

MARCOLIN

2024 ANNUAL REPORT

Marcolin Spa
(BL) - Italy

Company with Sole Shareholder | Head Office and Administrative Offices: Zona Industriale Villanova, 4 - 32013 Longarone

Share Capital: €35,902,749.82 fully paid-up | Tax Code and Companies Register no.: BL 01774690273 | Economic Administrative Register 64334 Belluno VAT Code 00298010257 | T. +39 0437 777111 | www.marcolin.com

MARCOLIN

Abercrombie & Fitch



GANT
EYEWEAR

GCDS

GUESS

HARLEY-DAVIDSON
EYEWEAR

HOLLISTER

KENNETH COLE



MARCIANO
GUESS

MAX&Co.

MaxMara



PUCCI
P

SKECHERS
eyewear

Timberland 

TOM FORD
EYEWEAR

ZEGNA

HOUSE BRANDS

ic! berlin



VIVA

WEB 
EYEWEAR

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GENERAL INFORMATION

COMPOSITION OF CORPORATE BOARDS

Board of Directors ¹

Vittorio Levi	Chairman
Fabrizio Curci	Chief Executive Officer and General Manager
Antonio Abete	Director
Cristiano Agogliati	Director
Michele Cibetti ⁴	Director
Cirillo Coffen Marcolin	Director
Severine de Wulf	Director
Jacopo Forloni	Director
Emilio Macellari	Director
Frédéric Jaques Mari Stévenin	Director
Raffaele Roberto Vitale	Director

Board of Statutory Auditors ¹

David Reali	Chairman
Mario Cognigni	Statutory Auditor
Diego Rivetti	Statutory Auditor
Alessandro Maruffi	Alternate Auditor
Stefania Prandelli	Alternate Auditor

Financial Reporting Officer

Alessandro Matteini

Internal Audit Committee ²

Cirillo Coffen Marcolin	Chairman
Jacopo Forloni	Supervisor
Vittorio Levi	Supervisor

Supervisory Body ²

Federico Ormesani	Chairman
David Reali	Supervisor
Gabriele Crisci	Supervisor

Independent Auditors ³

PricewaterhouseCoopers SpA

1) Term of office ends on the date of the General Meeting called to approve the Financial Statements as at 31 December 2024 (pursuant to the General Meeting resolution of 28 April 2022). The Shareholders' Meeting of 19 April 2023 approved the increase in the number of Directors from 10 to 11, subsequently appointing Cristiano Agogliati as new member of the Board of Directors. His term of office will expire on the same date as the mandate of the rest of the administrative body.

2) Pursuant to the Board of Directors' appointment of 28 April 2022.

3) Term of office: 2022 - 2024 (pursuant to the General Meeting resolution of 28 April 2022).

4) On 10 June 2024, the Board of Directors appointed Michele Cibetti by co-optation, following the resignation of the previous director Simone Cavalieri.

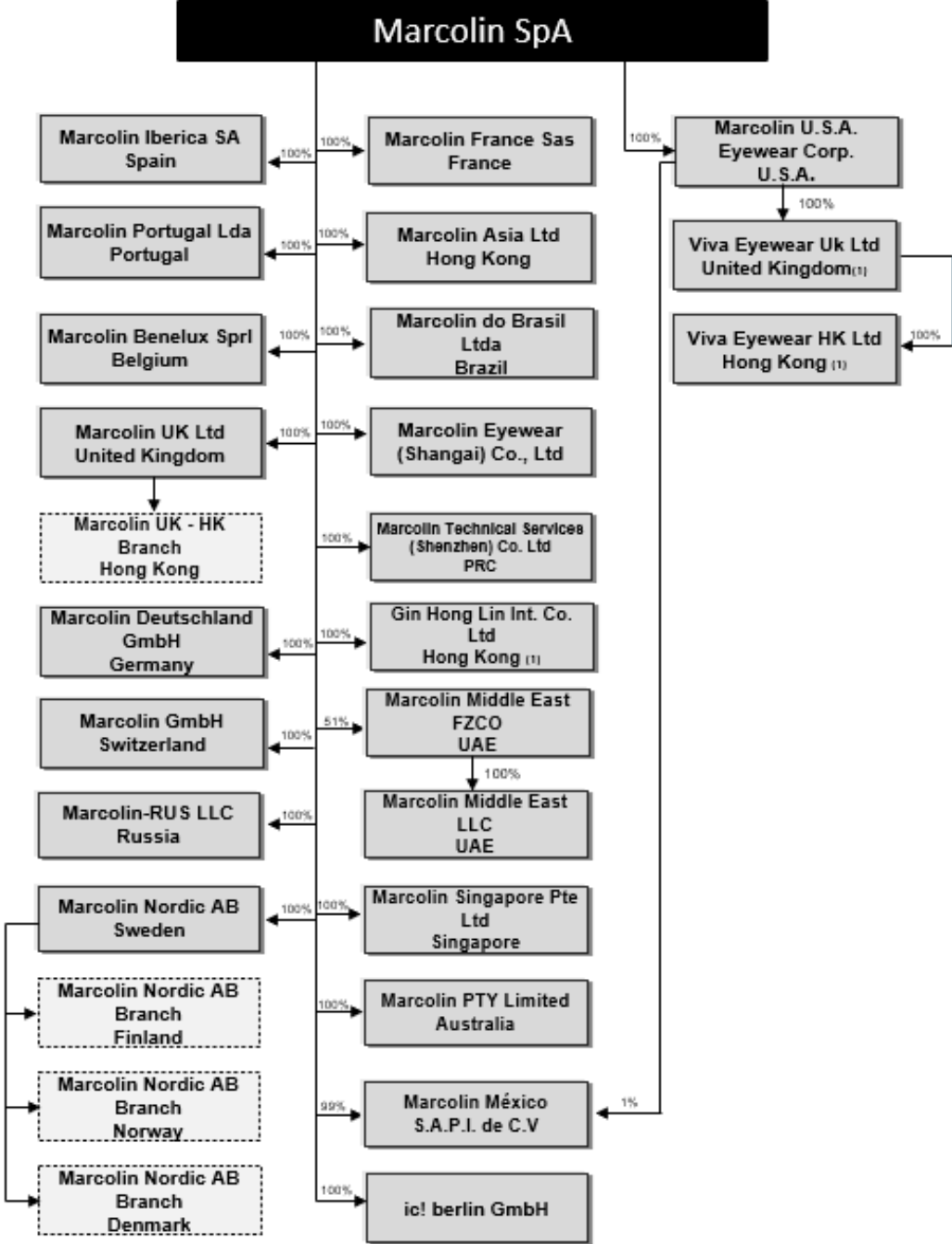
SHARE CAPITAL AND SHAREHOLDERS

The share capital of the Parent Company Marcolin SpA amounts to a total of 35,902,749.82 euro, fully paid up, divided into 61,458,375 ordinary shares with no indication of nominal value.

As at 31 December 2024, the share capital was 100% owned by the shareholder Tofane SA.

The Marcolin SpA shares held by the sole shareholder Tofane SA are encumbered by liens established at the time of the issue of a bond loan on 27 May 2021, which is backed by collateral for the exact fulfilment of the pecuniary obligations undertaken towards the mass of bondholders covered by the loan, including a lien on the shares of the Issuer Marcolin SpA.

THE STRUCTURE OF THE MARCOLIN GROUP AS AT 31 DECEMBER 2024



1) Company in liquidation.

THE MARCOLIN GROUP

Marcolin, a long-established company based in Longarone (Belluno) in the Italian eyewear district, is a designer, manufacturer, and distributor of eyewear products. As a renowned leader in the global eyewear business, Marcolin stands out for its premium quality products, design skills, production capabilities, attention to detail, and first-rate distribution.

Thanks to the key acquisition of the Viva Group in 2013 and to the signing of new partnership agreements over the years (among others with LVMH, which concluded successfully at the end of 2021), Marcolin Group has become an eyewear business with a strong global presence in terms of its brand portfolio, products, geographic presence and markets. Over the past two years, 2023 and 2024, the Group has further strengthened its position through some extraordinary initiatives, including:

- (i) the signing of a perpetual licensing agreement with The Estée Lauder Companies (“ELC”) for TOM FORD eyewear, concluded on 28 April 2023. This represented a significant extension of the existing license agreement with TOM FORD, allowing the Marcolin Group to pursue new strategies and projects aimed at further developing the brand within the eyewear sector;
- (ii) the acquisition of full control of the Mexican branch on 5 July 2023, through the purchase of the residual shares previously held by the local Mexican shareholder with whom there was a joint venture agreement. The integration of the branch's information systems was completed during 2024;
- (iii) the acquisition of the German company ic! berlin GmbH, finalised on 7 November 2023. Post-acquisition integration began at that time and continued throughout 2024. As of 31 December 2024, commercial integration was completed and a new General Manager was appointed. These efforts aim to strengthen the organisation and processes of ic! berlin within the Group, and to expand its customer base in Asia and the United States by leveraging the brand's reputation for high-quality, non-conformist eyewear, designed and manufactured in Berlin;
- (iv) the signing of new license agreements with MCM, Christian Louboutin, K-Way®, and Abercrombie & Fitch Co. (for the brand Abercrombie, Abercrombie Kids and Hollister brands);
- (v) the renewal and extension of important license agreements for existing portfolio brands such as Emilio Pucci, Zegna, Max&Co, GCDS, Harley-Davidson and Skechers.

In 2024, the Marcolin Group sold around 12 million pairs of eyewear worldwide, achieving a net revenues of 546 million euro, with a total of 1,978 employees, plus an extensive network of independent agents present in a network of direct branches and other distribution partners, reaching over 125 different countries. Geographically, the Group is present in all major countries across the world through direct affiliates, partnership agreements or exclusive distribution agreements with major players of the industry.

Today, Marcolin has a strong portfolio of licensed brands balanced between the Luxury and Diffusion sectors, for both men and women, with a good balance between eyeglasses and sunglasses.

The company is positioned in the Luxury sector with some of the most glamorous brands in the fashion system, including TOM FORD, Tod's, Zegna, Emilio Pucci, Max Mara, Sport Max, MCM and Christian Louboutin, and in the Diffusion sector with the brands Guess, Marciano by Guess, Gant, Harley Davidson, Max&Co, Skechers, BMW, GCDS, Timberland, Kenneth Cole, K-Way® and Abercrombie & Fitch Co. and other brands specifically dedicated to the US market. The sports segment is represented by adidas Badge of Sport and adidas Originals. Finally, within the portfolio of proprietary brands, the well-established WEB EYEWEAR brand was joined at the end of 2023 by ic! berlin, following the acquisition of the Group owning the brand, completed on 7 November 2023.

On the financial front, the Group continued throughout 2024 with projects aimed at improving the efficiency and management of working capital — focusing on all its main components, including trade receivables, trade payables and inventory levels and quality. These efforts had a direct positive effects on cash flows.

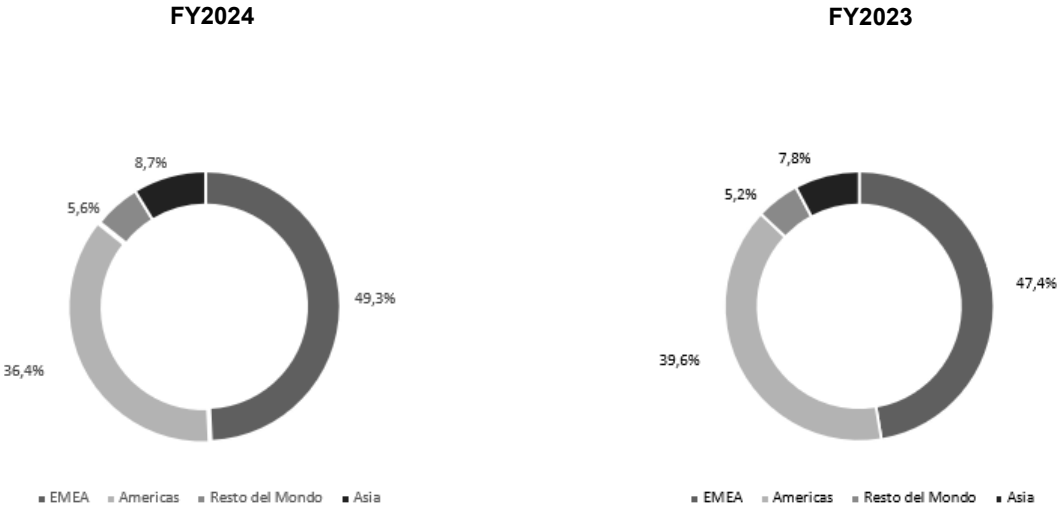
The Group's main source of financing as at 31 December 2024 was the non-subordinated, non-convertible, secured senior bond loan, issued in May 2021 in the amount of 350 million euro, together with a super senior revolving line of 46 million euro, which was undrawn as at 31 December 2024. The acquisition of ic! berlin GmbH was financed through a combination of available funds and a new loan for a total of 30 million euro, with the repayment plan started during the 2024 financial year.

Economic-financial stringency is now an integral part of the corporate culture, expressed and taking shape in actions such as the containment and efficiency of expenses, economic assessment and support of the investments considered most strategic, improvements in the efficiency of internal production capacity and careful monitoring of net working capital.

The global economic climate demands great attention, particularly due to the high degree of uncertainty in the short and medium term, stemming from both ongoing conflicts and escalating trade tensions between the European Union, China and the United States. In this complex and uncertain macroeconomic scenario, the Group is determined to pursue its short and medium/long-term strategies by continuing the measures taken in recent years in terms of commercial policy, industrial efficiency and prudent cost management.

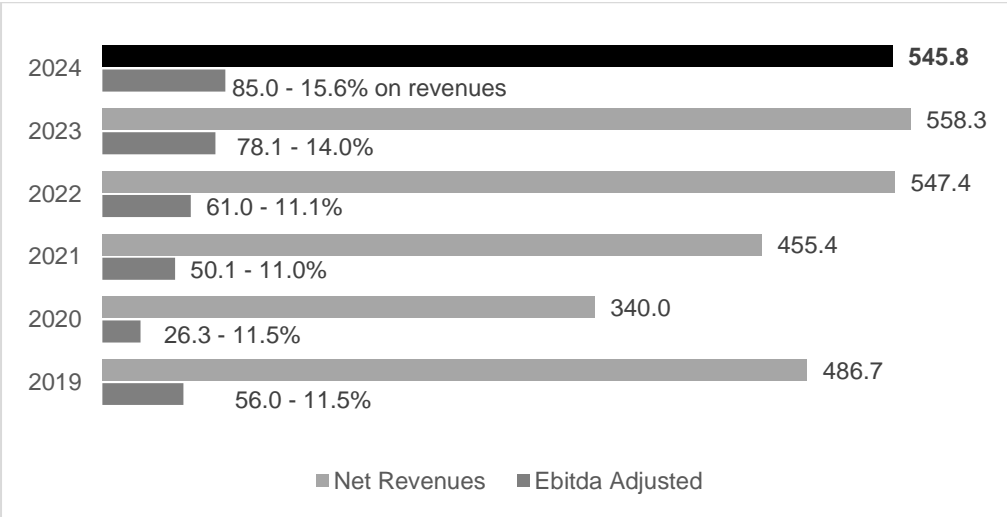
THE GROUP'S FINANCIAL HIGHLIGHTS

Turnover by geographical area

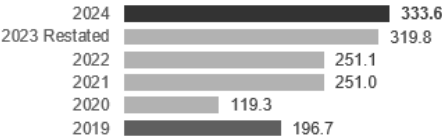


Turnover and Adjusted EBITDA (million euro)

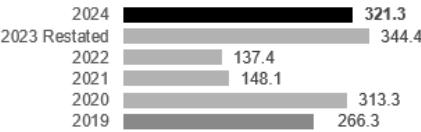
Adjusted EBITDA excludes extraordinary non-recurring items.



Equity (million euro)



Net financial position (adjusted)(million euro)



ANNUAL FINANCIAL REPORT
OF THE GROUP
AS AT 31 DECEMBER 2024

ANNUAL FINANCIAL REPORT OF THE GROUP AS AT 31 DECEMBER 2024

In line with previous years, the Annual Financial Report as at 31 December 2024 (which includes the Consolidated Financial Statements of Marcolin Group and the Separate Financial Statements of Marcolin SpA) was prepared in accordance with the valuation and measurement criteria established by the IFRS accounting standards issued by the International Accounting Standards Board and adopted by the European Commission, in accordance with the procedure set out in Article 6 of Regulation no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 concerning the application of international accounting standards and the measures issued in implementation of Italian Legislative Decree no. 38/2005.

DIRECTOR'S COMMENTS ON PERFORMANCE

Eyewear industry trends¹

Globally, the eyewear industry, with reference to the prescription and sunglasses frames market, is estimated to reach almost 60 billion euro in 2024, with annual growth in both markets forecast at around 2% YoY over the next five years.

The main market will remain North America, followed by EMEA and APAC and, to a lesser extent, the LATAM Region. The main market in terms of size will be the United States, with lower growth rates than smaller countries with higher growth rates such as China, India and Mexico.

The prospective growth rates of the eyewear sector are underpinned by a steady increase in demand for optical products. This is largely driven by the global population's ageing trend, which is correlated with a rising incidence of vision-related conditions, as well as the growing use of electronic and digital devices — both factors contributing to greater need for vision correction through eyewear. Additionally, both prescription and sunglasses are increasingly influenced by fashion trends, with younger generations particularly sensitive to this dynamic.

According to preliminary 2024 data from ANFAO (the Italian National Association of Optical Products Manufacturers), the sector is expected to see a decline in exports of around -0.6% compared to 2023. This trend is primarily driven by the US market, which has been affected by domestic political dynamics resulting from the election campaign that spanned much of 2024. This is compounded by ongoing international geopolitical tensions, with active conflicts and increasingly complex international relations directly impacting the economic performance of both nations and companies.

As for 2025, leading international organisations project global economic growth of approximately 2% to 3%. This outlook is supported by a more accommodative monetary policy and a decline in inflation.

However, the persistence of major risks related to geopolitical tensions — particularly the conflicts in Ukraine and the Middle East, as well as rising trade tensions between the European Union, China and the United States — could negatively affect global trade and economic stability.

Introduction

In the context described above, in 2024 the Marcolin Group recorded a -2.2% decrease in turnover (-1.8% at constant exchange rates), whereas the Parent Company recorded an increase of 1.2% (1.3% at constant exchange rates).

In order to ensure a like-for-like comparison of revenue performance between 2024 and 2023 — excluding both the brands discontinued in 2023 and the positive impact of the newly acquired house brand ic! berlin, along with new licensed brands introduced in 2024 — the year-on-year increase in consolidated and stand-alone revenue at current exchange rates was +1.7% (+2.1% at constant exchange rates) and +4.2% (+5.7% at constant exchange rates), respectively.

Below is a description of the most significant operations involving the Group during the 2024 financial year, as well as certain events from previous years that continue to have a notable impact on the Group today.

¹ Freely adapted from: 1) Euromonitor International Global Eyewear 2) ANFAO - Italian Association of Eyewear Products Manufacturers.

Financial and corporate activities

Main funding sources of the Group

The Group's debt structure did not change significantly during 2024. The main source of funding is a bond loan of 350 million euro together with a super senior revolving credit facility of 46 million euro, not yet drawn as at 31 December 2024, both taken out in May 2021.

The bond loan was issued by Marcolin SpA on 27 May 2021 and is senior secured, non-convertible and non-subordinated, pursuant to Articles 2410 et seq. of the Italian Civil Code, at a fixed rate of 6.125% and maturing in November 2026, for an amount of 350 million euro. UniCredit SpA acted as "Security Agent" and The Law Debenture Trust Corporation p.l.c. as "Trustee". As part of the transaction, a super senior revolving credit facility (ssRCF) was also signed on 19 May 2021 for a maximum amount of 46.25 million euro, with a pool of banks consisting of Deutsche Bank Aktiengesellschaft, Banco BMP SpA, JP Morgan SE, Intesa Sanpaolo SpA and UniCredit SpA (the latter also acting as "Agent" and "Security Agent"), whose maturity was set within the limit of 6 months prior to the maturity of the new bond issue.

The bond loan is listed on the Euro MTF multilateral trading facility managed by the Luxembourg Stock Exchange (non-regulated EU market), with the result that the issue limits provided for in Article 2412, paragraphs 1 and 2 of the Italian Civil Code will not apply, and is offered for subscription in the United States solely to "qualified institutional buyers" pursuant to Rule 144A of the Securities Act of 1933 ("Securities Act") and in Italy and in other countries other than the United States in accordance with the provisions of Regulation S under the Securities Act and solely to qualified investors, with the exclusion of any placement with the general public and, in any event, exempt from EU and Italian rules on public offerings pursuant to Regulation (EU) 2017/1129 and Article 100 of Italian Legislative Decree no. 58 of 24 February 1998 and the relevant implementing rules contained in Article 35, paragraph 1, letter (d) of the CONSOB Regulation adopted by resolution 20307 of 15 February 2018 and in Article 34-ter, paragraph 1, letter (b) of the Regulation on issuers adopted by CONSOB by resolution no. 11971 of 14 May 1999.

The bond loan and the ssRCF loan are secured by the following collateral granted by the parent company Tofane SA, by Marcolin SpA and by certain subsidiaries:

- (i) a first-degree pledge on the shares of Marcolin SpA held by Tofane SA (as a result of the aforementioned merger by incorporation of 3 Cime SpA into Marcolin SpA);
- (ii) a pledge on the shares representing the entire share capital of Marcolin (UK) Limited, Marcolin France S.A.S., Marcolin (Deutschland) GmbH, Marcolin USA Eyewear Corp.;
- (iii) an assignment as security of receivables of Marcolin SpA arising from certain intra-group loans granted by the Company to certain companies controlled by it;
- (iv) a pledge on all significant assets of Marcolin USA Eyewear Corp.;
- (v) a special lien pursuant to Article 46 of Italian Legislative Decree no. 385 of 1 September 1993 established by Marcolin SpA on certain assets.

In line with similar transactions concluded by the Group in previous years, the ssRCF loan agreement provides, in addition to the guarantees previously described, for compliance with the financial covenant known as the "Total Net Leverage Ratio Covenant". This covenant — calculated on a quarterly basis as the ratio of Net Financial Position to EBITDA, as defined in the contractual clauses — is to be assessed only if the ssRCF facility is utilised beyond a pre-determined percentage. Since the ssRCF line was undrawn as at 31 December 2024, the relevant financial covenants were not triggered.

In addition to these financial covenants, the agreement also includes, on a residual basis, certain disclosure requirements, other general commitments and certain restrictions on the carrying-out of certain investment and financing activities, commensurate with the amount available from certain baskets.

For further information, please refer to the Marcolin Group's website for the document called "Offering Memorandum" prepared at the same time as the issue of the bond in question.

As part of the acquisition of ic! berlin GmbH, finalised in November 2023, an additional loan agreement for a total of 30 million euro was signed on 16 October 2023. The financing consists of two credit lines: a medium-to-long-term term-loan referred to as "Facility A" (amortising), originally amounting to 12 million euro, with a grace period on principal repayments until 30 June 2024 and a maturity date of 30 June 2026. As of 31 December 2024, the outstanding principal balance was 7.2 million euro; a medium-to-long-term term-loan referred to as "Facility B" (bullet), amounting to 18 million euro, to be repaid in one lump sum by the maturity date of 30 September 2026. The two lines have a variable interest rate commensurate with the 3M Euribor plus a spread in the range of 4.5%-5.5%. With reference to the guarantees required to cover this new debt, note that those already in place under the ssRCF loan agreement and the Bond Loan were confirmed and extended, which guarantee the payment obligations associated with the new loan agreement.

Shareholder loan

In addition to the forms of financing mentioned above, as part of the liquidity support measures taken in 2020 to cope with the negative effects of the Covid-19 pandemic, 3 Cime SpA, at the time the sole shareholder of Marcolin SpA, disbursed a subordinated shareholder loan on 24 June 2020 of 25 million euro with an original maturity of December 2025, which accrues interest repayable on maturity, and whose contractual structure allows it to be classified as an "equity credit". In the context of the refinancing operation that occurred in May 2021, the maturity date of the aforementioned shareholders loan was changed, extending it to November 2027 and thus making it

subject to the repayment of the bond. The merger by incorporation of 3 Cime SpA into Marcolin SpA took place in 2023. After this merger became effective, the aforementioned shareholder loan agreement disbursed by 3 Cime SpA to Marcolin SpA was consequently extinguished. The series of ownership rights and obligations transferred from 3 Cime SpA to Marcolin SpA as part of the merger included that deriving from the shareholder loan agreement originally disbursed by Tofane SA to 3 Cime SpA on the same date. In the context of merger-related obligations, Marcolin SpA signed a number of amendments to the shareholder loan agreement with Tofane SA and related ancillary documentation, also in order to adapt certain terms and conditions to the requirements set out in documentation relating to the bond loan originally under 3 Cime SpA responsibility. In particular, as a result of this amendment, (i) the maturity date of the loan was postponed to 16 November 2027 and (ii) the amount due to Tofane deriving from the Tofane shareholder loan agreement will be subordinated to repayment of the Bond Loan and the amounts not yet repaid pursuant to the ssRCF loan agreement.

Lastly, the merger did not affect the pledge in place on Marcolin SpA shares, which did not change, except for the change in the related pledgor (with the signing of a recognition and confirmation deed by Tofane) and will therefore continue to guarantee, without interruption or novation effect, the current commitments.

On 13 December 2024, following financial needs of the parent company Tofane SA, Marcolin SpA carried out a partial repayment of the aforementioned shareholder loan for a total amount of 2,979,877.05 euro, of which 2,350,000.00 euro attributable to the principal amount and 629,877.05 euro to the interest accrued from the date of disbursement of the loan on the principal amount repaid. As a result of the transaction, the residual principal portion of the shareholder loan amounted to 22,650,000.00 euro, while the interest accrued as at 31 December 2024 amounted to 6,141,491.80 euro. Financially, this repayment was finalised through the payment of an amount equal to 1,335,239.80 euro and through offsetting with receivables claimed by Marcolin SpA from Tofane SA for an amount of 1,644,637.25 euro.

Signing of a licence agreement with The Estée Lauder Companies for TOM FORD eyewear

On 28 April 2023, Marcolin signed a long-term licence agreement with The Estée Lauder Companies (“ELC”) in relation to TOM FORD eyewear. The agreement is a significant extension of the licence agreement with TOM FORD. The new licence agreement is perpetual and requires Marcolin to pay 250 million dollars to TOM FORD, which became the property of ELC following completion of its acquisition by the latter. The transaction was financed from available funds and through an increase in share capital by the shareholder at the time, 3 Cime SpA, of 75 million euro, paid on 21 April 2023.

As part of the previously described consideration of 250 million dollars, on 23 January 2023 Marcolin SpA signed a hedging contract against exchange rate risk, structured as a Deal Contingent Forward agreement. This agreement allowed the Company to maintain flexibility linked to its automatic termination if the 250 million dollar consideration should be no longer due by a previously agreed date. The derivative contract was exercised on the date the amount was paid to TOM FORD and was accounted in the 2023 financial year, in accordance with IFRS 9, which regulates hedge accounting criteria. During 2024 and as at 31 December 2024, the Company and the Group did not enter into any derivative contracts, nor are there any derivative contracts outstanding from previous financial years.

Acquisition of the ic! berlin Group

It should be noted that on 7 November 2023, Marcolin SpA completed the acquisition of 100% of ic! berlin GmbH, an independent eyewear company founded in Berlin in 1996.

During 2024, the Management of Marcolin pursued activities aimed at integrating the new housebrand within the Group, almost completely integrating the ic! berlin sales network into the Marcolin network by 31 December 2024. This included the merger of the American branch into Marcolin USA Eyewear Corp. and the liquidation of the Japanese branch, which was considered non-strategic in the Group’s commercial and distribution dynamics. The completion of the liquidation of the Japanese branch will occur by the end of the first half of 2025.

In the last quarter of 2024, a project was also launched aimed at implementing the Marcolin Group’s processes and information systems within ic! berlin GmbH, a project that is expected to be completed in the second half of 2025. For further information on the acquisition, please refer to the Consolidated Financial Report and the paragraph “Business combinations” in the Notes to the Consolidated Financial Statements.

Commercial activities in Russia

The Group operates in Russia through a sales affiliate while in Eastern European countries it is active through independent third-party distributors. Overall, the turnover generated in these territories does not exceed 2% of total consolidated turnover in 2024 and represents less than 1% in terms of consolidated Total Assets. The Group initially suspended transactions with the Russian subsidiary, but later resumed them during 2022, initially through sales related only to the house brand and subsequently extending them to some licensed brands, in mutual agreement with the licensing companies.

At this stage, it is not possible to quantify any further impact from this event due to the high level of uncertainty and volatility in the ongoing conflict.

Organisational changes

During the 2024, the important reorganisations already undertaken in previous years continued, both at the level of the Parent Company and the affiliates, with the aim of strengthening the management team as part of the actions pursued to achieve the Group's new strategic objectives aimed at developing skills to boost industrial and commercial efficiency, including through the digitalisation of processes. In this context, it is worth highlighting the strengthening in 2024 of roles such as (i) CEO of North America to develop oversight of the Group's North American market and consolidate a strategic area for Marcolin, as well as the launch of the new licensed brands Christian Louboutin, Abercrombie & Fitch and Hollister in 2025; (ii) General Manager of ic! berlin to oversee, manage and strategically develop all business units, with particular focus on consolidating the company as a global premium design brand. Finally, it is worth noting the appointment of a new Group Operations Director with responsibilities for the Group's manufacturing plants, Research and Development, Product Compliance and Supply Chain.

The key elements for achieving these objectives lie in the structuring of high-quality standards in terms of processes, procedures and best practices in Corporate Governance and business risk management, which the Group has been pursuing since 2020, with important developments achieved in recent years. With reference to this last aspect, normal business management and strategy development exposes the Marcolin Group to different types of risk that could negatively affect the economic results and the financial position of the Group. These risks are integrated into the company's Enterprise Risk Management (ERM) process aimed at identifying, assessing and managing the main business risks.

In the context described above, it is also important to note the definition and adoption of an internal control system, which consists of an organic and complete framework of administrative and accounting procedures that define the company's processes and activities that have a direct and/or indirect accounting impact on the financial statements and other financial disclosures. As part of these activities, the Regulation of the Financial Reporting Officer was approved, appointing, on a voluntary basis, CFO Alessandro Matteini as Financial Reporting Officer, which was followed by the internal approval of the "Internal Control Model on Financial Reporting" in compliance with Italian Law no. 262/2005, which the Group uses as a model for the management of internal control activities related to financial disclosures. During 2024, Model 262 testing activities were carried out for the applicable companies.

In 2024, the company also continued to periodically update the Organisation and Management Model adopted pursuant to Italian Legislative Decree 231/2001 in order to adapt to new regulatory requirements or changes in the organisational structure.

Again on the subject of integrity and business ethics, the Marcolin Group has always been committed to ensuring ethical and responsible conduct along the entire value chain. The document structure, which ranges from the Code of Ethics and Supplier Code of Conduct to the Anti-Corruption and Antitrust Policies, was further strengthened with the updating of the Whistleblowing Policy. These documents define how to conduct activities and relate with colleagues, as well as pursue the Group objectives. In particular, with regard to whistleblowing, the Marcolin Group has set up a report management platform called "Marcolin Integrity Line" which, together with the Policy, outlines the organisational model for managing reports of irregularities and defines roles and responsibilities in the various phases of the process, guaranteeing all aspects of security, first and foremost identity protection and confidentiality for the whistleblower, but not least also for that of the reported person, in line with applicable regulations.

In 2024, the company passed the certification body audit for the retention of ISO 9001 certifications on the quality management system and ISO 13485:2016 which regulates quality management systems in the medical device sector at international level. As well as successfully passing the audits carried out by the certifying body in relation to the ISO 14001 environmental management system and the ISO 45001 occupational health and safety management system.

To ensure that the company's business is conducted in compliance with international trade regulations, in 2023 the company adopted a Trade Compliance policy so as to guarantee full compliance with applicable laws and related authority measures.

The Trade Compliance policy envisages timely identification and implementation of legal obligations at national, EU and international level on the import and export of goods and/or services for defence, dual or commercial use, subject to regulatory requirements as well as obligations relating to embargoes, sanctions or other trade restrictions.

Lastly, note that the Board of Directors assessed the adequacy of the organisational, administrative and accounting structure of the Company and its subsidiaries, pursuant to Article 2086 of the Italian Civil Code and Italian Legislative Decree no. 14 of 12 January 2019 (Code of Business Crisis and Insolvency), also in relation to the timely reporting of the company's crisis and loss of business continuity.

Product and licensing activities

As part of the actions to consolidate and develop the brand portfolio, the following activities were undertaken during 2024:

On 18 January 2024, Marcolin and GCDS, the Italian "new luxury" brand, announced the early renewal of their worldwide exclusive licence agreement for the design, production and distribution of sunglasses and prescription frames. The partnership between Marcolin and GCDS began in 2019, when the brand founded in 2015 from the vision of brothers Giuliano and Giordano Calza decided to enter the world of eyewear, expanding its range of accessories. The collections developed by Marcolin reflect the distinctive aesthetic codes of GCDS, characterised by irony, experimentation and street style. In the models proposed, particular attention to detail and impeccable quality are combined with casual lines, technical materials and a vibrant colour palette. Original and modern shapes alternate with sporty, oversized frames embellished by the logo in maxi format. The new agreement extends the synergy and the already consolidated relationship between the two companies, extending it to 31 December 2028.

On 30 January 2024, Marcolin and ZEGNA, a global leader in luxury menswear, announced the renewal of the worldwide exclusive licence agreement for the design, production and distribution of ZEGNA brand sunglasses and prescription frames. The new agreement envisages an automatic licence renewal mechanism until 31 December 2030, further strengthening the partnership between the two Groups that began in 2015. The ZEGNA eyewear collections express three fundamental principles of the brand: quality, innovation and tradition. Models with an unmistakable style, characterised by the use of refined elements also thanks to skilled craftsmanship, perfectly balancing the brand's iconic heritage and contemporary style.

On 1 February 2024, Marcolin and Christian Louboutin, among the most iconic international luxury brands, announced that they had signed a worldwide exclusive licence agreement - valid until 2029 - for the design, production and distribution of sunglasses and prescription frames. The iconic French brand will thus debut for the first time in its history in the eyewear category, choosing Marcolin as its exclusive partner.

On 2 February 2024, Marcolin and MAX & Co., one of the most important international prêt-à-porter fashion companies, announced the early renewal of the worldwide exclusive licence agreement for the design, production and distribution of sunglasses and prescription frames. Quality, originality and versatility: these are the characteristics that have made MAX & Co. one of the brands most appreciated by fashion-loving women. Designed to perfectly complement the clothing and accessory collections, MAX & Co. sunglasses and prescription frames are characterised by strong lines, bright colours and original shapes, combining style and comfort. The partnership between the two companies, which began in 2020, was extended for a further six years until 2030.

On 11 March 2024, Marcolin and Skechers announced the renewal of a worldwide exclusive licence agreement for the design, production and distribution of sunglasses and prescription frames in addition to kids eyewear proposals, extended until 31 December 2030.

On 6 May 2024, Marcolin and K-Way® — the French brand founded in 1965 and now owned by the Turin-based BasicNet Group, known worldwide for its revolutionary rain jacket — announced an exclusive licensing agreement for the design, production and global distribution of sunglasses, optical frames, ski goggles and kids' eyewear under the K-Way® brand. The partnership, which officially began on 1 January 2025, will have a duration of six years, running until 31 December 2030. The new agreement enables Marcolin to further expand its portfolio of licences, strengthening its presence in the lifestyle segment through a collaboration with a brand that perfectly blends a sporty spirit with a fashion-forward attitude.

On 16 September 2024, Marcolin and Abercrombie & Fitch Co., a global, digital and omnichannel retailer specialising in clothing and accessories, announced the signing of an exclusive licensing agreement. The partnership will cover the design, production and distribution of sunglasses and optical frames under the Abercrombie, Abercrombie Kids and Hollister brands.

As already indicated in the Annual Financial Report at 31 December 2023, it should be noted that the transitional period for the sale of the Moncler brand collections of sunglasses and eyeglass frames ended on 30 June 2024, following the termination of the licensing agreement with effect from 31 December 2023.

Commercial actions

In 2024, the Group oversaw the commercial integration of the house brand ic! berlin, acquired in November 2023, and continued to develop medium-to-long-term strategic initiatives aimed at strengthening customer centrality, supporting market and channel growth, enhancing the digitalisation of processes and platforms, and optimising inventory management.

With regard to ic! berlin, on 1 July 2024, ic! berlin America LLC was merged into Marcolin USA Eyewear Corp., with the aim of serving the North American market. Conversely, the liquidation process of ic! berlin K.K., the Japanese affiliate, has been initiated, and the distribution of the brand in Japan has been entrusted to the Group's long-standing local partner. Furthermore, during the year, the commercial transition was outlined, starting with markets not yet covered. As of January 2025, the ic! berlin brand is fully integrated into Marcolin's commercial network and sales structure, with the aim of developing and unlocking the full potential of the brand.

After the roll-out and go-live phase of the Customer Relationship Management system, which was completed in 2023, the activities in 2024 focused on supporting the adoption of the platform, through training initiatives and user assistance in using the main functionalities. At the same time, continuous improvement of the system has continued, thanks to the integration of additional business processes and the implementation of updates based on user feedback. Moreover, the introduction of the CRM made it possible to begin activities aimed at measuring customer satisfaction, with a particular focus on interactions with customer service.

Marcolin has also embarked on a journey to become an increasingly data-driven company, through the development of a sophisticated customer segmentation platform and advanced analytics, also powered by the CRM. Throughout the year, the model was designed and implemented, and it will be globally rolled out at the beginning of 2025. The goal is to automate performance analysis, determine service levels and investment for clients, and generate actionable insights to drive business development.

On 14 March and 20 November 2024, Marcolin officially inaugurated its new showrooms in New York and London with exclusive ceremonies, celebrated through immersive experiences that allowed guests to experience Marcolin's craftsmanship firsthand. The events were attended by local press, clients, partners and institutions. Both openings, following the Paris launch at the end of 2023, play a strategic role in further strengthening the commercial presence in North America and the United Kingdom.

From 16 to 21 June 2024, Marcolin hosted the 2024 Summer Buying Days at the stunning Palazzo di Varignana resort, nestled in the green hills of Bologna: an annual event where the Group's clients and buyers had the chance to discover new collections and experience important moments of brand values and experiences sharing. Simultaneously, the Group held its major international commercial events: the US Summer Buying Days in Santa Barbara (California), the APAC Summer Buying Days in China, Singapore and Australia, and the Middle East events in Phuket (Thailand).

All these initiatives have both short and medium to long-term objectives and will further strengthen the Group's market position in the coming years.

Logistics and industrial actions

In 2024, Marcolin continued to vigorously pursue the improvement of its logistics and industrial organisation, following a path aimed at increasing flexibility to respond quickly to fluctuations in demand. In this context, the Group has launched a series of projects aimed at improving the efficiency of the entire supply chain, particularly the production of "Made in Italy" products and procurement planning in order to optimise inventory levels.

With regard to "Made in Italy" production, Marcolin SpA increased the production capacity of the "Acetate" segment in 2024 through a department, called the Atelier, dedicated to more complex product/process productions, as well as supporting the main departments during peak production demand. The Atelier department reached its maximum installed production capacity in January 2025. Further projects aimed at internalising additional production stages for greater control over the supply chain will continue in 2025.

In 2024, initiatives in lean production continued, starting with a "cost deployment" approach to identify significant inefficiencies, followed by a phase of revising and updating cycle times, as well as redesigning the flow of the production cycle. The focus on automation also continued with the introduction of additional plants at the Fortogna site to increase productivity.

Through this project, the Group was able to identify and pursue significant industrial efficiencies by reducing waste and reprocessing, despite an increase in product complexity, as seen in the trends of recent collections and the stylistic requirements of certain brands.

The organisation of the Next Factory, an engineering area responsible for the industrialisation of new products, continues to play a key role in the development and definition of processes, and in 2024, it saw improvements in the lead times for convention set production, in line with the established objectives.

Marcolin considers it essential to consolidate and develop its production capacity in Italy in order to benefit from the following factors:

- the reduction of dependence on external suppliers, which also makes it possible to reduce production lead-time, thus increasing the ability to seize market opportunities where they exist (improvement of time to market);
- the realignment of the Made-in/Made-out quota in line with the eyewear industry standards (and those of the main competitors);
- the expansion of the capacity to support the growth of Made in Italy products, which are increasingly perceived as value-added products by Italian and international customers;
- as an essential condition for managing the inflation risk in the Chinese sourcing market, the internalisation of production allows greater control of production factors, and not only from a cost effectiveness point of view.

In 2024, the project to integrate ic! berlin at an operational level began, in synergy with the flows of the parent company, mainly dealing with product development issues, aligning production logic with the aim of standardisation and alignment with Group best practices, as well as complete integration into the demand planning flow to support sales. The full integration will continue and will end in 2025.

The Group's logistics activities are currently concentrated in the following hubs:

- the American hub, managed by Marcolin USA Eyewear Corp. (the only legal entity focused on distribution in the North American markets);
- the European hub, managed by the parent company Marcolin SpA, which, also through its affiliates, covers the entire European, Middle East and Africa, South America and APAC area;
- some secondary areas for goods stored at the affiliates in Brazil, Russia, Mexico, the Middle East and China, which were set up to respond more quickly and productively to customer requirements than centralised logistics management by the parent company.

INCOME STATEMENT HIGHLIGHTS

It should be noted that, where relevant, the main changes that occurred in the results during the period are described below in order to highlight the impact of the activities and, therefore, of the non-recurring costs, and to make the 2024 figures comparable with those of the previous year, thus providing evidence of "normalised" profitability for both years.

Regarding the acquisition of the ic! berlin Group, which was completed on 7 November 2023, the information presented in the Consolidated Financial Statements includes the economic results of ic! berlin for the 12-month period of 2024 and from the acquisition date to the end of the 2023 financial year as a comparative balance. As for the financial position, both the balances as at 31 December 2024 and as at 31 December 2023 fully consolidate the ic! berlin group.

As required by IFRS 3, the purchase price allocation for the acquisition of ic! berlin was completed in 2024, leading to the adjustment of the values of the acquired assets and assumed liabilities. Therefore, the comparative data for the previous year, as at 31 December 2023, has been restated to reflect the final accounting of the transaction.

The effect of the consolidation of ic! berlin on the economic results of the Marcolin Group on the comparative balance as at 31 December 2023 was not particularly significant, considering that the acquisition was completed on 7 November 2023 and therefore the contribution of ic! berlin to the Group's economic results was less than 2 months. The contribution in terms of turnover amounted to 3.0 million euro, 0.3 million euro as EBITDA, 0.1 million euro as EBIT and -0.8 million euro in terms of net result.

Over the 12 months of 2023, the ic! berlin Group achieved a total turnover of approximately 20.1 million euro and a net profit of around 0.4 million euro.

Where relevant, in the continuation of the report, the "pro-forma" results will be indicated as the normalised results, excluding the economic contribution of the ic! berlin group from both the 2024 financial year and the 2023 financial year (considering the period from the acquisition date to the end of the 2023 financial year). For further details of the accounting effect of the acquisition of ic! berlin, please refer to the specific paragraph "Business combinations" in the Notes to the Consolidated Financial Statements.

The following table summarises the Group's key performance indicators:

Year (euro/000)	Net revenues	YOY	EBITDA	% of net revenues	EBIT	% of net revenues	Net profit / (loss) for the year	% of net revenues	ROS	ROI	ROE
2021	455.4	(6.4)%	39.2	8.6%	11.4	2.5%	152.8	33.6%	2.5%	2.7%	60.9%
2022	547.4	20.2%	53.3	9.7%	25.7	4.7%	(5.8)	(1.1)%	4.7%	6.2%	(2.3)%
2023 Restated	558.3	2.0%	71.8	12.9%	46.5	8.3%	10.3	1.8%	8.3%	6.7%	3.2%
2024	545.8	(2.2)%	81.3	14.9%	54.1	9.9%	8.0	1.5%	9.9%	7.9%	2.4%

In 2024, net revenues amounted to 545.8 million euro, compared to 558.3 million euro in 2023.

EBITDA amounted to 81.3 million euro, or 14.9% of turnover (compared to 2023 EBITDA of 71.8 million euro, or 12.9% as a percentage of revenues). EBIT amounted to 54.1 million euro or 9.9% of revenues (compared to the 2023 result of 46.5 million euro, or 8.3%).

The year 2024 was impacted at EBITDA level by non-recurring costs of 3.7 million euro (5.3 million euro in 2023). To gain a clearer understanding of the financial performance for the year, it is therefore necessary to neutralise these effects, which in 2024 mainly consisted of expenses arising from the post-acquisition integration phase of the ic! berlin Group and costs related to commercial reorganisations carried out in certain regions where the Group operates.

Excluding the impact of the aforementioned extraordinary charges, the adjusted EBITDA for 2024 is 85.0 million euro, or 15.6% of revenues, compared to the corresponding figure for 2023 of 77.1 million euro (or 13.8% of revenues), while the adjusted EBIT for 2024 is 57.8 million euro, or 10.6% of revenues, compared to the 2023 figure of 51.8 million euro (9.3% of turnover).

A summary of the normalised (adjusted) key performance indicators, after filtering out the effect of non-recurring costs, is presented below:

Economic indicators - Adjusted (euro/000)	2024		2023 Restated	
	euro	% of net revenues	euro	% of net revenues
Ebitda adj	85,023	15.6%	77,123	13.8%
Operating income - Ebit adj	57,801	10.6%	51,799	9.3%

ANALYSIS OF TURNOVER

The consolidated financial statements as at 31 December 2024 show net revenues of 545.8 million euro, compared to 558.3 million euro in 2023. The decrease in revenues of 12.6 million euro represents a percentage decrease of 2.2%. The year-on-year difference in sales at constant exchange rates was negative by 1.8%¹.

In order to make revenue performance between 2024 and 2023 comparable on a like-for-like basis, excluding both the brands discontinued in the 2023 financial year and the positive impact from the acquisition of the new house brand ic! berlin, the year-on-year increase at current exchange rates would have amounted to +1.7% (+2.1% at constant exchange rates).

The Group has continued throughout 2024 to pursue a strategy aimed at investing in support of the brands and strengthening the commercial organisation with a medium-to-long-term strategy, even in more challenging markets. In the short term, the Group chose to follow market demand trends rather than saturate customers with product, placing greater emphasis on credit quality.

Sales by geographical area are broken down as follows:

Net Revenues by geographical area (euro/000)	2024		2023		Variations	
	euro	% of total	euro	% of total	euro	% of total
EMEA	269,107	49.3%	264,439	47.4%	4,668	1.8%
Americas	198,564	36.4%	221,218	39.6%	(22,653)	(10.2)%
Rest of World	30,436	5.6%	29,162	5.2%	1,274	4.4%
Asia	47,654	8.7%	43,494	7.8%	4,159	9.6%
Total	545,761	100.0%	558,314	100.0%	(12,553)	(2.2)%

In EMEA, net revenues amounted to 269.1 million euro (+1.8% year on year). On a like-for-like basis, net sales recorded a +6.2% increase at current exchange rates. Growth in this area was mainly driven by the direct sales channel in countries such as Italy, Spain and Germany. Good performance in the EMEA area also in the Distributors channel.

The Americas ended 2024 with a -10.2% decrease in revenues at current exchange rates (-9.1% at constant exchange rates). This trend is mainly attributable to a general slowdown in sales of the Diffusion brands in the Retail sales channels. On a like-for-like basis, net sales recorded a -7.1% decrease at current exchange rates.

Sales in Asia continue to maintain the strong momentum seen in recent years, benefiting from the recent reorganisation of the entire APAC region. Net revenues increased by 9.6% at current exchange rates (9.5% at constant exchange rates) compared to the previous year. The solid performance in this geographical area was mainly driven by the sun segment and the Distributor sales channel.

As regards performance in the Rest of the World, a category that mainly includes sales in emerging countries, there was an increase of approximately 1.3 million euro (4.4%).

ANALYSIS OF THE OTHER INCOME STATEMENT COMPONENTS

The key data of the consolidated income statement is as follows:

(euro/000)	2024		2023	
	euro	% of net revenues	euro	% of net revenues
Net revenues	545,761	100.0%	558,314	100.0%
Gross profit	342,519	62.8%	336,748	60.3%
Ebitda	81,309	14.9%	71,779	12.9%
Operating income - Ebit	54,087	9.9%	46,455	8.3%
Financial income and costs	(33,202)	(6.1)%	(30,582)	(5.5)%
(Loss)/Profit before taxes	20,859	3.8%	15,873	2.8%
Net (loss)/profit for the period	8,046	1.5%	10,287	1.8%

Economic indicators - Adjusted (euro/000)	2024		2023 Restated	
	euro	% of net revenues	euro	% of net revenues
Ebitda adj	85,023	15.6%	77,123	13.8%
Operating income - Ebit adj	57,801	10.6%	51,799	9.3%
(Loss)/Profit before taxes adj	11,760	2.2%	22,226	4.0%

A more detailed analysis of the key performance indicators shows that the gross operating profit amounted to 62.8% of turnover, marking an improvement (in terms of incidence on net revenues) of approximately 2.5% compared to the previous year (60.3% recorded in 2023). This increase was driven by continued efficiency improvements across procurement, production and the supply chain, along with a more favourable sales mix (brands and channels) and a lower incidence of transportation costs on purchases.

The levels of EBITDA, EBIT and result before tax, as already noted in the previous paragraphs, are influenced by non-recurring events for both 2024 and 2023, which is why they were adjusted to highlight a profit margin that disregards these non-recurring effects. In summary, adjusted EBITDA, normalised of the effect of non-recurring costs for 2024 is 85.0 million euro, or 15.6% of turnover, compared to a corresponding figure for 2023 of 77.1 million euro (or 13.8% of net revenues).

The adjusted EBIT for 2024 is 57.8 million euro, or 10.6% of revenues, and is compared to a similar figure for 2023 of 51.8 million euro (9.3% of turnover).

The item net finance income and costs, which amounts to 33.2 million euro in 2024, mainly includes the financial interest expense referred to the bond loan recognised in application of the IFRS according to the financial method of the amortised cost over the duration of the loan, other finance costs referred to other short and medium-long term loans and finally, residually, the financial component of the accounting of lease agreements in accordance with IFRS 16.

With regard to the Group's currency management, it should be noted that there is a natural hedging of the main currencies other than the euro with which the Group operates, mainly with the US dollar, due to the similar amount of transactions in the same currency in purchases from suppliers and sales to customers; therefore, the operating result was not significantly impacted by the currency management trend. The negative impact of the exchange rate effect in 2024, totalling -2.2 million euro, mainly derives from the significant depreciation of the Brazilian real and the Mexican peso.

Income taxes totalled 12.8 million euro compared to total tax expenses of 5.6 million euro for 2023. With reference to Marcolin SpA, current taxes for a total of 2.8 million euro were recorded.

The net result was a positive 8.0 million euro and is compared to a net positive result of 10.3 million euro in 2023.

BALANCE SHEET AND FINANCIAL SITUATION

The consolidated statement of financial position as at 31 December 2024 compared with the previous year is provided below:

Net invested capital (euro/000)	12/31/2024	12/31/2023 Restated
Trade receivables	79,430	81,312
Inventories	89,649	95,802
Trade payables	(139,876)	(131,588)
Operating working capital	29,203	45,526
Other assets	24,712	23,856
Other liabilities	(33,271)	(35,807)
Net working capital	20,644	33,576
Non-current assets	61,507	60,058
Equity investments and other financial as	(0)	27
Property, plant and equipment	47,180	45,583
Intangible assets	291,988	295,502
Goodwill	315,068	308,959
Fixed assets	715,743	710,128
Founds	(52,618)	(49,322)
Net invested capital	683,770	694,382
Current financial liabilities	13,816	22,459
Non-current financial liabilities	405,213	408,793
Gross financial indebtedness	419,029	431,252
Current financial assets and Cash and ca	(68,892)	(56,655)
Non-current financial assets	-	(23)
Net financial debt	350,136	374,574
Net equity	333,633	319,810

The following table shows details of the net financial debt at the end of the year, as monitored by management, compared to the corresponding figures at the end of 2023:

Net financial debt (euro/000)	12/31/2024	12/31/2023
Cash and cash equivalents	68,892	56,519
Current and non-current financial assets	1	159
Current financial liabilities	(9,016)	(17,659)
Current portion of non-current financial liabilities	(4,800)	(4,800)
Non-current financial liabilities	(405,213)	(408,793)
Total net financial debt	(350,136)	(374,574)
Loan from parent company Tofane SA	28,791	30,279
Total net financial debt adj	(321,345)	(344,295)

The Group's net financial position is negative for 350.1 million euro and includes 28.8 million euro for the loan (including interest) granted in June 2020 by the shareholder 3 Cime SpA as part of activities to provide financial support to the Group during the Covid-19 pandemic, a loan that was replaced by that disbursed by Tofane SA following the aforementioned merger by incorporation of 3 Cime SpA into Marcolin SpA with effect from 1 November 2023. On 13 December 2023, following financial needs of the parent company Tofane SA, Marcolin SpA carried out a partial repayment of the aforementioned shareholder loan for a total amount of 3.0 million euro, of which 2.35

million euro attributable to the principal amount and € 630 thousand to the interest accrued from the date of disbursement of the loan on the principal amount repaid. Following the transaction, the residual principal of the shareholder loan amounts to 22.65 million euro. Excluding this amount, which is considered an equity credit for the purpose of the financial exposure to banks, the Group's adjusted net financial position as at 31 December 2024 was 321.3 million euro, compared to 344.3 million euro at the end of 2023, a positive change of 23.0 million euro year on year. The main components of the Group's financial indebtedness are: (i) the bond loan for a notional 350 million euro, (ii) the Super Senior Revolving facility with a maximum amount of 46.2 million euro, which remained undrawn as at 31 December 2024, and (iii) the new loan facility entered into during 2023 to finance the acquisition of ic! berlin, totalling 30 million euro, with an outstanding debt balance of 25.2 million euro (plus interest) as at 31 December 2024, following the commencement of the repayment plan in June 2024. The ratio of net financial position to equity as at 31 December 2024 is 1.05 (1.17 as at 31 December 2023). Excluding the effect of the loan from the parent company Tofane SA, the ratio in question was 0.96 as at 31 December 2024 (1.08 as at 31 December 2023).

The change in the net financial position during the year is described in the following table:

Changes in net financial debt adj <i>(euro/000)</i>	12/31/2024	12/31/2023
Adjusted EBITDA	85,023	78,063
Increase / decrease in net working capital	1,137	(28,927)
Other operative adjustments	(19,496)	19,439
Net cash from / (used in) operating activities	66,664	68,576
(Purchase) of property, plant and equipment	(9,112)	(10,731)
Proceed from the sale of property, plant and equipment	46	73
(purchase) of intangible assets	(5,852)	(236,852)
Net (Investments)/disposal in investment in subsidiaries and associates	1	(15)
Net cash from / (used in) investing activities	(14,916)	(247,525)
Net interest (paid) / cash in	(26,577)	(24,054)
Free Cash Flow	25,171	(203,003)
Non-recurring items not included on Free Cash Flow	(3,714)	(5,344)
Loans from shareholders	1,493	1,500
Total change in net financial debt	22,950	(206,848)
Net financial debt as at December 31, 2023	(344,295)	(137,447)
Total change in net finance debt	22,950	(206,848)
Net financial debt as at December 31, 2024	(321,345)	(344,295)
<i>(*) Adj of Shareholders Loan Tofane SA. Both FY22 and FY23 figures are post IFRS16 effect</i>		

Among the main items that affected the net financial position for the year was the positive trend in cash flow from operating activities, which made a positive contribution of approximately 66,7 million euro, confirming the Group's good income management combined with an equally regulated management of working capital in all its components.

With regard to investment activities, these mainly relate to investments in new plant, machinery and equipment at the production and logistics facilities of the Parent Company, as well as amounts allocated to the renewal and upgrading of the Group's information systems. Among the non-recurring items, capitalisations related to the new showrooms in New York and London — also used as office spaces — as well as the new office in Moscow for the Russian branch, are reported. The comparative balance for the 2023 financial year, in addition to the ordinary and recurring component related to the upgrading of machinery and equipment at the Parent Company's production and logistics facilities, includes extraordinary investments relating to: (i) the outlay of 250 million dollars to The Estée Lauder Companies for the extension of the licence agreement on TOM FORD eyewear; (ii) the acquisition of the ic! berlin Group, which had an impact on net financial position amounting to 45.2 million euro (resulting from the purchase price and the net debt of ic! berlin at the acquisition date).

Net financial interest expense flow was impacted mainly by finance costs related to the 350 million euro bond signed in May 2021, which accrues a fixed annual interest rate of 6.125%.

Lastly, note the approximate 3,7 million euro in non-recurring costs, already described in previous paragraphs.

The composition of operating working capital, in comparison with the previous financial year, is detailed in the following table.

Net working capital	12/31/2024	12/31/2023 Restated
<i>(euro/000)</i>		
Inventories	89,649	95,802
Trade receivables	79,430	81,312
Trade payables	(139,876)	(131,588)
Total	29,203	45,526

With reference to the main items that make up operating working capital:

- with reference to net inventories, 2024 saw the continuation of actions aimed at improving and increasing the efficiency of inventory management, together with the benefit of investments made in previous years, which continued in 2024, in logistics automation systems and innovation in sales and demand planning processes. These actions are allowing the Group to benefit from lower inventory levels while ensuring an excellent level of service quality in fulfilling customer orders, both in terms of product availability and order fulfilment speed.
- the net trade receivables amount essentially shows a balance in line with the previous year. The careful management of credit, as an integral part of sales and financial policies, enabled the Group to benefit over time from a steady improvement and maintenance of the DSO ratio and at the same time significantly reduce past due positions. This trend was also confirmed in 2024 despite the complex macro and microeconomic situations in some of the Group's markets;
- with reference to Trade Payables, the balance as at 31 December 2024, shows an increase compared to the previous year, both due to a different procurement timing and to careful management of payment terms for all types of supplies, in order to maintain a healthy balance in working capital management. The Group continues to apply constant and careful regulation in the choice of suppliers, trade and payment terms, together with a corporate culture spread throughout all departments aimed at efficient management of operating working capital.

Investments in property, plant and equipment, and intangible assets (excluding disposals) for the year totalled 14.961 million euro (of which 9.1 million euro for investments in property, plant and equipment and 5.9 million euro for investments in intangible assets), compared to 247.6 million euro (of which 10.7 million euro for investments in property, plant and equipment and 236.9 million euro for investments in intangible assets), incurred in 2023.

The tables below provides a breakdown of disbursements related to property, plant and equipment, and intangible assets:

Property, plant and equipment cash out	12/31/2024	12/31/2023
<i>(euro/000)</i>		
Land and buildings	1,037	1,712
Plant and machinery	2,610	2,566
Industrial equipment	1,289	1,950
Stand and commercial equipment	3,543	4,037
Hardware	916	412
Office furniture and furnishing	550	317
Other	2,190	2,397
Total	9,111	10,731

Intangible assets cash out <i>(euro/000)</i>	12/31/2024	12/31/2023
Software	2,516	2,560
Other	3,336	234,292
Total	5,851	236,852

The capital expenditures in property, plant and equipment for 2024 primarily involved investments in (i) new plants and machinery, mainly related to the project called Atelier, aimed at increasing production capacity at the Longarone plant, dedicated to more complex product/process productions, as well as supporting the main departments in case of production demand peaks, (ii) commercial equipment primarily purchased by the Parent Company and Marcolin USA Eyewear Corp., (iii) renovation works and lease agreements recognised in accordance with IFRS 16 for the new showrooms in New York and London, also used as offices, as well as the new office in Moscow for the Russian branch.

With reference to investments in intangible assets, the main component relates to software for the improvement and modernisation of information systems from which the Group benefits. It is noted that the comparative balance for 2023 included extraordinary items such as the recognition of the 250 million dollars related to the payment made by Marcolin in April 2023 for the extension of the licensing agreement with The Estée Lauder Companies for TOM FORD eyewear.

The non-current assets include goodwill totalling 315.1 million euro, of which 186.2 million euro referring to the Parent Company, arising from the reverse merger with the parent company Cristallo SpA, and the remainder related to the Goodwill recognised for the acquisition of Viva International in 2013, Marcolin Middle East in 2017 and ic! berlin GmbH in 2023. The latter acquisition, which took place in November 2023, generated goodwill at consolidated level of 18.8 million euro, which was definitively determined in 2024, based on what is allowed by IFRS 3, as a result of completion of the identification of the fair value of the assets and potential liabilities acquired.

This item was subject to an impairment test, the assumptions and results of which are more fully described in the Notes to the Consolidated Financial Statements of the Marcolin Group.

Additional information and comments on the economic and financial results are reported in the Notes to the Consolidated Financial Statements.

ANNUAL FINANCIAL REPORT
OF MARCOLIN SPA
AS AT 31 DECEMBER 2024

ANNUAL FINANCIAL REPORT OF MARCOLIN SPA

As described in the Report on Operations dedicated to the Marcolin Group, it should be noted that in the remainder of the Report on Operations of Marcolin SpA comments will be provided net of the impact of non-recurring transactions, in order to provide comparability of the 2024 data with that of the previous year on a like-for-like basis, providing evidence of “normalised” profitability.

INCOME STATEMENT HIGHLIGHTS

The following table summarises the main economic indicators of Marcolin SpA:

Year (euro/000.000)	Net Revenues	YOY	EBITDA	% of net revenues	EBIT	% of net revenues	Net (loss)/profit	% of net revenues
2023	315.9	7.0%	37.3	11.8%	26.1	8.2%	6.4	2.0%
2024	319.8	8.4%	46.2	14.4%	34.3	10.7%	8.8	2.7%

In summary, with reference to the main economic and financial data, the following should be noted:

- Net revenues of 319.8 million euro (315.9 million in 2023);
- EBITDA of 46.2 million euro, accounting for 14.4% of net revenues (37.3 million euro in 2023, or 11.8% of turnover);
- EBIT of 34.3 million euro, accounting for 10.7% of net revenues (26.1 million euro in 2023, or 8.2% of turnover);
- The net result for the year was a positive 8.8 million euro (a positive 6.4 million euro for 2023);
- The net financial position was a negative 342.3 million euro (compared to a negative 358.3 million euro as at 31 December 2023);
- Equity was 379.1 million euro, compared to 367.4 million euro at the end of 2023.

With regard to the economic results for 2024, the Parent Company reported an increase in turnover of 1.2% for the year (a total of 3.9 million euro in absolute terms). The positive performance in terms of turnover is the result of strong sales in the domestic market and the EMEA region, along with the steady growth in the APAC region. This was partially offset by the negative performance in the North and South American regions, based on the trend observed at the consolidated level.

A summary representation of the normalised (adjusted) key performance indicators, determined by filtering out the effect of non-recurring costs, is presented below:

Economic indicators - Adjusted (euro/000)	2024		2023	
	euro	% of net revenues	euro	% of net revenues
Ebitda adj	46,811	14.6%	39,780	12.6%
Operating income - Ebit adj	34,978	10.9%	28,494	9.0%
(Loss)/Profit before taxes adj	17,805	5.6%	11,716	3.7%

More specifically, during the 2024 financial year, these non-recurring expenses mainly related to costs associated with the post-acquisition integration of ic! berlin GmbH.

In 2024, adjusted EBITDA amounted to 46.8 million euro, or 14.6% of net revenues (39.8 million euro in 2023, or 12.6% of turnover), while adjusted EBIT amounted to 34.9 million euro, or 10.9% of net revenues (28.5 million euro in 2023, or 9.0% of revenues).

ANALYSIS OF TURNOVER

The net sales revenues realised in 2024 amounted to 319.8 million euro, compared to 315.9 million euro in 2023, an increase of 3.9 million euro compared to the previous year (a +1.2% change in percentage terms). At constant exchange rates, the increase in turnover was 1.3%.

Turnover from third parties achieved by the Parent Company in 2024 amounted to 143.6 million euro, compared to 137.6 million euro achieved in 2023, an increase of 6.0 million euro, corresponding to 4.4%.

The following table shows the trend in total turnover of Marcolin SpA by geographical area:

Net Revenues by geographical area (euro/000)	2024		2023		Change	
	euro	% of total	euro	% of total	euro	%
EMEA	213,044	66.6%	200,765	63.6%	12,279	6.1%
Americas	47,481	14.8%	57,615	18.2%	(10,134)	(17.6)%
Rest of world	27,354	8.6%	26,719	8.5%	635	2.4%
Asia	31,920	10.0%	30,761	9.7%	1,159	3.8%
Total	319,799	100.0%	315,859	100.0%	3,940	1.2%

The Company continued to invest in supporting the brands and strengthening the sales organisation with a medium-term strategy, even in the most difficult markets, where it preferred to follow the trend in demand in the short term, avoiding saturating customers with products and favouring credit quality.

The result achieved by Marcolin SpA in the 2024 financial year in terms of net revenues, +1.2% compared to the previous year, is mainly attributable to the increase in sales to third-party customers through the Key Accounts and Distributors commercial channels.

For comparative purposes, on a like-for-like basis, excluding both the brands discontinued in the 2023 financial year and the positive effect derived from the acquisition of the new housebrand ic! berlin and the new licensed brands from 2024, the growth is +4.4% compared to 2023.

EMEA represents the main market for Marcolin SpA, accounting for 66.6% of total revenues and showing a growth of 6.1% compared to 2023, driven by strong performances in the Key Accounts, Distributors and the domestic Italian market, predominantly fuelled by the Luxury segment.

The Americas recorded a decline in revenues of 17.6% at current exchange rates (-16.2% at constant exchange rates), mainly due to the internal economic dynamics in countries such as the United States, Brazil and South America in general. These factors have also directly impacted the eyewear sector, negatively affecting the performance of the Diffusion brands in particular.

The turnover achieved in Asia represents 10.0% of Marcolin SpA's total revenue and recorded an increase of 3.8% compared to the previous year, thanks to the continued internal reorganisation within the Group and the resulting higher business volume reported by the Group's branches in the region. The Luxury segment recorded the highest growth compared to 2023.

As regards the trend in the Rest of the World, 2024 recorded an increase of 2.4%. This item includes sales in emerging countries with high growth potential for the Company and represents 8.6% of Marcolin SpA's total turnover.

The main data relating to the Company's income statement is reported below.

Income statement (euro/000)	2024		2023	
	euro	% of net revenues	Valore	% sui ricavi
Net revenues	319,799	100.0%	315,859	100.0%
Gross profit	159,246	49.8%	148,666	47.1%
Ebitda	46,156	14.4%	37,339	11.8%
Operating income - Ebit	34,324	10.7%	26,053	8.2%
Financial income and costs	(29,430)	(9.2)%	(24,412)	(7.7)%
(Loss)/Profit before taxes	17,150	5.4%	9,275	2.9%
Income tax expense	(8,370)	(2.6)%	(2,861)	(0.9)%
Net (loss)/profit for the period	8,780	2.7%	6,415	2.0%

Analysing the data relating to the key performance indicators in detail, note that the gross operating profit was 49.8% of turnover, up compared to the previous year (47.1%) due to continued efficiency improvements in the procurement, production and supply chain structure, together with an improved commercial mix (brands and channels) and to the easing of the impact of transport costs on purchases.

The operating result was a positive 34.3 million euro (10.7% of revenues), compared to 26.0 million euro in 2023 (8.2% of revenues).

The item net finance income and costs amounted to 29.4 million euro in 2024 and was composed of opposing amounts. With reference to the cost components, the financial interest expense related to the bond loan, the reversal of the bond issue expenses, accounted for under IFRS according to the financial method of amortised cost over the duration of the loan and, lastly, other finance costs related to other short and medium/long-term loans (including intercompany loans) for a total value of these components of 31.0 million euro (an increase of approximately 2.3 million euro compared to the previous year, mainly due to the use of a greater number of months in 2024 compared to 2023 of the Super Senior Revolving Facility line, in addition to interest expense accrued in 2024, calculated over 12 months, compared to approximately 2 months in 2023, referring to the two new loans disbursed in October 2023 for the acquisition of the German company ic! berlin GmbH.

The interest income amounts to a total of 2.3 million euro, primarily accrued on intercompany financial assets, showing a significant decrease compared to the previous year as a direct result of the reduction in intercompany loans in 2024 compared to the levels present during the previous fiscal year.

Currency management, this too a component of the balance of finance income and costs, brings costs for a total of 0.7 million euro, compared to costs of 1.5 million euro in 2023. This item is impacted by the volatility in exchange rates of currencies other than the Euro with which the Company operates, particularly the Mexican Peso and the Brazilian Real.

Income taxes amounted to total expenses of 8.4 million euro compared to total expenses of 2.9 million euro for 2023.

The net profit for the year was 8.8 million euro, compared to the profit of 6.4 million euro in 2023.

BALANCE SHEET AND FINANCIAL SITUATION

The Parent Company's statement of financial position as at 31 December 2024 is presented in the table below, compared with the corresponding results of the previous financial year:

Net invested capital (euro/000)	12/31/2024	12/31/2023
Trade receivables	85,103	72,300
Inventories	53,098	55,314
Trade payables	(133,022)	(115,820)
Operating working capital	5,179	11,795
Other assets	10,272	11,284
Other liabilities	(17,271)	(17,795)
Net working capital	(1,820)	5,283
Non-current assets	20,692	18,941
Investments in subsidiaries and associates and oth	264,526	262,222
Property, plant and equipment	25,553	25,023
Intangible assets	249,289	250,520
Goodwill	189,153	189,153
Fixed assets	749,213	745,859
Founds	(25,960)	(22,482)
Net invested capital	721,433	728,660
Current financial liabilities	27,229	34,434
Non-current financial liabilities	397,076	402,072
Gross financial indebtedness	424,305	436,506
Current financial assets and Cash and cash equiva	(81,969)	(71,018)
Non-current financial assets	-	(7,160)
Net financial debt	342,336	358,328
Net equity	379,098	370,332

The net financial position as at 31 December 2024, as monitored by management, is illustrated below with comparative data for the end of 2023:

Net financial debt (euro/000)	12/31/2024	12/31/2023
Cash and cash equivalents	50,770	41,373
Current and non-current financial assets	31,199	36,805
Current financial liabilities	(22,429)	(29,634)
Current portion of non-current financial liabilities	(4,800)	(4,800)
Non-current financial liabilities	(397,076)	(402,072)
Total net financial debt	(342,336)	(358,328)
Loans from Tofane SA	30,279	30,279
Total net financial debt adj	(312,057)	(328,050)

The Company's net financial position was a negative 342.3 million euro, compared to 358.3 million euro at the end of 2023, with a year-on-year increase of 16.0 million euro.

The main components of the financial indebtedness are the bond loan with a notional amount of 350 million euro and short and medium/long-term loans granted by various banks. In addition, a Super Senior Revolving Facility for a maximum amount of 46.2 million euro was available and undrawn as at 31 December 2024. The net financial

debt also includes a loan activated in October 2023 for a total of 30 million euro, which was necessary to partially finance the acquisition of ic! berlin GmbH in November 2023. This debt was reduced by 4.8 million euro during 2024 due to the commencement of the repayment period for a portion of the loan.

The current and non-current financial assets are mainly composed of loans granted to Group companies.

Lastly, payables to factoring companies were recognised under other current liabilities.

The ratio of adjusted net financial position to equity was 0.82 as at 31 December 2024 (compared to 0.89 as at 31 December 2023).

Year	Net financia debt	Net equity	Leverage (*)
(euro/000.000)			
2023	(328.0)	370.3	(88.6)%
2024	(312.1)	379.1	(82.3)%

(*) The Leverage is the debt to equity ratio

The composition of net working capital, in comparison with the previous financial year, is set forth in the following table:

Net working capital	12/31/2024	12/31/2023
(euro/000)		
Inventories	53,098	55,314
Trade receivables	85,103	72,300
Trade payables	(133,022)	(115,820)
Total Net working capital	5,179	11,795

With reference to the main items that make up operating working capital:

- with reference to net inventories, 2024 saw the continuation of actions aimed at improving and increasing the efficiency of inventory management, together with the benefit of investments made in previous years, which continued in 2024, in logistics automation systems and innovation in sales and demand planning processes. These actions are allowing the Company to benefit from lower inventory levels while ensuring excellent service quality in fulfilling customer orders, both in terms of product availability and order fulfilment speed.
- the amount of net trade receivables, up by 12,803 thousand euro compared to the previous financial year, is made up of the intercompany component, equal to 65,715 thousand euro, an increase of 13,085 thousand euro compared to the previous financial year, mainly due to the different timing of sales to affiliates compared to the previous financial year, and the component to third parties (net of the provision for bad debts) equal to 19,388 thousand euro, a decrease of 282 thousand euro compared to the previous financial year. The careful management of credit, as an integral part of sales and financial policies, enabled the Company to benefit over time from a steady improvement in the DSO ratio and at the same time significantly reduce past due positions;
- with reference to trade payables, the balance at 31 December 2024 was up by 17,202 thousand euro compared to the previous year and is made up of the intercompany component for 38,416 thousand euro, up 10,794 thousand euro compared to the previous year, and the component due to third parties for 94,606 thousand euro, an increase of 6,408 thousand euro compared to the previous year. The increase in the payable component to third parties derives from both a different procurement timing and careful management of payment terms for all types of supplies, in order to maintain a healthy balance in working capital management. The Company continues to apply constant and careful regulation in the choice of suppliers, trade and payment terms, together with a corporate culture spread throughout all departments aimed at efficient management of operating working capital.

Lastly, note that the ratio of operating working capital to net turnover is 0.02 (0.04 in 2023). Note the structural improvement resulting from measures taken by management to optimise operating working capital.

As in the previous year, non-current assets include a Goodwill recognised in 2014 in the Parent Company of 186.2 million euro (as a result of the reverse merger with the parent company Cristallo SpA), as an asset with an “indefinite life”, and consequently not amortised.

This item was subject to an impairment test, the assumptions and results of which are more fully described in the Notes to the Separate Financial Statements of Marcolin SpA.

The other non-current assets include deferred tax assets of 20.5 million euro, the increase of which compared to the previous year is explained in the Notes to the Financial Statements.

The net value of investments amounted to 264.5 million euro, including a provision for the write-down of investments of 7.5 million euro. The balance increased by 2.3 million euro during the year as an increase in the equity investment in Marcolin USA Eyewear Corp. deriving from the merger of ic! berlin America LLC into the American branch on July, 1 2024. The merger was completed through the preliminary acquisition by Marcolin SpA of the stake in ic! berlin America LLC from ic! berlin GmbH for a consideration of 2.3 million euro. This acquisition was necessary to facilitate the merger of the two US entities, both under the same controlling shareholder, Marcolin SpA, which holds 100% of the shares.

Investments in property, plant and equipment during the year mainly concerned the purchase of equipment and plant for the production plants in Longarone (BL), with the main increase relating to the project known as “Atelier”, aimed at expanding production capacity at the Longarone facility. This site is dedicated to manufacturing products with higher complexity in terms of both product and process, and also serves as a support to the main departments in the event of peaks in production demand, in particular new numerical control work centres.

Within intangible assets, the main investments reported are those made for the upgrades and rationalisations of existing software applications that support business processes.

Lastly, with reference to the policy of distributing dividend income to shareholders, it is not planned to distribute dividends, with profits being reinvested within the Group to maintain and improve future results.

INVESTMENTS IN SUBSIDIARIES

The following is a summary of the relevant economic results of the companies affiliated with the Group.

Marcolin France Sas

Marcolin France Sas, based in Paris, is wholly owned by the parent company Marcolin SpA. The company distributes Marcolin products in France, and in 2024 achieved sales revenues of 36.9 million euro (39.9 million euro in 2023).

The result for the year 2024 ended with a profit of 0.9 million euro (a profit of 1.5 million euro in 2023).

Marcolin Iberica S.A.

Marcolin Iberica S.A., located in Barcelona, is wholly owned by Marcolin SpA. Operating in the distribution of Marcolin products in Spain and Andorra, it generated sales revenues of 19.4 million euro in 2024 (18.8 million euro in 2023).

The result for 2024 was a profit of 0.8 million euro (profit of 0.7 million euro in 2023).

Marcolin Portugal-Artigos de Optica Lda

Marcolin Portugal-Artigos de Optica Lda is located in Lisbon and is wholly owned by Marcolin SpA. In 2024, it achieved sales revenues of 3.2 million euro (3.3 million euro in 2023). The operating result for 2024 was a profit of 0.1 million euro (profit of 0.1 million euro in the previous financial year 2023).

Marcolin Deutschland GmbH

Marcolin Deutschland GmbH (wholly owned by Marcolin SpA), based in Cologne, distributor for the German market, produced sales revenues of 25.8 million euro in 2024 (23.7 million euro in 2023).

The year 2024 closed with a profit of 0.8 million euro (0.7 million euro in 2023).

Marcolin Schweiz GmbH

Marcolin Schweiz GmbH (wholly owned by Marcolin SpA), based in Muttenz, produced sales revenues of 1.5 million euro in the financial year (1.9 million euro in the previous year).

The result for the year 2024 was a positive 0.05 million euro (a positive 0.1 million euro for 2023).

Marcolin Benelux Sprl

Marcolin Benelux Sprl (Villers-Le-Bouillet), wholly owned by Marcolin SpA, produced sales revenues of 14.5 million euro in 2024 (17.2 million euro in 2023), achieved in Belgium, Luxembourg, and the Netherlands.

The result for the year 2024 ended with a profit of 0.4 million euro (a profit of 0.7 million euro in 2023).

Marcolin (UK) Ltd

Marcolin (UK) Ltd, based in London, wholly owned by Marcolin SpA, produced sales revenues of 16.3 million euro in 2024 (16.3 million euro in 2023), in the United Kingdom and Ireland. The operating result for 2024 was substantially break-even (positive for 0.6 million euro in 2023). The profits refer exclusively to the UK legal entity, excluding the Hong Kong branch which is described in a separate paragraph.

Viva Eyewear UK Ltd

The company is no longer operational and was put into liquidation in December 2019. It is wholly owned by Marcolin USA Eyewear Corp. The liquidation process was not yet completed as at 31 December 2024.

Marcolin USA Eyewear Corp.

Marcolin USA Eyewear Corp., wholly owned by Marcolin SpA and based in Somerville (New Jersey), is the Group's most important sales branch. Turnover is mainly achieved in the United States and Canada. In 2024, it recorded revenues of 166.0 million euro compared to 182.4 million euro in 2023.

The result for the year 2024 was a positive 2.6 million euro (a positive 3.5 million euro for 2023).

Marcolin Do Brasil Ltda

Marcolin Do Brasil Ltda, based in Barueri, wholly owned by Marcolin SpA, produced sales revenues of 23.8 million euro in 2024 (26.9 million euro in 2023) in the Brazilian market.

The result for the year 2024 was a positive 0.4 million euro (a positive 1.0 million euro for 2023).

Marcolin Asia HK Ltd

The branch, based in Hong Kong (wholly owned by Marcolin SpA), provides procurement services in Asia to the Group.

On 1 March 2024, the company acquired from Marcolin UK Ltd Hong Kong Branch the business unit related to the direct sales channel in the Hong Kong area, as part of the reorganisation activities within the APAC region. These activities also include the rationalisation of the Group's corporate presence in Hong Kong.

The 2024 financial year closed at approximately break-even, compared to a profit of 0.1 million euro in the previous year.

Marcolin Technical Services Co. Ltd

The Company, wholly owned directly by Marcolin SpA, with its registered office in Shenzhen, Guangdong Province, in the Republic of China, monitors the production of Made In China products, performs quality control and checks production work in progress for the Group's Companies Marcolin SpA and Marcolin USA Eyewear Corp. The result for 2024, as in 2023, was essentially a break-even.

Marcolin UK Ltd Hong Kong Branch

During 2023, Marcolin UK Ltd Hong Kong Branch (branch of Marcolin UK Ltd) was affected by significant reorganisation activities undertaken by the Group as part of the broader reorganisation project for the entire APAC area. Specifically, on February, 1 2023, the company sold the business linked to the distribution of products outside Hong Kong to Marcolin Singapore Pte Ltd and Marcolin SpA against payment of a consideration. Following this reorganisation, in 2023 the company retained only the direct sales channel in the Hong Kong area, a business that was transferred to Marcolin Asia HK Ltd in the first few months of 2024. Currently, the Branch is not operational and the closure process is in progress. The company reported a net profit of Euro 0.3 million for 2024.

Viva Eyewear HK Ltd

This company, wholly owned by Viva Eyewear UK Ltd, is not operational and is in liquidation. It ended the 2024 financial year substantially at break-even, as in the previous financial year.

Marcolin-RUS LLC

The company, wholly owned by Marcolin SpA, is active in the distribution of certain brands of the Marcolin Group portfolio in Russia. Following the outbreak of the conflict between Russia and Ukraine in February 2022, the company distributes only brands for which the respective licensing companies have expressed a desire to continue the development of the eyewear business in Russia.

The company produced sales revenues of 8.1 million euro in 2024 (7.3 million euro in 2023) and a positive result for the year of 0.2 million euro (0.8 million euro in 2023).

Marcolin Nordic AB

Marcolin Nordic AB (Stockholm), wholly owned by Marcolin SpA, produced sales revenues of 11.6 million euro in 2024 (10.8 million euro in 2023), achieved in the Nordic countries (Denmark, Finland, Norway, Iceland, and Sweden). During 2015, its structure was provided with branches to operate in the main Countries of interest in the region. The year 2024 closed with a profit of 0.4 million euro (0.4 million euro in 2023).

Ging Hong Lin International Co. Ltd and Shanghai Jinlin Optical Co. Ltd

With the aim of improving direct distribution in Mainland China, in the second half of 2014, the Marcolin Group set up a joint venture company with the Gin Hong Yu International Co. Ltd group, a well-known and respected operator in the Chinese eyewear market called Gin Hong Lin International Co. Ltd.

Operations were managed through Shanghai Jinlin Optical Co. Ltd, a company based in Shanghai and wholly owned by Gin Hong Lin International Co. Ltd.

In December 2020, Marcolin SpA acquired 50% of the remaining shares from shareholder Ginko, becoming the 100% parent company of the Hong Kong company. Subsequently, as part of the reorganisation and development activities in the Chinese market, in July 2021 Shanghai Jinlin Optical Co. Ltd sold its entire business to the Group company Marcolin Eyestyle Trading (Shanghai) Co. Ltd (formerly Eyestyle Trading (Shanghai) Co. Ltd).

The two companies used to manage the joint venture are no longer strategic. Shanghai Jinlin Optical Co. Ltd was placed in liquidation in 2023, finalised in January 2024 with cancellation from the Chinese register of companies, while Ging Hong Lin International Co. Ltd is in liquidation.

Marcolin Eyewear (Shanghai) Co., Ltd.

Marcolin Eyewear (Shanghai) Co., Ltd., based in the prestigious Jing'an District in Shanghai, is wholly owned by Marcolin SpA, operates in the Chinese market and achieved sales revenues of 5.6 million euro in 2024 (5.6 million euro in 2023).

The result for the 2024 financial year was positive at 0.6 million euro (compared to a negative 2.5 million euro in 2023, which was directly attributable to the restructuring and reorganisation activities the company had to undertake in commercial, logistical and organisational terms following the acquisition of the business previously managed by the joint venture Shanghai Jinlin Optical Co. Ltd).

Marcolin Middle East FZCO

The company was set up in partnership with the Rivoli Group (one of the largest retailers in the Middle East) in May 2017. Based in Dubai in the United Arab Emirates, the company is 51% owned by Marcolin SpA and distributes eyewear collections under Marcolin's portfolio brands.

The company produced a turnover of 14.3 million euro in 2024 (15.1 million euro in 2023) and a positive result for the year of 1.2 million euro (2.8 million euro in 2023).

Marcolin Mexico SAPI de CV

The company, based in Naucalpan (State of Mexico), was established in April 2018, in collaboration with the local partner Moendi with the aim of distributing sunglasses and prescription eyewear for luxury and lifestyle brands in Mexico. On 5 July 2023, Marcolin SpA purchased 48% of the shares held by the minority shareholder at the price of 4.8 million dollars, becoming 99% owner; 1% of the shares valued at 98 thousand dollars was acquired by Marcolin USA Eyewear Corp. In 2024, the company closed the year with a turnover of 5.4 million euro (9.5 million euro in 2023) and a loss for the year of 0.2 million euro (compared to a profit for the year of 0.8 million in 2023).

Marcolin Singapore Pte Ltd

The company, based in Singapore, was founded in March 2019. It is wholly owned by Marcolin SpA and its mission is to distribute products in Singapore and Malaysia. During 2022, it was subject to strategic reorganisation, having been identified as a commercial hub for the development of the APAC Region, a reorganisation that led to the company's acquisition on 1 February 2023 of the business linked to the sale of Marcolin products to large distributor customers in the APAC Region, until then directly managed by Marcolin UK Ltd Hong Kong Branch.

In 2024, the company closed the year with a turnover of 32.3 million euro (29.1 million euro in 2023) and a profit of 1.4 million euro (profit of 1.6 million in 2023).

Marcolin Australia PTY Limited

The Sydney-based company, established in November 2019, is wholly owned by Marcolin SpA and aims to distribute its products in the Australian territory. The company closed the 2024 financial year with a turnover of 4.4 million euro (4.4 million euro in 2023) and a positive result of 0.1 million euro (positive result of 0.1 million euro in 2023).

ic! berlin GmbH

Following the acquisition of the company ic! Berlin GmbH by Marcolin SpA in November 2023, the Group pursued several strategic projects in 2024 aimed at both integrating and developing the processes and brand of ic! berlin within the dynamics of the Marcolin Group. At the corporate level, the branches owned by ic! Berlin GmbH in Japan and the United States were, during the 2024 financial year, respectively, liquidated in the case of the Japanese subsidiary and merged into Marcolin USA Eyewear Corp. in the case of the US subsidiary.

Strategic activities such as production, design, research and development, and brand management were retained at the Berlin headquarters. As for the distribution and marketing of the new housebrand ic! berlin globally, these activities were integrated into the Marcolin Group through Marcolin SpA and its affiliates.

The company closed the 2024 financial year with a turnover of 17.1 million euro (20.1 million euro in 2023) and a positive result of 1.8 million euro (positive result of 0.4 million euro in 2023).

MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP AND THE COMPANY ARE EXPOSED

Risks related to the general economic conditions and the competitiveness of the sectors in which the Group and the Company operate

The economic and financial situation of the Marcolin Group and Marcolin SpA is influenced by various factors that make up the macroeconomic framework in the various countries in which they operate. In a highly volatile and complex macroeconomic environment, it is difficult to anticipate the size and duration of economic cycles and to forecast future demand trends in different countries. It cannot be ruled out that a significant fall in consumption, which could affect more than one market/product, could have a significant impact on the economic and financial situation of the Group and the Company, even though the diversification of markets and product/brand portfolios that characterises Marcolin is a strong factor in limiting this risk, compared with companies that are more concentrated on certain markets or sectors.

The good level of balance achieved by Marcolin since 2014 thanks to the acquisition of the Viva Group and also in more recent years with the other investments in new countries such as the Middle East, China, Singapore, Australia and the acquisition of 100% of the company in China, Russia and Mexico, in addition to the realisation in 2021 of the investment in Thélios SpA, born in 2017 from the collaboration with the LVMH Group, as well as the recent acquisition of the German company ic! berlin GmbH, in addition to broadening the development guidelines towards markets with higher growth rates than in Europe (*first and foremost* the American markets to which Viva was addressing a large part of its offer), it accelerated the path towards diversification of the distribution channels (balance between the "prescription eyewear" and "sunglasses" segments, *Luxury* and *Diffusion* segments, men's and women's), helping to reduce the risk of possible contractions in sales volumes as a consequence of recessionary economic phenomena.

With reference to other factors of uncertainty that could negatively affect the Group's and Company's economic results, such as, for example, increases in energy prices, transport costs and fluctuations in raw material prices, it is deemed reasonable to believe that in the presence of these circumstances it is possible to reverse their effects on sales prices, limiting their impact on economic results and, consequently, on the Company's self-financing capacity.

Moreover, the Group and the Company believe that, in the event of a particularly significant decline in sales volumes and/or sales prices, they will be able to implement short-term measures to contain their cost structure in order to minimise the potential negative impact on their economic and financial situation.

With regard to the conflict between Russia and Ukraine, which began in February 2022, overall the Group has not yet been significantly affected by the negative effects of the conflict. The Group operates in Russia through a sales affiliate while in Eastern European countries it is active through independent third-party distributors. Overall, the turnover generated in these territories does not exceed 2% of total consolidated turnover in 2024 and represents less than 1% in terms of consolidated Total Assets. The Group initially suspended sales to the Russian branch, but resumed them during 2022, initially only through house brand sales, and subsequently through the resumption of sales of certain licensed brands, in mutual agreement with the licensing companies. At this stage, it is not possible to quantify any further impact from this event due to the high level of uncertainty and volatility in the ongoing conflict.

Also from a credit perspective, the aforementioned conflict could pose a risk in terms of recoverability of trade receivables; this risk is mitigated by a precise risk management policy in relation to exposure to customers. The Company has adopted a Credit Management Department that implements all possible measures to manage the risk at the time of customer evaluation, shipment, and finally to ensure prompt recovery of non-performing trade receivables, closely monitoring new positions or those considered at risk, commercial credit lines and extensions granted, in agreement with the commercial departments.

With reference to the conflict between Israel and Hamas that broke out in 2023, the Group has implemented all measures necessary to mitigate possible negative repercussions of a commercial and financial nature, limiting them through careful risk management as described in the following paragraphs.

The international macroeconomic and geopolitical context remains characterised by further uncertainties, including the increase in tariffs imposed by the United States on specific categories of products imported from certain countries in the United States. The Group closely monitors the potential developments related to the introduction of new tariffs by the US government, as such measures could impact the value chain and profitability of the business in the United States.

Cash flow risk

Since the end of 2013, with the issue of the first bond, which was subsequently repaid by the issue of a new bond at the beginning of 2017, which in turn was repaid by the issue of a new bond in May 2021, the financing methods that Marcolin had used in the past, through the use of ordinary financial market requests, i.e. short or medium-term loans activated with leading market operators, often with bilateral agreements, have been completely changed.

In fact, the bond loans have placed the Group and the Company in a condition of relative stability, at least until the maturity of the last issue scheduled for the end of 2026.

In addition to the 2021 bond issue, a revolving credit line (known as Super Senior Revolving Credit Facility), was added, to be used to address timing mismatches between receipts and payments, or treasury needs due to the normal trend of ordinary operations, in the presence, for example, of ordinary investments.

This line, totalling 46.2 million euro (undrawn as at 31 December 2024), is considered sufficient to cover the ordinary financial needs of the Group and the Company.

Moreover, as at 31 December 2024 there were additional undrawn credit lines with leading market operators for a total of 7.1 million euro, referring to self-liquidating lines available for short-term cash needs.

The Parent Company also had access to new bank loans as well as alternative forms of financing, such as leasing, factoring, and reverse factoring, to support investments in new projects and manage working capital.

Finally, on 24 June 2020, as part of the aforementioned liquidity support measures, 3 Cime SpA granted Marcolin SpA with a 25 million euro subordinated shareholder loan maturing originally in December 2025 and subsequent to the repayment of the new bond loan, which will mature in November 2026, with interest at maturity and similar to a capital loan. As better described in the paragraphs of the Group's Annual Financial Report, the merger by incorporation of 3 Cime SpA into Marcolin SpA took place in 2023. After this merger became effective, the aforementioned shareholder loan agreement disbursed by 3 Cime SpA to Marcolin SpA was consequently extinguished. The series of ownership rights and obligations transferred from 3 Cime SpA to Marcolin SpA as part of the merger included that deriving from the same shareholder loan agreement, in turn originally disbursed by Tofane SA to 3 Cime SpA on the same date. In addition, Marcolin SpA signed a number of amendments pertaining to the Shareholder Loan Agreement with Tofane and related ancillary documentation, also in order to adapt certain terms and conditions to the requirements set out in the documentation relating to the Bond Loan originally pertaining to 3 Cime SpA. In particular, as a result of this amendment, (i) the maturity date of the loan was postponed to 16 November 2027 and (ii) the amount due to Tofane deriving from the Tofane Shareholder Loan Agreement will be subordinated to repayment of the Bond Loan and the amounts not yet repaid pursuant to the ssRCF Loan Agreement.

On 13 December 2024, following financial needs of the parent company Tofane SA, Marcolin SpA carried out a partial repayment of the aforementioned shareholder loan for a total amount of 3.0 million euro, of which 2.35 million euro attributable to the principal amount and € 630 thousand to the interest accrued from the date of disbursement of the loan on the principal amount repaid. Following the transaction, the residual principal of the shareholder loan amounts to 22.65 million euro.

The loan is structured as equity credit.

Lastly, on 31 October 2023 a new loan was taken out for a total of 30 million euro, necessary to part-finance the acquisition of ic! berlin GmbH.

Both the bond loan and the ssRCF line together require compliance with certain financial covenants in addition to certain guarantees. Until 31 March 2022, there was a "minimum liquidity covenant", set at 10 million euro as the minimum level of cash including any available undrawn credit lines, to be calculated on a quarterly basis by Marcolin SpA. From 30 June 2022, it was replaced by the "Total Net Leverage ratio covenant" (calculated on a quarterly basis as the ratio of Net Financial Position to EBITDA, as defined in the contractual clauses) to be calculated only if the ssRCF credit line is drawn above a pre-determined percentage. Since the ssRCF line was undrawn as at 31 December 2024, the relevant financial covenants were not activated. In addition to these financial covenants, the agreement also includes, on a residual basis, certain disclosure requirements, other general commitments and certain limitations on the carrying-out of some investment and financing activities, in relation to the amount present in the calculation of certain baskets. Note that as at 31 December 2024, all covenants have been complied with and are expected to be complied with also for 2025 on the basis of available financial budgets.

Although significant and sudden reductions in sales volumes could have a negative impact on the ability to generate cash from its operations, in the current circumstances the Group and the Company expect to maintain an adequate capacity to generate financial resources through ordinary operations.

Therefore, Marcolin Group believes that it can meet the needs arising from maturing financial debt and the investments envisaged in the approved plans, using cash flows from operations (self-financing for the year), available liquidity, the use of the revolving line mentioned above, the bank lines currently available, and funding through *leasing, factoring and reverse factoring*.

Risks related to fluctuations in exchange and interest rates

The Marcolin Group and Marcolin SpA operate in various markets throughout the world and are therefore exposed to risks related to fluctuations in foreign exchange rates and interest rates.

The exposure to exchange rate risks is due to the different geographical distribution of its production and commercial activities. In particular, the Group and the Company are mainly exposed to the fluctuation of the U.S. dollar with respect to supplies received from Asia and sales conducted in U.S. dollars, and, to a lesser extent, the Brazilian real, British pound, Singapore dollar, Russian rouble, Mexican peso and Canadian dollar.

The exchange rate risk is divided into risk from transactions in currencies other than the euro and risk from the translation of Financial Statements prepared in currencies other than the euro.

Transaction risk is generated by sales and costs incurred in currencies other than the euro, mainly the U.S. dollar for sales and procurement of goods from Asian suppliers. Although exchange rate fluctuations could affect the Group's economic results, we believe that the structure of revenues and expenses in foreign currencies allows the Group to maintain a natural hedge of the transactional risk, due to the fact that the amount of sales in foreign currency substantially corresponds to the amount of purchases in foreign currency.

In the past, the Group entered into contracts to hedge the exchange rate risk (forward currency purchase or sale transactions), which were no longer entered into starting from 2016, due to the natural hedge the Group benefits from as a result of the current currency structure of its income statement. Please refer to the Notes to the 2023 consolidated financial statements for a description of the derivative contract signed and terminated by Marcolin SpA in 2023 in relation to the extension of the perpetual licence agreement with The Estée Lauder Companies for TOM FORD eyewear.

Translation risk arises because some consolidated revenues and expenses originate from Group companies whose functional currency differs from the euro. In the preparation of the Consolidated Financial Statements, assets and liabilities are translated at the closing exchange rate of the reporting date and expenses at the average exchange rate for the reporting period. This results in changes in the movement of the Translation Reserve, a component of the consolidated equity. The main companies of the Group whose functional currency differs from the euro are Marcolin USA Eyewear Corp., Marcolin UK Ltd (including the Hong King branch), Marcolin do Brasil Ltda and Marcolin Singapore Pte Ltd.

With reference to the risk of changes in interest rates, the Marcolin Group uses mainly fixed-rate financing, in particular with reference to the bond signed in 2021, which provides for a fixed interest rate of 6.125%. During 2023 and also 2024, inflation rates recorded a general gradual decline after the peaks reached in 2022. Similarly, the Central Banks began a gradual relaxation of the stringent monetary policies with reference to interest rates. The current complexities, also recently highlighted in relation to US protectionist policies, could contribute to maintaining an environment of uncertainty concerning inflationary tensions in various countries. This could, in turn, lead to uncertainty regarding interest rate volatility, with potential impacts on the company's financial and economic performance.

Any further information related to risks and hedging instruments used by the Group in this respect is provided in the Notes to the financial statements.

Risks related to the ability to negotiate and maintain licence agreements

The markets in which the Group and the Parent Company operate are highly competitive in terms of product quality, innovation and economic conditions.

Marcolin's success is partially due to its capacity to introduce products with innovative and constantly renewed designs, its continuous research into new materials and new productive processes, and its ability to adapt to consumers' changing tastes, anticipating changes in fashion trends and reacting to such shifts in a timely manner.

The Company has entered into multi-year licensing agreements that enable it to produce and distribute eyeglass frames and sunglasses under brands owned by third parties. If in the long-term the Group and the Company were unable to maintain or renew their licensing agreements at market conditions, or if they were unable to enter into new licensing agreements with other successful brands, the growth prospects and economic results of Marcolin Group and Marcolin SpA could be negatively impacted.

For this reason, the Group and the Company work constantly toward renewing existing licenses and procuring new licenses that will allow them to maintain their long-term prospects.

In 2024, these activities produced a positive response, as described in the Group's Report on Operations. Many actions were carried out successfully especially in terms of extending license durations.

Moreover, all existing licensing agreements provide for guaranteed minimum annual royalties in favour of the licensor, which should therefore be paid even in the event of a drop in the relative turnover below certain thresholds (known as "guaranteed minimums"), with possible negative effects on the Group's economic and financial results. The Group and the Company monitor these situations closely, in order to not prejudice the economic performance of the period as a result of situations of under-absorption of these fixed costs with respect to the revenue volumes achieved.

Risks related to relationships with suppliers

The Group and the Company also use third-party manufacturers and suppliers for the production and/or processing of some of their products.

The use of contract manufacturers and third-party suppliers involves additional risks, such as cancellation and/or termination of contracts, poor quality in the supplies and services provided and delays in delivery and fluctuations in the price of raw materials and their transport costs.

Delays or defects in products supplied by third parties, or the interruption or termination of existing contracts without having adequate alternative sources, could have a negative impact on the Group's business, results of operations and financial position.

Third-party manufacturers and suppliers, located mainly in Italy and Asia, are submitted to continuous checks by relevant company departments to verify compliance with adequate quality and service *standards*, also including those relating to delivery timing and methods, in the *trade-off* with correct prices with respect to the target margins. The Group and the Company carefully monitor this risk, maintaining constant control over procurement markets, also in order to identify alternative producers and suppliers in case of temporary or structural difficulties with the current suppliers.

With respect to procurement, the Group directly monitors the operations of Asian suppliers through specific subsidiaries, in terms of both quantity and quality (quality, reliability and service), also in light of the particular social and economic dynamics characterising the supply market.

Another factor that mitigates supplier risk is the plant in Longarone (in the Fortogna district), inaugurated in 2015, which made it possible to double the production of Made In Italy goods compared to the previous year, thus reducing the dependence on third-party suppliers.

With regard to the risk related to the fluctuation of the prices of raw materials, energy and transport costs, the Company, as described above, believes that thanks to the diversification of suppliers and sales channels, it is able to mitigate this risk by reversing its effects on sales prices, and if there is a reduction in sales volumes, the Company believes it will be able to contain its structural costs in the short term in order to minimise the negative impact.

Reasons for which the consolidation and development of its production capacity in Italy are important to Marcolin include reduced dependence on external suppliers (both Italian and Asian), which allows for the shortening of manufacturing lead time and thus an increase in the ability to seize market opportunities (and improve the time to market), and the possibility of managing the inflation risk regarding the Chinese sourcing market, as production insourcing will result in greater control of production factors.

Climate-related risks

As regards the risks linked to climate change, the Group believes that it is not exposed to significant physical risks in the short/medium term, from production and commercial points of view, with reference to markets in which the Group operates. In the long term, the main risks related to climate change are primarily linked to compliance with the evolution and adaptation of new regulations on emissions and waste management legislated by the countries in which the Group operates, the potential shift in demand towards more sustainable products, technological risks associated with products and processes not aligned with the ecological transition, and finally, reputational risks. Currently, the Group proactively monitors these developments in order to prevent possible negative impacts.

OTHER INFORMATION

Human resources

During 2024, Marcolin continued to invest in human capital, recognising the importance of an inclusive and stimulating work environment. Below, we present the main initiatives undertaken.

Membership with the Belisario Foundation

We are proud to announce our membership with the Belisario Foundation, an organisation dedicated to promoting the enhancement of female talent in the workplace. Through this partnership, we have participated in various activities and training programmes aimed at supporting the professional growth of women within our organisation. These initiatives included workshops and networking events, contributing to the creation of a more inclusive and equal corporate culture.

Partnership with AIRC

Our company has initiated a significant collaboration with the Italian Cancer Research Association (AIRC). This partnership not only reflects our commitment to social responsibility but has also enabled us to support an intern through a scholarship. Through internal events and campaigns, we have encouraged our team to actively participate in this cause, promoting a sense of community and solidarity.

Partnership with Altagamma

Our collaboration with Altagamma, the association of Italian high-end companies, has opened up new opportunities for the development of our employees' skills. Through training programmes and the exchange of best practices, we have been able to enrich our know-how and promote excellence in our sector. This partnership has allowed us to align our human resources development strategies with the trends and needs of the luxury market.

UNI PdR 125 certification on Gender Equality

We are pleased to announce that Marcolin has obtained the UNI PdR 125 certification on Gender Equality, a milestone that demonstrates our commitment to ensuring equal opportunities for all employees, regardless of gender. This recognition is the result of targeted corporate policies and human resources management practices that promote equity and diversity. We will continue to monitor and improve our practices to maintain and exceed the required standards. With regard to this, a great deal of focus has been placed on workshops and training activities on Diversity and Inclusion: in 2024, more than 65% of the workforce in Italy participated in sessions, both in-person and online, focusing on inclusive behaviour and language, as well as the prevention of stereotypes and harassment. This initiative will continue in 2025, with the goal of involving all employees. At the end of the year, an internal survey was also conducted on employees' knowledge of the company's gender equality processes, based on which awareness-raising actions on this theme will be evaluated.

As at 31 December 2024, the Group had 1,978 employees (2,000 at the end of 2023). In the table below, the indicators represent accurate employees in service figures as at 31 December 2024, excluding independent agents who work exclusively for the Group and the Company.

Employees Category	Final number		Average number	
	12/31/2024	12/31/2023	2024	2023
Managers	58	60	59	57
Staff	1,107	1,135	1,126	1,073
Manual workers	813	805	804	775
Total	1,978	2,000	1,989	1,905

As at 31 December 2024, the parent company Marcolin SpA had 1,019 employees (1,002 in 2023), in the following categories:

Employees Category	Final number		Average number	
	12/31/2024	12/31/2023	2024	2023
Managers	22	21	22	22
Staff	403	400	400	390
Manual workers	594	581	588	589
Total	1,019	1,002	1,010	1,001

The figures shown also include temporary workers employed to meet the peak demand. The increase is mainly due to the increase in the number of employees in the production and sales departments at the Longarone site. In particular, in 2024 a new production department was started, dedicated to the creation of high-end products in small batches.

National Collective Bargaining Agreement for the Eyewear sector

In April 2023, the National Collective Bargaining Agreement for the Eyewear sector was renewed (for 2023-2025) which, among the measures with the most significant impact, envisages:

- Increase in minimum wages in May 2023, March 2024 and February 2025;
- Increase in the Value-Added Professionalism Bonus (PPVA) from 2023;
- Raising of the level of supplementary health benefits and activation of insurance against loss of self-sufficiency from 2024.

For the sake of completeness, it should be noted that in 2022 the Company, together with the trade unions, signed the renewal of the supplementary company contract, which is expected to be renewed in 2025.

Employee Welfare and Family Support Activities

As in previous years, the company's welfare programme, which allows employees to manage their own funds through an online portal where they can choose from a variety of services, was confirmed. The plan includes services related to education, sports, elderly/childcare, shopping vouchers and more. At the same time, it is possible to obtain reimbursement for medical and/or educational expenses.

Research and development

The Company continued to conduct research and development activities throughout 2024. Research and development activities are carried out by the Parent Company, Marcolin SpA, through two divisions. The first division works closely with licensors to design new collections, hone style and research new materials for sunglasses and eyeglasses. The second division, which works closely with the first, oversees the subsequent development of collections and product manufacturing.

Intra-group and related-party transactions

Related-party transactions, including intra-group transactions, cannot be defined as either atypical or unusual, as they are part of the normal intercompany business activities.

Such transactions take place at market conditions, taking into account the nature of the goods sold and services provided.

Detailed information on related-party transactions is provided in the Notes to the Consolidated Financial Statements and in the Notes to the Separate Financial Statements of Marcolin SpA.

Treasury shares

On the reporting date of this annual financial report, the parent company Marcolin SpA did not own treasury shares or parent company shares, either directly or indirectly.

Personal data protection

The extreme focus on the security of information and personal data continues. In 2023, the process of adaptation to the privacy legislation in Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons in relation to the processing of personal data and on the free circulation of such data (General Data Protection Regulation – GDPR) managed by the legal function in collaboration with the external DPO – which duly reported to the Board of Directors in relation to activities of greater impact carried out – and led by a privacy committee in which the company functions of greater impact participate, continued.

The company promotes the development of a pervasive privacy culture at Group level by subjecting the affiliates to constant guidance from the parent company to ensure that subsidiaries also comply with related regulations. From this perspective, in addition to the widespread dissemination of privacy policies to data subjects and of instructions to personnel authorised to process personal data, activity was carried out to verify and control the main data processing and training was provided to Group employees.

The Board of Directors on 9 May 2024 approved the adoption of the privacy organisational model (POM) i.e. a document that summarises the company Procedures and Guidelines adopted in order to enact and implement the requirements of Regulation (EU) 2016/679 or GDPR. This document provides direct evidence of the control system and best practices adopted by Marcolin in the area of Privacy.

Branches

Marcolin SpA operates from its headquarters in Longarone and with qualified contract manufacturers.

The operational premises are as follows:

- its headquarters in Longarone (Belluno), in zona industriale Villanova no. 4 (registered office, executive offices and operations);
- a logistics centre and warehouse in Longarone (Belluno), in zona industriale Villanova no. 20 H;
- a manufacturing facility in Longarone (Belluno), via Fortogna 184/C (Fortogna district);
- venue used as a showroom and representative office in Milan, Corso Venezia, no. 50.
- a warehouse in Alpagò (Belluno), Via dell'Artigianato 67.

The non-operational premises are as follows:

- the former Finitec premises in Zona Industriale Villanova S.N.C.;
- the premises in Domegge di Cadore (Belluno), Via Noai no. 31, Vallesella di Cadore district.

It should be noted that on 31 August 2024 the local production unit in Quero Vas (BL), Zona Artigianale no. 1, was closed following Marcolin SpA's termination of the lease agreement for the business branch of the facility located at that site, which had become no longer strategic for the Group's activities.

BUSINESS OUTLOOK
NOTICE OF GENERAL MEETING PROPOSED RESOLUTION

BUSINESS OUTLOOK AND NEWS

For over four years now, the Group has been pursuing a significant process of renewal after the pressures suffered in 2020, as have so many other organisations, due to the pandemic and the global economic situation. Despite solid foundations, it was necessary to trace a path different from the past in view of new emerging needs. The main objective has been to increase profitability in order to generate resources to boost medium- and long-term investments. This was achieved through a process of rationalisation and consolidation of the licence portfolio, a strong focus on product quality, improving sales margin efficiency and a commitment to sustainable growth by carefully assessing investments and monitoring fixed costs.

The year 2024 showed a mixed performance in the eyewear business across various markets, sales channels and brands, within a very complex macroeconomic context. This was characterised by dynamics arising from the post-Covid normalisation, as well as new challenges that are continuing into 2025, such as geopolitical tensions, uncertainties regarding interest rates and inflation, potential new protectionist policies triggered by tariff increases, and new domestic policy scenarios in many key markets for the Group.

In this complex and unpredictable environment, the Group is committed to continuing both short- and medium/long-term strategies, persevering with the actions undertaken in previous years in terms of commercial policies, industrial efficiency and careful management of expenses.

Milan, March 26, 2025

for the Board of Directors

C.E.O.

Signed: Fabrizio Curci

NOTICE OF GENERAL MEETING

The Marcolin S.p.A. Shareholders are hereby called to the General Meeting to be held at the Company's premises in Milan Corso Venezia 50, on 7 April 2025 at 10:00 hours, at first call, and on 8 April 2025, at the same place and time, at second call, to discuss and resolve upon the following:

Agenda

- Approval of the Financial Statements as at 31 December 2024, Board of Directors' Report, Board of Statutory Auditors' Report, Independent Auditors' Report;
- Presentation of the Marcolin Group's Consolidated Financial Statements as at 31 December 2024 and related Reports;
- Appointment of the members of the Board of Directors, after determining their number and determining their remuneration; inherent and consequent resolutions;
- Appointment of the members of the Board of Statutory Auditors; determination of their remuneration;
- Assignment of the statutory audit, pursuant to art. 2409-bis of the Italian Civil Code and Italian Legislative Decree 39/2010 and determination of the consideration;
- Resolutions thereon.

The right to attend the General Meeting, the right to proxies and the possibility to attend the General Meeting through electronic means of communication are regulated in Articles 10, 11 and 12 of the Corporate By-Laws currently in effect.

Milan, March 26, 2025

for the Board of Directors

the Chairman
Signed: Vittorio Levi

PROPOSED RESOLUTION

Dear Shareholders,

The Financial Statements of Marcolin SpA submitted to you give a true and fair view of the Company's financial position, the results of the operations and of the cash flows for the year.

We therefore invite the shareholder of the Company, Tofane SA, to approve, as proposed, the Financial Statements for the year ended 31 December 2024.

With reference to the profit for the year, equal to a profit of Euro 8,779,706.50, we propose to:

- set aside the amount of 7,023,766 euro in a special reserve, as provided by art. 1 para. 436-444 of Italian Law no. 207, for the purpose of the so-called "IRES bonus";
- allocate the residual amount of 1,755,940.50 euro to be carried forward. Accordingly, after such allocation, the retained earnings/(losses) will have a balance of 165,701,118.63 euro.

Milan, March 26, 2025

for the Board of Directors

the Chairman
Signed: Vittorio Levi

CONSOLIDATED FINANCIAL
STATEMENTS OF THE MARCOLIN
GROUP AS AT 31 DECEMBER 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
CONSOLIDATED INCOME STATEMENT
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(euro/000)</i>	Note	12/31/2024	12/31/2023 Restated
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1	47,180	45,583
Intangible assets	2	291,988	295,502
Goodwill	2	315,068	308,959
Investments in subsidiaries and associates	3	(0)	27
Deferred tax assets	4	60,462	59,172
Other non-current assets	5	1,045	887
Non-current financial assets	6	-	23
Total non-current assets		715,743	710,151
CURRENT ASSETS			
Inventories	7	89,649	95,802
Trade receivables	8	79,430	81,312
Other current assets	9	24,712	23,856
Current financial assets	10	1	136
Cash and cash equivalents	11	68,892	56,519
Total current assets		262,684	257,625
TOTAL ASSETS		978,427	967,777
EQUITY			
	12		
Share capital		35,902	35,902
Additional paid-in capital		170,304	170,304
Legal reserve		7,180	7,180
Other reserves		121,226	114,329
Retained earnings (losses)		(8,424)	(16,815)
Profit (loss) for the period		7,446	8,910
Group equity		333,633	319,810
Non controlling interests		0	0
TOTAL EQUITY		333,633	319,810
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current financial liabilities	13	405,213	408,793
Non-current funds	14	6,996	8,429
Deferred tax liabilities	4	16,604	13,744
Other non-current liabilities	15	6,505	6,534
Total non-current liabilities		435,318	437,500
CURRENT LIABILITIES			
Trade payables	16	139,876	131,588
Current financial liabilities	17	13,816	22,459
Current funds	18	22,512	20,615
Tax liabilities	29	7,238	8,856
Other current liabilities	19	26,034	26,950
Total current liabilities		209,476	210,468
TOTAL LIABILITIES		644,794	647,968
TOTAL LIABILITIES AND EQUITY		978,427	967,777

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(euro/000)</i>	Note	2024	%	2023 Restated	%
Net revenues	21	545,761	100.0%	558,314	100.0%
Cost of sales	22	(203,243)	(37.2)%	(221,566)	(39.5)%
GROSS PROFIT		342,519	62.8%	336,748	60.5%
Distribution and marketing expenses	23	(245,133)	(44.9)%	(245,833)	(44.0)%
General and administrative expenses	24	(43,759)	(8.0)%	(46,501)	(8.3)%
Other operating income/(expenses)	26	460	0.1%	2,061	0.4%
Other operating income	26	841	0.2%	2,325	0.4%
Other operating expenses	26	(381)	(0.1)%	(263)	(0.0)%
Operating income of associates recorded using equity method	26		0.0%		0.0%
OPERATING INCOME – EBIT		54,087	9.9%	46,455	8.5%
Profit/(loss) from associates	27	(26)	(0.0)%	-	0.0%
Financial income	28	4,822	0.9%	15,669	2.8%
Financial costs	28	(38,025)	(7.0)%	(46,252)	(8.3)%
PROFIT (LOSS) BEFORE TAXES		20,859	3.8%	15,873	3.0%
Income tax expense	29	(12,813)	(2.3)%	(5,586)	(1.2)%
NET PROFIT (LOSS) FOR THE PERIOD		8,046	1.5%	10,287	1.8%
Profit (loss) attributable to:					
- owners of the parent		7,446	1.4%	8,910	1.6%
- non-controlling interests		600	0.1%	1,377	0.2%

<i>(euro/000)</i>	2024	2023 Restated
NET PROFIT (LOSS) FOR THE PERIOD	8,046	10,287
<i>Other items that will be not subsequently reclassified to profit or loss:</i>		
Effect (actuarial gain/losses) on defined benefit plans, net of taxes	(14)	(4)
TOTAL OTHER ITEMS THAT WILL NOT SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS	(14)	(4)
<i>Other items that will be subsequently reclassified to profit or loss:</i>		
Change in foreign currency translation reserve	7,031	(4,377)
Change in exchange rate difference on quasi equity loan	-	440
TOTAL OTHER ITEMS THAT WILL BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS	7,031	(3,937)
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD	15,063	6,346
Profit (loss) attributable to:		
- owners of the parent	14,343	5,019
- non-controlling interests	720	1,328

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Additional paid-in capital	Legal Reserve	Other reserves					Profit (loss) for the period	Capital and reserves net total	Non-controlling interests in equity	Total equity
				S.holders deposit in s/capital	Translation reserve	Other	Actuarial gain / (loss) reserve	Retained earnings/ (losses)				
<i>(euro'000)</i>												
Other changes	-	-	-	-	-	-	-	-	-	-	-	-
- Period result	-	-	-	-	-	-	-	-	8,862	8,862	1,377	10,239
- Other components of comprehensive income	-	-	-	-	(4,328)	440	(4)	-	-	(3,891)	(50)	(3,941)
Total comprehensive income	-	-	-	-	(4,328)	440	(4)	-	8,862	4,971	1,328	6,298
Non-controlling interests' put-call options	-	-	-	-	-	(5,500)	-	2,275	-	(3,225)	(2,275)	(5,500)
December 31, 2023	35,902	170,304	7,180	121,108	4,106	(11,071)	186	(16,815)	8,862	319,762	0	319,762
Restatement of the opening balances after PPA completion relating to the acquisition of the iciberlin Group	-	-	-	-	-	-	-	48	-	-	-	48
Allocation of 2023 result	-	-	-	-	-	-	-	8,862	(8,862)	-	-	-
Dividends distribution	-	-	-	-	-	-	-	(1,239)	-	-	-	(1,239)
Share Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-	-	-	-
- Period result	-	-	-	-	-	-	-	-	7,446	7,446	600	8,046
- Other components of comprehensive income	-	-	-	-	6,911	-	(14)	-	-	6,897	120	7,017
Total comprehensive income	-	-	-	-	6,911	-	(14)	-	7,446	14,343	720	15,063
Non-controlling interests' put-call options	-	-	-	-	-	-	-	720	-	720	(720)	-
December 31, 2024	35,902	170,304	7,180	121,108	11,017	(11,071)	172	(8,424)	7,446	334,825	0	333,633

CONSOLIDATED CASH FLOW STATEMENT

<i>(euro)000</i>	Note	12/31/2024	12/31/2023
OPERATING ACTIVITIES			
<i>Profit (loss) for the period</i>		8,046	10,239
Depreciation and amortization	1.2	26,462	23,973
Provisions	14.18	16,350	15,814
Income tax expense	29	12,813	6,595
Accrued interest expense	28	33,202	30,582
Adjustments to other non-cash items		(20)	(73)
<i>Cash generated by operations</i>		<i>96,853</i>	<i>87,130</i>
(Increase) decrease of trade receivables	8	428	(5,484)
(Increase) decrease of inventory	7	(8,000)	808
(Decrease) increase of trade payables	16	8,709	(24,250)
<i>Cash generated by change in operating working capital</i>		<i>1,137</i>	<i>(28,927)</i>
(Increase) decrease in other assets	5.9	(1,891)	(8,168)
(Decrease)/increase in other liabilities	15.19	(1,341)	776
(Use) of current and non-current provisions	14.18	(2,827)	(497)
(Decrease)/increase in current tax liabilities	29	(5,350)	6,029
Adjustments to other non-cash items		0	(0)
<i>Other elements in working capital</i>		<i>(11,403)</i>	<i>(1,861)</i>
Income taxes paid		(4,553)	(5,654)
Interest received		411	639
Interest paid		(26,988)	(24,693)
<i>Total cash generated by change in other items of net working capital</i>		<i>(42,545)</i>	<i>(31,570)</i>
<i>Net cash from / (used in) net working capital</i>		<i>(41,407)</i>	<i>(60,436)</i>
Net cash from / (used in) operating activities		55,445	26,634
INVESTING ACTIVITIES			
(Purchase) of property, plant and equipment	1	(9,112)	(10,731)
Disposal of property, plant and equipment	1	46	73
(Investments) in intangible assets	2	(5,852)	(236,852)
Disposal of intangible assets	2	-	-
Net (Investments)/disposal in investment in subsidiaries and associates	3	1	(15)
Reverse merge of 3 Cime SpA effect		-	67
		-	(45,185)
Net cash from / (used in) investing activities		(14,916)	(292,643)
FINANCING ACTIVITIES			
<i>Financial Assets</i>			
- (Proceeds)	6.10	-	-
- Repayments	6.10	-	-
<i>Financial Loans from banks</i>			
- Proceeds	13.17	-	36,298
- (Repayments)	13.17	(13,135)	(342)
Loans from shareholders	13.17	-	-
Principal elements of lease payments		(6,586)	(4,160)
Other current and non current financial liabilities	6,10,13,17	(7,494)	(3,949)
Own shares purchase	Equity mov.	-	-
Share purchases from minority Shareholders	Equity mov.	-	(4,437)
Dividends paid	Equity mov.	(1,239)	(1,108)
Shareholders capital increase	Equity mov.	-	75,000
Net cash from / (used in) financing activities		(28,455)	97,302
Net increase/(decrease) in cash and cash equivalents		12,075	(168,707)
Effect of foreign exchange rate changes		298	(771)
Cash and cash equivalents at beginning of year		56,519	225,995
Cash and cash equivalents at end of year		68,892	56,517

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

The share capital of the Parent Company Marcolin SpA amounts to a total of 35,902,749.82 euro, fully paid up, divided into 61,458,375 ordinary shares with no indication of nominal value.

As at 31 December 2024, the share capital was 100% owned by the shareholder Tofane SA.

The Marcolin SpA shares held by the sole shareholder Tofane SA are encumbered by liens established at the time of the issue of a bond loan on 27 May 2021, which is backed by collateral for the exact fulfilment of the pecuniary obligations undertaken towards the mass of bondholders covered by the loan, including a lien on the shares of the Issuer Marcolin SpA.

General Information

The Notes to the Financial Statements set out below form an integral part of the Consolidated Financial Statements of the Marcolin Group and were prepared in accordance with the accounting documents updated to 31 December 2024.

For the purpose of providing exhaustive financial information, the Report on the Operations of Marcolin Group and Marcolin SpA has been prepared, containing additional information regarding the main events of the year, subsequent events, business outlook and other important financial and operational information regarding the business.

These Financial Statements were prepared on the basis of the going-concern assumption, the accrual basis of accounting and the historical cost basis, except for the measurement of financial assets and liabilities, which are required to be accounted for at fair value.

The Consolidated Financial Statements for the year ended as at 31 December 2024 include the Financial Statements of the parent company Marcolin SpA and its Subsidiaries.

Marcolin SpA is incorporated under Italian law, listed in the Companies Register of Belluno with no. 01774690273, and has shares that until 14 February 2013 were traded in Italy on the Mercato Telematico Azionario (electronic stock exchange), organised and managed by Borsa Italiana SpA. Marcolin S.p.A. is the Parent Company of Marcolin Group, which operates in Italy and abroad in the design, manufacturing and distribution of eyeglass frames and sunglasses, including by way of direct and indirect management of affiliates and partnerships located in major countries of interest worldwide, and through the management of qualified contract manufacturers.

The addresses of the locations from which the Parent Company's main operations are performed are listed in the Report on Operations, while the list of locations in which the subsidiaries and associated companies are located is provided below.

Company	Location	Address
Marcolin Asia HK Ltd	Hong Kong	Units 3307-3313, Tower 1, Metroplaza, Kwai Fong, Hong Kong
Marcolin Benelux Sprl	Villers-Le-Bouillet, Be	Rue Le Marais 14B
Marcolin do Brasil Ltda	Barueri - SP, Brasile	Av Tamboré, 1180 - 06460-000
Marcolin Deutschland GmbH	Colonia, Germania	Waidmarkt 11a
icl Berlin GmbH	Berlino, Germania	Wolfener Straße 32 F
Marcolin France Sas	Parigi, Francia	91-93 Rue de Richelieu - 75002 Paris
Marcolin GmbH	Muttenz, Svizzera	c/o Ageba Treuhand AG Hofackerstr. 3a 4132
Marcolin Iberica SA	Barcellona, Spagna	Juan De Austria, 116 - 4a Planta - 08018
Marcolin Nordic AB	Stoccolma, Svezia	Roslagsgatan 33
Marcolin Portugal Lda	Lisbona, Portogallo	Rua Jose Travassos, 15/B 1600-410
Marcolin Technical Services (Shenzhen) Co. Ltd	Shenzhen, PRC	Regus Business Centre, Unit 2606 Anlian Centre, 4018 Jin Tian Road, Futian District
Marcolin UK Ltd	London, UK	Floor 2 of 4 Old Street Yard, City Road, London EC1
Marcolin USA Eyewear Corp.	Somerville, Usa	Route 22 west, 3140 - 08876 NJ
Marcolin Singapore Pte Ltd	Singapore	8 Marina Boulevard, Unit 04-04, Tower 1, Marina Bay Financial Centre
Marcolin PTY Limited	Sidney, Australia	SUITE 3302, Level 33, 100 Miller Street
Marcolin-RUS LLC	Mosca, Russia	Building 1, 8 Bolshoy Chudov Pereulok
Marcolin Middle East FZCO	Dubai Airport Freezon 1, Sheikh Zayed Road, The H Dubai, Office Tower, Level 22, P.O. Box 121	
Marcolin México S.A.P.I. de C.V.	Naucaplan de Juarez	Av.16 de Septiembre No.784 Col.Alce Blanco C.P.53370
Marcolin Eyewear (Shanghai) Co., Ltd.	Shanghai, PRC	Room 4603, Tower 2, Plaza 66, No.1266 Nanjing West Road, Jing'an District
Gin Hong Lin international Co. Ltd	Hong Kong	Suite 609, Ocean Centre - TST KOWLOON, HONG KONG

Reference currency

These Financial Statements are presented in the Parent Company's reference currency (euro). For the purpose of clarity, the amounts in the Consolidated Statement of Financial Position, Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity and Notes to the Financial Statements are presented in thousands of euro (unless specified otherwise). As a result of presenting the amounts in thousands of euro, immaterial differences in the totals may emerge due to rounding off.

Italian tax consolidation

Following the reverse merger by incorporation of 3 Cime SpA into Marcolin SpA, with accounting and tax effects backdated to 1 January 2023, the group tax regime pursuant to art. 117 et seq., Presidential Decree no. 917 of 22 December 1986 ("TUIR"), in which Marcolin SpA participated as a consolidated entity, was no longer effective from 1 January 2023.

Issuance

The Financial Statements were authorised for issue by the Board of Directors on 26 March 2025.

ACCOUNTING STANDARDS

Basis of preparation

These Financial Statements were prepared in accordance with the IFRS international accounting standards issued by the International Accounting Standards Board and adopted by the European Commission, in accordance with the procedure set out in Article 6 of Regulation no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 concerning the application of international accounting standards and the measures issued in implementation of Italian Legislative Decree no. 38/2005.

The IFRS include all the revised international accounting standards (IAS) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), the former Standing Interpretations Committee (SIC), which, at the date of approval of the Financial Statements, had been authorised by the European Union according to Regulation (EC) no. 1606/2002, enacted by the European Parliament and European Council on 19 July 2002.

The accounting standards adopted to prepare the Financial Statements as at 31 December 2024 are the same as those used in the prior year except as regards the adoption of the following new or revised IFRS or IFRIC.

The Consolidated Financial Statements of the Marcolin Group for the year ended as at 31 December 2024, approved by the Company's Board of Directors on 26 March 2025, were prepared on a going concern basis. The Directors verified the absence of any financial, business or other types of indicators that could signify issues in regard to the Group's ability to meet its obligations in the foreseeable future, and specifically in the next 12 months.

A description of the ways in which the Group manages financial risks is contained in the section on "financial risk factors" in the Marcolin Group's Notes to the Financial Statements.

New accounting standards and interpretations approved by the European Union and effective from 1 January 2024

The following new standards and amendments became effective from 1 January 2024:

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023)

Amendments to IAS 1 Presentation of Financial Statements:

- Classification of Liabilities as Current or Non-current (issued on 23 January 2020);
- Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and
- Non-current Liabilities with Covenants (issued on 31 October 2022)

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)

The above amendments had no impact on the Company.

New accounting standards and interpretations approved by the European Union and effective for financial years after 31 December 2024

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023). Approved by the European Union on 1 January 2025.

There are no other accounting standards endorsed by the European Union and effective from reporting financial years after 31 December 2024 that are presumed to have a material effect for the Company in the next reporting financial year or in the foreseeable future.

New accounting standards and interpretations published by the IASB but not yet approved by the European Union

The following IFRSs, interpretations, amendments to existing standards and interpretations, or special provisions contained in the standards and interpretations approved by the IASB, not yet approved by the European Union as at the date of approval of this document, are set forth below:

IFRS 19 Subsidiaries without Public Accountability: Disclosures. Issued on 9 May 2024, it will enter into force from 1 January 2027.

IFRS 18 Presentation and Disclosure in Financial Statements. Issued on 9 April 2024, it will enter into force from 1 January 2027.

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7. Issued on 18 December 2024, it will enter into force from 1 January 2026.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7. Issued on 30 May 2024, it will enter into force from 1 January 2026.

No accounting standards and/or interpretations mandatorily effective for annual periods beginning after 31 December 2024 were adopted earlier.

The Company is evaluating the effects of the application of the above new standards, which are currently not considered significant.

Financial statement format

The Consolidated Financial Statements consist of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Cash Flow Statement, Statement of Changes in Equity and the related Notes. To provide for comparability, the previous period data was restated as necessary, with explanations given of the restatements.

The Company and the Group prepared the Financial Statements on the basis of the following accounting policies.

Statement of Financial Position

Assets and liabilities are classified separately as either current or non-current as envisaged by IAS 1.

An asset is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realised in, or is intended for sale or consumption in, the entity's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realised within twelve months from the end of the reporting period; or
- (d) it is cash or a cash equivalent.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the entity's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within twelve months from the end of the reporting period; or
- (d) the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

All other liabilities are classified as non-current.

As necessary, in accordance with IFRS 5, assets (and related liabilities) for which the book value will be recovered mainly through sale rather than continuing use are classified as "assets held for sale" and "liabilities relating to assets held for sale".

Income Statement

Costs are classified by function, stating separately the cost of goods sold, marketing and distribution expenses and administration expense, to provide readers with more meaningful and relevant information than the alternative classification of costs by nature, in view of the business sector.

In addition, it was decided to present two separate statements: the Income Statement and the Statement of Comprehensive Income.

Statement of Changes in Equity

The statement was prepared presenting items in individual columns with reconciliation of the opening and closing balances of each item forming equity.

Cash Flow Statement

Cash flows from operating activities are presented using the indirect method.

Based on this approach, the net profit for the year was adjusted to account for the effects of non-cash items on operating, investing and financing activities.

Scope and Basis of consolidation

The scope of consolidation includes direct and indirect subsidiaries.

Below is a list of the consolidated companies stating the consolidation method used:

Company	Location	Address	Currency	Share capital	Equity	Net profit / (loss) for the period	Consolidation method	% ownership	
								direct	indirect
Marcolin Asia HK Ltd	Hong Kong	Units 3307-3313, Tower 1, Metroplaza, Kwai Fong, Hong Kong	HKD	1,539,785	5,384,062	(278,794)	Full	100.0%	
Marcolin Benelux Sprl	Villers-Le-Bouillet, Be	Rue Le Marais 14B	EUR	290,000	723,076	404,434	Full	100.0%	
Marcolin do Brasil Ltda	Barueri - SP, Brasile	Av Tamboré, 1180 - 06460-000	BRL	41,369,129	65,307,489	2,559,601	Full	100.0%	
Marcolin Deutschland GmbH	Colonia, Germania	Waldmarkt 11a	EUR	300,000	1,897,591	802,263	Full	100.0%	
icl Berlin GmbH	Berlin, Germania	Wolffener Straße 32 F	EUR	500,000	3,902,672	1,849,152	Full	100.0%	
Marcolin France Sas	Paris, Francia	91-93 Rue de Richelieu - 75002 Paris	EUR	1,054,452	3,331,910	941,973	Full	100.0%	
Marcolin GmbH	Mulfenz, Svizzera	c/o Agaba Treuhand AG Hofackerstr. 3a 4132	CHF	200,000	386,948	46,104	Full	100.0%	
Marcolin Iberica SA	Barcelona, Spagna	Juan De Austria, 116 - 4a Planta - 08018	EUR	487,481	1,380,199	775,487	Full	100.0%	
Marcolin Nordic AB	Stoccolma, Svezia	Roslagsgatan 33	SEK	50,000	17,799,332	4,412,781	Full	100.0%	
Marcolin Portugal Lda	Lisbona, Portogallo	Rua Jose Travassos, 15/B 1600-410	EUR	420,000	370,073	111,073	Full	100.0%	
Marcolin Technical Services (Shenzhen) Co. Ltd	Shenzhen, PRC	Regus Business Centre, Unit 2605 Anlian Centre, 4018 Jin Tian Road, Futian District	ONV	1,000,000	4,318,877	358,383	Full	100.0%	
Marcolin UK Ltd	London, UK	Floor 2 of 4 Old Street Yard, City Road, London EC1	GBP	3,572,718	3,842,892	187,347	Full	100.0%	
Marcolin USA Eyewear Corp.	Somerville, Usa	Route 22 west 3140 - 08876 NJ	USD	121,472,262	153,785,105	2,828,785	Full	100.0%	
Marcolin Singapore Pte Ltd	Singapore	8 Marina Boulevard, Unit 04-04, Tower 1, Marina Bay Financial Centre	SGD	100,000	(1,917,662)	2,040,952	Full	100.0%	
Marcolin PTY Limited	Sidney, Australia	SUITE 3302, Level 33, 100 Miller Street	AUD	50,000	406,898	182,470	Full	100.0%	
Marcolin-RUS LLC	Mosca, Russia	Building 1, 8 Bolshoy Chudov Pereulok	RUB	305,520	225,781,430	20,813,254	Full	100.0%	
Marcolin Middle East FZCO	Dubai Airport Freezon 1,	Sheikh Zayed Road, The H Dubai, Office Tower, Level 22, P.O. Box 121	AED	100,000	13,816,929	4,864,775	Full	51.0%	
Marcolin México S.A.P.I. de C.V.	Naucaclipan de Juarez	Av. 16 de Septiembre No.784 Col.Alce Blanco C.P.53370	MXN	50,000	45,913,162	(3,938,345)	Full	100.0%	
Marcolin Eyewear (Shanghai) Co., Ltd.	Shanghai, PRC	Room 4603, Tower 2, Plaza 66, No. 1266 Nanjing West Road, Jing'an District	ONV	103,000,000	34,541,549	5,031,277	Full	100.0%	
Gin Hong Lin International Co. Ltd	Hong Kong	Suite 609, Ocean Centre - TST KOWLOON, HONG KONG	HKD	25,433,653	16,651,577	(1,317,198)	Full	100.0%	

Compared to the financial year ending on 31 December 2023, the following change is noted among the companies included in the consolidation scope: on 19 January 2024, the company Shanghai Ginlin Optics Co. Ltd PRC, a wholly owned subsidiary of Gin Hong Lin International Co. Ltd, was removed from the register of companies following completion of the liquidation process. The company had not been operational for some years.

It should also be noted that the companies Gin Hon Lin International Co. Ltd and Viva Eyewear HK Ltd were put into liquidation in 2024, and icl berlin America LLC was merged into Marcolin USA Eyewear Corp. on 1 July 2024.

Basis of consolidation

The consolidation method adopted is as follows:

- the equity method is used to consolidate the companies in which the Group has more than 20% ownership ("associates") or over which the Group has significant influence even in another way; due to the use of the equity method, the carrying amount of the investee is aligned with the equity adjusted, as necessary, to reflect the adoption of the IFRS approved by the European Commission and includes the recognition of any goodwill identified at the time of the acquisition. The interest in the profits/losses realised by the associate after the acquisition date is recognised in the income statement, whereas the interest in changes in reserves after the acquisition date is recognised in the equity reserves. If the Group's interest in the losses of an associate is equal to or in excess of its interest in the associate itself, taking into account all unsecured receivables, the value of the associate is written off and the Group does not recognise additional losses with respect to those attributable to it except and to the extent that the Group is required to answer for them. Unrealised profits and losses on transactions with associates are eliminated on the basis of the Group's interest therein;
- companies are consolidated on a line-by-line basis when the Group exercises control over them (subsidiaries), by virtue of direct or indirect ownership of the majority of shares with voting rights or by exercise of dominant influence expressed by the power to govern, whether directly or indirectly, the company's financial and operating policies, obtaining the related benefits regardless of any equity ownership. Any potential voting rights exercisable at the reporting date are considered for the purpose of determining control. Subsidiaries are consolidated from the date on which control is gained and are deconsolidated on the date from which such control ceases;
- the Financial Statements of the subsidiaries, associates and joint arrangements are incorporated using the accounting standards of the Parent Company; consolidation adjustments are made as necessary to create consistency between items influenced by the application of different accounting standards;
- on consolidation, balances and transactions between consolidated subsidiaries are eliminated in full, i.e., receivables and payables outstanding at the end of the period, expenses and income, finance costs and

income. Significant profits and losses realised between fully consolidated subsidiaries are also eliminated in full;

- significant profits included in products in stock originating from intercompany transactions are eliminated;
- any portions of equity and net income attributable to minority shareholders are stated separately as non-controlling interests under the consolidated equity;
- dividends distributed by fully consolidated companies are eliminated from the income statement, which incorporates the net profits or losses realised by such companies;
- Financial Statements presented in a different functional currency from that of the Parent Company are translated into euro by applying the current exchange rates in force on the reporting date to assets and liabilities, and the average exchange rates for the reporting period to revenues, costs, income and expenses. The related currency exchange differences are recognised in the changes in equity².

The following table lists the exchange rates used for translation:

Currency	Symbol	Closing exchange rate			Average exchange rate		
		12/31/24	12/31/23	Change	2024	2023	Change
Dirham Emirati Arabi	AED	3.815	4.058	(6.0)%	3.975	3.971	0.1%
Australian Dollar	AUD	1.677	1.626	3.1%	1.640	1.629	0.7%
Brasilian Real	BRL	6.425	5.362	19.8%	5.828	5.401	7.9%
Canadian Dollar	CAD	1.495	1.464	2.1%	1.482	1.459	1.6%
Swiss Franc	CHF	0.941	0.926	1.6%	0.953	0.972	(2.0)%
Remimbi	CNY	7.583	7.851	(3.4)%	7.787	7.660	1.7%
Danish Krone	DKK	7.458	7.453	0.1%	7.459	7.451	0.1%
English Pound	GBP	0.829	0.869	(4.6)%	0.847	0.870	(2.7)%
Hong Kong Dollar	HKD	8.069	8.631	(6.5)%	8.445	8.465	(0.2)%
Japanese Yen	JPY	163.060	156.330	4.3%	163.852	151.990	7.8%
Mexican Pesos	MXN	21.550	18.723	15.1%	19.831	19.183	3.4%
Norwegian krone	NOK	11.795	11.241	4.9%	11.629	11.425	1.8%
Russian Rublo	RUB	106.103	99.192	7.0%	100.280	92.202	8.8%
Swedish Krone	SEK	11.459	11.096	3.3%	11.433	11.479	(0.4)%
USA Dollar	USD	1.039	1.105	(6.0)%	1.082	1.081	0.1%

Business combinations

The Group's business combinations are accounted for in accordance with the *purchase method* set out in IFRS 3, "*Business Combinations*".

The cost of an acquisition is the fair value, at the control transfer date, of assets acquired, liabilities assumed and equity instruments issued in exchange for the control of the acquired entity.

Based on the purchase method, the cost of the business combination is allocated to the identifiable acquired net assets, at the acquisition date, through the fair value measurement of the assets acquired and liabilities and contingent liabilities assumed, and goodwill is recognised to the extent of the excess of the business combination cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the initial accounting for a business combination can be determined only provisionally, adjustments to the values initially attributed are made within twelve months of the acquisition date. Non-controlling interests are recognised at the fair value of the net acquired assets.

When a business combination is achieved in stages with subsequent share purchases, each stage is measured separately based on the cost and fair value of the assets, liabilities and contingent liabilities at each transaction date to determine the amount of any difference.

If a subsequent acquisition enables the obtaining of control of an entity, the previously owned interest is restated based on the fair value of identifiable assets, liabilities and contingent liabilities, determined at the date on which control was obtained.

With regard to the Group's business combinations, the balances of the merger with the ic! berlin group, which were provisionally recorded as of 31 December 2023, were finalised during the 2024 financial year.

² Translation of foreign-currency financial statements

Financial statements presented in a different functional currency are translated into euro in accordance with IAS/IFRS as follows:

- assets and liabilities are translated at the current exchange rates in force on the reporting date;
- revenues, costs, income and expenses are translated at the average exchange rate for the reporting period, considered to be a reasonable approximation of the actual exchange rates of the dates of the transactions;
- currency exchange differences arising from translation of opening equity and the annual changes in equity are recognised in the "foreign currency translation reserve" under "other reserves".

ACCOUNTING POLICIES

The most significant accounting policies adopted to prepare the consolidated Financial Statements are described below:

Property, plant and equipment (also "tangible assets")

Property, plant and equipment are recorded at their acquisition or production cost, inclusive of ancillary costs incurred to bring the assets to working condition for their intended use, excluding land and buildings for which the deemed cost model was used on the transition date or business combination date based on the market value determined through an appraisal performed by an independent qualified appraiser.

They are stated net of depreciation, except for land, which is not depreciated, and net of any impairment losses. Costs incurred for routine and/or cyclical maintenance and repairs are recognised directly in the income statement of the period in which they are incurred. Costs concerning the extension, renovation or upgrading of owned or leased assets are capitalised to the extent that they can be separately classified as an asset or part of an asset. The carrying amount is adjusted by depreciation using the straight-line method calculated on the basis of estimated useful life.

If the depreciable asset consists of distinctly identifiable components with useful lives that differ significantly from the other components of the asset, each component of the assets is depreciated separately, according to the component approach.

Profits and losses deriving from the sale of assets or groups of assets are determined by comparing the sale price with the relevant net book value.

Government grants relating to tangible assets are recorded as deferred revenues and credited to the income statement over the depreciation period for the assets concerned.

Finance costs relating to purchases of a fixed asset are charged to the income statement, unless they are directly attributable to the acquisition, construction or production of an asset which justifies capitalising them.

Under newly introduced IFRS 16, assets obtained under leases are accounted for as finance leases and classified as property, plant and equipment, the contra entry being the financial payable generated. A specific section in this Annual Report explains the effects of the application of the new accounting standard IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, using the depreciation rates listed below:

Category	Depreciation Rate
Land and Buildings	3%
Non-operating machinery	10%
Depreciable equipment	40%
Operating machinery	15.50%
Office furniture and furnishings	12%
Exhibition stands	27%
Electronic machines	20%
Vehicles	25%
Trucks	20%

Intangible assets

Intangible assets consist of controllable, non-monetary assets without physical substance that are clearly identifiable and able to generate future economic benefits. These assets are recognised at purchase and/or production cost, inclusive of directly attributable expenses to bring the asset to working condition for its intended use, net of accumulated amortisation (except for those assets with an indefinite useful life) and any impairment losses. Amortisation commences when the asset is available for use and is systematically distributed over the asset's useful life.

If there is any indication that the assets have suffered an impairment loss, the recoverable amount of the asset is estimated and any impairment loss is recognised in the income statement. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the net carrying amount that the asset would have had if there had been no impairment loss and if the asset had been amortised, recognising the reversal of the impairment loss as income.

Goodwill

Goodwill is recognised at cost less any impairment losses.

Goodwill acquired in a business combination is represented by the excess of the cost of the combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

Goodwill is not amortised, but it is reviewed for impairment annually, and whenever events or circumstances give rise to the possibility of an impairment loss, the recoverable amount is reviewed in accordance with IAS 36 ("Impairment of Assets"). If the recoverable amount is less than its carrying amount, goodwill is reduced to its recoverable amount (see section on impairment losses on property, plant and equipment, and intangible assets). If goodwill has been allocated to a cash-generating unit that is partially disposed of, the goodwill associated with the unit disposed of is included in the determination of any gain or loss on disposal.

Trademarks and licenses

Trademarks and licenses are recognised at cost. They have a finite useful life and are recognised at cost net of accumulated amortisation. Amortisation is calculated on a straight-line basis so as to allocate the cost of trademarks and licenses over their remaining useful lives.

If, aside from amortisation, impairment should emerge, the asset is written down accordingly; if the reasons for the write-down should cease to exist in future financial years, the carrying amount of the asset is increased to the net carrying amount that the asset would have had if there had been no impairment loss and if the asset had been amortised.

Trademarks are amortised on a straight-line basis over their estimated useful lives, ranging from 15 to 20 years.

With regard to the perpetual licence signed with ELC for use of the TOM FORD trademark, note that the related rights of use are classified as intangible assets with an "indefinite" useful life as there is no foreseeable limit to the period in which net cash inflows are expected to be generated for the Company, as defined in paragraph 88, IAS 38. An intangible asset with an "indefinite" useful life is not amortised but, if measured using the cost model, is subject to impairment testing pursuant to IAS 36 "Impairment of assets".

Software

Software licenses acquired are capitalised on the basis of the costs incurred for their purchase and the costs necessary to make them serviceable. Amortisation is calculated on a straight-line basis over their estimated useful lives (ranging from 3 to 5 years). Costs associated with software development and maintenance are recognised as costs in the period they are incurred.

The direct costs include the costs for the personnel to develop the software.

Research & development costs

Research and development costs for new products and/or processes are recognised as an expense as incurred unless they meet the conditions for capitalisation under IAS 38.

Other intangible assets

The intangible assets also include Renewal Fees paid in some cases to licensors for the renewal of licensing agreements.

Other intangible assets also include certain internal costs incurred by the Group to develop new eyewear models; the amortisation period, equal to the average life of a model on the market, commences when the related models are put on the market.

Impairment of property, plant and equipment, and intangible assets

IAS 36 requires impairment testing of tangible and intangible assets when there is any indication that those assets have suffered an impairment loss.

For intangible assets with an indefinite life, such as goodwill, testing for impairment is performed at least annually. The recoverable amount is determined by comparing the carrying amount of the asset with its fair value less costs to sell and value in use, whichever is greater. Value in use is determined on the basis of the present value of estimated future cash flows from operating activities. For purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

If an asset's recoverable amount is less than its carrying amount, the carrying amount is reduced to its recoverable amount. This reduction is an impairment loss that is recognised as an expense immediately. If there are indications that an impairment loss should be reversed, the recoverable amount of the asset is recalculated and the carrying amount is increased to that new value. The increased carrying amount must not exceed the net carrying amount the asset would have had without any impairment loss.

An impairment loss with respect to goodwill may not be reversed.

Financial derivatives

Financial derivatives are recognised in accordance with IFRS 9. On the contract signing date, the derivatives are initially accounted for at fair value as financial assets when the fair value is positive or as financial liabilities when the fair value is negative. Derivatives are classified as hedging instruments when the relationship between the derivative and the hedged item is formally documented and hedge effectiveness, verified periodically, is high. When hedging derivatives hedge the risk of changes in fair value of the hedged instruments, they are recognised at fair value through profit or loss; consistently, the hedged instruments are adjusted to reflect the changes in fair value associated with the risk hedged. When derivatives hedge the risk of changes in cash flows of the hedged instruments (cash flow hedges), the hedges are designated against exposure to fluctuations in cash flows attributable to the risks that could later affect the Income Statement. These risks are generally associated with an asset or liability recognised in the financial statements (such as future payments on variable-rate payables). The effective part of the change in fair value of the portion of derivative contracts designated as hedges according to IFRS 9 is recognised as an item in the Statement of Comprehensive Income (Hedging reserve). This reserve is then charged to the profit for the year in the period in which the hedged transaction affects the Income Statement. The ineffective part of the change in fair value, as well as the entire change in fair value of derivatives not designated as hedges or that do not meet the requirements of IFRS 9, is instead recognised directly in the Income Statement.

In previous years, the Group used a number of hedging instruments. Although the derivatives were designated exclusively to hedge against the risk of exchange rate variability on sales to customers in U.S. dollars, they do not qualify for hedge accounting because they do not fully meet the strict requirements, including formal ones, of the applicable accounting standard. These contracts were in place until the end of 2016, when management assessments deemed them no longer necessary as the Group benefits from natural hedging as a result of the current structure of income statement items in foreign currency.

It should be noted that during 2023, the Company, considering the uncertainty of the timing of the obligation to pay 250 million dollars for the extension of the perpetual licence agreement for TOM FORD eyewear, as this event is closely related to the closing of the acquisition of TOM FORD by ELC, decided to hedge the exchange rate risk by signing a derivative contract of the Deal Contingent Forward type with a leading financial institution, which made it possible to agree for a period of several months the exchange rate at which Marcolin would convert euros into dollars in order to make the payment to TOM FORD. In addition, the contract envisaged a cancellation option if the deal between ELC and Marcolin was not completed. Given its structuring, the contract was recognised using the hedge accounting method, in accordance with IFRS 9, all components of which were substantially effective.

Fair value measurement

The Group measures financial instruments (derivatives) at their fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that a transaction to sell an asset or to transfer a liability takes place:

- in the principal market for the asset or liability; or
- in absence of a principal market, the most advantageous market for the asset or liability.

The principal market or most advantageous market must be accessible to the Group. The fair value of an asset or liability is measured adopting assumptions that market participants would use to determine the price of the asset or liability, assuming that they act to best satisfy their economic interest. Fair value measurement of a non-financial asset considers a market participant's capacity to generate economic benefits from the highest and best use of the asset or from the sale to another participant that can obtain its highest and best use.

The Group uses valuation techniques appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or stated in the financial statements are categorised into the following levels of the fair value hierarchy:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 - valuation techniques for which the inputs are unobservable for the asset or liability.

The fair value measurement is categorised entirely in the same level of the fair value hierarchy of the lowest level input used for measurement.

For recurring assets and liabilities, the Group determines whether there have been any transfers between levels of the fair value hierarchy and reviews the categorisation (based on the lowest level input that is significant to the fair value measurement in its entirety) at the end of each reporting period.

Inventories

Inventories are stated at the lower of average purchase or production cost and the corresponding estimated realisable value based on market prices. Estimated realisable value represents the estimated selling price in normal market conditions less all direct selling costs.

Purchase cost was adopted for products purchased for resale and for materials directly or indirectly used, purchased and used in the production process, whereas production cost was adopted for finished and semi-finished products. Purchase cost is determined on the basis of the cost actually incurred, inclusive of directly attributable ancillary costs, including transport and customs expenses and excluding trade discounts.

Production cost includes the cost of materials used, as defined above, and all directly and indirectly attributable manufacturing costs.

Obsolete and slow-moving inventories are written down to reflect their useful life or realisable value.

Trade and other receivables

Trade and other receivables are stated at amortised cost and are measured on the basis of the impairment model introduced by IFRS 9 (see paragraph on financial assets regarding the initial recognition). In accordance with this model, the Group measures receivables using a logic of expected losses, replacing the IAS 39 framework based on incurred losses. The Group has adopted the simplified approach for trade receivables, which, instead of recognising the periodic changes in credit risk, requires accounting for an expected credit loss ("ECL") calculated over the lifetime of the receivable ("lifetime ECL"). The amount of the receivables is shown in the Statement of Financial Position net of the related provisions for doubtful debts. Impairment losses calculated under IFRS 9 are recognised in the Consolidated Income Statement net of any positive effects relating to releases or reversals and are presented in the line for net write-downs of financial assets within the general and administrative expenses.

Financial assets – Loans and receivables

The Group's financial assets are classified on the basis of the business model adopted to manage them and their cash flows. The following categories were identified:

a. Financial assets measured at amortised cost

This category covers financial assets meeting the following requisites: (i) the asset is held under a business model whose objective is to hold assets to collect contractual cash flows; and (ii) the contractual terms of the asset provide for cash flows represented solely by payments of principal and interest on the principal amount outstanding. They concern trade receivables, loans and other receivables. Loan and other receivables are included with current assets, except those whose contractual collection date is after twelve months from the reporting date, which are classified as non-current assets. The loan and other receivables are classified in the Statement of Financial Position as trade and other receivables. Except for trade receivables that do not contain a significant financing component, the loan and other receivables are initially recognised at their fair value adjusted by directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price (determined in accordance with IFRS 15 Revenue from Contracts with Customers). After initial recognition, the assets belonging to such category are measured at amortised cost, using the effective interest rate. The effects of such measurement are recognised in profit and loss. The assets are also subject to the impairment model described in the foregoing section on trade and other receivables.

b. Fair Value through Other Comprehensive Income ("FVOCI")

This category covers financial assets meeting the following requisites: (i) the asset is held under a business model whose objective is met both collecting contractual cash flows and selling these assets; and (ii) the contractual terms of the asset provide for cash flows represented solely by payments of principal and interest on the principal amount outstanding. The assets are initially recognised at their fair value adjusted by directly attributable transaction costs. The initial recognition is later updated and any changes in fair value are recognised in Other Comprehensive Income ("OCI"). As in the previous category, the assets are subject to the impairment model described in the section on trade and other receivables.

c. Fair Value through Profit and Loss ("FVPL")

Financial assets that do not fall within the preceding categories are classified in this residual category. They are mainly derivatives and equity instruments, both listed and not listed on financial markets, that the Company has irrevocably decided to classify as FVOCI upon initial recognition or in transitioning. The assets belonging to this category are classified as current assets or non-current assets according to when they are due, and they are stated at fair value at initial recognition. Investments in unconsolidated companies over which the Group does not have significant influence are included in this category and accounted for as investments. Related costs incurred at initial

recognition of the asset are accounted for immediately in the Consolidated Income Statement. FVPL financial assets are subsequently measured at fair value. Profits and losses deriving from changes in fair value are recognised in the Consolidated Income Statement as they arise, within the net other income/(expenses). Purchases and sales of financial assets are accounted for on the settlement date. Financial assets are derecognised when the rights to receive cash flows deriving from the instrument are extinguished and the Group has transferred substantially all the risks and rewards of ownership and control of the asset. The fair value of financial instruments is based on the current price offered. If the market for a financial asset is not active (or the asset consists of unlisted securities), the Group determines fair value by using valuation techniques. The techniques include referring to advanced negotiations in progress, referring to securities having the same characteristics, analysis based on cash flows, and pricing models based on the use of market indicators and aligned, as much as possible, with the asset being measured. In the valuation process, the Group tends to use market information instead of internal information referring specifically to the nature of the business in which the Group operates.

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits at banks and other highly liquid short-term investments, i.e., with an original duration of up to three months, and are stated at the amounts actually on hand at the reporting date.

Assets held for sale and related liabilities

These items include non-current assets (or disposal groups of assets and liabilities) whose carrying amount will be recovered mainly through sale rather than through continuing use. Assets held for sale (or disposal groups) are recognised at their net carrying amount or fair value less costs to sell, whichever is less.

If those assets (or disposal groups) should cease to be classified as assets held for sale, the amounts are not reclassified or presented for comparative purposes with the classification in the most recent Statement of Financial Position.

Equity

Share capital

Share capital consists of the subscribed and paid-up capital.

Direct issue costs of new share issues are classified as a direct reduction of equity after deferred taxes.

Treasury shares

Treasury shares are shown as a deduction of equity. The original cost of treasury shares and revenues arising on subsequent sale are recognised as changes in equity. The nominal value of the treasury shares owned is directly deducted from share capital, while the value exceeding the nominal value is used to reduce the treasury share reserve included in the retained earnings (losses) reserves.

Employee benefits

Post-employment benefit plans are classified, according to their characteristics, as either defined contribution plans or defined benefit plans.

Defined benefit plans, such as that of the "fondo trattamento di fine rapporto" ("TFR", severance indemnity provision) in place until the 2007 Italian Financial Law became effective, are plans under which guaranteed employee benefits are paid upon termination of employment. The defined benefit plan obligation is determined on the basis of actuarial assumptions and is recognised on an accruals basis in line with the employment service necessary to obtain the benefits; the obligation is measured annually by independent actuaries. The severance indemnity and aforementioned pension fund benefits accrued in the year, determined by applying actuarial methodology, are recognised in the income statement with the personnel costs, whereas the notional interest cost is recognised in net finance income/(costs). Actuarial gains and losses that reflect the effects of changes in the actuarial assumptions used are instead recognised in full under equity in the year in which they arise, also in compliance with IAS 19. From 1 January 2007, the 2007 Finance Act and related implementing decrees introduced significant changes in the regulations on post-employment benefits, including the decision of the worker, to be exercised by 30 June 2007, regarding allocation of their accruing severance indemnity. New accruing severance indemnities may be assigned by the employee to selected pension funds or kept within the company (in the latter case, the company will pay the severance indemnity contributions into a treasury account held at the INPS). Pursuant to these changes, the severance indemnity provision accrued up to the date of the employee's decision (defined benefit plans) was recalculated by independent actuaries, excluding the component of future salary raises. Severance indemnities

accruing from the date of the employee's decision, and in any case from 30 June 2007, are considered a defined contribution plan, meaning the accounting treatment is similar to that in effect for all other contribution payments.

Provisions for risks and charges

Provisions for risks and charges include provisions arising from current obligations (legal or implicate) to third parties deriving from past events, for the fulfilment of which it is probable that the use of financial resources will be necessary, and the amount of which can be reliably estimated. Provisions are recognised at the best discounted estimate of the amount the company should pay to settle the obligation or to transfer it to third parties as at the reporting date. Changes in estimates are reflected in the income statement at the time in which the change occurs. Risks for which the emergence of a liability is merely possible are identified in the section relating to commitments and guarantees, without allocation of a provision.

Trade payables and other non-financial liabilities

This item refers to payables originating from the purchase of goods or services that have not been settled at the end of the reporting period. They are not usually covered by guarantees and are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Financial liabilities

Borrowings (loans) are initially recognised at cost, corresponding to the fair value of the liability less their transaction costs. They are subsequently measured at amortised cost; any difference between the amount financed (net of transaction costs) and the nominal value is recognised in the income statement over the life of the loan, using the effective interest method. If there is a change in the anticipated cash flows and management is able to estimate them reliably, the value of borrowings is recalculated to reflect such changes. Loans are classified under current liabilities if the maturity is less than 12 months after the reporting date and when the Group does not have an unconditional right to defer their payment for at least 12 months. Loans are derecognised when they are paid off or when all risks and charges associated with them have been transferred to third parties.

Revenues and income

In accordance with the five-step model introduced by IFRS 15, the Group recognises revenue after having identified the contracts with its customers and the performance obligations in the contract (transfer of goods and/or services), having determined the amount of consideration to which it is entitled in exchange for satisfying each of the performance obligations, and having evaluated how the performance obligations were satisfied (at a point in time or over time). In particular, the Group recognises revenues only if the following requirements are met (Requirements for identifying contract(s) with the customer): a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to performing their respective obligations; therefore, an agreement exists that creates the rights and obligations regardless of the form of such agreement; b) the Group can identify each party's rights in relation to the goods or services to be transferred; c) the Group can identify the payment terms of the goods or services to be transferred; d) the contract has commercial substance; and e) it is probable that the Group will collect the consideration to which it is entitled in exchange for the goods or services that will be transferred to the customer. If the above criteria are not met, the related revenues are recognised when: (i) the Group has already transferred goods and/or services to the customer and all, or substantially all, of the promised consideration has been received and is non-refundable; or (ii) the contract is terminated and the consideration received is non-refundable. If the above criteria are met, sales revenues are recognised when control of the good sold is transferred to the customer, or when the good is delivered to the customer under the terms of the contract and the customer acquires total decision-making capacity regarding their use and substantially owns all possible related benefits. When the sale contract provides for retrospective volume discounts, the Group estimates their effect and treats it as a variable component of the agreed consideration. The Group also estimates the effect of possible returns from customers. This effect is accounted for as a variable component of the contractual consideration with the contextual presentation of a refund liability among the short-term risk provisions and the corresponding return asset among other current assets in the Statement of Financial Position. The estimate is based on the right-of-return policies and practices adopted by the Group and past trends of sales returns. The variable components of the consideration (discounts and returns) are recognised in the Financial Statements only when it is highly probable that a significant adjustment to the amount of revenue recognised will not occur. No post-delivery obligations exist besides the product warranties, where required by local regulations; the warranties do not constitute a separate service and they are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Interest income is accrued on a time basis by reference to the effective interest rate applicable to the related asset. Dividends are recognised when the shareholder's rights to receive payment are established. This normally occurs when the dividend distribution resolution is approved at the General Meeting.

Cost of goods sold

The cost of goods sold includes the cost of producing or acquiring the goods and products sold. It includes all the costs of materials, processing and expenses directly associated with production. It also includes the depreciation of buildings, plant and equipment, the amortisation of the intangible assets used in production and inventory impairment losses.

Royalties

The Group accounts for royalty expense on an accruals basis according to the substance of the agreements stipulated.

Other costs

The costs are recognised according to the relevance and matching principles.

Finance income and costs

Interest is accounted for according to the accrual concept on the basis of the interest rate established by contract. If not established by contract, interest is recognised using the effective interest method, i.e., using the interest rate that makes all inflows and outflows of a specific transaction financially equivalent.

Translation of foreign currency amounts

Transactions in currency other than the euro are translated into local currency using the exchange rates in force on the transaction date. Foreign exchange differences realised in the period are recognised in the Income Statement. Foreign currency receivables and payables are adjusted at the exchange rate in force on the reporting date, recognising the entire amount of profit or loss arising on exchange as finance income and costs in the income statement.

Income taxes

Income taxes are stated in the Income Statement, except for those regarding items recognised directly in equity, for which the tax effect is also recognised directly in equity.

Deferred taxes are calculated on the temporary differences generated between the value of the assets and liabilities reported in the Financial Statements and the value attributed to those assets and liabilities for tax purposes.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which they may be recovered. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and, as necessary, is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Any such reductions are reversed if the conditions causing them should cease to exist. Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply when the assets are realised or the liabilities are settled, considering the tax rates in force and those that have been enacted or substantially enacted by the reporting date. Other taxes not relating to income, such as property and equity taxes, are included in the operating items.

FINANCIAL RISK FACTORS

Financial risks

Financial risk management is an integral part of Marcolin Group's activities and is performed centrally by the Parent Company based on strategies to cover specific areas, i.e., through hedges of foreign exchange risks and risks deriving from fluctuations of interest rates. The Group seeks to minimise the impact of such risks on its results, and in previous years some hedging instruments were used. Although the derivatives were designated exclusively to hedge against the risk of exchange rate variability on sales to customers in U.S. dollars, they do not qualify for hedge accounting because they do not fully meet the strict requirements, including formal ones, of the applicable accounting standard. These contracts were in place until the end of 2016, when management assessments deemed them no longer necessary as the Group benefits from natural hedging as a result of the current structure of income statement items in foreign currency. Note that, considering the timing uncertainty of finalisation of the 250 million dollar payment obligation to extend the perpetual licence agreement for TOM FORD eyewear, as this event is tied to closing of the acquisition of TOM FORD by ELC, during 2023 the Parent Company assessed the possibility of hedging the exchange rate risk by signing a Deal Contingent Forward derivative contract with a leading bank, which made it possible for a period of a few months to set the exchange rate at which Marcolin would have converted euros into dollars in order to make the payment to TOM FORD. In addition, the contract envisaged a cancellation option if the deal between ELC and Marcolin was not completed. Given its structuring, the contract was recognised using the hedge accounting method, in accordance with IFRS 9, all components of which were substantially effective.

The Financial Report provides details on Marcolin Group's and Marcolin SpA's foreign exchange risk.

With respect to transaction risk, according to the sensitivity analysis performed, a change in exchange rates should not significantly impact the Group's Consolidated Financial Statements.

With reference to exchange rate risk, on the basis of the sensitivity analysis carried out, it emerged that a possible appreciation of the U.S. dollar by 5% as at 31 December 2024 would have led to an increase in the Translation Reserve under equity of 7.7 million euro, while a depreciation of the U.S. dollar by 5% as at 31 December 2024 would have led to a decrease in the Translation Reserve of 6.9 million euro.

Risks related to relationships with suppliers

The Group uses contract manufacturers and third-party suppliers to manufacture and/or process some of its products.

The use of contract manufacturers and third-party suppliers involves additional risks, such as cancellation and/or termination of contracts, poor quality in the supplies and services provided and delivery delays.

Delays or defects of products supplied by third parties, or the cancellation or termination of supplier contracts without having adequate alternative sourcing available, could have a negative impact on the Company's business operations, financial position and performance. Contract manufacturers and third-party suppliers, located mainly in Italy and Asia, are submitted to continuous controls by the responsible functions to verify compliance with adequate quality and service standards, also including those relating to delivery timing and methods, and fair prices with respect to the target margins. The Group manages this risk by constantly monitoring the sourcing markets, also to identify alternative manufacturers and suppliers in case of temporary or structural difficulties with the current suppliers. With respect to procurement, the Group directly monitors, with certain subsidiaries, the performance of the Asian suppliers, from a quantitative and qualitative point of view (quality, reliability and service), in light of the particular social and economic dynamics characterising that sourcing market. Another factor that mitigates supplier risk is the new plant in Longarone (in the Fortogna district), inaugurated in 2015, which made it possible to double the production of Made In Italy goods, thus reducing the dependence on third-party suppliers. Reasons for which the consolidation and development of its production capacity in Italy are important to Marcolin include reduced dependence on external suppliers (both Italian and Asian), which allows for the shortening of manufacturing lead time and thus an increase in the ability to seize market opportunities (and improve the time to market), and the possibility of managing the inflation risk regarding the Chinese sourcing market, as production insourcing will result in greater control of production factors. It is worth noting that the Company does not depend to a significant extent on a limited number of suppliers and is not affected by the price trends of the raw materials needed in the various phases of the eyewear production.

Interest rate risk

The Financial Report provides details on Marcolin Group's and Marcolin SpA's interest rate risk.

The section on liquidity risk provides a quantitative analysis of the Group's exposure to cash flow risk relating to interest rates on loans.

Information on outstanding loans is provided subsequently in these notes.

Interest rate sensitivity analysis

A sensitivity analysis on the interest rate was carried out, assuming an upward shift of +25 basis points and a downward shift of -10 basis points in the Euribor/EUR Swap interest rate curve, published by Reuters as at 31 December 2024. In this manner, the Group determined the impact that such changes would have on income and on equity.

The sensitivity analysis excluded financial instruments that are not exposed to significant interest rate risk, such as short-term trade receivables and payables.

The interest on bank borrowings was recalculated using the above assumptions and the investment position in the year, recalculating the higher/lower annual finance costs.

For cash and cash equivalents, the average balance of the period was calculated using the carrying amounts at the beginning and end of the year. The effect on income of a 25 basis-point increase/10 basis-point decrease in the interest rate from the first day of the period was calculated on the amount thus determined.

According to the sensitivity analysis performed on the basis of the above criteria, the Group is exposed to interest rate risk on its expected cash flows. If interest rates should rise by 25 basis points, income would decrease by 100 thousand euro due to higher interest expense with banks and third parties. If interest rates should fall by -10 basis points, income would increase by around 41 thousand euro.

Credit risk

The Group has no significant concentration of credit risk. Receivables are recognised net of the impairment calculated in accordance with IFRS 9. Guidelines have been implemented for managing customer credit, supervised by the designated business function (Credit Management), to ensure that sales are conducted only with reasonably reliable and solvent parties, and through the setting of differentiated credit ceilings (according to creditworthiness).

The trade receivables and other current assets excluding the returns provision are set forth below by the main areas in which the Group operates in order to evaluate the country risk. The section on accounting standards provides additional information thereon.

Trade receivables by geographical area and other current assets (euro/000)	12/31/2024	12/31/2023
Italy	18,864	19,352
Rest of Europe	22,767	20,243
North America	24,121	26,622
Rest of World	28,695	30,372
Total	94,446	96,588

Trade receivables not past-due are set forth below, categorised by geographical area (IFRS 7):

Trade receivables not overdue by geographical area (euro/000)	12/31/2024	12/31/2023
Italy	12,813	11,930
Rest of Europe	19,510	15,253
North America	17,029	19,699
Rest of World	24,374	23,897
Total	73,727	70,778

The following table shows the undisputed trade receivables due and past due (in an ageing analysis):

Ageing analysis of trade receivables not protested <i>(euro/000)</i>	Gross value	Provision	Net value
12/31/2023			
Not past due	70,778	(1,175)	69,603
Past due by less than 3 months	10,772	(923)	9,849
Past due by 3 to 6 months	2,367	(640)	1,726
Past due by more than 6 months	2,986	(2,892)	94
Total	86,904	(5,631)	81,273
12/31/2024			
Not past due	73,727	(1,657)	72,069
Past due by less than 3 months	5,307	(833)	4,474
Past due by 3 to 6 months	1,057	(19)	1,038
Past due by more than 6 months	2,696	(1,052)	1,644
Total	82,787	(3,561)	79,226

In some markets where the Group operates, receivables are regularly collected after the date stipulated by contract, without this necessarily indicating collection issues or financial difficulties.

Consequently, there are trade receivable balances that were not considered impaired, even though they were past due.

The balance of these trade receivables is set forth in the table below by past-due category:

Trade receivables overdue but not impaired <i>(euro/000)</i>	12/31/2024	12/31/2023
Past due less than 3 months	4,474	9,849
Past due more than 3 months	2,682	1,820
Total	7,157	11,669

For the sake of exhaustive disclosure, an ageing analysis of disputed receivables and the related write-downs is set forth below:

Ageing analysis of protested trade receivables <i>(euro/000)</i>	Gross value	Provision	Net value
12/31/2023			
Past due by less than 12 months	263	(263)	-
Past due by more than 12 months	7,300	(7,300)	-
Total	7,563	(7,563)	-
12/31/2024			
Past due by less than 12 months	404	(382)	22
Past due by more than 12 months	5,039	(4,858)	181
Total	5,444	(5,240)	203

The changes in the provision for doubtful debts are set forth below:

Provision for doubtful debts <i>(euro/000)</i>	12/31/2024	12/31/2023
Opening amount	13,194	15,889
Provisions/Reversal on P&L	759	1,322
Use	(5,284)	(3,824)
Increase from business combinations (ic! berlin)	-	10
Translation difference	132	(203)
Period end Total	8,801	13,194

In accordance with IFRS 9, the expected losses on trade receivables were estimated upon initial recognition of the receivable and over its lifetime (lifetime expected credit loss). As allowed by the standard, a matrix was used to estimate the expected credit losses that took into account the geographical source of the receivable and the type of customer. The matrix considers different loss percentages according to the ageing category of the receivables. The expected loss percentage rises when the receivable seniority rises.

Liquidity risk

Prudent management of liquidity risk entails keeping a sufficient level of liquidity and having sources of funding available to meet working capital requirements by means of adequate credit lines.

Due to the dynamic nature of its business, the Group has always preferred the flexibility of obtaining funding through the use of credit lines. As noted in the Report on Operations, since May 2021, there is a revolving credit facility (RCF) of a nominal value of 46 million euro available for short-term cash flow requirements. As part of the liquidity support measures, the shareholder 3 Cime SpA (company merged with Marcolin SpA in 2023) disbursed on 24 June 2020 a 25 million euro subordinated shareholder loan maturing in November 2027, which accrues interest repayable at maturity. The merger by incorporation of 3 Cime SpA into Marcolin SpA took place in 2023. After this merger became effective, the aforementioned shareholder loan agreement disbursed by 3 Cime SpA to Marcolin SpA was consequently extinguished. The series of ownership rights and obligations transferred from 3 Cime SpA to Marcolin SpA as part of the merger included that deriving from the shareholder loan agreement originally disbursed by Tofane SA to 3 Cime SpA on the same date. In the context of merger-related obligations, Marcolin SpA signed a number of amendments to the shareholder loan agreement with Tofane SA and related ancillary documentation, also in order to adapt certain terms and conditions to the requirements set out in documentation relating to the bond loan originally under 3 Cime SpA responsibility. In particular, as a result of this amendment, (i) the maturity date of the loan was postponed to 16 November 2027 and (ii) the amount due to Tofane deriving from the Tofane shareholder loan agreement will be subordinated to repayment of the Bond Loan and the amounts not yet repaid pursuant to the ssRCF loan agreement.

Lastly, the merger did not affect the pledge in place on Marcolin SpA shares, which did not change, except for the change in the related pledgor (with the signing of a recognition and confirmation deed by Tofane) and will therefore continue to guarantee, without interruption or novation effect, the current commitments.

On 13 December 2023, following financial needs of the parent company Tofane SA, Marcolin SpA carried out a partial repayment of the aforementioned shareholder loan for a total amount of 3.0 million euro, of which 2.35 million euro attributable to the principal amount and € 630 thousand to the interest accrued from the date of disbursement of the loan on the principal amount repaid. Following the transaction, the residual principal of the shareholder loan amounts to 22.65 million euro.

The loan is structured as equity credit.

Lastly, on 31 October 2023 a new loan was taken out for a total of 30 million euro, necessary to part-finance the acquisition of ic! berlin GmbH. At present, based on its available sources of funding and credit facilities, the Group considers its access to funding to be sufficient for meeting the financial requirements of ordinary operations and for the capital expenditures planned. The Annual Financial Report of the Marcolin Group also discusses this subject.

Liquidity analysis

Liquidity analysis was performed on loans and trade payables. Borrowings were specified by time bracket for principal repayments and non-discounted interest. Future interest amounts were determined using forward interest rates taken from the spot-rate curve published by Reuters at the end of the reporting period.

None of the cash flows included in the table were discounted. They also consider the Group's financial position as at 31 December 2024.

(euro/000)	Within 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Total
Loans and bonds (excluding capital lease)	7,513	395,868	-	-	391,403
Interest expenses on loans, bonds, leasing	24,177	31,034	545	614	11,978
Capital lease	6,303	4,915	1,911	2,519	15,648
Trade payables	139,876	-	-	-	139,876

CLASSIFICATION OF FINANCIAL INSTRUMENTS

The financial instruments are shown by type in the following table (in comparison with the amounts of the prior year), in accordance with IFRS 7. The financial instruments were classified in accordance with IFRS 9 and IFRS 16.

Categories of financial assets (euro/000)	Trade receivables	Financial assets	Cash and cash equivalents
2024			
Loans and other financial receivables at amortized cost	79,430	1	68,892
Financial assets at fair value through P&L	-	-	-
Held to maturity investments	-	-	-
Financial assets available for sale	-	-	-
Total	79,430	1	68,892

Categories of financial assets (euro/000)	Trade receivables	Financial assets	Cash and cash equivalents
2023			
Loans and other financial receivables at amortized cost	81,312	159	56,519
Financial assets at fair value through P&L	-	-	-
Held to maturity investments	-	-	-
Financial assets available for sale	-	-	-
Total	81,312	159	56,519

Categories of financial liabilities (euro/000)	Trade payables	Financial liabilities	Bond
2024			
Financial liabilities at amortized cost	139,876	53,390	349,991
Lease financial liabilities	-	15,648	-
Total	139,876	69,038	349,991

Categories of financial liabilities (euro/000)	Trade payables	Financial liabilities	Bond
2023			
Financial liabilities at amortized cost	131,588	68,788	348,665
Lease financial liabilities	-	13,799	-
Total	131,588	82,587	348,665

FAIR VALUE MEASUREMENT HIERARCHY

Financial instruments measured at fair value are reported on the basis of the fair value hierarchy, described below:

- Level 1 – (unadjusted) prices listed in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 – valuation techniques for which inputs for the asset or liability are unobservable.

As at 31 December 2024, the company held no financial instruments measured at fair value.

USE OF ESTIMATES

The preparation of consolidated Financial Statements requires making estimates that could affect the carrying amount of some assets, liabilities, income and expenses, and disclosures concerning contingent assets and liabilities at the reporting date.

Estimates were used mainly to determine the recoverability of intangible assets (including goodwill), the useful lives of property, plant and equipment, the recoverability of receivables (including deferred tax assets), the valuation of inventories, and the recognition or measurement of provisions for risks and charges.

The estimates and assumptions are based on data that reflect currently available best information.

The estimates and assumptions that involve a significant risk of changes in the carrying amounts of assets and liabilities are described hereunder.

Goodwill

Pursuant to IAS 36, the Group performs impairment tests at least annually.

Recoverable amounts are calculated based on "value in use".

The calculations require using estimates of the future performance of the cash-generating units (CGUs) to which goodwill belongs (business plan forecasts), the discount rate (WAAC) and the prospective growth rate to be applied to the forecast cash flows ("g" rate).

Impairment of non-current assets

When there is indication that the net carrying amount could exceed the recoverable amount, non-current assets are reviewed to determine whether they have suffered impairment losses, in accordance with the accounting standards adopted. The recoverable amount is analysed by comparing the carrying amount of the asset with its fair value less costs to sell and value in use, whichever is greater.

If any such indication exists, management is required to perform subjective evaluations based on information available within the Group and on the market and based on the management's knowledge.

If indications of impairment should exist, the Group calculates the potential impairment using the valuation techniques it considers to be the most appropriate.

Proper identification of impairment indications and estimates of potential impairment are dependent on factors that may vary over time, affecting the measurements and estimates made by management.

Provision for doubtful debts

The provision for doubtful debts reflects management's estimates of future losses on trade receivables concerning end customers. The provision for doubtful debts is calculated in accordance with IFRS 9.

Returns provision and product warranty provision

The returns provision and product warranty provision reflect management's estimate of losses deriving from the customers' possibility under contract to return products sold. The product warranty provision gives the customer the possibility to return defective merchandise and receive in exchange an analogous (non-defective) product.

The returns provision is accounted for in accordance with IFRS 15, and the product warranty provision in accordance with IAS 37.

Provision for inventory impairment

The provision for inventory impairment reflects management's estimates regarding the losses expected by the Group, determined on the basis of past experience and both past and anticipated market trends.

Income taxes

The correct determination of income taxes in the various jurisdictions in which Marcolin operates requires interpretation of the tax regulations applicable in each jurisdiction. Though Marcolin intends to maintain relations with the tax authorities of the countries in which business is carried out based on transparency, dialogue and collaboration (e.g. by refusing to implement aggressive tax planning and, where present, using the measures envisaged in the various legal systems to

mitigate the risk of tax disputes), it is not possible to exclude with certainty any disputes with tax authorities resulting from ambiguous interpretations of tax regulations. The settlement of a tax dispute, through a process of negotiation with the tax authorities or a final decision on a dispute, can take several years.

The estimated total liabilities relating to uncertain tax treatments is the result of a complex process that involves subjective judgements by Company Management. After initial recognition, these liabilities are periodically updated to reflect changes in the estimates made, arising from changes in significant facts and circumstances.

The need to make complex assessments and exercise managerial judgment concerns, in particular, activities associated with verification of the recoverability of deferred tax assets, relating to deductible temporary differences and tax losses, which requires making estimates and assessments regarding the amount of future taxable income and the related timing of materialisation.

ANALYSIS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION ITEMS

The comments and changes in the most significant items compared to the Consolidated Financial Statements as at 31 December 2024 are detailed below (unless otherwise specified, amounts are expressed in thousands of euros).

BUSINESS COMBINATIONS

Acquisition of the ic! berlin Group

As already extensively discussed in the Report on Operations, in November 2023 Marcolin SpA acquired the ic! berlin Group. The transaction closing was on 7 November 2023. In accordance with the provisions of IFRS 3 "Business combinations", the acquisition qualified as a business combination and was recognised as such in accordance with the purchase method.

Note that, based on the provisions of IFRS 3 and its completion close to the end of 2023, the initial recognition of this business combination was provisionally determined in the Consolidated Financial Statements as at 31 December 2023 and the determination of goodwill was also provisional pending identification of the fair value of the contingent assets and liabilities acquired.

During financial year 2024, accounting of the aforementioned business combination was finalised with identification and measurement of the assets and liabilities acquired. The information required by IFRS 3 with regard to the business combination is provided below.

Entities participating in the business combination

The entities involved in the business combination are Marcolin SpA, as acquiring entity, and ic! berlin as the group of entities acquired.

The table below shows the entities acquired with an indication of the percentages of equity instruments with voting rights acquired directly by Marcolin SpA:

Company	Location	Address	Currency	Share capital	Equity	Net profit / (loss) for the	Consolidation method	% ownership	
								direct	indirect
ic! Berlin GmbH	Berlin, Germany	Wollfener Straße 32 F	EUR	500,000				100.0%	
ic! Berlin Japan KK	Tokyo, Japan	2-8-2-201 Minami Aoyama, Minato-ku, Tokyo 107-0062	JPY	5,000,000					100.0%
ic! Berlin America LLC	New York, USA	32-75 Steinway Street, Suite 210, Long Island City, 11103 New York	USD	24,975					100.0%

Cost of the business combination

The cost of the business combination was 38,527 thousand euro and is represented by the total amount of acquisitions of equity instruments in the acquired entities.

Any ancillary transaction costs were recognised in the income statement in the period in which they were incurred (as required by the reference accounting standard).

Fair value of the assets, liabilities and contingent liabilities acquired

The fair value of the net assets acquired amounts to 19,518 thousand euro and is detailed as follows (figures in thousands of euro):

(euro/000)	Book value of net asset acquired	Fair value of net assets identified and IFRS	Total provisional Fair Value of net assets acquired
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1,866	1,232	3,099
Intangible assets	730	24,653	25,383
Goodwill	170	(170)	-
Investments in subsidiaries and associates	27		27
Deferred tax assets	1,168	(152)	1,016
Other non-current assets	-		-
Non-current financial assets	24		24
Total non-current assets	3,986		29,549
CURRENT ASSETS			
Inventories	4,941	466	5,407
Trade receivables	2,913		2,913
Other current assets	415	194	609
Current financial assets	6		6
Cash and cash equivalents	1,843		1,843
Total current assets	10,118		10,778
TOTAL ASSETS	14,103		40,326
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current financial liabilities	4,915	790	5,705
Non-current funds	-		-
Deferred tax liabilities	18	7,960	7,978
Other non-current liabilities	-		-
Total non-current liabilities	4,933		13,683
CURRENT LIABILITIES			
Trade payables	835		835
Current financial liabilities	3,691	442	4,134
Current funds	34	842	876
Tax liabilities	271		271
Other current liabilities	1,010		1,010
Total current liabilities	5,841		7,125
TOTAL LIABILITIES	10,773		20,808
TOTAL LIABILITIES AND EQUITY	14,103		21,752
NET ASSET ACQUIRED	(3,330)		(19,518)

The purchase price allocation identified new net assets with a total fair value of 26,223 thousand euro, primarily related to the valuation of the ic! berlin brand and the customer list. The brand has been classified as an intangible asset with an indefinite useful life, while the customer list will be amortised over a useful life of 20 years. The valuation of these new assets was determined based on an assessment prepared by an independent third party.

The net cash outlay for the acquisition is shown below:

(euro/000)	
(+) Price paid	38,527
(+) Repayment of financial liabilities from the ic berlin	8,501
(-) Cash acquired	1,843
Net cash outflows for the acquisition	45,185

As the acquisition was completed on 7 November 2023, the Consolidated Financial Statements of the Marcolin Group as at 31 December 2023 include the financial data of ic! berlin for the period from 8 November 2023 to 31 December 2023. The revenues and adjusted EBITDA (without considering non-recurring income and expenses) of the entity resulting from the combination – assuming the date of acquisition as the starting date of the year (1 January 2023) to which the Financial Statements as at 31 December 2023 referred, as required by IFRS 3 – would amount to 575.4 million euro and 81.4 million euro, respectively.

Goodwill recognised as a result of the business combination

From a comparison between the cost of the business combination and the acquirer's interest in the net fair value of the assets and liabilities acquired, a residual goodwill of 19,009 thousand euro emerged (as at 7 November 2023), as shown in the following table:

<i>(euro/000)</i>	
Net fair value at the acquisition date	19,518
Non-controlling interests	-
Net fair value recorded at the acquisition date	19,518
Price paid	38,527
Goodwill	19,009

This goodwill represents the future economic benefits resulting from the business combination, mainly due to the value of the ic! berlin brand and the wealth of expertise and know-how developed by the ic! berlin Group over the years. These represent a potential contribution to future profitability and cash flow generation, deriving from the ability to meet customer needs and quantifiable in terms of increased profitability and cash flow.

The future economic benefits are guaranteed by the set of industrial and commercial strategies and information held by ic! berlin as regards trade relations with customers and distributors and the production know-how acquired mainly from metalworking. This intangible wealth of practical knowledge summarises the commercial know-how of the business complex acquired.

This goodwill will not be relevant for tax purposes.

With regard to the management's assessments of the recoverability of the value of the ic! berlin brand and the residual goodwill resulting from the business combination, please refer to paragraph "2. Intangible Assets and Goodwill".

1. PROPERTY, PLANT AND EQUIPMENT

The composition of and annual changes in the item are set forth below:

<i>(euro/000)</i>	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other PP&E	Assets under construction	Total
Net value at beginning of 2023	20,304	8,743	2,823	9,728	258	41,855
Increases	5,080	2,566	1,950	7,167	285	17,048
Decreases	(1,035)	(8)	(140)	(34)	-	(1,217)
Increase from business combinations (ic! berlin)	1,954	562	299	284	-	3,099
Depreciation	(5,488)	(2,421)	(1,327)	(5,517)	-	(14,753)
Translation difference	(310)	-	(77)	(54)	(9)	(449)
Reclassification and other movements	230	(5)	184	(183)	(226)	0
Net value at end of 2023	20,735	9,437	3,712	11,391	308	45,583
Net value at beginning of 2024	20,735	9,437	3,712	11,391	308	45,583
Increases	6,889	2,610	1,289	7,391	438	18,617
Decreases	(746)	(39)	(54)	(230)	-	(1,069)
Depreciation	(5,681)	(2,574)	(1,460)	(6,530)	-	(16,246)
Translation difference	125	-	138	20	12	295
Reclassification and other movements	(50)	(173)	194	471	(442)	0
Net value at end of 2024	21,271	9,261	3,818	12,513	317	47,180

The 2024 capital expenditures totalled 18,617 thousand euro.

In addition to the effects arising from the application of the IFRS 16 accounting standard, which predominantly account for the increases in the category "Land and buildings", mainly related to the signing of lease commercial property leases in New York, London and Moscow, as well as renovation works and improvements associated with these properties, the increases in other classes of tangible assets primarily concerned the following items:

- purchases of plant and machinery for 2,610 thousand euro, with the main increase relating to the project known as "Atelier", aimed at expanding production capacity at the Longarone facility. This site is dedicated to manufacturing products with higher complexity in terms of both product and process, and also serves as a support to the main departments in the event of peaks in production demand;
- equipment purchases for 1,289 thousand euro;
- other purchases totalling 7,391 thousand euro, consisting primarily of computer hardware, office furniture and equipment, and sales-related furnishings;
- increases of 438 thousand euro referring to work in progress and advances.

Amortisation is 16,246 thousand euro and consists of:

- 4,520 thousand euro recognised in the components of the cost of goods sold;
- 9,491 thousand euro in distribution, sales and marketing costs;
- 2,235 thousand euro recognised in general and administrative expenses.

The gross value of property, plant and equipment and the related accumulated depreciation as at 31 December 2024 is shown in the table below:

Property, plant and equipment (euro/000)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other PP&E	Assets under construction	Total 12/31/2024
Undepreciated value	54,733	39,256	26,340	42,608	317	163,254
Accumulated depreciation	(33,462)	(29,995)	(22,522)	(30,095)	-	(116,074)
Net Value	21,271	9,261	3,818	12,513	317	47,180

The following table presents the amounts of the previous year:

Property, plant and equipment (euro/000)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other PP&E	Assets under construction	Total 12/31/2023
Undepreciated value	50,076	37,102	27,348	38,399	308	153,233
Accumulated depreciation	(29,341)	(27,664)	(23,636)	(27,008)	-	(107,650)
Net value	20,734	9,437	3,712	11,391	308	45,583

The following table shows the net carrying amount as at 31 December 2024 of the rights of use recognised in accordance with IFRS 16 and included within the respective asset classes to which the right of use refers:

€/000	12/31/2024	12/31/2023
Land and buildings	10,426	9,088
Industrial and commercial equipment	496	391
Cars	3,011	2,807
Other tangibles fixed assets	206	266
Total Right-of-use assets	14,140	12,553

The following table lists the 2024 depreciation of the right-of-use assets:

€/000	2024
Land and buildings	4,460
Industrial and commercial equipment	195
Cars	1,747
Other tangibles fixed assets	97
Total depreciation of Right-of-use	6,498

2. INTANGIBLE ASSETS AND GOODWILL

The composition of and changes in this item are set forth below:

Intangible assets and goodwill (euro/000)	Software	Concessions, licenses and trademarks	Other	Intangible assets under formation and advances	Total	Goodwill
Net value at beginning of 2023	7,940	1,050	33,742	464	43,195	293,359
Increases	2,560	229,963	5,726	1,156	239,406	-
Decreases	(1)	(6)	(2,548)	-	(2,554)	-
Increase from business combinations (incl Berlin)	609	88	-	33	730	35,367
Depreciation	(3,039)	(2,832)	(3,349)	-	(9,220)	-
Translation difference	(81)	(181)	(413)	(21)	(694)	(3,409)
Reclassification and other movements	466	17,739	(17,201)	(996)	8	-
Net value at end of 2023	8,454	245,820	15,958	637	270,869	325,317
PPA allocation (incl Berlin)		22,103	2,401		24,504	(16,189)
Net value at beginning of 2024	8,454	267,923	18,359	637	295,374	309,128
Increases	2,516	-	3,439	220	6,175	-
Decreases	(273)	(51)	-	-	(324)	-
Depreciation	(3,486)	(2,884)	(3,846)	-	(10,217)	-
Translation difference	98	457	408	16	980	5,940
Reclassification and other movements	678	2,483	(2,478)	(682)	0	-
Net value at end of 2024	7,986	267,927	15,883	192	291,988	315,068

As required by IFRS 3, the purchase price allocation for the acquisition of ic! berlin was completed in 2024, leading to the adjustment of the values of the acquired assets and assumed liabilities. Therefore, the comparative data for the previous year, as at 31 December 2023, has been restated to reflect the final accounting of the transaction.

During the year, were made investments amounting to 6,811 thousand euro, of which 3,198 thousand euro were invested in Software, primarily related to the Parent Company for new management applications and their implementations, as well as other intangible assets.

The item Concessions, licences and trademarks increased by 229,963 thousand euro during 2023 attributable to the Parent Company and relating to the payment made on 28 April 2023 by Marcolin SpA for the extension of the perpetual licence agreement on TOM FORD eyewear for a total of 250 million dollars. For further details on the transaction, please refer to the specific paragraph in the Group's Annual Financial Report as at 31 December 2023. With reference to this payment, considering the timing uncertainty of finalisation of the related payment obligation, as it is tied to closing of the acquisition of TOM FORD by ELC, the Group assessed the possibility of hedging the exchange rate risk by signing a Deal Contingent Forward derivative contract with a leading bank, which made it possible for a period of a few months to set the exchange rate at which Marcolin would have converted euros into dollars in order to make the payment to TOM FORD. In addition, the contract envisaged a cancellation option if the deal between ELC and Marcolin SpA was not completed. Given its structuring, the contract was recognised using the hedge accounting method, in accordance with IFRS 9, all components of which were substantially effective.

Note that this amount meets the criteria for classification as an intangible asset with an indefinite useful life, as defined in paragraph 88 IAS 38, and is therefore not subject to systematic amortisation but rather to annual verification of its value in compliance with IAS 36 "Impairment of assets".

As part of its impairment testing activities, the Company carried out an assessment of the recoverability of the TOM FORD licence and the value of the ic! berlin brand, by estimating their fair value. This approach was adopted as these assets have been classified as having an indefinite useful life. In order to estimate the fair value, the Company applied the provisions of IFRS 13 (Fair Value Measurement). In particular, it applied an approach based on differential income flows attributable to the intangible assets (Income Approach) using the Royalty Rate Method version, which assumes that the value of the intangible asset is a function of the royalties that would be obtained (saved) in the event of the disposal (acquisition) of use of the intangible asset.

The application of these parameters resulted in a fair value for the TOM FORD licence and the ic! berlin brand, which confirmed the full recoverability of the recognised assets. The carrying amount of the licence and the brand, having been individually tested for recoverability, was nonetheless also included within the Marcolin CGU for the purpose of determining its total value in use.

The item in question also includes the domestic brand WEB EYEWEAR. This asset, which was obtained in November 2008 for 1,800 thousand euro and whose purchase price was determined by an independent professional appraiser, is amortised over 18 years.

Amortisation is 10,217 thousand euro and consists of:

- 8,250 thousand euro recognised in marketing and distribution expenses;
- the remaining 1,967 thousand euro recognised in general and administrative expenses.

The gross value and accumulated amortisation as at 31 December 2024 of intangible assets and goodwill are shown in the following table:

Intangible assets and goodwill (euro/000)	Software	Concessions, licenses and trademarks	Other	Intangible assets under formation and advances	Total 12/31/2024	Goodwill
Undepreciated value	49,331	288,562	45,251	192	383,336	315,068
Accumulated depreciation	(41,345)	(20,635)	(29,368)	-	(91,348)	-
Net Value	7,986	267,927	15,883	192	291,988	315,068

The following table presents the amounts of the previous year:

Intangible assets and goodwill (euro/000)	Software	Concessions, licenses and trademarks	Other	Intangible assets under formation and advances	Total 12/31/2023	Goodwill
Undepreciated value	45,410	265,297	72,517	638	383,860	325,317
Accumulated depreciation	(36,956)	(19,476)	(56,558)	-	(112,990)	-
Net Value	8,454	245,820	15,958	638	270,870	325,317

Impairment testing

Impairment testing, under IAS 36, is performed at least annually for intangible assets with an indefinite useful life, such as goodwill. Other intangible assets are tested whenever there are external or internal indications that they have suffered an impairment loss.

The total Goodwill of 315,068 thousand euro recognised as at 31 December 2024 in the Group's consolidated financial statements, was impairment tested to assess the appropriateness of its carrying amount at the date of preparation of these financial statements.

The Group is now managed as a single unit coordinated by the Parent Company using a centralised model. For this reason, goodwill was measured at a Group level.

The recoverable amount of the net invested capital including goodwill was estimated using Marcolin Group's value in use, assumed as the enterprise value emerging from the application of the unlevered free cash flow method to the projected cash flows of Marcolin Group's continuing operation.

The following assumptions were made to determine value in use:

- the cash-generating unit (CGU) was identified as the entire Marcolin Group (cash flows from projected operating/financing activities of Marcolin SpA and all its Italian and foreign subsidiaries) because the Group's organisational structure uses a centralised model headed by Marcolin SpA;
- the main data sources used were: the draft Financial Statements as at 31 December 2024, the 2025 Budget and the 2026-2029 business plan.³ The main assumptions governing the multi-year Business Plan concern:
 - from a commercial point of view, the focus remains on the continuous growth of the brands within the Group's portfolio. Notably, TOM FORD continues to strengthen its leadership position in the Luxury segment, while Guess is gaining momentum in the Diffusion segment. Additionally, the Group is developing newly announced licensed brands such as Christian Louboutin, K-Way and Abercrombie. There has also been significant growth in products targeting the outdoor sports segment, driven by portfolio brands such as adidas Badge of Sport and adidas Originals. Commercial expansion of proprietary brands is ongoing, now including ic! berlin — acquired through
 - the purchase of the brand's parent company on 7 November 2023 - alongside the long-established WEB EYEWEAR brand. The Group continues to strengthen its E-commerce channel, both directly and through third-party intermediaries, and has completed the rollout of its CRM system across its affiliates. Strategic commercial development is also underway in key regions such as the US and APAC, while the consistent and successful renewal of licence agreements remains a hallmark of the Group's long-standing approach;
 - from the industrial and logistical point of view, increasing the efficiency of the entire supply chain, from the procurement channels of third-party suppliers to projects aimed at increasing internal production also through automation projects of industrial and logistical processes; efficiency in inventory management through new demand planning and product development processes;
- the terminal value was calculated using the 2029 EBITDA, assuming perpetual growth at a "g" rate. This rate was assumed to be 2.3%, prudentially considering the inflation projections for the countries in which Marcolin operates. The resulting cash flow is adjusted to normalise the cash flow expected in perpetuity, according to the standard measurement practice;
- the cash flow discount rate (WAAC) is 10,51%, calculated in line with the Capital Asset Pricing Model (CAPM) commonly used for valuation in doctrine and in standard practice. This rate reflects current market estimates referring to: 1) the cost of capital for debt (Kd = 2.99%, after taxes); 2) the expected return on the risk capital invested in Marcolin (Ke = 13.10%), weighted considering the source of the Group's main cash flows. Weighted Kd/Ke was determined under the applicable accounting standards by considering the average financial structure of Marcolin's main comparables, assuming that the value of the entity's projected cash flows does not derive from its specific debt/equity ratio.

On the basis of the analysis performed, it can be well concluded that the Goodwill recorded is not impaired, as the value in use is much higher than the carrying amount of the net invested capital as at 31 December 2024.

Moreover, sensitivity analysis was performed on the Group's enterprise value, determined with the previously described methods, assuming:

- changes in WAAC;

³ The impairment test document was approved by the Parent Company's Board of Directors on 26 March 2025. Management has prepared a five-year business plan (2025 in accordance with the Budget and progression of the Business Plan up to 2029) to present the business outlook, recognising the marketing and business strategies used.

- changes in the “g” rate.

In this case, a half-percentage point increase in WAAC would result in a 6% decrease in the enterprise value (given the same “g”), whereas a half-percentage point decrease in the “g” rate would result in a 4% decrease in the enterprise value (given the same WAAC). Neither case would result in an impairment loss.

Finally, a stress test was performed assuming higher capital expenditures than those budgeted and estimating possible cash outflows that the Group could incur to renew certain licenses upon their expiration.

Even this stress test confirmed that the coverage amounts remain positive, with broad safety margins.

3. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

As at 31 December 2024, all Group companies were consolidated on a line-by-line basis. The Group has no investments in associates or other investments.

4. DEFERRED TAX ASSETS AND LIABILITIES

The net deferred tax assets as at 31 December 2024 are 43,858 thousand euro (45,428 thousand euro in 2023), of which 60,462 thousand euro in deferred tax assets and 16,604 thousand euro in deferred tax liabilities.

The value is mainly attributable to the Parent Company, for 12,846 thousand euro (14,229 thousand euro in 2023), to the subsidiary Marcolin USA Eyewear Corp. for 30,218 thousand euro (29,797 thousand euro in 2023), to the subsidiary Marcolin France Sas for 1,842 thousand euro (2,178 thousand euro in 2023), Marcolin do Brasil Ltda for 1,503 thousand euro (2,520 thousand euro in 2023) and Marcolin Eyewear (Shanghai) for 1,328 thousand euro (1,322 thousand euro in 2023).

The amount refers to:

- 20,632 thousand euro in temporary differences generated between the value of the assets and liabilities reported in the Financial Statements and the value attributed to those assets and liabilities for tax purposes;
- 10,621 thousand euro in deferred tax assets recognised on tax losses;
- 12,605 thousand euro in deferred tax assets recognised on allocations to provisions.

Recognition of deferred tax assets was made possible by the prospect of realising the assets due to the expectation of future taxable profits according to the strategic business plans prepared by the Group.

More information is provided in Note 29 on income taxes.

5. OTHER NON-CURRENT ASSETS

The balance as at 31 December 2024 is 1,045 thousand euro (compared to 887 thousand euro for the previous year). The item mainly includes commissions related to the ssRCF line, available for a maximum amount of 46.2 million euro for the Parent Company, undrawn as at 31 December 2024, and, to a lesser extent, security deposits related to commercial property lease agreements.

6. NON-CURRENT FINANCIAL ASSETS

The item as at 31 December 2024 had a balance of zero compared to 23 thousand euro as at 31 December 2023.

7. INVENTORIES

Inventories are detailed below:

Inventories (euro/000)	12/31/2024	12/31/2023 Restated
Finished goods	88,312	92,801
Raw material	17,459	20,578
Work in progress	14,509	14,868
Gross inventory	120,281	128,248
Inventory provision	(30,631)	(32,445)
Net inventory	89,649	95,802

Implementation of the series of actions to improve and increase the efficiency of inventory management continued in 2024, and benefits were seen from the investments made in previous years, continuing in 2024, in logistics automation systems and innovation in sales and demand planning processes. These actions are allowing the Group to benefit from lower inventory levels while ensuring excellent service quality in fulfilling customer orders, both in terms of product availability and order fulfilment speed.

The coverage of obsolescence risk had a 25.5% impact on gross inventories as at 31 December 2024 compared to 24.9% in the previous year.

8. TRADE RECEIVABLES

The composition of the trade receivables is as follows:

Trade receivables <i>(euro/000)</i>	12/31/2024	12/31/2023 Restated
Gross trade receivables	88,231	94,506
Provision for bad debts	(8,801)	(13,194)
Net trade receivables	79,430	81,312

The net trade receivables amount essentially shows a balance in line with the previous year.

The careful management of credit, as an integral part of sales and financial policies, enabled the Group to benefit over time from a steady improvement and maintenance of the DSO ratio and at the same time significantly reduce past due positions. This trend was also confirmed in 2024 despite the complex macro and microeconomic situations in some of the Group's markets.

The amount of receivables recognised was not discounted, since all receivables are due within 12 months. The provision for doubtful debts was calculated in accordance with IFRS 9. For further details, please refer to the paragraph "Financial Risk Factors" in this financial report.

9. OTHER CURRENT ASSETS

The composition of other current assets is shown below:

Other current assets <i>(euro/000)</i>	12/31/2024	12/31/2023 Restated
Tax credits	7,703	8,106
Prepaid expenses	4,787	5,246
Assets for rights to receive goods back	9,697	8,580
Other receivables	2,526	1,924
Total other current assets	24,712	23,856

This item, totalling 24,712 thousand euro (23,856 thousand euro in 2023), increased by 856 thousand euro compared to the previous year.

"Tax receivables" consist mainly of VAT and taxes paid on account.

The item Receivables from others as at 31 December 2024 is mainly composed of tax credits pursuant to art. 165, paragraph 6, of the TUIR. The reduction in this item compared to the previous year is due to the use by Marcolin SpA of the previous surpluses of tax credits under Article 165, paragraph 6 of the Italian Tax Consolidation Act (TUIR) during the submission of the 2024 tax return (for the year 2023).

The item Returned goods recovery rights includes the estimated right to recover the products from the customer upon settlement of the liability for future refunds, which is recognised in this item in accordance with IFRS 15.

"Other assets" consists mainly of prepaid insurance premiums and other costs for projects relating to 2025.

10. CURRENT FINANCIAL ASSETS

This item, which amounted to 0.5 thousand euro as at 31 December 2024, compared to 136 thousand euro as at 31 December 2023, is mainly composed of minor financial receivables from third parties.

11. CASH AND CASH EQUIVALENTS

This item represents the value of cash deposits and highly liquid financial instruments, i.e., those with a maturity of up to three months.

It increased by 12,373 thousand euro in the period. This decrease is shown in the Consolidated Cash Flow Statement, which provides information on the 2024 changes in cash and cash equivalents.

12. EQUITY

The Parent Company's share capital amounts to a total of 35,902,749.82 euro, fully paid up, divided into 61,458,375 ordinary shares with no indication of nominal value. As at 31 December 2024, the share capital is fully owned by the sole shareholder, Tofane SA, at 100% (following the merger by incorporation of 3 Cime SpA into Marcolin SpA that took place in November 2023).

As at 31 December 2024, the share premium reserve amounted to 170,304 thousand euro, and the Reserve for Capital Contributions from Shareholders amounted to 121,108 thousand euro, a value increased by 75,000 thousand euro on 21 April 2023 following the capital increase by the former shareholder 3 Cime SpA, as part of the necessary equity related to the financial obligations arising from the extension of the perpetual licence agreement with The Estée Lauder Companies ("ELC") for TOM FORD eyewear.

The Legal Reserve, amounting to 7,180 thousand euro, has reached the limit required by Article 2430 of the Italian Civil Code.

The foreign currency translation reserve, equal to 11,017 thousand euro, refers to the translation into Euros of the financial statements of Group companies whose functional currency differs from the Euro. The increase in this reserve compared to the previous year, equal to 6,911 thousand euro, is mainly attributable to the appreciation of the US dollar against the Euro of 6%, reflecting the differential between 31 December 2024 and 31 December 2023.

The item "Other Reserves", amounting to -11,071 thousand euro, primarily includes the recognition of the merger deficit of -1,544 thousand euro arising from the merger of 3 Cime SpA into Marcolin SpA, the accounting for the acquisition of 49% of the shares in the Mexican branch for -3,592 thousand euro and the recognition of the estimated value of the put/call options on minority shareholders' shares. The balance of the reserve also includes the -576 thousand euro exchange difference on the intercompany loan denominated in U.S. dollars granted by Marcolin SpA to the subsidiary Marcolin USA Eyewear Corp. On 18 November 2016, pursuant to a Board of Directors' meeting held on 27 October 2016 by Marcolin SpA, the intercompany loan's maturity date was terminated without providing for repayment of the loan in the foreseeable future. Therefore, in accordance with IAS 21, the loan to the American subsidiary is classified as a quasi-equity loan, so all the exchange differences associated with it are recognised in the consolidated Financial Statements in a specific equity reserve, like the exchange differences of Financial Statements denominated in foreign currency. It should be noted that over the years this loan has been subject to partial waivers of repayment, made necessary in order to rebalance the capital structure of the American subsidiary. At the end of October 2019, this waiver amounted to a principal of 60 million dollars, in November 2022 to 30 million dollars and in December 2023 for the residual amount of 35 million dollars. In both transactions, the amount of the waived loan was recognised in the equity of Marcolin USA Eyewear Corp. as a capital reserve constituting an equity item.

The actuarial reserve regards future employee benefits accounted for under IAS 19, corresponding to Marcolin SpA's provision for severance indemnities.

The statement of reconciliation between the equity and result for the period of the Parent Company Marcolin SpA and the consolidated equity and result for the period is summarised below:

	Total Equity	Period Result	Total Equity	Period Result
(€/000)	12/31/2024	2024	12/31/2023	2023
Marcolin SpA	379,098	8,780	370,332	6,415
Consolidation adjustments:				
Equity of consolidated companies and allocation of their results	192,444	11,952	188,393	17,721
Goodwill and other allocated surplus	(6,505)	-	(6,285)	-
Goodwill from acquisition 100% ic! berlin GmbH	35,197	-	35,366	-
Elimination of intra-Group dividends	-	(12,228)	-	(10,500)
Book value of consolidated shareholdings	(264,621)	-	(264,317)	-
Elimination of intra-Group income	(2,649)	(20)	(3,146)	706
Other consolidation adjustments	669	(439)	(581)	(4,103)
Total consolidation adjustments	(45,465)	(735)	(50,570)	3,824
Total equity and result	333,633	8,045	319,762	10,239
Equity and result for the year attributable to minority interests	-	600	-	1,377
Group consolidated equity and result	333,633	7,445	319,762	8,862

The Statement of Changes in Equity provides more detailed information.

13. NON-CURRENT FINANCIAL LIABILITIES

This item, equal to 405,213 thousand euro, amounted to 408,793 thousand euro at the end of 2023, with a decrease of -3,580 thousand euro. The item consists primarily of the value of the bond loan subscribed on 27 May 2021 for 350 million⁴ euro. The notes issued, which mature in 2026, are classified as non-current financial liabilities, and the related payable is accounted for in accordance with IFRS 9 with the amortised cost method to defer the transaction costs pertaining to future periods and to recognise them with the effective interest rate method. With respect to this financing, costs totalling 7,094 thousand euro were deferred, including 1,326 thousand euro pertaining to 2024, for a total amount of 2,717 thousand euro in costs still deferred.

As part of the above-mentioned bond issue, on 19 May 2021, a super senior revolving credit facility (ssRCF), governed by English law, was also signed, for a maximum amount of 46,250,000.00 euro, whose pool of banks is made up of Deutsche Bank Aktiengesellschaft, Banco BMP SpA, JP Morgan SE, Intesa Sanpaolo SpA and UniCredit SpA (the latter also acting as "Agent" and "Security Agent"), whose maturity was set within the limit of 6 months prior to the maturity of the new bond loan. This revolving line was undrawn as at 31 December 2024. With respect to this financing, accounted for among the current financial liabilities, costs totalling 694 thousand euro were deferred, including 127 thousand euro pertaining to 2024, for a total amount of 238 thousand euro in costs still deferred.

As at 31 December 2024, this item includes the financial debt arising to part-finance the acquisition of the ic! berlin Group. The total amount of the loan was originally 30 million euro, consisting of two credit lines, one medium/long-term amortising facility called "Facility A" for originally 12 million euro, with a grace period until 30 June 2024 and maturing 30 June 2026 (as at 31 December 2024, the residual amount of this line is equal to 7,200 thousand euro); and a medium/long-term credit line bullet facility called "Facility B" for 18 million euro to be repaid in one lump sum by the maturity date of 30 September 2026. The two lines have a variable interest rate commensurate with the 3M Euribor plus a spread in the range of 4.5%-5.5%. The component classified under non-current financial liabilities as at 31 December 2024 amounts to 20,400 thousand euro. With respect to this financing, costs totalling 1,008 thousand euro were deferred, including 354 thousand euro pertaining to 2024, for a total amount of 611 thousand euro in costs still deferred.

⁴On 27 May 2021, Marcolin SpA signed a guaranteed, non-convertible and non-subordinated senior bond loan, pursuant to articles 2410 et seq. of the Italian Civil Code, at a fixed rate of 6.125% and maturing in November 2026, for an amount of 350,000,000.00 euro, governed by the laws of the State of New York.

The key features are summarised below:

Recipients: The bonds may be offered and placed in: I) the United States exclusively to "qualified institutional buyers" pursuant to Rule 144A of the Securities Act of 1933 ("Securities Act"); II) Italy and in other countries other than the United States in accordance with the provisions of Regulation S under the Securities Act and exclusively to qualified investors, excluding any placement with the general public and in any case exempt from the regulations on Community and Italian public offerings pursuant to Regulation (EU) 2017/1129 and art. 100 of Legislative Decree no. 58 of 24 February 1998 and the relevant implementing rules contained in Article 35, paragraph 1, letter (d) of the CONSOB Regulation adopted by resolution 20307 of 15 February 2018 and in Article 34-ter, paragraph 1, letter (b) of the Regulation on issuers adopted by CONSOB by resolution no. 11971 of 14 May 1999;

Listing: on the Euro MTF multilateral trading facility managed by the Luxembourg Stock Exchange (non-regulated EU market), with the consequent disapplication of the issue limits provided for by Article 2412, paragraphs 1 and 2, of the Italian Civil Code;

Issue Price: 100% (one hundred percent) of the nominal value of the notes, plus any accrued interest from the issue date.

Maturity date: 15 November 2026.

Interest rate: fixed rate of 6.125%.

Interest Payment Dates: 15 May, 15 November of each year, commencing on 15 May 2021 to the maturity date.

Lastly, the item in question includes loan, originally 25 million euro (principal) payable by Marcolin SpA to the sole shareholder Tofane SA, including interest accrued as at the reporting date. As better specified in the Report on Operations, this loan from Tofane SA is a consequence of the reverse merger by incorporation of 3 Cime SpA into Marcolin SpA, which took place on 1 November 2023.

On 13 December 2023, following financial needs of the parent company Tofane SA, Marcolin SpA carried out a partial repayment of the aforementioned shareholder loan for a total amount of 2,979,877.05 euro, of which 2,350,000.00 euro attributable to the principal amount and 629,877.05 euro to the interest accrued from the date of disbursement of the loan on the principal amount repaid. Following the transaction, the residual principal of the shareholder loan amounts to 22,650,000.00 euro. From a financial point of view, this repayment was finalised through the payment of an amount equal to 1,335,239.80 euro and through offsetting with receivables claimed by Marcolin SpA from Tofane SA for an amount of 1,644,637.25 euro.

For the sake of exhaustive disclosure, the net financial position is set forth below. More information is provided in the Financial Report.

Net financial debt	12/31/2024	12/31/2023
<i>(euro/000)</i>		
Cash and cash equivalents	68,892	56,519
Current and non-current financial assets	1	159
Current financial liabilities	(9,016)	(17,659)
Current portion of non-current financial liabilities	(4,800)	(4,800)
Non-current financial liabilities	(405,213)	(408,793)
Total net financial debt	(350,136)	(374,574)
Loan from parent company Tofane SA	28,791	30,279
Total net financial debt adj	(321,345)	(344,295)

In addition to the commitments described subsequently (in Note 20) in regard to the revolving credit facility, commitments to meet financial covenants exist at a consolidated level for Marcolin S.p.A. and its subsidiaries. As further specified in the report on operations, as from 30 June 2022, there is a "Total Net Leverage ratio covenant" (calculated on a quarterly basis as the ratio of Net Financial Position to EBITDA, as defined in the contractual clauses) to be calculated only if the ssRCF line is drawn above a pre-determined percentage. In addition to this financial covenant, the loan agreement also includes, on a residual basis, certain disclosure requirements, other general commitments and certain limitations on the performance of some investment and financing activities, commensurate with the amount present in the calculation of certain baskets. Note that as at 31 December 2024, all covenants have been complied with and are expected to be complied with also for 2025 on the basis of available financial budgets.

14. NON-CURRENT PROVISIONS

This item amounts to 6,996 thousand euro (8,429 thousand euro in 2023), showing a decrease of 1,433 thousand euro compared to the previous year.

The amounts of the long-term provisions and the relevant changes for the year and for the previous year are shown below:

Non-current funds	Provision for severance employee indemnities	Provision for agency terminations	Other funds	Total
<i>(euro/000)</i>				
12/31/2022	3,607	849	2,014	6,470
Allowances	260	333	2,003	2,596
Use / reversal	(200)	(142)	(224)	(565)
Actuarial loss / (gain)	(35)	-	-	(35)
Translation difference	(24)	12	(24)	(36)
12/31/2023	3,607	1,052	3,770	8,429
Allowances	98	248	1,603	1,949
Use / reversal	(603)	(212)	(2,553)	(3,368)
Actuarial loss / (gain)	14	-	-	14
Translation difference	121	(45)	(104)	(27)
12/31/2024	3,237	1,043	2,715	6,996

Employee benefits consist of the employee severance indemnity provision ("TFR"), mainly referring to the Parent Company's Financial Statements for 1,806 thousand euro,⁵ which was measured with an actuarial calculation at the end of the year.⁶

The additional information required under Revised IAS 19 is provided hereunder:

- sensitivity analysis of each significant actuarial assumption at the end of the year, showing effects of changes in actuarial assumptions that are reasonably possible at that date, and in absolute terms:

Sensitivity analysis	DBO * al 31/12/2024
Turnover rate +1,00%	1,808
Turnover rate -1,00%	1,803
Inflation rate +0,25%	1,821
Inflation rate -0,25%	1,790
Actuarial rate +0,25%	1,781
Actuarial rate -0,25%	1,831

* Defined Benefit Obligation

- next year's service cost and average vesting period of the defined benefit obligation:

Next year service cost	
Next year service cost	-
Vesting period	6.28

- payments foreseen under the plan:

Years	Payments foreseen
1	310
2	166
3	110
4	207
5	220

The provision for agency termination principally presents the liability regarding severance indemnities with respect to agents and is calculated in accordance with the applicable regulations.

Lastly, the provision for risks and charges presents the medium/long-term estimate of future obligations to tax authorities and third parties for liabilities of a legal and tax nature.

The Provision for risks and charges was partly released following the payment, by Marcolin SpA, of the amounts resulting from the agreement between Marcolin SpA and the Italian Revenue Agency - Veneto Regional Office for the out-of-court settlement of disputes formulated in relation to the years 2017 to 2021. In summary, in December 2024, depending on the case, the notice of partial self-protection took place and the deeds of membership were signed with the Revenue Agency - Regional Directorate of Veneto. The total disbursement in the aforementioned month of December was equal to 4,193 thousand euro.

15. OTHER NON-CURRENT LIABILITIES

At the end of the period in question, the value of other non-current liabilities amounted to 6,505 thousand euro (compared to 5,584 thousand euro in 2023) and mainly includes recognition of the estimated value of the put/call options on shares of minority interests. In addition to this component, the item includes the value of security deposits and of the tax credit for the purchase of capital goods, which will be recovered in subsequent years based on the depreciation rates of the fixed assets on which this credit was calculated.

16. TRADE PAYABLES

The following table sets forth the trade payables by geographical area:

⁵ The provision consists of the benefits that accrued to employees until 31 December 2006, to be paid upon or subsequent to termination of employment: the TFR accruing from 1 January 2007 is treated as a defined contribution plan. By paying the contributions into (public and/or private) social security funds, the Company complies with all relevant obligations.

⁶ The parameters used for the actuarial calculation are: 1) mortality rate: ISTAT 2022; 2) disability rates: INPS tables by age and gender; 3) personnel turnover rates: 5%; 4) frequency of TFR payments: 2%; 5) discount rate: 2.93%; 6) TFR growth rate: 3.00%; 7) inflation rate: 2.0%.

Trade payables by geographical area (euro/000)	12/31/2024	12/31/2023
Italy	52,043	45,458
Rest of Europe	8,689	10,802
North America	34,799	31,999
Rest of World	44,346	43,328
Total	139,876	131,588

With reference to Trade Payables, the balance as at 31 December 2024, shows an increase compared to the same period of the previous year, both due to a different procurement timing and to careful management of payment terms for all types of supplies, in order to maintain a healthy balance in working capital management. The Group continues to apply constant and careful regulation in the choice of suppliers, trade and payment terms, together with a corporate culture spread throughout all departments aimed at efficient management of operating working capital. The recognised trade payables were not subject to discounting, as the amount is a reasonable representation of their fair value, in consideration of the fact that there are no payables due beyond the short term. In compliance with the disclosure requirements of IFRS 7, it is reported that as at 31 December 2024, there were no past-due trade payables, excluding the accounts being disputed by the Company with suppliers, which are of immaterial amounts.

Lastly, Marcolin SpA and Marcolin USA eyewear Corp. have supply chain finance agreements (reverse factoring) with a leading financial institution reserved for some Asian suppliers. These programmes do not alter the contractual conditions between the Company and its suppliers, as there is no substantial change in the terms of payment or transfer of the related risks and benefits. Instead, they serve as a useful tool for suppliers in managing their working capital. These payables are therefore recorded under trade payables and not under financial payables. The maximum total credit facility granted for this activity amounts to 18 million dollars.

17. CURRENT FINANCIAL LIABILITIES

Current financial liabilities amount to 13,816 thousand euro (compared to 22,459 thousand euro in 2023), a decrease of 8,643 thousand euro compared to the previous year.

The main items making up the balance are described below:

- for a total of 4,673 thousand euro in short-term borrowings from banks, compared to a balance of 11,635 thousand euro as at 31 December 2023. The amount includes the current portion, accounted for using the amortised cost method, amounting to 4,800 thousand euro of the loan taken out in 2023 to finance the acquisition of ic! berlin, as further detailed in section "13. Non-current financial liabilities";
- Other financial payables of 2,819 thousand euro, mainly related to the accrued interest payable on the Bond for 2,804 thousand euro (5,085 thousand euro in 2023);
- short-term lease liabilities of 6,303 thousand euro regarding the application of IFRS 16. More information is provided in the description of the Group's accounting standards.

The following table presents the maturities of the financial payables, which are classified as either current financial liabilities or non-current financial liabilities.

Borrowings maturity (euro/000)	Within 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Total
Credit lines used	2,825	-	-	-	2,825
Loans	4,673	19,789	-	-	24,462
Financial liabilities as under IFRS16 (*)	6,303	4,915	1,911	2,519	15,648
Other financiers	15	376,079	-	-	376,094
12/31/24	13,816	400,783	1,911	2,519	419,028

As at 31 December 2024, there were no exchange rate hedging instruments in place.

18. CURRENT PROVISIONS

The table below presents the most significant changes of the year and of the previous year:

Current funds <i>(euro/000)</i>	Other funds	Returns Reserve	Warranty provision	Total Other funds
12/31/2022	1,192	16,873	2,923	20,987
Allowances	1,431	1,599	1,243	4,272
Use / reversal	(1,254)	(3,175)	(825)	(5,254)
Translation difference	32	(263)	(36)	(267)
Increase from business combinations (icl berlin)	-	-	34	34
12/31/2023	1,401	15,876	3,338	20,614
Allowances	116	3,536	1,928	5,580
Use / reversal	(643)	(2,025)	(1,255)	(3,923)
Translation difference	(56)	448	(152)	240
Increase from business combinations (icl berlin)	-	-	-	-
12/31/2024	818	17,834	3,860	22,512

Other current provisions amounted to 22,512 thousand euro as at 31 December 2024.

Other provisions, which amount to 818 thousand euro, represent the management estimate of liabilities relating to legal and tax proceedings versus tax authorities and third parties.

In accordance with IFRS 15, the returns provision and product warranty provision are recognised by reference to the future sales and/or qualitative returns expected to be received from customers based on the available contractual information and past statistics.

19. OTHER CURRENT LIABILITIES

Below are the details of the other current liabilities:

Other current liabilities <i>(euro/000)</i>	12/31/2024	12/31/2023 Restated
Payables to personnel	16,443	18,138
Payables to Social Security	3,911	3,801
Other liabilities	5,680	5,012
Total	26,034	26,950

The other current liabilities consist primarily of amounts due to personnel and social security institutions. The decrease in amounts due to personnel is a direct consequence of a decrease in the component relating to bonuses, such as MBO and performance bonuses, linked to the achievement of annual objectives or not. On a residual basis, the item also includes the payable to factors for 4,958 thousand euro (3,662 thousand euro as at 31 December 2023).

20. COMMITMENTS AND GUARANTEES

Guarantees associated with the issue of the bond loan

With a notarial deed dated 19 May 2021, the Board of Directors approved the issue of a non-convertible senior, secured bond loan with a total nominal value of 350 million euro.

The bonds are secured by collateral provided by the Company, its controlling shareholder Tofane SpA (which took over in 2023 following the reverse merger of 3 Cime SpA into Marcolin SpA mentioned previously) and by certain subsidiaries of the Company (as indicated below) for the exact fulfilment of, inter alia, obligations assumed by the Company towards the mass of Bondholders, consisting of:

- (i) a first-degree lien on the shares of Marcolin SpA held by Tofane SA;
- (ii) a pledge on the shares representing the entire share capital of Marcolin (UK) Limited, Marcolin France S.A.S., Marcolin (Deutschland) GmbH and Marcolin USA Eyewear Corp.;
- (iii) an assignment as security of receivables of Marcolin SpA arising from certain intra-group loans granted by the Company to certain companies controlled by it;
- (iv) a pledge on all significant assets of Marcolin USA Eyewear Corp.;
- (v) a special lien pursuant to Article 46 of Legislative Decree no. 385 of 1 September 1993 established by Marcolin SpA on some of its movable assets.

For further information, please refer to the Marcolin Group's website for the document called "Offering Memorandum" prepared at the same time as the issue of the bond in question.

As mentioned previously, the merger completed in 2023 did not affect the pledge in place on Marcolin SpA shares, which did not change, except for the change in the related pledgor (with the signing of a recognition and confirmation deed by Tofane SA) and will therefore continue to guarantee, without interruption or novation effect, the current commitments.

Licenses

The Group has contracts in effect to use trademarks owned by third parties for the production, promotion, advertising, sale and distribution of eyeglass frames and sunglasses. These contracts establish not only guaranteed minimums in terms of royalties, but also a commitment for advertising expenses. As at 31 December 2024, the total of these future commitments amounted to 413,275 thousand euro (435,469 thousand euro in 2023), of which 82,696 thousand euro are due within the next financial year. The decrease in future commitments compared to the amount recorded in the previous year is attributable to the changes to the portfolio of licensed brands in terms of terminations, new signings and renewals of existing agreements.

Guaranteed minimum Royalties due	12/31/2024	12/31/2023
<i>(euro/000)</i>		
Within one year	82,696	74,570
In one to five years	305,009	304,147
After five years	25,569	56,752
Total	413,275	435,469

The Group also has guarantees for third parties of 6,820 thousand euro (5,926 thousand euro in 2023).

MARCOLIN GROUP CONSOLIDATED INCOME STATEMENT

The Group's Consolidated Income Statement results are presented in comparison with the 2023 results.

21. NET REVENUES

The following table sets forth the 2024 net sales revenues by geographical area:

Net Revenues by geographical area (euro/000)	2024		2023		Variations	
	euro	% of total	euro	% of total	euro	% of total
EMEA	269,107	49.3%	264,439	47.4%	4,668	1.8%
Americas	198,564	36.4%	221,218	39.6%	(22,653)	(10.2)%
Rest of World	30,436	5.6%	29,162	5.2%	1,274	4.4%
Asia	47,654	8.7%	43,494	7.8%	4,159	9.6%
Total	545,761	100.0%	558,314	100.0%	(12,553)	(2.2)%

The net revenues for 2024 total 545,761 thousand euro, compared to 558,314 thousand euro in 2023. The Report on Operations provides a description of turnover by geographical area.

22. COST OF GOODS SOLD

The following table shows a detailed breakdown of the cost of goods sold:

Cost of sales (euro/000)	2024	% of net revenues	2023 Restated	% of net revenues
Cost of product	179,631	32.9%	201,298	36.1%
Cost of personnel	14,621	2.7%	12,462	2.2%
Amortization, depreciation and writedowns	4,520	0.8%	3,865	0.7%
Other costs	4,470	0.8%	3,941	0.7%
Total	203,243	37.2%	221,566	39.7%

The cost of goods sold amounted to 203,243 thousand euro compared to 221,566 thousand euro in 2023, with an improved impact on net sales compared to the previous year of 2.2% due to continued efficiency improvements in the procurement, production and supply chain structure, together with an improved commercial mix (brands and channels) and the easing of the impact of transport costs on purchases.

The other expenses refer principally to purchasing charges (transport and customs) and business consulting services.

23. DISTRIBUTION AND MARKETING EXPENSES

Below is a detailed breakdown of the 2024 distribution and marketing expenses:

Distribution and marketing expenses (euro/000)	2024	% of net revenues	2023 Restated	% of net revenues
Cost of personnel	62,672	11.5%	60,205	10.8%
Commissions	28,507	5.2%	29,660	5.3%
Amortization, depreciation and writedowns	17,741	3.3%	17,298	3.1%
Royalties	65,050	11.9%	63,619	11.4%
Advertising and PR	42,254	7.7%	44,853	8.0%
Other costs	28,909	5.3%	30,219	5.4%
Total	245,133	44.9%	245,854	44.0%

The item in question, amounting to 245,133 thousand euro compared to 245,854 thousand euro in 2023, is substantially the same as the previous year. The significant increase in its incidence on sales is mainly due to the fixed cost components, independent of slight fluctuations in sales volumes. This category of expenses was positively affected by the actions undertaken by management over the last few years aimed at spreading a corporate culture linked to the containment of costs considered non-strategic.

With reference to advertising/PR costs, the item includes costs such as participation in events and trade fairs and other advertising and marketing activities in support of licensed and house brands in the portfolio.

Other costs mainly include commercial costs, including transport costs on sales, commercial expenses incurred for the sales network, services related to the sales area, rent payable, travel expenses, telephone and insurance costs and entertainment expenses, which overall remain at a similar level as a percentage of consolidated turnover compared to 2023.

24. GENERAL AND ADMINISTRATIVE EXPENSES

The general and administrative expenses are set forth below:

General and administrative expenses (euro/000)	2024	% of net revenues	2023 Restated	% of net revenues
Cost of personnel	18,244	3.3%	19,767	3.5%
Writedown of receivables	759	0.1%	1,322	0.2%
Amortization, depreciation and writedowns	4,202	0.8%	2,839	0.5%
Other costs	20,554	3.8%	22,573	4.0%
Total	43,759	8.0%	46,501	8.3%

General and administrative expenses amounted to 43,759 thousand euro in 2024, compared to 46,501 thousand euro in 2023.

The allocation to the provision for doubtful debts, down significantly compared to the previous year, benefits from the commercial policies of careful customer selection and constant monitoring of the final phase of the sales cycle linked to the collection of receivables from customers.

The Amortisation, depreciation and write-downs component increased mainly due to the effect of new assets connected to the restructuring of some offices, together with the ordinary effect of the amortisation of the new showrooms in Paris, New York and London.

Other costs include the compensation of directors, statutory auditors, the independent auditors and other external professionals; general and administrative services, information technology expenses, general and administrative consulting services, telephone expenses, insurance costs, travel expenses, rent expense, rentals and other sundry expenses.

25. EMPLOYEES

The 2024 end-of-period and average numbers of employees of the various Group companies (including the work force on temporary contracts) are broken down below in comparison with the previous year:

Employees Category	Final number		Average number	
	12/31/2024	12/31/2023	2024	2023
Managers	58	60	59	57
Staff	1,107	1,135	1,126	1,073
Manual workers	813	805	804	775
Total	1,978	2,000	1,989	1,905

26. OTHER OPERATING INCOME AND EXPENSES

The other operating income and expenses are set forth below:

Other operating income and expenses (euro/000)	2024	% of net revenues	2023 Restated	% of net revenues
Other income	841	0.2%	2,325	0.4%
Other expenses	(381)	(0.1%)	(263)	(0.0%)
Total	460	0.1%	2,061	0.4%

The balance of this item shows income of 460 thousand euro compared to 2,061 thousand euro in the previous year. The item also includes various amounts recharged to third parties, contingent gains and losses and sundry compensation.

27. SHARE OF PROFITS/(LOSSES) OF ASSOCIATES

The company had no investments in associates during 2024 or in the previous year, which is why the balance is zero.

28. FINANCE INCOME AND COSTS

The details for finance income and costs are presented below:

Financial income and costs (euro/000)	2024	% of net revenues	2023 Restated	% sui ricavi
Financial income	4,822	0.9%	15,669	2.8%
Financial costs	(38,025)	(7.0)%	(46,252)	(8.3)%
Total	(33,202)	(6.1)%	(30,582)	(5.5)%

The composition of finance income is shown below:

Financial income (euro/000)	2024	% of net revenues	2023 Restated	% sui ricavi
Interest income and others	411	0.1%	639	0.1%
Gains on currency exchange	4,411	0.8%	15,030	2.7%
Total	4,822	0.9%	15,669	2.8%

The composition of finance costs is shown below:

Financial costs (euro/000)	2024	% of net revenues	2023 Restated	% sui ricavi
Interest expense	(31,467)	(5.8)%	(29,384)	(5.3)%
Losses on currency exchange	(6,558)	(1.2)%	(16,867)	(3.0)%
Total	(38,025)	(7.0)%	(46,252)	(8.3)%

Finance income and costs result in net costs of 33,202 thousand euro, compared with the 30,582 thousand euro recorded in 2023.

The net finance costs are the balance between income of 4,822 thousand euro and costs of 38,025 thousand euro. The components are classifiable in two different categories: finance income and costs, and exchange differences. The first component consists of:

- interest and other finance income of 411 thousand euro;
- interest expense of 31,467 thousand euro, consisting of:

- o interest of 21,496 thousand euro servicing the bond notes issued by Marcolin SpA, paid half-yearly in May and November;
- o 1,326 thousand euro refers to the reversal to the Income Statement of bond issuance transaction costs, accounted for under IFRS with the amortised cost method;
- o 8,645 thousand euro in net finance costs (for 8,196 thousand euro referring to the parent company Marcolin SpA and for 449 thousand euro to the other subsidiaries), including interest due to other lenders, the effect of discounting and, to a lesser extent, the item includes the payable arising from the Tofane SA shareholder loan and the financial interest relating to the recognition of leases in accordance with IFRS 16.

With respect to the component of gains and losses on currency exchange, the balance is a net loss of 2,146 thousand euro for 2024, mainly attributable to depreciation of the Mexican peso and the Brazilian real.

There were no currency hedges (on purchases and sales) in place as at 31 December 2024.

29. INCOME TAXES

The balance of this item amounted to total costs of 12,813 thousand euro, including current taxes of 5,606 thousand euro, net deferred taxes of 3,134 thousand euro and 4,073 thousand euro in taxes relating to previous years.

Income tax expense (euro/000)	2024	2023 Restated
Current taxes	(5,606)	(6,873)
Deferred taxes	(3,134)	4,226
Income/(Expenses) from Tax Consolidation	-	-
Taxes relating to prior year	(4,073)	(2,939)
Total income tax expense	(12,813)	(5,586)

The current taxes of 5,606 thousand euro for 2024 are attributable to the companies, including the Parent Company, that reported positive taxable income. The tax burden was determined on the basis of the taxable income of each company, taking into account the use of any accumulated tax losses and applying the tax rules and tax rates in force in each country.

With reference to the effect on the year of deferred taxes, these refer mainly to Marcolin SpA and Marcolin USA Eyewear Corp. Please refer to the table in the following section for more details regarding their composition and movements during the year.

The item "Taxes relating to the previous year" mainly includes the amount arising from the difference between the tax calculation for the purposes of the 2023 financial statements and the adjustment based on the tax return filed with the 2024 Unico submission of the parent company Marcolin SpA. In addition, it includes the adjustment of the provision for risks and charges for possible future tax risks, in addition to the amounts resulting from the agreement between Marcolin SpA and the Italian Revenue Agency - Veneto Regional Office for the out-of-court settlement of disputes formulated in relation to the years 2017 to 2021.

Income taxes for the year are reconciled with the theoretical tax burden in the following table:

Tax rate reconciliation (euro/000)	12/31/2024		12/31/2023 Restated	
Results before tax		20,859		16,835
Theoretical taxes	24.0%	(5,006)	24.0%	(4,040)
Impact of foreign tax rate different from Italian tax rate	0.3%	(61)	-5.1%	857
IRAP and other	6.8%	(1,411)	10.6%	(1,778)
Higher taxes due to non-deductible costs	26.7%	(5,562)	29.4%	(4,947)
Lower taxes for non-taxable income	-15.5%	3,243	-18.3%	3,086
Taxes relating to prior year	19.5%	(4,073)	17.5%	(2,939)
Unrecognised deferred tax assets on tax losses	0.0%	-	12.0%	(2,025)
Use of accumulated tax losses unrecognised deferred tax assets in previous year	-0.4%	75	-2.2%	362
Activation of deferred tax assets unrecognised previous years	-1.6%	340	-36.9%	6,212
Other	1.7%	(356)	2.2%	(374)
Total income / tax expense	61.4%	(12,813)	33.2%	(5,586)

With reference to the category "Higher Taxes for Non-Deductible Costs", the main component concerns the non-total deductibility of financial interest expenses of Marcolin SpA, as provided for by the tax regulations (Article 96 of the TUIR), which provides for their deductibility up to the limit of interest income and, for the excess, 30% of ROL. With reference to the category "Taxes from previous years", the main component concerns the amount recognised by Marcolin SpA as the difference between the calculation of taxes for the purposes of the 2023 financial statements and the adjustments based on the tax return filed with the 2024 Unico submission. In addition, it includes the adjustment of the provision for risks and charges for possible future tax risks, in addition to the amounts resulting from the agreement between Marcolin SpA and the Italian Revenue Agency - Veneto Regional Office for the out-of-court settlement of disputes formulated in relation to the years 2017 to 2021.

Deferred taxes and the changes therein are presented in the following tables:

Deferred tax assets (euro/000)	Tax on temporary differences		Temporary differences	Tax on temporary differences
	Temporary differences	12/31/2024	12/31/2023	12/31/2023
	12/31/2024	12/31/2024	Restated	Restated
Accumulated tax losses	43,411	10,621	46,789	11,437
Grants and compensation deductible on a cash b	8,584	2,205	10,808	2,706
Non-deductible financial interest	112,160	28,217	93,127	23,453
Inventory provisions	22,432	6,132	25,239	6,861
Provision for return risks	18,171	4,967	18,798	4,972
Intangible assets subject to taxation	9,879	2,391	7,848	1,734
Taxed provision for doubtful debts	4,754	1,264	9,139	2,437
Unrealized currency exchange differences	459	118	1,833	499
Non-deductible temporary amortization	960	387	2,008	751
Supplementary client indemnity provision	194	54	194	54
Other	9,181	2,849	6,456	2,910
Provisions for risks and charges	520	144	834	251
Intercompany profit	4,635	1,112	4,252	1,105
Total deferred tax assets	235,340	60,462	227,415	59,172

Deferred tax liabilities (euro/000)	Tax on temporary differences		Temporary differences	Tax on temporary differences
	Temporary differences	12/31/2024	12/31/2023	12/31/2023
	12/31/2024	12/31/2024	Restated	Restated
Unrealized currency exchange differences	(1)	-	(1,663)	(405)
Property and plant	(64,274)	(16,277)	(50,047)	(12,547)
Actuarial gain / losses on TFR under IAS	(333)	(80)	(495)	(119)
Dividends not collected	(13)	(3)	(81)	(20)
Other	(1,021)	(243)	(2,250)	(654)
Total deferred tax liabilities	(65,643)	(16,604)	(54,536)	(13,744)
Total net DTA/DTL	169,697	43,858	172,878	45,428

The item "Property, plant and equipment and intangible assets" mainly relates to the amortisation of intangible assets relevant for tax purposes over a period of 18 years pursuant to art. 103, paragraph 3-bis of the TUIR.

The difference, compared to the previous year, in the balance of deferred tax assets and liabilities presented in the Statement of Financial Position, 1,569 thousand euro, diverges from the balance of 3,134 thousand euro shown in the Income Statement for the following reasons:

- recognition of deferred tax on amounts arising from the restatement of balances for the 2023 financial year, totalling 1,010 thousand euro, related to the deferred tax arising from the fair value determination of net assets recognised following the acquisition of ic! berlin, as further specified in the "Business Combinations" section;
- deferred tax recognition on amounts accounted for in equity totalling 221 thousand euro;
- adjustment deriving from the translation into euro of the accounts of Group companies whose functional currency differs from the euro in the amount of 333 thousand euro.

The Group companies' tax losses are 3,030 thousand euro for which, out of prudence, deferred tax assets were not recognised. Based on the tax rates of the various companies involved, such deferred tax assets would amount to 758 thousand euro.

DISCLOSURE OF ATYPICAL, UNUSUAL AND RELATED-PARTY TRANSACTIONS AND SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The information with respect to atypical and unusual transactions and transactions with related parties is disclosed in this section.

Significant non-recurring events and transactions

For details of the significant non-recurring events and transactions that impacted the Group's financial position, financial performance and cash flows in 2024, please refer to the Report on Operations.

Atypical and unusual transactions

There were no atypical and/or unusual transactions, including with other Group companies, nor were there any transactions outside the scope of the ordinary business activity in 2024 that could significantly impact the financial position, financial performance or cash flows of Marcolin SpA and the Group.

Transactions with related parties with and equity-accounted associates

In addition to the transactions between the consolidated companies, transactions took place during the year also with other related parties.

Related-party transactions were of a trade nature, conducted at market conditions, and regarded licence agreements in particular.

The following transactions with related parties, as defined in IAS 24, were in place as at 31 December 2024:

Company (euro/000)	Expenses	Revenues	Payables	Receivables	Type
Pai Partners Sas	-	-	50	-	Related party
Famiglia Coffen Marcolin	413	-	31	-	Related party
Tofane SA	1,493	960	28,791	-	Consolidating
Total	1,905	960	28,872	-	

The same table is set forth for 2023:

Company (euro/000)	Expenses	Revenues	Payables	Receivables	Type
Pai Partners Sas	-	-	50	-	Related party
Famiglia Coffen Marcolin	413	-	5	-	Related party
Tofane SA	1,500	668	30,279	668	Consolidating
Total	1,913	668	30,333	668	

All related-party transactions are carried out at market conditions.

The remuneration of the Group's Directors, Statutory Auditors and Key Management Personnel ("Others") is reported below:

(euro/000)	2024		2023	
	Board of Directors	Statutory Auditors	Board of Directors	Statutory Auditors
Base fee	200	100	200	100
Salaries and benefits	1,300	-	1,100	-
Total	1,500	100	1,300	100

Other information pursuant to Article 2427, point 16 bis of the Italian Civil Code

The following table presents the 2024 fees for audit services performed by the Independent Auditors PricewaterhouseCoopers SpA and by PwC network companies to the Parent Company and its subsidiaries pursuant to art. 2427, paragraph 16-bis of the Italian Civil Code:

Audit and other services (euro/000)	Amount
Audit for Marcolin S.p.A.	183
Audit for other subsidiaries	336
Other services to Marcolins SpA excluding audit	-
Total	519

Government grants

The 2017 annual law for market and competition required disclosure in the notes to the Financial Statements of grants, subsidies, paid engagements and all financial benefits in general received from public entities and companies controlled by public entities (Law no. 124 of 4 August 2017 – Article 1, paragraphs 125 to 129 – hereinafter "Law 124/2017"). Mandatory disclosure is effective from 2019 regarding all financial benefits received from 1 January 2018.

The 2024 information for Marcolin SpA, presented on a cash basis, is set out below.

Super-amortisation benefit

During the financial years 2015 to 2019, Marcolin SpA incurred costs for investments in new capital goods, for which it benefited from the so-called "super-amortisation" as per Article 1, Paragraph 91 et seq., of Law 208/2015 and its subsequent extensions. The total benefit amounting to 203,801 euro was disclosed in the tax return submitted in 2024 .

Hyper-amortisation benefit

During the financial years 2018 to 2020, Marcolin SpA incurred costs for investments in new capital goods for which it benefited from "iperammortamento", i.e., hyper depreciation offered under Article 1, paragraphs 8 to 11 of Law 232/2016, as extended. The total benefit of 749,496 euro was included in the tax return presented in 2023.

Tax credit for investments in capital goods

The 2021 Budget Law (Article 1, paragraphs 1051-1063 of Law 178/2020), as amended by the 2022 Budget Law (Article 1, paragraph 44 of Law 234/2021) and by Article 1, paragraphs 445-448 of Law 207/2024 (2025 Budget Law) recognises a tax credit for investments in capital goods known as "Industry 4.0". This tax credit applies to investments made from 1 January 2023 to 31 December 2025, or by 30 June 2026, provided that by 31 December 2025 the related purchase order has been formally accepted by the seller and an advance payment corresponding to at least 20% of the purchase price has been made.

With reference to the year 2024, Marcolin SpA incurred subsidised costs for investments in new "Industry 4.0" capital goods, which gave rise to a tax credit of 77,200 euro.

Exemption from INPS contributions on new employees

In 2024, Marcolin did not use the exemption from INPS contributions.

Significant events occurring after the reporting period

Between 31 December 2024 and the date of approval of the Financial Statements, no events occurred that could have material effects on the financial results reported (IAS 10).

The year 2024 showed a mixed performance in the eyewear business across various markets, sales channels and brands, within a very complex macroeconomic context. This was characterised by dynamics arising from the post-Covid normalisation, as well as new challenges that are continuing into 2025, such as geopolitical tensions, uncertainties regarding interest rates and inflation, potential new protectionist policies triggered by tariff increases, and new domestic policy dynamics in many key markets for the Group.

In this complex and unpredictable context, the Group is determined to pursue its short- and medium-term strategies by continuing the measures taken in recent years in terms of commercial policy, industrial efficiency and prudent cost management.

No other significant events took place after the 2024 reporting period.

INDEPENDENT AUDITORS'
REPORT
ON THE CONSOLIDATED FINANCIAL

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH LEGISLATIVE DECREE NO. 39, ARTICLE 14 OF 27 JANUARY 2010



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the sole shareholders of Marcolin SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Marcolin Group (the Group), which comprise the statement of financial position 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 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 issued by the International Accounting Standards Board and adopted by the European Union.

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 Marcolin 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.

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 issued by the International Accounting Standards Board and adopted by the European Union 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.

PricewaterhouseCoopers SpA

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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 Marcolin 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.

Report on Compliance with other Laws and Regulations

Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter) of Legislative Decree No. 39/10

The directors of Marcolin SpA are responsible for preparing a report on operations of Marcolin group as of 31 December 2024, including its consistency with the relevant financial statements and its 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 with the consolidated financial statements;
- express an opinion on the compliance with the law of the report on operations;
- issue a statement on material misstatements, if any, in the report on operations.

In our opinion, the report on operations is consistent with the consolidated financial statements of Marcolin group as of 31 December 2024.

Moreover, in our opinion, the report on operation is 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.



Brescia, 4 April 2025

PricewaterhouseCoopers SpA

Signed by

Alessandro Mazzetti
(Partner)

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

FINANCIAL STATEMENTS OF MARCOLIN SPA

AS AT 31 DECEMBER 2024

STATEMENT OF FINANCIAL POSITION

INCOME STATEMENT

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF CHANGES IN EQUITY

CASH FLOW STATEMENT

STATEMENT OF FINANCIAL POSITION

<i>(euro)</i>	Note	12/31/2024	12/31/2023
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1	25,553,269	25,022,792
Intangible assets	2	249,288,739	250,520,065
Goodwill	2	189,153,429	189,153,429
Investments in subsidiaries and associates	3	264,525,667	262,221,826
Deferred tax assets	27	20,454,221	18,551,214
Other non-current assets	4	237,500	389,583
Non-current financial assets	5	-	7,160,214
Total non-current assets		749,212,825	753,019,123
CURRENT ASSETS			
Inventories	6	53,097,764	55,314,456
Trade receivables	7	85,102,940	72,299,900
Other current assets	8	10,272,198	11,283,719
Current financial assets	9	31,199,263	29,644,772
Cash and cash equivalents	10	50,769,707	41,373,042
Total current assets		230,441,871	209,915,889
TOTAL ASSETS		979,654,696	962,935,012
EQUITY			
	11		
Share capital		35,902,750	35,902,750
Additional paid-in capital		42,827,001	42,827,001
Legal reserve		7,180,550	7,180,550
Other reserves		120,462,441	120,476,423
Retained earnings (losses)		163,945,178	157,530,259
Profit (loss) for the period		8,779,707	6,414,919
TOTAL EQUITY		379,097,626	370,331,903
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current financial liabilities	12	397,075,665	402,071,887
Non-current funds	13	4,664,449	5,182,822
Deferred tax liabilities	27	7,608,045	4,321,789
Other non-current liabilities	14	6,368,921	6,418,921
Total non-current liabilities		415,717,080	417,995,419
CURRENT LIABILITIES			
Trade payables	15	133,021,560	115,819,617
Current financial liabilities	16	27,229,403	34,434,470
Current funds	17	7,318,163	6,558,205
Tax liabilities	27	3,453,262	4,050,139
Other current liabilities	18	13,817,600	13,745,259
Total current liabilities		184,839,988	174,607,690
TOTAL LIABILITIES		600,557,068	592,603,108
TOTAL LIABILITIES AND EQUITY		979,654,696	962,935,012

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

(euro)	Note	2024	%	2023	%
Net revenues	20	319,798,942	100.0%	315,859,225	100.0%
Cost of sales	21	(160,552,502)	(50.2)%	(167,193,480)	(52.9)%
GROSS PROFIT		159,246,440	49.8%	148,665,745	47.1%
Distribution and marketing expenses	22	(113,992,132)	(35.6)%	(112,520,448)	(35.6)%
General and administrative expenses	23	(15,963,284)	(5.0)%	(20,054,873)	(6.3)%
Other operating income/(expenses)	25	5,032,663	1.6%	9,962,856	3.2%
Other income	25	5,194,833	1.6%	9,962,727	3.2%
Other expenses	25	(162,171)	(0.1)%	129	0.0%
OPERATING INCOME – EBIT		34,323,687	10.7%	26,053,279	8.2%
Income/(expenses) from investments in subsidiaries	26	12,256,666	3.8%	7,633,721	2.4%
Financial income	27	5,591,759	1.7%	10,340,888	3.3%
Financial costs	27	(35,022,049)	(11.0)%	(34,752,414)	(11.0)%
PROFIT (LOSS) BEFORE TAXES		17,150,063	5.4%	9,275,474	2.9%
Income tax expense	28	(8,370,356)	(2.6)%	(2,860,555)	(0.9)%
NET PROFIT (LOSS) FOR THE PERIOD		8,779,707	2.7%	6,414,919	2.0%

(euro)	2024	2023
NET PROFIT (LOSS) FOR THE PERIOD	8,779,707	6,414,919
Other items that will be not subsequently reclassified to profit or loss:		
Effect (actuarial gain/losses) on defined benefit plans, net of taxes	(13,983)	11,960
TOTAL OTHER ITEMS THAT WILL NOT SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS	(13,983)	11,960
Other items that will be subsequently reclassified to profit or loss:		
- Hedge accounting effect (cash flow hedge) of derivatives, net of fiscal effect	-	-
TOTAL OTHER ITEMS THAT WILL BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	8,765,724	6,426,879

STATEMENT OF CHANGES IN EQUITY

(euro)	Share capital	Additional paid-in capital	Legal Reserve	Other reserves			Profit (loss) for the period	Total equity	
				S.holders deposit in s/capital	Other	Actuarial gain / (loss) reserve			Retained earnings/ (losses)
December 31, 2022	35,902,750	42,827,001	7,180,550	46,107,590	1,389,819	(488,921)	160,760,828	(3,230,569)	290,449,049
<i>Allocation of 2022 result</i>	-	-	-	-	-	-	(3,230,569)	3,230,569	-
Shareholders capital increase	-	-	-	75,000,000	-	-	-	-	75,000,000
Merger deficit 3 Cime SpA	-	-	-	-	(1,544,025)	-	-	-	(1,544,025)
- Period result	-	-	-	-	-	-	-	6,414,919	6,414,919
- Other components of comprehensive income	-	-	-	-	-	11,960	-	-	11,960
Total comprehensive income	-	-	-	-	-	11,960	-	6,414,919	6,426,879
December 31, 2023	35,902,750	42,827,001	7,180,550	121,107,590	(154,206)	(476,961)	157,530,259	6,414,919	370,331,904
<i>Allocation of 2023 result</i>	-	-	-	-	-	-	6,414,919	(6,414,919)	-
Shareholders capital increase	-	-	-	-	-	-	-	-	-
- Period result	-	-	-	-	-	-	-	8,779,707	8,779,707
- Other components of comprehensive income	-	-	-	-	-	(13,983)	-	-	(13,983)
Total comprehensive income	-	-	-	-	-	(13,983)	-	8,779,707	8,765,724
December 31, 2024	35,902,750	42,827,001	7,180,550	121,107,590	(154,206)	(490,944)	163,945,178	8,779,707	379,097,629

CASH FLOW STATEMENT

<i>(euro)</i>	Note	31/12/2024	31/12/2023
ATTIVITA' OPERATIVA			
<i>Utile (perdita) dell'esercizio</i>		8.779.707	6.414.919
Ammortamenti	1,2	11.682.717	11.650.821
Accantonamenti	13,17	5.510.269	8.163.947
Imposte dell'esercizio	27	8.370.356	2.860.555
(Proventi) / Oneri finanziari netti	26	29.424.290	24.411.526
Altre rettifiche non monetarie e rettifiche non afferenti alla gestione reddituale		(12.258.299)	(7.646.801)
<i>Totale flusso di cassa generato dalla gestione reddituale</i>		<i>51.509.039</i>	<i>45.854.968</i>
(Aumento) diminuzione dei crediti commerciali	7	(12.670.803)	2.761.813
(Aumento) diminuzione delle rimanenze	6	(2.401.600)	(2.195.613)
(Diminuzione) aumento dei debiti commerciali	15	16.252.417	(7.586.684)
<i>Totale flusso di cassa generato dal capitale circolante operativo</i>		<i>1.180.013</i>	<i>(7.020.484)</i>
(Aumento) diminuzione delle altre attività	4,8	(5.165.001)	(3.165.667)
(Diminuzione) aumento delle altre passività	14,18	22.341	1.982.313
(Utilizzo) Fondi correnti e non correnti	13,17	(2.286.774)	(180.000)
(Diminuzione) aumento debiti per imposte	27	(5.507)	1.968.435
<i>Altri elementi del capitale circolante</i>		<i>(7.434.940)</i>	<i>605.081</i>
Imposte pagate		(1.434.370)	(1.179.000)
Interessi incassati		2.255.748	5.733.916
Interessi pagati		(26.488.288)	(24.281.000)
<i>Totale flusso di cassa generato dagli altri elementi del capitale circolante</i>		<i>(33.101.849)</i>	<i>(19.121.002)</i>
<i>Totale flusso di cassa netto generato (assorbito) dal capitale circolante</i>		<i>(31.921.836)</i>	<i>(26.141.486)</i>
Flusso di cassa generato (assorbito) dall'attività operativa		19.587.203	19.713.481
ATTIVITA' DI INVESTIMENTO			
(Investimento) in immobili, impianti e macchinari	1	(5.547.851)	(4.500.465)
Disinvestimento in immobili, impianti e macchinari	1	1.633	4.080
(Investimento) in immobilizzazioni immateriali	2	(4.111.016)	(237.943.667)
(Acquisto)/Cessione partecipazioni	3	(2.304.000)	(4.438.000)
Effetto fusione inversa 3 Cime SpA	Mov. PN	-	66.734
Investimenti in seguito ad aggregazione aziendale "Gruppo ic! berlin"	1	-	(38.528.000)
Flusso di cassa generato (assorbito) dall'attività di investimento		(11.961.235)	(285.339.318)
ATTIVITA' FINANZIARIA			
<i>Finanziamenti attivi:</i>			
- (Concessioni)		-	(7.160.000)
- Rimborsi	5,9	2.669.000	9.721.000
<i>Finanziamenti passivi</i>			
- Assunzioni	12,16	3.543.841	36.298.000
- (Rimborsi)	12,16	(13.135.240)	(342.000)
Finanziamenti erogati da Soci	12,16		
Leasing pagati nell'esercizio		(1.379.119)	(1.635.537)
<i>Altre attività e passività finanziarie</i>	5,9,12,16	<i>(3.426.530)</i>	<i>(13.294.931)</i>
Dividendi incassati	11	13.200.000	9.640.654
Aumento di capitale da socio di maggioranza	Mov. PN	-	75.000.000
Flusso di cassa generato (assorbito) dall'attività finanziaria		1.471.952	108.227.186
Incremento (decremento) nelle disponibilità liquide		9.097.920	(157.398.651)
Effetto delle differenze di conversione sulle disponibilità liquide		298.000	(678.000)
Disponibilità liquide all'inizio dell'esercizio		41.373.042	199.449.693
Disponibilità liquide alla fine dell'esercizio		50.769.707	41.373.042

<i>(euro)</i>	Note	12/31/2024	12/31/2023
OPERATING ACTIVITIES			
<i>Profit (loss) for the period</i>		8,779,707	6,414,919
Depreciation and amortization	1.2	11,682,717	11,650,821
Provisions	13.17	5,510,269	8,163,947
Income tax expense	27	8,370,356	2,860,555
Accrued interest expense	26	29,424,290	24,411,526
Adjustments to other non-cash items		(12,258,299)	(7,646,801)
<i>Cash generated by operations</i>		<i>51,509,039</i>	<i>45,854,968</i>
(Increase)/decrease in trade receivables	7	(12,170,803)	2,761,813
(Increase)/decrease in inventories	6	(2,401,600)	(2,195,613)
(Decrease)/increase in trade payables	15	16,252,417	(7,586,684)
<i>Cash generated by change in operating working capital</i>		<i>1,680,013</i>	<i>(7,020,484)</i>
(Increase) decrease in other assets	4.8	(5,165,001)	(3,165,667)
(Decrease)/increase in other liabilities	14.18	22,341	1,982,313
(Use) of current and non-current provisions	13.17	(2,286,774)	(180,000)
(Decrease)/increase in current tax liabilities	27	(5,507)	1,968,435
<i>Other elements in working capital</i>		<i>(7,434,940)</i>	<i>605,081</i>
Tax paid		(1,434,370)	(1,179,000)
Interest received		2,255,748	5,733,916
Interest paid		(26,488,288)	(24,281,000)
<i>Total cash generated by change in other items of net working capital</i>		<i>(33,101,849)</i>	<i>(19,121,002)</i>
<i>Net cash from / (used in) net working capital</i>		<i>(31,421,836)</i>	<i>(26,141,486)</i>
Net cash from / (used in) operating activities		20,087,203	19,713,481
INVESTING ACTIVITIES			
(Purchase) of property, plant and equipment	1	(5,547,851)	(4,500,465)
Disposal of property, plant and equipment	1	1,633	4,080
(Investments) in intangible assets	2	(4,111,016)	(237,943,667)
Net (Investments)/disposal in investment in subsidiaries and as	3	(2,304,000)	(4,438,000)
Reverse merge of 3 Cime SpA effect	Equity Mov.	-	66,734
Investments following "ic! berlin Group" business combination	1	-	(38,528,000)
Net cash from / (used in) investing activities		(11,961,235)	(285,339,318)
FINANCING ACTIVITIES			
<i>Financial Assets</i>			
- (Proceeds)		-	(7,160,000)
- Repayments	5.9	2,669,000	9,721,000
<i>Financial Loans from banks</i>			
- Proceeds	12.16	3,543,841	36,298,000
- (Repayments)	12.16	(13,135,240)	(342,000)
Shareholders Loan	12.16		
Principal elements of lease payments		(1,379,119)	(1,635,537)
<i>Other current and non current financial liabilities</i>	5,9,12,16	(3,426,530)	(13,294,931)
Dividends cash in	11	12,700,000	9,640,654
Shareholders capital increase	Equity Mov.	-	75,000,000
Net cash from / (used in) financing activities		971,952	108,227,186
Net increase/(decrease) in cash and cash equivalents		9,097,920	(157,398,651)
Effect of foreign exchange rate changes		298,745	(678,000)
Cash and cash equivalents at beginning of year		41,373,042	199,449,693
Cash and cash equivalents at end of year		50,769,707	41,373,042

NOTES TO THE SEPARATE FINANCIAL STATEMENTS OF MARCOLIN SPA AS AT 31 DECEMBER 2024

Introduction

The share capital of the Parent Company Marcolin SpA amounts to a total of 35,902,749.82 euro, fully paid up, divided into 61,458,375 ordinary shares with no express nominal value.

As at 31 December 2024, the share capital was wholly owned by Tofane SA.

The Marcolin SpA shares held by the sole shareholder Tofane SA are encumbered by liens established at the time of the issue of a bond loan on 27 May 2021, which is backed by collateral for the exact fulfilment of the pecuniary obligations undertaken towards the mass of bondholders covered by the loan, including a lien on the shares of the Issuer Marcolin SpA.

General Information

The Notes to the Financial Statements set out below form an integral part of the Separate Financial Statements of Marcolin SpA as at 31 December 2024, and were prepared on the basis of the accounting records updated to 31 December 2024.

For the purpose of providing exhaustive financial information, the Report on the Operations has been prepared, which contains additional information regarding the main events of the year, subsequent events, business outlook and other important financial and operational information of the business.

These Financial Statements were prepared on the basis of the going-concern assumption, the accrual basis of accounting and the historical cost basis, except for the measurement of financial assets and liabilities, which are required to be accounted for at fair value.

Marcolin SpA is incorporated under Italian law, listed in the Companies Register of Belluno with no. 01774690273, and has shares that until 14 February 2013 were traded in Italy on the Mercato Telematico Azionario (electronic stock exchange) organised and managed by Borsa Italiana SpA.

Marcolin SpA is the Parent Company of Marcolin Group, which operates in Italy and abroad in the design, manufacturing and distribution of eyeglass frames and sunglasses, including through direct and indirect management of business branches located in major countries of interest worldwide and qualified contract manufacturers.

The addresses of the locations from which the Company's main operations are performed are listed in the Report on Operations.

Pursuant to Article 2497-bis, paragraph 4 of the Italian Civil Code, we note that Marcolin SpA is not subject to management and coordination activities by any entity.

Lastly, the Financial Statements were authorised for issue by the Board of Directors on 26 March 2025.

ACCOUNTING STANDARDS

Basis of preparation

These Financial Statements were prepared in accordance with the valuation and measurement criteria established by the IFRS accounting standards issued by the International Accounting Standards Board and adopted by the European Commission, in accordance with the procedure set out in Article 6 of Regulation no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 concerning the application of international accounting standards and the measures issued in implementation of Italian Legislative Decree no. 38/2005.

The IFRS include all the revised international accounting standards (IAS) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), the former Standing Interpretations Committee (SIC), which, at the date of approval of the Financial Statements, had been authorised by the European Union according to Regulation (EC) no. 1606/2002, enacted by the European Parliament and European Council on 19 July 2002.

The accounting standards adopted to prepare the Financial Statements as at 31 December 2024 are the same as those used in the prior year except as regards the adoption of the following new or revised IFRS or IFRIC.

The Financial Statements of Marcolin SpA for the year ended as at 31 December 2024, approved by the Company's Board of Directors on 26 March 2025, were prepared on a going concern basis.

A description of the methods used by Marcolin SpA to manage financial risks can be found in the section on "financial risk factors" in the Company's Notes to the Financial Statements.

New accounting standards and interpretations approved by the European Union and effective from 1 January 2024

The following new standards and amendments became effective from 1 January 2024:

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023)

Amendments to IAS 1 Presentation of Financial Statements:

- Classification of Liabilities as Current or Non-current (issued on 23 January 2020);
- Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and
- Non-current Liabilities with Covenants (issued on 31 October 2022)

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)

The above amendments had no impact on the Company.

New accounting standards and interpretations approved by the European Union and effective for financial years after 31 December 2024

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023). Approved by the European Union on 1 January 2025.

There are no other accounting standards endorsed by the European Union and effective from reporting financial years after 31 December 2024 that are presumed to have a material effect for the Company in the next reporting financial year or in the foreseeable future.

New accounting standards and interpretations published by the IASB but not yet approved by the European Union

The following IFRSs, interpretations, amendments to existing standards and interpretations, or special provisions contained in the standards and interpretations approved by the IASB, not yet approved by the European Union as at the date of approval of this document, are set forth below:

IFRS 19 Subsidiaries without Public Accountability: Disclosures. Issued on 9 May 2024, it will enter into force from 1 January 2027.

IFRS 18 Presentation and Disclosure in Financial Statements. Issued on 9 April 2024, it will enter into force from 1 January 2027.

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7. Issued on 18 December 2024, it will enter into force from 1 January 2026.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7. Issued on 30 May 2024, it will enter into force from 1 January 2026.

No accounting standards and/or interpretations mandatorily effective for annual periods beginning after 31 December 2024 were adopted earlier.

The Company is evaluating the effects of the application of the above new standards, which are currently not considered significant.

Financial statement format

The Company adopted the following formats for the Financial Statements.

In summary:

- In the Statement of Financial Position, current and non-current assets and current and non-current liabilities are classified separately. Current assets are those intended to be realised, sold or consumed in the Company's normal operating cycle; current liabilities are those expected to be settled either in the Company's normal operating cycle or within twelve months from the end of the reporting period;
- in the Income Statement, costs are classified by function;
- the Statement of Comprehensive Income is presented separately from the Income Statement, and the individual items are stated in compliance with Revised IAS 1;
- the indirect method is used for the Cash Flow Statement, with presentation of cash flows from operating, investing and financing activities;
- the Statement of Changes in Equity presents separately the profit/(loss) for the year and all revenues and expenses not recognised in profit or loss, but recognised directly in equity on the basis of specific IAS/IFRS accounting standards and presents separately transactions with Shareholders.

To provide for comparability, the previous period data was restated as necessary, with explanations given of the restatements.

The significant accounting policies adopted to prepare the Separate Financial Statements of Marcolin SpA are as follows:

Property, plant and equipment (also "tangible assets")

Property, plant and equipment are recorded at their acquisition or production cost, inclusive of ancillary costs incurred to bring the assets to working condition for their intended use, excluding land and buildings for which the deemed cost model was used on the transition date or business combination date based on the market value determined through an appraisal performed by an independent qualified appraiser.

They are stated net of depreciation, except for land, which is not depreciated, and net of any impairment losses. Costs incurred for routine and/or cyclical maintenance and repairs are recognised directly in the income statement of the period in which they are incurred. Costs concerning the extension, renovation or upgrading of owned or leased assets are capitalised to the extent that they can be separately classified as an asset or part of an asset. The carrying amount is adjusted by depreciation using the straight-line method calculated on the basis of estimated useful life.

If the depreciable asset consists of distinctly identifiable components with useful lives that differ significantly from the other components of the asset, each component of the assets is depreciated separately, according to the component approach.

Profits and losses deriving from the sale of assets or groups of assets are determined by comparing the sale price with the relevant net book value.

Government grants relating to tangible assets are recorded as deferred revenues and credited to the income statement over the depreciation period for the assets concerned.

Finance costs relating to purchases of a fixed asset are charged to the income statement, unless they are directly attributable to the acquisition, construction or production of an asset which justifies capitalising them.

Under IFRS 16, assets obtained under leases are accounted for as finance leases and classified as property, plant and equipment, the contra entry being the financial payable generated. A specific section in this Annual Report explains the effects of IFRS 16 application.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, using the depreciation rates listed below:

Category	Depreciation Rate
Land and Buildings	3%
Non-operating machinery	10%
Depreciable equipment	40%
Operating machinery	15.50%
Office furniture and furnishings	12%
Exhibition stands	27%
Electronic machines	20%
Vehicles	25%
Trucks	20%

Intangible assets

Intangible assets consist of controllable, non-monetary assets without physical substance that are clearly identifiable and able to generate future economic benefits. These assets are recognised at purchase and/or production cost, inclusive of directly attributable expenses to bring the asset to working condition for its intended use, net of accumulated amortisation (except for those assets with an indefinite useful life) and any impairment losses. Amortisation commences when the asset is available for use and is systematically distributed over the asset's useful life.

If there is any indication that the assets have suffered an impairment loss, the recoverable amount of the asset is estimated and any impairment loss is recognised in the income statement. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the net carrying amount that the asset would have had if there had been no impairment loss and if the asset had been amortised, recognising the reversal of the impairment loss as income.

Goodwill

Goodwill is recognised at cost less any impairment losses. Goodwill acquired in a business combination is represented by the excess of the cost of the combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

Goodwill is not amortised, but it is reviewed for impairment annually, and whenever events or circumstances give rise to the possibility of an impairment loss, the recoverable amount is reviewed in accordance with IAS 36 ("Impairment of Assets"). If the recoverable amount is less than its carrying amount, goodwill is reduced to its recoverable amount. If goodwill has been allocated to a cash-generating unit that is partially disposed of, the goodwill associated with the unit disposed of is included in the determination of any gain or loss on disposal.

Software

Software licenses acquired are capitalised on the basis of the costs incurred for their purchase and the costs necessary to make them serviceable. Amortisation is calculated on a straight-line basis over their estimated useful lives (ranging from 3 to 5 years). Costs associated with software development and maintenance are recognised as costs in the period they are incurred.

The direct costs include the costs for the personnel to develop the software.

Research & development costs

Research and development costs for new products and/or processes are recognised as an expense as incurred unless they meet the conditions for capitalisation under IAS 38.

Other intangible assets

The intangible assets also include Renewal Fees paid in some cases to licensors for the renewal of licensing agreements.

Other intangible assets also include certain internal costs incurred by the Company to develop new eyewear models; the amortisation period, equal to the average life of a model on the market, commences when the related models are put on the market.

Impairment of property, plant and equipment, and intangible assets

IAS 36 requires impairment testing of tangible and intangible assets when there is any indication that those assets have suffered an impairment loss. For intangible assets with an indefinite life, such as goodwill, testing for impairment is performed at least annually. The recoverable amount is determined by comparing the carrying amount of the asset with its fair value less costs to sell and value in use, whichever is greater. Value in use is determined on the basis of the present value of estimated future cash flows from operating activities. For purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-

generating units). If an asset's recoverable amount is less than its carrying amount, the carrying amount is reduced to its recoverable amount. This reduction is an impairment loss that is recognised as an expense immediately. If there are indications that an impairment loss should be reversed, the recoverable amount of the asset is recalculated and the carrying amount is increased to that new value. The increased carrying amount must not exceed the net carrying amount the asset would have had without any impairment loss. An impairment loss with respect to goodwill may not be reversed.

Investments in subsidiaries and associates

Investments in subsidiaries, associates and joint ventures are valued at acquisition cost net of any impairment losses.

If the reasons for write-downs made no longer apply, the investments are revalued to the extent of such write-downs. The investments are tested for impairment when indications of impairment are detected. If there is evidence of a loss in value, an impairment loss is recognised in the income statement. If the Company's share in any losses of a subsidiary or associate exceeds the carrying amount of the investment, and the Company has the obligation or intention to cover such losses, the value of the investment is written off and the Company's portion of further losses is recognised as a provision under liabilities. If the loss in value is subsequently reversed or reduced, the impairment loss is likewise reversed up to an amount not exceeding cost. When significant influence over an associate or joint venture is lost, the Company measures and discloses the retained investment at its fair value. The difference between the carrying amount of the investment on the date on which the significant influence or common control is lost and the fair value of the retained investment and the consideration received is recognised in the Income Statement.

Financial derivatives

Financial derivatives are recognised in accordance with IFRS 9. On the contract signing date, the derivatives are initially accounted for at fair value as financial assets when the fair value is positive or as financial liabilities when the fair value is negative. Derivatives are classified as hedging instruments when the relationship between the derivative and the hedged item is formally documented and hedge effectiveness, verified periodically, is high. When hedging derivatives hedge the risk of changes in fair value of the hedged instruments, they are recognised at fair value through profit or loss; consistently, the hedged instruments are adjusted to reflect the changes in fair value associated with the risk hedged. When derivatives hedge the risk of changes in cash flows of the hedged instruments (cash flow hedges), the hedges are designated against exposure to fluctuations in cash flows attributable to the risks that could later affect the Income Statement. These risks are generally associated with an asset or liability recognised in the financial statements (such as future payments on variable-rate payables). The effective part of the change in fair value of the portion of derivative contracts designated as hedges according to IFRS 9 is recognised as an item in the Statement of Comprehensive Income (Hedging reserve). This reserve is then charged to the profit for the year in the period in which the hedged transaction affects the Income Statement. The ineffective part of the change in fair value, as well as the entire change in fair value of derivatives not designated as hedges or that do not meet the requirements of IFRS 9, is instead recognised directly in the Income Statement. In previous years, the Company used a number of hedging instruments. Although the derivatives were designated exclusively to hedge against the risk of exchange rate variability on sales to customers in U.S. dollars, they do not qualify for hedge accounting because they do not fully meet the strict requirements, including formal ones, of the applicable accounting standard. These contracts were in place until the end of 2016, when management assessments deemed them no longer necessary as the Group benefits from natural hedging as a result of the current structure of income statement items in foreign currency. Note that, considering the timing uncertainty of when the obligation to pay 250 million dollars for the extension of the perpetual licence agreement for TOM FORD eyewear would be finalised, as this event is tied to closing of the acquisition of TOM FORD by ELC, during 2023 the Company decided to hedge the exchange rate risk through a derivative contract (Deal Contingent Forward) with a leading bank, which made it possible to set the exchange rate, for a period of a few months, at which Marcolin could the euro into dollars in order to make the payment to TOM FORD. In addition, the contract envisaged a cancellation option if the deal between ELC and Marcolin was not completed. Given its structuring, the contract was recognised using the hedge accounting method, in accordance with IFRS 9, all components of which were substantially effective.

Fair value measurement

The Company measures financial instruments (derivatives) at their fair values at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the sale of the asset or transfer of the liability takes place: in the main market of the asset or liability; or, in the absence of a main market, in the market most advantageous for the asset or liability. The principal market or most advantageous market must be accessible to the Company. The fair value of an asset or liability is measured adopting assumptions that market participants would use to determine the price of the asset or liability, assuming that they act to best satisfy their economic interest. Fair value measurement of a non-financial asset considers a market participant's capacity to generate economic benefits from the highest and best use of the asset or from the sale to another participant that can obtain its highest and best use. The Company uses valuation techniques appropriate in the

circumstances and for which sufficient data are available to measure the fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or recorded in the financial statements are categorised into the following levels of the fair value hierarchy:

- Level 1 – (unadjusted) prices listed in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 – valuation techniques for which inputs for the asset or liability are unobservable.

The fair value measurement is categorised entirely in the same level of the fair value hierarchy of the lowest level input used for measurement. For recurring assets and liabilities, the Company determines whether there have been any transfers between levels of the fair value hierarchy and reviews the categorisation (based on the lowest level input that is significant to the entire measurement) at the end of each reporting period.

Inventories

Inventories are stated at the lower of average purchase or production cost and the corresponding estimated realisable value based on market prices. Estimated realisable value represents the estimated selling price in normal market conditions less all direct selling costs.

Purchase cost was adopted for products purchased for resale and for materials directly or indirectly used, purchased and used in the production process, whereas production cost was adopted for finished and semi-finished products. Purchase cost is determined on the basis of the cost actually incurred, inclusive of directly attributable ancillary costs, including transport and customs expenses and excluding trade discounts.

Production cost includes the cost of materials used, as defined above, and all directly and indirectly attributable manufacturing costs.

Obsolete and slow-moving inventories are written down to reflect their useful life or realisable value.

Trade and other receivables

Trade and other receivables are stated at amortised cost and are measured on the basis of the impairment model introduced by IFRS 9 (see paragraph on financial assets regarding the initial recognition). In accordance with this model, the Company measures receivables using a logic of expected losses, replacing the IAS 39 framework based on incurred losses. The Company has adopted the simplified approach for trade receivables, which, instead of recognising the periodic changes in credit risk, requires the recognition of an expected credit loss ("ECL") calculated over the lifetime of the receivable ("lifetime ECL"). The amount of the receivables is shown in the Statement of Financial Position net of the related provisions for doubtful debts. Impairment losses calculated under IFRS 9 are recognised in the Income Statement net of any positive effects relating to releases or reversals and are presented in the line for net write-downs of financial assets within the general and administrative expenses.

Financial assets – Loans and receivables

The financial assets are classified on the basis of the business model adopted to manage them and of their cash flows. The following categories were identified:

a. Financial assets measured at amortised cost

This category covers financial assets meeting the following requisites: (i) the asset is held under a business model whose objective is to hold assets to collect contractual cash flows; and (ii) the contractual terms of the asset provide for cash flows represented solely by payments of principal and interest on the principal amount outstanding. They concern trade receivables, loans and other receivables. Loan and other receivables are included with current assets, except those whose contractual collection date is after twelve months from the reporting date, which are classified as non-current assets. The loan and other receivables are classified in the Statement of Financial Position as trade and other receivables. Except for trade receivables that do not contain a significant financing component, the loan and other receivables are initially recognised at their fair value adjusted by directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price (determined in accordance with IFRS 15 Revenue from Contracts with Customers). After initial recognition, the assets belonging to such category are measured at amortised cost, using the effective interest rate. The effects of such measurement are recognised in profit and loss. The assets are also subject to the impairment model described in the foregoing section on trade and other receivables.

b. Fair Value through Other Comprehensive Income ("FVOCI")

This category covers financial assets meeting the following requisites: (i) the asset is held under a business model whose objective is met both collecting contractual cash flows and selling these assets; and (ii) the contractual terms of the asset provide for cash flows represented solely by payments of principal and interest on the principal amount outstanding. The assets are initially recognised at their fair value adjusted by directly attributable transaction costs. The initial recognition is later updated and any changes in fair value are recognised in Other Comprehensive Income ("OCI"). As in the previous category, the assets are subject to the impairment model described in the section on trade and other receivables.

c. Fair Value through Profit and Loss ("FVPL")

Financial assets that do not fall within the preceding categories are classified in this residual category. These are mainly derivatives and equity instruments, both listed and not listed on financial markets, that the Company has irrevocably decided to classify as FVOCI upon initial recognition or in transitioning. The assets belonging to this category are classified as current assets or non-current assets according to when they are due, and they are stated at fair value at initial recognition. Investments in unconsolidated companies over which the Company does not have significant influence are included in this category and accounted for as investments. Related costs incurred at initial recognition of the asset are accounted for immediately in the Income Statement. FVPL financial assets are subsequently measured at fair value. Profits and losses deriving from changes in fair value are recognised in the Income Statement as they arise, within the net other income/(expenses). Purchases and sales of financial assets are accounted for on the settlement date. Financial assets are derecognised when the rights to receive cash flows deriving from the instrument are extinguished and the Company has transferred substantially all the risks and rewards of ownership and control of the asset. The fair value of financial instruments is based on the current price offered. If the market for a financial asset is not active (or the asset consists of unlisted securities), the Company determines fair value by using valuation techniques. The techniques include referring to advanced negotiations in progress, referring to securities having the same characteristics, analysis based on cash flows, and pricing models based on the use of market indicators and aligned, as much as possible, with the asset being measured. In the valuation process, the Company tends to use market information instead of internal information referring specifically to the nature of the business in which the Company operates.

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits at banks and other highly liquid short-term investments, i.e., with an original duration of up to three months, and are stated at the amounts actually on hand at the reporting date.

Assets held for sale and related liabilities

These items include non-current assets (or disposal groups of assets and liabilities) whose carrying amount will be recovered mainly through sale rather than through continuing use. Assets held for sale (or disposal groups) are recognised at their net carrying amount or fair value less costs to sell, whichever is less. If these assets (or disposal groups) should cease to be classified as assets held for sale, the amounts are not reclassified or presented for comparative purposes with the classification in the most recent Statement of Financial Position.

Equity

Share capital

Share capital consists of the subscribed and paid-up capital.

Direct issue costs of new share issues are classified as a direct reduction of equity after deferred taxes.

Treasury shares

Treasury shares are shown as a deduction of equity. The original cost of treasury shares and revenues arising on subsequent sale are recognised as changes in equity.

The nominal value of the treasury shares owned is directly deducted from share capital, while the value exceeding the nominal value is used to reduce the treasury share reserve included in the retained earnings/(losses) reserves.

Employee benefits

Post-employment benefit plans are classified, according to their characteristics, as either defined contribution plans or defined benefit plans.

Defined benefit plans, such as that of the "fondo trattamento di fine rapporto" ("TFR", severance indemnity provision) in place until the 2007 Italian Financial Law became effective, are plans under which guaranteed employee benefits are paid upon termination of employment. The defined benefit plan obligation is determined on the basis of actuarial assumptions and is recognised on an accruals basis in line with the employment service necessary to obtain the benefits; the obligation is measured annually by independent actuaries.

The severance indemnity and aforementioned pension fund benefits accrued in the year, determined by applying actuarial methodology, are recognised in the income statement with the personnel costs, whereas the notional interest cost is recognised in net finance income/(costs). Actuarial losses from changes in actuarial assumptions are recognised directly in the equity of the year they emerge, in accordance with Revised IAS 19, effective from 1 January 2013.

On 1 January 2007, the 2007 Financial Law and related enactment decrees brought significant changes to employee severance indemnity regulations, including the possibility for the employee to choose, by 30 June 2007, how to allocate his or her accruing severance indemnities. New accruing severance indemnities may be assigned by the employee to selected pension funds or kept within the company (in the latter case, the company will pay the severance indemnity contributions into a treasury account held at the INPS).

Pursuant to these changes, the severance indemnity provision accrued up to the date of the employee's decision (defined benefit plans) was recalculated by independent actuaries, excluding the component of future salary raises.

Severance indemnities accruing from the date of the employee's decision, and in any case from 30 June 2007, are considered a defined contribution plan, meaning the accounting treatment is similar to that in effect for all other contribution payments.

Provisions for risks and charges

Provisions for risks and charges consist of allowances for present obligations (either legal or constructive) toward third parties that arise from past events, the settlement of which will probably require an outflow of financial resources and the amount of which can be estimated reliably.

Provisions are stated at the discounted best estimate of the amount the company should pay to settle the obligation or to transfer it to third parties as at the reporting date.

Changes in estimates are reflected in the income statement of the period in which the change occurs.

Risks for which the emergence of a liability is merely possible are identified in the section relating to commitments and guarantees, without making any allowances for them.

Trade payables and other non-financial liabilities

This item refers to payables originating from the purchase of goods or services that have not been settled by the end of the reporting period. They are not usually covered by guarantees and are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Financial liabilities

Borrowings (loans) are initially recognised at cost, corresponding to the fair value of the liability less their transaction costs. They are subsequently measured at amortised cost; any difference between the amount financed (net of transaction costs) and the nominal value is recognised in the income statement over the life of the loan, using the effective interest method. If there is a change in the anticipated cash flows and management is able to estimate them reliably, the value of borrowings is recalculated to reflect such changes.

Loans are classified among current liabilities if they mature in less than 12 months from the end of the reporting period and if the Company does not have an unconditional right to defer their payment for at least 12 months.

Loans are derecognised when they are paid off or when all risks and costs associated with them have been transferred to third parties.

Revenues and income

In accordance with the five-step model introduced by IFRS 15, the Company recognises revenue after identifying the contracts with its customers and the performance obligations in the contract (transfer of goods and/or services), determining the amount of consideration to which it is entitled in exchange for satisfying each of the performance obligations, and evaluating how the performance obligations were satisfied (at a point in time or over time). In particular, the Company recognises revenues only if the following requirements are met (Requirements for identifying contract(s) with the customer): a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to performing their respective obligations; therefore, an agreement exists that creates the rights and obligations regardless of the form of such agreement; b) the Company can identify each party's rights in relation to the goods or services to be transferred; c) the Company can identify the payment terms of the goods or services to be transferred; d) the contract has commercial substance; and e) it is probable that the Company will collect the consideration to which it is entitled in exchange for the goods or services that will be transferred to the customer. If the above criteria are not met, the related revenues are recognised when: (i) the Company has already transferred goods and/or services to the customer and all, or substantially all, of the promised consideration has been received and is non-refundable; or (ii) the contract is terminated and the consideration that the Company has received from the customer is non-refundable.

If the above criteria are met, the sales revenues are recognised when the control of the goods sold is transferred to the customer, or when the goods are delivered to the customer under the terms of the contract and the customer acquires the full ability to direct the use of it and obtain substantially all of the remaining benefits from it. When the sale contract provides for retrospective volume discounts, the Company estimates their effect and treats it as a variable component of the agreed consideration. The Company also estimates the effect of possible returns from customers. This effect is accounted for as a variable component of the contractual consideration with the contextual presentation of a refund liability among the short-term risk provisions and the corresponding return asset among other current assets in the Statement of Financial Position. The estimate is based on the right-of-return policies and practices adopted by the Company and past trends of sales returns. The variable components of the consideration (discounts and returns) are recognised in the Financial Statements only when it is highly probable that a significant adjustment to the amount of revenue recognised will not occur. No post-delivery obligations exist besides the product warranties, where required by local regulations; the warranties do not constitute a separate service and they are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Interest income is accrued on a time basis by reference to the effective interest rate applicable to the related asset.

Dividends are recognised when the shareholder's rights to receive payment are established. This normally occurs when the dividend distribution resolution is approved at the General Meeting.

Cost of goods sold

The cost of goods sold includes the cost of producing or acquiring the goods and products sold. It includes all the costs of materials, processing and expenses directly associated with production. It also includes the depreciation of buildings, plant and equipment, the amortisation of the intangible assets used in production and inventory impairment losses.

Royalties

The Company accounts for royalty expense on an accrual basis according to the substance of the agreements stipulated.

Other costs

The costs are recognised according to the relevance and matching principles.

Finance income and costs

Interest is accounted for according to the accrual concept on the basis of the interest rate established by contract. If not established by contract, interest is recognised using the effective interest method, i.e., using the interest rate that makes all inflows and outflows of a specific transaction financially equivalent.

Translation of foreign currency amounts

Transactions in currency other than the euro are translated into local currency using the exchange rates in force on the transaction date. Foreign exchange differences realised in the period are recognised in the Income Statement. Foreign currency receivables and payables are adjusted at the exchange rate in force on the reporting date, recognising the entire amount of profit or loss arising on exchange as finance income and costs in the income statement.

Income taxes

Income taxes are stated in the Income Statement, except for those regarding items recognised directly in equity, for which the tax effect is also recognised directly in equity.

Deferred taxes are calculated on the temporary differences generated between the value of the assets and liabilities reported in the Financial Statements and the value attributed to those assets and liabilities for tax purposes.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which they may be recovered. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and, as necessary, is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Any such reductions are reversed if the conditions causing them should cease to exist.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply when the assets are realised or the liabilities are settled, considering the tax rates in force and those that have been enacted or substantially enacted by the reporting date.

Other taxes not relating to income, such as property and equity taxes, are included in the operating items.

Italian tax consolidation

Following the reverse merger by incorporation of 3 Cime SpA into Marcolin SpA, with accounting and tax effects backdated to 1 January 2023, the group tax regime pursuant to art. 117 et seq., Presidential Decree no. 917 of 22 December 1986 ("TUIR"), in which Marcolin SpA participated as a consolidated entity, was no longer effective from 1 January 2023.

FINANCIAL RISK FACTORS

Financial risks

Financial risk management is an integral part of the Company's activities and is performed based on strategies to cover specific areas, i.e., through hedges of foreign exchange risks and risks deriving from fluctuations of interest rates.

The Company seeks to minimise the impact of such risks on its results, and in previous years some hedging instruments were used.

Although the derivatives were designated exclusively to hedge against the risk of exchange rate variability on sales to customers in U.S. dollars, they did not qualify for hedge accounting because they did not fully meet the strict requirements, including formal ones, of the applicable accounting standard.

These contracts were in place until the end of 2016, when management assessments deemed them no longer necessary as the Group benefits from natural hedging as a result of the current structure of income statement items in foreign currency.

Note that, considering the timing uncertainty of when the obligation to pay 250 million dollars for the extension of the perpetual licence agreement for TOM FORD eyewear would be finalised, as this event is tied to closing of the acquisition of TOM FORD by ELC, during 2023 the Company assessed the possibility of hedging the exchange rate risk by signing a derivative contract (Deal Contingent Forward) with a leading bank, which made it possible for a period of a few months to set the exchange rate at which Marcolin would have converted euros into dollars in order to make the payment to TOM FORD. In addition, the contract envisaged a cancellation option if the deal between ELC and Marcolin was not completed. Given its structuring, the contract was recognised using the hedge accounting method, in accordance with IFRS 9, all components of which were substantially effective. The same was done during 2023. No derivative contracts were signed during 2024.

Market and currency risks

Marcolin SpA operates in various markets throughout the world and is therefore exposed to risks associated with fluctuations of foreign exchange rates and interest rates.

The exposure to exchange rate risks is due to the different geographical distribution of its production and commercial activities. The Company is primarily exposed to fluctuations of the U.S. dollar on supplies received from Asia and on sales conducted in U.S. dollars, and to a lesser extent to fluctuations of the British Pound sterling and Brazilian Real.

Although fluctuations of foreign exchange rates could affect the Company's profit or loss, the structure of revenues and expenses in foreign currency is considered to enable the maintaining of a natural hedge against the transactional risk, due to the fact that the amount of sales in foreign currency substantially corresponds to the amount of costs in foreign currency.

In the past, until 2016, the Company used currency hedges (foreign exchange forward contracts), which are no longer necessary due to the natural hedge from which the Company benefits as a result of the current structure of revenues and expenses in foreign currency.

With respect to transaction risk, according to the sensitivity analysis performed, a change in exchange rates should not significantly impact the Company's separate Financial Statements, thanks to the previously described situation.

Interest rate risk

The Financial Report provides details on Marcolin SpA's interest rate risk.

The section on liquidity risk provides a quantitative analysis of the Company's exposure to cash flow risk relating to interest rates on loans.

Information on outstanding loans is provided subsequently in these notes.

Interest rate sensitivity analysis

A sensitivity analysis on the interest rate was carried out, assuming an upward shift of +25 basis points and a downward shift of -10 basis points in the Euribor/EUR Swap interest rate curve, published by Reuters as at 31 December 2024. In this manner, the Company determined the impact that such changes would have had on the income statement and on equity.

The sensitivity analysis excluded financial instruments that are not exposed to significant interest rate risk, such as short-term trade receivables and payables.

The interest on bank borrowings was recalculated using the above assumptions and the investment position in the year, recalculating the higher/lower annual finance costs.

For cash and cash equivalents, the average balance of the period was calculated using the carrying amounts at the beginning and end of the year. The effect on income of a 25 basis-point increase/10 basis-point decrease in the interest rate from the first day of the period was calculated on the amount thus determined.

The bond loan of 350 million euro signed in May 2021 was also excluded from the above analysis, as it has a fixed interest rate of 6.125%.

According to the sensitivity analysis performed on the basis of the above criteria, the Company is exposed to interest rate risk on its expected cash flows. If interest rates were to rise by +25 basis points, income would decrease by 85 thousand euro due to the lower incidence of finance income on intercompany loans and current account balances compared to the increase in interest expenses with banks and third parties.

If interest rates should fall by -10 basis points, income would increase by 34 thousand euro.

Credit risk

The Company does not have a significant concentration of credit risk. Receivables are recognised net of write-downs for risk of counterparty default, calculated based on available information regarding the customer's solvency and any useful statistical records.

Guidelines and internal policies have been implemented for managing customer credit, supervised by the designated business function (Credit Management), to ensure that sales are conducted only with reasonably reliable and solvent parties, and through the setting of differentiated credit exposure ceilings (according to creditworthiness).

The trade receivables and other current assets excluding the returns provision are set forth below by the main areas in which the Company operates in order to evaluate the country risk. The section on accounting standards provides additional information thereon.

Trade receivables by geographical area and other current assets (euro/000)	12/31/2024	12/31/2023
Italy	18,601	18,920
Rest of Europe	22,226	17,759
North America	26,989	21,934
Rest of Word	24,127	21,746
Total	91,943	80,360

Trade receivables not past-due are set forth below, categorised by geographical area (IFRS 7):

Trade receivables not overdue by geographical area (euro/000)	12/31/2024	12/31/2023
Italy	12,248	11,599
Rest of Europe	22,159	16,336
North America	25,904	21,297
Rest of Word	21,708	19,572
Total	82,020	68,805

In compliance with IFRS 7, the following table provides an ageing analysis of the undisputed trade receivables:

Ageing analysis of trade receivables not protested <i>(euro/000)</i>	Gross value	Provision	Net value
12/31/2023			
Not past due	68,805	(465)	68,340
Past due by less than 3 months	4,195	(1,241)	2,954
Past due by 3 to 6 months	1,065	(50)	1,015
Past due by more than 6 months	(522)	(6)	(527)
Total	73,543	(1,762)	71,782
12/31/2024			
Not past due	82,020	(935)	81,085
Past due by less than 3 months	3,241	(284)	2,956
Past due by 3 to 6 months	1,077	(30)	1,048
Past due by more than 6 months	-	-	-
Total	86,338	(1,249)	85,089

In some markets in which Marcolin SpA operates, receivables are regularly collected after the date stipulated by contract, without this necessarily indicating collection issues or financial difficulties. Consequently, there are trade receivable balances that were not considered impaired, even though they were past due.

These trade receivables are set forth in the table below, by past-due category.

Trade receivables overdue but not impaired <i>(euro/000)</i>	12/31/2024	12/31/2023
Past due less than 3 months	528	1,455
Past due more than 3 months	2	96
Total	530	1,550

For the sake of exhaustive disclosure, an ageing analysis of disputed receivables and the related write-downs is set forth below.

Ageing analysis of trade receivables protested <i>(euro/000)</i>	Gross value	Provision	Net value
12/31/2023			
Past due by more than 12 months	1,754	(1,739)	15
Totale	1,754	(1,739)	15
12/31/2024			
Past due by more than 12 months	1,721	(1,707)	14
Total	1,721	(1,707)	14

Some trade receivables are covered by the types of guarantees typically used for sales on international markets.

The changes in the provision for doubtful debts are set forth below:

Provision for doubtful debts <i>(euro/000)</i>	12/31/2024	12/31/2023
Opening amount	2,997	3,400
Provisions/Reversal on P&L	150	(365)
Use	(192)	(38)
Period end Total	2,956	2,997

In accordance with IFRS 9, the expected losses on trade receivables were estimated upon initial recognition of the receivable and over its lifetime (lifetime expected credit loss). As allowed by the standard, a matrix was used to estimate the expected credit losses that took into account the geographical source of the receivable and the type of customer. The matrix considers different loss percentages according to the ageing category of the receivables. The expected loss percentage rises when the receivable seniority rises.

Liquidity risk

Prudent management of liquidity risk entails keeping a sufficient level of liquidity and having sources of funding available to meet working capital requirements by means of adequate credit lines.

Due to the dynamic nature of its business, the Company has always favoured the flexibility of obtaining funding through the use of credit lines. As noted in the Report on Operations, since May 2021, there is a revolving credit facility (RCF) of a nominal value of 46 million euro available for short-term cash flow requirements. As part of the liquidity support measures, 3 Cime SpA, the former majority shareholder of Marcolin SpA, disbursed on 24 June 2020 a 25 million euro subordinated shareholder loan maturing in November 2027, which accrues interest repayable at maturity.

The merger by incorporation of 3 Cime SpA into Marcolin SpA took place in 2023. After this merger became effective, the aforementioned shareholder loan agreement disbursed by 3 Cime SpA to Marcolin SpA was consequently extinguished. The series of ownership rights and obligations transferred from 3 Cime SpA to Marcolin SpA as part of the merger included that deriving from the shareholder loan agreement originally disbursed by Tofane SA to 3 Cime SpA on the same date. In the context of merger-related obligations, Marcolin SpA signed a number of amendments to the shareholder loan agreement with Tofane SA and related ancillary documentation, also in order to adapt certain terms and conditions to the requirements set out in documentation relating to the bond loan originally under 3 Cime SpA responsibility. In particular, as a result of this amendment, (i) the maturity date of the loan was postponed to 16 November 2027 and (ii) the amount due to Tofane deriving from the Tofane shareholder loan agreement will be subordinated to repayment of the Bond Loan and the amounts not yet repaid pursuant to the ssRCF loan agreement.

Lastly, the merger did not affect the pledge in place on Marcolin SpA shares, which did not change, except for the change in the related pledgor (with the signing of a recognition and confirmation deed by Tofane) and will therefore continue to guarantee, without interruption or novation effect, the current commitments.

On 13 December 2023, following financial needs of the parent company Tofane SA, Marcolin SpA carried out a partial repayment of the aforementioned shareholder loan for a total amount of 3.0 million euro, of which 2.35 million euro attributable to the principal amount and € 630 thousand to the interest accrued from the date of disbursement of the loan on the principal amount repaid. Following the transaction, the residual principal of the shareholder loan amounts to 22.65 million euro.

The loan is structured as equity credit.

Lastly, on 31 October 2023 a new loan was taken out for a total of 30 million euro, necessary to part-finance the acquisition of ic! berlin GmbH. At present, based on its available sources of funding and credit facilities, the Company considers its access to funding to be sufficient for meeting the financial requirements of ordinary operations and for the capital expenditures planned. See also the Annual Financial Report of Marcolin SpA.

Liquidity analysis

Liquidity analysis was performed on loans and trade payables. Borrowings were specified by time bracket for principal repayments and non-discounted interest. Future interest amounts were determined using forward interest rates taken from the spot-rate curve published by Reuters at the end of the reporting period.

None of the cash flows included in the following table were discounted.

(euro/000)	Within 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Total
Loans and bonds (excluding capital lease)	26,179	395,864	-	-	405,332
Interest expenses on loans, bonds, leasing	24,177	31,034	545	614	11,978
Capital lease	1,050	1,143	69	0	2,262
Trade payables	133,022	-	-	-	133,022

CLASSIFICATION OF FINANCIAL INSTRUMENTS

Financial instruments are reported by type in the following table (in comparison with the amounts of the previous year), in accordance with IFRS 7.

In 2020, the financial instruments were classified in accordance with IFRS 9 and IFRS 16.

Categories of financial assets (euro/000)	Trade receivables	Financial assets	Cash and cash equivalents
2024			
Loans and other financial recivables at amortized cost	85,103	31,199	50,770
Financial assets at faie value through P&L	-	-	-
Held to maturity investments	-	-	-
Financial assets available for sale	-	-	-
Total	85,103	31,199	50,770

Categories of financial assets (euro/000)	Trade receivables	Financial assets	Cash and cash equivalents
2023			
Loans and other financial recivables at amortized cost	72,300	36,805	41,373
Financial assets at faie value through P&L	-	-	-
Held to maturity investments	-	-	-
Financial assets available for sale	-	-	-
Total	72,300	36,805	41,373

Categories of financial liabilities (euro/000)	Trade payables	Financial liabilities	Bond
2024			
Financial liabilities at amortized cost	133,022	72,052	349,991
Lease financial liabilities	-	2,262	-
Totale	133,022	74,314	349,991

Categories of financial liabilities (euro/000)	Trade payables	Financial liabilities	Bond
2023			
Financial liabilities at amortized cost	115,820	85,537	348,665
Lease financial liabilities	-	2,304	-
Totale	115,820	87,841	348,665

FAIR VALUE MEASUREMENT HIERARCHY

Financial instruments measured at fair value are reported on the basis of the fair value hierarchy, described below:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 - valuation techniques for which the inputs are unobservable for the asset or liability.

USE OF ESTIMATES

The preparation of Financial Statements requires management to make estimates that could affect the carrying amount of some assets, liabilities, income and expenses, and disclosures concerning contingent assets and liabilities at the reporting date.

Estimates were used mainly to determine the recoverability of intangible assets (including goodwill), the useful lives of tangible assets and any market values used to evaluate impairment, the value of investments in subsidiaries and associates, the recoverability of receivables (including deferred tax assets), the valuation of inventory and the recognition or measurement of provisions for risks and charges.

The estimates and assumptions are based on data that reflect currently available information.

Estimates and assumptions that involve a significant risk of changes in the carrying amounts of assets and liabilities are described hereunder.

Goodwill

Pursuant to IAS 36, the Company performs impairment tests at least annually.

Recoverable amounts are calculated based on "value in use".

The calculations require using estimates of the future performance of the cash-generating units (CGUs) to which goodwill belongs (business plan forecasts), the discount rate (WAAC) and the prospective growth rate to be applied to the forecast cash flows ("g" rate).

Impairment of non-current assets

When there is indication that the net carrying amount exceeds the recoverable amount, non-current assets are reviewed to determine whether they have suffered an impairment loss, in accordance with the adopted accounting principles. The recoverable amount is represented by the fair value less costs to sell, or value in use, whichever is greater. Recoverable amounts are calculated based on their value in use. Such calculations require using estimates of future performance, the discount rate and the prospective growth rate to be applied to the forecast cash flows. If any such indication exists, management is required to perform subjective evaluations based on information available within the Company and on the market. If indications of impairment should exist, the Company calculates the potential impairment using the valuation techniques it considers to be the most appropriate. Proper identification of impairment indications and estimates of potential impairment are dependent on factors that may vary over time, affecting the measurements and estimates made by management. Provision for doubtful debts The provision for doubtful debts reflects management's estimates of future losses on trade receivables concerning end customers. The provision for doubtful debts is calculated in accordance with IFRS 9.

Returns provision and product warranty provision

The returns provision and product warranty provision reflect management's estimate of losses deriving from the customers' possibility under contract to return products sold. The product warranty provision gives the customer the possibility to return defective merchandise and receive an analogous (non-defective) product in exchange.

The returns provision is accounted for in accordance with IFRS 15, and the product warranty provision with IAS 37.

Provision for inventory impairment

The provision for inventory impairment reflects management's estimates regarding the losses expected by the Company, determined on the basis of past experience and both past and anticipated market trends.

Income taxes

The correct determination of income taxes in the various jurisdictions in which Marcolin operates requires interpretation of the tax regulations applicable in each jurisdiction. Though Marcolin intends to maintain relations with the tax authorities of the countries in which business is carried out based on transparency, dialogue and collaboration (e.g. by refusing to implement aggressive tax planning and, where present, using the measures envisaged in the various legal systems to mitigate the risk of tax disputes), it is not possible to exclude with certainty any disputes with tax authorities resulting from ambiguous interpretations of tax regulations. The settlement of a tax dispute, through a process of negotiation with the tax authorities or a final decision on a dispute, can take several years.

The estimated total liabilities relating to uncertain tax treatments is the result of a complex process that involves subjective judgements by Company Management. After initial recognition, these liabilities are periodically updated to reflect changes in the estimates made, arising from changes in significant facts and circumstances.

The need to make complex assessments and exercise managerial judgment concerns, in particular, activities associated with verification of the recoverability of deferred tax assets, relating to deductible temporary differences and tax losses, which requires making estimates and assessments regarding the amount of future taxable income and the related timing of materialisation.

ANALYSIS OF MARCOLIN SPA STATEMENT OF FINANCIAL POSITION ITEMS

The comments and changes in the most significant items compared to the Separate Financial Statements as at 31 December 2024 are detailed below (unless otherwise specified, amounts are expressed in thousands of euros).

1. PROPERTY, PLANT AND EQUIPMENT

The composition of and changes in the item for the past two years are set forth below:

Property, plant and equipment (euro/000)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other PP&E	Assets under construction	Total
Net value at beginning of 2023	11,754	8,743	887	4,149	46	25,579
Increases	361	2,564	594	2,388	-	5,907
Decreases	(27)	0	(3)	(76)	-	(107)
Depreciation	(994)	(2,421)	(721)	(2,220)	-	(6,356)
Reclassification and other movements	-	46	-	-	(46)	-
Net value at end of 2023	11,095	8,932	757	4,240	(0)	25,024
Net value at beginning of 2024	11,095	8,932	757	4,240	(0)	25,024
Increases	68	2,587	778	3,606	74	7,114
Decreases	(152)	(39)	(6)	-	-	(197)
Depreciation	(876)	(2,574)	(706)	(2,230)	-	(6,386)
Reclassification and other movements	-	-	-	-	-	-
Net value at end of 2024	10,135	8,906	824	5,615	74	25,553

The annual capital expenditures totalled 7,114 thousand euro.

In addition to the effects arising from the application of IFRS 16 — primarily impacting the increases in the “Land and Buildings” and “Other Assets” categories, largely attributable to the signing of lease agreements for commercial properties and company vehicles — the increases in other classes of property, plant and equipment mainly related to the following cases:

- plant and machinery for 2,587 thousand euro, with the main increase relating to the project known as “Atelier”, aimed at expanding production capacity at the Longarone facility. This site is dedicated to manufacturing products with higher complexity in terms of both product and process, and also serves as a support to the main departments in the event of peaks in production demand.
- industrial and commercial equipment for 778 thousand euro;
- hardware, office furniture and company cars, included in other tangible assets, for 3,606 thousand euro.

The gross value of property, plant and equipment and their accumulated depreciation as at 31 December 2024 are shown in the following table:

Property, plant and equipment (euro/000)	Land and buildings	Plant and machinery	Industrial and commercial	Other PP&E	Assets under construction	Total 12/31/2024
Undepreciated value	25,537	36,137	19,235	15,990	74	96,973
Accumulated depreciation	(15,403)	(27,232)	(18,411)	(10,374)	-	(71,420)
Net value	10,135	8,906	824	5,615	74	25,554

The following table presents the amounts of the previous year:

Property, plant and equipment (euro/000)	Land and buildings	Plant and machinery	Industrial and commercial	Other PP&E	Assets under construction	Total 12/31/2023
Undepreciated value	25,867	34,005	20,704	14,452	-	95,029
Accumulated depreciation	(14,773)	(25,073)	(19,948)	(10,212)	-	(70,006)
Net value	11,094	8,932	757	4,240	0	25,024

The following table shows the net carrying amount as at 31 December 2024 of the rights of use recognised in accordance with IFRS 16 and included within the respective asset classes to which the right of use refers:

€/000	12/31/2024	12/31/2023
Land and buildings	583	1,091
Industrial and commercial equipment	335	78
Cars	1,050	814
Other tangibles fixed assets	213	239
Total Right-of-use assets	2,181	2,221

The following table lists the 31.12.2024 depreciation of the right-of-use assets:

€/000	2024
Land and buildings	357
Industrial and commercial equipment	134
Cars	647
Other tangibles fixed assets	76
Total depreciation of Right-of-Use	1,215

The adoption of IFRS 16 and the effects thereof are explained in the specific section of this Annual Report.

2. INTANGIBLE ASSETS AND GOODWILL

The composition of - and changes in - this item are set forth below:

Intangible assets and goodwill (euro/000)	Software	Concessions, licenses and	Other	Intangible assets under formation and	Total	Goodwill
Net value at beginning of 2023	5,770	419	16,995	(0)	23,183	186,227
Increases	2,550	229,963	2,666	-	235,179	2,927
Decreases	-	-	(2,548)	-	(2,548)	-
Amortization	(2,185)	(105)	(3,005)	-	(5,294)	-
Reclassification and other movements	-	7,587	(7,587)	-	-	-
Net value at end of 2023	6,134	237,864	6,521	(0)	250,520	189,154
Net value at beginning of 2024	6,134	237,864	6,521	(0)	250,520	189,154
Increases	2,010	-	2,251	30	4,291	-
Decreases	(273)	-	46	-	(226)	-
Amortization	(2,275)	(104)	(2,917)	-	(5,296)	-
Reclassification and other movements	-	-	-	-	-	-
Net value at end of 2024	5,597	237,760	5,902	30	249,289	189,154

Intangible assets mainly include the amounts recognised as a result of the 2013 reverse merger— an extraordinary transaction that took place as a result of the acquisition of the Marcolin Group by the shareholder PAI Partners. In particular, this is reflected in the “Goodwill” item, which initially included an amount of 189,722 thousand euro. This amount was reduced in 2015 by 3,496 thousand euro as a result of the transfer of the Asia Pacific business unit to the subsidiary Marcolin UK Ltd.

This item was subject to an impairment test to assess the recoverability of its carrying amount at the date of preparation of these financial statements.

The recoverable amount of goodwill was estimated using the Group's value in use, taken as the enterprise value emerging from the application of the unlevered free cash flow method to the projected cash flows in a continuing operation.

The methods and sensitivity analysis used for the test results are described in the subsequent section on impairment testing.

In brief, the impairment test and sensitivity analysis results provided values consistent with the invested capital presented in the Financial Statements.

The sensitivity analyses did not reveal any shortages: it is therefore reasonable to conclude that the carrying amount of Goodwill in the Parent Company's financial statements is recoverable, as the test did not require any write-downs to be made in respect of the assets recognised as Goodwill in the financial statements of Marcolin SpA.

In 2023, the item Goodwill increased by 2,927 thousand euro, referring to the reorganisation in the APAC Region during the year which, among other things, saw the acquisition of a Business Unit from the subsidiary Marcolin UK HK Branch, previously managed by the latter, with effect from 1 February 2023.

The item Concessions, licences and trademarks increased by 229,963 thousand euro during the previous financial year 2023, attributable to the payment of 250 million dollars made on 28 April 2023 to ELC for the extension of the perpetual licence agreement for TOM FORD eyewear. For further details on the transaction, please refer to the specific paragraph in the Group's Annual Financial Report as at 31 December 2023. With reference to this payment, considering the timing uncertainty of finalisation of the related payment obligation, as it is tied to closing of the acquisition of TOM FORD by ELC, the Group assessed the possibility of hedging the exchange rate risk by signing a Deal Contingent Forward derivative contract with a leading bank, which made it possible for a period of a few months to set the exchange rate at which Marcolin would have converted euros into dollars in order to make the payment to TOM FORD. In addition, the contract envisaged a cancellation option if the deal between ELC and Marcolin was not completed. Given its structuring, the contract was recognised using the hedge accounting method,

in accordance with IFRS 9, all components of which were substantially effective. Note that this amount meets the criteria for classification as an intangible asset with an indefinite useful life, as defined in paragraph 88 IAS 38, and is therefore not subject to systematic amortisation but rather to annual verification of its value in compliance with IAS 36 "Impairment of assets".

As part of its impairment testing activities, the Company carried out an assessment of the recoverability of the TOM FORD licence and the value of the ic! berlin brand, by estimating their fair value. This approach was adopted as these assets have been classified as having an indefinite useful life. In order to estimate the fair value, the Company applied the provisions of IFRS 13 (Fair Value Measurement). In particular, it applied an approach based on differential income flows attributable to the intangible assets (Income Approach) using the Royalty Rate Method version, which assumes that the value of the intangible asset is a function of the royalties that would be obtained (saved) in the event of the disposal (acquisition) of use of the intangible asset.

The application of these parameters resulted in a fair value for the TOM FORD licence and the ic! berlin brand, which confirmed the full recoverability of the recognised assets. The carrying amount of the licence and the brand, having been individually tested for recoverability, was nonetheless also included within the Marcolin CGU for the purpose of determining its overall value in use.

The item Concessions, licences and trademarks also includes the domestic brand WEB EYEWEAR. This asset, which was obtained in November 2008 for 1,800 thousand euro and whose purchase price was determined by an independent professional appraiser, is amortised over 18 years.

During the year 2024, investments of 4,291 thousand euro were made, of which 2,010 thousand euro referring to Software, related to new management applications and their implementation.

The purchase cost and accumulated amortisation of the intangible assets deducted directly from the cost are shown in the following table:

Intangible assets and goodwill (euro/000)	Software	Concessions, licenses and trademarks	Other	Intangible assets under formation and advances	Total	Goodwill
Undepreciated value	30,151	244,945	16,546	30	291,672	186,227
Accumulated depreciation	(24,553)	(7,185)	(10,644)	-	(42,383)	-
Net value	5,597	237,760	5,902	30	249,289	189,154

The following table presents the amounts of the previous year:

Intangible assets and goodwill (euro/000)	Software	Concessions, licenses and trademarks	Other	Intangible assets under formation and advances	Total	Goodwill
Undepreciated value	28,413	244,987	42,955	-	316,355	186,227
Accumulated depreciation	(22,278)	(7,123)	(36,434)	-	(65,835)	-
Net value	6,135	237,864	6,521	0	250,520	189,154

Impairment testing

Impairment testing, under IAS 36, is performed at least annually for intangible assets with an indefinite useful life, such as goodwill. Other intangible assets are tested whenever there are external or internal indications that they have suffered an impairment loss.

The total Goodwill of 315,068 thousand euro recognised as at 31 December 2024 in the Group's consolidated financial statements, of which 189,153 thousand euro related to the Parent Company, was impairment tested to assess the appropriateness of its carrying amount at the date of preparation of these Financial Statements.

The Group is now managed as a single unit coordinated by the Parent Company using a centralised model. For this reason, goodwill was measured at a Group level.

The recoverable amount of the net invested capital including goodwill was estimated using Marcolin Group's value in use, assumed as the enterprise value emerging from the application of the unlevered free cash flow method to the projected cash flows of Marcolin Group's continuing operation.

The following assumptions were made to determine value in use:

- the cash-generating unit (CGU) was identified as the entire Marcolin Group (cash flows from projected operating/financing activities of Marcolin SpA and all its Italian and foreign subsidiaries) because the Group's organisational structure uses a centralised model headed by Marcolin SpA;

- the main data sources used were: the draft Financial Statements as at 31 December 2024, the 2025 Budget and the 2026-2029 business plan.⁷ The main assumptions governing the multi-year Business Plan concern:
 - from a commercial perspective, the focus remains on the continuous growth of the brands within the Group's portfolio. Notably, TOM FORD continues to strengthen its leadership position in the Luxury segment, while Guess is increasing continuously in the Diffusion segment. Additionally, the Group is developing newly announced licensed brands such as Christian Louboutin, K-Way and Abercrombie. There has also been significant growth in products targeting the outdoor sports segment, driven by portfolio brands such as adidas Badge of Sport and adidas Originals. Commercial expansion of proprietary brands is ongoing, now including ic! berlin — acquired through the purchase of the brand's parent company on 7 November 2023 — alongside the long-established WEB EYEWEAR brand. The Group continues to strengthen its E-commerce channel, both directly and through third-party intermediaries, and has completed the roll-out of its CRM system across its branches. Strategic commercial development is also underway in key regions such as the US and APAC, while the consistent and successful renewal of licence agreements remains a hallmark of the Group's long-standing approach.
 - from the industrial and logistical point of view, increasing the efficiency of the entire supply chain, from the procurement channels of third-party suppliers to projects aimed at increasing internal production also through automation projects of industrial and logistical processes; efficiency in inventory management through new demand planning and product development processes;
- the terminal value was calculated using the 2029 EBITDA, assuming perpetual growth at a "g" rate. This rate was assumed to be 2.3%, prudentially considering the inflation projections for the countries in which Marcolin operates. The resulting cash flow is adjusted to normalise the cash flow expected in perpetuity, according to the standard measurement practice;
- the cash flow discount rate (WAAC) is 10,51%, calculated in line with the Capital Asset Pricing Model (CAPM) commonly used for valuation in doctrine and in standard practice. This rate reflects current market estimates referring to: 1) the cost of capital for debt (Kd = 2.99%, after taxes); 2) the expected return on the risk capital invested in Marcolin (Ke = 13.10%), weighted considering the source of the Group's main cash flows. Weighted Kd/Ke was determined under the applicable accounting standards by considering the average financial structure of Marcolin's main comparables, assuming that the value of the entity's projected cash flows does not derive from its specific debt/equity ratio.

On the basis of the analysis performed, it can be well concluded that the Goodwill recorded is not impaired, as the value in use is much higher than the carrying amount of the net invested capital as at 31 December 2024.

Moreover, sensitivity analysis was performed on the Group's enterprise value, determined with the previously described methods, assuming:

- changes in WAAC;
- changes in the "g" rate.

In this case, a half-percentage point increase in WAAC would result in a 6% decrease in the enterprise value (given the same "g"), whereas a half-percentage point decrease in the "g" rate would result in a 4% decrease in the enterprise value (given the same WAAC). Neither case would result in an impairment loss.

Finally, a stress test was performed assuming higher capital expenditures than those budgeted and estimating possible cash outflows that the Group could incur to renew certain licenses upon their expiration.

Even this stress test confirmed that the coverage amounts remain positive, with broad safety margins.

⁷ The impairment test document was approved by the Parent Company's Board of Directors on 26 March 2025. Management has prepared a five-year business plan (2025 in accordance with the Budget and progression of the Business Plan up to 2029) to present the business outlook, recognising the marketing and business strategies used.

3. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The investments in directly controlled subsidiaries and associates and their changes for the year are reported below:

Subsidiaries (euro/000)	12/31/2023	Merger's effects	Subscription/disposal	Impairments	12/31/2024
Marcolin USA Eyewear Corp.	170,083	2,304	-	-	172,386
Marcolin UK Ltd	6,133	-	-	-	6,133
Marcolin do Brasil Ltda	13,164	-	-	-	13,164
Marcolin Iberica SA	3,268	-	-	-	3,268
Marcolin-RUS LLC	3,267	-	-	-	3,267
Marcolin Deutschland Gmbh	1,161	-	-	-	1,161
Ging Hong Lin International Co Ltd	3,400	-	-	-	3,400
Marcolin Benelux Sprl	477	-	-	-	477
Marcolin Eyewear (Shanghai) Co., Ltd.	14,921	-	-	-	14,921
Marcolin Gmbh	166	-	-	-	166
Marcolin Technical Services (Shenzhen) Co. Ltd	142	-	-	-	142
Marcolin Nordic AB	904	-	-	-	904
Marcolin France Sas	214	-	-	-	214
Marcolin Asia Ltd	176	-	-	-	176
Marcolin México S.A.P.I. de C.V.	4,349	-	-	-	4,349
Marcolin Singapore Pte Ltd	66	-	-	-	66
Marcolin Middle East FZCO	3,762	-	-	-	3,762
Marcolin Asia Ltd	28	-	-	-	28
ic! berlin GmbH	38,528	-	-	-	38,528
Total	264,208	-	-	-	266,512
Provision for subsidiaries losses	(7,487)	-	-	-	(7,486)
Put/call option on non-controlling interests	5,500	-	-	-	5,500
Total	262,222	-	-	-	264,526

Investments in subsidiaries amounted to 264,526 thousand euro. The amount includes 7,487 thousand euro in write-downs on certain investments. Any negative differences between the carrying amount of some investments in subsidiaries and the respective equity are not considered to represent indications of impairment of the investment. Management has reached this conclusion in light of the impairment tests conducted on some equity investments, which show future profits based on the business plans of the companies concerned.

The increase of 2,304 thousand euro in the investment in Marcolin USA Eyewear Corp. is due to the merger of ic! berlin America LLC into the American branch, which took place on 1 July 2024. The merger was completed through the preliminary acquisition by Marcolin SpA of the investment in ic! berlin America LLC from ic! berlin GmbH for a value of 2,304 thousand euro. This acquisition was necessary to facilitate the merger of the two US entities, both under the same controlling shareholder, Marcolin SpA, which holds 100% of the shares.

The item includes the provision for the write-down of investments for 7,487 thousand euro, recognised primarily with reference to the subsidiary Marcolin Eyewear (Shanghai) Co., Ltd, which became necessary as a direct consequence of the start-up phase of the company and of the uncertainty typical of this phase, uncertainty prudentially reflected in the future plans of the entity, used in the impairment testing process to adjust the carrying amount of the investment to the recoverable value of the subsidiary.

4. OTHER NON-CURRENT ASSETS

Other non-current assets amounted to 238 thousand euro (compared to 390 thousand euro for 2023) and mainly related to prepaid expenses for amounts financially recognised in the financial year 2024 but whose accrual will also affect future years and, to a residual extent, to prepaid commissions relating to the Senior Revolving Credit Facility for a maximum 46.2 million euro, undrawn as at 31 December 2024.

5. NON-CURRENT FINANCIAL ASSETS

The value of the item shows a balance of zero as at 31 December 2024 compared to a value of 7,160 thousand euro as at 31 December 2023. The balance for 2023 consisted entirely of the loan granted to the company ic! berlin GmbH as part of the acquisition, which envisaged repayment of the financial debt of the ic! berlin Group as a condition for completion of the acquisition. The residual amount of the loan, partially repaid in 2024, was classified under current financial assets, as the full repayment is expected by 31 December 2025.

6. INVENTORIES

The composition of other current assets is shown below.

Inventories (euro/000)	12/31/2024	12/31/2023
Finished goods	34,165	38,320
Raw material	15,269	17,139
Work in progress	13,024	13,719
Gross inventory	62,457	69,179
Inventory provision	(9,359)	(13,864)
Net inventory	53,098	55,314

A comparison of inventory values shows an overall decrease in net inventories of 2,216 thousand euro compared to the previous year.

This change was the result of a double effect, a decrease in gross inventories of 6,722 thousand euro and a decrease in the inventory impairment provision of 4,505 thousand euro.

With reference to net inventories, 2024 saw the continuation of actions aimed to improve and increase the efficiency of inventory management, together with the benefit of investments made in previous years, which continued in 2024, in logistics automation systems and innovation in sales and demand planning processes. These actions are allowing the Group to benefit from lower stock levels while ensuring the sustainability of the sales volume growth achieved in 2024 and expected also for 2025. The inventory impairment provision provides adequate coverage for obsolete and slow-moving inventory, taking into account the composition of and possibility to sell such inventory. The Company continues to pursue efficient inventory management for the purposes of streamlining offered products by considerably reducing the number of models produced and accelerating the sales periods for some models. In detail, note: a decrease in the value of finished products for 4,155 thousand euro; a decrease in raw materials for 1,870 thousand euro; a decrease in the value of work in progress for 695 thousand euro.

7. TRADE RECEIVABLES

The composition of the trade receivables is as follows:

Trade receivables (euro/000)	12/31/2024	12/31/2023
Gross trade receivables	88,059	75,298
Provision for bad debts	(2,956)	(2,998)
Net trade receivables	85,103	72,300

The net trade receivables amount increased by 12,803 thousand euro compared to the previous year. This increase is mainly attributable to the Intercompany component, referring to sales made by Marcolin SpA to the Group's sales affiliates. The component of trade receivables from third party customers is almost in line with the balance of the previous year. The careful management of credit, as an integral part of sales and financial policies, enabled the Company to benefit from a steady improvement in the DSO ratio and at the same time significantly reduce past due positions.

The provision for doubtful debts is stated in accordance with IFRS 9.

The amount of receivables recognised was not discounted, since all receivables are due within 12 months.

The trade receivables due from directly and indirectly controlled subsidiaries are set forth below:

Receivables due from subsidiaries (euro/000)	12/31/2024	12/31/2023
Marcolin USA Eyewear Corp.	25,121	19,780
Marcolin do Brasil Ltda	7,038	5,515
Marcolin Singapore Pte Ltd	5,547	5,220
Marcolin México S.A.P.I. de C.V.	2,948	3,684
Marcolin Iberica SA	4,331	3,619
Marcolin UK Ltd	3,840	3,455
Marcolin France Sas	3,399	2,229
Marcolin Middle East FZCO	2,667	1,588
Marcolin-RUS LLC	2,559	1,478
Marcolin PTY Limited Australia	1,490	1,447
Marcolin Deutschland Gmbh	2,156	1,055
Marcolin Nordic AB Sweden	1,260	1,003
Marcolin Portugal Lda	1,223	993
Marcolin Benelux Sprl	1,147	715
Marcolin Eyewear (Shanghai) Co., Ltd.	115	485
Marcolin Nordic AB Finland	106	218
Marcolin Gmbh	260	95
Marcolin Asia Ltd	193	80
Marcolin Nordic AB Denmark	196	71
Marcolin Nordic AB Norway	134	29
Gin Hon Lin Int. Co. Ltd	-	-
Marcolin UK Hong Kong Branch	(20)	(130)
ic!berlin gmbh	6	0
Total	65,715	52,630

8. OTHER CURRENT ASSETS

The composition of other current assets is shown below.

Other current assets (euro/000)	12/31/2024	12/31/2023
Tax credits	1,309	2,308
Prepaid expenses	1,071	968
Assets for rights to receive goods back	3,432	3,224
Other receivables	4,461	4,783
Total other current assets	10,272	11,284

This item, amounting to 10,272 thousand euro (11,284 thousand euro in 2023), decreased by 1,012 thousand euro compared to the previous year and is divided into the following categories:

- tax receivables for 1,309 thousand euro (2,308 thousand euro in 2023), which mainly include the VAT receivable, for which the change from the previous year is due to a different mix of purchases made by the Parent Company recorded in the last months of the year;
- prepaid expenses of 1,071 thousand euro (968 thousand euro in 2023), mainly including amounts related to insurance premiums and other costs related to projects that will accrue in 2025;
- other assets for returns from customers pursuant to the accounting standard IFRS 15 of 3,432 thousand euro (3,224 thousand euro in the previous year).
- receivables from others for 4,461 thousand euro (4,783 thousand euro in 2023), mainly composed of tax credits pursuant to art. 165, paragraph 6 TUIR.

9. CURRENT FINANCIAL ASSETS

This item amounting to 31,199 thousand euro (compared to 29,645 thousand euro as at 31 December 2023), consists primarily of receivables due from Group companies, broken down as follows:

- 18,328 thousand euro due from Marcolin USA Eyewear Corp.;
- 6,998 thousand euro due from Marcolin UK Ltd;
- 4,599 thousand euro due from ic! berlin GmbH;
- 878 thousand euro due from Marcolin Asia Ltd;
- 396 thousand euro due from Marcolin UK HK Branch.

The total amount is higher than that of the previous year by 1,554 thousand euro, primarily as a result of the performance of the intercompany cash pool account.

In accordance with Article 43, paragraph 1(13) of the Fourth Council Directive 78/660/EEC, it is confirmed that, as at 31 December 2024, no loans were granted to members of administrative, management or control bodies, nor any commitments undertaken for guarantees given to any members of administrative, management or control bodies, directors or statutory auditors.

10. CASH AND CASH EQUIVALENTS

This item, which amounts to 50,770 thousand euro, represents the value of cash deposits and highly liquid financial instruments, i.e., those with a maturity of up to three months.

Cash and cash equivalents increase by 9,397 thousand euro from 31 December 2023. The increase is presented in the Cash Flow Statement, which provides information on the 2023 movements in cash and cash equivalents.

11. EQUITY

The Parent Company's share capital amounts to a total of 35,902,749.82 euro, fully paid up, divided into 61,458,375 ordinary shares with no indication of nominal value.

As at 31 December 2024, the share capital was held by the shareholder Tofane SA, following the reverse merger by incorporation of the 100% controlling entity 3 Cime SpA into Marcolin SpA, which took effect from 1 November 2023. In turn, 3 Cime SpA was wholly owned by the Luxembourg company Tofane SA.

The share premium reserve amounted to 42,827 thousand euro as at 31 December 2024 and did not show any changes during the year.

The Reserve for Capital Contributions from Shareholders amounts to 121,108 thousand euro, increased on 28 April 2023 by 75 million euro following the capital increase carried out by the sole shareholder as part of the liquidity required for the extension of the perpetual licence agreement for TOM FORD eyewear with ELC.

The Legal Reserve, amounting to 7,181 thousand euro, has reached the limit required by Article 2430 of the Italian Civil Code.

The actuarial reserve regards future employee benefits accounted for under IAS 19, corresponding to Marcolin SpA's provision for severance indemnities.

The retained earnings/losses contain the amount deriving from first-time adoption of IFRS 9 and IFRS 15.

During 2023, the merger by incorporation of 3 Cime SpA into Marcolin SpA generated a merger deficit of 1,544 thousand euro, deriving from the positive difference between the value of the Marcolin SpA investment in 3 Cime SpA and the equity of the merged entity 3 Cime SpA. This value represents the losses accumulated by the merged entity in the period following acquisition of the investment in Marcolin SpA. The aforementioned deficit was recognised post-merger with a negative sign as a reduction in other equity reserves of the Parent Company

The Statement of Changes in Equity of the Parent Company provides more detailed information.

The following table shows the breakdown of the Company's equity items as at 31 December 2024:

Item	Amount	Possible use	Available portion	Uses in previous three years	
				Loss coverage	Other
<i>(euro/000)</i>					
Share capital	35,903		-	-	-
Share premium reserve	42,827	A-B-C	42,827	-	-
Legal reserve	7,181	B	-	-	-
Other reserves	120,462		-	-	-
Retained earnings/(losses)	163,945	A-B-C	163,945	-	-
Period result	8,780		-	-	-
Net profit/(loss) for the period	379,098		206,772	-	-
Non-distributable portion under Civil Code Art. 2426, comma 1 n. 5 c.c.			-		
Non-distributable portion under Civil Code Art. 2426, comma 1 n. 8 bis, c.c.			1,573		
Non-distributable portion under Civil Code Art. 2431			(0)		
Distributable portion			205,199		
Restricted portion under TUIR Art. 109 paragraph 4/b			-		
Legend					
A - to increase share capital		B - to cover losses		C - to distribute to shareholders	
				D - others	

12. NON-CURRENT FINANCIAL LIABILITIES

Amounting to 397,076 thousand euro at 31 December 2024, the item consists of 347,283 thousand euro as the value of the bond loan, 28,791 thousand euro as the Shareholder loan and 19,789 thousand euro as the long-term portion of the loan taken out in October 2023 for a total of 30 million euro as part of the acquisition of the German company ic! berlin GmbH. The remaining 1,212 thousand euro refer to the financial liability deriving from IFRS 16.

The net financial position is set forth below. Additional information is provided in the Report on Operations.

Net financial debt	12/31/2024	12/31/2023
<i>(euro/000)</i>		
Cash and cash equivalents	50,770	41,373
Current and non-current financial assets	31,199	36,805
Current financial liabilities	(22,429)	(29,634)
Current portion of non-current financial liabilities	(4,800)	(4,800)
Non-current financial liabilities	(397,076)	(402,072)
Total net financial debt	(342,336)	(358,328)
Loans from Tofane SA	30,279	30,279
Total net financial debt adj	(312,057)	(328,050)

The following table presents the maturities of the financial payables, which are classified as current liabilities and non-current liabilities.

Borrowings maturity	Within 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years	Total
<i>(euro/000)</i>					
Credit lines used	2,825	-	-	-	2,825
Loans	4,673	19,789	-	-	24,462
Other financiers	-	376,074	-	-	376,074
Financial liabilities as under IFRS16	1,050	1,143	69	0	2,262
Intercompany	18,682	-	-	-	18,682
12/31/2024	27,229	397,007	69	0	424,305

In addition to the commitments described subsequently (in Note 20) for the revolving credit facility, commitments to meet financial covenants exist at a consolidated level for Marcolin SpA and its subsidiaries. As specified more fully in the Report on Operations, in the paragraph on actions in the financial area, until 31 March 2022 there was a "minimum liquidity covenant", determined at 10 million euro as the minimum level of cash, including any undrawn available credit lines, to be calculated on a quarterly basis by Marcolin SpA. From 30 June 2022, it was replaced by the "Total Net Leverage ratio covenant" (calculated on a quarterly basis as the ratio of Net Financial Position to EBITDA, as defined in the contractual clauses) to be calculated only if the ssRCF credit line is drawn above a pre-determined percentage. Since the ssRCF line was undrawn as at 31 December 2024, the relevant financial covenants were not triggered.

In addition to these financial covenants, the agreement also includes, on a residual basis, certain disclosure requirements, other general commitments and certain restrictions on the carrying-out of certain investment and financing activities, commensurate with the amount available from certain baskets.

13. NON-CURRENT PROVISIONS

The composition of non-current provisions is shown below:

Non-current funds (euro/000)	Provision for severance employee	Provision for agency terminations	Other funds	Total
12/31/2022	1,932	637	1,100	3,670
Allowances	67	101	1,545	1,713
Use / reversal	(129)	-	(51)	(180)
Actuarial loss / (gain)	(20)	-	-	(20)
12/31/2023	1,851	739	2,594	5,183
Allowances	57	119	1,603	1,779
Use / reversal	(116)	(3)	(2,192)	(2,311)
Actuarial loss / (gain)	14	-	-	14
12/31/2024	1,806	854	2,005	4,664

Employee benefits consist of the employee severance indemnity provision ("TFR"). The provision of 1,806 thousand euro⁸ was measured with an actuarial calculation at the end of the year⁹.

The additional information required under Revised IAS 19 is provided hereunder:

- sensitivity analysis of each significant actuarial assumption at the end of the year, showing effects of changes in actuarial assumptions that are reasonably possible at that date, and in absolute terms:

Sensitivity analysis	DBO * al 31/12/2024
Turnover rate +1,00%	1,808
Turnover rate -1,00%	1,803
Inflation rate +0,25%	1,821
Inflation rate -0,25%	1,790
Actuarial rate +0,25%	1,781
Actuarial rate -0,25%	1,831

* Defined Benefit Obligation

- next year's service cost and average vesting period of the defined benefit obligation:

Next year service cost	
Next year service cost	-
Vesting period	6.28

- payments foreseen under the plan:

Years	Payments foreseen
1	310
2	166
3	110
4	207
5	220

The provision for agency termination principally presents the liability regarding severance indemnities with respect to agents and is calculated in accordance with the applicable regulations.

Finally, the provision for risks and charges presents the estimated amount, in a medium/long-term time horizon, of future obligations toward third parties for liabilities arising in previous periods.

The Provision for risks and charges was partly released following the payment, by Marcolin SpA, of the amounts resulting from the agreement between Marcolin SpA and the Italian Revenue Agency - Veneto Regional Office for the out-of-court settlement of disputes formulated in relation to the years 2017 to 2021. In summary, in December 2024, depending on the case, the notice of partial self-protection took place and the deeds of membership were signed with the Revenue Agency - Regional Directorate of Veneto. The total disbursement in the aforementioned month of December was equal to 4,193 thousand euro.

⁸ The provision consists of the benefits that accrued to employees until 31 December 2006, to be paid upon or subsequent to termination of employment: the TFR accruing from 1 January 2007 is treated as a defined contribution plan. By paying the contributions into (public and/or private) social security funds, the Company complies with all relevant obligations.

⁹ The parameters used for the actuarial calculation are: 1) mortality rate: ISTAT 2022; 2) disability rates: INPS tables by age and gender; 3) personnel turnover rates: 5%; 4) frequency of TFR payments: 2%; 5) discount rate: 2.93%; 6) TFR growth rate: 3.00%; 7) inflation rate: 2.0%.

14. OTHER NON-CURRENT LIABILITIES

The item mainly includes the liability deriving from recognition of the estimated value of the put/call options on the shares of minority interests. In addition to this component, the item includes the value of security deposits and of the tax credit for the purchase of capital goods, which will be recovered in subsequent years based on the depreciation rates of the fixed assets on which this credit was calculated.

15. TRADE PAYABLES

The following table sets forth the trade payables by geographical area:

Trade payables by geographical area (euro/000)	12/31/2024	12/31/2023
Italy	50,087	44,401
Rest of Europe	9,079	12,906
North America	36,801	22,345
Rest of World	37,054	36,168
Total	133,022	115,820

With reference to Trade Payables, the balance as at 31 December 2024, shows an increase compared to the previous year, both due to a different procurement timing and to careful management of payment terms for all types of supplies, in order to maintain a healthy balance in working capital management. The Group continues to apply constant and careful regulation in the choice of suppliers, trade and payment terms, together with a corporate culture spread throughout all departments aimed at efficient management of operating working capital.

The trade payables were not subject to discounting; the amount is a reasonable representation of their fair value since there are no payables due after 12 months.

With regard to the disclosures required by IFRS 7, it should be noted that as at 31 December 2024, there were no trade payables past due, with the exception of the positions subject to disputes initiated by the Company with suppliers.

16. CURRENT FINANCIAL LIABILITIES

The total of 27,229 thousand euro consists of short-term bank borrowings (4,693 thousand euro), loans from other lenders (2,804 thousand euro) and other financial payables of 18,682 thousand euro due to Group subsidiaries within 12 months of the reporting date.

The main current financial liabilities with subsidiaries and associates are listed below:

- 5,358 thousand euro due to Marcolin UK Ltd;
- 4,127 thousand euro due to Marcolin Singapore PTE LTD;
- 3,563 thousand euro due to Marcolin Deutschland GMBH;
- 2,063 thousand euro due to Gin Hon Lin Int. Co. Ltd;
- 1,018 thousand euro due to Marcolin France Sas;
- 912 thousand euro due to Viva Eyewear UK Ltd;
- 552 thousand euro due to Marcolin Iberica SA;
- 387 thousand euro due to Marcolin Benelux;
- 349 thousand euro due to Marcolin Portugal;
- 340 thousand euro due to VIVA EYEWEAR HONG KONG LTD;
- 12 thousand euro due to Marcolin UK - HK Branch;

17. CURRENT PROVISIONS

The table below presents the most significant changes in the current provisions of the past two years:

Current funds (euro/000)	Other funds	Returns reserve	Warranty provision	Total
12/31/2022	215	5,524	321	6,060
Allowances	305	242	-	547
Use / reversal	-	-	(49)	(49)
12/31/2023	520	5,766	272	6,558
Allowances	-	812	-	812
Use / reversal	-	-	(52)	(52)
12/31/2024	520	6,578	220	7,318

The value of Other provisions mainly includes the provision for legal risks and related ancillary expenses.

The returns provision and product warranty provision are disclosed in accordance with IFRS 15. Additional information is provided in the section on accounting standards. The change from the previous year is mainly due to the trend in sales of the Parent Company, both to third parties and to foreign affiliates.

18. OTHER CURRENT LIABILITIES

Other current liabilities amounted to 13,818 thousand euro as at 31 December 2024, compared to 13,745 thousand euro for the previous year. This item mainly includes amounts due to personnel and related social security contributions, along with the component related to bonuses, such as MBO and performance bonuses, which have significantly decreased compared to the previous year, in proportion to the achievement or non-achievement of the set objectives. On a residual basis, the item also includes the amount due to factors for 3,464 thousand euro (2,051 thousand euro as at 31 December 2023).

19. COMMITMENTS AND GUARANTEES

Guarantees associated with the issue of the bond loan:

The commitments and guarantees are described in paragraph “20. COMMITMENTS AND GUARANTEES” of the Notes to the Consolidated Financial Statements.

The Company also has guarantees for third parties of 6,820 thousand euro (5,926 thousand euro in 2023).

Licenses

The Company has contracts in effect to use trademarks owned by third parties for the production, promotion, advertising, sale and distribution of prescription eyewear frames and sunglasses. These contracts establish not only guaranteed minimums in terms of royalties, but also a commitment for advertising expenses. As at 31 December 2024, the total of these future commitments amounted to 248,436 thousand euro (250,823 thousand euro in 2023), of which 53,962 thousand euro are due within the next financial year. The decrease in future commitments compared to the amount recorded in the previous year is attributable to the changes to the portfolio of licensed brands in terms of terminations, new signings and renewals of existing agreements.

Guaranteed minimum Royalties due (euro/000)	12/31/2024	12/31/2023
Within one year	53,962	47,708
In one to five years	168,904	172,770
Over five years	25,569	30,344
Total	248,436	250,823

INCOME STATEMENT

As described in the Report on Operations, the balances can include some non-recurring costs incurred for special initiatives undertaken or pursued during the year, such as extraordinary costs for employees who left the company, consulting services and services associated with the non-recurring transactions of the year.

The effects of these costs are described in the Report on Operations to take them into account for the purpose of determining normalised income for 2024, duly compared with 2023.

The Company's main income statement items and changes therein are described in this section.

20. NET REVENUES

The following table sets forth the 2024 net revenues by geographical area:

Net Revenues by geographical area (euro/000)	2024		2023		Change	
	euro	% of total	euro	% of total	euro	%
EMEA	213,044	66.6%	200,765	63.6%	12,279	6.1%
Americas	47,481	14.8%	57,615	18.2%	(10,134)	(17.6)%
Rest of world	27,354	8.6%	26,719	8.5%	635	2.4%
Asia	31,920	10.0%	30,761	9.7%	1,159	3.8%
Total	319,799	100.0%	315,859	100.0%	3,940	1.2%

The net sales revenues realised in 2024 amounted to 319,799 thousand euro, compared to 315,859 thousand euro in 2023, an increase of 3,940 thousand euro compared to the previous year (a 1.2% change in percentage terms).

The Report on Operations describes the 2024 trend in turnover.

21. COST OF GOODS SOLD

Below is a detailed breakdown of the cost of goods sold:

Cost of sales (euro/000)	2024	% of net revenues	2023	% of net revenues
Cost of product	139,473	43.6%	147,239	46.6%
Cost of personnel	10,954	3.4%	10,164	3.2%
Amortization, depreciation and writedowns	3,897	1.2%	3,786	1.2%
Other costs	6,228	1.9%	6,005	1.9%
Total	160,553	50.2%	167,193	52.9%

The value of the cost of goods sold, in absolute terms, decreased by 6,640 thousand euro, while the percentage impact of the cost of goods sold on turnover was 50.2% compared to 52.9% in 2023, an improvement due to the effect of ongoing efficiency improvements to the procurement, production and supply chain structure together with an improved commercial mix (brands and channels) and the easing of the impact of transport costs on purchases and the costs of industrial utilities.

The other expenses refer principally to purchasing costs (transport and customs) and business consulting services.

22. DISTRIBUTION AND MARKETING EXPENSES

Below is a breakdown of the distribution and marketing expenses:

Distribution and marketing expenses (euro/000)	2024	% of net revenues	2023	% of net revenues
Cost of personnel	19,189	6.0%	18,098	5.7%
Commissions	3,643	1.1%	3,626	1.1%
Amortization, depreciation and writedowns	6,653	2.1%	6,712	2.1%
Royalties	49,061	15.3%	46,695	14.8%
Advertising and PR	27,273	8.5%	29,774	9.4%
Other costs	8,173	2.6%	7,615	2.4%
Total	113,992	35.6%	112,520	35.6%

This item decreased by a total of 1,472 thousand euro (1.3%) compared to the previous year. The impact on net sales remains consistent with 2023, standing at 35.6%.

The other expenses consist primarily of sales expenses, including transport costs, travel expenses, rent expense and entertainment expenses.

23. GENERAL AND ADMINISTRATIVE EXPENSES

The general and administrative expenses are set forth below:

General and administrative expenses (euro/000)	2024	% of net revenues	2023	% of net revenues
Cost of personnel	7,018	2.2%	10,229	3.2%
Writedown of receivables	149	0.0%	(366)	(0.1)%
Amortization, depreciation and writedowns	1,132	0.4%	1,152	0.4%
Other costs	7,665	2.4%	9,039	2.9%
Total	15,963	5.0%	20,055	6.3%

The value of the item in question has improved considerably both in absolute terms and in terms of percentage of sales compared to the previous period, reaching 5.0% of sales. Personnel costs include a lower value relating to the bonuses and MBO component compared to 2023, commensurate with the achievement of the objectives set. The 2023 item was also inflated by non-recurring components relating to extraordinary M&A activities that occurred during the year.

The other costs of 7,665 thousand euro (9,039 thousand euro in the previous year) mainly comprise remuneration to directors, statutory auditors and the independent auditors, other general and administrative consulting services, EDP expenses and expenses related to the Parent Company's IT systems.

24. EMPLOYEES

The 2024 end-of-period and average numbers of employees (including the workforce on temporary contracts) are broken down below in comparison with the previous year:

Employees Category	Final number		Average number	
	12/31/2024	12/31/2023	2024	2023
Managers	22	21	22	22
Staff	403	400	400	390
Manual workers	594	581	588	589
Total	1,019	1,002	1,010	1,001

25. OTHER OPERATING INCOME AND EXPENSES

The other operating income and expenses are set forth below:

Other operating income and expenses (euro/000)	2024	% of net revenues	2023	% of net revenues
Other income	5,195	1.6%	9,963	3.2%
Other expenses	(162)	(0.1%)	0	0.0%
Total	5,033	1.6%	9,963	3.2%

The balance of this item is a net income of 5,033 thousand euro, compared to a net income of 9,963 thousand euro in the previous year.

Other income consists mainly of 5,195 thousand euro for the recovery of advertising expenses incurred by the Parent Company and charged back to other Group companies, compared to 9,963 thousand euro in 2023.

26. INCOME AND EXPENSES FROM THE MANAGEMENT OF INVESTMENTS

This item, for a total of 12,257 thousand euro, includes income deriving from dividends paid by some Group companies, broken down as follows:

- 5,741 thousand euro from Marcolin UK HK Branch;
- 2,170 thousand euro from Marcolin France Sas;
- 1,279 thousand euro from Marcolin Middle East FZCO;
- 1,000 thousand euro from Marcolin Deutschland GMBH.
- 800 thousand euro from Marcolin Ibérica S.A.;
- 675 thousand euro from Marcolin Benelux sprl.
- 592 thousand euro from Marcolin UK LTD;

It should be noted that during 2024 there was no need to adjust the provision for impairment of investments.

27. FINANCE INCOME AND COSTS

The finance income and costs are set forth below:

Financial income and costs (euro/000)	2024	% of net revenues	2023	% of net revenues
Financial income	5,592	1.7%	10,341	3.3%
Financial costs	(35,022)	(11.0%)	(34,752)	(11.0%)
Total	(29,430)	(9.2%)	(24,412)	(7.7%)

The composition of finance income and finance costs is shown below:

Financial income (euro/000)	2024	% of net revenues	2023	% of net revenues
Interest income from subsidiaries	2,206	0.7%	5,486	1.7%
Interest income and others	50	0.0%	248	0.1%
Gains on currency exchange	3,336	1.0%	4,607	1.5%
Total	5,592	1.7%	10,341	3.3%

Financial costs (euro/000)	2024	% of net revenues	2023	% of net revenues
Interest expense	(31,018)	(9.7)%	(28,686)	(9.1)%
Losses on currency exchange	(4,004)	(1.3%)	(6,067)	(1.9%)
Total	(35,022)	(11.0)%	(34,752)	(11.0)%

Finance income and costs result in net costs of 29,430 thousand euro, compared with net costs of 24,412 thousand euro for 2023.

The net finance costs are the balance between income of 5,592 thousand euro and costs of 35,022 thousand euro. The components are classifiable in two different categories: finance income and costs, and exchange differences. The first component consists of:

- interest income from Group companies amounted to 2,206 thousand euro, relating to loans granted to such companies, while interest income from others amounted to 50 thousand euro; the intercompany component experienced a significant decrease in 2024, equal to 3,280 thousand euro, as a direct result of the waiver, on 18 December 2023, of the residual portion of the intercompany loan granted to the subsidiary Marcolin USA Eyewear Corp., amounting to 35 million dollars. As in 2019 and 2022, the amount of the waived loan was recognised in the equity of Marcolin USA Eyewear Corp. as a capital reserve constituting an item of equity.
- interest expense of 31,018 thousand euro, consisting primarily of:
 - interest of 21,496 thousand euro servicing the bond notes issued by Marcolin SpA, paid half-yearly in May and November;
 - 1,326 thousand euro refers to the reversal to the Income Statement of bond issuance transaction costs, accounted for under IFRS with the amortised cost method;
 - 8,196 thousand euro of financial charges to other lenders, such as intercompany loans, to the sole shareholder Tofane SA under the existing shareholder loan, the financial interest related to the accounting of leases in accordance with IFRS 16, the interest on the financial debt incurred for the acquisition of ic! berlin and, residually, the effect of discounting on the financial year.

Currency management, which also forms part of the financial income and expense balance, brings costs totalling 668 thousand euro, compared to costs of 1.5 million euro in 2023. This item is impacted by the volatility in exchange rates of currencies other than the Euro with which the Company operates, particularly in relation to the depreciation of the Mexican Peso and the Brazilian Real.

There were no currency hedges (on purchases and sales) in place as at 31 December 2024.

28. INCOME TAXES

Current tax was determined by applying the tax rates in force to taxable income (profit for the year determined with the changes generated by the applicative tax rules).

The balance of this item amounted to 8,370 thousand euro, including current taxes of 2,785 thousand euro, net deferred taxes for total costs of 1,389 thousand euro and 4,196 thousand euro in costs for taxes relating to previous years.

Income tax expense (euro/000)	12/31/2024	12/31/2023
Current taxes	(2,785)	(3,007)
Deferred taxes	(1,389)	3,001
Taxes relating to prior year	(4,196)	(2,855)
Total income tax expense	(8,370)	(2,861)

The item "Taxes relating to the previous year" mainly includes the amount arising from the difference between the tax calculation for the purposes of the 2023 financial statements and the adjustment based on the tax return filed with the 2024 Unico submission. In addition, it includes the adjustment of the provision for risks and charges for possible future tax risks, in addition to the amounts resulting from the agreement between Marcolin SpA and the Italian Revenue Agency - Veneto Regional Office for the out-of-court settlement of disputes formulated in relation to the years 2017 to 2021.

Income taxes for the year are reconciled with the theoretical tax burden in the following table:

Tax rate reconciliation (euro/000)	%	12/31/2024	%	12/31/2023
Results before tax		17,150		9,275
Theoretical taxes	24.0%	(4,116)	24.0%	(2,226)
IRAP and other	(6.5)%	(1,113)	(9.1)%	(844)
Higher taxes due to non-deductible costs	(8.0)%	(1,368)	(15.5)%	(1,439)
Lower taxes for non-taxable income	14.6%	2,509	21.5%	1,991
Taxes relating to prior year	(24.5)%	(4,196)	(30.8)%	(2,855)
Activation of deferred tax assets unrecognised previous years	0.0%	-	27.7%	2,573
Other	(0.5)%	(87)	(0.7)%	(61)
Total income / tax expense	(48.8)%	(8,370)	(30.8)%	(2,861)

With reference to higher taxes for non-deductible costs, the main component concerns the non-deductibility of a portion of financial interest expenses, as provided for by the tax regulations (Article 96 of the TUIR), which provides for their deductibility up to the limit of interest income and, for the excess, 30% of ROL. On this portion of non-deductible interest expense, the Company has prudently recognised the related deferred tax assets only for the portion deemed reasonably recoverable.

The deferred taxes and changes therein for the year are set forth below:

Deferred tax assets (euro/000)	Temporary differences 12/31/2024	%	Tax on temporary differences 12/31/2024	Temporary differences 12/31/2023	%	Tax on temporary differences 12/31/2023
Accumulated tax losses	-	24.0%	-	-	24.0%	-
Inventory provisions	7,567	24.0%	1,816	11,800	24.0%	2,832
Grants and compensation deductible on a cash basis	3,755	24.0%	901	6,752	24.0%	1,621
Non-deductible financial interest	64,729	24.0%	15,535	48,631	24.0%	11,671
Unrealized currency exchange differences	3	24.0%	1	1,235	24.0%	296
Taxed provision for doubtful debts	1,243	24.0%	298	1,357	24.0%	326
Supplementary client indemnity provision	194	27.9%	54	194	27.9%	54
Provision for return risks	3,390	27.9%	946	2,821	27.9%	787
Provisions for risks and charges	520	27.9%	144	520	27.9%	144
Others	2,179	24.0%/27.9%	759	2,368	24.0%/27.9%	820
Total deferred tax assets	83,579		20,454	75,677		18,551

Deferred tax liabilities (euro/000)	Temporary differences 12/31/2024	%	Tax on temporary differences 12/31/2024	Temporary differences 12/31/2023	%	Tax on temporary differences 12/31/2023
Property and plant	(577)	27.9%	(161)	(682)	27.9%	(190)
Unrealized currency exchange differences	-	24.0%	-	(1,451)	24.0%	(348)
Dividends not collected	(13)	24.0%	(3)	(81)	24.0%	(20)
Actuarial gain / losses on TFR under IAS	(333)	24.0%	(80)	(495)	24.0%	(119)
Amortization (difference between accounting and tax treatment)	(26,394)	24.0%	(7,364)	(13,197)	24.0%	(3,645)
Total deferred tax liabilities	(27,317)		(7,608)	(15,906)		(4,322)

Total net DTA/DTL	56,262		12,846	59,771		14,229
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The difference in the balance of deferred tax assets and liabilities presented in the Statement of Financial Position, 1,383 thousand euro, diverges from the balance of 1,389 thousand euro shown in the Income Statement for the following reasons:

- adjustment of deferred taxation, recognised following an adjustment of taxes for 2023 after presentation of the relative tax return in 2024, for 2 thousand euro.
- deferred tax recognition on amounts accounted for in Equity totalling 4 thousand euro.

INCOME AND EXPENSES WITH SUBSIDIARIES AND ASSOCIATES

The intercompany transactions are mainly of a trade and/or financial nature and are conducted at market conditions.

Income and expenses with directly controlled subsidiaries are set forth below:

Company	Revenues for sales and services	Dividends	Other income	Financial income from non-current assets	Financial expenses for non-current liabilities	Cost of raw, ancillary and consumable material and products	Cost of services	31/12/2024
<i>(euro/000)</i>								
Marcolin Eyewear (Shanghai) Co.	(1,469)	-	(77)	-	-	456	347	(743)
Marcolin (Deutschland) GmbH	(18,160)	(1,000)	(808)	-	101	-	175	(19,693)
Marcolin (UK) Ltd	(10,766)	(592)	(640)	(505)	281	-	377	(11,846)
Marcolin Asia Ltd.	(135)	-	(150)	(84)	-	0	1,871	1,502
Marcolin Benelux S.p.r.l.	(9,932)	(675)	(563)	(0)	30	10	236	(10,893)
Marcolin do Brasil Ltda	(9,486)	-	(341)	(21)	-	373	233	(9,241)
Marcolin France SAS	(24,119)	(2,170)	(1,973)	(2)	96	-	713	(27,454)
Marcolin GmbH	(863)	-	(98)	-	-	-	16	(945)
Marcolin Iberica S.A.	(13,585)	(800)	(945)	(5)	41	4	1,131	(14,158)
Marcolin Middle East FZCO	(8,616)	(1,279)	(30)	-	-	-	756	(9,169)
Marcolin Nordic AB Denmark	(1,394)	-	(59)	-	-	-	1	(1,452)
Marcolin Nordic AB Finland	(740)	-	(50)	-	-	-	-	(790)
Marcolin Nordic AB Norway	(750)	-	(127)	-	-	-	6	(871)
Marcolin Nordic AB Sweden	(5,321)	-	(319)	-	-	-	26	(5,614)
Marcolin Portugal Lda	(2,076)	-	(232)	-	14	-	24	(2,270)
Marcolin Technical Services (Shenzhen) C	-	-	-	-	-	-	822	822
Marcolin Uk Hong Kong Branch	(97)	(5,741)	0	(14)	166	-	(1)	(5,687)
Marcolin Usa Eyewear Corp.	(34,745)	-	(14,032)	(1,081)	0	761	17,864	(31,233)
Marcolin-RUS LLC	(4,560)	-	-	-	-	-	-	(4,560)
Viva Eyewear HK Ltd	-	-	-	(2)	-	-	-	(2)
Viva Eyewear UK Ltd	-	-	-	-	20	-	-	20
Marcolin México S.A.P.I. de C.V.	70	-	(111)	-	-	-	48	7
Marcolin Singapore Pte. Ltd.	(27,411)	-	(299)	(0)	152	-	485	(27,073)
Marcolin PTY Limited	(2,021)	-	(515)	-	-	0	99	(2,437)
icf berlin GmbH	-	-	(6)	(491)	-	8,439	-	7,942
Total	(176,176)	(12,257)	(21,374)	(2,206)	902	10,044	25,228	(175,839)

TRANSACTIONS WITH ASSOCIATES AND WITH OTHER RELATED PARTIES

Related-party transactions were of a trade nature, conducted at market conditions, and regarded licence agreements in particular.

The following transactions with related parties, as defined in IAS 24, were in place as at 31 December 2024.

Company	Expenses	Revenues	Payables	Receivables	Type
<i>(euro/000)</i>					
Pai Partners Sas	-	-	50	-	Related party
Famiglia Coffen Marcolin	413	-	31	-	Related party
Tofane SA	1,493	960	28,791	-	Consolidating
Total	1,905	960	28,872	-	

The same table is set forth for 2023:

Company	Expenses	Revenues	Payables	Receivables	Type
<i>(euro/000)</i>					
Other related parties					
Pai Partners Sas	-	-	50	-	Related party
Famiglia Coffen Marcolin	413	-	5	-	Related party
3 Cime S.p.A.	1,500	668	30,279	668	Consolidating
Total	1,913	668	30,333	668	

Relevant information on relations with Directors and Statutory Auditors is set out below (the table does not include Key Management Personnel as they also fall under the category of Directors of the Company).

<i>(euro/000)</i>	2024		2023	
	Board of Directors	Statutory Auditors	Board of Directors	Statutory Auditors
Base fee	200	100	200	100
Salaries and benefits	1,300	-	1,100	-
Total	1,500	100	1,300	100

Atypical and unusual transactions

In 2024, there were no atypical and/or unusual transactions, including with other Group companies, nor were there any transactions outside the scope of the ordinary business activity that could significantly impact the financial position, financial performance or cash flows of Marcolin SpA.

Significant non-recurring events and transactions

For details of the significant non-recurring events and transactions that impacted the Company's financial position, financial performance and cash flows in 2024, please refer to the Report on Operations.

Government grants

The 2017 annual law for market and competition required disclosure in the notes to the Financial Statements of grants, subsidies, paid engagements and all financial benefits in general received from public entities and companies controlled by public entities (Law no. 124 of 4 August 2017 – Article 1, paragraphs 125 to 129 – hereinafter "Law 124/2017"). Mandatory disclosure is effective from 2019 regarding all financial benefits received from 1 January 2018. The 2024 information for Marcolin SpA, presented on a cash basis, is set out below.

Super-amortisation benefit

During the financial years 2015 to 2019, Marcolin SpA incurred costs for investments in new capital goods, for which it benefited from "superammortamento" as per Article 1, Paragraph 91 et seq., of Law 208/2015 and its subsequent extensions. The total benefit was disclosed in the tax return submitted during the 2024 financial year, amounting to 203,801 euro.

Hyper-amortisation benefit

During the financial years 2018 to 2020, Marcolin SpA incurred costs for investments in new capital goods for which it benefited from "iperammortamento", i.e., hyper depreciation offered under Article 1, paragraphs 8 to 11 of Law 232/2016, as extended. The total benefit of 749,496 euro was included in the tax return presented in 2023.

Tax credit for investments in capital goods

The 2021 Budget Law (Article 1, paragraphs 1051-1063 of Law 178/2020), as amended by the 2022 Budget Law (Article 1, paragraph 44 of Law 234/2021) and by Article 1, paragraphs 445-448 of Law 207/2024 (2025 Budget Law) recognises a tax credit for investments in capital goods known as "Industry 4.0". This tax credit applies to investments made from 1 January 2023 to 31 December 2025, or by 30 June 2026, provided that by 31 December 2025 the related purchase order has been formally accepted by the seller and an advance payment corresponding to at least 20% of the purchase price has been made.

In 2024, Marcolin SpA incurred subsidised costs for investments in new "Industry 4.0" capital goods, which gave rise to a tax credit of 77,200 euro.

Exemption from INPS contributions on new employees

In 2024, Marcolin did not use the exemption from INPS contributions.

Significant events occurring after the reporting period

With regard to the significant events that occurred after the reporting period, see the same paragraph in the notes to the Consolidated Financial Report.

INDEPENDENT AUDITORS'
REPORT
ON THE SEPARATE FINANCIAL
STATEMENTS

INDEPENDENT AUDITORS' REPORT ON THE SEPARATE FINANCIAL STATEMENTS



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the sole shareholders of Marcolin SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Marcolin SpA (the Company), which comprise the statement of financial position 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.

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.

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 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.

PricewaterhouseCoopers SpA

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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.

Report on Compliance with other Laws and Regulations

Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter) of Legislative Decree No. 39/10

The directors of Marcolin SpA are responsible for preparing a report on operations of the Company as of 31 December 2024, including its consistency with the relevant financial statements and its 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 with the financial statements;
- express an opinion on the compliance with the law of the report on operations;
- issue a statement on material misstatements, if any, in the report on operations.

In our opinion, the report on operations is consistent with the financial statements of Marcolin SpA as of 31 December 2024.

Moreover, in our opinion, the report on operation is 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.



With reference to the statement referred to in article 14, paragraph 2, letter e), 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.

Brescia, 4 April 2025

PricewaterhouseCoopers SpA

Signed by

Alessandro Mazzetti
(Partner)

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

BOARD OF STATUTORY AUDITORS'
REPORT

REPORT BY THE BOARD OF STATUTORY AUDITORS TO THE GENERAL MEETING OF MARCOLIN SPA PURSUANT TO PARAGRAPH 2 OF ARTICLE 2429 OF THE ITALIAN CIVIL CODE

To the kind attention of the Company with Sole Shareholder

Ladies and Gentlemen,
with regard to the tasks of statutory audit of the accounts, it should be noted that they are assigned, pursuant to Article 14 of Italian Legislative Decree 39/2010 and Articles 2409-bis et seq. of the Italian Civil Code, to PricewaterhouseCoopers S.p.A. (the "Independent Auditors"), in accordance with the reasoned proposal of this Board of Statutory Auditors, for each of the three years ending 31 December 2022, 2023 and 2024.

The Board of Directors has provided us with the report on operations and the draft Financial Statements for the year from 1 January 2024 to 31 December 2024, which shows a net profit of Euro 8,779,707, approved on 26 March 2025; on 28 March 2025, the Sole Shareholder formally notified the waiver of the conditions set forth in Article 2429 of the Italian Civil Code.

During the year ended on 31 December 2024, we performed the supervisory duties required by law, in observance of the provisions issued by Consob and also in accordance with the "Board of Statutory Auditors' Code of Conduct" recommended by the Italian Association of Certified Accountants.

With reference to the Russia-Ukraine conflict, which broke out on 24 February 2022 and is still ongoing, the Board of Directors has confirmed that the Marcolin Group is not significantly exposed to the Russian market or to Eastern European countries. The turnover generated in these territories does not exceed 2% of total consolidated turnover in 2024 and represents less than 1% in terms of consolidated assets. The Company has resumed commercial transactions with its Russian branch, including for certain licensed brands, in agreement with the licensors. However, the potential future effects of the conflict remain largely unpredictable due to the high volatility of the international scenario.

In this context, with respect to our supervisory duties, we report that:

- we attended the 7 (seven) Board of Director meetings and verified the observance of the principles of fair management, laws and by-laws, and the correct use of the proxies assigned to the Directors;
- we attended the General Meetings of Shareholders, which were held in observance of the law to pass appropriate resolutions;
- 6 (six) meetings were held during the year to perform the statutory controls and to exchange information with the firm responsible for the external audit;
- we obtained the information necessary to perform our general supervisory function by participating in Board of Director meetings and by meeting with management. We also obtained from the Directors, on a regular basis, information on the activities performed by the Executive Directors in execution of the powers assigned to them, on the most significant business, financial and equity transactions, on related-party transactions including infra-group transactions, and on any atypical or unusual transactions, in accordance (as necessary) with Italian Legislative Decree 58/1998, Article 150, paragraph 1. This took place in keeping with the Company's specific corporate governance procedure to ensure that Directors and Statutory Auditors have at their disposal all information needed to ensure the correct fulfilment of their duties. Based on the information obtained, we verified that the main operations carried out by the Company were consistent with the business purpose and with the law and by-laws, and we can confirm that those operations were not manifestly risky, hazardous, such as to compromise the integrity of the Company's net worth, or in contrast to the decisions taken at the General Meeting or in conflict of interest;
- we monitored and oversaw the Company's Corporate Governance and Compliance framework, which is based on the system outlined in the Corporate Governance Code for listed companies and aligned with international best practices. In this context, particular note should be made of: i) the consolidation of an Enterprise Risk Management (ERM) system aimed at identifying, assessing and managing the key business risks; ii) the adoption of an internal control system consisting of a comprehensive and structured set of administrative and accounting procedures that define the business processes and activities with a direct and/or indirect accounting impact on the financial statements and other financial disclosures. Within this framework, it is worth highlighting the adoption of the Regulation of the Financial Reporting Officer and the "Internal Control Model for Financial Reporting" in accordance with Italian Law no. 262/2005, which serves as the Group's reference for managing internal control activities related to financial disclosures;
- during the year, we met regularly with the Independent Auditors and with other heads of functions: no matters worthy of note emerged from the meetings;

- we found no evidence of atypical or unusual transactions as defined in Consob Communication no. 6064293 of 28 July 2006;
- we verified that there are no routine intercompany or related-party transactions that are in conflict of the Company's interest or inconsistent; the intercompany and related-party transactions are described adequately by the Directors in the Report on Operations and in the Notes to the Financial Statements; all such transactions were carried out at market conditions;
- the Company applied the principles regarding procedures that companies must adopt to ensure the necessary conditions of fairness in the process of carrying out transactions with related parties;
- we evaluated, for that falling within our competence, the adequacy of the Company's organisational structure, internal control system, administrative and accounting systems, and their reliability to accurately represent business matters, also in relation to the timely reporting of the Company's crisis and loss of business continuity and also in the light of Article 2086 of the Italian Civil Code and Italian Legislative Decree no. 14 of 12 January 2019, and, given the business activity and the size of the Company, we deem the organisation and systems to be adequate; in reaching this determination, the Board also availed itself of the results of the periodic meetings held with the Independent Auditors, for the reciprocal exchange of data and information;
- we checked the Company's observance of the law and by-laws;
- during the year, we did not make any reports to the Board of Directors pursuant to and for the purposes of Article 15 of Italian Legislative Decree no. 118/2021 or pursuant to and for the purposes of Article 25-octies of Italian Legislative Decree no. 14 of 12 January 2019 and no reports were received from qualified public creditors pursuant to Article 25-novies of Italian Legislative Decree no. 14 of 12 January 2019 or pursuant to and for the purposes of Article 30-sexies of Italian Legislative Decree no. 152 of 6 November 2021, converted by Italian Law no. 233 of 29 December 2021, as amended.

We inspected and obtained information regarding the organisational and procedural activities implemented by the Company and by its subsidiaries in accordance with Italian Legislative Decree 231/01 on the administrative liability of entities for the crimes contemplated by this legislation (and as subsequently amended): in this regard, the Company continued to update and introduce new protocols in the Organisation and Management Model adopted pursuant to Italian Legislative Decree no. 231/2001 in order to adapt to new regulatory requirements or changes in the organisational structure. The Supervisory Body reported on the activity performed during the year ended 31 December 2024, without finding any wrongdoing or specific violations of the Company's and the subsidiaries' Organisational Model.

It should also be noted that although the Company is not among the entities required to prepare a non-financial statement pursuant to Italian Legislative Decree no. 254/2016, it has voluntarily prepared a sustainability report for the 2024 financial year. This document, drawn up in accordance with international GRI standards, highlights the Marcolin Group's commitment to environmental, social and governance (ESG) issues and serves as an important communication tool for stakeholders, as well as a clear indication of the Company's transparency and corporate responsibility.

As noted, PricewaterhouseCoopers S.p.A. audited the Company's separate Financial Statements for the year ended 31 December 2024 and on today's date it submitted an unqualified opinion, stating that the Company's separate Financial Statements "give a true and fair view of the financial position of Marcolin S.p.A. as at 31 December 2024, and of its financial performance and its cash flows for the year then ended". The Independent Auditors also stated that the report on operations is consistent with the separate Financial Statements of the Company. The Board of Statutory Auditors performed its supervisory function with the full collaboration of the Corporate Bodies and adequate documentation was always provided. No omissions, wrongdoing or irregularities were found.

We checked the accounting policies of the separate Financial Statements, upon which we agree that they correspond to the Italian Civil Code rules and are consistent with those applied in the previous year.

Intangible assets were recognised and amortised with our consent, as necessary. Regarding the recognition of goodwill (189,2 million euro), it is noted that the value of this item was, as customary, subject to an impairment test. In this regard, the Board of Statutory Auditors underlines that the Explanatory Notes to the Financial Statements clarify that the impairment test, expressly approved by the Board of Directors at its meeting of 26 March 2025, is based on the 2026-2029 business plan approved by the Board of Directors on the same date. This document substantially reflects the 2024-2030 business plan approved by the Board of Directors on 8 November 2023, which has been duly updated to take into account the actual results for the 2024 financial year and the forecasts outlined in the 2025 budget — the latter having been approved by the Board of Directors on 23 January 2025.

The Company met with the independent auditors in regard to these assumptions of the Board of Directors, and they agreed upon the reasonableness of such assumptions.

It is noted that, with reference to the amount recognised under intangible assets in the item "concessions, licences and trademarks" totalling 230.0 million euro — corresponding to the consideration paid in 2023 to The Estée Lauder

Companies for the perpetual extension of the TOM FORD brand licence agreement — this item was again subject to analysis in 2024 to assess its recoverability through the determination of its fair value, the outcome of which was favourable. The assumptions underlying the test, based on the same business plan approved by the Board of Directors for the purposes of the impairment test, were also deemed reasonable by the Independent Auditors.

In relation to the acquisition of 100% of the share capital of ic! berlin GmbH, completed on 7 November 2023, it is noted that the transaction was treated as a “business combination” under IFRS 3. The total purchase price amounted to 38.5 million euro, in addition to the assumption of net financial liabilities of 6.7 million euro. During the 2024 financial year, the Purchase Price Allocation (PPA) process was completed, resulting in the recognition, under intangible assets, of the “ic! berlin” trademark (classified as an asset with an indefinite useful life) and the customer list, which is being amortised over a 20-year period. The valuation of these intangible assets was carried out with the support of an independent expert. The allocation led to a reduction in the initially recognised goodwill, which was adjusted to 19.0 million euro.

On 26 March 2025, the Board of Directors of Marcolin S.p.A. approved the draft consolidated Financial Statements of the Marcolin Group for the year ended 31 December 2024; those Financial Statements, drawn up according to IAS/IFRS, were also audited by PricewaterhouseCoopers S.p.A., which issued a clean opinion on the true and fair view of the financial position, results of operations and cash flows of the group.

The Independent Auditors stated that the report on operations is consistent with the consolidated Financial Statements of Marcolin S.p.A. As within our competence, we acknowledge that the Directors’ report on the consolidated Financial Statements adequately describes the situation of the companies of the group, the financial and business matters, the subsequent events, the annual business performance and the business outlook for the current year.

We reviewed the report to verify compliance with Article 40 of Italian Legislative Decree no. 127/1991, the correct identification of the consolidated companies in accordance with the international accounting standards, and the information as per Article 39 of the same Decree.

Based on the controls performed, the Board of Statutory Auditors considers the report on operations to be correct and consistent with the consolidated Financial Statements.

The Notes to the Financial Statements contain the information required by the international accounting standards, present the accounting principles and policies adopted, and present the consolidation methods, which correspond to those used for the previous year.

No claims were made to the Board of Statutory Auditors under Article 2408 of the Italian Civil Code or of any other nature.

During the financial year, we provided, where necessary, the opinions requested by the Board of Statutory Auditors pursuant to Article 2389 of the Italian Civil Code.

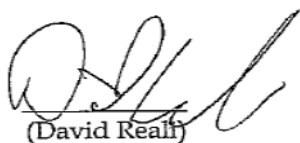
In light of the above, following the supervisory activities carried out and based on the data and information exchanged with the Independent Auditors, we are in favour of the approval of the financial statements for the year ended 31 December 2024 and also agree with the Board of Directors’ proposal for the allocation of the net profit for the year, amounting to 8,779,706.50 euro, as follows:

- the amount of 7,023,766 euro to a special reserve, as envisaged by Article 1, paragraphs 436-444 of Italian Law no. 207 of 30 December 2024, for the purpose of the so-called “IRES bonus”;
- the residual amount of 1,755,940.50 euro to be carried forward.

Dear Sole Shareholder,

We also kindly remind you that, with the approval of the financial statements relating to the year ended 31 December 2024, the respective mandates of the Board of Statutory Auditors and the Board of Directors currently in office expire. We would like to end by thanking you for the trust you have placed in us, and we kindly invite you to take the appropriate resolutions to appoint the new corporate bodies.

4 April 2025



(David Reali)

Mario Cognigni
Dr. Mario Cognigni



Rag. Diego Rivetti

SUMMARY OF GENERAL MEETING
RESOLUTIONS

SUMMARY OF GENERAL MEETING RESOLUTIONS

The General Meeting, held on first call on 7 April 2025, resolved to:

- approve the Company's Financial Statements and Report on Operations as at 31 December 2024, and Marcolin Group's Consolidated Financial Statements as at 31 December 2024 and accompanying Report on Operations;
- To allocate the profit for the year of Euro 8,779,706.50 as follows:
 - to set aside the amount of 7,023,766 euro in a special reserve, as envisaged by art. 1 para. 436-444 of Italian Law no. 207, for the purpose of the so-called "IRES bonus";
 - to carry forward the residual amount of 1,755,940.50 euro. Accordingly, after such allocation, the retained earnings/(losses) will have a balance of 165,701,118.63 euro.

Milan, April 7, 2025

for the Board of Directors

the Chairman
Signed: *Vittorio Levi*

MARCOLIN
EYEWEAR

