Policies** scenario, often referred to as "Business as Usual," EBIT remains stable. The **Current Policies** scenario does not anticipate major investments or penalties from transition policies, as it follows a trajectory aligned with the current global situation. However, under a **Net Zero World** scenario, higher emissions levels for Safilo correlate with greater financial impacts due to reputational and legal risks. Conversely, assets with lower emissions levels demonstrate financial stability in these scenarios. This analysis supports the implementation of targeted mitigation and adaptation strategies aimed at reducing GHG emissions and minimizing exposure to transition risks.

ADDITIONAL NOTES ON ESRS - E1

It should be noted that:

- The implementation of sustainability strategies depends on the allocation of financial resources planned on year-on-year budget that follow the targets of the 5-years strategic plan presented to the market. In some of the impacts, risks or opportunities retraced Safilo is directly involved through its activities, in some other cases it is involved through its business relationship.
- The environmental targets related to Scope 1, 2, 3 has been developed based on the Science Based Target initiative guidelines and subsequently validated by themselves ensuring that the baseline value against which the progress towards the target is measured accurately reflects the activities covered and the influences from external factors.
- The Environmental Policy was presented by Global Accounting & F&A Sustainability Director and approved by the CEO. All the C-Level Managers, who are responsible for one of the areas outlined in the policy, are in charge of implementing the guidelines.
- Safilo screened its total Scope 3 GHG emissions based on the 15 Scope 3 categories identified by the GHG Protocol Corporate Standard and GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011) using appropriate estimates. The full Scope 3 GHG inventory was submitted for the validation of SBTi targets, which highlighted that category 1 – Purchased of Finished Goods and Services and category 4 – Upstream Transportation and Distribution accounted for more than the two third of the entire Safilo's Scope 3 GHG emissions. For Scope 3, Category

1, all Safilo's legal entities are included. The only exclusion is a small part of POP material related to Merchandising & Local Production of displays. In this category, Safilo considered all raw materials, semi-finished, finished products (eyewear, lenses, goggles, helmets), marketing materials, and services as well. Safilo mainly uses primary physical data (weight and material information, where available) and a limited spend-based calculation methodology (<5%). For Category 4, emissions have been calculated for all the Group. Primary data were provided in tons * km done by truck, train, and ship. Truck and train emissions were mapped to LCI emissions factors, while cargo ship emissions were calculated using DEFRA conversion factors 2022. The other 13 categories were deemed not relevant for the primary purpose of sustainability reporting due to their minimal impact or because they are not applicable to Safilo processes. Safilo will update the Scope 3 GHG emissions for each significant category annually based on current activity data. The biogenic emissions of CO₂ from the combustion or biodegradation of biomass are not applicable for Safilo, and the Group does not include any removals, or any purchased, sold, or transferred carbon credits or GHG allowances in the calculation of Scope 3 GHG emissions.

- Safilo's management has set decarbonization targets which were subsequently approved by the Board of Directors. No other stakeholders were involved in setting these targets.
- The performance against its disclosed targets is monitored on biannual basis and for 2024 is in line with the planned targets.



RESOURCES USE AND CIRCULAR ECONOMY [ESRS E5]

SAFILO CREATION PROCESS: A PRODUCT MINDED PROCESS

Innovation is at the heart of Safilo's mission as a leading player in the eyewear industry while also addressing global sustainability challenges. The Group legacy of craftsmanship, combined with cutting-edge technology, empowers the creation of develop products that are not only stylish and functional but also responsibly designed to minimize environmental impact.

Everything starts in **Product Design and Creation** function with designers expressing their creativity to develop new collections based on the input of the Brands. The results are 2D and 3D drawings that are used to create prototypes that precisely represent each detail of the original sketch. These handmade or 3D printed prototypes are used to approve the collection. Once the design aspects have been defined, a careful strategic analysis guarantees the industrialization of the product. This is the start of a development process able to merge creative intuition and production requirements, through the definition of all technical aspects to finally launch the production using the best materials and processes available. Safilo's production facilities and carefully selected supplier network are mainly specialized in the three different production materials: metal, acetate and injection molded plastic. The raw materials are then shaped with different processes like milling, stamping, welding and tumbling into the temples and fronts. Those then could be colored and coated with processes like galvanic, painting and varnishing. The frame is then assembled with the lenses and the final adjustments and checks are carried out.

To maintain excellence, quality and heritage, Safilo created a **Trends Observatory** to select and analyze what is on trend and why, allowing for the combination of brilliant design and innovative ideas with a solid market-based approach, all without losing the connection to our roots. The

Group's designers integrate insights from the Trends Observatory together with market analysis and potential specific brand innovations and then create model prototypes. The **Safilo Product Design and Creation function** produces prototypes leveraging on 3D Computer-aided Designs (CAD) and 3D printing, bridging craftsmanship and front-end technology. A creative team of more than 160 designers and eyewear technicians plays a key role to developing around 1,700 new models in 2024 set to be launched in 2025.

In order to constantly innovate the product Safilo is working at different levels:

- **Global Innovation Centre** which focuses on Product Innovation to analyze trends, research new materials and develop new concepts and technologies, and on Industrial Engineering for testing specific solutions to create "best quality" products.

The Group has, also, developed with key partners new products embedding new technologies:

i) the collaboration with Amazon.com to offer exclusively in the U.S. market, a solution that would combine the great build quality and design of **Carrera Eyewear** with the high-tech content of Alexa AI. To this end, two different iconic and innovative models were produced by Amazon: equipped with open-ear audio technology, Carrera's new smart glasses direct sound to the ear without covering surrounding noise while minimizing what people around can hear.

ii) The new **Smith I/O MAG Imprint 3D goggle** that is the first custom goggle built to match the individual features of a person's face. Utilizing Smith's custom app, users scan their face to capture their unique details and contours, allowing an individualized frame to be automatically generated, 3D printed – using HP's industrial Multi Jet Fusion platform – and, finally, hand assembled into the best-selling Smith I/O MAG goggle in Smith's production plant.

- **Research and development of new solutions** on ground-breaking lenses and treatments that will help protect eyes from solar or artificial rays;
- **Product Certification Lab** working together with certification centers for new products and materials.

The Group focuses on proactive and collaborative research activities to develop innovative solutions in partnership with stakeholders such as universities, research centers, qualified suppliers, customers, sector experts, and associations. These partnerships ensure a more robust and efficient innovation process that considers and integrates diverse ideas and competencies.

STRATEGY AND TARGETS ON PRODUCTS

Targets related to resource use and circular economy

A key pillar of our innovation **strategy** is the integration of **recycled and bio-based materials** into our product that is made by polymers such as acetate, polyamide and polycarbonate and different metal alloys. By utilizing recycled and bio-based materials, we significantly reduce our reliance on virgin resources and mitigate the environmental impacts associated with raw material extraction such as energy-intensive processes, resource depletion and ultimately the pollution associated with traditional material extraction and production. These stages of material extraction occur at the beginning of the Safilo value chain and are followed by various tiers of suppliers. Although the eyewear industry does not require large quantities of materials, the Group's sustainable materials portfolio aims to reduce pollution throughout the value chain.

Safilo's target of developing **25% of its new collections with recycled and bio-based materials**¹ by 2025 reflects the company's commitment to the highest principle of the waste hierarchy: prevention. This strategic approach aims to tackle waste at its source, reducing the overall environmental impact of its production

processes. By integrating sustainable materials into its collections, Safilo not only decreases its reliance on non-renewable resources, but increase circular material use rate as well. Safilo's eyewear products use a wide range of materials including polymers such as acetate, polyamide, polycarbonate, polyester as well as metal alloys such as stainless steel, copper alloys, and titanium. For this reason, the Group set a target at a product level ensuring each product has at least 30% recycled and/or bio-based content by weight considering the total weight of the product.

In 2024 Safilo developed around 1,700 models of which approximately 400 were sustainable, representing the 23% in 2024 vs. 17% in 2023.

To ensure the environmental benefits of new materials, Safilo utilizes **Lifecycle Assessment (LCA)** as a critical tool in its innovation process. LCA provides a comprehensive evaluation of a material's environmental impact, from raw material extraction to manufacturing, distribution, usage, and end-of-life disposal. This scientific approach allows Safilo to validate the advantages of its recycled and bio-based materials and identify opportunities for further improvement. This rigorous validation ensures that every new material developed aligns with Safilo's sustainability objectives and delivers measurable impact reductions across the product lifecycle. In 2018 Safilo performed its first LCA study. In 2022, Safilo performed another extensive LCA on a representative set of its products, identifying in a quantitative manner the footprint of its eyewear. Additionally, in 2023 such analysis was expanded to goggles and helmets. It is thanks to this approach that at MIDO 2024, the eyewear tradeshow held annually in Milan, Safilo won an important **award**: the CSE (Certified Sustainable Eyewear) prize in the "Frame Europe" category for the best sustainable frame with a Tommy Hilfiger model made with Eastman Acetate Renew material and recycled demo lenses and produced in a plant that uses 100% renewable electricity.

¹ This target is voluntary, and it was presented to the market on March 2023 during the Capital Market Day.

RESOURCES INFLOWS: SUSTAINABLE MATERIALS

Resource Inflows

The research for innovative materials has particularly focused on sustainability by introducing the following **new materials** in its eyewear, helmets and goggles collection, underscoring Safilo's commitment to sustainability and its efforts to bring more recycled and bio-based materials to the eyewear industry.

Recycled materials are derived from post-consumer or post-industrial waste, which are reprocessed into raw materials that can be reused in manufacturing. This approach reduces the need for virgin resources by extending the lifecycle of materials that have already been produced. Recycled materials are instrumental in closing the loop within a circular economy, minimizing waste generation and conserving natural resources.

Bio-based materials, on the other hand, are produced from renewable biological resources, such as plant-based sources. Unlike conventional materials derived from fossil fuels, bio-based materials leverage sustainable inputs to reduce dependency on non-renewable resources and lower carbon emissions during production.

These materials represent a fundamental shift in how we design and produce eyewear, allowing Safilo to create products that are both environmentally responsible and aligned with the values of today's conscious consumers. Indeed, Safilo has integrated in the portfolio:

- **Eastman Acetate Renew, Tritan™ Renew and Tenite™ Renew.** Safilo announced that starting with the January 2023 collections it has also used Eastman Tenite™ Renew in its sunglass and prescription collections. Through this commitment, Safilo became the first player in the market to use all Eastman Renew materials for Eyewear in its portfolio. Acetate Renew is composed of 43% bio-based and 27% certified recycled content, which maintains possible the technical and aesthetic qualities of traditional acetates but with the advantage of environmental sustainability. Tenite™ Renew is composed of 38% bio-based content and 20% recycled content. The resulting material offers the same premium feel and outstanding comfort

of acetate with the additional unmatched fit adjustability that opticians need to create personalized eyewear fit. Tritan™ Renew is a high performance copolyester made of 50% certified recycled content. Crystal clear, durable and BPA-free, it offers sustainability without compromise, ensuring performance and safety. Ideal both for lenses and frames. The recycled content is achieved by allocating the recycled waste plastic to Eastman Renew materials using a mass balance process certified by ISCC (International Sustainability & Carbon Certification). Produced via Eastman's innovative Advanced Circular Recycling technologies – carbon renewal technology (CRT) and polyester renewal technology (PRT) – these new products are made from plastic waste and, as such, reduce consumption of fossil resources, and have lower greenhouse gas footprints than traditional eyewear materials.

- **bio-based solutions** including polyamides and different types of rubbers in its portfolio. The biogenic source of those materials is castor oil that do not compete with the food chain and is draught tolerant so is capable to grow with low amount of water.
- **Recycled polycarbonate** with at least 95% GRS certified recycled content made out plastic waste that otherwise would be disposed in landfills and on the environment.
- **Certified recycled metals:** The use of recycled metal like stainless steel and nickel-silver allows for the removal of metal waste from the environment, while limiting air pollution from the extraction of new virgin metal. Our recycled metal contains at least 70% GRS (Global Recycled Standard) or RCS (Recycled Claim Standards) certified recycled content.
- **Recycled PMMA** with at least 95% **GRS (Global Recycled Standard) or RCS (Recycled Claim Standards)** certified recycled content made from plastic waste that otherwise would be disposed in landfills and on the environment, these materials starting from August 2025 collections, will be used for the demo lenses of the Group optical offerings.

The Group has estimated that the overall weight of products and technical and biological materials used is equal to 4,856 tons, the related percentage of biological materials used to manufacture the undertaking's products and services (including packaging) is about 7% coming from wood pulp,

FSC or PEFC certified and castor oil a biogenic source not competing with food chain and drought tolerant. The weight of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the undertaking's products and services (including packaging) is 143 tons equal to around 3% of the total inflow weight.

POLICIES AND ACTIONS

With the aim of achieving ambitious sustainability objectives, in 2021 a certification process was initiated, leading to the **ISCC Plus certification** for Padua distribution center (certificate issued in July 2021), for the Chinese production plant of Safilo Eyewear (Suzhou) Industries Ltd (certificate released in March 2022) and for Safilo Industrial S.r.l and Lenti S.r.l. Italian production plants with certificates released in January 2022 and September 2022 respectively. The ISCC (International Sustainability & Carbon Certification standard) is a certification scheme strictly related to United Nations 2030 Sustainable Development Goals, in particular to the number 12 "Responsible Consumption and Production".

Policies related to resource use and circular economy

In addition to the ISCC Plus certification, Safilo also obtained the GRS (Global Recycled Standard) and **RCS** (Recycled Claim Standard) **certification** for Padua and Denver distribution centers and for Safilo Eyewear (Suzhou) plant for which an annual third-party audit surveillance program is in place.

GRS and RCS are recognized as among the most important international standards for sustainable production using recycled materials based on a system of traceability of recycled material throughout the value chain that must be certified as well. In addition to the chain of custody, the GRS verifies compliance with health and safety, environmental, social and ethical requirements.

The management of ISCC Plus, GRS and RCS certified products represents an essential milestone for Safilo in order to own the proper documentations to claim a product made with those recycled and/or bio-based materials. The sustainable suppliers have a fundamental role by issuing sustainability declarations or transaction certificates verified by

independent and reliable certification bodies as required by the related Standards.

Since 2019, a relevant part of POP marketing show cards supplied by Safilo are FSC® - C185180 **certified**. FSC® - C185180 (the Forest Stewardship Council) is an independent non-profit organization which safeguards forests for future generations. During 2024, Safilo renewed an FSC® - C185180 certification to market cases and promotional items made from materials sourced from responsibly managed forests in accordance with environmental, ethical and economic principles. The FSC® - C185180 Chain of Custody certification provides a guarantee that products sold with an FSC® - C185180 declaration come from well-managed forests, controlled sources or reclaimed materials.

In summary the Group, in line with its target, is committed to minimizing and preventing its environmental impact, particularly through the increase use of the bio-based and recycled materials that offer a sustainable alternative to traditional fossil-based materials, key concept also outlined in the **Environmental Policy**.

A continuous review of supply chain processes is intended to optimize the incoming flow of raw materials and the reduction of waste materials, through solutions such as resizing the formats of raw materials and packaging materials used.

Actions and resources related to resource use and circular economy

The Company, in order to prevent defective products waste has invested in a Corporate Lab, which serves as central point of reference within the quality system that takes advantage of controls inside the company or at the suppliers, both on raw materials and on finished. Every year numerous optical, mechanical and chemical tests are carried out to evaluate performance, functionality, comfort and durability of the glasses. As a result, our products undergo more tests than those required by the stringent European Conformity standards. The lifespan of eyewear products depends on various factors, such as the type of material, usage, and maintenance. Well-maintained glasses with a normal usage can last for many years.

RESOURCES OUTFLOWS: WASTE MANAGEMENT

Resource outflows

Safilo effort is focused on maintaining high quality standards of the products, through the adoption of engineering standards and testing protocols, which allow for a longer **durability** and thus extending their lifetime. Safilo is committed to optimize the outflows using circular principles designing sustainable models in line with the targets. Whenever possible, Safilo provides its customers with the spare parts that may be needed to repair the glasses thanks to the fact that glasses in many cases could be disassembled into its main components such as front, temples, nose pads, screws and lenses.

As previously mentioned, Safilo works is mainly centered on using as much as possible sustainable materials that partially contain bio-based and/or recycled in open loop systems, leveraging innovative solutions such as Eastman molecular recycling allowing for the reduction of the use of virgin non-renewable materials and for the removal of plastic waste from the environment. For the mid/long term, Safilo is studying solutions to understand, if possible, how to activate collaborations with other players of the value chain in order to close the loop innovating the way eyewear products are designed and produced to enable full circularity, and creating products designed for disassembling the components that can be recycled.

The Group, in line with the most recent environmental laws, is providing to the final consumers the information about how to dispose the products in order to maximize the recycling rate. On this matter, the Group is also working to use recyclable and recycled solutions for its plastic packaging: starting from 2024 eyewear polybags and temple covers have been switched to those made from recycled LDPE. In the reporting period the Group estimates to have a recycling rate of about 75% considering its standard product packaging configuration.

Additionally, we are exploring ways to eliminate unnecessary packaging and digitalize paper-based technical notes wherever possible, further minimizing our ecological footprint. Another initiative is Smith's discontinuation of the use of single-use plastic packaging across new packaging of winter

sports & eyewear products. This move underscores our commitment to sustainable practices to provide more environmentally responsible alternatives.

With an industrial footprint of 4 production plants and 3 main distribution centers, the Group generated about 3,197 tons of industrial waste in 2024. To this end, the Group is active in the identification of more efficient solutions and the use of materials with a lower impact on the environment. Whenever possible, waste is sent to recycling, if recycling or reuse is not possible, it is sent for disposal based on the type of waste. The responsible management of hazardous and non-hazardous waste represents one of the most important topics of the Group environmental policy. Hazardous waste presents a greater risk to the environment and human health as well as higher operating costs to ensure compliance with regulations than any other type of waste. The waste generated by the Group, in line with the manufacturing sector, is mainly composed of:

- washing waters, sludge and residues deriving from production processes, galvanic and painting, and product washing;
- packaging of various materials (paper and cardboard, plastic, wood, mixed) used to cover the pallets that contain the products, or to divide the products within the pallets;
- plastic materials and mixed metals deriving from processing waste, disposal of materials, or products no longer usable;
- exhausted filters and filters materials;
- liquids deriving from oily emulsions for machine tools, and exhausted oil.

Most of the waste comes from the production processes in the Group plants, with the exception of packaging, plastic materials and mixed metals, which largely come from the supply chain.

The waste management process involves collection and storage in defined areas and specific containers according to the type of waste. The volumes managed are controlled by measuring the mass transferred to the recovery and disposal plants; the related data are stored in a specific database for each plant and shared at the Group level to allow

central monitoring, and all copies of the related documents (digital or paper) are filed according to legal requirements. All the waste generated by the Group is sent for recovery or disposal to external plants, and therefore to qualified and certified third parties who operate in compliance with the contractual or legal requirements.

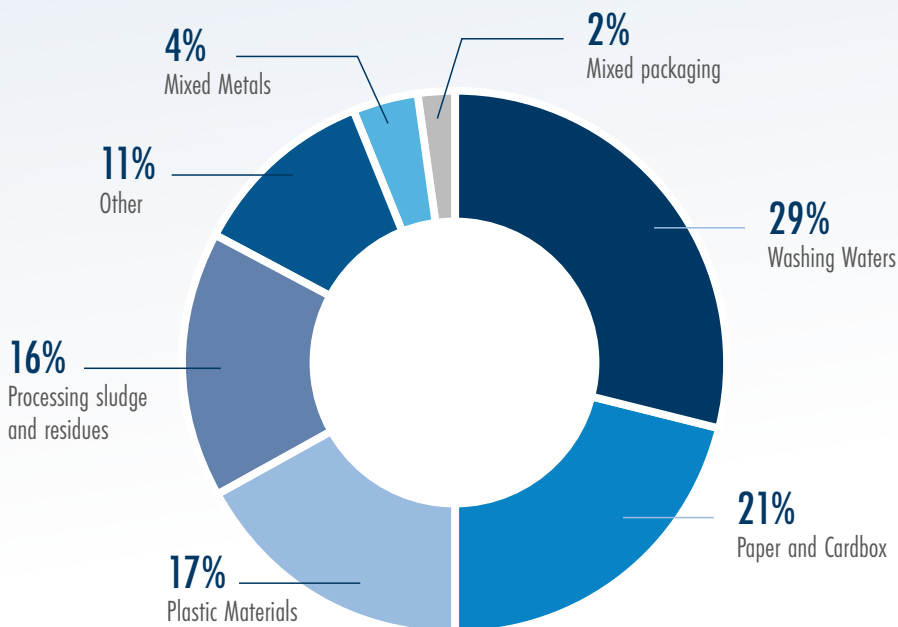
In 2024, the waste generated by the Group was equal to 3,197 tons, compared to 4,593 tons in 2023, with a decrease around 30% mainly related to an improved process efficiency, resulting in lower waste generation and the new industrial footprint without Longarone plant.

Out of the waste generated in 2024, 31% was sent to landfill, 67% was recycled or recovered, and 2% was disposed of by incineration.

In 2024, non-hazardous waste was equal to 2,239 tons (70% of the total waste generated in 2024), compared to 2,823 tons in 2023; of these, 1,805 tons were related to waste diverted from disposal, and 434 tons were related to waste directed to disposal. The data are sourced from direct measurement. The Group doesn't produce any radioactive waste.

The Group, during the Double materiality Assessment has considered its assets and activities in terms of resource used and circular economy. The process did not involve consultations with the affected communities.

In addition, the Company does not have quantitative targets related to waste management but it is focusing its efforts to comply with all local regulations. To this regard, Safilo is analyzing if appropriate targets will be set in the coming years.



Waste by disposal method (t)		2024					
	Waste diverted from disposal			Waste directed to disposal			Total waste generated
	Total	Recycling	Recovery	Total	Landfill	Incineration	
Non-Hazardous	1,805	720	1,085	434	409	25	2,239
Hazardous	335	111	225	623	579	44	958
Total	2,140	831	1,310	1,056	988	69	3,197
%	67%	26%	41%	33%	31%	2%	100%

Waste by disposal method (t)		2023					
	Waste diverted from disposal			Waste directed to disposal			Total waste generated
	Total	Recycling	Recovery	Total	Landfill	Incineration	
Non-Hazardous	1,603	711	892	1,220	870	350	2,823
Hazardous	483	108	376	1,286	1,237	49	1,770
Total	2,086	818	1,268	2,507	2,108	399	4,593
%	45%	18%	27%	55%	46%	9%	100%

Composition of waste generated in (t)		2024		
	Total waste generated	Direct to disposal	Diverted from disposal	
Washing Waters	918	701	217	
Paper and Cardbox	678	13	665	
Plastic Materials	545	41	504	
Processing sludge and residues	500	81	420	
Other	366	220	146	
Mixed Metals	114	0.73	113	
Mixed packaging	76	-	76	
Total Waste	3,197	1,056	2,140	

ADDITIONAL NOTES ON ESRS

– E5

It should be noted that:

- The Environmental Policy has been presented by the Global Accounting & F&A Sustainability Director and approved by the CEO. All the C-Level Managers, who have one of the flows cited by the policy under their responsibility, are in charge for the guidelines implementation.
- The waste generated by the Group does not contain any radioactive waste.





01

SUSTAINABILITY STATEMENT

Social Information

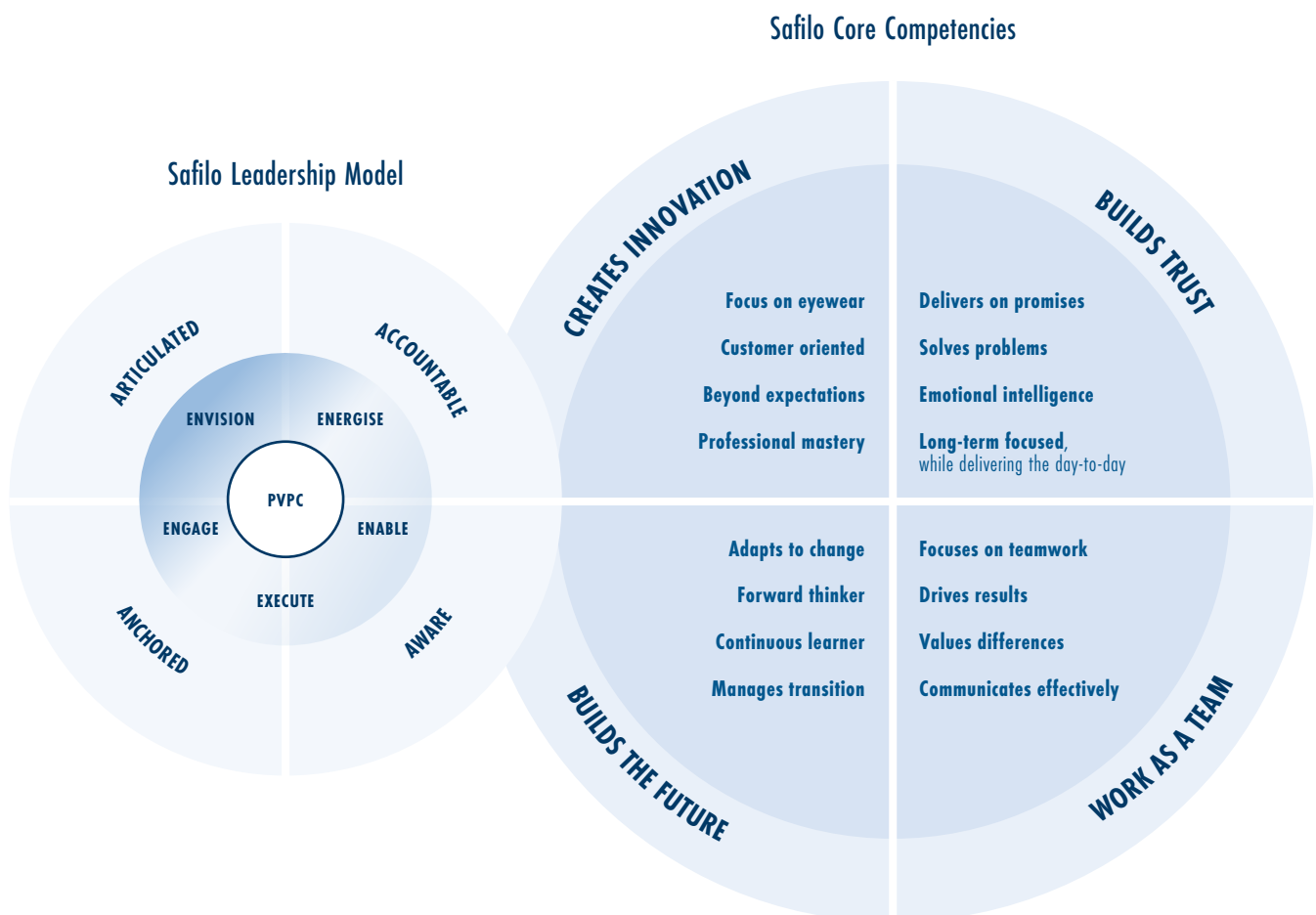
- 164 Own Workforce [ESRS S1]**
- 164** People centric culture
- 165** Talent management
- 165** Talent acquisition
- 165** Learning and training
- 168** Employee engagement survey: "Safilo through our eyes"
- 168** Work-life balance
- 168** Policies related to Safilo workforce
- 170** Safilo people
- 172** Collective bargainings
- 173** Non-employees
- 174** Health and safety
- 177** Additional notes on ESRS – S1
- 178 Workers in the value chain [ESRS S2]**
- 178** Safilo value chain
- 178** Workers in the value chain
- 179** Supplier engagement process
- 180** Policies and actions
- 182** Payment practices
- 182** Additional notes on ESRS – S2
- 184 Consumers and end-users [ESRS S4]**
- 184** Consumer and end-users
- 184** Process for engaging with consumers and end-users
- 185** Policies and actions
- 186** Social initiatives
- 188** Safilo customer care
- 189** Additional notes on ESRS – S4

OWN WORKFORCE [ESRS S1]

PEOPLE CENTRIC CULTURE

Our 3,645 employees are at the heart of our culture and success. Safilo believes that people play a key role for the Group's long-term success and sustainable growth. We believe that the employee experience is enhanced by a people-centric culture that fosters development, learning, and a feeling of purpose. Putting our employees at the center of everything means more than empowering and appreciating their voice—it means establishing a workplace that helps them succeed. Inclusion and diversity must be prioritized to achieve this. It is essential to make our people feel involved, respected, and supported. We are aware that to be people-centric company and realize its benefits, everyone from the top down should grasp what this means and support

and participate in it. For this reason, in 2016 the Group defined and shared a modern leadership approach, aligned with a people centric culture, to deliver results in a globally integrated and multifunction interconnected business such as ours. The Safilo Leadership profile spells out leadership skills and personal grounding to orchestrate the delivery of results and to inspire high performance. Furthermore, essential to our organization is the integrity of our employees, clarified and supported by our Manifesto, Values and core Competencies, the primary compass for our employees in all their activities. These business ethics standards guide the Group's daily actions and decisions internally and, on the market, with consumers, suppliers, licensors, public authorities, and other stakeholders.



TALENT MANAGEMENT

In Safilo, **the talent management strategy**, is considered as key to the Company business strategy and consequently it is designed to support its business objectives and maintain a competitive edge in the dynamic global marketplace. We work to systematically attract, onboard, develop, engage, and retain high-performing employees, through learning and development programs, competitive compensation, and a people-centric culture that allows employees to contribute and advance their careers. Our talent management strategy is designed to ensure the right people, with the right skills and experiences, occupy the right jobs to deliver the expected business goals and help drive long-term sustainable growth. An integrated system of activities aims to guarantee to the organization, in a forward-looking perspective, the attraction and retention of key figures, widespread motivation and skills' development to ensure an adequate flow of competent, motivated and engaged people who operate in an integrated manner. In Safilo each **career development path** is as unique as the individual. There is no simple "one-size-fits-all formula for success". People grow professionally through different roles/levels based on the following key principles: equity, meritocracy and the employee's co-responsibility with respect to their own development path. **Safilo is committed to talent development and progression from within**, offering to employees the opportunity to develop to their full potential by enhancing their skills and capabilities, rotating on the job across different roles, and advancing within the Company, consistently with the needs of the business. To encourage internal career development, Safilo has set up **open job posting**. When the Company does not have suitable internal candidates for vacant roles, it seeks talent externally. **The compensation system** is designed to attract, reward, and retain top talent. Salaries are competitive with local market averages for similar roles and fully comply with applicable laws regarding minimum pay, overtime, and maximum working hours.

TALENT ACQUISITION

People play a key role for the Group's long-term success and sustainable growth so over the years the Group has developed **a talent acquisition strategy** that aims at developing and nurture a talent pipeline with a long-term view, in order to identify, attract, integrate and build loyalty among the best candidates who can contribute to the Group's growth and long-term success. At Safilo, the talent selection process is set up to guarantee the principles of equal opportunity, fostering diversity and inclusion. This process aims also to attract and recruiting people from diverse backgrounds, capable of offering a high degree of expertise and international experience and who are highly motivated and leadership-oriented.

LEARNING AND TRAINING

Safilo people work in a fast-paced, challenging environment where continuous improvement and learning are key factors for success, so **the Group encourage the people to take charge of their own career paths, offering multiple learning opportunities** for growth. By promoting a culture where continuous learning and development are valued and encouraged, Safilo can sustain long-term engagement and growth. Training is guaranteed to all Group employees on the basis of equal opportunities.

Average number of training hours per employee and by gender

In 2024, Safilo delivered more than 81,000 hours of training, equal to 22 hours of training per employee, continuing to use teaching methodologies that favored the use of e-learning, virtual classes and webinars alongside in-person training. The training strategy is based on **centrality of on-the-job training** given that we believe that **teaching is an essential part of leadership**. In fact, the leaders are coaches supporting employees on their career journey. Furthermore,

Safilo promote **collaborative learning** that emphasizes learning through observation, imitation, and modelling. **Encouraging peer learning and cross-functional collaboration can foster a sense of community and shared purpose.** By promoting a culture of knowledge sharing and collaboration, the Group can leverage the collective intelligence of our workforce, driving continuous improvement and innovation. Experimentation and iterative learning align with **agile learning methodologies, which emphasizes adaptability, feedback, and continuous improvement.** By encouraging a mindset where failures are seen as learning opportunities rather than setbacks, we can enhance employee resilience and creativity. **This approach not only boosts individual growth but also drives our Company's innovation and competitiveness.**

Below are some of the main areas of training intervention carried out in 2024:

Safilo way training and onboarding: Safilo considers strategic the process of integrating new hires into the workplace, helping them understand their work environment, company culture and organization, and making them feel welcomed. It is crucial as it helps new hires become productive faster, improves employee retention, and is particularly important for remote employees or interns. As per our onboarding global guidelines for all new hires, both at the headquarters and locally, we conduct training initiatives for an effective induction into the company aimed at presenting the Safilo Group history, organizational set-up and business macro-processes and drivers and furthermore at spreading awareness of Safilo's Manifesto, values, and core competencies as well as the knowledge of Safilo's leadership profile, and the Worldwide Business Conduct Manual.

Both at the headquarters and local level, in addition to **IT and linguistic skills training**, the Company has continued to invest in **technical training.** We have implemented a series of training programs designed to develop specialized role skills across various levels. Advanced-level training initiatives have been introduced to deepen knowledge in specific tasks, functions, or aspects of particular job roles, enabling participants to expand their expertise and enhance their performance. Additionally, training programs have been established to equip employees with the

fundamental technical skills necessary to perform the core tasks of their positions.

This training was carried out on the job supervised by an experienced technician, using safe working procedures and the correct PPE and therefore involves the certification of the H&S skills related to the task.

Training courses on teamworking, effective communication and people management

devoted to Area Managers and Plant Team leaders: these training programs delivered at HQ level are based on an alternation of classroom moments, and group and individual coaching.

Compliance training: Safilo guarantees compliance trainings as required by local regulations and guidelines. In particular, at the headquarters, Safilo trains employees on the administrative liability of companies pursuant to Legislative Decree 231/01, corporate social responsibility – SA8000, health and safety and other regulations, in line with the agreement between the central government and regional authorities. Training on privacy regulations and the processing of personal data was provided to the entire European population to ensure adequate awareness of the principles, obligations, rights and sanctions regulated by the European Data Protection Regulation.

Antitrust policy training: Safilo trains employees on antitrust issues to guarantee the Group's alignment with national and international competition law principles and with the Safilo antitrust policy. Through this training, employees are guided on how to behave when dealing with internal and external parties, especially when it comes to material issues.

Training on the International Trade Compliance policy:

the course, intended for all employees and non-employees who have business-type contacts with customers and suppliers, aims to create a growing awareness of the requirements that counterparties should have, not only at the financial level, but also with regard to the sanctions and their reputational profile, and the consequences generated by violating sanctions in international trade.

Starting from 2024 the Company has reported the hours of training on the job equal to 47,695 hours mainly carried out in the Plants.

Hours of training 2024

Categories	Male			Female			Total		
	Headcount	Hours of training	Hours of training -Average	Headcount	Hours of training	Hours of training -Average	Headcount	Hours of training	Hours of training -Average
Executives	14	173	12	3	23	8	17	196	12
Directors	41	266	6	15	104	7	56	370	7
Management	216	1,633	7	216	3,348	16	432	4,981	12
Employee	650	9,952	15	959	8,895	9	1,609	18,848	12
Workers	601	22,676	38	930	33,944	36	1,531	56,620	37
TOTAL	1,522	34,700	23	2,123	46,314	22	3,645	81,015	22

Hours of training 2023

Categories	Male			Female			Total		
	Headcount	Hours of training	Hours of training -Average	Headcount	Hours of training	Hours of training -Average	Headcount	Hours of training	Hours of training -Average
Executives	14	157	11	3	16	5	17	173	10
Directors	52	405	8	19	206	11	71	611	9
Management	208	1,408	7	207	1,826	8	415	3,234	8
Employee	663	5,639	9	985	7,619	8	1,648	13,257	8
Workers	674	4,524	7	1,003	4,686	5	1,677	9,211	5
TOTAL	1,611	12,133	8	2,217	14,353	6	3,828	26,486	7

At the end of each sessions a valuation of the training provided is given to employees who can express their feedback. These responses are then collected and analyzed by the HR department, which is responsible for developing effective solutions to address any negative impacts.

EMPLOYEE ENGAGEMENT SURVEY: "SAFILO THROUGH OUR EYES"

Processes for engaging with own workers and workers' representatives about impacts

Safilo considers its Workforce's point of view of pivotal importance. For this reason, in 2014, the 1st edition of the "Safilo through our eyes" global survey was launched with the aim to listen and to engage Safilo People, to identify the perceived areas of strength and improvement of the employee experience and engagement, for further definition of development actions at global, regional and functional level. In the first quarter of 2024, Safilo launched the second edition of this survey for its global white collars. To ensure confidentiality this process was managed by an independent consulting firm on behalf of Safilo. The HR department (in the person of its Global Director), which has operational responsibility for ensuring this engagement, presented the final results to Top Management and shared them with all Safilo People to ensure alignment at all levels. Then Group also assesses the effectiveness of its engagement performing specific actions by Country, by Function and by group of employees to address the results of the survey, aiming to continue improving the working environment. These actions have been planned and implementation started in the last months of 2024 to continue in 2025.

In addition, employees are involved whenever there is a need to ensure their insights and expertise contribution. This collaborative approach fosters a sense of ownership and engagement, ultimately enhancing team effectiveness and workplace morale.

WORK-LIFE BALANCE

Work-life balance metrics

Smart working is a further step towards building an agile and flexible organization together and is an important development that has helped transform the corporate culture. The initiative also stems from carefully listening to the needs of the people, an essential element in the formula for success.

With this approach, Safilo people operate through a combination of office presence and agile remote working up to a certain amount of time, accompanied by a location-free policy and flexible working hours to encourage accountability, empowerment and planning.

The approach is based on the trust that the company and its people place in each other. It also aims to promote people's wellbeing by enabling a better balance between work and personal time.

POLICIES RELATED TO SAFILO WORKFORCE

Diversity and equal opportunities

The Company is committed to providing **equal opportunities** in employment (as emphasized in the World Business Conduct Manual) and to giving individuals the opportunity to reach their full potential and contribute to the Company's success. This means that employment decisions (hiring, remuneration, access to training, promotion) must be based on the criteria of merit, qualifications and performance, with no consideration of non-job-related characteristics such as race, gender, age, national origin, religion, marital status, citizenship, disability, political views, sexual orientation or any other legally protected factors that are not relevant on a professional level. Each of these aforementioned equal opportunity matters are explicitly address in our World Business Conduct Manual.

Safilo considers **diversity** and the value placed on diversity as essential to its culture. The Company seeks to foster an inclusive working environment in which the unique strengths of each individual are leveraged for the benefit of the Group.

In accordance with the focus on corporate responsibility and respect of human rights, Safilo protects and promotes the value of our human capital and rejects any discrimination.

Headcount

Employees by gender and employee category	December 31, 2024						December 31, 2023					
	Men	%	Women	%	Total	%	Men	%	Women	%	Total	%
Executives	14	82%	3	18%	17	0.5%	14	82%	3	18%	17	0.4%
Directors	41	73%	15	27%	56	2%	52	73%	19	27%	71	2%
Management	216	50%	216	50%	432	12%	208	50%	207	50%	415	11%
Employees	650	40%	959	60%	1,609	44%	663	40%	985	60%	1,648	43%
Workers	601	39%	930	61%	1,531	42%	674	40%	1,003	60%	1,677	44%
Total	1,522	42%	2,123	58%	3,645	100%	1,611	42%	2,217	58%	3,828	100%

Headcount by age group and employee category

Employees by age group and employee category	December 31, 2024							
	< 30	%	30-50	%	> 50	%	Total	% on total
Executives	-	0%	10	59%	7	41%	17	0.5%
Directors	-	0%	42	75%	14	25%	56	1.5%
Management	17	4%	320	74%	95	22%	432	11.9%
Employees	277	17%	981	61%	351	22%	1,609	44.1%
Workers	115	8%	1,071	70%	345	23%	1,531	42.0%
Total	409	11%	2,424	67%	812	22%	3,645	100.0%

Headcount by age group and employee category

Employees by age group and employee category	December 31, 2023							
	< 30	%	30-50	%	> 50	%	Total	% on total
Executives	-	0%	9	53%	8	47%	17	0.4%
Directors	-	0%	50	70%	21	30%	71	2%
Management	14	3%	295	71%	106	26%	415	11%
Employees	243	15%	1,034	63%	371	22%	1,648	43%
Workers	140	8%	1,180	70%	357	21%	1,677	44%
Total	397	10%	2,568	67%	863	23%	3,828	100%

Harassment

Safilo is committed to maintaining a work context that is free from **harassment**, where all employees are respected and have an opportunity to freely reach their potential and contribute to the success of the Company.

The Company does not tolerate displays of violent behavior at work, or any behavior that makes an employee feel threatened or unsafe, including verbal assault. In these regards in March 2024 Safilo issued a revised policy entitled Global Bullying & Harassment at Work Policy¹ (issued and implemented by the Global HR department). The key objectives of this policy are to: i) clarify the standards of behavior required from Safilo Group workers and from third parties towards all Safilo Group workers; ii) define the responsibilities for the implementation and respect of the Policy; iii) provide indications on how to report any situations of bullying and harassment and on the operation of the disciplinary system.

The Group did not have any significant incidents regarding discrimination, harassment and human rights violations during the reporting year.

In the event of a harassment incident, the Company has established a comprehensive framework of actions to protect the aggrieved party. These measures are explicitly detailed in section 1B.Sustainability Statement – Business Conduct – Business Conduct Policies and Corporate Culture, which outlines both preventive actions and specific steps to be taken in response to such violations.

Child and forced labor prohibition

The Group, as reported in the Worldwide Business Conduct Manual, prohibits in every possible manner the occurrence of forced and child labor². Safilo demands full compliance with all applicable laws relating to the minimum age for employment in all countries where the Safilo Group is present and is subject to all laws regulating and limiting the possibility of the occurrence of forced or child labor.

No incidents, complaints and severe human rights occurred during the reporting year.

¹ The Global Bullying & Harassment at Work Policy has been prepared based on the key principles of the Convention no. 190 "Convention concerning the elimination of violence and harassment in the world of work" adopted by the International Labor Organization in 2019 and ratified in Italy with Law no. 4 on 15 January 2021.

² The WBCM directly addresses the occurrence of forced and child labor, however it does not refer explicitly to human being trafficking.

SAFILO PEOPLE

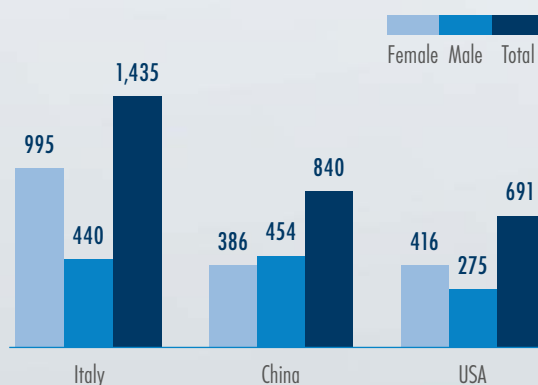
Total number of employees by headcount, and breakdowns by gender and by country for countries

The majority of the Safilo people are concentrated in the country of establishment, Italy, which has 1,435 employees. The other main hotspots are located in China and the USA, with 840 and 691 employees respectively. These three countries represent 81% of the full workforce, consequently the distribution by geographical region is the following:

Safilo People by Region - Headcount	Total 2024	% 2024	Total 2023	% 2023
Europe	1,766	48%	1,768	46%
Asia Pacific	966	26.5%	1,089	28.5%
North America	716	20%	781	20.5%
Rest of the world	197	5.5%	190	5%
Total	3,645*	100%	3,828	100%

* Please refer to Directors Operations Report "SUMMARY OF KEY ECONOMIC & FINANCIAL PERFORMANCE INDICATORS" at line "Group Personnel - Punctual at period end."

Total number of employees by head count, and breakdowns by gender and by country for countries in which the undertaking has 50 or more employees representing at least 10% of its total number of employees



SAFILO HEADCOUNTS DISTRIBUTION BY COUNTRY



69

Brazil

25

Canada

38

Mexico

16

South Africa

13

United Arab Emirates

77

France

38

Great Britain

19

Greece

7

Belgium

5

Portugal

4

Czech Republic

3

Slovenia

49

Russia

18

Turkey

7

Switzerland

5

Austria

4

Hungary

2

Netherlands

29

Germany

18

Poland

7

Switzerland

5

Austria

4

Slovakia

26

Spain

16

Sweden

69

Hong Kong

61

India

29

Australia

11

Japan

9

Malaysia

8

Singapore

Safilo promotes the extensive use of permanent labor contracts, thus granting to employees: i) stable and solid working relationships, ii) greater economic security, iii) the possibility to facilitate the process to have access to credit. As of now, the Group has 3,479 employees under the permanent working contract regime and the remaining 166 on a fixed-term working contract regime.

Headcount December 31, 2024 - characteristics of employees

HEADCOUNT	Female	Male	Total
TOT. Employees	2,123	1,522	3,645
Permanent employees	2,045	1,434	3,479
Temporary employees	78	88	166
Full-time employees	1,848	1,504	3,352
Part-time employees	275	18	293

Headcount December 31, 2023 - characteristics of employees

HEADCOUNT	Female	Male	Total
TOT. Employees	2,217	1,611	3,828
Permanent employees	2,131	1,522	3,653
Temporary employees	86	89	175
Full-time employees	1,942	1,591	3,533
Part-time employees	275	20	295

During the reporting period the average population of Safilo was equal to 3,724 employees and an incoming rate of 10% was recorded, while the turnover rate was 15%. These rates correspond to:

- 192 men and 173 women, for a total of 365 that were employed by Safilo through the 2024;
- 281 men and 267 women, for a total of 548 that left the company in 2024.

All the figures related to Safilo's own workforce were collected at December 31, 2024 in a headcount.

COLLECTIVE BARGAININGS

Collective bargaining coverage and social dialogue

Safilo believes that building strong relationships with **trade unions** is a key point to build a safe workplace with enhanced working conditions for employees in which they can be inspired and express themselves. The relationships with trade unions take place over multiple countries in which the Group operates, and this collaboration aim to grant to employees a contractual agreement directly stipulated pivoting on eyewear industry standards. Furthermore, at a company level, each employee can exercise their right to freedom of association and collective bargaining thanks to specific company agreements and according to the law and/or local practices.

In Italy, the relationships with trade unions take place:

- on a national level, with the negotiation of the collective national contract in the eyewear industry, in which Safilo plays a key role as a leading company in this sector;
- on a corporate level, with a Group company agreement that involves both the production sites and Safilo's headquarters. The relationship with trade unions involves a continuous and open dialogue based on the specific performance of the site considered and on the Group's total performance in the wider international economic environment.

Each employee is free to exercise their rights to freedom of association and collective bargaining thanks to specific company agreements and according to the law and/or local practices.

In 2024, 65% of the total workforce was covered by collective bargaining agreements.

Coverage Rate	Collective Bargaining Coverage		Social dialogue
	Employees – EEA (for countries with >50 empl. representing >10% total empl.)	Employees – Non-EEA (estimate for regions with >50 empl. representing >10% total empl)	Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl)
0 -19 %			
20 -39 %			
40 -59 %			
60 -79 %			
80 -100 %	Italy	China	Italy

NON-EMPLOYEES

Characteristics of non-employees in undertaking's own workforce

The Safilo Group usually engages a number of professionals and workers to ensure the right flexibility of the workforce for the workload needs, to have on board the right professional skills, to follow our customers in every possible way, and to give university students or recent graduates the opportunity to start their professional career.

Non-employees' categories recognized are:

- Workers mostly engaged in logistic activities in Logistic centers and in the manufacturing sites,
- White collars employed to support company functions,
- Interns,
- Agents,
- Other

2024	HEADCOUNT
Temporary Workers	273
Temporary Company Staff	194
Interns	19
Agents	371
Other non-employees	16
TOTAL	873

The figures of non-employees are reported in the headcount at the end of the reporting period December 31, 2024. By nature, this data could fluctuate over the year.

HEALTH AND SAFETY

Health and safety metrics

The Group has established an organizational function dedicated to the management of Health and Safety. This function aims to achieve health and safety objectives in terms of effectiveness and efficiency, with the goal of ensuring :

- The reduction of costs arising from accidents, injuries, and work-related illnesses through the minimization of risks that employees and, more generally, all individuals who interact with the company (customers, suppliers, etc.) may be exposed to.
- The improvement of health and safety standards at the workplace.

The Boards of Directors of the companies have been assigned the responsibility for managing, as the "Datore di lavoro – Employers", all aspects and obligations related to current and future health and safety at work, injury prevention, and environmental protection.

The Health and Safety Department implements the directives of the Employers, organizing and supervising the work activities. The main tasks performed are:

- Analysis of the organizational context, meaning the examination of the organizational structure and its coherence with responsibilities and assignments, as well as assigning tasks to managers and supervisors.
- Risk and hazard assessment and the development of preventive measures. The goal is the creation of a safe and healthy working environment through the adoption of appropriate measures, the corrective actions to be implemented and procedures aimed at preventing accidents and damage to health, as well as mitigating and reducing potential risks. The Safilo Group companies periodically conduct an analysis of their work activities, identifying associated risks and corrective actions to be implemented. The result of this analysis is a **Risk Assessment document**³, which is updated at least every three years, or in the event of new activities, processes, substances, organizational changes,

or stakeholder feedback. This document is prepared by the employer in collaboration with the members of the Prevention and Protection Service, the Competent Doctor, and the Workers' Safety Representatives and in the report all the risks assessed are presented and the possible corrective actions to be taken. Management models are revised as needed due to significant changes in business processes or regulatory updates.

- Planning of preventive measures and interventions. The Group has a **prevention and protection plan**, and its implementation is periodically verified in specific internal committees, which involve the Workers' Safety Representatives, Competent Doctors, and the company's Prevention and Protection Service. Safilo also provides personal protective equipment (PPE) to employees for workstations where required, and annually conducts emergency simulations. Group companies encourage employees to report hazards and unsafe work situations, primarily through formalized and structured procedures that specify how to make notifications, as well as their evaluation, analysis, and resolution processes. Workers can submit notifications via supervisors, trade union representatives, safety representatives, or anonymously. Workplace injuries, accidents, and potentially hazardous situations are also carefully monitored and analyzed. Employees and their representatives play an active role in this analysis process.
- Management of organizational, managerial, and operational procedures internally and in relation to authorities and suppliers
- Management **of training and instruction programs**. Safilo provides training for directors, supervisors, workers, and specific training based on employees' roles and job functions, provided annually. Specifically, training is provided on the handling of loads, repetitive upper limb movements, chemical risks, use of machinery (e.g. forklifts), emergency and fire-fighting plans, and first-aid training. At the end of each sessions the Safilo people from Italian and American Legal Entities and Safilo Eyewear Industries have to pass a test on the key topics addressed and provide feedback on the matter. This feedback is then gathered and analyzed by the HR

³ H&S is one of the major risks to which Safilo's plant employees are exposed, at each manufacturing and distribution site. Also for that reason a risk assessment is conducted.

department who is in charge of developing efficient solutions to eventual negative impacts.

The Employers have appointed other Managers to oversee the Health and Safety requirements, including the appointment of supervisors. The Group is committed to avoiding and mitigating the negative impacts on health and safety in the workplace directly connected to its activities. These impacts have been evaluated starting from the kind of activities performed by each category of workers and the geographical location of plants and subsidiaries. Such analysis has led to recognizing that factory workers are more exposed to health and safety incidents. Among the negative impacts recognized, these are the prevalent ones.

In addition, the Group has **ISO 45001: Occupational health and safety management systems** certification in all its Italian plants (Safilo Industrial in Santa Maria di Sala (VE) and Lenti in Bergamo), in its Chinese plant (Safilo Eyewear Industries Ltd at Souzou) and in its Padua Headquarters, covering 60% of its entire own workforce while for the Smith US manufacturing plant and the Safilo US distribution center in Denver a due diligence is ongoing for future implementation (mid-term). This ISO 45001 certification confirms

the company's goal to properly and carefully implement the **Organization, Management and Control Model** under Legislative Decree 231/01, with specific regard to the Special Part "C" – occupational health and safety offences in the workplaces.

In the event of work-related injuries, the Company prioritizes employee safety through best practices that include clear reporting procedures, and through investigations to identify root causes and the creation of a remediation plan. During 2024, 13 work-related injuries were recorded at the Group level (14 injuries in 2023), none was fatal or with serious consequences for employees, with a work-related injury rate of 1.90 (compared to 1.98 in 2023). The most frequent type of injury is accidental, such as trauma, bruises, muscle tears, joint pain, and fractures, mainly linked to the activities of handling loads, repeated movements of the upper limbs, and the use of manual equipment in the mechanical processing, assembly and storage areas. No cases of occupational diseases have been occurred.

Safilo EMPLOYEES ⁴	2024 ⁵			2023		
	Male	Female	Total	Male	Female	Total
Injuries: n. of recordable work-related injuries (excl. "in transit injuries)	3	10	13	5	9	14
Of which n. of work-related injuries with "high-consequences" (excl fatalities)				1	1	2
Of which n. of work-related fatalities as a result of a work-related injury				-	-	-
Number of occupational diseases				-	-	-
Lost days: number of days	131	264	395	214	439	653
Hours worked (number of hours worked)	3,113,525	3,738,020	6,851,545	3,001,352	4,071,364	7,072,716
Health and Safety Indicators						
Rate of recordable work-related injuries	0.96	2.68	1.90	1.67	2.21	1.98
Rate of high-consequence work-related injuries (excluding fatalities)				0.33	0.25	0.28
Rate of fatalities as a result of work-related injuries				-	-	-
Occupational disease rate				-	-	-
Lost day rate	0.04	0.07	0.06	0.07	0.11	0.09

4 In the occurrence of a work-related injury, the Group ensures the necessary measures for enabling remedy in relation to that actual negative impact.

5 Starting from this year, all the Legal Entities are in scope (Emea, Apac, Canada and Latam vs. 2023) In 2023 no injuries happened neither in those minor commercial subsidiaries nor in Longarone. In 2024 Safilo recorded 13 injuries, of which in the Italian Distribution Center (2), US Distribution Center (1) Safilo Industrial (6) and Safilo Eyewear Suzhou (2), Lenti (2) 2.37 is the rate of recordable work-related injuries like for like in 2024 vs. 2.12 in 2023 using same perimeter (excluding Longarone and minor Commercial subsidiaries). During 2024, no cases of work-related ill health and fatalities were recorded.

ADDITIONAL NOTES ON ESRS – S1

It should be noted that:

- All Safilo's workforce, both employees and non-employees (workers in operating sites, office employees, commercial agents, interns), are subject to material impacts (also included in the scope of the disclosures of ESRS 2) and could have risks and opportunities.
- Negative impacts and risks arising for them have been evaluated starting from the kind of activities performed by each category of workers and the geographical location of the plants and subsidiaries. Such analysis led to recognizing that factory workers are more exposed to health and safety incidents. Among the negative impacts recognized, these are the prevalent ones.
- The impacts, risks and opportunities identified through the double materiality assessment (DMA) are strictly related to the Group's strategy because the Safilo workforce can be considered the fundamental resource to achieve important sustainability and financial goals. For this reason, the Group continues to elaborate solutions in order to enhance the working conditions and employee satisfaction, provide training and awareness on different topics, create an inclusive environment by promoting diversity.
- All identified material risks are strictly correlated to the impacts identified through the double materiality assessment.
- The Group does not expect any material impacts on its own workforce that may arise from transition plan which aim to reduce negative impacts on the environment and achieve greener and climate-neutral operations.
- The Group policies reported in S1 covers its own workforce without any exclusion.
- The Group has not specific policy related to inclusion or positive action for people from groups at particular risk of vulnerability. However, in its WBCM the Group makes its own workforce aware, as a whole, about diversity and inclusion topics.
- The specific channel that the Company has in place for its workforce to raise their concerns or needs are reported in the G1 section.
- The Group did not set any quantitative targets. Eventual targets will be implemented by 2027.
- The Group is not aware of the existence of any agreement with its employees for representation by a European Works Council (EWC), a Societas Europaea (SE) Works Council, or a Societas Cooperativa Europaea (SCE) Works Council.
- The HR Policies were presented by the Global Head of Human Resources & Organization and approved by the CEO. The correlated engagement is under the operational responsibility of the HR department.

WORKERS IN THE VALUE CHAIN

[ESRS S2]

SAFILO VALUE CHAIN

The Safilo Group is involved in the eyewear value chain.

The value chain encompasses the complete flow of materials, products, and information from upstream suppliers to end users, as well as the responsible management of goods at their end-of-life stage. In order to gain a deeper understanding of this complex network, the Group undertook a comprehensive analysis of its value chain, focusing on identifying key business actors, distribution channels, and end consumers.

This analysis yielded a detailed mapping of value chain activities and stakeholders, highlighting critical areas, or hotspots, that may be particularly

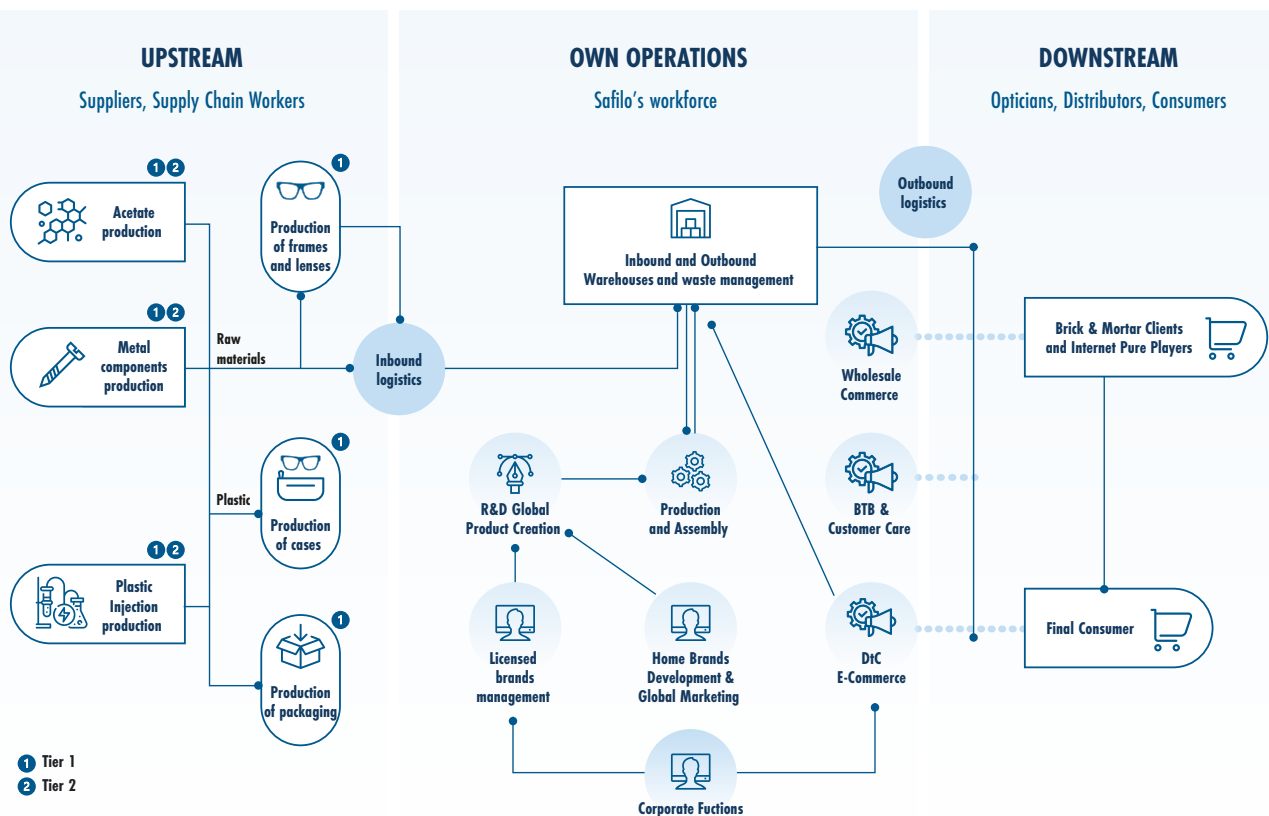
vulnerable to environmental and social risks. Furthermore, it facilitated the identification of impacts, risks and opportunities (IROs) associated with the materials used, products manufactured, and production processes employed.

The value chain is structured into three main sections:

- Upstream, involving suppliers and supply chain workers;
- Own Operations, comprising Safilo's workforce and internal processes;
- Downstream, involving distribution channels, clients, and consumers.

In the next section a deep dive on the upstream side of Safilo's value chain is provided.

WORKERS IN THE VALUE CHAIN



Safilo Suppliers

Safilo is committed to managing its relationships with suppliers in a responsible way, actively seeking business relationships with partners who comply with guiding international standards, share our values, and promote the application of these high standards.

Safilo's upstream value chain is related to eyewear manufacturing plants¹ and is mainly concentrated in Far East countries, including China.

Safilo understands the critical importance of:

- safeguarding the rights and working conditions of the value chain workers involved in producing the raw materials and products of the Group;
- minimizing negative impacts and associated risks they might suffer while simultaneously identifying and enhancing opportunities for positive change.

The Group, through its actions and initiatives, is primarily focused on the workers of Tier-1 and Tier-2 level suppliers which produce branded components, specifically on blue-collar workers who mainly perform production or assembly activities for eyewear frames, or the production of raw materials and semi-finished products used by the Group in its own operations.

¹ Workers working for entities in the undertaking's upstream value chain.

SUPPLIER ENGAGEMENT PROCESS

Process for engaging

Safilo currently does not frequently engage directly with external supply chain employees but instead maintains structured communication with supplier's designated representatives, who serve as intermediaries for engagement on different business and sustainability topics.

For these representatives, Safilo convenes **regular supplier meetings** to discuss and share information on business volumes, price, quality and also to reinforce environmental, social, human and labor rights, and essential ethical principles that suppliers are expected to uphold, including the importance of worker education programs, fair wage initiatives, the promotion of work-life balance, respect for diversity, and health and safety.

Specific engagement opportunities also arise during **contract renewals** and specific talks on new ESG initiatives, which help establish channels for effective communication throughout the supply chain. For instance, Safilo has shared with its suppliers the ESG strategy goals, showing them how they can actively contribute to reducing Safilo Group's Scope 3 emissions through the adoption of renewable energy and innovative green technologies, which serve as fundamental levers in their transition to a low-carbon economy. The Purchasing Department is the dedicated function that engages with suppliers. They have been assigned multiple roles in vendor management: evaluation and selection of suppliers, monitoring of costs, quality and service level, compliance, and accountability.

The current and potential impacts identified by Safilo in relation to its supply chain are inherently linked to the company's **strategy**, which is appropriately adapted to minimize negative impacts and enhance positive ones.

On the other hand, the Group recognizes the potential negative impacts and risk related to child and forced labor, possibly arising from isolated cases in geographical areas at greater risk, and works to prevent their occurrence through intense direct monitoring at the Tier-1 supplier locations

and partially at Tier-2 suppliers through social audits. Safilo has defined plans and targets to increase the frequency of the audits and to extend this to a wider pool of suppliers.

POLICIES AND ACTIONS

Policies related to value chain workers

To ensure the development of transparent and traceable business relationships and to manage them in line with the ethical standards, Safilo has implemented a **Supplier Code of Conduct**, the **“Corporate Responsible Sourcing Manual.”** As an essential condition for establishing a business relationship with the Group, each direct supplier is required to adhere to and respect all principles outlined in the Corporate Responsible Sourcing Manual and to promote its principles while managing its business relationships accordingly throughout its own supply chain.

This manual serves as a guideline for the minimum requirements suppliers must meet to prevent risks related to workplace accidents, health and safety issues, human rights violations, and instances of unethical labor. This code explicitly prohibits child and forced labor, human trafficking, and mandates fair wages alongside reasonable working hours. The Safilo Operations department monitors compliance with such policies, utilizing social audits to identify and address any deviations. The details regarding the respect for human rights and the rights of value chain workers expressed in the policy are inspired by the recommendations of the International Conventions in force concerning the prohibition of forced and compulsory labor, freedom of association, and prohibition on discrimination based on race, religion, gender, age, and nationality. The international standards considered in its commitment to respect human rights include those from Universal Declaration of Human Rights, the eight fundamental conventions issued by the International Labor Organization, as well as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Each supplier needs to uphold the Worldwide Business Conduct Manual guidelines².

² In the WBCM guidelines structures or processes (whistleblowing channels and Ethics Point) are cited as a way to raise concerns or needs and have them addressed.

In 2012, in order to improve its ethical and social performance, Safilo achieved **SA8000** certification for the Italian Legal Entities (Safilo SpA, Safilo Industrial Srl and Lenti Srl - valid until January 2027). The SA8000 Social Accountability Management System Standard is a globally recognized social certification standard; it is based on international human rights standards and measures the performance of companies in eight areas important to social accountability in the workplace: child labor, forced labor, health and safety, free association and collective bargaining, discrimination, disciplinary practices, working hours and compensation. Periodic value chain audits are planned annually to verify compliance with SA8000 requirements in line with the Safilo Group’s principles.

In addition, regardless of the country where the supplier operates, Safilo’s suppliers must comply with all national and local regulations, including but not limited to those relating to labor practices, immigration, the environment, business practices, and health and safety for the industry and the country in which they operate. Furthermore, **Safilo’s zero-tolerance approach** to bribery and corruption is communicated to all suppliers at the beginning of the collaboration and as appropriate thereafter to prevent corruption and bribery. In this context, the existence and availability of communication channels, such as whistleblowing mechanisms, are highlighted to report potential unlawful behaviour and unethical practices. Although Safilo does not require its suppliers to implement specific channels for raising concerns, it makes its own whistleblowing channel available to value chain workers, who can access it through the dedicated hotline and the corporate website. The EthicsPoint website and hotline serve as a comprehensive and confidential reporting tool offering a channel for employees, customers, suppliers, and business partners to report possible violations.

Safilo takes all reports of misconduct seriously and, in order to protect the identity of the reporter and of any person reported against retaliation, matters will be investigated promptly and thoroughly to determine if any law, regulation, policy or procedure may have been violated and to define any suitable corrective actions. For further details, please refer to G1 chapter. This measure primarily allows the suppliers’ workforce to report any cases of non-compliance with the principles outlined in the Supplier Code of Conduct and violations of human and workers’ rights. During FY 2024, there

were no reported or effective incidents of human rights violations or actual negative impacts on the workforce of our suppliers, and consequently, no remediation actions were required.

Safilo has also developed a comprehensive understanding of the upstream workers within its value chain who may face risks. This insight stems from a thorough examination of the production and operational stages involved in manufacturing the components and products offered. Additionally, this understanding is reinforced by the social audits conducted at supplier facilities, ensuring adherence to essential safety and labor standards while assuring the implementation of ethical labor practices. This is the preferred measure through which the Safilo Group prevents potential negative impacts and mitigates risks for workers along the upstream value chain via social audits.

Periodic social audits are planned by the Procurement Operational Department and conducted to verify compliance of Tier-1 and Tier-2 suppliers of branded components with the Safilo Group's ethics and human rights principles. This compliance audit provides effective monitoring and a better understanding of potential problems that the supply chain may present, enabling the identification of areas for improvement and, if necessary, corrective actions.

The Group has about 230 suppliers and it buys finished products, components, and raw materials for use in its own production (direct materials). In addition, it purchases products, logistic, marketing, ICT, and general services to support the business in all areas (indirect spending). In 2024, Safilo conducted a total of 142 **social audits** (17 in Europe and 125 in Asia). These audits included 129 full on-site audits and 13 follow-up audits carried out by an external, independent auditing firm. The majority of these assessments reviewed both social and environmental criteria, using key standards such as SMETA 4-Pillar, SLCP.

A new monitoring plan has been introduced to establish a higher/ lower frequency of the follow-up audits depending on a lower/ higher score Safilo assigns to the suppliers during these social and environmental audits. By the end of 2024, already about 39% of Asian Tier 1 and Tier 2 of direct product and material suppliers have been audited in accordance to the new monitoring plan.

It is worth highlighting that during social audits conducted at supplier facilities, Safilo might carry out brief interviews with a selected sample of employees from the supplier's workforce. The interviews are conducted in both individual and group formats to ensure a balanced approach that captures a broad spectrum of insights. By safeguarding confidentiality and fostering trust, the process ensures that employees can communicate openly, thereby generating valuable insights. Social audits also allow for proper risk management for value chain workers, primarily related to workplace incidents. Health and safety risks are the subject of audit that helps minimize risks by ensuring that suppliers provide their workers with a healthy environment and adequate means to guarantee workplace safety.

If a supplier is defined by the Group as non-compliant with ethical and health and safety practices, Safilo may take the significant step of suspending the supplier's contract, thereby minimizing the risk of negative impacts on value chain workers. In the case of negative impacts Safilo closely monitors the implementation of an action plan to assess its effectiveness, focusing on enhancements in the supplier's performance during subsequent audits.

Safilo is also committed to upholding ethical sourcing practices and ensuring compliance with global regulations regarding conflict minerals. The Group acknowledges the significance of responsible sourcing and take proactive steps to prevent the use of minerals that contribute to armed conflicts or human rights violations. As part of due diligence efforts, Safilo requires its strategic suppliers to comply with Conflict Minerals regulations, including those specified in the Dodd-Frank Act (Section 1502). To ensure compliance, comprehensive evaluations are carried out, requiring key suppliers to complete the Conflict Minerals Reporting Template (CMRT) and submit relevant documentation about the origin of key minerals such as tin, tungsten, tantalum, and gold (3TG).

Safilo, while not yet having set time-bound or results-oriented targets specifically for workers in the value chain, is working to gradually address these issues.

PAYMENT PRACTICES

Safilo operates in different markets and purchases different categories of product and services from thousands of suppliers of different size and spread across the world. The Group agrees the payment conditions with each supplier. Payments terms might vary by country by category of product and services and by specific supplier.

Safilo is committed to respect the payment terms agreed with our counterparts; for this reason it does not have any legal proceedings currently outstanding for late payment.

As of now a Global Policy is not in place to prevent late payments, specifically to SMEs, therefore, by 2026, the Group will develop and issue a policy to manage this eventual issue.

Average time of payment (DPO) is about 80 days.

The methodology used to determine these indicators is the total Account Payable on daily Cost of goods, Overheads and Marketing expenses.

The suppliers of finished products and raw materials usually have slightly longer payment terms than the average, while suppliers of sales marketing and G&A product and services in general have slightly shorter payment conditions.

Safilo is committed to paying suppliers on time on the agreed payment conditions. However, during 2024, some payments were made in advance according to vendor master data payment terms while others were paid late in delay. On average, considering all the payments made, the effective average delay can be summarized as a few days.

ADDITIONAL NOTES ON ESRS

– S2

It should be noted that:

- value chain workers (also included in the scope of the disclosures under ESRS 2) involved in impacts, risks and opportunities are mainly the upstream workers in the value chain who work for Safilo's suppliers in eyewear manufacturing plants
- in Far East countries, including China, the Company might have a risk of child and forced labor associated with labor-intensive activities such as handcrafting and assembly, often characterized by limited automation.
- all identified material risks are strictly correlated to the impacts identified through the Double materiality assessment .
- the Group does not have any additional actions or initiatives in place with the purpose of delivering positive impacts except what is has already been described in this chapter.
- the Group does not have identified opportunities in relation to value chain workers.
- the Group in carrying out social audits avoids causing or contributing to material negative impacts on value chain workers.
- The Group has not set targets yet, however, aims to set by 2027.



#Fashion & Home



#Fashion & Home



#Fashion & Home



#Fashion & Home



#Fashion & Home



CONSUMERS AND END-USERS [ESRS S4]

CONSUMER AND END-USERS

Safilo is a key leader in the wholesale Eyewear Market. The Group has a global and multichannel presence that leverages both the established wholesale sales model, through which the Group reaches approximately 100,000 selected points of sale worldwide (opticians, optometrists, ophthalmologists, retail chains, department stores, specialty retailers, boutiques, duty free and sports stores), as well as modern Direct-to-Consumer (DtC) e-commerce platforms, an ever-evolving channel on which Safilo continues to invest, in line with its growth strategies.

The customers³ distribute Safilo home brands and licensed brand products in their respective regions.

The Company did not identify dependencies on particular categories of customers as revenues are distributed fairly evenly across various clusters.

Safilo attributes a central role to the customer and the Group has built a long-term partnership based on trust, respect and transparency. Each project and each initiative are aimed at improving customers' shopping by involving them more and more in the world of Safilo Products.

PROCESS FOR ENGAGING WITH CONSUMERS AND END-USERS

The Group has developed a tool to establish a comprehensive and transparent **process for interacting with customers: a B2B digital platform** named **You&Safilo**, which is available to all Safilo customers in the EMEA region.

In You&Safilo, each customer can login in the system in total autonomy, view our catalogues, discover marketing content, purchase products,

³ The Customers category includes consumers and/ or end-users who are dependent on accurate and accessible product- or service- related information, such as manuals and product labels.

order spare parts, submit service and warranty requests, check real-time product availability, follow the progress of their order and get in contact with Customer Care.

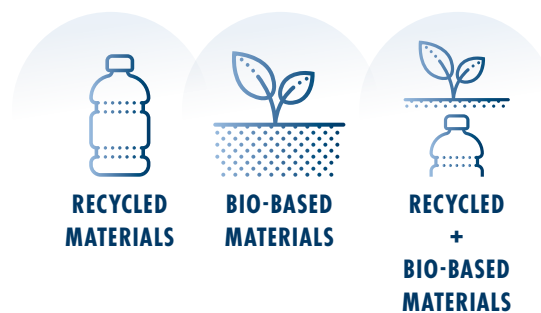
The You&Safilo ecosystem now also serves as a gateway to innovative features, including Safilo Omnia, a digital content hub offering resources and content to boost brand visibility. In May 2024 You&Safilo released an additional service: Safilo MyKey, a new educational platform designed to support opticians and their collaborators in store in growing their businesses, providing them with essential tools and sales arguments.

It offers a comprehensive and multidisciplinary e-learning package, with short and interactive courses and downloadable resources, to acquire in-depth skills about the Safilo world, and to receive valuable tips and keywords to better meet final consumers' needs and be more effective in sales.

Safilo MyKey is also available to the European Customer Care teams, who can take online courses to further support Customers.



The platform is also used to engage and educate customers on sustainability topics, such as recycled and bio-based materials used in collections.



Every year, Safilo is also involved in the important trade fair **MIDO Eyewear Show**, held in Milan during which there is the possibility to contact multiples categories of downstream actors such as opticians, licensors, and end-users. In 2024 we used a sustainability survey through which we collected feedback from them about Safilo's sustainability strategy and how we can improve some aspects of our Company.

In addition, the Group through the acquisition of Blenders and the development of Smith, Carrera and Polaroid e-commerce sites started to directly engage with the end-users. The **B2C channel** allows the Group to have direct access to the end consumers, increasing the portion of people that could leverage Safilo's expertise and products. This business is expected to grow in coming years and the digitalization and transformation strategy will act as enablers in order to expand all the touch points with end-users.

Safilo is focused on offering high-quality services to opticians who are the main category of downstream value chain actor. However, in recent years, due to the expansion of the e-commerce channel, Safilo has started to design ad-hoc end-consumer customer care services. In addition to its extensively diversified portfolio encompassing eyewear, sunglasses, goggles, and helmets, the Company strategically offers products across a wide range of price points. This approach effectively addresses the needs of multiple consumer segments as well as those with specific ocular conditions requiring tailored solutions. By catering to these diverse end-consumer categories, the Company not only enhances its market reach but also demonstrates a commitment to inclusivity and accessibility in the eyewear industry. Our products are designed for all market segments and all age groups.

POLICIES AND ACTIONS

Greenwashing risks

Safilo is very careful to prevent **greenwashing risks**. The company actively monitors and implement marketing campaigns to ensure that customers and end-users receive clear and precise information about our products.

This commitment involves:

- **Honest Messaging:** Safilo will avoid vague claims and focus on providing specific, factual information about our environmental practices and product benefits.
- **Evidence-Based Claims:** Any sustainability claims will be backed by credible data and third-party certifications, ensuring that our marketing reflects genuine environmental responsibility.

- **Clear Product Information:** We will provide detailed information about the sourcing, production processes, and lifecycle impacts of our products, allowing consumers to make informed choices.

By adopting these practices, we aim to build trust with our customers while promoting genuine sustainability in our operations and products.

Impacts on consumer

The Group has identified various **positive impacts** on consumers that can be summarized as follow:

- **Diversification of Product Portfolio:** We recognize that each brand has a unique DNA recognized also by end customers and our different brands address all different types of customer and different market segments as much as possible.
- **Improvement of customer satisfaction** that involves a comprehensive approach focused on understanding and meeting customer needs, providing excellent service, and continuously seeking ways to enhance the overall experience. This not only leads to happier customers but also drives loyalty and business growth.
- **Improvement of product value perception** through targeted marketing strategies that effectively communicate brand values and product quality.
- **The eyewear products developed and introduced to the market by the company are recognized as medical devices.** As such, they facilitate an improvement in life quality or provide correction for the visual impairments experienced by the individuals who utilize them.

During the Double Materiality assessment the Group has identified an eventual **potential negative impact** related to a single incident such as a defect on a specific product; but the risk is continuously mitigated by quality controls and tests. The after-sales program which has been developed through the years has allowed Safilo to adopt prompt interventions in case a customer raises concerns regarding the quality of products. In recent years, the customer service and care have been extended also to cover those B2C channels and the e-commerce site, in order to provide the end-consumer with the help they may need.

Policies related to customer consumers and end-users

The Group warranty policy ensures 4-year long assistance to support EMEA. The Customer is entitled to ask Safilo for assistance. The Global Commercial & Defective Returns Guidelines establishes and standardizes roles, rules and processes of quality and also commercial returns from customers to Safilo to address and manage all material impacts related to consumers. The Policy covers all consumers and/or end-users. The Sales Customer Operations Team, guaranteeing the implementation of the guidelines, manages this relationship with customers. Although Safilo primarily operates as a wholesale business, it has established a channel of communication with end-consumers to handle them promptly and appropriately. At the same time, the Group remains committed to maintaining the safety and exceptional quality of our products.

Cybersecurity

During the double materiality analysis, the Group has identified the **risks** related to **cyber-security**. These relate to possible cases of fraud and cyberattack that could impact also our Customer or End Users (in case of BfC). The protection of the integrity, availability and confidentiality of Customer or End Users data is a primary objective of the Group ICT department and its digital strategy.

The processes through which Safilo identifies what action is needed and appropriate follow the "Plan-Do-Check-Act" principle (Deming Cycle) that consists of the following macro-activities:

- Plan – establish the Information Security Management System policy (ISMS), objectives, processes and procedures to manage and reduce risks, improving information security aligned to policies and the overall business objectives of the organization.
- Do – implement and manage the ISMS in terms of security controls, processes and procedures in daily activities. In this phase also the development and the implementation of action plans are considered to manage the identified information security risks and the execution of training and awareness for all relevant employees.
- Check – evaluate and, where applicable, measure security process performance against

the ISMS policy, objectives and practical experience, reporting results to management for the review and optimization.

- Act – take corrective and preventive actions, based on the results of internal audits of the ISMS and the review by management on other relevant information, in order to achieve continuous improvement of the ISMS.

Should an incident occur, it must be properly tracked, reviewed and resolved using an incident management process and the documentation should be preserved and, at the same time, monitoring activities in ICT systems and services should be put in place to promptly identify potential security incidents. In addition, in the case of a security incident involving personal data, the related activities to evaluate impacts and to manage the investigation, remediation, corrective actions and notifications must be done in accordance with the Data Breach Management Procedure⁴.

The efficiency of actions aimed at enhancing the level of Safilo's cybersecurity are monitored on a biannual basis through the presentation by Company management of the Security report directly to the Control and Risk Committee and subsequently to the Board of Directors.

The Group has continued the work undertaken to ensure the best protection of ICT systems and data, to monitor risks associated with cyber threats and to increase security through initiatives involving technology, systems, process and human resources.

SOCIAL INITIATIVES

Safilo actively prioritizes its commitment to **supporting social initiatives** aimed at fostering positive impacts that can significantly benefit the wellbeing of society. This strategic focus underscores the organization's dedication to corporate social responsibility and its recognition of the critical role that businesses play in addressing societal challenges.

Currently, 2.2 billion individuals worldwide are living with the repercussions of sight loss, including various forms of visual impairment and blindness. Safilo's mission, "See the world at its best," strives to reach all people, encompassing the 2.2 billion affected by these challenges. In its commitment to raising awareness about eye health and reducing

⁴ These guidelines are valid at Group level.

global vision loss, since 2024 Safilo has partnered with the International Agency for the Prevention of Blindness (IAPB). IAPB is a leading global alliance dedicated to eye health, uniting over 250 organizations across more than 100 countries to create a world where universal access to eye care is a reality for all.

In 2024, Polaroid Eyewear by Safilo was global partner of the World Sight Day LOVE YOUR EYES 2024 campaign promoted by the IAPB which aims to teach children and their parents around the world to take care of their eyes and enjoy a world of colors. The 2024 World Sight Day focused the world's attention on the importance of eye care in young people and inspiring children everywhere to love their eyes. The campaign reached millions of media impressions and it was covered in thousands of articles worldwide.

GLASSES OF THE FUTURE COMPETITION

Together with the IAPB, Polaroid eyewear by Safilo also launched the Glasses of the future competition to explore the world of glasses through the eyes of children, who were able to combine their vision of the future with concepts of design and functionality. The initiative not only promoted imagination, but also offered an interesting starting point to raise awareness among future generations of accessibility.

With this competition we invited children around the world to invent the next generation of glasses to consider what glasses would look like, what they would be made of and if they had any special and amazing features.

The winning designs, selected from over a thousand entries, were celebrated on International Day of the Child and the winners received a cash prize for their school and their unique design will become the Love Your Eyes frame design in 2025. The winner will also receive a pair of sunglasses and a pair of glasses frames.

Safilo with **Polaroid Eyewear** has supported scientific research and popularization of eye care through a partnership with the **Umberto Veronesi Foundation**.

The Group in collaboration with the Veronesi Foundation has written the document dedicated

to eyesight titled "Eye health: for the wellbeing of the person" that includes the types of examinations and an ideal calendar, physical and dietary interventions to prevent certain eye conditions, pathologies, and an in-depth analysis also of the types of glasses and lenses that would be best to use when preventing and correcting these conditions. The brand is also involved in funding a research project, the goal of which is to evaluate a pharmacological approach that blocks communication between malignant cells and the tumor microenvironment in the treatment of uveal melanoma.

In March 2024, the initiative started in October 2023 called "EYE ROOM" was extended to Lenti s.r.l. . This initiative, which was activated, through the Polaroid brand, is part of the initiatives to increase awareness of eye health, and initially took place at the Santa Maria di Sala headquarters and plant.

During this initiative the focus was on providing, to all employees who participated, notions about eye health and disease prevention through the distribution of the "Eye Health" white paper developed in collaboration with the Umberto Veronesi Foundation as well as the opportunity to undergo a free eye examination. This initiative was greatly appreciated by employees.

By investing in programs and partnerships that uplift marginalized communities, the Company seeks to enhance access to essential services, promote equitable opportunities, and ultimately contribute to the well-being of those who are often overlooked. Since 2003, Safilo has been actively supporting Special Olympics, a global non-profit organization, dedicated to transforming the life of people with intellectual disabilities.

In addition to donations of frames and sunglasses, the partnership also provides **Special Olympics** athletes with the opportunity to benefit from eye examinations and referrals for follow-up checks through Opening Eyes services supported by Safilo and other cooperate sponsors in the eye care community.

Other initiatives which have a territorial relevance: Smith Optics have been partnering with the **High Fives Foundation**, a non-profit organization supporting the dreams of mountain action sports athletes by raising injury prevention awareness and providing resources and inspiration to those who suffer life-altering injuries. Another important

initiative supported by Smith is related to **Boarding for Breast Cancer**, a non-profit foundation that advocates early detection and a healthy, active lifestyle as the best means for breast cancer prevention. For these two initiatives Smith Optics has created dedicated capsule collections.

Furthermore, Blenders Eyewear partnered for the fifth year with **Keep a Breast**, a non-profit organization based in California focused on breast awareness cancer.

SAFILO CUSTOMER CARE

EMEA Safilo Customer Service is the dedicated function in place to manage consumers and/or end-users concerns and address the related impacts. Safilo's Customer Care lines are:

- You&Safilo⁵, our dedicated e-commerce site for opticians,
- A dedicated telephone line for each market,
- A dedicated e-mail address for each market

For Key Accounts and distributors, Safilo offer a personalized service with dedicated Customer Care contacts who can support from a selection of collections in our showrooms (or remotely in our Virtual Showroom) to after sales and set up of POP display materials. The North America Customer Care team in 2024 supported four sales organizations, six distribution channels, and eight customer groups. The customer groups include but are not limited to, independent 3O's, key accounts, strategic accounts, e-commerce, sport, internet pure player, D2C, and department stores. The NA Customer Care team managed and assisted these accounts via different channels which included support via inbound phone calls, chats, and emails.

The goals are measured with internal KPIs, which are in line with commonly established ones in other sectors in the field of customer care, and are tracked on a very regular basis:

- 80% of calls answered within 20 seconds;
- at least 95% of customers' enquiries are managed within one working day.

⁵ Available in EMEA Region.

Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

We track B2B Customers calls in order to understand customer needs and provide the right expertise. Customers often enquire about materials, products, promotions, returns, spare parts and warranties.

The customer care function also takes care of the relationships with end-user consumers, through different channels, such as the e-commerce websites of the home brands Carrera, Polaroid and Smith, and email.

Through dedicated quality monitoring tools, the quality of our customer care is then assessed through side-by-side supervision and dedicated tutoring of customer care representatives.

CUSTOMER SATISFACTION SURVEY

Safilo has launched its latest annual Wholesales Customer satisfaction survey in October 2024 in order to understand Customers' 360° perspective on Safilo's principal areas and services: product, commercial team, Customer Care, after sales service, service levels, trade marketing, B2B-website, communication and Education.

Customer care KPIs

The scope was: independent opticians in EMEA countries.

Main KPIs evaluated were:

- NPS (Net Promoter Score): on a scale from 0 to 10;
- CSAT (Customer overall Satisfaction): on a scale from 1 to 5.

Europe overall results were:

- NPS: 90% of customers responded with a ranking between 9 and 10 to the question if they would recommend Safilo as a business partner and this allowed Safilo to reach an NPS Index of 86 (82 in 2023);
- Overall satisfaction: the result was 4.6 on a scale of 1 to 5 (4.6 in 2023).

This fundamental activity, allow the Group to be aware of potential negative impacts and risks

that it may create on the downstream part of its value chain and elaborate the best actions, taking informed decisions, to solve or mitigate these risks.

Customer care activities aim to build trust and loyalty with the customer with the opportunity of generating return on investment in the form of increased sales and growth. The excellent handling of any complaints, and greater attention to customer needs is further supported by offering high-quality and extensively tested products.

In parallel with these ad-hoc services to collect and address specific complaints on products arising from customers and consumers, Safilo make available to all downstream actors (consumers and end-users) its whistleblowing mechanism to raise any further issues⁶. The whistleblowing mechanism has been explained entirely in chapter G1, for further details, please refer to that section

ADDITIONAL NOTES ON ESRS – S4

It should be noted that:

- Safilo value chain downstream involves distribution channels, clients, and consumers. All the above listed consumers and/or end-users who are likely to be materially impacted by the undertaking are included in the scope of its disclosure under ESRS 2;
- All identified material risks and opportunities are strictly correlated to the impacts on consumers and/or end-users identified through the Double materiality assessment;
- The company analyzes the feedback received from customer engagement, and this could influence the Group's strategy;
- Safilo does not have any risk or opportunities related to specific groups of consumers;
- Safilo operates primarily as a wholesale entity, with a significant portion of its business dedicated to serving opticians. The recent double materiality assessment has not identified

any negative actual impacts on end consumers; consequently, there has been no immediate necessity to implement targeted measures to address potential adverse effects;

- Nevertheless, Safilo remains committed to fulfilling customer expectations and has consistently prioritized excellence in communication and engagement with its clients;
- Customer Service is the resources available to manage material impacts related to Consumer and End Users while Information Technology is available accountability to manage material impacts related to Cyber Security;
- Severe human rights issues and incidents connected to its consumers and/or end-users did not have occur during 2024;
- The Group has not set any quantitative targets. Eventual targets will be implemented by 2027;
- Safilo does not adopt a specific policy on Human Rights but as already mentioned the Group's Worldwide Business Conduct Manual defines fundamental principles including the prohibition of forced labor, the freedom to join unions and the right to collective bargaining, the prohibition of child labor and exploitation, the prohibition of discrimination at work, the obligation to guarantee and maintain a healthy and safe workplace. The SA8000 Social Accountability Management System Standard certification confirms the Group's sensitivity on these issues, certifying the respect of all human rights and the application of health and safety standards for all plants;
- The Group tracks the effectiveness of its policies and actions in relation to the material sustainability-related impact, risk and opportunity through the Customer Care services carried out on a continuous basis. In addition, the Group uses the afore-mentioned Customer Care KPIs to evaluate progress;
- The Hypercare actions are primarily focused on enhancing customer loyalty. When a new customer enters the Safilo world, they are first contacted by Customer Care, which provides a welcoming demo and subsequent touchpoints regarding the efficiency of their submitted orders.

⁶ The channel is on a Group level website in sections "Customers" and "Governance – Business Ethics – WBCM and Whistleblowing" respectively. As widely described in section G1, the Safilo's whistleblowing mechanism include measures against the retaliation.



01

SUSTAINABILITY STATEMENT

Business Conduct [ESRS G1]

- 192** Business conduct policies and corporate culture
- 194** Prevention and detection of corruption or bribery and incidents of corruption or bribery
- 195** Additional notes on ESRS – G1
- 195** Certifications

BUSINESS CONDUCT [ESRS G1]

BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE

Safilo had a Code of Ethics since 2006, reaffirming the commitment to the principles of fairness, loyalty, integrity, and transparency. In 2017, this Code was replaced by the “Worldwide Business Conduct Manual – The Safilo Way.” During 2023, following on from the development of the Group’s Manifesto, the update of the Company’s Values and the adjustment of the Competencies, the Group decided to review and update the content of the Worldwide Business Conduct Manual. The revised version was approved by the Board of Directors on December 13, 2023.

The “Safilo Way” represents the transposition of the Group’s governance principles into standards of business conduct and the synthesis of the guidelines that the Group takes inspiration from its daily actions and decisions, defining worldwide reference standards that must be applied in each country where the Safilo Group operates; it underlines, furthermore, the importance that the Group places on acting with integrity and responsibility towards employees, shareholders, business partners, governments and, in general, all people.

Worldwide Business Conduct Manual

Following the launch of the **Worldwide Business Conduct Manual** a whistleblowing process was implemented with the definition of the “WBCM Compliance Reporting Procedure”, published on the Group website. All Group Companies must adopt the Procedure, in compliance with applicable local laws.

Mechanism for raising concerns – Whistleblowing

In July 2023 Safilo updated the WBCM Compliance Reporting Procedure following the entry into force in Italy of Legislative Decree 24/2023 implementing EU Directive 2019/1937.

The aim of this procedure is to provide the intended audience with a uniform mechanism for reporting,

investigating and managing suspected or alleged violations i) of the principles, values that inspire the Safilo Group and that are contained in the Worldwide Business Conduct Manual of the Safilo Group and/or ii) Group policies and procedures including Antibribery and Anticorruption and/or iii) the law in general, while safeguarding, via appropriate criteria and internal management and communication procedures, the whistleblower’s identity and working conditions as well as the confidential nature of the reported information.

The intended audience of this policy are the stakeholders of all Group Companies, without limitation.

This procedure is also the instrument to support the Control & Risk Management system as well as the Organization, Management and Control Models adopted by the Italian companies of the Group pursuant to Italian Legislative Decree no. 231 of 2001 or similar local national instruments, where they exist, adopted by the foreign subsidiaries of the Group.

Any misconduct reports received are managed by the Internal Audit¹ department and evaluated by the Assessment Committee as defined in the aforementioned Procedure.

During the year, the Internal Audit staff participates in specific training session on whistleblowing management.

The Company values the help of employees who report potential problems in good faith or participate in an investigation and will not retaliate or permit retaliation (such as dismissal, demotion, suspension, adoption of disciplinary measures or other sanctions, threats, harassment or discrimination) against them.

The Company expressly commits to intervene and punish with disciplinary action any cases of retaliation or attempted retaliation.

Whistleblowers who believe they have experienced retaliatory conduct as a result of a

¹ In no event a function may manage the investigation related to allegations about itself and, for such a purpose, the EthicsPoint Hotline and Website is structured so as to send Reports involving the Global Internal Audit staff directly to the Legal & Corporate Affairs Department which will inform the OdV of Safilo Group S.p.A.

previously submitted report are encouraged to submit a new report concerning the retaliation.

Anyone who encounters unlawful behavior or behavior not in compliance with WBCM, or Company policies and/or procedures is encouraged to communicate the matter using one of the dedicated channels²:

- EthicsPoint hotline and website – www.Safilogroup.ethicspoint.com;
- an in-person meeting with the Head of Global Internal Audit, which can be requested through the EthicsPoint platform;
- for Group Companies other than the Italian or French ones, for which it is necessary to use one of the above channels, by sending an email to the Global Internal Audit function at the email address ethicsandcompliance@Safilo.com (especially when EthicsPoint is not available in the geographical area).

The Company takes all reports of misconduct seriously and protects the identity of the whistleblower and of any person reported, matters are investigated promptly and thoroughly to determine any violation and to define any suitable corrective actions.

² These channels are also available for whistleblowing

EthicsPoint

Safilo EthicsPoint website represents a comprehensive and confidential reporting tool and supports the Safilo Way, providing a mean for employees, customers, suppliers and other business partners to communicate possible misconduct.

The Safilo EthicsPoint is run by an independent company and is available through a 24/7 multilingual web based service. The Company does not tolerate retaliation of any kind for reports made in good faith. Anonymous reporting is allowed where permitted by local law. The website even allows follow-up on reports, even if anonymous. The EthicsPoint system is active in Italy, France, USA, UK, Spain, Germany and Portugal.

Individuals that fail to comply with the Manual, Company policies and/or procedures or the law may incur disciplinary action, which, depending on the nature and severity of the violation, can go as far as the application of the most serious measure of termination of the employment relationship. All disciplinary actions will be applied in compliance with the local law applicable to the case.

The Board of Directors, as the administrative and management body, is in charge of ensuring the functioning and implementation of the Worldwide Business Conduct Manual principles and the respect of business conduct and ethics.

For more details on the roles and responsibilities of the Board of Directors, please refer to .I.A. Economic & Financial performance, Corporate Governance, Risk Factors & Other – Corporate Governance – Board of Directors.

In addition, Safilo has assessed the impacts, risks and opportunities concerning business conduct. For insights on this topic please refer Sustainable Statement – General Disclosures - Description of the process to identify and assess material impacts, risks and opportunities.

PREVENTION AND DETECTION OF CORRUPTION OR BRIBERY AND INCIDENTS OF CORRUPTION OR BRIBERY

Prevention and detection of -bribery and corruption

In 2020 the Group adopted the Anti-Bribery and Anti-Corruption policy³ to root a general culture of compliance in the Company, in line with the ethical behavior standards set out in the Worldwide Business Conduct Manual. The policy aims to:

- clearly state Safilo's commitment to "zero tolerance" of bribery and corruption, in compliance with locally applicable anti-bribery laws;
- define principles which serve to detect and prevent potential acts of bribery and corruption;
- ensure the effective application of Safilo's "zero tolerance" approach.

In addition, the Organization, Management and Control Model pursuant to Legislative Decree 231/01, which applies to the Italian companies of the Group, includes general rules of conduct as well as more specific protocols, including control activities that must be respected when performing related activities, that have been defined to prevent the commission of crimes, inter alia, related to bribery and corruption.

Periodic auditing activities carried out by the Internal Audit Department include the verification of this Policy and whether the measures to prevent corruption risks are adequately designed and function effectively. Safilo pursues any corruption practices with severity.

The Policy states also the action to be taken in case of failure to comply:

- by employees - may result in disciplinary actions and penalties, varying according to the severity and within the limits of the current regulatory framework, to the extent of termination of employment.

³ The policy has been drafted in line with the legislation for publicly listed company. However, it does not refer explicitly to the principles of the United Nations Convention against Corruption. Safilo commits to align the policy by 2026

- by the members of the corporate bodies of the companies of the Group - may result in termination or removal from office.
- by external parties - may result in the termination of the contract, engagement or general relationship in effect with the companies of the Group, as well as claims for damages if the conditions are present.

Safilo is committed to sharing among its population all the Company's Values, the **Ethics principles**, and the importance of acting responsibly towards the Company itself and shareholders. During 2025 Safilo plans to carry out training worldwide on business conduct through a dedicated e-learning section. With the aim of spreading this culture, onboarding training is provided to each new hire (both employees and interns) on Business Ethics and Compliance including the Anti-Bribery and Anti-Corruption policy anytime is needed.

Our zero-tolerance approach towards any form of corruption is communicated to all suppliers, agents, collaborators, and business partners at the beginning of the business relationship and subsequently whenever deemed appropriate.

Our Group, that operates in around 40 countries in North and Latin America, Europe, Middle East and Africa, Asia Pacific and China and has a network of more than 45 independent distribution partners covering the other countries, could be exposed to corruption and bribery risks. In this corporate context, however, no specific function has been identified as particularly exposed to corruption risk compared to others, as this risk is considered potentially inherent in any business area. The Group leverages the same whistleblowing mechanism, extensively described in the previous section, to collect any reports or violations in the area of bribery and corruption.

The Global Internal Audit function is also in charge of reporting, at least twice a year, on the outcomes of the misconduct reports analyzed to the Control and Risk Committee and to the Supervisory Committee.

Incidents of corruption or bribery

In 2024, no incidents of corruption or bribery were recorded and the Group did not incur any convictions.

ADDITIONAL NOTES ON ESRS – G1

It should be noted that:

- The Legal function is in charge of ensuring the implementation of Anti-bribery and anti-corruption policy,
- As of now, it is in forth an anti-bribery and anti-corruption policy which is available anytime by anyone on the Group website. Therefore, the Group deemed not necessary planning any anti-corruption training to administrative, management and supervisory bodies,
- Anti-bribery and corruption policy contains suggestions on Ethics regarding this matter,
- The Group doesn't have a policy on training on Business Conduct.

CERTIFICATIONS

Certification	Companies
ISCC PLUS	Safilo S.p.A., Safilo Industrial S.r.l., Safilo Eyewear Industries Suzhou, Lenti S.r.l.
ISO9001:2015, Quality management System	Safilo S.p.A., Safilo Industrial S.r.l., Safilo Eyewear Industries Suzhou, Smith Sport Optics Inc., Lenti S.r.l.
ISO 45001: Occupational Health and Safety Management System	Safilo S.p.A., Safilo Industrial S.r.l., Safilo Eyewear Industries Suzhou, Lenti S.r.l.
SAB8000:2014, Standard for Social Accountability	Safilo S.p.A., Safilo Industrial S.r.l., Lenti S.r.l.
ISO 50001:2018, Energy Management System	Safilo S.p.A., Safilo Industrial S.r.l., Lenti S.r.l.
GRS – RCS	Safilo S.p.A., Safilo Eyewear Industries Suzhou
FSC	Safilo S.p.A.

For any details please refer: <https://www.Safilogroup.com/en/certifications>.



02

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

Consolidated Financial Statements

Notes to the Consolidated Financial
Statements

Attestations and Reports

02

Consolidated Financial Statements

- 200** Consolidated Balance Sheet
- 202** Consolidated Income Statement
- 203** Consolidated Statement of Comprehensive Income
- 204** Consolidated Statement of Cash Flows
- 206** Consolidated Statement of Changes in Equity

CONSOLIDATED BALANCE SHEET

(Euro/000)	Notes	December 31, 2024	of which related parties	December 31, 2023	of which related parties
ASSETS					
Current assets					
Cash and cash equivalents	4.1	47,421		74,898	
Trade receivables	4.2	211,862	323	203,075	382
Inventory	4.3	210,173		228,991	
Derivative financial instruments	4.4	6,553		585	
Other current assets	4.5	34,555		40,119	
Total current assets		510,564		547,667	
Non-current assets					
Tangible assets	4.6	86,875		88,750	
Right of Use assets	4.7	37,079		33,988	
Intangible assets	4.8	135,231		108,117	
Goodwill	4.9	35,825		33,682	
Investments in other companies	4.10	250		-	
Deferred tax assets	4.11	35,204		35,320	
Derivative financial instruments	4.4	-		271	
Other non-current assets	4.12	1,312		7,668	
Total non-current assets		331,775		307,795	
TOTAL ASSETS		842,339		855,462	

(Euro/000)	Notes	December 31, 2024	of which related parties	December 31, 2023	of which related parties
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Borrowings	4.13	30,000		30,250	
Lease liabilities	4.13	10,438		9,643	
Trade payables	4.14	165,262	66	172,107	33
Tax payables	4.15	13,856		23,382	
Derivative financial instruments	4.4	1,682		3,909	
Other current liabilities	4.16	47,813	-	40,772	-
Provisions	4.17	8,394		9,017	
Total current liabilities		277,444		289,081	
Non-current liabilities					
Borrowings	4.13	57,725	-	88,345	-
Lease liabilities	4.13	31,937		29,359	
Employee benefit obligations	4.18	9,365		9,734	
Provisions	4.17	7,376		9,443	
Deferred tax liabilities	4.11	10,377		10,291	
Derivative financial instruments	4.4	-		-	
Liability for options on non-controlling interests	4.19	13,118		20,770	
Other non-current liabilities	4.20	7,535		2,653	
Total non-current liabilities		137,433		170,596	
TOTAL LIABILITIES		414,878		459,676	
Shareholders' equity					
Share capital	4.21	384,873		384,858	
Share premium reserve	4.22	27,737		27,388	
Retained earnings and other reserves	4.23	(21,789)		(8,669)	
Cash flow hedge reserve	4.24	(46)		271	
Income/(Loss) attributable to the Group		22,296		(24,649)	
Total shareholders' equity attributable to the Group		413,070		379,200	
Non-controlling interests		14,391		16,586	
TOTAL SHAREHOLDERS' EQUITY		427,461		395,786	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		842,339		855,462	

CONSOLIDATED INCOME STATEMENT

(Euro/000)	Notes	2024	of which related parties	2023	of which related parties
Net sales	5.1	993,219	1,005	1,024,732	1,287
Cost of sales	5.2	(400,435)		(438,997)	
Gross profit		592,784		585,735	
Selling and marketing expenses	5.3	(423,590)	(109)	(428,780)	(52)
General and administrative expenses	5.4	(120,965)	(70)	(138,080)	(50)
Other operating income/(expenses)	5.5	(8,839)		(11,214)	
Operating profit		39,389		7,661	
Gains/(losses) on liabilities for options on non-controlling interests	5.6	8,613		(7,895)	
Financial charges, net	5.7	(16,281)	-	(19,223)	-
Profit/(Loss) before taxation		31,722		(19,456)	
Income taxes	5.8	(9,898)		(6,633)	
Profit/(Loss) of the period		21,824		(26,089)	
Profit/(Loss) attributable to:					
Owners of the parent		22,296		(24,649)	
Non-controlling interests		(472)		(1,440)	
Earnings/(Losses) per share - basic (Euro)	5.9	0.054		(0.060)	
Earnings/(Losses) per share - diluted (Euro)	5.9	0.054		(0.059)	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Euro/000)	Notes	2024	2023
Net profit (loss) for the period (A)		21,824	(26,089)
Gains/(Losses) that will not be reclassified subsequently to profit or loss:			
- Remeasurements of post employment benefit obligations		277	(330)
Total gains/(Losses) that will not be reclassified subsequently to profit or loss:		277	(330)
Gains/(Losses) that will be reclassified subsequently to profit or loss:			
- Gains/(Losses) on cash flow hedges	4.24	(317)	(510)
- Gains/(Losses) on exchange differences on translating foreign operations	4.23	19,705	(16,832)
Total gains/(losses) that will be reclassified subsequently to profit or loss:		19,388	(17,342)
Other comprehensive income/(loss), net of tax (B)		19,665	(17,671)
TOTAL COMPREHENSIVE INCOME/(LOSS) (A)+(B)		41,489	(43,760)
Attributable to:			
Owners of the parent		41,074	(41,709)
Non-controlling interests		415	(2,051)
TOTAL COMPREHENSIVE INCOME/(LOSS)		41,489	(43,760)

CONSOLIDATED STATEMENT OF CASH FLOWS

(Euro/000)	Notes	2024	2023
A - Opening net cash and cash equivalents	4.1	74,898	77,710
B - Cash flow from (for) operating activities			
Net profit/(loss) for the period (including minority interests)		21,824	(26,089)
Depreciation and amortization	4.6 - 4.8	29,816	44,877
Right of Use depreciation IFRS 16	4.7	10,642	10,345
Non-monetary changes related to liabilities for options on non-controlling interests		(8,613)	7,895
Other items		4,334	(9,662)
Interest expenses, net	5.7	6,505	8,974
Interest expenses on lease liabilities IFRS 16	5.7	1,820	1,745
Income tax expenses	5.8	9,898	6,633
Flow from operating activities prior to movements in working capital		76,225	44,718
(Increase) Decrease in trade receivables		(5,857)	6,335
(Increase) Decrease in inventory, net	4.3	25,718	22,652
Increase (Decrease) in trade payables		(9,545)	(5,751)
(Increase) Decrease in other receivables		(5,794)	7,702
Increase (Decrease) in other payables		9,067	(9,432)
Interest expenses paid		(5,926)	(8,050)
Interest expenses paid on lease liabilities IFRS 16		(1,820)	(1,745)
Income taxes (paid)/received		(5,851)	(8,717)
Total (B)		76,217	47,712
C - Cash flow from (for) investing activities			
Investments in property, plant and equipment	4.6	(11,570)	(10,527)
Net disposals of property, plant and equipment and assets held for sale	4.6	94	10,513
Acquisition of minorities (in subsidiaries)		-	(5,948)
(Acquisition) Disposal of investments and bonds	4.10	(250)	-
Purchase of intangible assets, net of disposals	4.8	(37,139)	(2,686)
Total (C)		(48,865)	(8,648)

(Euro/000)	Notes	2024	2023
D - Cash flow from (for) financing activities			
Repayment of borrowings	4.13	(32,000)	(30,000)
Repayment of principal portion of lease liabilities IFRS 16		(10,639)	(9,956)
Increase in share capital, net of transaction costs	4.21	363	39
(Purchase)/sale of treasury shares	4.23	(11,794)	-
Dividends paid	4.23	(763)	(552)
Total (D)		(54,832)	(40,469)
E - Cash flow for the period (B+C+D)		(27,480)	(1,405)
F - Translation exchange differences		3	(1,407)
Total (F)		3	(1,407)
G - Closing net cash and cash equivalents (A+E+F)	4.1	47,421	74,898

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Euro/000)	Share capital	Share premium reserve	Translation diff. reserve	Cash flow hedge reserve	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
Consolidated net equity at January 1, 2024	384,858	27,388	91,200	271	(124,517)	379,200	16,586	395,786
Profit/(Loss) for the period	-	-	-	-	22,296	22,296	(472)	21,824
Other comprehensive income (loss) for the period	-	-	18,818	(317)	277	18,778	887	19,665
Total comprehensive income (loss) for the period	-	-	18,818	(317)	22,573	41,074	415	41,489
Cover previous years losses carried forward	-	-	-	-	-	-	-	-
Increase in share capital, net of transaction costs	15	349	-	-	-	363	-	363
Sale/(Purchase) of treasury shares	-	-	-	-	(11,794)	(11,794)	-	(11,794)
Dividends distribution	-	-	-	-	-	-	(763)	(763)
Changes of non-controlling interests of subsidiaries acquired	-	-	-	-	1,847	1,847	(1,847)	-
Net increase in the Reserve for share-based payments	-	-	-	-	1,564	1,564	-	1,564
Changes in other reserves	-	-	-	-	816	816	-	816
Consolidated net equity at December 31, 2024	384,873	27,737	110,018	(46)	(109,512)	413,070	14,391	427,461

(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	-	-	-	-	(24,649)	(24,649)	(1,440)	(26,089)
Other comprehensive income (loss) for the period	-	-	(16,221)	(510)	(330)	(17,060)	(611)	(17,671)
Total comprehensive income (loss) for the period	-	-	(16,221)	(510)	(24,979)	(41,709)	(2,051)	(43,760)
Cover previous years losses carried forward	-	(665,160)	-	-	665,160	-	-	-
Increase in share capital, net of transaction costs	12	27	-	-	-	39	-	39
Dividends distribution	-	-	-	-	-	-	(552)	(552)
Changes of non-controlling interests of subsidiaries acquired	-	-	-	-	9,282	9,282	(9,282)	-
Net increase in the Reserve for share-based payments	-	-	-	-	459	459	-	459
Changes in other reserves	-	-	-	-	1,213	1,213	(533)	680
Consolidated net equity at December 31, 2023	384,858	27,388	91,200	271	(124,517)	379,200	16,586	395,786

02

Notes to the Consolidated Financial Statements

- 210** General information
- 210** Summary of accounting principles adopted
- 229** Risk management
- 240** Notes to the consolidated balance sheet
- 265** Notes to the consolidated income statement
- 273** Transactions with related parties
- 274** Contingent liabilities
- 275** Commitments
- 275** Subsequent events
- 275** Significant non-recurring events and transactions
- 275** Transactions resulting from unusual and/or abnormal operations
- 276** Appendix
- 276** Information requested by art. 149-duodecies of the Regulation on Issuers issued by Consob

1. GENERAL INFORMATION

1.1 GENERAL INFORMATION

Established in 1934 in Italy's Veneto region, Safilo Group is one of the eyewear industry's principal players in the design, manufacturing and distribution of optical frames, sunglasses, sports eyewear, goggles and helmets.

The holding company, Safilo Group S.p.A., is a joint stock company established in Italy on 14 October 2002 registered with the Business and Trade registry of Padua and with the head office in Padua, Settima Strada 15, Italy.

Safilo Group S.p.A. is listed on Euronext Milan of the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A., (code SFL IT0004604762).

Following the Group's financial restructuring, which was completed in the first quarter of 2010 with the share-capital increase, Multibrands Italy B.V. (a subsidiary of HAL Holding N.V.) became the parent company's leading shareholder.

According to IFRS 10 HAL Holding N.V. is deemed to have control over Safilo Group S.p.A. and accordingly is required to consolidate Safilo Group S.p.A. in its financial statements as from 1 January 2014 (even though its ownership interest of HAL Holding N.V. in the company Safilo Group S.p.A. is below 50%). HAL Holding is fully owned by HAL Trust, listed on NYSE Euronext of the Amsterdam Stock Exchange.

These consolidated financial statements are reported in thousands of Euro. The consolidated financial information relates to the period from 1 January 2024 to 31 December 2024 and also presents comparative data related to the financial period from 1 January 2023 to 31 December 2023.

These financial statements were approved by the Board of Directors on 11 March 2025.

The English version of the consolidated financial statements of Safilo Group S.p.A. constitute a non-official version that has been translated from the Italian original solely for the convenience of international readers. The Italian version shall always prevail in case of any discrepancy or inconsistency between Italian version and its English translation. Even if this English version, for the convenience of international readers, contains also the ESEF information as specified in the ESEF regulatory technical standards (Delegated Regulation (EU) 2019/815), the legally required ESEF-format is published and filed in Italian language in accordance to the Law.

The companies included in the consolidation area are listed in paragraph 2.3 "Scope of consolidation and methodology".

2. SUMMARY OF ACCOUNTING PRINCIPLES ADOPTED

2.1 ACCOUNTING POLICIES

The accounting policies described here below have been applied for the preparation of the present report and comply with those adopted for the financial report as of 31 December 2023. The new amendments and accounting standards, described below, have not had any significant impacts on this report. The consolidated financial statements are based on the going concern assumption, despite a context still characterized by considerable uncertainty, the Group, taking into account its financial solidity, the actions

undertaken to mitigate risks and its business model, believes that there are no elements that may rise any uncertainty on the going concern assumption, in accordance with paragraph 25 of IAS 1.

The consolidated financial statements for the year ended 31 December 2024 and 31 December 2023 were prepared in accordance with IFRSs issued by the International Accounting Standard Board ("IASB") and endorsed by the European Commission, as well as with the measures enacted to implement article 9 of Legislative Decree no. 38/2005. IFRSs include also all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously called Standing Interpretations Committee ("SIC").

The consolidated financial statements were prepared in accordance with "cost" criteria with the exception of some financial assets and liabilities, including derivative instruments, for which the "fair value" criterion was adopted.

Preparation of the annual report in accordance with IFRSs requires management to make estimates and assumptions that may affect the amounts reported in the financial statements and explanatory notes. Actual results may differ from these estimates. The areas of the financial statements that are most affected by such estimates and assumptions are listed in section 2.21 "Use of estimates".

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AS OF 1 JANUARY 2024

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

Furthermore, the Group has adopted the following new standards and amendments, effective from 1 January 2024:

- on 23 January 2020, the IASB published an amendment called "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current". On 31 October 2022 the IASB published an amendment called "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". The documents aim to clarify how to classify debts and other short or long-term liabilities;
- on 22 September 2022, the IASB published the amendment to IFRS 16 Lease Liability in a Sale and Leaseback. The document aims to clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale;
- on 25 May 2023 the IASB published amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements.

On 23 May 2023, the IASB published the amendments to IAS 12 Income taxes International Tax Reform – Pillar Two Model Rules. With reference to the Pillar Two Model Rules, effective from 1 January 2024 Safilo Group, as Multinational Group of enterprises that – together with its indirect reference shareholder HAL Holding N.V. – meets the Euro 750 million euro annual consolidated revenue threshold in at least two of the four preceding years, falls within the application of the Pillar Two income taxes provided for by the Council Directive (EU) 2022/2523 enacted in Italy by Legislative Decree 209/2023, aimed at ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the European Union. Refer to paragraph "5.8 Income Tax Expense" for further information about the implication to the Group.

The Group has complied with the above new amendments in preparing this report, their application had no significant 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 EARLY ADOPTED BY THE GROUP

At the date of this report the following amendments have been endorsed by the European Union applicable to the Group and effective for annual periods beginning on or after 1 January 2025 that have not been early adopted by the Group in preparing this report:

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

The Group will comply with these amendments based on their relevant effective dates, and their application is not expected to have any material impact on the Group 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 report:

- on 9 May 2024 the IASB published the new Standard IFRS 19 Subsidiaries without Public Accountability: Disclosures;
- on 9 April 2024 the IASB published the new Standard IFRS 18 Presentation and Disclosure in Financial Statements;
- on 18 December 2024 the IASB published the new amendment Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7
- on 18 July 2024 the IASB published the new amendment Annual Improvements Volume 11
- on 30 May 2024 the IASB published the new amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

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

2.2 FORMAT OF FINANCIAL STATEMENTS

Safilo presents the income statement by function (so-called “cost of sales”). This is considered to be more representative with respect to presentation by type of expenses, as it conforms more closely to the internal reporting and business model and is in line with international practice in the eyewear sector.

For the balance sheet, a distinction is made in the assets and liabilities between current and non-current as described in paragraphs 60 and following of IAS 1. The indirect method for the cash flow statement was used.

Therefore, the net profit of the period is adjusted by the effects of non-monetary transactions, changes in working capital and cash flows from investing and financing activities.

In compliance with paragraph 85 of IAS 1 some dedicated items have been introduced on the face of the balance sheet and on the income statement to separately disclose the balances related to the financial liability for the options on non-controlling interests of some investments and its related fair value changes to profit and loss:

- “Liabilities for options on non-controlling interests” in the sections “Current and Non current liabilities” of the statement of the financial position;

- "Gains/(losses) on liabilities for options on non-controlling interests" in the section related to the "Financial income/(charges)" of the income statement;
- "Non-monetary changes related to liabilities for options on non-controlling interests" in the statement of cash flows.

2.3 CONSOLIDATION METHOD AND CONSOLIDATION AREA

The Group's consolidated financial statements as of 31 December 2024 include the parent company, Safilo Group S.p.A., and 42 subsidiaries accounted for on a line-by-line basis, with the parent company holding, directly or indirectly, the majority of voting rights.

During the period the Group's consolidation area changed as follows:

- on 19 March 2024 the merger of the intermediate holding company Safilo International B.V. into Safilo S.p.A. has been executed, effective from 1 April 2024;
- on 22 May 2024 the Group has increased its controlling stake in Privé Revaux from 88.5% to 88.75%, due to the reassignment of some outstanding shares owned by employees who resigned. On 31 October 2024 the Group has exercised the second tranche of its put and call option increasing its controlling stake to 94.37%.

The above changes have not modified the Group's consolidation perimeter.

At 31 December 2024 the direct and indirect holdings included in the scope of consolidation under the line-by-line method, in addition to the parent company Safilo Group S.p.A., were the following:

	Currency	Share capital	% interest held
ITALIAN COMPANIES			
Safilo S.p.A. – Padua	EUR	66,176,000	100.0
Lenti S.r.l. – Bergamo	EUR	500,000	100.0
Safilo Industrial S.r.l. - Padua	EUR	41,634,703	100.0
FOREIGN COMPANIES			
Safilo Benelux S.A. - Zaventem (B)	EUR	560,000	100.0
Safilo Espana S.L. - Madrid (E)	EUR	3,896,370	100.0
Safilo France S.a.r.l. - Paris (F)	EUR	960,000	100.0
Safilo Gmbh - Cologne (D)	EUR	511,300	100.0
Safilo Nordic AB - Taby (S)	SEK	500,000	100.0
Safilo CIS - LLC - Moscow (Russia)	RUB	10,000,000	100.0
Safilo Far East Ltd. - Hong Kong (RC)	HKD	49,700,000	100.0
Safint Optical Investment Ltd - Hong Kong (RC)	HKD	10,000	100.0
Safilo Hong-Kong Ltd – Hong Kong (RC)	HKD	100,000	100.0
Safilo Singapore Pte Ltd - Singapore (SGP)	SGD	400,000	100.0
Safilo Optical Sdn Bhd – Kuala Lumpur (MAL)	MYR	100,000	100.0
Safilo Eyewear (Shanghai) Co Ltd - (RC)	CNY	1,000,000	100.0
Safilo Eyewear (Suzhou) Industries Limited - (RC)	CNY	129,704,740	100.0

	Currency	Share capital	% interest held
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 -Wien (A)	EUR	217,582	100.0
Safilo Japan Co Ltd - Tokyo (J)	JPY	100,000,000	100.0
Safilo Do Brasil Ltda – Sao Paulo (BR)	BRL	197,135,000	100.0
Safilo Portugal Lda – Lisbon (P)	EUR	500,000	100.0
Safilo Switzerland AG – Zurich (CH)	CHF	1,000,000	100.0
Safilo Polska sp. z.o.o. - Warsaw (PL)	PLN	50,000	100.0
Safilo India Pvt. Ltd - Bombay (IND)	INR	42,000,000	100.0
Safilo Australia Pty Ltd.- Sydney (AUS)	AUD	3,000,000	100.0
Safilo UK Ltd. - London (GB)	GBP	250	100.0
Safilo America Inc. - Delaware (USA)	USD	8,419	100.0
Safilo USA Inc. - New Jersey (USA)	USD	23,289	100.0
Safilo Services LLC - New Jersey (USA)	USD	-	100.0
Smith Sport Optics Inc. - Idaho (USA)	USD	12,087	100.0
Solstice Marketing Corp. – Delaware (USA)	USD	1,000	100.0
Safilo de Mexico S.A. de C.V. - Distrito Federal (MEX)	MXP	10,035,575	100.0
Safilo Canada Inc. - Montreal (CAN)	CAD	100,000	100.0
Canam Sport Eyewear Inc. - Montreal (CAN)	CAD	199,975	100.0
Safilo Optik Ticaret Limited Şirketi - Istanbul (TR)	TRL	1,516,000	100.0
Safilo Middle East FZE - Dubai (UAE)	AED	3,570,000	100.0
Privè Goods LLC. - Delaware (USA)	USD	19,919,335	94.4
Privè Capsules LLC - Delaware (USA)	USD	-	94.4
Blenders Eyewear LLC - Delaware (USA)	USD	1,000	80.0
ParSa Eyewear (Xiamen) Co Ltd.- (RC)	CNY	1,000,000	100.0

Investments in subsidiaries

The companies in which the Group exercises control (“subsidiary companies”), as defined in IFRS 10, either due to direct shareholdings or by indirectly holding the majority of the voting rights, having the power to determine even indirectly the financial and managerial choices of the companies and thus obtaining the relative benefits regardless of the relationships deriving from the share ownership, are consolidated using the line-by-line method. Potential exercisable voting rights existing at the balance sheet date are considered in order to determine control. The subsidiary companies are consolidated from the date on which control is assumed and are deconsolidated from the date when control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is measured as the fair value of the assets transferred, the

liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated statement of income.

With regards to the accounting for transactions and events that result in a change in the Group's interest in its subsidiaries and the attribution of a subsidiary's losses to non-controlling interests, IAS 27 (revised 2008) specifies that once control has been obtained, further transactions whereby the parent entity acquires additional equity interests from non-controlling interests, or disposes of equity interests without losing control are transactions with owners and therefore shall be accounted for as equity transactions. It follows that the carrying amounts of the controlling and non-controlling interests must be adjusted to reflect the changes in their relative interests in the subsidiary and any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent. There is no consequential adjustment to the carrying amount of goodwill and no gain or loss is recognized in profit or loss.

Upon consolidation, the amounts resulting from intra-group operations between consolidated companies are eliminated, in particular in relation to receivables and payables at the balance sheet date, costs and revenues as well as financial income and charges. In addition, gains and losses between the subsidiary companies that are fully consolidated are also eliminated.

The accounting principles adopted by the subsidiary companies have been modified where necessary, to comply with those adopted by the parent company.

Non-controlling interests and the amount of net profit attributable to them are shown separately under "Non-controlling interests" and "Profit for the period attributable to non-controlling interests" in the consolidated balance sheet and income statement, respectively.

All consolidated subsidiaries close their fiscal year on December 31, with the exception of Safilo India Pvt Ltd. which closes its financial year on 31 March. With reference to the requirements of article 15 of the Market Regulation all these companies have suitable accounting and reporting systems for preparing economic and financial statements and for regularly providing managements and auditors all the financial informations needed by the Parent Company to prepare the consolidated financial statements as of December 31 and perform the audit of the accounts.

Investments in associated companies

The holdings in companies/entities in which a significant influence is exercised ("associated companies"), that is presumed to exist when the percentage held is between 20% and 50%, are valued under the "equity" method. Due to the application of the equity method, the value of the investment is aligned to the shareholders' equity that is adjusted, where necessary, to reflect the application of the IFRS approved by the European Commission, and includes the recording of any goodwill identified at the moment of acquisition. The share of gains/losses realized by the associated companies after the acquisition is recorded on the income statement, while the share of movements of reserves after the acquisition is recorded in the equity reserves. When the share of losses of the Group in an associated company is equal to or exceeds its holding in the associated company, taking into account all receivables not guaranteed, the value of the investment is fully written down and the Group does not record further losses above its share, except where the Group has the obligation to cover these losses. Gains and losses not realized that are generated on operations with associated companies are eliminated for the part pertaining to the Group.

Investments in other companies

Equity investments in entities in which the Group does not have either control or significant influence, generally with ownership of less than 20%, are originally recorded at fair value. After initial recognition, the investments are measured at fair value. Gains and losses deriving from changes in fair value are recognized through the statement of profit or loss in the period in which they occur.

2.4 SEGMENT INFORMATION

Information according to business sector and geographic area is given pursuant to IFRS 8 – Operating Segments.

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

2.5 CONVERSION OF FINANCIAL STATEMENTS AND TRANSACTIONS INTO CURRENCIES OTHER THAN EURO

Foreign currency transactions are converted into the functional currency using the exchange rates prevailing on the date of the transaction. Exchange rate gains and losses resulting from such transactions and from the translation of assets and liabilities in foreign currencies at the exchange rates at end of the year are accounted for in the income statement.

The rules for the conversion of financial statements of companies expressed in currencies different from the Euro are the following:

- assets and liabilities are converted using the exchange rates prevailing on the balance sheet date;
- costs, revenues, income and charges are converted at the average exchange rate of the period;
- the “translation difference reserve” includes foreign exchange differences generated from the conversion of the opening shareholders’ equity and the movements during the year at a rate different from that at the end of the year;
- the goodwill and fair value adjustments related to the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate at the end of the period.

The exchange rates applied in the conversion of financial statements prepared in currencies other than Euro at 31 December 2024 and 31 December 2023 are detailed 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.

Currency	Code	As of		(Apprec.)/ Deprec.	Average for		(Apprec.)/ Deprec.
		December 31, 2024	December 31, 2023	%	2024	2023	%
US Dollar	USD	1.0389	1.1050	-6.0%	1.0824	1.0813	0.1%
Hong-Kong Dollar	HKD	8.0686	8.6314	-6.5%	8.4454	8.4650	-0.2%
Swiss Franc	CHF	0.9412	0.9260	1.6%	0.9526	0.9718	-2.0%
Canadian Dollar	CAD	1.4948	1.4642	2.1%	1.4821	1.4595	1.6%

Currency	Code	As of		(Apprec.)/ Deprec.	Average for		(Apprec.)/ Deprec.
		December 31, 2024	December 31, 2023	%	2024	2023	%
Japanese Yen	YEN	163.0600	156.3300	4.3%	163.8519	151.9903	7.8%
British Pound	GBP	0.8292	0.8691	-4.6%	0.8466	0.8698	-2.7%
Swedish Krown	SEK	11.4590	11.0960	3.3%	11.4325	11.4788	-0.4%
Australian Dollar	AUD	1.6772	1.6263	3.1%	1.6397	1.6288	0.7%
South-African Rand	ZAR	19.6188	20.3477	-3.6%	19.8297	19.9551	-0.6%
Russian Ruble	RUB	118.0092	99.9723	18.0%	100.4253	92.4381	8.6%
Brasilian Real	BRL	6.4253	5.3618	19.8%	5.8283	5.4010	7.9%
Indian Rupee	INR	88.9335	91.9045	-3.2%	90.5563	89.3001	1.4%
Singapore Dollar	SGD	1.4164	1.4591	-2.9%	1.4458	1.4523	-0.4%
Malaysian Ringgit	MYR	4.6454	5.0775	-8.5%	4.9503	4.9320	0.4%
Chinese Renminbi	CNY	7.5833	7.8509	-3.4%	7.7875	7.6600	1.7%
Mexican Peso	MXN	21.5504	18.7231	15.1%	19.8314	19.1830	3.4%
Turkish Lira	TRY	36.7372	32.6531	12.5%	35.5734	25.7597	38.1%
Dirham UAE	AED	3.8154	4.0581	-6.0%	3.9750	3.9710	0.1%
Polish Zloty	PLN	4.2750	4.3395	-1.5%	4.3058	4.5420	-5.2%

2.6 TANGIBLE ASSETS

Tangible fixed assets are assessed at purchase or production cost, net of accumulated depreciation and of any possible loss in value. The cost includes all charges directly incurred in bringing assets to their current location and condition. Costs incurred after purchase of assets are recorded only if they increase the future economic benefits of the asset they refer to.

Charges incurred for the maintenance and repairs of ordinary and/or cyclical nature are directly charged to the income statement of the period in which the costs are incurred. The capitalization of costs relating to the expansion, modernization or improvement of proprietary structural assets or of those used by third parties, is made only when they satisfy the requirements to be separately classified as an asset or part of an asset. The book value is adjusted for depreciation on a systematic basis, over the useful life.

Capitalized costs for leasehold improvements are attributed to the category of the assets they refer to and are depreciated over the shorter of either the remaining duration of the rental contract or the remaining useful lifetime of the assets improved.

When circumstances indicate that there may be a permanent impairment in value, an estimate is made of the recoverable amount of the asset, and any loss is recorded in the income statement. When the reasons for the previously recognized impairment no longer exist, the book value of the asset is restated through profit or loss, up to the value at which the asset would have been recognized in the absence of impairment and net of amortization.

Depreciation of tangible assets is calculated on a straight-line basis over the estimated useful lifetime of the asset, in accordance with the following depreciation rates:

Category	Useful lifetime in years
Buildings	15-40
Plant, machinery and equipment	3-15
Furniture, office equipment and vehicles	3-8

Land is not depreciated.

When the asset to be depreciated is composed of separately identifiable elements whose useful lifetime differs significantly from that of the other parts of the asset, the depreciation is made separately for each part of the asset, with the application of the “component approach” principle.

The remaining value of the assets and their useful lifetime are reviewed at the end of each financial year. The capital gains or losses from the sale of the fixed assets are posted to the income statement and valued as the difference between the sale proceeds and the net book value.

2.7 RIGHT OF USE

Assets held through lease contracts (both finance and operating) are recognized according to the IFRS 16 standard, which provide a definition of leases based on the control (right of use) of an asset considering: identification of the asset, right to replace it, right to obtain all economic benefits and the right to manage the use of the asset. The standard establishes a model to recognize and measure lease contracts for the lessee through the posting of the asset (also in operating leases) offset by a financial debt. Assets held through lease contracts, are recognized as assets of the Group at the present value of their contractual lease payments. The corresponding liability due to the lessor is recorded on the financial statements under financial debts. The assets are depreciated over the duration of the lease contract.

The Group has elected to apply the exemptions stated by the Standard that allow to keep leases off balance if they have an initial contractual duration of less than or equal to 12 months (IFRS16.5-a) or if they refer to a low-value asset (IFRS16.5-b), according to these exemptions these contracts are still recorded as lease and rent expenses on a straight-line basis in the income statement over the duration of the lease contract.

Management considered the clarifications included in the “IFRIC Agenda Decision” of November 2019 relating to the determination of the lease term. In particular, it was considered that:

- the buildings in which the manufacturing plants are located are all owned by the Group;
- the contracts for the properties in which the main office locations and logistic centers are located were recently signed and have a residual duration which is still significant;
- the contracts relating to the properties in which the office locations of lesser importance are located have characteristics for which their abandonment would not entail a “more than insignificant penalty”.

These considerations led to the confirmation of the lease terms previously identified on the basis of the remaining contractual durations.

2.8 INTANGIBLE ASSETS

Intangible assets consist of clearly identifiable non-monetary assets, without any physical substance and capable of generating future economic benefits. These assets are recognized at purchase and/or production cost, including the costs of bringing the asset to its current use, net of accumulated amortization and any impairment. Amortization begins when the asset is available for use and is allocated in equal instalments over the course of its useful life.

When circumstances indicate that there may be an impairment loss, an estimate is made of the recoverable amount of the asset, and any impairment is recognized through the income statement. When the reasons

for the previously recognized impairment no longer exist, the book value of the asset is restated through the income statement, up to the value at which the asset would have been recognized in the absence of impairment and net of amortization, except for impairment losses on goodwill.

Goodwill

Goodwill is measured as the excess of the aggregate of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain. Non-controlling interest is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The selection of the measurement method is made on a transaction-by-transaction basis. Goodwill is not amortised but is tested for impairment at least once a year or whenever there are any impairment indicators. After initial recognition, goodwill is valued at cost, net of any accumulated impairment. An impairment loss with respect to goodwill may not be reversed. When a company or a business unit previously purchased is sold and that acquisition led to goodwill, in measuring the gain or loss on the sale, consideration is given to the corresponding residual value of goodwill.

Goodwill and fair value adjustments generated from the acquisition of a foreign company are recorded in the relative foreign currencies and are converted at the exchange rate at the end of the period.

Trademarks and licenses

Trademarks are recorded at cost. They have a definite useful lifetime and are recorded at cost net of any accumulated amortization. Amortization is calculated on a straight-line basis allocating the cost of trademarks over the relative useful lifetime generally between 15 and 20 years, determined on the basis of independent analyzes and market benchmarks. The useful life and residual value are reviewed at each end of the period. If necessary, the occurrence of changes in the useful life or residual value is recognized prospectively as a change in accounting estimates.

The item includes also the perpetual license for the use of the David Beckham Eyewear trademark, the related right of use is considered to have a definite useful lifetime and amortized according to its estimated useful life.

Software

All software licenses purchased are capitalized on the basis of the costs incurred for their acquisition and in bringing them to their current condition. Amortization is calculated on a straight-line basis over their estimated useful lifetime (between 3 to 5 years). The costs associated with the development and maintenance of software programs are posted to the income statement of the period in which they were incurred. The costs directly associated with the production of unique and identifiable software products controlled by the Group are recorded as intangible fixed assets on the balance sheet only if the following conditions are respected: the costs can be reliably calculated, the Group has the technical and financial resources to complete the products and intends to conclude such activities, the technical feasibility of the products is guaranteed and the use of the products will generate probable future economic benefits for more than one year. Direct costs include costs relating to employees developing the software as well as any appropriate share of general costs.

Software as a service ('SaaS') arrangements

Following the IFRIC's agenda decision guidance published in April 2021 related to the capitalization of costs of configuring or customizing software applications under 'Software as a Service' ('SaaS') arrangements, the Group, starting from the 2021 Annual Report, has changed its accounting policy related to the capitalization

of these costs. For those software as a service arrangements (SaaS) where the Group does not have control of the developed software, the costs of configuring or customizing software applications under SaaS are not capitalized as intangible assets but posted to income statement in the operating expenses.

2.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets with an indefinite useful life are not subject to amortization but undergo an impairment test at least on an annual basis to monitor whether their book value has been reduced.

Assets subject to amortization undergo impairment tests when events or circumstances arise that indicate that the book value cannot be recovered. In both cases any loss in value is posted for the share of book value exceeding the recoverable value. This value is the higher of either the fair value of the asset net of the costs for sale or its value for use. If the value in use of an asset cannot be established individually, the recoverable value of the unit that generates cash flows (so-called "cash generating unit" or CGU) to which the asset belongs must be established.

Assets are grouped at the level of the cash generating units (CGU) that are the base for interpreting the Group performance. The Group then discounts to present value the future estimated cash flows generated by these CGUs by applying a discount rate that reflects the current time value for money and the specific risks associated with the business.

When a loss on an asset, other than goodwill, no longer exists or is reduced, the book value of the asset or cash-generating unit is increased to the new estimated recoverable value, which cannot exceed the value that would have been established if there had been no loss due to reduction in value.

A reversal of loss in value is calculated according to the revaluation model and recorded in the income statement in accordance with the provisions of IAS 16.

2.10 FINANCIAL INSTRUMENTS

All the financial assets recognized that fall within the scope of application of IFRS 9 must subsequently be recognized at amortized cost or at fair value on the basis of the entity's business model for the management of financial assets and characteristics relating to contractual cash flows of the financial activity.

Specifically:

- Debt instruments held in the context of a business model whose objective is the possession of financial assets aimed at collecting contractual cash flows, and which have cash flows represented solely by capital payments and interest on the principal amount to be returned, are subsequently valued at amortized cost;
- Debt instruments held in the context of a business model whose objective is achieved both through the collection of contractual cash flows and through the sale of financial assets, and which have cash flows represented solely by capital payments and interest on amount of the capital to be repaid, are subsequently measured at fair value with changes recorded in the other components of the comprehensive income statement (FVTOCI);
- All other debt instruments, including the liability for options on non-controlling interests, and investments in equity instruments are subsequently measured at fair value, with changes recognized in profit (loss) for the year (FVTPL).

Notwithstanding the foregoing, the Group may make the following irrevocable selection/designation upon initial recognition of a financial asset:

- The Group may make an irrevocable choice to present subsequent changes in the fair value of an investment in equity instruments that are neither held for trading nor a potential consideration recognized by a purchaser in a business combination transaction in the other components of the comprehensive income statement;

- The Group may irrevocably designate an investment in debt instruments that meets the amortized cost or FVTOCI criteria as measured at fair value, with changes recognized in profit (loss) for the year (FVTPL) if this eliminates or reduces significantly an accounting asymmetry.

During the current year, the Group has not designated any investments in debt instruments that meet the amortized cost or FVTOCI criteria as measured at fair value recorded in profit (loss) for the year.

When an investment in a debt instrument measured as FVTOCI is eliminated, the cumulative gain (loss) previously recognized under the other components of the comprehensive income statement is reclassified from equity to profit (loss) for the year through a correction from reclassification. On the other hand, when an investment in a representative instrument of capital designated as valued FVTOCI is eliminated, the cumulative gain (loss) previously recognized among the other components of the comprehensive income statement is subsequently transferred to retained earnings without passing through the income statement. Debt instruments subsequently valued at amortized cost or FVTOCI are subject to impairment.

IFRS 9 introduced the classification and measurement of financial liabilities with reference to the recognition of fair value changes attributable to changes in the credit risk of the issuer, for financial liabilities designated by the Group as FVTPL. In particular, IFRS 9 requires that changes in the fair value of financial liabilities that are attributable to changes in the credit risk of these liabilities are presented in the other components of the comprehensive income statement, unless the recognition in the other components of the comprehensive income statement do not originate or increase an accounting asymmetry in profit (loss) for the year. Changes in fair value attributable to the credit risk of a financial liability are not subsequently reclassified to profit (loss) for the year but are instead transferred to retained earnings when the liability is de-recognized.

Borrowings are initially recognized at fair value less any transaction costs. After initial recognition, they are recognized at amortized cost; all differences between the amount financed (net of initial transaction costs) and the face value are recognized in profit or loss over the duration of the loan using the effective interest method. If there is a significant variation in the expected cash flow that can be reliably estimated by management, the value of the loans is recalculated to reflect the expected change in the cash flow. The value of the loans is recalculated on the basis of the discounted value of the new expected cash flow and the internal rate of return.

Borrowings are classified under current liabilities unless the company has an unconditional right to defer the payment for at least twelve months after the balance sheet date, and are removed from the balance sheet when they expire and the Group has transferred all risks and obligations relating to the instrument.

Derivative instruments

All derivative financial instruments are measured at fair value, in accordance with IFRS 9. When the financial instruments possess the characteristics required to be recorded according to hedge accounting, the following accounting procedures are applied:

- Fair value hedge – if a derivative financial instrument is designated as a hedge for the exposure of changes in the current value of an asset or liability on the financial statements attributable to a specific risk that can determine effects on the income statement, the profit or loss after the initial valuation of the fair value of the hedge instruments is recognized in the income statement. The profit or loss on the hedged item, related to the hedged risk, changes the book value of that item and is recognized in the income statement.
- Cash flow hedge – if a derivative financial instrument is designated as a hedge for the exposure of changes in the cash flows of an asset or liability recorded on the financial statements or of an operation considered highly probable and which may have effects on the income statement, the effective portion of the profits or losses of the financial instrument is recognized in an equity reserve. The cumulative profits or losses are reversed from equity and recorded in the income statement in the same period as the operation that is hedged. The profits or losses associated with a hedge or with that part of the hedge that has become ineffective, are immediately recorded in the income statement. If a hedge instrument or a relation of a hedge is closed, but the hedged operation has not yet been realized, the cumulative profits and losses, up to that moment recorded in equity, are recognized in the income statement when the relative operation is realized. If the operation hedged is no longer considered probable, the profits or losses not yet realized in equity are recognized immediately in the income statement.

IFRS 9 requires that the expenses and income deriving from hedges are recognized as an adjustment to the initial carrying amount of the non-financial elements hedged (basis adjustment). In addition, transfers from the hedging reserve to the initial carrying amount of the hedged item are not reclassified adjustments based on IAS 1 Presentation of Financial Statements. The hedging income and losses subject to the basis adjustment are categorized as amounts that will not subsequently be reclassified to profit or loss or to the other elements of the comprehensive income statement. This is consistent with the practice of the Group prior to the adoption of IFRS 9.

In line with previous years, when a forward contract is used in a cash flow hedge or fair value hedge relationship, the Group has designated the change in fair value of the entire forward contract, including the forward points, as a hedging instrument.

When option contracts are used to hedge highly probable scheduled transactions, the Group only designates the intrinsic value of the options as a hedging instrument. Based on IFRS 9, changes in the time value of options relating to the hedged item are recognized in the other elements of the comprehensive income statement and are accumulated in the equity reserve. The amounts accumulated in equity are either reclassified to profit or loss for the period when the hedged item influences the profit (loss) for the period or removed directly from equity and included in the carrying amount of the non-financial item. IFRS 9 requires that the accounting treatment related to the unspecified time value of an option be applied retrospectively.

If hedge accounting cannot be applied, the profits or losses deriving from the fair value of the derivative financial instruments are immediately recognized in the income statement.

2.11 INVENTORY

Inventories are measured at the lower of either the purchase or production cost and the net realizable value. The cost of raw materials and purchased finished products is calculated using the "weighted average cost" method or the standard cost where it approximates actual cost. The cost of semi-finished products and internally produced finished products includes raw material, direct labor costs and the indirect costs allocated based on normal production capacity.

The net realizable value is determined on the basis of the estimated selling price under normal market conditions, net of direct sales costs. Allowances for obsolete and slow-moving goods are calculated for raw materials and semi-finished products on the base of their future use in the production process and for finished goods on the base of their future recoverability through the sale, taking into account market trends, consumer demand, past experience, historical results achieved and the recoverability of the goods value in ordinary market conditions. Against the value of stock as determined above, provisions are made in order to take account of obsolete or slow-moving stock.

2.12 TRADE RECEIVABLES AND TRADE PAYABLES

Trade receivables are initially classified on the financial statements at their current value and subsequently recalculated with the "amortized cost" method, net of any write-downs for loss in value. A provision for doubtful accounts is allocated when there is evidence that the Group may not succeed in collecting the original amount due. The provisions allocated for doubtful accounts are recorded in the income statement. Trade receivables are reviewed and assessed for impairment based on the model of expected losses using reasonable and supportable available information in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognized. According to the analysis performed, in consideration of the Group's business characteristics and the evaluation of the trading policies currently in use the Group accrues an additional credit loss allowance that covers the potential additional credit risk expected on the amount overdue and not impaired and on the amount not overdue.

The Group from time to time also transfers some trade receivables to factoring companies. In case such receivables represent legally sold credit, that do not comply with all the conditions of IFRS 9, they are not

removed from the balance sheet, but are maintained on the financial statement with a contra entry as a financial debt towards the factoring company.

Trade payables are initially classified on the financial statements at their current value and subsequently recalculated with the "amortized cost" method. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

2.13 CASH IN HAND AND AT BANK

Cash and cash equivalents include cash, bank deposits on demand and other highly liquid short-term investments available within three months. Bank overdrafts are posted under current liabilities.

2.14 EMPLOYEE BENEFITS

Pension plans

The Group recognizes different forms of defined benefit plans and defined contribution plans, in line with the local conditions and practices in the countries in which it carries out its activities. The premiums paid for defined contribution plans are recorded in the income statement for the part matured in the year. The defined benefit plans are based on the working life of the employees and on the remuneration received by the employee during a predetermined period of employment.

The obligation of the company to finance the defined benefit plans and the annual cost recognized in the income statement are determined by independent consultants using the "projected unit credit" method. The related costs are recorded in the income statement on the basis of the estimated employment period of employees. The Group recognises all the actuarial gains and losses in equity, via the consolidated statement of comprehensive income, in the year in which these arise.

The employee severance fund of Italian companies ("TFR") has always been considered to be a defined benefit plan however, following the changes to the discipline that governs the employment severance fund introduced by Italian law no. 296 of 27th December 2006 ("Financial Law 2007") and subsequent Decrees and Regulations issued in the first months of 2007, Safilo Group, on the basis of the generally agreed interpretations, has decided that:

- the portion of the employee benefit liability accruing from 1st January 2007, whether transferred to selected pension funds or transferred to the treasury account established with INPS, must be classified as a "defined contribution plan";
- the portion of the employee benefit liability accruing as of 31 December 2006, must be classified as a "defined benefit plan" requiring actuarial valuations that exclude future increases in salaries.

For an analysis of the accounting effects deriving from this decision, see paragraph 4.18 "Employees benefits".

Remuneration plans under the form of share capital participation

The Group recognizes additional benefits to some employees through "equity settled" type stock options. In accordance with IFRS 2 - Share-based payments, the current value of the stock options determined at the vesting date through the application of the "Black & Scholes" method is recognized in the income statement under personnel costs in constant quotas over the period between the vesting date of the stock options and the maturity date, counterbalanced by an equity reserve.

The effects of the vesting conditions not related to the market are not taken into consideration in the fair value of the vested options but are material to measurement of the number of options which are expected to be exercised.

At the balance sheet date the Group revises its estimates on the number of options which are expected to be exercised. The impact of the revision of the original estimates is recognized in profit or loss over the maturity period, with a balance entry in equity reserves.

When the stock option is exercised, the amounts received by the employee, net of the costs directly attributable to the transaction, are credited to share capital for an amount equal to the par value of the issued shares and to the share premium reserve for the remaining part.

2.15 PROVISIONS FOR RISKS

The Group records provisions for risks and charges when:

- it has a legal or constructive obligation to third parties;
- it is probable that it will be necessary to use resources of the Group to settle the obligation;
- a reliable estimate of the amount can be made;
- changes in estimates are recorded in the income statement of the period in which the changes occur.

The item includes also the product warranty provision to cover the estimated cost of product warranties. Management establishes the amount of this provision on the basis of past trends relating to the frequency and average cost of under-warranty repairs and replacement in accordance with the law. These warranties are standard warranties on quality defectives in accordance with the law.

2.16 LIABILITIES FOR OPTIONS ON NON-CONTROLLING INTERESTS

Pursuant to the contractual terms, the non-controlling interests held by the minority equity holders of the subsidiaries Privé Goods LLC and Blenders Eyewear LLC are subject to customary reciprocal put and call options. More specifically, the put and call options for:

- Privé Goods LLC may be exercised in each of the years 2023 and 2024 for one third of the minority interests and in 2025 for the remaining portion, at a price calculated as a function of a specific multiple applicable to the value of the EBITDA of the company achieved in the fiscal year preceding that of exercise of the relative option and adjusted to take into account the net financial position of the Company. In 2023 and 2024, the Group has exercised respectively the first and the second tranche of the option;
- Blenders Eyewear LLC might be exercised in each of the years 2023 and 2024 for one third of the minority interests and in 2025 for the remaining portion, at a price calculated as a function of a specific multiple applicable to the value of the arithmetic average of the EBITDA of the company achieved over the last two consecutive fiscal years preceding that of exercise of the relative option and adjusted to take into account the net financial position of the company. In March 2023, the Group 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. On 1 August 2023, the Group exercised the first tranche of the option on 10% of the minority shareholdings.

These options generated liabilities for options on non-controlling interest in the Group consolidated financial statements at the acquisition date valued at their fair value using a discounted cash-flow approach based on the business plans underlying the acquisitions. The value of the liabilities is regularly updated on the basis of updated business plans, any liability fair value change is reported in the financial item "Gains/(losses) for options on non-controlling interests" in the income statement.

2.17 REVENUE RECOGNITION

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

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. The Group recognised expected returns from sales of products by reducing revenue and recognised the cost relating to these returns by reducing cost of sales. In accordance with IFRS 15, the Group recognises the amount corresponding to the sales value of expected returns in the item Trade Payables and the amount corresponding to the cost of the products in the item Inventory.

Based on historical experience and specific knowledge of customers, the Group estimates the amount of returns expected to be received on the entire portfolio using the expected value method. Warranty terms coincide with regulatory requirements and warranties cannot be sold or extended separately, as such, they are not capable of generating separate revenues. There are no services associated to the sale of goods to customers.

The contracts with customers may recognize to the customer the right to incentives for the marketing and advertising activity performed by them on behalf of Safilo. The Group concluded that, according to IFRS 15 criteria, these are consideration paid to customer for distinct services and, as a consequence, recognizes them as expenses.

This item does not include transportation costs charged to customers which have been classified as a reduction of the respective cost item.

2.18 PUBLIC CONTRIBUTIONS

The Group recognizes public contributions when there is reasonable certainty that they will be received and that the conditions required for the contribution have been or will be respected.

The contributions received are recorded in the income statement for the time required to relate them to the relative costs and they are considered as deferred income.

2.19 ROYALTY EXPENSES

The Group recognizes royalty expenses in accordance with the accrual principle and in compliance with the substance of the contracts agreed.

2.20 DIVIDENDS

Dividends are recorded when the right of the Shareholders to receive the payment arises, which normally occurs when the Shareholders' meeting resolves the distribution of dividends. The distribution of dividends is therefore recorded as a liability on the financial statements in the period in which the distribution is approved by the Shareholders' meeting.

2.21 INCOME TAXES

Income taxes include all taxes calculated on the taxable profits of the companies of the Group. Income taxes are recognized on the income statement, with the exception of those relating to accounts that are directly credited or debited to equity, in which case the tax effect is recognized directly in equity. Taxes not related to income (e.g. property taxes) are recorded within operating costs.

Income tax expense also includes any provisions to cover risks arising from disputes over taxes inclusive of amounts related to taxes due and any penalties.

Deferred taxes are calculated on fiscal losses that can be carried forward and all the temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax bases. Deferred tax assets are recognized only for those amounts where it is probable there will be future taxable income allowing for recovery of the amounts.

Current and deferred tax assets and liabilities are offset when the income tax is applied by the same tax authority and when there is a legal right to offsetting. The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period in the countries in which the Group operates.

2.22 EARNINGS PER SHARE

Basic

Basic earnings per share are calculated by dividing the profit or loss of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted

In order to calculate the diluted earnings per share, the weighted average number of shares outstanding is adjusted for the dilution potential on ordinary shares (e.g. for stock options and convertible bonds), while the profit or loss of the Group is adjusted to take into account the effects, net of income taxes, of the conversion.

2.23 USE OF ESTIMATES

The preparation of the consolidated financial statements requires the Directors to apply accounting standards and methods that, in some circumstances, are based on difficult and subjective valuations and estimates based on past experience and assumptions which are from time to time considered reasonable and realistic according to the relative circumstances. The application of these estimates and assumptions affects the amounts posted in the financial statements, such as the balance sheet, the income statement, the cash flow statement and the notes thereto. Actual results of the balances on the financial statements, resulting from the above-mentioned estimates and assumptions, may differ from those reported on the financial statements due to the uncertainty which characterizes the assumptions and the conditions on which the estimates are based.

The macroeconomic environment, resulting from a combination of geopolitical risks consequent to the still ongoing Ukraine - Russian invasion and the Israel-Gaza crisis represented an extraordinary circumstance that had direct and indirect repercussions on economic activity and has created a general environment of uncertainty. Also environmental responsibility risks and the transitory risks related to the regulation changes associated with the fight against the "climate change" may have an impact in term of future uncertainty. Financial statements assumptions and estimates have taken into consideration the uncertainties deriving from the above circumstances. For more details see also the Report on Operations on the paragraph related to the "Main critical risk factors for the Group".

The accounting standards that are more subject to the directors' estimates and for which a change in the underlying conditions or the assumptions may have a significant impact on the consolidated financial statements of the Group are described briefly below.

- *Goodwill*: in accordance with the accounting standards adopted for the preparation of the financial statements, the Group tests goodwill 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 assessment process of the impairment test is complex and is based on assumptions concerning, among other things, the forecast of expected cash flows of the CGU, the determination of appropriate discounting rates (WACC) and long-term growth (g-rate). These estimates depend on factors that may change over time with consequent effects, which may be significant, compared to the Directors' assessments. Consistent with the indications of the main regulators, to meet the difficulties of making accurate estimates of future flows, the Directors performed their estimate considering independent sources and analysts' projections and carried out the test performing some sensitivity analyses relating to the main inputs of the calculation. In addition, it is considered also the identified potential impact of the climate change on the estimated cash flows. As suggested by regulators and standard setters, the uncertainties have been reflected in the estimate of cash flows, rather than adding a risk premium to the discount rate.
- *Write-down of fixed assets*: in accordance with the accounting standards applied by the Group, the fixed assets are verified to ascertain if there has been a loss in value which is recorded by means of a write-down, when it is considered there will be difficulty in recovering the relative net book value through use. The verification of the existence of such difficulty 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 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.
- *Product warranty provision*: when a product is sold, the Group estimates the relative costs of performing work under warranty and allocates a provision on the basis of historic information and a series of statistical data regarding the nature, frequency and the average cost of such work. The Group works constantly to minimize the costs of work performed under guarantee and to improve the quality of its products. The warranty provision is dependent on the amount of sales.
- *(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, 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.
- *Pension plans*: the companies of the Group participate in pension plans, the costs of which are calculated by the management, with the assistance of the Group's actuarial consultants, on the basis of statistical

assumptions and assessment factors regarding in particular the discount rate to be used, relative mortality and resignation rates.

- *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 even 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.
- *Leases*: the calculation of the value of the right of use assets arising from lease contracts, and of the related financial liabilities, represents a significant Management's estimate. In particular, a high level of judgment is applied in the determination of the lease term and in the calculation of the incremental borrowing rate. The determination of the lease term takes into consideration the contractual terms while, with reference to the renewal clauses, the Group applies a general "no renewal" rule. The incremental borrowing rate is built considering the asset type, the jurisdiction in which it is obtained and the currency of the contract.
- *Options on minority interests*: the contractual purchase terms of some investments in subsidiaries also included 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.

2.24 FAIR VALUE ESTIMATES

The fair value of the financial instruments traded on an active market is based on the listed price at the balance sheet date. The fair value of the financial instruments not traded on an active market is calculated in accordance with valuation techniques and models that are widely used in financial sectors and in particular:

- the fair value of interest rate swaps is calculated on the basis of the current value of future cash flows;
- the fair value of the forward currency hedging contracts is determined on the basis of the current value of the differences between the contracted forward exchange rate and the spot market rate at the balance sheet date;
- the fair value of stock options is calculated using the Black & Scholes model.

2.25 HYPERINFLATION IN TURKEY

Turkey's economy has been considered hyperinflationary since 1 April 2022. Therefore, IAS 29 – Financial Reporting in Hyperinflationary Economies had become applicable to the Group's operations in Turkey. The impacts recognized in the Group's consolidated financial statements for the year ended 31 December 2024 were not-material on both the equity and the statement of profit or loss. Those impacts were calculated based on the change in the Consumer Price Index published by the Turkish Statistical Institute.

3. RISK MANAGEMENT

The operations of Safilo Group are subject to various financial risks, in particular:

- credit risks, related to normal business relations with clients and to financial assets in the financial statements;
- market risks (mainly interest and exchange rate risks), since the Group operates internationally and uses financial instruments that generate interest;
- liquidity risks, concerning the ability to promptly find resources on financial markets under normal market conditions when needed.

The Group constantly monitors the financial risks to which it is exposed, in order to assess potentially negative effects in advance and to take appropriate corrective measures with the aim of eliminating or, at least, limiting the negative effects deriving from the risks in question. The assessment of financial risks has been influenced by the macroeconomic environment, resulting from a combination of geopolitical risks consequent to Russia's invasion in Ukraine and to the Israel and Hamas conflict.

The risks to which the Group is exposed are managed centrally on the basis of hedging policies that may also include the use of derivative instruments with the aim of minimizing the effects deriving from exchange rate (especially in relation to the US dollar) and interest rate fluctuations.

CREDIT RISKS

The Group strives to reduce risk deriving from the insolvency of its customers through rules ensuring that sales are made to reliable and solvent customers. The relative assessment is based on information regarding the solvency of customers and statistical historical data. However, credit risk is mitigated by the fact that credit exposure is spread over a very large number of clients.

The markets economic and financial conditions have accentuated the risk of potential insolvency, in a differentiated way according to the categories of customers and geographical areas such as emerging markets. In reaction to this changed context, the Group strengthened the policies described and maintained constant monitoring of the individual credit positions.

Positions of a significant amount for which the Group recognizes that total or partial recovery will be effectively impossible, also taking into account any guarantees obtained, as well as the charges and expenses that will have to be sustained for the attempted credit recovery, are subject to individual write-down. In compliance with IFRS 9, management has also considered potential risks associated with specific categories of customers or certain geographic areas.

The Group's theoretical maximum exposure to the credit risk at the date of the balance sheet is represented by the book value of the financial assets.

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

Ageing of trade receivables (Euro/000)	December 31, 2024			December 31, 2023		
	Nominal value	Allowance	Net value	Nominal value	Allowance	Net value
up to 3 months	413	(413)	-	497	(497)	-
3 to 6 months	693	(693)	-	1,042	(1,042)	-
6 to 9 months	1,361	(1,361)	-	1,358	(1,358)	-
from 9 to 12 months	1,115	(1,115)	-	676	(676)	-
from 12 to 24 months	2,928	(2,928)	-	2,252	(2,252)	-
over 24 months	3,747	(3,747)	-	3,920	(3,920)	-
Overdue and impaired	10,258	(10,258)	-	9,744	(9,744)	-
up to 1 month	15,636		15,636	12,063		12,063
from 1 to 3 months	4,841		4,841	5,502		5,502
3 to 6 months	6,010		6,010	6,533		6,533
6 to 9 months	3,220		3,220	1,796		1,796
from 9 to 12 months	619		619	582		582
from 12 to 24 months	754	(381)	373	1,071	(410)	660
over 24 months	190	(190)	-	310	(310)	-
Overdue and not impaired	31,270	(571)	30,699	27,856	(720)	27,136
Neither overdue nor impaired	181,255	(92)	181,163	175,994	(55)	175,939
Grand total	222,783	(10,920)	211,862	213,594	(10,519)	203,075

At 31 December 2024 past due receivables for which no allowance for bad debts was considered, as the Group considered them fully collectible, amounted to 31,270 thousand Euro (compared to 27,856 thousand Euro at 31 December 2023). Of these, receivables that were more than 12 months past due amounted to 944 thousand Euro (compared to 1,381 thousand Euro at 31 December 2023) but accounted for 0.4% of the Group's total trade receivable compared to 0.7% in the previous year.

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 31 December 2024 the provision for doubtful accounts includes a credit loss allowance of 0.7 million Euro (0.8 million Euro at 31 December 2023) that covers the potential additional credit risk expected on the amount overdue and not impaired and on the amount not past due.

MARKET RISKS

Market risks can be divided into the following categories:

Exchange rate risk

The Group operates internationally and is therefore exposed to risks deriving from variations in exchange rates that may influence the value of its shareholders' equity and financial results.

In 2024, fluctuations in the exchange rates of the main currencies have been affected by the general macroeconomic context.

The Group tries to reduce the effects deriving from currency fluctuations by means of a "natural hedging" between revenues and costs denominated in the same foreign currency (mainly in US dollar). The remaining exposure can be hedged with currency forward contracts ("plain vanilla") always expiring in less than 12 months.

As far as sensitivity analysis is concerned, an increase or decrease of 10% of Euro against the US Dollar would result respectively in a decrease or an increase of the 2024 net sales of around 38,117 thousand Euro while an increase or decrease of 10% of Euro against all the other currencies would result overall in a decrease or an increase of the 2024 net sales of around 21,830 thousand Euro.

Furthermore, the Group owns shareholdings in subsidiaries located in areas outside the European Monetary Union, the variations in the net assets, deriving from fluctuations in the exchange rates of the local currency against the Euro, are recorded in a reserve of the consolidated shareholders' equity named "translation reserve".

The table below summarizes the net financial assets of the Group per currency at 31 December 2024 and 31 December 2023:

(Euro/000)	December 31, 2024	December 31, 2023
USD	292,927	272,869
HKD	82,533	76,287
CNY	85,230	76,491
GBP	3,689	1,157
CAD	24,013	22,538
CHF	1,889	1,797
BRL	19,639	20,330
EUR	(100,585)	(87,106)
Other currencies	18,126	11,423
Total	427,461	395,786

In terms of translation risk related to the conversion of the equity of the companies in foreign currencies other than the Euro, the sensitivity analysis shows that a possible revaluation or devaluation of 10% of Euro against those currencies, would respectively cause a decrease or increase in Group net equity of about 48,004 thousand Euro.

The table below summarizes the financial assets and liabilities of the Group per currency at 31 December 2024 and 31 December 2023:

(Euro/000)	December 31, 2024			
	Euro	US Dollar	Other currencies	Total
Cash in hand and at bank	11,773	13,124	22,524	47,421
Trade receivables, net	72,172	71,250	68,440	211,862
Derivative financial instruments	6,553	-	-	6,553
Other current assets	18,307	6,945	9,304	34,556
Total current financial assets	108,805	91,319	100,268	300,392
Other non-current assets	388	353	571	1,312
Total non-current financial assets	388	353	571	1,312
Trade payables	76,715	65,301	23,246	165,262
Short-term borrowings	30,000	-	-	30,000
Lease liabilities	2,968	5,058	2,412	10,438
Derivative financial instruments	1,681	-	-	1,681
Tax payables and other current liabilities	26,885	16,000	18,784	61,669
Total current financial liabilities	138,249	86,359	44,442	269,050
Long-term borrowings	57,725	-	-	57,725
Lease liabilities	5,597	22,056	4,285	31,937
Liabilities for options on non-controlling interests	-	13,118	-	13,118
Other non-current liabilities	3,218	-	4,317	7,535
Total non-current financial liabilities	66,540	35,174	8,601	110,315

(Euro/000)	December 31, 2023			Total
	Euro	US Dollar	Other currencies	
Cash in hand and at bank	16,421	34,194	24,284	74,899
Trade receivables, net	65,269	75,547	62,258	203,074
Derivative financial instruments	585	-	-	585
Other current assets	13,078	14,870	12,171	40,119
Total current financial assets	95,353	124,611	98,713	318,677
Derivative financial instruments	271	-	-	271
Other non-current assets	5,623	344	1,702	7,668
Total non-current financial assets	5,894	344	1,702	7,939
Trade payables	73,817	81,368	16,922	172,106
Short-term borrowings	30,250	-	-	30,250
Lease liabilities	2,803	4,660	2,180	9,643
Derivative financial instruments	3,909	-	-	3,909
Tax payables and other current liabilities	26,146	20,063	17,946	64,155
Total current financial liabilities	136,925	106,091	37,047	280,063
Long-term borrowings	88,345	-	-	88,345
Lease liabilities	3,591	24,096	1,671	29,359
Liabilities for options on non-controlling interests	-	20,770	-	20,770
Other non-current liabilities	2,379	246	28	2,653
Total non-current financial liabilities	94,316	45,113	1,699	141,127

Changes in fair value risk

The Group holds some assets that are subject to variations in value over time according to the variations of the market on which they are traded.

With regard to trade payables and receivables and other current and non-current assets, it is assumed that their book value is approximately equal to their fair value.

Interest rate risk

Borrowing exposes the Group to the risk of variations in interest rates. In particular, floating-rate borrowings are subject to a cash flow risk.

The Group constantly monitors its exposure to changes in interest rates, and manages this risk through interest rate swaps (IRSs). The interest rate swap contracts are stipulated with primary financial institutions and, at the beginning of the hedge, the formal designation is made and the documentation relating to the hedge is prepared. At 31 December 2024 the floating interest-bearing loans of the Group's total borrowings were hedged by interest rate swap contracts for an amount of 48,000 thousand Euro (53% of outstanding borrowings), at 31 December 2023 the floating interest-bearing loans were hedged for 64,000 thousand Euro (52% of outstanding borrowings).

The table below summarizes the breakdown by maturity date of the nominal value (gross of transaction costs) for the floating and fixed interest-bearing loans, as at 31 December 2024 and 31 December 2023:

December 31, 2024 (Euro/000)	Floating	Fixed	Total
within 1 year	30,000	-	30,000
between 1 and 2 years	30,000	-	30,000
between 3 and 5 years	30,000	-	30,000
beyond 5 years	-	-	-
Total	90,000	-	90,000

December 31, 2023 (Euro/000)	Floating	Fixed	Total
within 1 year	30,250	-	30,250
between 1 and 2 years	30,500	-	30,500
between 3 and 5 years	61,250	-	61,250
beyond 5 years	-	-	-
Total	122,000	-	122,000

The following table summarizes the main characteristics of the most significant variable and fixed rate medium and long term borrowings outstanding at 31 December 2024 and 31 December 2023:

December 31, 2024 (Euro/000)	Currency	Nominal interest rate	Nominal value	Book value	Expiry
Term Loan Facility	Euro	Euribor	90,000	87,725	30 June 2027

December 31, 2023 (Euro/000)	Currency	Nominal interest rate	Nominal value	Book value	Expiry
Term Loan Facility	Euro	Euribor	120,000	116,595	30 June 2027
Capex Facility line	Euro	Euribor	2,000	2,000	30 June 2027

As far as sensitivity analysis is concerned, a positive (negative) variation of 50 bps in the level of the short-term interest rates applied to the unhedged portion of the floating-rate borrowings would have had an impact in term of greater (lower) 2024 annual financial charges, on a pre-tax basis, of 268 thousand Euro (339 thousand Euro impact at 31 December 2023).

LIQUIDITY RISK

This risk could affect the inability to find the necessary financial resources to support the operating activities at favorable market terms within the necessary timeframe. The Group companies' cash flows, borrowing requirements and liquidity are constantly monitored at central level by the Group's Treasury in order to ensure an effective and efficient use of the available cash.

The following table details the credit lines granted to the Group, utilizations and net available amounts:

December 31, 2024 (Euro/000)	Credit lines granted	Uses	Credit lines available
Credit lines on bank accounts and short-term bank loans	18,391	-	18,391
Credit lines on long-term bank loans	165,000	90,000	75,000
Total	183,391	90,000	93,391

December 31, 2023 (Euro/000)	Credit lines granted	Uses	Credit lines available
Credit lines on bank accounts and short-term bank loans	17,631	-	17,631
Credit lines on long-term bank loans	270,000	122,000	148,000
Total	287,631	122,000	165,631

The credit lines on loans are related to the committed, unsubordinated and unsecured new financing agreement with maturity September 2027 consisting of a Term Loan Facility of 90,000 thousand Euro, a Revolving Credit Facility of 75,000 thousand Euro for a total amount equal to 165,000 thousand Euro (used for 90,000 thousand Euro at 31 December 2024). The decrease of the credit lines on long-term bank loans is due to the termination of the Capex Facility line of 75,000 thousand Euro.

The table below summarizes the financial assets and liabilities of the Group by maturity, undiscounted and inclusive of the interest payments, at 31 December 2024 and 31 December 2023:

(Euro/000)	December 31, 2024				
	within 1 year	between 1 and 2 years	between 3 and 5 years	beyond 5 years	Total
Cash in hand and at bank	47,421	-	-	-	47,421
Trade receivables, net	211,863	-	-	-	211,863
Derivative financial instruments	6,553	-	-	-	6,553
Other current assets	34,555	-	-	-	34,555
Other non-current assets	-	1,031	194	87	1,312
Total financial assets	300,392	1,031	194	87	301,704
Trade payables	165,262	-	-	-	165,262
Tax payables	13,856	-	-	-	13,856
Borrowings	29,241	29,242	29,242	-	87,725
Interest payments	4,929	3,286	1,643	-	9,859

(Euro/000)	December 31, 2024				
	within 1 year	between 1 and 2 years	between 3 and 5 years	beyond 5 years	Total
Lease liability	10,438	9,267	19,186	3,485	42,376
Derivative financial instruments	1,682	-	-	-	1,682
Other current liabilities	47,813	-	-	-	47,813
Liabilities for options on non-controlling interests	-	5,342	7,776	-	13,118
Other non-current liabilities	-	1,167	4,986	1,382	7,535
Total financial liabilities	273,221	48,304	62,832	4,867	389,224

(Euro/000)	December 31, 2023				
	within 1 year	between 1 and 2 years	between 3 and 5 years	beyond 5 years	Total
Cash in hand and at bank	74,898	-	-	-	74,898
Trade receivables, net	203,074	-	-	-	203,074
Derivative financial instruments	585	271	-	-	856
Other current assets	40,119	-	-	-	40,119
Other non-current assets	-	7,358	249	61	7,668
Total financial assets	318,676	7,629	249	61	326,615
Trade payables	172,106	-	-	-	172,106
Tax payables	23,382	-	-	-	23,382
Borrowings	30,250	29,365	58,980	-	118,595
Interest payments	8,142	6,107	6,107	-	20,355
Lease liability	9,643	7,415	15,903	6,041	39,002
Derivative financial instruments	3,909	-	-	-	3,909
Other current liabilities	40,773	-	-	-	40,773
Liabilities for options on non-controlling interests	-	-	20,770	-	20,770
Other non-current liabilities	-	2,520	27	107	2,653
Total financial liabilities	288,205	45,406	101,787	6,147	441,545

CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The table below shows the financial instruments reported on the balance sheet, according to the analyses requested by IFRS 7, with indication of the valuation criteria applied and, in the case of "financial instruments measured at fair value", the impact on the income statement or the shareholders' equity. If applicable, the last column of the table shows the fair value of the financial instrument.

Financial instruments (Euro/000)	Financial instruments at fair value through		Financial instruments at amortised cost	Current value at Dec. 31, 2024	Fair value at Dec. 31, 2024
	Income Statement	Other comprehensive income (OCI)			
ASSETS					
Cash in hand and at bank	-	-	47,421	47,421	47,421
Trade receivables, net	-	-	211,862	211,862	211,862
Derivative financial instruments	6,553	-	-	6,553	6,553
Investments in other companies	250	-	-	250	250
Other current assets	-	-	34,555	34,555	34,555
Other non-current assets	-	-	1,312	1,312	1,312
Total assets	6,803	-	295,150	301,953	301,953
LIABILITIES					
Borrowings	-	-	87,725	87,725	87,725
Lease liability	-	-	42,376	42,376	42,376
Derivative financial instruments	1,635	46	-	1,681	1,681
Other current liabilities	-	-	47,813	47,813	47,813
Liability for options on non-controlling interests	13,118	-	-	13,118	13,118
Other non-current liabilities	-	-	7,535	7,535	7,535
Total liabilities	14,753	46	185,448	200,248	200,248

Financial instruments (Euro/000)	Financial instruments at fair value through			Current value at Dec. 31, 2023	Fair value at Dec. 31, 2023
	Income Statement	Other comprehensive income (OCI)	Financial instruments at amortised cost		
ASSETS					
Cash in hand and at bank	-	-	74,898	74,898	74,898
Trade receivables, net	-	-	203,075	203,075	203,075
Derivative financial instruments	585	271	-	855	855
Other current assets	-	-	40,119	40,119	40,119
Other non-current assets	-	-	7,668	7,668	7,668
Total assets	585	271	325,760	326,615	326,615
LIABILITIES					
Borrowings	-	-	118,595	118,595	118,595
Lease liability	-	-	39,002	39,002	39,002
Derivative financial instruments	3,909	-	-	3,909	3,909
Other current liabilities	-	-	40,772	40,772	40,772
Liability for options on non-controlling interests	20,770	-	-	20,770	20,770
Other non-current liabilities	-	-	2,653	2,653	2,653
Total liabilities	24,680	-	201,023	225,702	225,702

HIERARCHICAL LEVELS OF THE FAIR VALUE MEASUREMENT

Financial instruments reported in the balance sheet valued at the fair value, according to IFRS 13, are classified in the three-level hierarchy that reflects the significance of the input used in determining the fair value. The three levels of fair value of the hierarchy are:

- Level 1 – if the instrument is quoted in an active market;
- Level 2 - if the fair value is measured based on valuation techniques for which all significant inputs are based on observable market data, other than quotations of the financial instrument;
- Level 3 – if the fair value is calculated based on valuation techniques for which any significant input is not based on observable market data.

The following table shows the liabilities and assets valued at their fair value at 31 December 2024 and 31 December 2023, split by hierarchical level of the fair value.

December 31, 2024				
(Euro/000)	Level 1	Level 2	Level 3	Total
Derivative financial instruments	-	6,553	-	6,553
Total assets	-	6,553	-	6,553
Derivative financial instruments	-	(1,681)	-	(1,681)
Liability for options on non-controlling interests	-	-	(13,118)	(13,118)
Total liabilities	-	(1,681)	(13,118)	(14,799)
December 31, 2023				
(Euro/000)	Level 1	Level 2	Level 3	Total
Derivative financial instruments	-	855	-	855
Total assets	-	855	-	855
Derivative financial instruments	-	(3,909)	-	(3,909)
Liability for options on non-controlling interests	-	-	(20,770)	(20,770)
Total liabilities	-	(3,909)	(20,770)	(24,680)

In 2024 there have been no transfers from level 1 to level 2 and from level 2 to level 3 and vice versa.

4. NOTES TO THE CONSOLIDATED BALANCE SHEET

4.1 CASH AND CASH EQUIVALENTS

(Euro/000)	December 31, 2024	December 31, 2023
Cash and cash equivalents	47,421	74,898

This account totals 47,421 thousand Euro compared to 74,898 thousand Euro at 31 December 2023 and represents the momentary availability of cash invested at market rates. The book value of the available liquidity is aligned with its fair value at the reporting date. The related credit risk is very limited as the counterparties are leading banks.

As of 31 December 2024, about 22% of the cash balance resided in the Italian companies, about 30% in the North America entities, 30% in the European entities, while the remaining 18% was attributable to several other Group entities.

Management has established policies to make existing cash readily available for any need of the Group.

4.2 TRADE RECEIVABLES

This item breaks down as follows:

(Euro/000)	December 31, 2024	December 31, 2023
Gross value trade receivables	222,783	213,594
Allowance for doubtful accounts (-)	(10,920)	(10,519)
Net value	211,862	203,075

The allowance for doubtful accounts includes the provision for insolvency posted on the income statement under the item "general and administrative expenses" (note 5.4).

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

(Euro/000)	January 1, 2024	Addition	Use/Release (-)	Transl. diff.	December 31, 2024
Allowance for doubtful accounts (-)	10,519	3,371	(2,509)	(461)	10,920

(Euro/000)	January 1, 2023	Addition	Use/Release (-)	Transl. diff.	December 31, 2023
Allowance for doubtful accounts (-)	11,725	2,048	(3,053)	(200)	10,519

In accordance with the requirements of IFRS 9, the Group has reviewed and assessed the overdue trade receivables for impairment and, according to the analysis performed, has accrued an allowance for doubtful accounts equal to 3,371 thousand Euro, also in consideration of the current and prospective risk on the global markets under the ongoing macro economic scenario. The decrease of the period equal to Euro 2,509 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.

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 31 December 2024 the provision for doubtful accounts includes a credit loss allowance of 0.7 million Euro (0.8 million Euro at 31 December 2023) that covers the potential additional credit risk expected on the amount overdue and not impaired and on the amount not past due.

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.

Further information about the impairment of trade receivables and the Group's exposure to credit risk can be found in note 3 paragraph "Credit risks".

4.3 INVENTORIES

This item breaks down as follows:

(Euro/000)	December 31, 2024	December 31, 2023
Raw materials	52,472	51,588
Work in progress	3,130	3,335
Finished goods	206,183	228,158
Gross inventories	261,784	283,081
Provision for obsolete inventories (-)	(51,612)	(54,090)
Total	210,173	228,991

In order to deal with obsolete or slow-moving stock, a specific provision has been allocated, calculated for raw materials and semi-finished products on the base of their future use in the production process and for finished goods on the base of their future recoverability through the sale, taking into account market trends, consumer demand, past experience, historical results achieved and the recoverability of the goods value in ordinary market conditions. The effects of the termination of some licenses were also considered. This item is charged in the income statement in "cost of sales" (note 5.2).

The movements in the period are shown below:

(Euro/000)	January 1, 2024	Posted to income statement	Transl. diff.	December 31, 2024
Inventory gross value	283,081	(28,486)	7,190	261,784
Provision for obsolete inventories (-)	(54,090)	2,768	(290)	(51,612)
Total net	228,991	(25,718)	6,900	210,173

(Euro/000)	January 1, 2023	Posted to income statement	Transl. diff.	December 31, 2023
Inventory gross value	318,255	(26,632)	(8,542)	283,081
Provision for obsolete inventories (-)	(59,274)	3,980	1,205	(54,090)
Total net	258,980	(22,652)	(7,338)	228,991

4.4 DERIVATIVE FINANCIAL INSTRUMENTS

The following table summarizes the amounts of financial instruments:

(Euro/000)	December 31, 2024	December 31, 2023
Current assets:		
- Foreign currency contracts - Fair value through P&L	6,553	585
Non-current assets:		
- Interest rate swaps - cash flow hedge	-	271
Current liabilities:		
- Foreign currency contracts - Fair value through P&L	(1,635)	(3,909)
- Interest rate swaps - cash flow hedge	(46)	-
Total	(1,681)	(3,909)
Total Net	4,871	(3,054)

The market value of the forward contracts is calculated using the present value of the differences between the contractual forward exchange rate and the market forward exchange rate. At the reporting date, the Group had contracts for hedging against exchange rate fluctuations for a positive net market value of 4,917 thousand Euro (negative for 3,324 thousand Euro at 31 December 2023).

The following table summarizes the characteristics and fair value of foreign currency forward contracts:

December 31, 2024			Fair value	
(Euro/000)	Maturity	Notional amount	Assets	Liabilities
Fair value	within 1 year	270,467	6,553	(1,635)
Total forward contracts		270,467	6,553	(1,635)

December 31, 2023			Fair value	
(Euro/000)	Maturity	Notional amount	Assets	Liabilities
Fair value	within 1 year	189,530	585	(3,909)
Total forward contracts		189,530	585	(3,909)

The net market value of interest rate swap (IRS) contracts was negative for 46 thousand Euro (positive for 271 thousand Euro at 31 December 2023). The Group's policies for managing interest rate risk are designated to hedge of the exposure to variability in future interest cash flows given this, the related hedging effect must be suspended in the cash flow reserve and recognized in profit or loss in subsequent years when the expected flows actually emerge.

The following table summarizes the characteristics and fair value of IRS contracts:

December 31, 2024			Fair value	
(Euro/000)	Maturity	Notional amount	Assets	Liabilities
Cash flow hedge	2025	48,000	-	(46)
Total IRS contracts		48,000	-	(46)

December 31, 2023			Fair value	
(Euro/000)	Maturity	Notional amount	Assets	Liabilities
Cash flow hedge	2025	64,000	271	-
Total IRS contracts		64,000	271	-

4.5 OTHER CURRENT ASSETS

This item breaks down as follows:

(Euro/000)	December 31, 2024	December 31, 2023
VAT receivable	6,431	7,670
Income tax receivables	7,539	19,307
Prepayments and accrued income	9,398	6,452
Other receivables	11,187	6,689
Total	34,555	40,119

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

Prepayments and accrued income amounted to 9,398 thousand Euro compared to 6,452 thousand Euro at 31 December 2023, and mainly relate to royalties and advertising expenses, prepaid insurance and other prepaid expenses. The increase of the period is related to the deferral of a commission paid for the early renewal of a license contract.

Other current receivables amounted to 11,187 thousand Euro, compared to 6,689 thousand Euro of 31 December 2023. The balance mainly includes deposit payments due within 12 months and other receivables related to the ordinary business. The increase is mainly due to the reclassification from long-term receivables of the residual balance of the cash consideration for the disposal of the office real estate near the Padua Headquarters, finalised in 2021 collected through monthly instalments along a four year payment period within 2025 according to the contract.

These other current 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.

4.6 TANGIBLE ASSETS

The table below summarises the changes in the tangible assets:

(Euro/000)	January 1, 2024	Increase	Decrease	Reclass.	Transl. diff.	December 31, 2024
Gross value						
Land and buildings	107,669	3,399	(507)	(2,334)	1,344	109,571
Plant and machinery	133,574	2,261	(4,721)	-	1,050	132,165
Equipment and other assets	121,301	5,926	(14,501)	2,318	2,851	117,895
Advance payments	-	-	-	-	-	-
Total	362,545	11,587	(19,729)	(16)	5,245	359,631
Accumulated depreciation						
Land and buildings	56,341	3,664	(507)	230	686	60,414
Plant and machinery	115,724	3,812	(4,594)	(970)	818	114,791
Equipment and other assets	101,730	7,432	(14,523)	729	2,184	97,552
Total	273,795	14,908	(19,624)	(10)	3,688	272,757
Net value	88,750	(3,321)	(105)	(6)	1,557	86,874

(Euro/000)	January 1, 2023	Increase	Decrease	Reclass.	Reclass assets held for sale	Transl. diff.	December 31, 2023
Gross value							
Land and buildings	121,200	2,305	(14)	(845)	(13,162)	(1,815)	107,669
Plant and machinery	176,106	1,385	(2,910)	418	(39,756)	(1,668)	133,574
Equipment and other assets	122,299	6,838	(628)	474	(4,356)	(3,325)	121,301
Advance payments	65	-	(18)	(47)	-	-	-
Total	419,670	10,527	(3,571)	-	(57,274)	(6,808)	362,545
Accumulated depreciation							
Land and buildings	61,078	5,102	(3)	17	(9,072)	(781)	56,341
Plant and machinery	149,674	5,506	(2,405)	-	(35,824)	(1,227)	115,724
Equipment and other assets	99,830	9,936	(591)	(17)	(4,756)	(2,672)	101,730
Total	310,582	20,544	(2,999)	-	(49,652)	(4,680)	273,795
Net value	109,088	(10,017)	(572)	-	(7,622)	(2,128)	88,750

Tangible assets in the financial period record an increase for new investments equal to 11,587 thousand Euro, a decrease for depreciation and write-down equal to 14,908 thousand Euro, a net decrease for disposal equal to 105 thousand Euro.

Investments in tangible assets in the financial period equal to 11,587 thousand Euro (10,527 thousand Euro in the previous year), are related to:

- Euro 5,243 thousand in the production facilities, mainly for the purchase and production of equipment for new models;
- Euro 3,366 thousand in the U.S. companies, mainly for improvements in the Denver distribution centre;
- Euro 2,065 thousand for improvements in the Italian headquarter facilities and distribution centre logistic equipment;
- the remaining part in the other companies of the Group.

On the base of the analyses performed, management believes that for the tangible assets on hand as at 31 December 2024 there are no indicators of loss of value.

4.7 RIGHT OF USE ASSETS

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

(Euro/000)	January 1, 2024	Increase	Decrease	Transl. diff.	December 31, 2024
Gross value					
Buildings Right of Use	56,031	10,360	(8,545)	2,385	60,231
Other assets Right of Use	8,568	3,156	(1,916)	(65)	9,744
Total	64,599	13,516	(10,461)	2,320	69,974
Accumulated depreciation					
Buildings Right of Use	26,738	8,167	(7,775)	1,164	28,293
Other assets Right of Use	3,874	2,475	(1,712)	(34)	4,602
Total	30,611	10,642	(9,488)	1,130	32,895
Net value	33,988	2,874	(973)	1,190	37,079

(Euro/000)	January 1, 2023	Increase	Decrease	Transl. diff.	December 31, 2023
Gross value					
Buildings Right of Use	58,742	3,748	(4,908)	(1,552)	56,031
Other assets Right of Use	8,127	2,869	(2,351)	(77)	8,568
Total	66,869	6,617	(7,258)	(1,629)	64,599
Accumulated depreciation					
Buildings Right of Use	24,074	8,120	(4,836)	(620)	26,738
Other assets Right of Use	3,798	2,225	(2,100)	(50)	3,874
Total	27,872	10,345	(6,936)	(670)	30,611
Net value	38,997	(3,728)	(322)	(959)	33,988

Investments in Right of Use in the financial period amount to 13,516 thousand Euro (6,617 thousand Euro in the previous year) related for the building to the ordinary renewal of some locations of the commercial subsidiaries and of the operating lease contracts for company cars.

4.8 INTANGIBLE ASSETS

The following table shows changes in intangible assets:

(Euro/000)	January 1, 2024	Increase	Decrease	Reclass.	Transl. diff.	December 31, 2024
Gross value						
Software	101,275	1,340	(206)	(36)	626	103,001
Trademarks and licenses	152,257	35,557	-	-	6,041	193,855
Other intangible assets	31,493	280	-	-	1,658	33,432
Total	285,026	37,178	(206)	(36)	8,325	330,288
Accumulated depreciation						
Software	92,558	4,266	(206)	-	630	97,248
Trademarks and licenses	58,674	9,258	-	-	1,413	69,345
Other intangible assets	25,677	1,384	4	-	1,399	28,463
Total	176,909	14,908	(202)	-	3,442	195,057
Net value	108,117	22,270	(4)	(36)	4,884	135,231

(Euro/000)	January 1, 2023	Increase	Decrease	Reclass.	Reclass. assets held for sale.	Transl. diff.	December 31, 2023
Gross value							
Software	100,520	1,705	(87)	(9)	(217)	(638)	101,275
Trademarks and licenses	154,909	772	-	-	-	(3,424)	152,257
Other intangible assets	32,387	343	(233)	-	-	(1,004)	31,493
Total	287,817	2,820	(319)	(9)	(217)	(5,066)	285,026
Accumulated depreciation							
Software	87,839	5,495	24	(9)	(193)	(598)	92,558
Trademarks and licenses	51,332	7,933	-	-	-	(591)	58,674
Other intangible assets	15,653	10,904	(233)	-	-	(648)	25,677
Total	154,824	24,332	(209)	(9)	(193)	(1,836)	176,909
Net value	132,993	(21,513)	(110)	-	(24)	(3,229)	108,117

Intangible assets in the financial period record an increase for new investments equal to 37,178 thousand Euro, a decrease for depreciation and write-down equal to 14,908 thousand Euro, a net decrease for disposal equal to 4 thousand Euro. The asset increase of the item "Trademark and licenses" is mainly related to the perpetual license agreement of David Beckham Eyewear signed on 2 May 2024. This license, in line with other home brands, is considered to have a definite useful lifetime.

The item trademarks and licenses includes also the value of home brands acquired from third parties during business combinations and valued in the purchase price allocation of such transactions. These brands have a finite useful life and are amortized over a useful life between 15 and 20 years, determined on the basis of independent analyses and market benchmarks. On the base of the analyses performed, management believes that for the intangible assets on hand as at 31 December 2024 there are no indicators of loss of value.

Investments of 3,754 thousand Euro (11,740 thousand Euro in the previous year) 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.

Depreciation and Amortization

Depreciation and amortization for tangible and intangible assets is allocated over the following income statement items:

(Euro/000)	Notes	2024	2023
Cost of sales	5.2	8,256	13,737
Selling and marketing expenses	5.3	3,344	3,756
General and administrative expenses	5.4	18,216	27,384
Amortization and depreciation		29,816	44,877
Cost of sales - Right of Use depreciation	5.2	1,151	1,221
Selling and marketing expenses - Right of Use depreciation	5.3	4,994	4,677
General and administrative expenses - Right of Use depreciation	5.4	4,497	4,447
Depreciation Right of Use - IFRS 16		10,642	10,345
Total		40,458	55,222

Amortization and depreciation decreased by 15,060 thousand Euro from 44,877 thousand Euro in the previous period to 29,816 thousand Euro in 2024. The Group has benefitted of a reduction in the ordinary amortization and depreciation due to the reshaping of the Group's industrial capacity following the disposal of the Longarone plant finalised in October 2023. In the previous year the item was affected by non-recurring assets write-downs in the item "cost of sales" equal to 4,147 thousand Euro related to the above disposal and in the item "general and administrative" equal to 8,665 thousand Euro related to the partial write-down of some intangible assets identified in the purchase price allocation of a previous business combination.

The Right of Use depreciations in 2024 are equal to 10,642 thousand Euro (10,345 thousand Euro in the previous year).

The Group does not recognize as intangible assets the research and development costs related to both technological and production process developments and product design.

During the year the Group incurred costs for research and development equal to 13,726 thousand Euro (14,000 thousand Euro in the previous year).

4.9 GOODWILL

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

The following table shows changes in Goodwill:

(Euro/000)	January 1, 2024	Increase	Decrease	Transl. diff.	December 31, 2024
Goodwill	33,682	-	-	2,143	35,825

(Euro/000)	January 1, 2023	Increase	Decrease	Transl. diff.	December 31, 2023
Goodwill	34,895	-	-	(1,213)	33,682

In 2024 the item recorded an increase of 2,143 thousand Euro due to foreign currency translation.

Impairment test

The approach followed and the assumptions made to perform the impairment test are described below.

For the unique identified CGU of the Group, the recoverable amount is based on its value in use determined based on estimated future cash flow projections.

On 11 March 2025 the Board of Directors has approved the 2025-2029 Financial Projections that confirms the main goals and strategies defined in the Group Business Plan presented to the markets on 10 March 2023. For the purposes of the impairment test, these financial projections take the requirements of IAS 36 into consideration, specifically those that require that the estimate of future cash flows excludes those cash flows that are expected to arise from improving or enhancing asset performance. Accordingly, potential new acquisitions effect included in the Financial projection 2025-2029, have not been considered for the purposes of the impairment test.

In estimating the growth in the plan period, the Group has taken into consideration both its own internal expectations as well as indications obtained from independent external sources.

The main objectives and strategies underlying Safilo's 2025-2029 business plan are:

- Sales growth, which maximizes customer service and meets the needs of the different consumer segments;
- Margin expansion and a more flexible operating cost structure;
- Positive cash flow generation that feeds and supports the Group's organic and external growth.

The Group's strategies will continue to leverage two main enablers:

- the end-to-end Digitalization of its business model, with the aim of transversally enhancing data analytics, optimizing processes, operations and time to market;
- a Sustainability roadmap in support of the Group's business targets, driven through an agenda of clear and shared objectives.

The impairment test methodology used for the execution of the impairment test at the date of 31 December 2024 is consistent with the criteria used for the 2023 financial statements and considers the following factors:

- Management used the most recent information available to calculate the WACC (weighted average cost of capital), in particular: risk free rate, market risk premium, beta, specific risk premium for Safilo, Cost of debt (including lease liabilities), debt/equity structure. As recommended by regulators, the WACC has not been adjusted for the macroeconomic environment with uncertainties instead being reflected in the cash flows;
- the growth rates for the years following the plan's horizon ("g" rate) have been analytically reviewed for each single country in which the Group operates in and have been adapted to the rate of inflation expected by analysts for 2029.

To calculate the present value, the future cash flows thus obtained were discounted to their present value at a discount rate (WACC) as at the test's date of reference that took into account the specificities of each geography where the Group operates. The cash flows generated after the horizon considered were determined on the basis of perpetual growth rates considered adequate with reference to the economic conditions of the country of reference.

The following table summarizes the WACC and "g" rates used by the Group for the impairment test:

Key assumptions	"WACC" discount rate		Growth rate "g"	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Safilo Group	10.0%	8.6%	2.1%	2.1%

The impairment test carried out did not highlight any loss in value.

Management has performed sensitivities to test the cover of Net Invested Capital based on different scenarios where key parameters like WACC and Free Cash Flows have been progressively modelled. With reference to the break-even level: to obtain an enterprise value equal to the net invested capital as of 31 December 2024, including goodwill, EBITDA and related cash flows could be reduced by around 40% or WACC could be increased by +4.5%.

After completing the process described, management concluded that no impairment loss needs to be recognized at the date of 31 December 2024.

Management has used the most reliable information available at this moment. In monitoring the goodwill value, management has taken into consideration also exogenous factors, such as the stock market capitalization., which is lower than the Group's net equity. The stock market valuation in general may be subject to different expectations and various fluctuations and hence in practice different valuation methods exist, such as those based on expected cash flows.

Management believe that the assumptions incorporated in the Financial Projections 2025-2029 underlying the impairment test are reasonable and that the Group has the necessary skills and resources to meet planned goals.

4.10 INVESTMENTS IN OTHER COMPANIES

The item equal to 250 thousand Euro refers to the investment for the acquisition of a minority stake in Spaarkly, an Italian digitally native company that specializes in developing innovative e-commerce solutions using augmented reality technologies.

4.11 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

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

	December 31, 2024	December 31, 2023
Deferred tax assets	199,429	199,207
Valuation Allowance	(164,225)	(163,887)
Net deferred tax assets	35,204	35,320
Deferred tax liabilities	(10,377)	(10,291)
Total net	24,827	25,029

The deferred tax assets, net of deferred tax liabilities, have been reviewed and reduced by a valuation allowance in relation to some Group companies to the extent it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax assets to be utilized. The valuation allowance for deferred tax assets as of 31 December 2024 amounts to 164,225 thousand Euro (163,887 thousand Euro at 31 December 2023). This valuation allowance 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.

The table below provides details of the items generating temporary differences on which deferred tax assets and liabilities were calculated.

Deferred tax assets

(Euro/000)	January 1, 2024	Posted to			Transl. diff.	December 31, 2024
		Income Statement	Equity	Reclass./Other changes		
- Tax losses carried forward	132,154	3,424	-	(69)	(513)	134,996
- Inventories	20,743	412	-	-	610	21,765
- Taxed provisions	7,578	(1,084)	(53)	-	(126)	6,315
- Intangible assets	2,807	(68)	-	(494)	4	2,249
- Tangible assets	3,774	(350)	-	345	23	3,792
- Taxed financial interests	18,459	1,208	-	-	2	19,669
- Other temporary differences	13,692	(3,314)	-	171	94	10,643
- Total deferred tax assets	199,207	227	(53)	(46)	94	199,429
- Valuation allowance of deferred tax assets on tax losses	(125,699)	(5,685)	-	69	716	(130,600)
- Valuation allowance of deferred tax assets on other temporary differences	(38,187)	4,570	4	-	(12)	(33,625)
- Total allowance on deferred tax assets	(163,887)	(1,115)	4	69	704	(164,225)
Total net	35,320	(888)	(49)	23	798	35,204

Deferred tax liabilities

(Euro/000)	January 1, 2024	Posted to			Transl. diff.	December 31, 2024
		Income Statement	Equity	Reclass./Other changes		
- Depreciation differences	5,073	(1,181)	-	302	210	4,404
- Goodwill and Intangible assets	2,970	509	-	-	211	3,690
- Inventories	125	(10)	-	-	(8)	107
- Receivables and payables	334	27	-	137	24	523
- Other temporary differences	1,789	192	-	(417)	90	1,653
Total	10,291	(464)	-	23	527	10,377

The table below shows the Group's total unused tax losses available for carry-forward by expiration date, the related deferred tax assets and the valuation allowance amounts. The deferred tax assets calculated on the tax losses available for carry-forward of some Group companies amount to a total of 134,996 thousand Euro. These deferred tax assets have been written down by a valuation allowance of 130,600 thousand Euro, since at present their recovery via the generation of future taxable profit is not considered probable.

Expiration date (Euro/000)	Tax losses	Tax benefit
2025	3,912	1,288
2026	3,403	1,120
2027	911	291
2029	27	9
2030	749	246
2031	369	121
2032	8	3
2033	2	1
2034	11	4
Unlimited	528,972	127,968
Other tax losses relating local taxes:		
Various		3,944
Total	538,364	134,996
Valuation Allowance (-)		(130,600)
Total deferred tax assets on losses carried forward		4,397

The following table shows deferred tax assets and liabilities split between the portion due within one year and the portion due after more than one year.

(Euro/000)	December 31, 2024	December 31, 2023
Deferred tax assets		
- recoverable within one year	24,804	23,367
- recoverable beyond one year	10,399	11,952
Total	35,204	35,320
Deferred tax liabilities		
- recoverable within one year	(629)	(462)
- recoverable beyond one year	(9,748)	(9,829)
Total	(10,377)	(10,291)
Total net	24,827	25,029

4.12 OTHER NON-CURRENT ASSETS

The table below shows details of non-current assets:

(Euro/000)	December 31, 2024	December 31, 2023
Long-term guarantee deposits	1,116	1,183
Other long-term receivables	196	5,388
Long-term tax receivables	-	1,097
Total	1,312	7,668

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

Other long-term receivables decrease is mainly due to the reclassification to short-term receivables of the residual balance of the cash consideration for the disposal of the office real estate near the Padua Headquarters, finalised in 2021 collected through monthly instalments along a four years payment period within 2025 according to the contract.

It is considered that the book value of the other non-current assets is approximately equal to their fair value.

4.13 BORROWINGS AND LEASE LIABILITIES

This item breaks down as follows:

(Euro/000)	December 31, 2024	December 31, 2023
Short-term portion of long-term bank loans	30,000	30,250
Short-term borrowings	30,000	30,250
Long-term bank loans	57,725	88,345
Long-term borrowings	57,725	88,345
Short-term portion of financial lease liability IFRS 16	10,438	9,643
Long-term portion of financial lease liability IFRS 16	31,937	29,359
Financial lease liability IFRS 16	42,376	39,002
Total	130,101	157,597

Borrowings

At 31 December 2024 the Group has bank loans for a total amount of 87,725 thousand Euro of which 30,000 thousand Euro classified as short-term and 57,725 thousand Euro as long-term (118,595 thousand Euro as at 31 December 2023 of which 30,250 thousand Euro classified as short-term and 88,345 thousand Euro as long-term).

The bank loans is equal to 90,000 thousand Euro related to the Term Loan Facility, it is 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 nominal amount of the facility by 2,275 thousand Euro, bringing the net value to 87,725 thousand Euro (118,595 thousand Euro as at 31 December 2023 of which 2,000 thousand Euro related to the partial drawn of the Capex Facility Line reimbursed and terminated during the period).

The above Term Loan is part of the credit facility agreement signed by the Group on 29 September 2022 for a total original amount of Euro 300,000,000, maturing in September 2027 and consisting, at 31 December 2024, of a Term Loan Facility of Euro 90,000,000, and a Revolving Credit Facility of Euro 75,000,000 (undrawn, as also at 31 December 2023).

In 2024 Safilo and the lending banks agreed upon the conversion of the 2022 credit facility into a sustainability-linked credit facility, adding ESG features and KPIs related to sustainable product innovation, planet care and supply-chain partnership, all in line with the Group sustainability strategy.

This committed, unsubordinated and unsecured facility agreement is subject to customary operating and financial covenants, based on the ratio net debt/EBITDA adjusted. At 31 December 2024 the Group complies with all the outstanding covenants.

In 2024 total interest expenses on borrowings are 8,379 thousand Euro (10,037 thousand Euro in 2023) of which figurative interest, calculated according to amortized cost method, are 1,130 thousand Euro (1,266 thousand in 2023).

The Term Loan Facility, matures in September 2027, with a repayment profile in ten semi-annual instalments starting from June 2023. Here below we report the maturity analysis of the nominal value of the long-term bank loans, gross of 2,275 thousand Euro of transaction costs (3,405 thousand Euro in 2023):

(Euro/000)	December 31, 2024	December 31, 2023
From 1 to 2 years	30,000	30,500
From 2 to 3 years	30,000	30,500
From 3 to 4 years	-	30,750
From 4 to 5 years	-	-
Beyond 5 years	-	-
Total	60,000	91,750

The Group, as at 31 December 2024, has no financial borrowings in currencies other than Euro, details on the Group's exposure to interest rate and liquidity risks arising from borrowings are set out in the paragraphs relating to risk management (see note 3).

Financial Lease liability

The IFRS 16 financial lease liability, as at 31 December 2024, amounts to 42,376 thousand Euro of which 10,438 thousand Euro as short term, and 31,937 thousand Euro as long term (39,002 thousand Euro at 31 December 2023, of which 9,643 thousand Euro as short term, and 29,359 thousand Euro as long term).

Here below we report the maturity analysis of the long term IFRS 16 financial lease liability:

(Euro/000)	December 31, 2024	December 31, 2023
From 1 to 2 years	9,267	7,415
From 2 to 3 years	7,417	6,221
From 3 to 4 years	6,156	5,218
From 4 to 5 years	5,613	4,465
Beyond 5 years	3,485	6,041
Total	31,937	29,359

Net Financial Position

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)	December 31, 2024	December 31, 2023	Change
A Cash	47,421	74,898	(27,477)
B Cash equivalents	-	-	-
C Other current financial assets	-	-	-
D Liquidity (A + B + C)	47,421	74,898	(27,477)
E Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	-	-	-
F Current portion of non-current financial debt	(40,438)	(39,893)	(545)
G Current financial indebtedness (E + F)	(40,438)	(39,893)	(545)
H Net current financial indebtedness (G - D)	6,983	35,005	(28,023)
I Non-current financial debt (excluding current portion and debt instruments)	(89,662)	(117,704)	28,042
J Debt instruments	-	-	-
K Non-current trade and other payables	-	-	-
L Non-current financial indebtedness (I + J + K)	(89,662)	(117,704)	28,042
M Total financial indebtedness (H + L)	(82,680)	(82,699)	19

The Group Net financial debt reported in the above table does not include the valuation of derivative financial instruments (positive for 4,871 thousand Euro as at 31 December 2024) and the liabilities for options on non-controlling interests described respectively in note 4.4 and 4.19 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 31 December 2024 the indirect or contingent indebtedness of the Group, includes "liabilities for options on non-controlling interests" equal to 13,118 thousand of Euro as disclosed in note 4.19.

In compliance with the same communication, it is specified that the balance sheet also presents a liability for "employee benefit obligations" equal to 9,365 thousand Euro as disclosed in note 4.18, and "provisions for risks" for a total of 15,771 thousand Euro as disclosed in note 4.17.

4.14 TRADE PAYABLES

This item breaks down as follows:

(Euro/000)	December 31, 2024	December 31, 2023
Trade payables for:		
Purchase of raw materials	16,959	25,055
Purchase of finished goods	65,994	63,007
Supplies from subcontractors	4,971	3,682
Tangible and intangible assets	2,294	1,895
Commissions	4,344	2,333
Royalties	10,182	12,333
Advertising and marketing costs	12,935	13,336
Services	41,688	43,113
Sales returns liabilities (Refund Liability)	5,896	7,353
Total	165,261	172,107

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 trade terms, might be returned. This sum is charged to the income statement and is deducted directly from sales. The refund liability refers to well identified items and customers and management has elements to estimate the liability with a high level of reliability.

4.15 TAX PAYABLES

This item breaks down as follows:

(Euro/000)	December 31, 2024	December 31, 2023
Income tax payables	4,971	14,120
VAT payables	4,483	4,463
Other taxes payables	4,402	4,799
Total	13,856	23,382

At 31 December 2024 tax payables amounted to Euro 13,856 thousand (compared to Euro 23,382 thousand at 31 December 2023). Of this sum Euro 4,971 thousand refers to income tax for the period, Euro 4,483 thousand to VAT payables and Euro 4,402 thousand to taxes withheld, current and local taxes.

The provision for the year's current income tax is shown in note 5.8 concerning income tax.

4.16 OTHER CURRENT LIABILITIES

This item breaks down as follows:

(Euro/000)	December 31, 2024	December 31, 2023
Payables to personnel and social security institutions	26,489	26,039
Agent fee payables	193	200
Payables to pension funds	982	1,109
Accrued advertising and sponsorship costs	870	743
Accrued interests on long-term loans	18	89
Other accruals and deferred income	15,495	8,563
Other current liabilities	3,767	4,030
Total	47,813	40,772

Payables to personnel and social security institutions mainly refer to salaries and wages for December and for holidays accrued but not taken at the reporting date.

4.17 PROVISIONS

This item breaks down as follows:

(Euro/000)	January 1, 2024	Increase	Decrease	Reclass	Transl. diff.	December 31, 2024
Product warranty provision	3,337	730	(409)	(2,495)	6	1,169
Agents' severance indemnity	1,992	173	(214)	-	-	1,951
Other provisions for risks and charges	4,114	6,261	(6,108)	-	(11)	4,257
Provisions for risks - long term	9,443	7,165	(6,732)	(2,495)	(5)	7,376
Product warranty provision	1,989	118	(29)	2,495	101	4,674
Provision for corporate restructuring	597	541	(597)	-	-	541
Other provisions for risks and charges	6,431	40	(3,291)	-	(1)	3,179
Provisions for risks - short term	9,017	699	(3,918)	2,495	100	8,394
Total	18,460	7,864	(10,649)	-	95	15,771

(Euro/000)	January 1, 2023	Increase	Decrease	Reclass	Transl. diff.	December 31, 2023
Product warranty provision	5,706	366	(2,677)	-	(58)	3,337
Agents' severance indemnity	2,396	243	(647)	-	-	1,992
Other provisions for risks and charges	6,410	1,762	(1,812)	(2,250)	5	4,114
Provisions for risks - long term	14,512	2,370	(5,136)	(2,250)	(53)	9,443
Product warranty provision	2,167	2	(113)	-	(67)	1,989
Provision for corporate restructuring	1,296	9,062	(9,760)	-	-	597
Other provisions for risks and charges	5,704	219	(1,740)	2,250	(1)	6,431
Provisions for risks - short term	9,166	9,282	(11,613)	2,250	(68)	9,017
Total	23,678	11,653	(16,749)	-	(121)	18,460

The product warranty provision was recorded against the costs to be incurred for the replacement of products sold before the balance sheet date, estimated on the base of historical information and of some statistical data regarding the nature, frequency and average cost of the warranty substitutions.

The agents' severance indemnity was created against the risk deriving from the payment of indemnities in the 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 balance at 31 December 2024 is related to some minor restructuring projects.

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 change of the period is mainly related to the additional accrual and the following utilization for the settlement of a litigation related to a terminated license agreement, to the accrual and partial settlement of the provision for a long term incentive plan and to some other litigations.

The estimate of the above-mentioned allowances takes into account, where applicable, the opinion of legal consultants and other experts, the company's past 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 adequate to cover the existing risks.

4.18 EMPLOYEE BENEFIT OBLIGATIONS

This item breaks down as follows:

(Euro/000)	December 31, 2024	December 31, 2023
Defined contribution plan	16	12
Defined benefit plan	9,349	9,722
Total	9,365	9,734

During the financial years under analysis, the item related to defined benefit plans showed the following movements:

(Euro/000)	January 1, 2024	Addition	Actuarial (gains)/ losses	Uses	Transl. diff.	December 31, 2024
Defined benefit plan	9,722	624	(326)	(655)	(16)	9,349

(Euro/000)	January 1, 2023	Addition	Actuarial (gains)/ losses	Uses	Reclass. liabilities held for sale	Transl. diff.	December 31, 2023
Defined benefit plan	13,959	976	287	(901)	(4,579)	(20)	9,722

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 employee severance fund of Italian companies ("TFR"), which constitutes the main part of the balance related the defined benefit plan, has historically been considered to be a defined benefit plan. However, following the changes in legislation governing the employment severance fund introduced by Italian law no. 296 of 27 December 2006 ("Financial Law 2007") and subsequent Decrees and Regulations issued in the first months of 2007, Safilo Group, on the basis of generally agreed interpretations, has considered that the portion of the employee benefit liability accrued from 1 January 2007, whether transferred to selected pension funds or transferred to the treasury account established with INPS, is classified as a "defined contribution plan" while the portion of the employee benefit liability accrued as of 31 December 2006 is classified as a "defined benefit plan" requiring actuarial valuations that exclude future increases in salaries. The employee severance fund of Italian companies ("TFR") has no plan assets at its service.

Actuarial estimates used for calculating the employee severance liability accrued up to 31 December 2006 are based on a system of assumptions based on demographic parameters, economic parameters and financial parameters. The demographic parameters are normally summarized in tables based on samples from different institutes (ISTAT, INAIL, INPS, Italian General Accounts Office, etc.). The economic parameters principally refer to long-term inflation rates and the financial yield rate, crucial for the valuation of amounts accrued in the reserve for termination benefits. The main financial parameter is given by the discount rate. The annual discount rate used to calculate the present value of the obligation was derived by the Iboxx Corporate AA index with a duration comparable to the duration of the collective of workers covered by the assessment.

The principal assumptions used for the purpose of the actuarial valuations as at 31 December 2024 and 31 December 2023 are summarized here follow:

	2024	2023
Discount rate	3.18%	3.08%
Inflation rate	2.00%	2.00%
Rate of benefit increase	3.00%	3.00%

Below depicts the sensitivity of the Group's defined benefit obligations to changes in the principal assumptions.

(Euro/000) Assumption	Change	Increase	Decrease
Inflation	1,00%	322	(315)
Discount rate	1,00%	(489)	535
Life expectancy	1 year	(9)	9

The amounts related to defined benefit plans recorded in the statement of comprehensive income can be divided as follows:

(Euro/000)	2024	2023
Service cost	(366)	(552)
Interest cost	(258)	(424)
Actuarial gain/(loss)	326	(287)
Total	(298)	(1,262)

4.19 LIABILITIES FOR OPTIONS ON NON-CONTROLLING INTERESTS

This item breaks down as follows:

(Euro/000)	January 1, 2024	Increase	Decrease	Transl. diff.	December 31, 2024
Long term - liabilities for options on non-controlling interests	20,770	-	(8,613)	961	13,118

The amount equal to 13,118 thousand Euro of long-term liability refers to the put and call options liability on the non-controlling interests of the business combinations finalised in 2020 in Privé Goods LLC and Blenders Eyewear LLC.

Pursuant to the contractual terms the non-controlling interests held by the minority equity holders 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. In March 2023, the Group has agreed an extension of the second and third tranche of the put and call options on the non-controlling interest in Blenders, from 2024 and 2025 to 2026 and 2027 respectively.

During the period the put and call option fair value liability has been reperformed on the basis of updated business plans recording a decrease equal to 8,613 thousand Euro reported as financial income in the item "Gains/(losses) for options on non-controlling interests" in the income statement.

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

4.20 OTHER NON-CURRENT LIABILITIES

Movements in the item were as follows:

(Euro/000)	January 1, 2024	Increase	Decrease	Transl. diff.	December 31, 2024
Other non current liabilities	2,653	4,860	-	22	7,535

The "other non-current liabilities" include the estimate of the tax liability equal to 3,008 thousand Euro (compared to 2,215 thousand Euro as at 31 December 2023) accrued according to the IFRIC 23, on the basis of the assessment of the limited uncertain tax treatment identified within the Group. The increase of the period is mainly related to the liability for the deferred part of the payment for the perpetual license agreement of David Beckham Eyewear.

SHAREHOLDERS' EQUITY

Shareholders' equity is the value contributed by the shareholders of Safilo Group S.p.A. (the share capital and the share premium reserve), plus the value generated by the Group in terms of profit gained from its operations (profit carried forward and other reserves). On 31 December 2024, Group shareholders' equity totaled 413,070 thousand Euro versus Euro 379,200 thousand Euro on 31 December 2023.

4.21 SHARE CAPITAL

At 31 December 2024 the share capital of the Parent Company, Safilo Group S.p.A., amounts to Euro 384,872,713 consisting of no. 414,239,313 ordinary shares with no par value (413,745,466 ordinary shares as at 31 December 2023). In 2024 new ordinary shares equal to a number of 493,847 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" and "Stock Option Plan 2020 – 2022".

4.22 SHARE PREMIUM RESERVE

At 31 December 2024, the share premium reserve of the parent company, Safilo Group S.p.A. totaled Euro 27,736,991 (compared to Euro 27,388,371 at the end of the previous year). The increase equal to Euro 348,620 is due to the above new shares issued.

4.23 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 year, the movements of the item "retained earnings and other reserve" mainly refer to:

- an increase of 19,705 thousand Euro due to the translation differences coming from the translation of the subsidiaries' financial statements into Euro;
- a decrease of 11,794 thousand Euro mainly related to the treasury shares reserve. In the period from 1 July 2024 to 22 November 2024 Safilo Group S.p.A. purchased a total number of 11,000,000 of its ordinary shares, equal to approximately 2.66% of the outstanding shares for an overall consideration of approximately Euro 11.8 million and at the weighted average price of approximately Euro 1.07. The purchase program has been authorized by the Shareholders' Meeting held on 24 April 2024 to be used to service the 2023-2025 Stock Option Plan of Safilo Group S.p.A. and Safilo S.p.A. as well as any stock incentive plans that may be approved in the future.
- an increase of 1,564 thousand Euro related to the cost of the period of the stock option plans in place;
- an increase of 277 thousand Euro due to the actuarial valuation, net of the tax effect, of the employee termination indemnities of defined benefit plans;

The Group has distributed dividends to the minority interests of the subsidiary Blenders Eyewear LLC equal to 763 thousand Euro, this amount has reduced the equity related to the non-controlling interests.

4.24 CASH FLOW HEDGE RESERVE

The cash flow hedge reserve equal to a negative balance of 46 thousand Euro 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.

4.25 STOCK OPTION PLANS

As at 31 December 2024 the Group has in place the following Stock Option Plans: 2017-2020, 2020-2022 and the 2023-2025 Plan.

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

The 2020-2022 Plan was deliberated by the Ordinary Shareholders' Meeting held on 28 April 2020, in which the Shareholders approved the issue up to 7,000,000 new ordinary shares to be offered to directors and/or employees of the Company and its subsidiaries.

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

Information relating to the tranches of the Stock Options Plans granted on 31 December 2024 are shown below:

	Grant date	No. of options	Fair value in Euro	Maturity
Stock Option Plan 2017-2020				
Third tranche	30 April 2019	569,089	0.18	31 May 2027
Stock Option Plan 2020-2022				
First tranche	31 July 2020	2,608,973	0.18	30 June 2028
Second tranche	11 March 2021	2,884,280	0.27	30 June 2029
Stock Option Plan 2023-2025				
First tranche	11 September 2023	6,990,000	0.28	30 June 2031
Second tranche	14 March 2024	7,590,000	0.34	30 June 2032

The fair value of the stock options was estimated on the vesting date based on the Black-Scholes model. The main market inputs of the model used are shown below:

	Share price at grant date	Exercise price in Euro	Expected volatility	Free risk rate
Stock Option Plan 2017-2020				
Third tranche	0.81	0.68	36.20%	0.087%
Stock Option Plan 2020-2022				
First tranche	0.63	0.63	47.78%	-0.392%
Second tranche	0.93	0.87	45.67%	-0.290%
Stock Option Plan 2023-2025				
First tranche	0.93	0.97	38.20%	3.010%
Second tranche	1.18	1.17	33.97%	2.550%

The table below shows the changes in the stock option plans which occurred during the year

	No. of options	Average exercise price in Euro
Stock Option Plan 2017-2020		
Outstanding at the beginning of the period	643,413	0.68
Granted	-	-
Forfeited	-	-
Exercised	(74,324)	0.68
Expired	-	-
Outstanding at period-end	569,089	0.68
Stock Option Plan 2020-2022		
Outstanding at the beginning of the period	6,001,524	0.76
Granted	-	-
Forfeited	(88,748)	0.69
Exercised	(419,523)	0.75
Expired	-	-
Outstanding at period-end	5,493,253	0.76
Stock Option Plan 2023-2025		
Outstanding at the beginning of the period	7,640,000	0.97

	No. of options	Average exercise price in Euro
Granted	7,790,000	1.17
Forfeited	(850,000)	1.02
Exercised	-	-
Expired	-	-
Outstanding at period-end	14,580,000	1.07

During the year, 493,847 options were exercised of which 74,324 of the Plan 2017-2020 and 419,523 of the Plan 2020-2022. Additionally, a total of 938,748 options were forfeited of which 88,748 of the Plan 2020-2022 and 850,000 of the Plan 2023-2025 and 7,790,000 options were granted.

The options outstanding of the third tranche of the Plan 2017-2020, equal to 569,089 options, are exercisable until 31 May 2027, the first and the second tranche of the Plan 2020-2022, equal respectively to 2,608,973 and to 2,884,280 options, are exercisable until 30 June 2028 and 30 June 2029 respectively, the first and the second tranche of the Plan 2023-2025 equal respectively to 6,990,000 and 7,590,000 are exercisable until 30 June 2031 and 30 June 2032.

At the date of the approval of these financial statements the options vested and exercisable still outstanding are the one related to the Plan 2017-2020 equal to 569,089 and to the Plan 2020-2022 equal to 5,493,253.

The exercise price for the options of the third tranche of the Plan 2017-2020 is equal to 0.68 Euro with a remaining contract life of 2.4 years, for the first and the second tranche of the Plan 2020-2022 the exercise prices are equal to respectively 0.63 and 0.87 Euro with a remaining contract life of 3.5 and 4.5 years respectively, while for the first tranche and the second tranche of the Plan 2023-2025 the exercise prices is equal to respectively 0.97 and 1.17 Euro with a remaining contract life of 6.5 and 7.5 years.

The adoption of these plans has affected the income statement for the period for a cost of 1,564 thousand Euro (459 thousand Euro in 2023).

No changes or cancellations have been occurred on the above described Plans.

5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

5.1 NET SALES

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

2024 Group sales amounted to 993,215 thousand Euro, showing a decrease of 3.1% compared to the previous year (1,024,732 thousand Euro).

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

5.2 COST OF SALES

This item breaks down as follows

(Euro/000)	2024	2023
Purchase of raw materials and finished goods	287,581	311,125
Capitalisation of costs for increase in tangible assets (-)	(2,075)	(3,001)
Change in inventories	25,718	22,652
Wages and social security contributions	56,804	73,511
Subcontracting costs	11,946	9,357
Amortization and depreciation	8,256	13,737
Depreciation Right of Use - IFRS 16	1,151	1,221
Rental and operating leases	1,528	1,387
Offset Rental and operating leases - IFRS 16	(1,260)	(1,288)
Utilities, security and cleaning	4,215	5,940
Other industrial costs	6,572	4,355
Total	400,435	438,997

Cost of sales decreased by Euro 38,562 thousand (or 8.8%), from Euro 438,997 thousand in 2023, to Euro 400,435 thousand in 2024. Wages and social security contributions decreased by Euro 16,707 thousand (or 22.7%) from Euro 73,511 thousand to Euro 56,804 thousand in 2024, benefitting from the savings provided by the reshaping of the industrial capacity following the disposal of the Longarone plant finalised in October 2023. Amortization and depreciation decreased by Euro 5,481 thousand (or 39.9%) from Euro 13,737 thousand in 2023 to Euro 8,256 thousand in 2024. The decrease is due to the above reshaping of the Group's industrial capacity, in the previous year the item was affected by non-recurring tangible assets write-downs equal to 4,147 thousand Euro related to the above mentioned disposal.

Changes in inventories can be broken down as follows:

(Euro/000)	2024	2023
Finished products	24,894	8,259
Work-in-progress	297	1,682
Raw materials	527	12,711
Total	25,718	22,652

5.3 SELLING AND MARKETING EXPENSES

This item breaks down as follows

(Euro/000)	2024	2023
Payroll and social security contributions	114,862	116,217
Sales commissions	42,521	43,749
Royalty expenses	61,307	61,178
Advertising and promotional costs	127,546	132,476
Amortization and depreciation	3,344	3,756
Depreciation Right of Use - IFRS 16	4,994	4,677
Logistic costs	37,405	37,647
Consultants fees	1,765	1,552
Rental and operating leases	8,948	7,995
Offset Rental and operating leases - IFRS 16	(5,964)	(5,515)
Utilities, security and cleaning	1,522	1,425
Provision for risks	1,674	1,423
Other sales and marketing expenses	23,666	22,199
Total	423,590	428,780

Selling and marketing expenses decreased by Euro 5,190 thousand (or 1.2%), from Euro 428,780 thousand in 2023 to Euro 423,590 thousand in 2024. This was mainly due to the decrease of payroll and social security contributions by Euro 1,355 thousand (or 1.2%) and of advertising and promotional costs by Euro 4,930 thousand (or 3.7%), partially offset by an increase of the other sales and marketing expenses by Euro 1,467 Euro (or 6.6%).

5.4 GENERAL AND ADMINISTRATIVE EXPENSES

This item breaks down as follows:

(Euro/000)	2024	2023
Payroll and social security contributions	47,910	49,327
Allowance and write-off of doubtful accounts	2,392	504
Amortization and depreciation	18,217	27,384
Depreciation Right of Use - IFRS 16	4,497	4,447
Professional services	14,052	15,051
Rental and operating leases	5,946	6,083
Offset Rental and operating leases - IFRS 16	(5,080)	(5,036)
EDP costs	21,581	28,964
Insurance costs	1,777	1,951
Utilities, security and cleaning	3,235	3,412
Taxes (other than on income)	1,147	1,035
Other general and administrative expenses	5,292	4,959
Total	120,965	138,080

General and administrative expenses decreased by Euro 17,115 thousand (or 12.4%), from Euro 138,080 thousand in 2023 to Euro 120,965 thousand in 2024. This was mainly due to a decrease of EDP expenses by Euro 7,382 thousand (or 25.5%), from Euro 28,964 thousand in 2023 to Euro 21,581 thousand in 2024, following the conclusion of some EDP projects. The amortization and depreciation decreased by Euro 9,167 thousand (or 33.5%), from Euro 27,384 thousand in 2023 to Euro 18,217 thousand in 2024. In the previous period this item was affected by the non-recurring amortization of 8,665 thousand Euro related to the partial write-down of some intangible assets identified in the purchase price allocation of a previous business combination.

Average number of employees

The average number of employees by rank is shown below:

	2024	2023
Executives	80	85
Clerks and middle management	2,057	2,054
Factory workers	1,587	2,029
Total	3,724	4,168

The reduction of the average number of employees by 444 is mainly due to the restructuring of the Group's manufacturing footprint with the disposal of the Longarone production site at the end of October 2023.

5.5 OTHER OPERATING INCOME (EXPENSES)

This item breaks down as follows

(Euro/000)	2024	2023
Losses on disposal of assets	(259)	(403)
Other operating expenses	(11,168)	(16,842)
Gains on disposal of assets	97	988
Other operating income	2,492	5,043
Total	(8,839)	(11,214)

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.

The item "other operating expenses" is mainly related to the non-recurring costs (excluding the inventory obsolescence accruals and the write-down of the fixed assets) incurred for the termination of some exiting licensed brands and some other special project and restructuring expenses.

During the previous year the item "other operating expenses" was mainly related to the non-recurring costs incurred for the disposal of Longarone plant to third parties.

5.6 GAINS (LOSSES) ON LIABILITIES FOR OPTIONS ON NON-CONTROLLING INTERESTS

This 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 finalized in the first half of 2020 (for more details see the note 4.19).

As at 31 December 2024 the fair value of the liability has been reperformed on the basis of updated business plans recording a decrease equal to 8,613 thousand Euro reported as financial gain in this item of the income statement compared to a loss of 7,895 thousand Euro in the previous year, following the contractual 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.

5.7 FINANCIAL CHARGES, NET

This item breaks down as follows

(Euro/000)	2024	2023
Nominal interest expenses on loans	(7,250)	(8,771)
Figurative interest expenses on loans	(1,130)	(1,266)
Interest expenses on operating leases - IFRS 16	(1,820)	(1,745)
Bank commissions	(6,375)	(7,379)
Other financial charges	(1,732)	(1,425)
Total financial charges	(18,307)	(20,586)
Interest income	1,874	1,063
Other financial income	2,868	2,737
Total financial income	4,743	3,800
Positive exchange rate differences	21,357	19,971
Negative exchange rate differences	(24,074)	(22,407)
Total exchange rate differences, net	(2,717)	(2,437)
TOTAL FINANCIAL CHARGES, NET	(16,281)	(19,223)

Total net financial charges decreased by Euro 2,941 thousand from Euro 19,223 thousand in 2023 to Euro 16,281 thousand in 2024. Excluding the accounting effect of the IFRS 16 interest expenses equal to Euro 1,820 thousand, interest on loans decreased by Euro 1,658 thousand, from Euro 10,037 thousand in 2023 to Euro 8,379 thousand in 2024, thanks to the partial reimbursements of the period of the long-term bank loans.

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

Net exchange rate differences are equal to a loss of Euro 2,717 thousand in 2024 compared to a loss of Euro 2,437 thousand in 2023.

5.8 INCOME TAXES

This item breaks down as follows

(Euro/000)	2024	2023
Current tax	(9,474)	(8,849)
Deferred tax	(424)	2,216
Total	(9,898)	(6,633)

Income taxes increased by 3,265 thousand Euro from 6,633 thousand Euro in 2023 to 9,898 thousand Euro in 2024.

The taxes for the year can be reconciled with the theoretical taxes that would be expected at consolidated level as follows:

(Euro/000)	%	2024	%	2023
Profit before taxation	100%	31,722	100%	(19,456)
Income tax benefit (expense) at statutory rate	-24.0%	(7,613)	-24.0%	4,669
Taxes relating to prior years	0.9%	298	-6.6%	1,286
Foreign tax rate differential	-4.4%	(1,381)	-5.7%	1,104
Non taxable income	10.3%	3,278	2.4%	(469)
Non deductible costs	-7.1%	(2,262)	15.2%	(2,957)
Non-recognition of new DTAs and write-off of existing DTAs	-29.9%	(9,470)	101.4%	(19,720)
Benefit arising from unrecognized DTA of prior years	23.7%	7,507	-52.7%	10,250
Deferred tax expense for changes in tax rate	0.3%	98	-0.6%	112
Tax Credit and tax relief	0.7%	233	-0.1%	19
Other differences	-1.8%	(586)	4.8%	(926)
Total	-31.2%	(9,898)	34.1%	(6,633)

Theoretical income taxes are calculated at 24.0 % on the consolidated result before tax. This percentage represents the statutory corporate income tax rate (IRES) applicable at the Italian holding company level.

The Group effective tax rate for the year was equal to 31.2%, due to the return to a profit before tax at consolidated level and to a reduced impact of deferred tax assets derecognition compared to the previous year.

Pillar Two Model Rules impact

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

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

In line with the requirements of IAS 12, paragraph 4.A, Safilo Group S.p.A. does not recognize or disclose information on deferred taxes and liabilities related to Pillar Two income taxes.

Based on known or reasonably estimable information, Safilo Group's exposure to Pillar Two income taxes as of 31 December 2024, is estimated in Euro 57 thousand in the United Arab Emirates (UAE) jurisdiction, as contribution of Safilo Group to the aggregate amount of Top-up Tax actually due by the HAL MNE Group.

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

- “Transitional CbCR Safe Harbour Tests”: according to the Ministry of Economics and Finance Decree enacted pursuant to Article 39, paragraph 3 of the Legislative Decree, and in line with the OECD provision on Transitional Safe Harbours, the three tests provided for (i.e., De Minimis, Simplified ETR and Routine Profit Test) were applied in all jurisdictions in which HAL MNE Group and Safilo Group are present, also considering the economic figures (e.g., profit or loss before tax; current and deferred taxes; revenues), which can be referred to the other constituent entities, located therein, belonging to HAL MNE Group and including Safilo Group;
- “Global Minimum tax” (or Top-up Tax (TuT) calculation): as a result of the aforementioned tests, the effective tax rate in the UAE resulted to be lower than the minimum required (i.e., 15%) and, therefore, the resulting contribution to the Top-up Tax was determined considering all Safilo Group constituent entities (different from excluded entities), located therein (i.e., jurisdictional blending). The full compliance calculation was determined assuming the relevant figures equal to the economic figures used for Transitional CbCR Safe Harbour Tests calculation and considering the positive impact of the Substance-based Income Exclusion.

5.9 EARNINGS PER SHARE

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

Basic

	2024	2023
Profit/(Loss) for ordinary shares (in Euro/000)	22,296	(24,649)
Average number of ordinary shares (in thousands)	414,008	413,733
Earnings/(Losses) per share - basic (in Euro)	0.054	(0.060)

Diluted

	2024	2023
Profit/(Loss) for ordinary shares (in Euro/000)	22,296	(24,649)
Average number of ordinary shares (in thousands)	414,008	413,733
Dilution effects:		
- stock option (in thousands)	2,432	3,553
Total	416,440	417,286
Earnings/(Losses) per share - diluted (in Euro)	0.054	(0.059)

5.10 DIVIDENDS

The parent company Safilo Group S.p.A. did not distribute dividends to shareholders during the period.

5.11 SEGMENT INFORMATION

Following the divestiture of the Group's retail operations in 2019, the Group considers a sole operating segment.

Below we report the geographical segment information. It should be noted that the grouping by geographic area depends on the location of the registered head office of each Group company; therefore, the sales such identified are determined by origin of invoicing and not by target market as disclosed in the "Report on Operations". Non-current assets do not include derivative financial instruments and deferred tax assets.

Breakdown of revenues and non-current assets by geographic area

(Euro/000)	Revenue from external customers		Non-current assets	
	2024	2023	December 31, 2024	December 31, 2023
Italy ⁽¹⁾	203,691	213,610	105,795	83,274
Europe ⁽²⁾	254,341	240,643	9,299	6,081
America ⁽³⁾	485,748	517,078	157,198	157,462
Asia ⁽⁴⁾	49,439	53,400	24,279	25,388
Total	993,219	1,024,732	296,571	272,204

⁽¹⁾ Operating companies with registered head office in Italy.

⁽²⁾ Operating companies with registered head office in European countries (other than Italy), United Arab Emirates and in South Africa.

⁽³⁾ Operating companies with registered head office in USA, Canada, Mexico and Brazil.

⁽⁴⁾ Operating companies with registered head office in the Far East, Australia and India.

6. TRANSACTIONS WITH RELATED PARTIES

In compliance with applicable legislative and regulatory requirements, on 23 March 2007 the parent company's Board of Directors passed a resolution indicating and adopting a number of guidelines to govern transactions of major strategic, economic, capital or financial significance for the Company – including those undertaken with related parties. The aim of the guidelines is to establish competences and responsibilities concerning significant transactions and to assure their transparency and material and procedural correctness. Our notion of related party is based on the definition given in IAS 24.

Following the resolution CONSOB 17221 of 12 March 2010, as amended by Resolution No. 17389 of 23 June 2010, the Board of Directors of 5 November 2010 approved the "Regulations for the transactions with related parties", which replaces those guidelines, by adopting procedures that ensure transparency and fairness and procedural related party transactions.

The tables below shows the operating and financial figures determined by related party transactions as of 31 December 2024 and 31 December 2023.

Related parties transactions (Euro/000)	Relationship	December 31, 2024	December 31 2023
Receivables			
Companies controlled by HAL Holding N.V.	(a)	318	382
HAL Investments B.V.	(a)	5	-
Total		323	382
Payables			
Companies controlled by HAL Holding N.V.	(a)	66	23
HAL Investments B.V.	(a)	-	10
Total		66	33
Related parties transactions (Euro/000)	Relationship	2024	2023
Revenues			
Companies controlled by HAL Holding N.V.	(a)	1,005	1,287
Total		1,005	1,287
Operating expenses			
Companies controlled by HAL Holding N.V.	(a)	109	52
HAL Investments B.V.	(a)	70	50
Total		179	102

(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.

With regards to the table above, the companies controlled by HAL Holding N.V. refers to transaction with a minor retail chain belonging the Group's reference shareholder.

The remuneration of the Group's Directors, Statutory Auditors and Strategic Management is reported below:

(Euro/000)	2024	2023
Directors		
- Salaries and short term compensations	3,297	3,165
- Non monetary benefits	36	35
- Other compensations	88	88
- Fair value of equity compensations	230	204
Statutory auditors		
- Fixed compensations and compensations for participation in committees	243	243
Managers with strategic responsibilities		
- Salaries ad short term compensations	493	446
- Non monetary benefits	15	14
- Other compensations	60	-
- Fair value of equity compensations	109	25
Total	4,572	4,221

7. 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 and mainly against sales representatives. These actions are considered to be groundless and/or their eventual negative outcome cannot be determined at this stage.

8. COMMITMENTS

LICENSING AGREEMENTS

At the balance sheet date, the Group had contracts in force with licensors for the production and sale of sunglasses and frames bearing their trademark. The contracts generally establish minimum guaranteed for royalties and advertising expenses.

Commitments related to these minimum guaranteed, estimated on the basis of information available at the reporting date, are summarized detailed by maturity as follows:

Licensing commitments (Euro/000)	December 31, 2024	December 31, 2023
within 1 year	70,645	75,682
between 1 and 3 years	140,095	147,502
between 3 and 5 years	134,311	128,418
beyond 5 years	89,662	156,059
Total	434,714	507,661

9. SUBSEQUENT EVENTS

Subsequent to 31 December 2024 through the approval date of this report, no significant events occurred which would have impacted the financial and economic results shown pursuant to IAS 10 - Events after the reporting period.

10. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

At the balance sheet date the Group did not undertake any significant non-recurring transactions pursuant to the Consob Communication dated 28 July 2006.

11. TRANSACTIONS RESULTING FROM UNUSUAL AND/OR ABNORMAL OPERATIONS

Pursuant to Consob Communication of 28 July 2006, in 2024 the Group did not put in place any unusual and/or atypical operations, as defined in the said Communication.

APPENDIX

INFORMATION REQUESTED BY ART. 149-DUODECIES OF THE REGULATION ON ISSUERS ISSUED BY CONSOB

The following table, prepared in accordance with Art. 149-duodecies of the Regulation on Issuers issued by Consob, reports the amount of fees charged in 2024 and 2023 relating to the audit and other audit related services rendered by the same Audit company.

(Euro/000)	Audit Company	Safilo Group's company which received services	2024	2023
Audit	PricewaterhouseCoopers S.p.A.	Holding Company - Safilo Group S.p.A.	177	170
	PricewaterhouseCoopers S.p.A.	Subsidiaries	119	119
	Network PricewaterhouseCoopers	Subsidiaries	1,016	1,096
Attestation	PricewaterhouseCoopers S.p.A.	Holding Company - Safilo Group S.p.A.	110	26
	PricewaterhouseCoopers S.p.A.	Subsidiaries	14	19
	Network PricewaterhouseCoopers	Subsidiaries	17	-
Other services	PricewaterhouseCoopers S.p.A.	Holding Company - Safilo Group S.p.A.	80	-
	PricewaterhouseCoopers S.p.A.	Subsidiaries	-	-
	Network PricewaterhouseCoopers	Subsidiaries	6	-
Total			1,538	1,430



02

Attestations and Auditor's Reports

- 280** Attestation of the consolidated financial statements pursuant to art. 154-bis of Legislative Decree 58/98
- 281** Attestation of the Annual report consolidated sustainability statements pursuant to art. 81- Ter, paragraph 1, of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions
- 282** Report of Independent Auditor on the consolidated financial statements
- 290** Report of Independent Auditor on the consolidated sustainability report

ATTESTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 154-BIS OF LEGISLATIVE DECREE 58/98

1. The undersigned Angelo Trocchia, as Chief Executive Officer, and Michele Melotti, as the manager responsible for preparing Safilo Group S.p.A.'s financial statements, hereby attest, having also taken into consideration the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree 58 of 24 February 1998:

- the adequacy with respect to the company structure and
- the effective application,

of the administrative and accounting procedures for the preparation of the consolidated financial statements for the 2024 fiscal year.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the statutory financial statements at 31 December 2024 was based on a process defined in accordance with the theoretical reference model CoSO Report – Internal Control Integrated Framework, an internationally generally accepted reference framework.

3. The undersigned also attest that:

3.1 the consolidated financial statements for the year ended on 31 December 2024:

a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Council, dated 19 July 2002;

b) correspond to the amounts shown in the Company's accounts, books and records;

c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

3.2 The report on operations includes a reliable operating and financial review of the Company and of the Group as well as a description of the main risks and uncertainties to which they are exposed.

11 March 2025

The Chief Executive Officer

Angelo Trocchia

The manager responsible for preparing the company's financial statements

Michele Melotti

ATTESTATION OF THE ANNUAL REPORT CONSOLIDATED SUSTAINABILITY STATEMENTS PURSUANT TO ART. 81- TER, PARAGRAPH 1, OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS

The undersigned Angelo Trocchia, as Chief Executive Officer, and Michele Melotti, as the manager responsible for preparing Safilo Group S.p.A.'s Annual Report, hereby attest, having also taken into consideration the provisions of Article 154-bis, paragraphs 5-Ter, of Italian Legislative Decree 58 of 24 February 1998, that the sustainability reporting included in the management report was drawn up:

- a) in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council, of 26 June 2013, and of Legislative Decree 6 September 2024, n. 125;
- (b) with the specifications adopted pursuant to Article 8(4) of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

11 March 2025

The Chief Executive Officer

Angelo Trocchia

The manager responsible for preparing the
 company's sustainability statements

Michele Melotti

Report of Independent Auditor on the consolidated financial statements

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Safilo Group SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Safilo Group (the Group), which comprise the consolidated balance sheet as of 31 December 2024, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2024, and of the result of its operations and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Safilo Group SpA pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters

Auditing procedures performed in response to key audit matters

Recoverability of the value of goodwill
Note 4.9 to the consolidated financial statements

The consolidated financial statements of Safilo Group SpA include goodwill amounting to Euro 35.8 million. The Group tests the recoverability of the value of goodwill for impairment at least annually.

For the purposes of impairment testing, goodwill was allocated to the cash-generating unit (CGU) identified by management.

To estimate the recoverable amount of the CGU, management calculated value in use using the discounted cash flow method: value in use was determined as the sum of the present value of the cash flows for the years of explicit forecast horizon (2025-2029) and a terminal value obtained applying a long-term growth rate to the last year of the business plan. The recoverable value thus obtained was compared with the carrying amount.

As part of our audit of the consolidated financial statements as of 31 December 2024, we focused on this item in consideration of the fact that the recoverability of these values is verified by management based on assumptions that are sometimes complex and that by nature involve the use of management's judgement, specifically with reference to the estimation of the future cash flows and the determination of the long-term growth rates and discount rates applied.

As part of our audit of the consolidated financial statements as of 31 December 2024, we performed the procedures illustrated below.

We obtained the exercise prepared by management to determine the recoverable amount of the cash generating unit, approved by the board of directors on 11 March 2025. Our audit approach was based on the analysis of the method used by management to prepare the impairment test and included the following procedures:

- we understood and evaluated the Group's internal control over the process of testing the recoverability of goodwill;
- we analysed the reasonableness of the considerations made by management regarding the level at which goodwill is tested for impairment;
- we analysed the reasonableness of the assumptions underlying the forecasts in terms of estimated future cash flows, in light of past results and comparing the growth rates used by management with external sources.

With the support of valuation experts from the PwC network, we verified that the methodologies used for the impairment test were consistent with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union ("EU IFRS") and with prevailing valuation practice. Moreover, the key valuation parameters adopted were analysed in terms of reasonableness. With specific reference to the methods of calculation of discount rates and medium/long-term growth rates, we verified their consistency with the provisions of EU IFRS, with prevailing practice and with available market data. Moreover, we analysed

the sensitivity analyses prepared by management.

We verified the mathematical accuracy of the calculation of the impairment test and the accuracy of the carrying amount of the CGU, in accordance with IAS 36, as of 31 December 2024 that was used for comparison with value in use.

Finally, our procedures included an analysis of the explanatory notes to the consolidated financial statements to assess the adequacy and completeness of disclosures.

Recoverability of the value of inventories

Note 4.3 to the consolidated financial statements

The consolidated financial statements of Safilo Group SpA include inventories for Euro 210 million, net of an obsolescence provision amounting to Euro 52 million.

To estimate the provision, management considers market trends and consumer demand and formulates the consequent sales forecasts, also considering the effects of the end of some licenses.

The inventories of obsolete or slow moving finished products are periodically subjected to specific valuation tests, taking into account 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 posts the appropriate write-downs.

We considered the determination of the obsolescence provision a key audit matter as it is an estimate characterised by complexity and uncertainty, which requires a high degree of judgment on the part of management.

As part of our audit activity of the consolidated financial statements as of 31 December 2024, we performed the procedures illustrated below.

- we have examined the principles and criteria applied by the Group for the write-down of inventories, which mainly consider commercial policies, sales forecasts and historical trends in inventory consumption;
- we understood and evaluated the Group's internal control over the inventory write-down process, including the related IT environment;
- we analysed the reasonableness of the main assumptions adopted by the Group to classify the items on the basis of the commercial strategies and the respective sales forecasts, as well as the algorithms and criteria applied for the calculation of the obsolescence provision. In this context, the historical trend of the use of stocks was also analysed;
- we verified the mathematical accuracy of the calculation of the obsolescence provision based on the Group's policies;
- we analysed the additions to the provision resulting from specific phenomena (e.g. conclusion of licensing agreements);
- we analysed the movement of the provision, examining the main

dynamics that determined it and obtaining, where necessary, adequate supporting documentation.

Finally, our procedures included an analysis of the explanatory notes to the consolidated financial statements to assess the adequacy and completeness of disclosures.

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

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Safilo Group SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- we concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

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

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.



Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 27 April 2023, the shareholders of Safilo Group SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2023 to 31 December 2031.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) No. 2019/815

The directors of Safilo Group SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) No. 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the consolidated financial statements as of 31 December 2024, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements as of 31 December 2024 have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter) of Legislative Decree No. 39/10 and with article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Safilo Group SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Safilo Group as of 31 December 2024, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to:

- express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements;
- express an opinion on the compliance with the law of the report on operations, excluding the section on the individual sustainability reporting, and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98;
- issue a statement on material misstatements, if any, in the report on operations and in the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98 are consistent with the consolidated financial statements of Safilo Group as of 31 December 2024.

Moreover, in our opinion, the report on operations, excluding the section on the consolidated sustainability reporting, and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98 are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e-ter), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Our opinion on compliance with the law does not extend to the section of the report on operations relating to the consolidated sustainability reporting. The conclusions on the compliance of that section with the rules governing its preparation and on compliance with the disclosure requirements established by article 8 of Regulation (EU) No. 2020/852 are expressed by ourselves in the report prepared in accordance with article 14-bis of Legislative Decree No. 39/10.

Padua, 14 March 2025

PricewaterhouseCoopers SpA

Signed by

Filippo Zagagnin
(Partner)

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

Report of Independent Auditor on the consolidated sustainability report

Independent auditor's report on the consolidated sustainability report *in accordance with article 14-bis of Legislative Decree No. 39 of 27 January 2010*

To the shareholders of Safilo Group SpA

Conclusion

In accordance with articles 8 and 18, paragraph 1, of Legislative Decree No. 125 of 6 September 2024 (hereinafter also the "Decree"), we have undertaken a limited assurance engagement on the consolidated sustainability report of the Safilo Group (hereinafter also the "Group") for the year ended 31 December 2024 prepared in accordance with article 4 of the Decree, presented in the specific section of the consolidated report on operations.

Based on the work performed, nothing has come to our attention that causes us to believe that:

- the consolidated sustainability report of the Safilo Group for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with the reporting criteria adopted by the European Commission pursuant to Directive (EU) 2013/34/UE (*European Sustainability Reporting Standards*, hereinafter also the "ESRS");
- the information set out in paragraph "Disclosures pursuant to Article 8 of Regulation 2020/852 (Taxonomy Regulation)" of the consolidated sustainability report is not prepared, in all material respects, in accordance with article 8 of Regulation (UE) No. 852 of 18 June 2020 (hereinafter also the "Taxonomy Regulation").

Basis for conclusion

We conducted our limited assurance engagement in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia). The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our responsibilities under the Standard are further described in the *Auditor's Responsibilities for the Limited Assurance Conclusion on the Consolidated Sustainability Report* section of this report.

PricewaterhouseCoopers SpA

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We are independent in accordance with the principles of ethics and independence applicable to assurance engagements on consolidated sustainability reporting under Italian law.

Our firm applies International Standard on Quality Management 1 (ISQM Italia 1), which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matters - Comparative information

The consolidated sustainability report for the year ended 31 December 2024 contains, in the specific section “Disclosures pursuant to Article 8 of Regulation 2020/852 (Taxonomy Regulation)”, the comparative information referred to in article 8 of the Taxonomy Regulation in relation to the year ended 31 December 2023, which was not subjected to any assurance procedures.

Responsibilities of the directors and the board of statutory auditors of Safilo Group SpA for the consolidated sustainability report

The directors are responsible for developing and implementing the procedures adopted to identify the information included in the consolidated sustainability report in accordance with the provisions of the ESRS (hereinafter the “materiality assessment process”) and for describing those procedures in the note “Description of process to identify and assess material impacts, risks and opportunities” of the consolidated sustainability report.

The directors are also responsible for preparing the consolidated sustainability report, which contains the information identified through the materiality assessment process, in accordance with the provisions of article 4 of the Decree, including:

- its compliance with the ESRS;
- its compliance with article 8 of the Taxonomy Regulation of the information set out in paragraph “Disclosures pursuant to Article 8 of Regulation 2020/852 (Taxonomy Regulation)”.

That responsibility involves designing, implementing and maintaining, in the terms prescribed by law, such internal control as they determine is necessary to enable the preparation of a consolidated sustainability report in accordance with article 4 of the Decree that is free from material misstatement, whether due to fraud or error. That responsibility also involves selecting and applying appropriate methods for processing the information, as well as developing hypotheses and estimates about specific items of sustainability information that are reasonable in the circumstances.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

Inherent limitations in the preparation of the consolidated sustainability report

As reported in paragraph “General basis for preparation of the sustainability statement”, for the purpose of reporting forward-looking information in accordance with ESRS, the directors are required to prepare such information on the basis of assumptions, described in the consolidated Sustainability Report, about future events and possible future actions by the Company. Because of the uncertainty connected with any future event, in terms both of occurrence and of the extent and timing of occurrence, variances between actual results and forward-looking information may occur.

As reported in paragraph “General basis for preparation of the sustainability statement”, the disclosure provided by the Company about Scope 3 emissions is subject to greater inherent limitations compared with Scope 1 and 2 emissions, because of the poor availability and relative accuracy of the information used to define both qualitative and quantitative information on Scope 3 emissions related to the value chain.

Auditor's responsibilities for the limited assurance conclusion on the consolidated sustainability report

Our objectives are to plan and perform procedures to obtain limited assurance about whether the consolidated sustainability report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that contains our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated sustainability report.

As part of our engagement designed to achieve limited assurance in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia), we exercised professional judgement and maintained professional scepticism throughout the engagement.

Our responsibilities include:

- Performing risk assessment procedures to identify the disclosures where a material misstatement, whether due to fraud or error, is likely to arise;
- Designing and performing procedures to verify the disclosures where a material misstatement is likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Directing, supervising and performing a limited assurance engagement on the consolidated sustainability report and assuming full responsibility for the conclusion on the consolidated sustainability report.



Summary of the work performed

An engagement designed to obtain limited assurance involves performing procedures to obtain evidence as a basis for our conclusion.

The procedures performed were based on our professional judgement and included inquiries, primarily of personnel of Safilo Group SpA responsible for the preparation of the information presented in the consolidated sustainability report, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

We performed the following main procedures:

- we understood the Group's business model and strategies, and the environment in which it operates with reference to sustainability issues;
- we understood the processes underlying the generation, collection and management of the qualitative and quantitative information included in the consolidated sustainability report;
- we understood the process implemented by the Group to identify and assess the material impacts, risks and opportunities, in accordance with the double materiality principle, related to sustainability issues and, based on the information thus obtained, we considered whether any contradictory items emerged that could point to the existence of sustainability issues not considered by the Company in the materiality assessment process;
- we identified the disclosures where a material misstatement is likely to arise;
- we defined and performed procedures, based on our professional judgement, to address the risks of material misstatement identified;
- we understood the process implemented by the Group to identify the eligible economic activities and to determine whether they are aligned in accordance with the provisions of the Taxonomy Regulation, and we verified the related disclosures in the consolidated sustainability report;
- we reconciled the information reported in the consolidated sustainability report with the information reported in the consolidated financial statements in accordance with the applicable financial reporting framework, or with the accounting information used for the preparation of the consolidated financial statements, or with management accounting information;
- we verified the structure and presentation of disclosures included in the consolidated sustainability report in accordance with the ESRS;
- we obtained management's representation letter.

Padua, 14 March 2025

PricewaterhouseCoopers SpA

Signed by

Filippo Zagagnin
(Partner)

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





03

SAFILO GROUP S.P.A. – STATUTORY FINANCIAL STATEMENTS AT 31 DECEMBER 2024

Directors operations report

Statutory Financial Statements

Notes to statutory Financial Statements

Attestations and Auditor's Reports

03

Directors operations report

- 300** Introduction
- 300** Subsidiaries
- 300** Dealings with subsidiaries
- 302** Significant events after the year-end

INTRODUCTION

Safilo Group S.p.A. was incorporated on 14th October 2002. It is the holding company of Safilo Group and performs planning and coordination activities, as defined in article 2497 et seq. of the Italian Civil Code, for the following member companies:

- Safilo S.p.A., directly controlled;
- Lenti S.r.l., 100% of the share capital indirectly controlled through Safilo S.p.A.;
- Safilo Industrial S.r.l., 100% of the share capital indirectly controlled through Safilo S.p.A.

As allowed by article 40.2/bis of Legislative Decree 127 of 9th April 1991, the annual Financial Statements and Directors' Report are submitted together with the consolidated Financial Statements and the Directors' Report on the consolidated Financial Statements; the information required by article 2428 of the Civil Code is therefore contained in the Directors' Report on the consolidated Financial Statements.

SUBSIDIARIES

Safilo Group S.p.A. owns 95.201% of the share capital of subsidiary Safilo S.p.A.. The remainder is owned by Safilo S.p.A. in own shares.

The subsidiary Safilo S.p.A. is a wholesaler of prescription frames, sunglasses and sports articles sold under its own brands and licensed brands of international prestige.

DEALINGS WITH SUBSIDIARIES

The Company joined the tax consolidation programme in the capacity of parent company, while Safilo S.p.A., Lenti S.r.l. and Safilo Industrial S.r.l. joined in the capacity of subsidiaries. Moreover, Safilo Group S.p.A., acting in the capacity of parent company, Safilo S.p.A. and Safilo Industrial S.r.l., acting in the capacity of subsidiaries, subscribed to the VAT offsetting procedure laid down by the Ministerial Decree of 13th December 1979 (known as "Group VAT mechanism").

Dealings with the other companies in the Group are carried out at arm's length principle, and no atypical and/or unusual operations with them took place during the year.

Financial year 2024

(Thousand of Euro)	Receivables	Payables	Income/ Recharges	Costs
Safilo S.p.A.	704	(34,733)	661	(248)
Subsidiaries held by Safilo S.p.A.				
Lenti S.r.l.	1,178	-	27	-
Safilo Industrial S.r.l.	16,391	(4)	278	-
Safilo USA Inc.	12	-	12	-
Other Subsidiaries held by Safilo S.p.A.	80	-	184	-
Total	18,365	(34,738)	1,163	(248)

The receivable from the subsidiary Safilo S.p.A. mainly refers to recharges made for legal and tax services performed by the company and regulated by a service contract.

Payables to the subsidiary Safilo S.p.A. refer:

- for Euro 31,643 thousand to the VAT credit transferred by Safilo S.p.A. to the parent company as a result of the Group VAT Liquidation mechanism.
- for Euro 3,090 thousand to payables to the subsidiary for services rendered.

The revenues from the subsidiary Safilo S.p.A. mainly refer to charges made for legal and tax services and the chargeback of some insurance and consultancy costs.

The costs charged by the subsidiary Safilo S.p.A. mainly refer to services performed on behalf of the parent company.

The receivables from the subsidiary Lenti S.r.l. refer to the transfer of tax and withholding taxes, as part of the tax consolidation programme.

The receivables from the subsidiary Safilo Industrial S.r.l. refer to the transfer of VAT debit, as a result of the Group VAT Liquidation mechanism.

The receivables/payables and the related income/costs from other subsidiaries held by Safilo S.p.A. relate to the chargeback of some insurance and consultancy costs.

Financial year 2023

(Thousand of Euro)	Receivables	Payables	Income/ Recharges	Costs
Safilo S.p.A.	696	(29,958)	660	(259)
Subsidiaries held by Safilo S.p.A.				
Lenti S.r.l.	756	-	27	-
Safilo Industrial S.r.l.	20,953	-	241	-
Safilo USA Inc.	11	-	11	-
Other Subsidiaries held by Safilo S.p.A.	94	-	94	-
Total	22,509	(29,958)	1,033	(259)

The receivable from the subsidiary Safilo S.p.A. mainly refers to recharges made for legal and tax services performed by the company and regulated by a service contract.

Payables to the subsidiary Safilo S.p.A. refer:

- for Euro 27,650 thousand to the VAT credit transferred by Safilo S.p.A. to the parent company as a result of the Group VAT Liquidation mechanism.
- for Euro 2,308 thousand to payables to the subsidiary for services rendered.

The revenues from the subsidiary Safilo S.p.A. mainly refer to charges made for legal and tax services and the chargeback of some insurance and consultancy costs.

The costs charged by the subsidiary Safilo S.p.A. mainly refer to services performed on behalf of the parent company.

The receivables from the subsidiary Lenti S.r.l. refer to the transfer of tax and withholding taxes, as part of the tax consolidation programme.

The receivables from the subsidiary Safilo Industrial S.r.l. refer to the transfer of VAT debit, as a result of the Group VAT Liquidation mechanism.

The receivables/payables and the related income/costs from other subsidiaries held by Safilo S.p.A. relate to the chargeback of some insurance and consultancy costs.

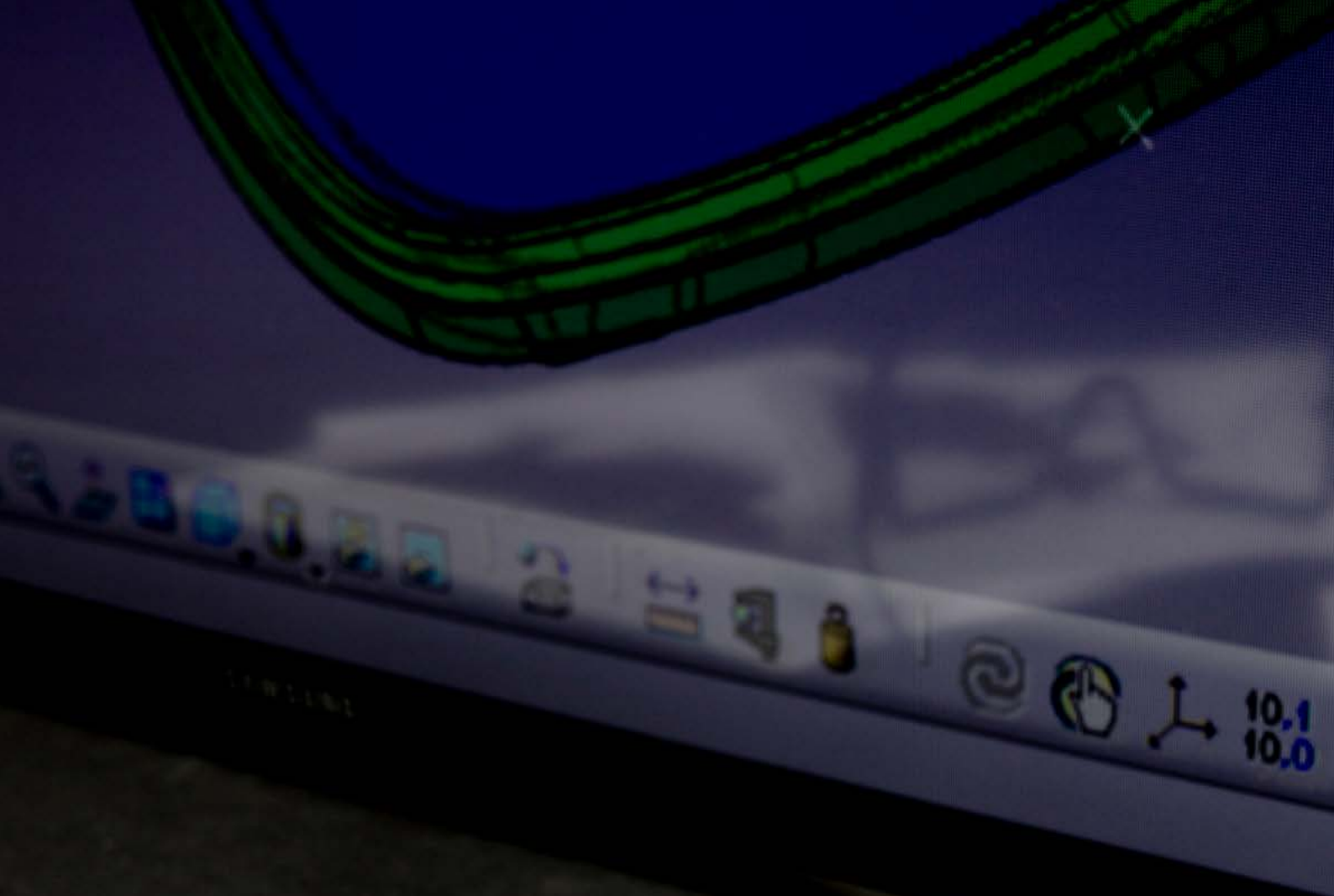
SIGNIFICANT EVENTS AFTER THE YEAR-END

Subsequent to 31 December 2024 through the approval date of this report, no significant events occurred which would have impacted the financial and economic results shown pursuant to IAS 10 Events after the reporting period.

For the Board of Directors

Chief Executive Officer

Angelo Trocchia



03

Statutory Financial Statements

- 306** Balance Sheet
- 308** Income Statement
- 308** Statement of Comprehensive Income
- 309** Statement of Cash Flows
- 310** Statement of Changes in Equity

BALANCE SHEET

(Euro)	Note	December 31, 2024	December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents	4.1	379,578	852,292
Trade receivables	4.2	1,067,681	1,343,208
Other current assets	4.3	20,835,539	26,484,223
Total current assets		22,282,798	28,679,723
Non-current assets			
Right of Use	4.4	315,536	226,532
Investment in subsidiaries	4.5	415,632,471	414,473,273
Deferred tax activities	4.6	-	-
Other non-current assets	4.7	1,159,460	737,880
Total non-current assets		417,107,467	415,437,685
Total assets		439,390,265	444,117,408

(Euro)	Note	December 31, 2024	December 31, 2023
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Lease liabilities	4.8	150,111	106,494
Trade payables	4.9	4,246,047	4,196,545
Tax payables	4.10	418,733	304,818
Other current liabilities	4.11	33,634,828	28,984,609
Provisions	4.12	-	2,250,000
Total current liabilities		38,449,719	35,842,466
Non-current liabilities			
Lease liabilities	4.8	174,030	131,963
Employee benefit obligations	4.13	158,204	150,308
Provisions	4.12	1,250,000	-
Total non-current liabilities		1,582,234	282,271
Total liabilities		40,031,953	36,124,737
Shareholders' equity			
Share Capital	4.14	384,872,713	384,857,848
Share premium reserve	4.15	27,736,991	27,388,371
Retained earnings/(losses) and other reserves	4.16	(2,692,739)	3,259,596
Net (loss) for the year		(10,558,653)	(7,513,144)
Total shareholders' equity		399,358,312	407,992,671
Total liabilities and shareholders' equity		439,390,265	444,117,408

INCOME STATEMENT

(Euro)	Note	2024	2023
Net sales	5.1	1,108,947	996,457
Gross profit		1,108,947	996,457
General and administrative expenses	5.2	(10,604,347)	(9,212,192)
Other operating income/(expenses)	5.3	(1,061,571)	(13,428)
Operating profit (loss)		(10,556,971)	(8,229,163)
Financial charges, net	5.4	(9,692)	(12,861)
Profit (loss) before tax		(10,566,663)	(8,242,024)
Income taxes	5.5	8,010	728,880
Net (loss) for the year		(10,558,653)	(7,513,144)

STATEMENT OF COMPREHENSIVE INCOME

(Euro)	2024	2023
Net (loss) for the year	(10,558,653)	(7,513,144)
Actuarial gains (loss)	1,560,809	251,821
Total comprehensive (loss)	(8,997,844)	(7,261,323)

STATEMENT OF CASH FLOWS

(Euro)	Notes	2024	2023
A - Opening net cash and cash equivalents		852,292	865,512
B - Cash flow from (for) operating activities			
Net profit/(loss) for the period		(10,558,653)	(7,513,144)
Depreciation and Amortization IFRS16		138,648	121,125
Stock Options figurative cost	4.16	404,878	185,580
Net changes in provision for risks	4.13	1,250,000	1,000,000
Other non monetary P&L items		1,362	66,241
Interest expenses on lease liability IFRS 16		11,597	11,634
Income tax expenses		(8,010)	(728,879)
Income (loss) from (for) operating activities prior to movements in working capital		(8,760,178)	(6,857,444)
(Increase) Decrease in trade receivables	4.2	275,527	(334,645)
(Increase) Decrease in other receivables		5,002,962	4,134,242
Increase (Decrease) in trade payables	4.8	49,502	280,325
Increase (Decrease) in other payables		4,999,553	2,858,410
Use provision for risks	4.13	(2,250,000)	-
Interests expenses paid		(11,597)	(11,634)
Total (B)		(694,231)	69,254
C - Cash flow from (for) investing activities			
(Investments) disinvestments in subsidiaries		-	-
Total (C)		-	-
D - Cash flow from (for) financing activities			
Repayment lease liability IFRS 16		(141,968)	(121,470)
Increase in share capital, net of transaction costs	4.14 - 4.15	363,485	38,996
Total (D)		221,517	(82,474)
E - Cash flow for the period (B+C+D)		(472,714)	(13,220)
F - Closing net cash and cash equivalents (A+E)		379,578	852,292

STATEMENT OF CHANGES IN EQUITY

(Euro)	Share Capital	Share premium reserve	Legal reserve	Other reserves and retained earnings	Result for the period	Total shareholders' equity
Shareholders' equity as at January 01, 2023	384,846,312	692,520,684	3,007,774	(653,313,716)	(11,846,054)	415,215,000
Previous year's loss allocation	-	(10,404,769)	-	(1,441,285)	11,846,054	-
Resolution regarding the covered of losses from previous year	-	(654,755,002)	-	654,755,002	-	-
Net increase in the Reserve for share-based payments	11,536	27,458			-	38,994
Total comprehensive (loss) for the period				251,821	(7,513,144)	(7,261,323)
Shareholders' equity as at December 31, 2023	384,857,848	27,388,371	3,007,774	251,822	(7,513,144)	407,992,671
Previous year's loss allocation	-		-	(7,513,144)	7,513,144	-
Net increase in the Reserve for share-based payments	14,865	348,620			-	363,485
Total comprehensive (loss) for the period				1,560,809	(10,558,653)	(8,997,844)
Shareholders' equity as at December 31, 2024	384,872,713	27,736,991	3,007,774	(5,700,513)	(10,558,653)	399,358,312



03

Notes to statutory Financial Statements

- 314** General information
- 314** Summary of accounting principles adopted
- 319** Use of estimates
- 320** Notes to the balance sheet
- 332** Notes to the income statement
- 336** Commitments
- 336** Subsequent events
- 336** Significant non-recurring events and transactions
- 336** Transactions resulting from unusual and/or abnormal operations
- 337** Transactions with related parties
- 337** Resolution regarding the result of the year
- 338** Appendix
- 338** Information requested by art. 149-duodecies of the Regulation on Issuers issued by Consob

1. GENERAL INFORMATION

1.1 GENERAL INFORMATION

The holding company, Safilo Group S.p.A., is a joint stock company established in Italy on 14 October 2002 registered with the Business and Trade registry of Padua and with the head office in Padua, Settima Strada 15, Italy.

Safilo Group S.p.A. is listed on Euronext Milan of the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A., (code SFL IT0004604762).

Following the Group's financial restructuring, which was completed in the first quarter of 2010 with the share-capital increase, Multibrands Italy B.V. (a subsidiary of HAL Holding N.V.) became the parent company's leading shareholder.

According to IFRS 10 HAL Holding N.V., is deemed to have control over Safilo Group S.p.A. and accordingly is required to consolidate Safilo Group S.p.A. in its financial statements as from 1 January 2014 (even though its ownership interest of HAL Holding N.V. in the company Safilo Group S.p.A. is below 50%). HAL Holding is fully owned by HAL Trust, listed on NYSE Euronext of Amsterdam Stock Exchange.

These financial statements are reported in Euro. The financial information relates to the period from 1 January 2024 to 31 December 2024 and also presents comparative data related to the financial period from 1 January 2023 to 31 December 2023.

Safilo Group S.p.A. is the holding company of the Safilo Group, and during the year it continued in the management of its shareholdings, as well as in the coordination activity towards the subsidiaries.

These financial statements were approved by the Board of Directors on 11 March 2025.

The financial statements of Safilo Group S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815.

2. SUMMARY OF ACCOUNTING PRINCIPLES ADOPTED

2.1 ACCOUNTING POLICIES

The accounting policies described here below have been applied for the preparation of the present report and comply with those adopted for the financial report as of 31 December 2023. The new amendments and accounting standards, described below, have not had any significant impacts on this report. The financial statements are based on the going concern assumption, despite a context still characterized by considerable uncertainty, the company, taking into account its financial solidity, the actions undertaken to mitigate risks and its business model, believes that there are no elements that may rise any uncertainty on the going concern assumption, in accordance with paragraph 25 of IAS 1.

In addition, in its quality as holding company can rely on the financial strength of the Safilo Group, which through its subsidiaries, by issuing loans and/ or distributing dividends can support the company in its financial needs.

The financial statements for the year ended 31 December 2024 and 31 December 2023 were prepared in accordance with IFRSs issued by the International Accounting Standard Board ("IASB") and endorsed by the European Commission, as well as with the measures enacted to implement article 9 of Legislative

Decree no. 38/2005. IFRSs include also all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously called Standing Interpretations Committee ("SIC").

The financial statements were prepared in accordance with "cost" criteria with the exception of some financial assets and liabilities, including derivative instruments, for which the "fair value" criterion was adopted.

Preparation of the annual report in accordance with IFRSs requires management to make estimates and assumptions that may affect the amounts reported in the financial statements and explanatory notes. Actual results may differ from these estimates. The areas of the financial statements that are most affected by such estimates and assumptions are listed in section 3 "Use of estimates".

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AS OF 1 JANUARY 2024

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

Furthermore, the company has adopted the following new standards and amendments, effective from 1 January 2024:

- on 23 January 2020, the IASB published an amendment called "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current". On 31 October 2022 the IASB published an amendment called "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". The documents aim to clarify how to classify debts and other short or long-term liabilities;
- on 22 September 2022, the IASB published the amendment to "IFRS 16 Lease Liability in a Sale and Leaseback". The document aims to clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale;
- on 25 May 2023 the IASB published amendments to "IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements".

On 23 May 2023, the IASB published the amendments to "IAS 12 Income taxes International Tax Reform – Pillar Two Model Rules". With reference to the Pillar Two Model Rules, effective from 1 January 2024 Safilo Group, as Multinational Group of enterprises that – together with its indirect reference shareholder HAL Holding N.V. – meets the Euro 750 million euro annual consolidated revenue threshold in at least two of the four preceding years, falls within the application of the Pillar Two income taxes provided for by the Council Directive (EU) 2022/2523 enacted in Italy by Legislative Decree 209/2023, aimed at ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the European Union. Refer to paragraph "5.5 Income Tax Expense" for further information about the implication to the company.

The company has complied with the above new amendments in preparing this report, their application had no significant impact on the financial statements.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED AND ENDORSED BY THE EUROPEAN UNION BUT NOT EFFECTIVE FOR THE REPORTED PERIOD AND NOT EARLY ADOPTED BY THE COMPANY

At the date of this report the following amendments have been endorsed by the European Union applicable to the company and effective for annual periods beginning on or after 1 January 2025 that have not been early adopted by the company in preparing this report:

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

The company will comply with these new standards and amendments based on their relevant effective dates, and their application is not expected to have any material impact on the 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 report:

- on 9 May 2024 the IASB published the new Standard IFRS 19 Subsidiaries without Public Accountability: Disclosures;
- on 9 April 2024 the IASB published the new Standard IFRS 18 Presentation and Disclosure in Financial Statements;
- on 18 December 2024 the IASB published the new amendment Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7;
- on 18 July 2024 the IASB published the new amendment Annual Improvements Volume 11;
- on 30 May 2024 the IASB published the new amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7.

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

2.2 FORMAT OF FINANCIAL STATEMENTS

Safilo Group presents the income statement by function (so-called “cost of sales”). This is considered to be more representative with respect to presentation by type of expenses, as it conforms more closely to the internal reporting and business management methods and is in line with international practice in the eyewear sector.

For the balance sheet, a distinction is made in the assets and liabilities between current and non-current as described in paragraphs 51 and following of IAS 1. The indirect method for the cash flow statement was used. Therefore, the net profit of the period is adjusted by the effects of non-monetary transactions, changes in working capital and cash flows from investing and financing activities.

2.3 RIGHT OF USE

Assets held through lease contracts (both finance and operating) are recognized according to the IFRS 16 standard, which provide a definition of leases based on the control (right of use) of an asset considering: identification of the asset, right to replace it, right to obtain all economic benefits and the right to manage the use of the asset. The standard establishes a model to recognize and measure lease contracts for the lessee through the posting of the asset (also in operating leases) offset by a financial debt. Assets held through lease contracts, are recognized as assets of the company at the present value of their contractual lease payments. The corresponding liability due to the lessor is recorded on the financial statements under financial debts. The assets are depreciated over the duration of the lease contract.

The company has elected to apply the exemptions stated by the Standard that allow to keep leases off balance if they have an initial contractual duration of less than or equal to 12 months (IFRS16.5-a) or if they refer to a low-value asset (IFRS16.5-b), according to these exemptions these contracts are still recorded as lease and rent expenses on a straight-line basis in the income statement over the duration of the lease contract.

2.4 CASH IN HAND AND AT BANK

Cash and cash equivalents include cash, bank demand deposits and other highly liquid short-term investments that can be unwound within three months.

2.5 TRADE RECEIVABLES AND OTHER RECEIVABLES

Trade receivables are initially recognised on the statement of financial position at their current value and subsequently recalculated according to the amortised cost method, net of any impairments.

A provision for doubtful accounts is accrued when there is evidence that the Company will not succeed in collecting the original amount due. The provisions accrued for doubtful accounts are recognised in profit or loss.

2.6 INVESTMENTS IN ASSOCIATES (FINANCIAL ASSETS)

As required by IAS 36, the equity investment in the subsidiary Safilo S.p.A. is tested for impairment when internal or external factors exist that could represent impairment indicators.

2.7 PROVISIONS FOR RISKS

The Group records provisions for risks and charges when:

- it has a legal or constructive obligation to third parties;
- it is probable that it will be necessary to use resources of the Group to settle the obligation;
- a reliable estimate of the amount can be made;

changes in estimates are recorded in the income statement of the period in which the changes occur.

2.8 EMPLOYEES BENEFITS

The employee severance fund of Italian companies ("TFR") has always been considered to be a defined benefit plan however, following the changes to the discipline that governs the employment severance fund introduced by Italian law no. 296 of 27th December 2006 ("Financial Law 2007") and subsequent Decrees and Regulations issued in the first months of 2007, Safilo Group, on the basis of the generally agreed interpretations, has decided that:

- the portion of the employee benefit liability accruing from 1st January 2007, whether transferred to selected pension funds or transferred to the treasury account established with INPS, must be classified as a "defined contribution plan";
- the portion of the employee benefit liability accruing as of 31st December 2006, must be classified as a "defined benefit plan" requiring actuarial valuations that exclude future increases in salaries.

For an analysis of the accounting effects deriving from this decision, see paragraph 4.12 "Employees benefits".

Remuneration plans under the form of share capital participation

The company recognizes additional benefits to some employees and consultants through "equity settled" type stock options. In accordance with IFRS 2 - Share-based payments, the current value of the stock options determined at the vesting date through the application of the "Black & Scholes" method is recognized in the

income statement under personnel costs in constant quotas over the period between the vesting date of the stock options and the maturity date, counterbalanced by an equity reserve.

The effects of the vesting conditions not related to the market are not taken into consideration in the fair value of the vested options but are material to measurement of the number of options which are expected to be exercised.

At the balance sheet date the company revises its estimates on the number of options which are expected to be exercised. The impact of the revision of the original estimates is recognized in profit or loss over the maturity period, with a balance entry in equity reserves.

When the stock option is exercised, the amounts received by the employee, net of the costs directly attributable to the transaction, are credited to share capital for an amount equal to the par value of the issued shares and to the share premium reserve for the remaining part.

2.9 REVENUE RECOGNITION

Revenues include the fair value of the sale of services, net of VAT and any discounts. The company recognises revenues for billed services in the financial year in which the service is provided.

2.10 INCOME TAXES

Income taxes are recognised on the income statement, with the exception of those relating to accounts that are directly credited or debited to equity, in which case the tax effect is recognised directly in equity.

Deferred taxes are calculated on tax losses and all the temporary differences between the tax basis of an asset or liability and their book value. Deferred tax assets are recognised only for those amounts where it is likely there will be future taxable income allowing for recovery of the amounts.

Current and deferred tax assets and liabilities are offset when the income tax is applied by the same tax authority and when there is a legal right to offsetting.

2.11 EARNINGS PER SHARE

Basic

Basic earnings per share are calculated by dividing the profit or loss of the company by the weighted average number of ordinary shares outstanding during the financial year, excluding any treasury shares.

Diluted

Diluted earnings per share are calculated by dividing the profit or loss of the Company by the weighted average number of ordinary shares outstanding during the year. In order to calculate the diluted earnings per share, the weighted average number of shares outstanding is adjusted in respect of the dilutive potential ordinary share (stock options and convertible bonds), while the profit or loss of the Company is adjusted to take into account the effects, net of income taxes, of the conversion.

2.12 TRANSLATION OF BALANCES IN FOREIGN CURRENCY

Foreign currency transactions are translated into Euro using the exchange rates in effect at the date of the transaction. Foreign exchange gains and losses resulting from the close of such transactions and from translation of the monetary assets and liabilities in foreign currencies at the exchange rates at end of the year are recognised in profit or loss.

3. USE OF ESTIMATES

The preparation of the consolidated financial statements requires the Directors to apply accounting standards and methods that, in some circumstances, are based on difficult and subjective valuations and estimates based on past experience and assumptions which are from time to time considered reasonable and realistic according to the relative circumstances. The application of these estimates and assumptions affects the amounts posted in the financial statements, such as the balance sheet, the income statement, the cash flow statement and the notes thereto. Actual results of the balances on the financial statements, resulting from the above-mentioned estimates and assumptions, may differ from those reported on the financial statements due to the uncertainty which characterizes the assumptions and the conditions on which the estimates are based.

The macroeconomic environment, resulting from a combination of geopolitical risks consequents to the still ongoing Ukraine - Russian invasion and the Israel-Gaza crisis represented an extraordinary circumstance that had direct and indirect repercussions on economic activity and has created a general environment of uncertainty. Also environmental responsibility risks and the transitory risks related to the regulation changes associated with the fight against the "climate change" may have an impact in term of future uncertainty. Financial statements assumptions and estimates have taken into consideration the uncertainties deriving from the above circumstances. For more details see also the consolidation Report on Operations on the paragraph related to the "Main critical risk factors for the Group".

The accounting standards that are more subject to the directors' estimates and for which a change in the underlying conditions or the assumptions may have a significant impact on the consolidated financial statement are described briefly below.

Equity investments: in accordance with the accounting standards adopted for the preparation of the financial statements, the company tests the equity investments for potential impairment when internal or external factors exist that represent impairment indicators. Any loss in value resulting from the test is recorded in the income statement. In particular, the test is derived by properly adjusting the outcome of the impairment test executed at consolidated level. The assessment process of the impairment test is complex and is based on assumptions concerning, among other things, the forecast of expected cash flows, the determination of appropriate discounting rates (WACC) and long-term growth (g-rate). These estimates depend on factors that may change over time with consequent effects, which may be significant, compared to the Directors' assessments. Consistent with the indications of the main regulators, to meet the difficulties of making accurate estimates of future flows, the Directors performed their estimate considering independent sources and analysts' projections and carried out the test performing some sensitivity analyses relating to the main inputs of the calculation. In addition, it is considered also the identified potential impact of the climate change on the estimated cash flows. As suggested by regulators and standard setters, the uncertainties have been reflected in the estimate of cash flows, rather than adding a risk premium to the discount rate.

4. NOTES TO THE BALANCE SHEET

4.1 CASH AND CASH EQUIVALENTS

This item totals Euro 379,578 (compared to Euro 852,292 of previous year) and represents the momentary availability of cash. The book value of the available liquidity is aligned with its fair value at the reporting date and the related credit risk is very limited as the counterparts are primary banks.

4.2 TRADE RECEIVABLES

Trade receivables totals Euro 1,067,681 (against Euro 1,343,208 of previous year). They refer to amounts charged by Safilo Group S.p.A. to its subsidiaries (mainly Safilo S.p.A. and Safilo Industrial S.r.l. for legal and tax services). The book value of the trade receivables is kept approximately equal to the fair value and payment terms are aligned with the market benchmarks.

(Euro)	December 31, 2024	December 31, 2023
Trade receivables	1,680	5,050
Trade receivables from subsidiaries		
- Safilo S.p.A.	668,459	660,384
- Safilo Industrial S.r.l.	278,185	546,367
- Lenti S.r.l.	27,582	26,826
- Safilo Benelux	-	4,200
- Safilo GmbH	2,033	5,700
- Safilo France	3,033	6,200
- Safilo Nordic	-	8,900
- Safilo Hellas	-	500
- Safilo UK	47,823	6,700
- Safilo Nederland	-	4,700
- Safilo Austria	-	4,200
- Safilo Portugal	1,033	4,700
- Safilo Switzerland	-	6,233
- Safilo Espana	2,533	5,700
- Safilo Optik Ticaret	4,372	6,173
- Safilo USA Inc.	12,158	11,000
- Smith Usa	8,621	7,000
- Safilo Canada	1,003	5,200
- Safilo Polska	-	5,078
- Prive Goods LLC	1,043	500
- Blenders Eyewear LLCs	4,074	3,000
- Safilo Far East	-	497
- Safilo Australia	4,049	4,200
- Safilo South Africa	-	4,200
Total	1,067,681	1,343,208

4.3 OTHER CURRENT ASSETS

This item breaks down as follows:

(Euro)	December 31, 2024	December 31, 2023
VAT receivables	4,507,271	5,913,991
Tax receivables and advance payments	121,449	72,631
Prepayments and accrued income	35,520	33,618
Other receivables from subsidiaries - Safilo S.p.A.	35,475	35,475
Other receivables from subsidiaries - Safilo Industrial S.r.l.	16,112,991	20,406,519
Other receivables	22,833	21,989
Total	20,835,539	26,484,223

The VAT credit refers to the amount of VAT arising from Group VAT calculation. During year 2024 Safilo Group S.p.A. received a VAT reimbursement of Eur 4,000,000 from the Tax Authority.

The item receivables from Safilo Industrial S.r.l. mainly refer to the VAT debt position transferred by the subsidiary itself according to the Group VAT settlement procedure mentioned.

4.4 RIGHT OF USE ASSETS

Below the summary of the Rights of Use divided by category: real estate rent contracts and long-term operating lease contracts for company cars.

(Euro)	January 1, 2024	Increase	Decrease	December 31, 2024
Gross value				
Buildings Rights of Use	135,201	-	-	135,201
Other assets Rights of Use	302,868	227,652	(65,105)	465,415
Total	438,069	227,652	(65,105)	600,616
Accumulated depreciation				
Buildings Rights of Use	53,616	33,800	-	87,416
Other assets Rights of Use	157,921	104,848	(65,105)	197,664
Total	211,537	138,648	(65,105)	285,080
Net book value	226,532	89,004	-	315,536

4.5 INVESTMENTS IN SUBSIDIARIES

This item amounts to Euro 415,632,471 (compared to Euro 414,473,273 of previous year).

The following tables show the movements that occurred during the 2024 and during the previous financial year:

(Euro)	% of share capital	January 1, 2024	Increase (Decrease)	December 31, 2024
Safilo S.p.A.	95.201	410,427,044	-	410,427,044
Contribution for stock options to subsidiaries		4,045,062	1,159,197	5,204,260
Safilo de Mexico	0.001	521	-	521
Safilo Portugal	0.1	500	-	500
Safilo Benelux	0.005	146	-	146
Total		414,473,273	1,159,197	415,632,471

(Euro)	% of share capital	January 1, 2023	Increase (Decrease)	December 31, 2023
Safilo S.p.A.	95.201	410,427,044	-	410,427,044
Contribution for stock options to subsidiaries		3,986,863	58,198	4,045,062
Safilo de Mexico	0.001	521	-	521
Safilo Portugal	0.1	500	-	500
Safilo Benelux	0.005	146	-	146
Total		414,415,074	58,198	414,473,273

The key information for the subsidiary Safilo S.p.A. is summarised as follows:

Name	Safilo S.p.A. – Società Azionaria Fabbrica Italiana Lavorazione Occhiali
Registered office	Z.I. Settima Strada, 15 (Padova)
Share capital at 31st December 2024	Euro 66,176,000 i.v.
Shareholders' equity at 31st December 2024	Euro 205,431,045
Net profit for the financial year 2024	Euro 4,237,418

In consideration of the significance of value of the investment in Safilo SpA and the difference, which emerged in previous years, between its value and the contribution of its net equity to the consolidated balance sheet, management subjected the book value of the investment to an impairment test.

Impairment test

The approach followed and the assumptions made to perform the impairment test are described below.

Since Safilo S.p.A. operationally heads the entire Safilo Group, the impairment test of this investment was derived from the one performed for the purposes of the consolidated financial statements.

For the unique identified CGU of the Group, the recoverable amount is based on its value in use determined based on estimated future cash flow projections.

On 11 March 2025 the Board of Directors has approved the 2025-2029 Financial Projections that confirms the main goals and strategies defined in the Group Business Plan presented to the markets on 10 March

2023. For the purposes of the impairment test, these financial projections take the requirements of IAS 36 into consideration, specifically those that require that the estimate of future cash flows excludes those cash flows that are expected to arise from improving or enhancing asset performance. Accordingly, potential new acquisitions effect included in the Financial projection 2025-2029, have not been considered for the purposes of the impairment test.

In estimating the growth in the plan period, the Group has taken into consideration both its own internal expectations as well as indications obtained from independent external sources.

The main objectives and strategies underlying Safilo's 2025-2029 business plan are:

- Sales growth, which maximizes customer service and meets the needs of the different consumer segments;
- Margin expansion and a more flexible operating cost structure;
- Positive cash flow generation that feeds and supports the Group's organic and external growth.

The Group's strategies will continue to leverage two main enablers:

- the end-to-end Digitalization of its business model, with the aim of transversally enhancing data analytics, optimizing processes, operations and time to market;
- a Sustainability roadmap in support of the Group's business targets, driven through an agenda of clear and shared objectives.

The impairment test methodology used for the execution of the impairment test at the date of 31 December 2024 is consistent with the criteria used for the 2023 financial statements and considers the following factors:

- Management used the most recent information available to calculate the WACC (weighted average cost of capital), in particular: risk free rate, market risk premium, beta, specific risk premium for Safilo, Cost of debt (including lease liabilities), debt/equity structure. As recommended by regulators, the WACC has not been adjusted for the macroeconomic environment with uncertainties instead being reflected in the cash flows;
- the growth rates for the years following the plan's horizon ("g" rate) have been analytically reviewed for each single country in which the Group operates in, and have been adapted to the rate of inflation expected by analysts for 2029.

To calculate the present value, the future cash flows thus obtained were discounted to their present value at a discount rate (WACC) as at the test's date of reference that took into account the specificities of each geography where the Group operates. The cash flows generated after the horizon considered were determined on the basis of perpetual growth rates considered adequate with reference to the economic conditions of the country of reference.

The following table summarizes the WACC and "g" rates used by the Group for the impairment test:

Key assumptions	"WACC" discount rate		Growth rate "g"	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Safilo Group	10.0%	8.6%	2.1%	2.1%

The impairment test carried out did not highlight any loss in value.

Management has performed sensitivities to test the cover of Net Invested Capital based on different scenarios where key parameters like WACC and Free Cash Flows have been progressively modelled. With reference to the break-even level: to obtain an enterprise value equal to the net invested capital as of 31 December 2024, including goodwill, EBITDA and related cash flows could be reduced by around 40% or WACC could be increased by +4.5%.

After completing the process described, management concluded that no impairment loss needs to be recognized at the date of 31 December 2024.

Management has used the most reliable information available at this moment. In monitoring the goodwill

value, management has taken into consideration also exogenous factors, such as the stock market capitalization, which is lower than the Group's net equity. The stock market valuation in general may be subject to different expectations and various fluctuations and hence in practice different valuation methods exist, such as those based on expected cash flows.

Management believe that the assumptions incorporated in the Financial Projections 2025-2029 underlying the impairment test are reasonable and that the Group has the necessary skills and resources to meet planned goals.

4.6 DEFERRED TAX ASSETS

Deferred tax assets refer to the tax benefit related to tax losses that may be recovered in future financial years and to temporary differences between the carrying value of assets and liabilities and their tax value. Deferred tax assets on tax losses are recorded to the extent there is the probability that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax assets to be utilized.

Starting from 1st January 2006 the Company joined the tax consolidation programme in the capacity of parent company. The subsidiaries participating in the program are Safilo S.p.A., Safilo Industrial S.r.l. and Lenti S.r.l. (both 100% owned by Safilo S.p.A). The effect of this option allows calculation of a single Group taxable income, corresponding to the algebraic sum of the taxable income of the participating entities.

As of 31 December 2024, Deferred Tax Assets amounting to Euro 118,353,239, have been fully reduced by a valuation allowance, in line with prior years considerations, as the Company believes that there is no reasonable certainty of their future recovery.

The following table illustrates the breakdown of accounts on which the tax prepayments and adjustment reserve with reversal of the associated deferred tax assets at 31 December 2024:

(Euro)	January, 1 2024	Impact to			December, 31 2024
		Income Statement	Equity	Receivables/ Payables due to tax consolidation	
Tax losses Safilo Group S.p.A.	21,533,224	-	-	2,702,220	24,235,444
Tax losses from Safilo S.p.A.	74,036,552	-	-	2,399,954	76,436,506
Tax losses from Lenti S.r.l.	23,140	-	-	-	23,140
Tax losses from Safilo industrial S.r.l.	16,896,357	-	-	122,031	17,018,388
Tax losses before the tax consolidation	192,629	-	-	-	192,629
Other temporary differences	108,118	39,014	-	-	147,132
Provision for Risks	540,000	(240,000)	-	-	300,000
Other temporary differences	(3,508)	3,508	-	-	-
Total deferred tax assets	113,326,512	(197,478)	-	5,224,205	118,353,239
Valuation allowance of deferred tax assets	(113,326,512)	197,478	-	(5,224,205)	(118,353,239)
Total deferred tax assets, net	-	-	-	-	-

The following table shows the tax losses carried forward deriving from the national group tax consolidation:

Financial Year (Euro)	Tax losses	Tax benefit
Before 2014	91,351,812	21,924,435
2015	27,352,290	6,564,550
2016	8,642,688	2,074,245
2017	34,213,659	8,211,278
2018	26,884,736	6,452,337
2019	55,513,664	13,323,279
2020	82,017,679	19,684,243
2021	59,378,384	14,250,812
2022	21,698,117	5,207,548
2023	62,479,893	14,995,174
2024	20,939,909	5,025,578
Total	490,472,831	117,713,479

In accordance with Art. 84 of TUIR, all tax losses can be carried forward without time limitation, in order to offset future taxable income to an extent not greater than 80% of the taxable income for each single fiscal year.

4.7 OTHER NON-CURRENT ASSETS

This item totals Euro 1,159,460 (compared to Euro 737,880 of previous year) and mainly refers to withholding taxes from the subsidiary Lenti S.r.l. arising from the tax consolidation programme.

4.8 LEASE LIABILITIES

Below the summary of the lease liabilities for Rights of Use assets mainly related to real estate rental contracts and long-term operating lease contracts for company cars.

(Euro)	Balance at January 1, 2024	Increase	Decrease	Balance at December 31, 2024
Lease liabilities IFRS 16	238,457	227,651	(141,968)	324,141
Of which:				
Short term liability	106,494			150,111
Long term liability	131,963			174,030

4.9 TRADE PAYABLES

The following table shows a breakdown of the trade payables and the payables to subsidiaries:

(Euro)	December 31, 2024	December 31, 2023
Trade payables for services	1,631,039	1,902,402
Trade payables to subsidiaries:		
Safilo S.p.A.	2,615,008	2,294,143
Total	4,246,047	4,196,545

The item payables to service providers mainly refers to consultancies for business development operations. The item payable to Safilo S.p.A. mainly refers to accounting and administrative services provided by the subsidiary to the parent company.

4.10 TAX PAYABLES

As of 31 December 2024, this item amounted to Euro 418,733 (compared to Euro 304,818 of previous year) and referred to IRPEF withholdings on wages and salaries and independent contractors' compensation withholdings for the month of December, that were paid in January 2025.

4.11 OTHER CURRENT LIABILITIES

This item breaks down as follows:

(Euro)	December 31, 2024	December 31, 2023
Payables to personnel and social security institutions	1,497,378	1,294,445
Payables to pension provisions	11,406	10,332
Other current liabilities	3,236	15,628
Accrued expenses	41	36
Other payables to subsidiaries - Safilo S.p.A.	32,122,767	27,664,168
Total	33,634,828	28,984,609

The item other payable to subsidiary Safilo S.p.A. mainly refers to the transfer of the VAT credit within the Group VAT settlement procedure.

4.12 PROVISIONS

As of 31 December 2024, this item amounts to Euro 1,250,000 (compared to Euro 2,250,000 of previous year and paid in 2024) and refers to the estimated liability for a long-term incentive for top management.

4.13 EMPLOYEE BENEFITS OBLIGATIONS

During the financial year under review, the item showed the following movements:

(Euro)	January 1, 2024	Exercise handling			Provision transfer	December 31, 2024
		Transfer	P&L accounting provision	Actuarial gains/ (losses)		
Employee Benefits	150,308		4,629	3,268	-	158,205
Defined contribution plans	-	-	210,935	-	(210,935)	-
Total	150,308	-	215,564	3,268	(210,935)	158,205

(Euro)	January 1, 2023	Exercise handling			Provision transfer	December 31, 2023
		Transfer	P&L accounting provision	Actuarial gains/ (losses)		
Employee Benefits	149,047	683	8,619	(8,041)	-	150,308
Defined contribution plans	-	-	235,886	-	(235,886)	-
Total	149,047	683	244,505	(8,041)	(235,886)	150,308

Following the spin-off of 1 January 2017 which implied the transfer of some employees from Safilo S.p.A, the company Safilo Group S.p.A is also subject to the changes made to the regulations governing the employment severance fund introduced by Law no. 296 of 27th December 2006 ("Financial Law 2007") and subsequent Decrees and Regulations issued in the first months of 2007. Safilo Group S.p.A, on the basis of generally agreed interpretations, has decided that:

- the portion of the employee benefit liability accrued from 1st January 2007, whether transferred to selected pension funds or transferred to the treasury account established with INPS, must be classified as a "defined contribution plan";
- the portion of the employee benefit liability accrued as of 31st December 2006 must be classified as a "defined benefit plan" requiring actuarial valuations that exclude future increases in salaries.

The employee severance fund of Italian companies ("TFR") has no plan assets at its service. Actuarial estimates used for calculating the employee severance liability accrued up to 31st December 2006 are based on a system of assumptions based on demographic parameters, economic parameters and financial parameters.

The demographic parameters are normally summarized in tables based on samples from different institutes (ISTAT, INAIL, INPS, Italian General Accounts Office, etc.).

The economic parameters principally refer to long-term inflation rates and the financial yield rate, crucial for the valuation of amounts accrued in the reserve for termination benefits.

The main financial parameter is given by the discount rate. The annual discount rate used to calculate the present value of the obligation was derived by the Iboxx Corporate AA index with a duration comparable to the duration of the collective of workers covered by the assessment.

SHAREHOLDERS' EQUITY

The shareholders' equity is both the value contributed by the shareholders of Safilo Group S.p.A. (share capital and share premium reserve) plus the value generated by the Group in terms of profit gained from its operations (profit carried forward and other reserves).

On 31 December 2024, shareholders' equity amounts to Euro 399,358,312, against Euro 407,992,671 of previous year.

4.14 SHARE CAPITAL

At 31 December 2024 the share capital of Safilo Group S.p.A. amounts to Euro 384,872,713 (compared to Euro 384,857,848 at the end of the previous year) consisting of no. 414,239,313 ordinary shares with no par value (413,745,466 ordinary shares as at 31 December 2023).

In 2024 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".

The increase for the period, due to the capital increase resulting from the execution of a share capital increase to the service of the stock option plan named "Stock Option Plan 2017 – 2020" amounts to Euro 14,865.

4.15 SHARE PREMIUM RESERVE

At 31 December 2024 the share premium reserve of Safilo Group S.p.A. amounts to Euro 27,736,991 (compared to Euro 27,388,371 at the end of the previous year).

The movement of the period is due to the exercise of the right of stock option by some directors, according to the stock option plan called "Stock Option Plan 2017 - 2020", is equal to Euro 348,620.

4.16 RETAINED EARNINGS AND OTHER RESERVES

This account breaks down as follows:

(Euro)	December 31, 2024	December 31, 2023
Legal reserve	3,007,774	3,007,774
Stock option reserve	1,578,055	106,379
Reserve for actuarial gain (losses) of defined benefit plan	4,776	8,043
Losses carried forward	(7,283,344)	137,400
Total	(2,692,739)	3,259,596

It should be noted that in the last three years there has been no use of reserves except for those intended to cover past losses.

Equity accounts - possible use and distribution

The table below shows the possible use and distribution of equity accounts:

(Euro)	Amount	Possible use
Share Capital	384,872,713	
Share premium reserve	27,736,991	A - B - C (*)
Legal reserve	3,007,774	B
Stock option reserve	1,578,055	
Reserve for actuarial gain (losses) of defined benefit plan	4,776	
Losses carried forward	(7,283,344)	
Net (loss) for the year	(10,558,653)	
Total	399,358,312	

A = for capital increase

B = to hedge against losses

C = for distribution to shareholders

(*) Fully available for capital increases and to hedge against losses. For other uses, it is necessary to adjust (also through transfer from the share premium reserve) the legal reserve to 20% of the share capital

Stock option plans

As at 31 December 2024 the company has in place the following Stock Option Plans: 2017-2020, 2020-2022 and the 2023-2025 Plan.

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

The 2020-2022 Plan was deliberated by the Ordinary Shareholders' Meeting held on 28 April 2020, in which the Shareholders approved the issue up to 7,000,000 new ordinary shares to be offered to directors and/or employees of the Company and its subsidiaries.

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

Information relating to the tranches of the Stock Options Plans granted on 31 December 2024 are shown below.

	Grant date	No. of options	Fair value in Euro	Maturity
Stock Option Plan 2017-2020				
Third tranche	30 April 2019	569,089	0.18	31 May 2027
Stock Option Plan 2020-2022				
First tranche	31 July 2020	2,608,973	0.18	30 June 2028
Second tranche	11 March 2021	2,884,280	0.27	30 June 2029
Stock Option Plan 2023-2025				
First tranche	11 September 2023	6,990,000	0.28	30 June 2031
Second tranche	14 March 2024	7,590,000	0.34	30 June 2032

The fair value of the stock options was estimated on the vesting date based on the Black-Scholes model. The main market inputs of the model used are shown below:

	Share price at grant date	Exercise price in Euro	Expected volatility	Free risk rate
Stock Option Plan 2017-2020				
Third tranche	0.81	0.68	36.20%	0.087%
Stock Option Plan 2020-2022				
First tranche	0.63	0.63	47.78%	-0.392%
Second tranche	0.93	0.87	45.67%	-0.290%
Stock Option Plan 2023-2025				
First tranche	0.93	0.97	38.20%	3.010%
Second tranche	1.18	1.17	33.97%	2.550%

The table below shows the changes in the stock option plans which occurred during the year:

	No. of options	Average exercise price in Euro
Stock Option Plan 2017-2020		
Outstanding at the beginning of the period	643,413	0.68
Granted	-	-
Forfeited	-	-
Exercised	(74,324)	0.68
Expired	-	-
Outstanding at period-end	569,089	0.68
Stock Option Plan 2020-2022		
Outstanding at the beginning of the period	6,001,524	0.76
Granted	-	-
Forfeited	(88,748)	0.69
Exercised	(419,523)	0.75
Expired	-	-
Outstanding at period-end	5,493,253	0.76
Stock Option Plan 2023-2025		
Outstanding at the beginning of the period	7,640,000	0.97
Granted	7,790,000	1.17
Forfeited	(850,000)	1.02
Exercised	-	-
Expired	-	-
Outstanding at period-end	14,580,000	1.07

During the year, 493,847 options were exercised of which 74,324 of the Plan 2017-2020 and 419,523 of the Plan 2020-2022. Additionally, a total of 938,748 options were forfeited of which 88,748 of the Plan 2020-2022 and 850,000 of the Plan 2023-2025 and 7,790,000 options were granted.

During the year, a total of 88,748 options of the Plan 2020-2022 expired and 493,847 options were exercised of which 74,324 of the Plan 2017-2020 and 419,523 of the Plan 2020-2022. Additionally for the Plan 2023-2025 850,000 options were forfeited and 7,790,000 options were granted.

The options outstanding of the third tranche of the Plan 2017-2020, equal to 569,089 options, are exercisable until 31 May 2027, the first and the second tranche of the Plan 2020-2022, equal respectively to 2,608,973 and to 2,884,280 options, are exercisable until 30 June 2028 and 30 June 2029 respectively, the first and the second tranche of the Plan 2023-2025 equal respectively to 6,990,000 and 7,590,000 are exercisable until 30 June 2031 and 30 June 2032.

At the date of the approval of these financial statements the options vested and exercisable still outstanding are the one related to the Plan 2017-2020 equal to 569,089 and to the Plan 2020-2022 equal to 5,493,253.

The exercise price for the options of the third tranche of the Plan 2017-2020 is equal to 0.68 Euro with a remaining contract life of 2.4 years, for the first and the second tranche of the Plan 2020-2022 the exercise prices are equal to respectively 0.63 and 0.87 Euro with a remaining contract life of 3.5 and 4.5 years respectively, while for the first tranche and the second tranche of the Plan 2023-2025 the exercise prices is equal to respectively 0.97 and 1.17 Euro with a remaining contract life of 6.5 and 7.5 years.

The adoption of these plans has affected the income statement for the period for a cost of 404 thousand Euro (185 thousand Euro in 2023)

No changes or cancellations have been occurred on the above described Plans.

5. NOTES TO THE INCOME STATEMENT

5.1 SERVICE REVENUES

The company, as Group's financial holding company, does not have revenues from the sale of goods, but only revenues for administrative, legal and tax services provided to the subsidiaries during the year, which amount to Euro 1,108,947.

5.2 GENERAL AND ADMINISTRATIVE EXPENSES

The item breaks as follows:

(Euro)	2024	2023
Payroll and social security contributions	4,628,656	4,084,150
Corporate compliance costs	1,013,927	391,464
Remuneration to directors and statutory auditors	2,105,481	1,862,943
Consultancies and professional services	824,532	1,151,849
Cost of services provided by Safilo S.p.A.	247,531	247,555
Other administrative and general expenses	395,571	353,115
Provisions (Long Term Incentive)	1,250,000	1,000,000
Depreciation	138,648	121,116
Total	10,604,347	9,212,192

The following table illustrates the average and punctual number of employees:

	2024	2023
Punctual at 31 December	22	21
Annual average	23	20

5.3 OTHER OPERATING INCOME (EXPENSES)

This item amounts to Euro (1,061,571) and mainly refers to costs incurred for business development operations.

5.4 FINANCIAL CHARGES

This item breaks down as follows:

(Euro)	2024	2023
Interest expense	(11,597)	(11,634)
Bank charges and commissions	(2,299)	(1,200)
Other financial charges	(4,629)	(5,268)
Total financial charges	(18,525)	(18,102)
Interest income	9,207	6,462
Dividends	-	26
Total financial income (charges), Net	9,207	6,488
Negative exchange rate differences	(1,814)	(1,247)
Positive exchange rate differences	1,440	
Total exchange rate differences, Net	(374)	(1,247)
TOTAL FINANCIAL INCOME (CHARGES), NET	(9,692)	(12,861)

5.5 INCOME TAXES

This item breaks down as follows:

(Euro)	2024	2023
Current taxes	8,010	728,880
Deferred taxes	-	-
Total	8,010	728,880

Current taxes, positive for Euro 8,010, mainly refer to the benefit deriving from group tax consolidation that the Company has realised with reference to the use of its losses to offset the taxable income of the subsidiary Lenti S.r.l. and to the consolidation charge related to the deduction of interest expenses transferred by the subsidiary Safilo S.p.A.. To a lesser extent, current taxes relate to adjustments made in the determination of the taxable income of previous years. There is no net impact to profit and loss related to deferred tax assets and liabilities considering that the entire amount of deferred tax assets is fully written down.

The table below shows the reconciliation between theoretical taxes and the effective tax burden recognised on the income statement:

(Euro)	%	2024	%	2023
Profit (loss) before taxation	100%	(10,566,663)	100%	(8,242,024)
Theoretical Taxes	-24.0%	2,535,999	-24.0%	1,978,086
Not deductible costs	0.1%	(12,318)	0.5%	(43,208)
Income from tax fiscal unity	0.02%	(1,704)	-8.8%	726,168
Non-recognition of new DTAs and write-off of existing DTAs	23.9%	(2,523,681)	23.5%	(1,934,877)
Other differences	-0.09%	9,714	-0.03%	2,712
Total	-0.1%	8,010	-8.8%	728,880

Pillar Two Model Rules impact

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

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

In line with the requirements of IAS 12, paragraph 4.A, Safilo Group S.p.A. does not recognize or disclose information on deferred taxes and liabilities related to Pillar Two income taxes.

Based on known or reasonably estimable information, Safilo Group's exposure to Pillar Two income taxes as of 31 December 2024, is estimated in Euro 57 thousand in the United Arab Emirates (UAE) jurisdiction, as contribution of Safilo Group to the aggregate amount of Top-up Tax actually due by the HAL MNE Group.

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

- "Transitional CbCR Safe Harbour Tests": according to the Ministry of Economics and Finance Decree enacted pursuant to Article 39, paragraph 3 of the Legislative Decree, and in line with the OECD provision on Transitional Safe Harbours, the three tests provided for (i.e., De Minimis, Simplified ETR and Routine Profit Test) were applied in all jurisdictions in which HAL MNE Group and Safilo Group are present, also considering the economic figures (e.g., profit or loss before tax; current and deferred taxes; revenues), which can be referred to the other constituent entities, located therein, belonging to HAL MNE Group and including Safilo Group;
- "Global Minimum tax" (or Top-up Tax (TuT) calculation): as a result of the aforementioned tests, the effective tax rate in the UAE resulted to be lower than the minimum required (i.e., 15%) and, therefore, the resulting contribution to the Top-up Tax was determined considering all Safilo Group constituent entities (different from excluded entities), located therein (i.e., jurisdictional blending). The full compliance calculation was determined assuming the relevant figures equal to the economic figures used for Transitional CbCR Safe Harbour Tests calculation and considering the positive impact of the Substance-based Income Exclusion.

5.6 EARNINGS (LOSSES) PER SHARE

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

Base

(Euro/000)	2024	2023
Profit (loss) on ordinary shares	(10,559)	(7,513)
Average number of ordinary shares	414,008	413,733
Earnings (loss) per basic share (in Euro)	(0.03)	(0.02)

Diluted

(Euro/000)	2024	2023
Profit (loss) on ordinary shares	(10,559)	(7,513)
Portion reserved for preferred shares	-	-
Profit (loss) in the income statement	(10,559)	(7,513)
Average number of ordinary shares	414,008	413,733
Dilution effects:		
- stock option	2,432	3,553
Total	416,440	417,286
Earnings (loss) per share diluted in Euro	(0.03)	(0.02)

6. COMMITMENTS

The Company had no purchase commitments at the reporting date.

7. SUBSEQUENT EVENTS

Subsequent to 31 December 2024 through the approval date of this report, no significant events occurred which would have impacted the financial and economic results shown pursuant to IAS 10 Events after the reporting period.

8. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

During 2024 the company did not engage in significant non-recurring transactions pursuant to the CONSOB Communication of 28th July 2006.

9. TRANSACTIONS RESULTING FROM UNUSUAL AND/OR ABNORMAL OPERATIONS

Pursuant to CONSOB Communication of 28th July 2006, in 2024 the Company did not put in place any unusual and/or atypical operations, as defined in this Communication.

10. TRANSACTIONS WITH RELATED PARTIES

The remuneration of the Company's Directors, Statutory Auditors and Strategic Management is reported below

(Euro)	2024	2023
Directors		
- Salaries ad short term compensations	3,266,414	3,107,183
- Non monetary benefits	36,068	35,369
- Other compensations	88,161	88,424
- Fair value of equity compensations	229,796	204,343
Statutory auditors		
- Fixed compensations and compensations for participation in committees	143,000	143,000
Managers with strategic responsibilities		
- Salaries ad short term compensations	493,448	446,244
- Non monetary benefits	14,655	13,674
- Other compensations	60,000	-
- Fair value of equity compensations	109,427	24,866
Total	4,440,969	4,063,103

RESOLUTION REGARDING THE RESULT OF THE YEAR

We submit for your approval the financial statements for the financial year ending on December 31, 2024, drafted according to the IFRS International Accounting Standards, and recommend that the loss of the year, amounting to 10,558,653 Euro be carried forward.

For the Board of Directors
 Chief Executive Officer

Angelo Trocchia

APPENDIX

INFORMATION REQUESTED BY ART. 149-DUODECIES OF THE REGULATION ON ISSUERS ISSUED BY CONSOB

The following table, prepared in accordance with Art. 149-duodecies of the Regulation on Issuers issued by Consob, reports the amount of fees charged in 2024 relating to the audit and other audit related services rendered by the same Audit firm.

The Shareholders' Meeting held on 27 April 2023, upon proposal of the Board of Statutory Auditors, appointed PricewaterhouseCoopers S.p.A. as external Audit Company for the financial years from 2023 to 2031.

(Euro/000)	2024
Audit	177
Other services	190
Total	367



03

Attestations and Auditor's Reports

- 342** Attestation of the Annual Report pursuant to article 81-ter of CONSOB Regulation 11971 of 14 May 1999 as amended
- 343** Report of the Board of Statutory Auditors
- 354** Report of Independent Auditor on the Statutory Financial Statements

ATTESTATION OF THE ANNUAL REPORT PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION 11971 OF 14 MAY 1999 AS AMENDED

The undersigned Angelo Trocchia, as Chief Executive Officer, and Michele Melotti, as the manager responsible for preparing Safilo Group S.p.A.'s financial statements, hereby attest, having also taken into consideration the provisions of article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree 58 of 24th February 1998:

- the adequacy with respect to the company structure and
- the effective application,

of the administrative and accounting procedures for preparation of the annual report during the 2024 financial year.

It is also certified that the annual report at 31 December 2024:

- a) corresponds to the results documented in the books, accounting and other records;
- b) have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union, as well as with the provisions issued in implementation of article 9 of Legislative Decree 38/2005 and, based on their knowledge, fairly and correctly present the financial position, results of operations and cash flows of the issuer.

11 March 2025

The Chief Executive Officer

Angelo Trocchia

The manager responsible for preparing the company's financial statements

Michele Melotti

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING OF SAFILO GROUP S.P.A.

(PURSUANT TO ARTICLE 153 OF LEGISLATIVE DECREE NO. 58/1998)

Dear Shareholders,

the Board of Statutory Auditors of Safilo Group S.p.A. (hereafter also "Safilo" or "Company"), pursuant to art. 153 of Legislative Decree no. 58/1998 (hereafter also "TUF") is required to report to the shareholders' meeting called for the approval of the financial statements on the supervisory activity carried out during the year, on any omissions and reprehensible facts found and on the results of the company's financial year.

The Board of Statutory Auditors is also called upon to make any proposals regarding the financial statement and its approval, as well as matters within its responsibility.

This report describes the activities carried out by the Board of Statutory Auditors of Safilo during the financial year ended 31 December 2024, and is drawn up in accordance with the requirements of Consob Communication no. DEM/1025564 of 6 April 2001 and subsequent additions and amendments.

1. BACKGROUND

The Board of Statutory Auditors in office at the date of this report is composed of Maria Francesca Talamonti (chairman), Roberto Padova (standing member) and Bettina Solimando (standing member), appointed by the shareholders' meeting of 27 April 2023; Tina Marcella Amata and Marco Michielon are alternate auditors.

During the year ended 31 December 2024, the Board of Statutory Auditors carried out the supervisory activities required by law (and in particular, by Article 149 of the TUF and Article 19 of Legislative Decree No. 39/2010), taking into account the principles of conduct recommended by the so called "Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili", Consob provisions on corporate controls and the indications contained in the Corporate Governance Code of listed companies promoted by Borsa Italiana, to which the Company declared to adhere.

Moreover, as Safilo has adopted the traditional governance model, the Board of Statutory Auditors is identified with the Internal Control and Audit Committee, which is entrusted with further specific control and monitoring functions in the field of financial reporting and statutory audit provided for by Article 19 of Legislative Decree no. 39/2010, as amended by Legislative Decree no. 135/2016.

The supervisory activity was carried out during the 10 meetings of the Board of Statutory Auditors held in 2024, attending all the meetings of the Board of Directors, the Control and Risk Committee, the Remuneration and Nomination Committee, the Sustainability Committee, the Related Party Transactions Committee and the Supervisory Committee, and also participating in the shareholders' meeting held on 24 April 2024.

On this point, it should be noted that, in order to ensure greater effectiveness of supervisory activities, the Board of Auditors has adopted, as an operational practice, that of active participation of the entire supervisory body in all the meetings of the committees.

The Board of Statutory Auditors periodically reported to the Board of Directors on the activities performed and opinions issued. In addition, taking into account the provisions of the new "Rules of Conduct for the Board of Statutory Auditors of Listed Companies" approved by the CNDCEC in December 2024 (to be applied as of 1 January 2025) and, in particular, Rule Q.1.7 - Self-Assessment of the Board of Statutory Auditors,

it conducted a self-assessment process, as a result of which the Board of Statutory Auditors expressed an overall assessment of adequacy in relation to its size and composition, as well as a favourable opinion on the requirements of professionalism, independence and honourableness and on the functioning mechanisms of the body.

The Board of Statutory Auditors met periodically with the audit company and, from the meetings held, no significant facts worthy of reporting emerged concerning the auditing activity, nor did any decisive deficiencies emerge concerning the integrity of the internal control system with regard to the financial reporting process.

In this regard, it should be noted that, by resolution of the Shareholders' Meeting of 27 April 2023, the engagement for the legal audit of the annual financial statements and consolidated financial statements was assigned to the audit company PricewaterhouseCoopers SpA (hereinafter also referred to as 'PwC') for the period 2023-2031.

It should also be noted that in the course of the supervisory activity carried out and on the basis of the information obtained also from the independent auditors, no omissions, reprehensible facts or irregularities or in any case significant facts were found, such as to require reporting to the supervisory bodies.

2. SUPERVISORY ACTIVITIES PURSUANT TO ARTICLE 149 OF THE TUF

Pursuant to Article 149 of the TUF, the Board of Statutory Auditors supervises:

- on compliance with the law and the statute;
- on compliance with the principles of good governance;
- on the adequacy of the company's organisational structure for the aspects within its competence, the internal control system and the administrative-accounting system as well as on the reliability of the latter in correctly representing management events;
- on how to concretely implement the corporate governance rules laid down in codes of conduct drawn up by companies managing regulated markets or by trade associations, which the company, by means of public disclosures, declares it complies with;
- on the adequacy of the instructions given by the company to its subsidiaries pursuant to Article 114(2) of TUF.

• Supervisory on compliance with the law and bylaws

The Board of Statutory Auditors acquired the information through participation in meetings of the Board of Directors and Board committees, hearings of the Company and Group management, meetings with the independent auditors, analysis of information flows acquired from the corresponding control bodies of Group companies and from the competent corporate structures, as well as further control activities.

In addition, the members of the Board of Statutory Auditors participated in an induction on ESG issues during 2024.

The Board of Statutory Auditors held regular meetings with the manager responsible for preparing the company's financial reports (hereinafter also referred to as the "Financial Reporting Officer") and with the internal control functions.

In particular, the Board of Statutory Auditors:

- Pursuant to Article 150, paragraph 1 of the TUF, the Board of Statutory Auditors obtained from the directors, at least quarterly, information on the activities carried out and on the most significant economic, financial and equity transactions carried out by the Company, as well as on the Group's strategic guidelines. On the basis of the information made available, the Board of Statutory Auditors can reasonably assure that the transactions resolved and implemented comply with the law and the bylaws and are not manifestly imprudent or risky, or in contrast with the resolutions passed by the Shareholders' Meeting, or such as to compromise the integrity of the Company's assets. Acknowledging the Report on Operations, the information produced to the Board of Directors by the Chief Executive Officer, the Supervisory Committee pursuant to Legislative Decree No. 231/2001, and in light of the findings

gathered as part of its supervisory activities, it is possible, on the part of the Board of Statutory Auditors, to reasonably exclude the existence of atypical and/or unusual transactions entered into with third parties, with Group companies or with related parties and connected parties;

- pursuant to Article 150, paragraph 3 of the TUF, held periodic meetings with the independent auditors in order to exchange consolidated data and information. In this regard, it should be noted that no relevant data and information emerged that should be reported in this report;
- pursuant to art. 151, paragraphs 1 and 2, of the TUF, the Board of Statutory Auditors exchanged information with the boards of statutory auditors of the subsidiaries concerning the activities carried out during 2024: in particular, the Board of Statutory Auditors points out that the two of its standing members are also members of the boards of statutory auditors of the two main subsidiaries, Safilo S.p.A. and Safilo Industrial S.r.l., which made the exchange of information easier;
- received constant information from the Supervisory Committee on its activities, from which no anomalies or significant reprehensible facts emerged: in particular, all the members of the Board of Statutory Auditors took part in all the meetings;
- supervised compliance with the privacy provisions EU Regulation No. 2016/679 (so-called "GDPR");
- it has not received any notice pursuant to Article 2408 of the Civil Code, nor have any notice of any kind been filed;
- did not report to Consob pursuant to Article 149(3) of the TUF;
- expressed opinions in relation to the so-called "non-audit fees" for non-audit services, as provided for by the regulations and the internal procedure adopted by the Company, verifying in particular their effects on independence without finding any exceptions to report;
- pursuant to the Corporate Governance Code, it expressed its opinion: (i) on the approval of the annual plan prepared by the head of the internal audit function and (ii) on the assessment of the results presented by the independent auditors in their supplementary report addressed to the Board of Statutory Auditors;
- supervised the fulfilment of obligations related to the "Market abuse" and "Protection of savings" regulations on corporate disclosure and internal dealing, with particular reference to the handling of inside information and the procedure for the dissemination of statements and information to the public.

In addition, the Board of Statutory Auditors points out that during the financial year 2024:

- the Board of Directors met eight times;
- the Control and Risk Committee met four times;
- the Remuneration and Nomination Committee met four times;
- the Sustainability Committee met three times;
- the Related Party Transactions Committee met once;
- the Supervisory Committee met three times.

• **Supervisory on compliance with the principles of proper governance and the adequacy of the organisational structure**

The Board of Auditors:

- acquired knowledge of and monitored, to the extent of its competence, the adequacy of the Company's organisational structure and compliance with the principles of proper governance, through direct observation, the gathering of information from the heads of corporate functions and meetings with the independent auditors for the mutual exchange of relevant data and information, ; in this respect, the Company's organisational structure can be considered substantially adequate to its needs and suitable to ensure compliance with the principles of proper governance;
- assessed and monitored the adequacy of the administrative-accounting system, as well as the reliability of the latter to correctly represent management events, by obtaining information from the heads of the respective functions, examining company documents and analysing the results of the work carried out by the independent auditors, and in this regard has no particular observations to report;

- did not find any facts and circumstances indicating that the administrative-accounting system of the non-EU subsidiaries was not capable of regularly providing the management and auditor of the parent company with the economic and financial data necessary for the preparation of the consolidated financial statements, as required by Article 15(1)(c)(ii) of the Market Regulation.

The Board of Statutory Auditors ascertained that adequate documentation supporting the topics discussed at board meetings is made available to directors and auditors well in advance, in accordance with the Corporate Governance Code.

On the basis of the information acquired, the Board of Statutory Auditors acknowledges that the management decisions are inspired by the principle of correct information and reasonableness and that the directors have been made aware of the riskiness and effects of the operations performed.

The Board of Statutory Auditors found no significant atypical and/or unusual transactions, including intra-group transactions or transactions with intra-group and non-group related parties.

The Board of Statutory Auditors also assessed the adequacy of the information provided in the report on operations on the non-existence of significant atypical and/or unusual transactions.

• **Supervisory activities on implementation of governance rules**

In relation to the provisions of Article 149, paragraph 1, letter c-bis, of the TUF concerning the supervision by the Board of Statutory Auditors on the procedures for the concrete implementation of the corporate governance rules set forth in codes of conduct drawn up by management companies of regulated markets or by trade associations, which the company, by means of public disclosures, declares that it complies with, the Board of Statutory Auditors:

- monitored how the corporate governance rules laid down in the codes of conduct to which the Company, by means of public disclosures and on the basis of the "comply or explain" principle, declares it complies, expressing - from time to time - its recommendations;
- noted that the Report on Corporate Governance for the year 2024, approved on 11 March 2025, in fulfilment of the relevant legal and regulatory obligations, contains information on the ownership structure, adherence to the codes of conduct and compliance with the consequent commitments, highlighting the choices that the Company has made in applying the self-regulatory principles;
- supervised the application of the remuneration policies, including by attending all meetings of the Remuneration and Nomination Committee.

The Board of Auditors also acknowledges:

- that it has ascertained that all its members meet the requirements of independence, professionalism, honourableness and limits to the accumulation of offices provided for by the law, the bylaws and the Corporate Governance Code, as well as the correct and effective functioning of the body as a whole, formalising the results of the self-assessment process carried out in a report and informing the Board of Directors, which included these results in the Report on Corporate Governance;
- that it has verified the correct application of the criteria and procedures adopted by the Board of Directors to annually assess the independence of its independent directors. In this regard, the Board of Statutory Auditors notes that, in connection with the periodic assessment to be carried out pursuant to the Corporate Governance Code, declarations were received from the directors concerning their independence requirements set forth in Article 148, paragraph 3, of the TUF (referred to in Article 147-ter, paragraph 4, of the TUF).

• **Supervisory activities on the adequacy of the instructions given by the company to its subsidiaries**

Pursuant to Article 114(2) of the TUF: (i) listed issuers shall issue the necessary instructions for their subsidiaries to provide all the information required to comply with the disclosure obligations laid down by law; (ii) the subsidiaries shall promptly transmit the required information.

The Board of Statutory Auditors monitored the adequacy of the provisions issued to the subsidiaries, having ascertained that the Company is able to promptly and regularly fulfil the communication obligations provided for by law; this was also achieved by collecting information from the heads of organisational

functions, for the purpose of the mutual exchange of relevant data and information. In this regard, there are no particular observations to report.

• **Intercompany or related party transactions**

Pursuant to art. 2391-bis of the Italian Civil Code and Consob resolution no. 17221 of 12 March 2010 containing the Regulation of Transactions with Related Parties (hereinafter also the "Regulation"), on 5 November 2010 Safilo adopted a Regulation for the discipline of transactions with related parties, most recently updated on 1 July 2021.

The procedure currently in force (hereinafter also referred to as the "Procedure") (i) is consistent with the principles contained in the Regulation in force at the date of this report and (ii) is published on the Company's website.

During the financial year 2024, on the basis of the information received, a number of transactions with related parties, both intercompany and with third parties, were carried out; these transactions, to the best of our knowledge:

- were carried out in substantial compliance with the Procedure and the Regulation;
- are carried out in the interest of the Company, of an ordinary nature and concluded at conditions equivalent to market or standard conditions;
- do not include atypical or unusual transactions.

Transactions with related parties are adequately described in the annual and consolidated financial statements, in which the main financial and economic figures deriving from transactions with related parties are also reported, including - where present - those relating to directors, statutory auditors and executives with strategic responsibilities.

Detailed information on the remuneration due for the financial year 2024 to the corporate bodies and to key management personnel is provided in the Remuneration Report 2024 prepared pursuant to Article 123-ter of the TUF.

3. SUPERVISORY ACTIVITIES PURSUANT TO LEGISLATIVE DECREE NO. 39/2010

Pursuant to Legislative Decree No. 39/2010 as amended by Legislative Decree 135/2016 (hereinafter also referred to as the "Decree"), the Board of Statutory Auditors, identified by the Decree as the Audit Committee, is in charge of:

- inform the Board of Directors of the outcome of the independent audit and, where applicable, of the outcome of the attestation of sustainability reporting, and transmit to the Board of Directors the additional report referred to in Article 11 of EU Regulation No. 537/2014 (hereinafter also "EU Regulation"), accompanied by any comments;
- monitor the financial reporting process and, where applicable, individual or consolidated sustainability reporting, including the use of the electronic format and the procedures implemented by the Company to comply with the reporting standards adopted by the European Commission, as well as to present recommendations or proposals aimed at ensuring its integrity;
- monitor the effectiveness of the internal control and risk management systems and, where applicable, internal audit, with respect to the financial reporting and, where applicable, individual or consolidated sustainability reporting, without violating its independence;
- monitor the independent audit of the annual financial statements and consolidated financial statements and, where present, the activity of certifying the conformity of the individual or consolidated sustainability report, also taking into account any results and conclusions of quality controls carried out by Consob pursuant to Article 26(6) of the European Regulation, where available;
- verify and monitor the independence of independent auditors in accordance with Articles 10, 10-bis, 10-ter, 10-quater and 17 of the Decree and Article 6 of the European Regulation, in particular with regard to the appropriateness of the provision of non-audit services to the audited entity, in accordance with Article 5 of that Regulation;

- the procedure for the selection of independent auditors and recommend the independent auditors to be appointed pursuant to Art. 16 of the European Regulation.

With reference to the activities envisaged by the Decree, and referring to section 4 of this report for what concerns, more specifically, activities related to sustainability reporting, the following should be noted.

- **Reporting to the Board of Directors on the outcome of the statutory audit, the outcome of the attestation of sustainability reporting and the additional report pursuant to Article 11 of the European Regulation**

The Board of Statutory Auditors represents that on 14 March 2025 PwC issued the additional report pursuant to Article 11 of the European Regulation (hereinafter also the "Additional Report"), which represents the results of the independent audit carried out and includes the declaration of independence pursuant to Article 6(2)(a) of the Regulation, as well as the disclosures required by Article 11 of the same Regulation, without identifying any significant deficiencies.

Furthermore, also on 14 March 2025, pursuant to Articles 8 and 18, paragraph 1, of Legislative Decree no. 125/2024 PwC issued for the first time the report concerning the limited review of Safilo Group's consolidated sustainability reporting (hereinafter also "Sustainability Reporting"), which certifies the compliance of the Sustainability Reporting with the reporting standards adopted by the European Commission pursuant to Directive (EU) 2013/34/EU (European Sustainability Reporting Standards, hereinafter also "ESRS"), as well as the compliance with the disclosure requirements set forth in Art. 8 of Regulation (EU) No. 852 of 18 June 2020 (hereinafter also "Taxonomy Regulation").

The Board of Statutory Auditors inform the Company's Board of Directors of the outcome of the sustainability reporting activities and the results of the independent audit, transmitting the Additional Report pursuant to Article 19 of the Decree to the Chairman of the Board of Directors.

- **Supervisory on the financial reporting process and sustainability reporting**

The Board of Statutory Auditors verified the existence of rules and procedures to protect the process of the formation and dissemination of financial and non-financial information; in this regard, the Report on Corporate Governance defines the reference guidelines for the establishment and management of the system of administrative and accounting procedures.

The Board of Statutory Auditors examined the procedures relating to the preparation of the Company's financial statements, the consolidated financial statements, sustainability reporting, as well as all other financial and non-financial communications.

The Board of Statutory Auditors also had evidence of the process by which the Financial Reporting Officer and the Chief Executive Officer issue the certifications required by Article 154-bis of the TUF.

The Board of Statutory Auditors has been informed that the administrative/accounting procedures for the preparation of the financial statements and all other financial disclosures are prepared under the responsibility of the Financial Reporting Officer, who, together with the Chief Executive Officer, certifies the adequacy and effective application of these procedures in the preparation of the annual and consolidated financial statements and the half-year financial report.

The Board of Statutory Auditors acknowledges that it has not received, during the periodic meetings held with the Financial Reporting Officer, any reports of significant deficiencies in the operational and control processes that could affect the judgement of the adequacy and effective application of the administrative-accounting procedures, for the purpose of the correct representation of the economic, equity and financial situation of management events, in accordance with international accounting standards.

The financial statements of the Company and the consolidated financial statements of the Group, in application of Legislative Decree No. 38/2005, are prepared in accordance with the IAS/IFRS issued by the International Accounting Standards Board and the related interpretations of the International Financial Reporting Interpretations Committee, endorsed by the European Commission, as established by EU Regulation No. 1606/2002.

The European Commission Regulation No. 815/2019 (so-called European Single Electronic Format - ESEF Regulation), issued in order to implement Directive 2004/109/EC (so-called "Transparency Directive"),

introduced the obligation to prepare the annual financial reports of issuers whose securities are listed on regulated markets in the European Union in a single electronic reporting format.

The Chief Executive Officer and the Chief Financial Officer issued the certifications on the consolidated financial statements, the annual financial statements and the sustainability report pursuant to Article 154-bis of the TUF.

The Board of Statutory Auditors, therefore, expresses an assessment of the adequacy of the financial and non-financial reporting process, and considers that there are no issues to be submitted to the Shareholders' Meeting.

• **Supervisory on the effectiveness of internal control, internal audit and risk management systems**

The Board of Statutory Auditors monitored the adequacy and effectiveness of the internal control and risk management system (hereinafter also "SCIGR").

The Board of Statutory Auditors met periodically with the Head of Internal Audit, and was informed in relation to (i) the results of audits (aimed at verifying the adequacy and operativeness of the internal control system, compliance with the law, procedures and company processes, (ii) the activity of implementing the relevant improvement plans, and (iii) the activity of identifying, assessing, managing and monitoring the risks identified within the Company's business model.

The Board of Auditors received the audit plan for the year 2024, and was periodically updated on the progress of the plan; it also received the report of the Head of Internal Audit for the year 2024 on the assessment of the internal control system, which gave an opinion on the reliability and suitability of the Group's SCIGR.

Furthermore, the Board always attended all meetings of the Control and Risk Committee, at which no indicators emerged to suggest that the Company's SCIGR was inadequate.

With regard to the correct compliance with the rules contained in Legislative Decree 231/2001, the Board of Statutory Auditors noted that, during 2024, Safilo's Supervisory Committee reported jointly to the Control and Risk Committee and to the Board of Directors on the activities carried out.

The Board of Statutory Auditors has reviewed the reports of the Supervisory Committee on its activities the year 2024, from which it emerges that no reprehensible facts or violations of the organisational model have emerged.

The Board of Statutory Auditors notes that the PwC Additional Report does not reveal any deficiencies in the internal control system in relation to the financial reporting process that need to be reported.

In light of all the foregoing, the Board of Statutory Auditors believes that there are no elements such as to suggest that the internal control system as a whole is not substantially adequate and effective; likewise, the Board of Statutory Auditors believes that there are no issues to be submitted to the Shareholders' Meeting.

• **Supervisory activities on the statutory audit of the annual financial statements, the consolidated financial statements and on the attestation of compliance of the consolidated sustainability report**

Accounting was subjected to the checks required by the regulations by the auditing company, which, during its periodic meetings with the Board of Auditors, did not point out any issues in this regard.

The Board of Statutory Auditors analysed the work performed by the independent auditors and, in particular, the methodological framework, the audit approach used for the various significant areas of the financial statements and the planning of the audit work.

The Board of Statutory Auditors also shared with the auditor the issues related to business risks, thus being able to appreciate the adequacy of the auditor's planned response in terms of audit approach with the structural and risk profiles of the Company and the Group.

With regard to the attestation of the compliance of the consolidated sustainability report, Legislative Decree No. 125/2024 provides that a new assignment should not be conferred if the assignment conferred for the attestation of the compliance of the non-financial statement has not yet come to an end, which may remain valid until the agreed expiry date.

In this context, the Board expressed a favourable opinion on the revision of the assignment previously awarded to PwC pursuant to Legislative Decree No. 254/2016 for its extension to include the attestation of compliance of the consolidated sustainability reporting.

PwC issued, on 14 March 2025, (i) the Additional Report pursuant to Article 11 of the European Regulation, (ii) the Sustainability Reporting Report, (iii) the report on the audit of the annual financial statements and (iv) the report on the audit of the consolidated financial statements.

In the report under (ii), PwC represents that, on the basis of the work performed, no elements have come to the attention of the independent auditors to suggest that:

- Safilo Group's Sustainability Report for the year ending 31 December 2024 was not prepared, in all material respects, in accordance with ESRS reporting principles;
- the information contained in the section "Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)" of the consolidated sustainability report has not been prepared, in all material respects, in accordance with Article 8 of the Taxonomy Regulation.

As for relations sub (ii) and s sub (iii), it is submitted that:

- both reports contain: (i) an opinion on the true and fair representation of the financial position of Safilo and of the Group as of December 31, 2024, of the results of operations and cash flows for the year then ended in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the European Union, as well as with the measures issued in implementation of art. 9 of Legislative Decree no. 38/2005; (ii) a description of the key aspects of the audit and the audit procedures in response to them; (iii) an opinion on the consistency of the Report on Operations with the separate and consolidated financial statements as at 31 December 2024 and on its compliance with the law; (iv) an opinion on the consistency of certain specific information in the Report on Corporate Governance with the separate and consolidated financial statements as at 31 December 2024 (v) confirmation that the opinion on the separate financial statements and the opinion on the consolidated financial statements expressed in the respective reports are in line with what is indicated in the Additional Report addressed to the undersigned Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee, prepared pursuant to art. 11 of the European Regulation;
- the aforementioned reports do not contain any remarks or requests for information.

• Oversight of the independence of auditors and sustainability auditors, in particular with regard to the provision of non-audit services

The Board of Statutory Auditors monitored, also with reference to the provisions of Article 19 of Legislative Decree No. 39/2010, the independence of the independent auditors: this regard, it should be noted that during the 2024 financial year PwC provided the parent company and subsidiaries with non-auditing services in the amount of €177,000. These assignments were approved in advance by the Board of Statutory Auditors and, on the basis of the checks carried out, the Board of Statutory Auditors did not deem that there were any critical issues with regard to the independence of the .

The fees paid by Safilo Group to PwC and to companies belonging to the PwC network are as follows (amounts in Euro/000):

Company and reporting period	Auditing		Attestation services		Other services		Total
	PwC	Network	PwC	Network	PwC	Network	
Safilo Group SpA 2024	177	-	110	-	80	-	367
Subsidiaries 2024	119	1,016	14	17	-	6	1,172
Total	296	1,016	124	17	80	6	1,539

The Board of Auditors considers that the above-mentioned fees are appropriate to the size, complexity and characteristics of the work performed.

The Board of Statutory Auditors also considers the independence requirement of the independent auditors to be met, which provided, in the Additional Report pursuant to Article 11 of the European Regulation issued on 14 March 2025, annual confirmation of independence pursuant to Article 6, paragraph 2, letter a) of the European Regulation.

4. SUSTAINABILITY REPORTING

Safilo, as a Public Interest Entity with a number of employees, balance sheet and net revenues above the established thresholds, is required to publish consolidated sustainability reporting in line with the provisions of Legislative Decree 125/24. This regulation requires a dual approach, considering both the social and environmental impacts of the Company (inside-out perspective) and how sustainability factors affect the Company itself (outside-in perspective).

In this context, the Board of Statutory Auditors plays a central role in monitoring the adequacy and effective functioning of the internal control and risk management system, with particular reference to sustainability issues and the new provisions introduced by the Corporate Sustainability Reporting Directive (CSRD).

The Board of Statutory Auditors therefore monitored compliance with the provisions set forth in Legislative Decree 125/2024, within the scope of the powers attributed to it by the law; in this regard, the following is reported.

The Board of Statutory Auditors has verified that Safilo has implemented appropriate procedures and processes to ensure the reliability and transparency of non-financial information; to this end, the Board of Statutory Auditors has interacted with the company structures in charge of overseeing ESG issues, the Control and Risk Committee and the Internal Audit function.

In particular, the entire Board of Statutory Auditors actively participated in all meetings of the Sustainability Committee, which, during the 2024 financial year, inter alia (i) updated the Board of Directors on the sustainability initiatives to be addressed in the 2024-2028 period, formulating an Opex proposal for the 2024 budget (ii) updated the Board of Directors on the CSRD implementation programme on dual materiality and additional sustainability projects, (iii) proposed sustainability targets for the CEO and management at STAR and (iv) provided an update on the sustainability linked loan.

Furthermore, the Board of Statutory Auditors monitored the integration of ESG factors into Safilo's business models and risk management systems, promoting constant alignment with national and international best practices.

Particular attention was paid to the analysis of the so-called "dual materiality" required by CSRD, i.e. the assessment of Safilo's impact on the environment and society, as well as the risks and opportunities that sustainability issues may generate on the business.

The Board of Statutory Auditors actively participated in the processes of verification and assurance of sustainability information, also in cooperation with the independent auditors, who were also in charge of drafting the report certifying the conformity of the consolidated sustainability reporting.

This activity included assessing the reliability of the data, analysing the methodologies adopted to measure ESG impacts and the consistency of the reported information with international sustainability standards.

Finally, the Board of Statutory Auditors promoted an ongoing dialogue with corporate bodies to foster a proactive and integrated approach to sustainability, helping to strengthen the transparency and credibility of corporate reporting on ESG issues.

On 14 March 2025, PwC issued a special report expressing a positive opinion on the compliance of the Sustainability Reporting with the adopted ESRS reporting principles, as well as on the compliance with the disclosure requirements of Article 8 of the Taxonomy Regulation.

The Board of Statutory Auditors has not become aware of any violations of the relevant regulatory provisions and therefore expresses an assessment of the adequacy of the Sustainability Reporting process and considers that there are no issues to be submitted to the Shareholders' Meeting.

5. ANNUAL FINANCIAL STATEMENTS, CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT REPORT

Safilo's financial statements, approved by resolution of the Company's Board of Directors on 11 March 2025, have been prepared in accordance with IAS-IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

With specific regard to the examination of the financial statements for the year ended 31 December 2024, the consolidated financial statements and the report on operations, the Board of Statutory Auditors reports the following:

- the financial statements were delivered to the Board of Auditors in time to be filed at the Company's registered office accompanied by this report;
- the Company's financial statements and the consolidated financial statements have been prepared in accordance with the structure and formats required by current regulations;
- the financial statements are accompanied by the directors' report on operations, which summarises the main risks and uncertainties and gives an account of the outlook of operations; it complies with current regulations and is consistent with the resolutions of the Board of Directors and the results of the financial statements. It also contains adequate information on the activities of the financial year and intra-group transactions. The section containing information on transactions with related parties has been included, in compliance with IFRS standards, in the notes to the financial statements;
- also prepared, pursuant to Article 123-bis of the TUF, the Report on Corporate Governance and, pursuant to Article 123-ter of the TUF, the Report on Remuneration;
- the Board of Auditors has verified the consistency of the financial statements with the facts and information of which it has become aware as a result of the performance of its duties, and therefore has no observations to make;
- to the best of the Board of Statutory Auditors' knowledge, the directors, in preparing the financial statements, have not departed from the law pursuant to Article 2423 of the Italian Civil Code.

6. FINAL CONSIDERATIONS AND PROPOSAL TO THE GENERAL ASSEMBLY

This report sets out the control activities carried out by the Board of Statutory Auditors of Safilo Group S.p.A. and the actions taken in relation to the information obtained and the supervisory activities performed in fulfilment of its duties.

As detailed in the body of this report, the Board of Auditors has verified:

- (i) the functionality of the internal procedures, which were found to be sufficiently adequate and suitable to ensure compliance with the law, regulations and bylaws;
- (ii) that the decision-making process takes into account the riskiness and effects of the management choices made and that the corporate bodies have a sufficient information flow system;
- (iii) that the organisational structure, the administrative accounting system and the independent audit process were adequate and functional for the tasks they are called upon to perform;
- (iv) the absence of elements that make the internal control system and the risk management and governance process unreliable.

The Board of Statutory Auditors has, therefore, no observations to report with regard to the information obtained and the supervisory activity performed; it did not find any omissions, reprehensible facts or irregularities or circumstances that would require reporting in this report or to the Supervisory Authority.

In summary of the overall supervisory activity carried out, in relation to the audits concluded at the date of publication of this report, the Board of Statutory Auditors of Safilo Group S.p.A. has no observations to make to the Shareholders' Meeting pursuant to Article 153, paragraph 2, of Legislative Decree no. 58/1998 concerning the financial statements and its approval, as well as the matters within its competence.

Taking into account all of the above, considering the content of the opinions issued by the independent auditors and having acknowledged the certifications issued by the Chief Executive Officer and the Financial Reporting Officer, including the certification of the independent auditors to the sustainability report, the Board of Statutory Auditors does not deem that there exist - as far as it is within its competence - any elements that may prevent the approval of the financial statements of Safilo Group S.p.A. as at 31 December 2024 accompanied by the Report on Operations and the notes to the financial statements, as resolved by the Board of Directors on 11 March 2025, and has no objections to the proposed resolution to carry forward the loss for the year.

Pursuant to Article 144-quinquiesdecies of the Issuers' Regulations, approved by Consob Resolution 11971/99, as amended and supplemented, the list of offices held by the members of the Board of Statutory Auditors at the companies referred to in Book V, Title V, Chapters V, VI and VII of the Italian Civil Code is published by Consob on its website (www.consob.it).

Padua, 14 March 2025

For the Board of Statutory Auditors.

Maria Francesca Talamonti

(Chairman)

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

REPORT OF INDEPENDENT AUDITOR ON THE STATUTORY FINANCIAL STATEMENTS

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Safilo Group SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Safilo Group SpA (the Company), which comprise the balance sheet as of 31 December 2024, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2024, and of the result of its operations and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters

Auditing procedures performed in response to key audit matters

Recoverability of the value of investments in subsidiaries

Note 4.5 to the financial statements

The financial statements of Safilo Group SpA include the value of the investment in the subsidiary Safilo SpA for Euro 416 million, accounting for 95% of total assets. In consideration of the relevance of the investment and of the difference between the value of the investment in Safilo SpA and the contribution of its net assets to the consolidated financial statements that emerged in previous years, management tested the investment for impairment.

The entire Safilo Group is operationally controlled by the subsidiary Safilo SpA, therefore the impairment test was derived from the one prepared for the purposes of the consolidated financial statements, carried out on the basis of the financial projections relating to the period 2025-2029, approved by the board of directors on 11 March 2025.

As part of the audit of the financial statements as of 31 December 2024, we focused on this area of the financial statements in consideration of the materiality of the amount recorded, also relative to total assets, and the elements of estimation inherent in the assessment of the recoverability of the book value of the investment.

As part of our audit of the financial statements as of 31 December 2024, we performed the procedures illustrated below.

We obtained the exercise prepared by management for verifying the recoverable value of the equity investment. Our audit approach was based on the analysis of the method used by management to prepare the impairment test and included the following procedures:

- we understood and evaluated the Company's internal control over the process of verifying the recoverability of the equity investment;
- we analysed the reasonableness of the assumptions underlying the forecasts in terms of the estimated future cash flows, in light of past results and comparing the growth rates used by management with external sources.

With the support of PwC network valuation experts, we verified that the methodologies used for the impairment test were consistent with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union ("EU IFRS") and with prevailing valuation practice.

Moreover, the key valuation parameters adopted were analysed in terms of reasonableness. With specific reference to the methods of calculation of discount rates and medium/long-term growth rates, we verified their consistency with the provisions of EU IFRS, with prevailing practice and with available market data.

We verified the mathematical accuracy of the calculation of the impairment test. Finally, our procedures included an analysis of the explanatory notes to the financial statements to assess the adequacy and completeness of disclosures.

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

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

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



- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- we concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 27 April 2023, the shareholders of Safilo Group SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2023 to 31 December 2031.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) No. 2019/815

The directors of Safilo Group SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) No. 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the financial statements as of 31 December 2024, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the financial statements as of 31 December 2024 have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.

Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter) of Legislative Decree No. 39/10 and with article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Safilo Group SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Safilo Group SpA as of 31 December 2024, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to:

- express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements;
- express an opinion on the compliance with the law of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98;
- issue a statement on material misstatements, if any, in the report on operations and in the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98 are consistent with the financial statements of Safilo Group SpA as of 31 December 2024.



Moreover, in our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98 are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e-ter), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Padua, 14 March 2025

PricewaterhouseCoopers SpA

Signed by

Filippo Zagagnin
(Partner)

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



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