MARCOLIN

2023 ANNUAL REPORT

Marcolin Spa Company with Sole Shareholder | Head Office and Administrative Offices: Villanova 4 industrial area - 32013 Longarone (BL) - Italy
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

adidas

BMW EYEWEAR.

Candie's eyewear

GANT EYEWEAR

GCDS

GUESS

HARLEY-DAVIDSON. EYEWEAR

J. LANDON

KENNETH COLE

Christian Louboutin

MARCIANO by GUESS

MAX&Co.

MaxMara

MCM

PUCCI

SKECHERS eyewear

Timberland

TOD'S EYEWEAR

TOM FORD EYEWEAR

ZEGNA

HOUSE BRANDS

ic! berlin Style. Made in Germany.

VIVA

WEB EYEWEAR

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GENERAL INFORMATION

COMPOSITION OF CORPORATE BODIES

Board of Directors [1]

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

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 2023, the share capital was 100% owned 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 (with accounting and tax effects backdated to 1 January 2023). 3 Cime SpA was wholly owned by the Luxembourg company 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 reverse merger by incorporation of 3 Cime SpA into Marcolin SpA did not effectively result in any significant change in the structure of guarantees provided also by the new parent company of Marcolin SpA, Tofane SA.

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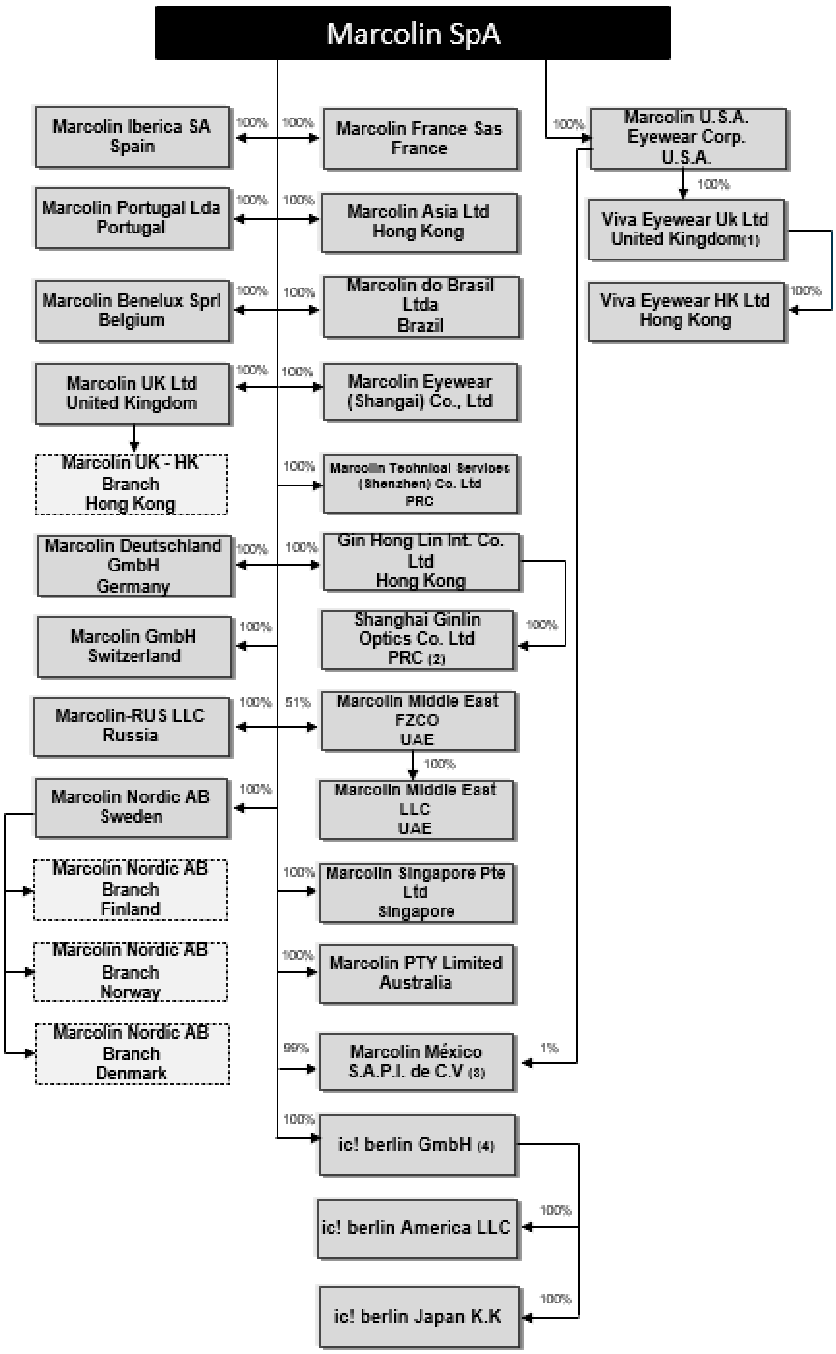
THE STRUCTURE OF THE MARCOLIN GROUP AS AT 31 DECEMBER 2023



1) Company in liquidation.
2) On 19 January 2024, the company Shanghai Ginlin Optics Co. Ltd PRC was cancelled from the register of companies on completion of the liquidation process.
3) On 5 July 2023, Marcolin SpA finalised the acquisition of the minority interest in Marcolin Mexico, gaining 100% control.
4) On 7 November 2023, Marcolin SpA completed the acquisition of 100% of the shares of the German company ic! berlin GmbH, which also owns 100% of the shares of two commercial affiliates in the United States and Japan.

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. During 2023, the Group was further strengthened through a number of extraordinary actions such as (i) a perpetual long-term licence agreement with The Estée Lauder Companies (“ELC”) for TOM FORD eyewear signed on 28 April 2023, which constitutes a significant extension of the licence agreement with TOM FORD, (ii) the acquisition of the German company ic! berlin GmbH completed on 7 November 2023, (iii) the acquisition of full control of the Mexican affiliate on 5 July 2023, through purchase of the residual shares previously held by the local Mexican shareholder with whom there was a joint venture arrangement, (iv)) the signing of new licence agreements with MCM and Christian Louboutin (the latter signed at the beginning of 2024) and the renewal and extension of important licence agreements for brands already in the portfolio such as Emilio Pucci, Zegna, Max & Co, GCDS, Harley Davidson and Skechers.

In 2023, the Marcolin Group sold around 13 million glasses worldwide, achieving a net turnover of 558 million euro, with a total of 2,000 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 and 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, Bally, Max Mara and Sport Max, plus the new agreements signed with 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 and other brands specifically dedicated to the US market. The sports segment is represented by adidas Badge of Sport and adidas Originals. Lastly, in addition to the well-established WEB EYEWEAR brand, IC! berlin became a proprietary brand following the acquisition on 7 November 2023 of the Group owning this brand.

In addition to the important projects developed as described above, the Group was committed to the continuous development of the APAC Region, a high-potential market which plays a strategic role considering the specific nature of the products offered and the propensity in Asian countries to purchase medium-high range products.

On the financial front, the Group continued with projects aimed at improving the efficiency and management of working capital (with a focus on all its main components such as trade receivables, trade payables and inventory levels and quality), with direct positive effects on cash flows.
The Group's main source of financing as at 31 December 2023 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, of which 7 million euro temporarily used as at 31 December 2023. The acquisition of ic! berlin GmbH was financed from available funds and through a new loan for a total of 30 million euro, further details of which are provided in the following paragraphs.
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 spending, 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 situation calls for strong attention, especially due to the high degree of uncertainty in the medium term deriving from the persistence of ongoing conflicts. In this complex and uncertain macroeconomic scenario, 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.

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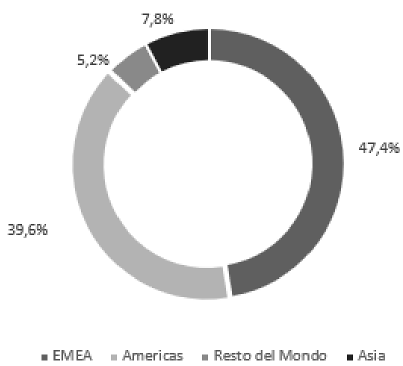
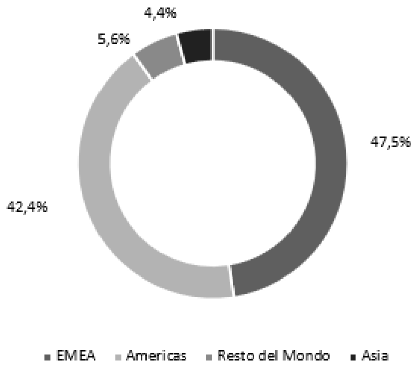
THE GROUP'S FINANCIAL HIGHLIGHTS

Turnover by geographical area

FY2023

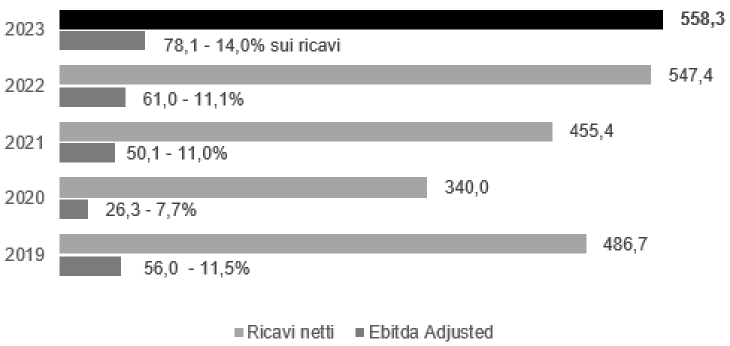


FY2022

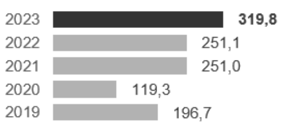


Turnover and Adjusted EBITDA *(million euro)*

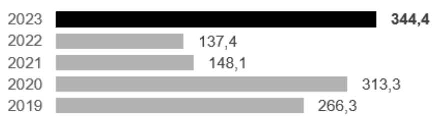
Adjusted EBITDA excludes extraordinary non-recurring costs.



Equity (million euro)



Net financial position (adjusted) *(million euro)*



Adj - esclude il finanziamento da controllante Tofane SA

ANNUAL FINANCIAL REPORT

OF THE GROUP

AS AT 31 DECEMBER 2023

ANNUAL FINANCIAL REPORT OF THE GROUP AS AT 31 DECEMBER 2023

In line with previous years, the Annual Financial Report as at 31 December 2023 (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 IAS/IFRS international accounting standards 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 trends[1]

Globally, the eyewear industry, with reference to the prescription and sunglasses frames market, is estimated to reach over 60 billion euro in 2023, with annual growth in both markets forecast at around 3% over the next five years.
The main market remains North America, followed by EMEA and APAC and, to a lesser extent, the LATAM Region. All these markets expect growth in line with the global consolidated figure, without significant changes from Region to Region, as a result of the constant increase in the need for eyewear products due to the world population ageing trend and the higher incidence of vision-related diseases among the population, together with the greater use of digital instruments that demand correction by means of eyeglasses.
Eyewear, both prescription and sunglasses, is also affected by the dynamics linked to fashion influence, to which younger generations are particularly sensitive.

With reference to final figures for the first half of 2023, ANFAO reported a substantially healthy sector, with growth in exports of both prescription and sunglasses frames, more marked in the APAC Region. More contained growth in the domestic market. The association also reports that the complex economic scenario linked to conflicts and the persistence of high interest rates call for a prudent eye on the future, also in light of a general downward turn in International Monetary Fund future growth forecasts for the major developed countries, still representing the main outlet market of the eyewear sector.

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Introduction

In the context described above, the Marcolin Group recorded a 2.0% increase in turnover (3.8% at constant exchange rates), whereas the Parent Company recorded an increase of 7.0% (8.0% at constant exchange rates).

The principal transactions in which the Group is involved during 2023 are described in detail below.

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Financial and corporate activities

Main funding sources of the Group
The Group's debt structure did not undergo substantial changes in 2023, except for the signing on 16 October 2023 of a new loan for a total of 30 million euro, which was necessary to part-finance the acquisition of ic! berlin GmbH. Aside from this loan, 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, temporarily drawn for 7 million euro as at 31 December 2023, 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, Credit Suisse AG (Milan Branch), Intesa Sanpaolo SpA and

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

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 are guaranteed by the following collateral granted by the Parent Company 3 Cime SpA (reverse merged by incorporation into Marcolin SpA with legal effect from 1 November 2023 and therefore replaced for the purpose of these guarantees by the parent company of 3 Cime SpA, Tofane SA), Marcolin SpA and certain subsidiaries:
(i) a first-degree pledge on the Marcolin SpA shares 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 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 certain assets.
In line with similar transactions entered into by the Group in previous years, the ssRCF loan agreement provides for compliance with certain financial covenants, in addition to the guarantees described above. 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 has been 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 line is drawn above a pre-determined percentage. As 7 million euro of the ssRCF facility had been drawn as at 31 December 2023, 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.

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. As better described in the following paragraphs, 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.

Merger by incorporation of 3 Cime SpA into Marcolin SpA
On 27 September 2023, as already mentioned previously, 3 Cime SpA and Marcolin SpA signed a merger deed, pursuant to which 3 Cime SpA - with effect from 1 November 2023 - was merged by incorporation into Marcolin

SpA. The purpose of this transaction was to improve decision-making speed and to streamline management, leading to the optimisation of resources, a reduction in operating costs and in the accounting, administrative and tax obligations currently pertaining to the companies participating in the merger.
For the purpose of this transaction, the simplified merger rules envisaged in Article 2505 of the Italian Civil Code were applied, with analogous application of the regulations envisaged for the case when the merging entity is wholly owned by the merged entity.
The merger took place through the incorporation of 3 Cime SpA into Marcolin SpA, with the cancellation of shares representing the entire share capital of 3 Cime SpA and without an increase in the share capital of Marcolin SpA. The legal effects began on 1 November 2023, while the accounting and tax effects were backdated to the first day of the year in which the merger took effect, i.e. 1 January 2023.
As described in the previous paragraphs, following the merger, the financial relations originally in place between 3 Cime SpA and Marcolin SpA were terminated and the latter took over the relations originally in place between 3 Cime SpA and its 100% controlling entity, Tofane SA.

Signing of a licence agreement with The Estée Lauder Companies for TOM FORD eyewear
On 28 April 2023, Marcolin SpA signed a long-term licence agreement with The Estée Lauder Companies Inc. ("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.
In relation to the consideration of 250 million dollars described above, on 23 January 2023 Marcolin SpA signed a hedging contract against exchange rate risk. The contract is a Deal Contingent Forward agreement and has allowed the Company to maintain flexibility linked to its automatic termination if the consideration of 250 million dollars 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. In accordance with IFRS 9, the contract was recognised according to hedge accounting criteria.

Acquisition of the ic! berlin Group
On 7 November 2023, Marcolin SpA completed the acquisition of 100% of ic! berlin GmbH, an independent eyewear company founded in Berlin in 1996.
ic! berlin internally manages the design, prototyping, production and assembly of its luxury prescription and sunglasses frames. Following the acquisition, Marcolin integrated around 140 employees into its organisation, mainly located at the headquarters and the production plant in Berlin and at the two branches in Japan and the United States. The acquisition was arranged with the aim of increasing metalworking expertise and expanding the portfolio of luxury brands, a high-potential sector, also strengthening the commercial position of the Group in key areas such as Asia and Europe.
The ic! berlin brand officially joins the Marcolin house alongside WEB EYEWEAR, strengthening a segment considered strategic to the Group.
In addition to its direct presence in Germany, the United States and Japan, ic! berlin operates through a carefully selected network of partners to satisfy various markets in Asia, Europe, America and the Middle East/Africa.
The strategic valuations underlying this acquisition form part of both purely commercial dimensions, such as penetration of the independent designers segment of the market, currently unexplored by Marcolin, development of the Asian market, the primary outlet market of the ic! berlin brand, the continuous development of luxury brands, and in production terms through increased know-how in the metal eyewear category, in relation to which ic! berlin has developed and owns sophisticated know-how. Lastly, the presence of the ic! berlin brand in Marcolin will allow development of all its growth potential through entry into Marcolin's distribution channels and marketing strategies.
The total consideration for the acquisition was 38.5 million euro. In the context of the acquisition, Marcolin SpA at the same time settled certain financial liabilities of the ic! berlin Group for a total of 8.5 million euro, for which payment was made by 31 December 2023. Lastly, the cash and cash equivalents of ic! berlin at the closing date of the transaction amounted to 1.8 million euro.
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. The contribution of ic! berlin to the Marcolin Group performance in 2023, with effect from the acquisition date of 7 November 2023, in terms of turnover amounted to 3.0 million euro and in terms of net result was equal to -0.8 million euro.
The transaction was financed from the Group's own financial resources and also through the signing of a new loan to provide the necessary means to pay a portion of the acquisition price and to repay and reimburse the financial debt of the ic! berlin Group as a condition for completion of the acquisition. The total amount of the loan is 30 million euro, consisting of two credit lines, one medium/long-term amortising facility called “Facility A” for 12 million euro, with a grace period until 30 June 2024 and maturing on 30 June 2026; 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%. 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.
For further information on the acquisition, please refer to the Consolidated Financial Report and the paragraph "Business combinations" in these Notes to the Consolidated Financial Statements.

Acquisition of the minority interests of Marcolin Mexico S.A.P.I. de C.V.
On 5 July 2023, Marcolin SpA completed the 100% acquisition of its subsidiary in Mexico, managed over the years through a joint venture with a local player in the sector. As part of a broader corporate strategy, aimed at strengthening its presence in key markets, the Group acquired the remaining 49% of the subsidiary's shares. From its headquarters in Mexico City, Marcolin México S.A.P.I. de C.V. will continue to closely support local stakeholders, responding even more effectively and quickly to the needs of its customers in a market with strong development potential.
The consideration for the acquisition was 4.3 million euro. Following the acquisition, a plan was activated to separate the information systems and spaces previously managed jointly with the outgoing shareholder, with autonomy to be fully achieved during the first half of 2024.

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 2023 and represents less than 1% in terms of consolidated Total Assets. The Group initially suspended sales to the Russian subsidiary, but resumed them during 2022, initially through the sale of the house brand only, 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.

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Organisational changes

In 2023, important reorganisations continued at both Parent Company and affiliates level, in order to strengthen the management team as part of the measures taken to pursue the Group's new strategic objectives, which are aimed at developing skills for a drive towards industrial and commercial efficiency, including through the digitalisation of processes. In this context, we report the strengthening in 2023 of roles in (i) the Supply Chain, to ensure coordination of the various phases that contribute to creating the company supply chain, so as to improve the performance and efficiency of the entire procurement flow of resources and finished product storage, (ii) Quality Assurance, with the aim of supporting the company in maintaining the quality system, coordinating all company management systems, (iii) ESG management, developed during 2022 and strengthened in 2023, with the function of defining and implementing corporate sustainability strategies, paying particular attention to the social and environmental impact generated by production activities, (iv) Technical Product Development & Product Compliance to improve product development and optimise collection development processes in order to reduce their timing and ensure further compliance with guidelines in terms of costs, technical feasibility and Product Design & Creative management.

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 2023, Model 262 was extended to the American and French subsidiaries, in addition to the first implementation project in the previous year at the parent company Marcolin SpA.

In 2023, the company also continued to update and introduce new protocols in 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. Specifically, the Model was supplemented with (i) the update of the General Part of Model 231 in order to incorporate all regulatory and organisational changes affecting the Marcolin Group since the last revision; (ii) the update of the Protocol relating to corporate offences envisaged in art. 25-ter of Italian Legislative Decree no. 231/2001 and the Protocol relating to offences involving payment instruments other than cash and the fraudulent transfer of valuables and assets after adaptation to the reference regulatory framework.

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 2023, the company passed the certification body audit for the retention of ISO 9001 certifications on the ISO 13485:2016 quality management system, which regulates quality management systems in the medical device sector at international level.

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.

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Product and licensing activities

As part of the actions to consolidate and develop the brand portfolio, the following activities were undertaken during 2023:

On 11 January 2023, Marcolin and Harley-Davidson Motor Company announced the renewal of their licensing agreement for the design, manufacture and worldwide distribution of Harley-Davidson® branded eyeglass frames and sunglasses. The new agreement will now also cover Performance and Protective sunglasses, designed to be worn on motorbikes. The partnership provides a further six-year extension until 31 December 2027.

On 28 April 2023, Marcolin finalised the extension of the long-term licence agreement with The Estée Lauder Companies for TOM FORD eyewear as described in previous paragraphs.

On 11 September 2023, Marcolin and MCM, the German luxury brand founded in 1976 in Munich, announced an exclusive licence agreement for the design, production and worldwide distribution of MCM Eyewear until 31 December 2028.
Emerging from the innovative and revolutionary atmosphere of the 1970s in Munich as a fresh alternative to more traditional luxury, MCM immediately embodied the essence of "L'enfant terrible". By creating exclusive accessories for the bold jet-set of that era, the brand immediately gained international recognition. Today, MCM explores a new era of elegance, combining the desire for travel and inclusiveness with the most varied needs of the modern traveller and today's digital nomad.
Marcolin will develop the MCM eyewear collections according to the founding values of the brand, which has always combined craftsmanship, design and sustainability in its creations. The first MCM collection of sunglasses and prescription eyewear produced by Marcolin is available in selected boutiques starting from January 2024.

On 8 November 2023, Marcolin announced completion of the acquisition of ic! berlin GmbH, an independent eyewear company founded in Berlin in 1996. Please refer to the dedicated paragraphs for more details.

On 18 December 2023, Marcolin and Pucci, the Florentine fashion house owned by the LVMH Group which has always been synonymous with luxury, colour, design and “joie de vivre”, announced the early renewal of the worldwide exclusive licence agreement for the design, production and distribution of sunglasses and prescription frames. The partnership extends existing relations between the two companies through renewal up to 31 December 2030. This consolidates a strategic relationship established in 2015, the year in which Marcolin began to develop Pucci eyewear models, embodying their aesthetic codes through the use of innovatively revamped characteristic motifs and colours, including the recent rebranding by the House that began on arrival of Camille Miceli as creative director in 2021. Design concepts with a marked modern look, sophisticated workmanship, refined architecture, together with attention to detail, are the traits that define the sunglasses and prescription models of the Tuscan brand.

During the first few months of 2024, further important arrangements were made to extend existing licence agreements, in addition to the signing of a contract with a new licence that Marcolin chose to undertake for its eyewear business, whose key details are presented below.

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.

Note that in 2023 Marcolin and Moncler terminated the licence agreement for the Moncler brand sunglasses and prescription frame collections with effect from 31 December 2023. Under the terms of the contract, Marcolin will continue to sell Moncler collections until the end of June 2024.
Furthermore, as already reported in the 2022 financial statements, the licence agreement with Swarovski ended on 31 March 2023. Under the terms of the contract, Marcolin continued to sell this brand's collections until the end of September 2023.
Lastly, in 2023 Marcolin and Barton Perreira, following acquisition of the latter by Thélios (eyewear subsidiary of the LVMH Group), decided not to renew the distribution agreement for the collections of Barton Perreira brand sunglasses and eyeglasses, which expired on 31 December 2023.

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Commercial actions

In 2023, the Group continued to develop its medium- to long-term initiatives aimed at further strengthening customer focus, growth and development of markets and channels, digitalisation of processes and platforms, and inventory optimisation.

Implementation of the CX Factor programme continued, which aims to transform the business model, organisation and customer experience, also through definition of the new Vision to "Be and be recognised as the best partner in the eyewear industry" and Mission to "Create and add value to the eyewear industry by listening to our customers and making their lives easier, by constantly improving the quality of our products and services, building long-term, strong and agile business relationships, and always acting in a socially responsible manner" were defined. This cross-functional project involves a profound cultural transformation of the Group, through the redesign of customer-centric and digital acceleration processes. The enabler of this transformation is a global digital CRM platform from a major market leader capable of managing processes in an integrated manner throughout the customer life cycle from pre-sales to sales and after-sales, with the aim of increasing value for customers and the company. During the year, the development phases of all functions of the Sales, Marketing, Commerce and Service modules were completed and roll-out activities were launched, which saw activation of the system at all branches in EMEA, North America, Brazil and APAC (excluding China), preceded by training sessions for all users involved. Go live was completed in December 2023 and the group is now operating on a single integrated CRM platform.

As part of the strategic investment in platforms, the sales forecasting process continues to evolve into a fully integrated system to support markets and corporate functions. In 2023, the Sales Budget module was implemented, guaranteeing a single forecasting method for all business processes. Integration with order processes on traditional channels was also enhanced, thanks to the increase in information provided to the sales force to guide the collection of new releases on available high-potential models, previously planned by the reference sales team. The process of improving accuracy and greater guidance in the order collection phase has therefore moved forward, continuing to guarantee an increased level of commercial service and further efficiency improvements in inventory control.

Development continued on the M.O.R.E. programme, the Group’s proprietary integrated Category Management and automated replenishment platform that guarantees customers better sell-out performance and service levels. During the year, the EMEA market was expanded, also with the management of markets covered by distributors, and new points of sale opened in the Asian markets.

Towards the end of the year, the new Paris showroom was officially inaugurated, which will make it possible to maintain live and constant contact with customers and distributors operating not only in France, but also in the Benelux and the DACH markets, at the same time closely monitoring a city like Paris which has always been a hotbed of change and fashions, a source of inspiration for creatives and designers from all over the world. In mid-March 2024, the new New York showroom was also inaugurated to further strengthen commercial investments in the US market, considering the importance of this market for the Group.

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.

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Logistics and industrial actions

Marcolin is committed to improving the efficiency of its logistics and industrial organisation. Increasing product demand has further emphasised the need for efficiency in the Supply Chain network, which is increasingly called upon to meet flexibility requirements in order to rapidly respond 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 reference to “Made in Italy” production, the Company increased the production capacity of the “Acetate” segment by converting an area previously reserved for production logistics services.
Lean production initiatives continued, starting with a "cost deployment" approach to identify the main inefficiencies, followed by a phase of reviewing and updating cycle times and redesigning the flow of the production cycle.

Through this project, the Group was able to identify and pursue significant industrial efficiencies by reducing scrap and rework, significantly improving lead times and increasing the efficiency of all production facilities. This project also made it possible to increase the production output of Made in Italy products, including by reallocating industrial space and optimising production flows to increase daily productivity. In this context, the area dedicated to sample production has also been improved, allowing more precise industrialisation steps to be taken and planned prior to mass production. This made the overall lead time more efficient, with savings expected in subsequent years.

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.

As regards logistics, 2023 saw the increased productivity and efficiency resulting from investments made in 2022. Automation, thanks to both horizontal and vertical transport solutions (between several warehouses) and thanks to pick-to-light solutions, has increased productivity by around 30% in the same space, allowing the group to develop new channels and logistics solutions to satisfy potential new markets.

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 efficiently to customer requirements than centralised logistics management by the parent company.

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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 2023 figures comparable with those of the previous year, thus providing evidence of "normalised" profitability for both years.

With reference to acquisition of the ic! berlin Group, the information presented in the Consolidated Financial Statements considers the economic results of ic! berlin from the acquisition date (7 November 2023) to the end of the year, while the balance sheet figures as at 31 December 2023 consolidate ic! berlin on a line-by-line basis.
The effect of the consolidation of ic! berlin on Marcolin Group economic results as at 31 December 2023 are not particularly significant, considering that the acquisition was completed on 7 November 2023 and therefore ic! berlin's contribution to Group results covers 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, adjusted results will be indicated later in this report as “pro-forma”, excluding the economic and capital contribution of the ic! berlin Group from the acquisition date to the end of the current year. For further details of the consolidated financial position of ic! berlin as at 31 December 2023, 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	558.3	2.0%	72.7	13.0%	47.4	8.5%	10.2	1.8%	8.5%	6.8%	3.2%

In 2023, net revenues amounted to 558.3 million euro, compared to 547.4 million euro in 2022.

EBITDA amounted to 72.7 million euro, or 13.0% of turnover (compared to 2022 EBITDA of 53.3 million euro, or 9.7% as a percentage of revenues). This indicator is expressed considering the effect of recognition of lease agreements in accordance with IFRS16.
EBIT amounted to 47.4 million euro or 8.5% of revenues (compared to the 2022 result of 25.7 million euro, or 4.7%).

The year 2023 was impacted at EBITDA level by non-recurring costs of 5.3 million euro (7.7 million euro in 2022). In order to better understand the economic performance of the year, it is therefore necessary to neutralise these effects, which in 2023 consist mainly of charges resulting from M&A activities (such as the acquisition of ic! berlin GmbH and the extension of the TOM FORD licence agreement with the Estée Lauder Group), charges resulting from reorganisation activities undertaken in several regions in which the Group operates and settlement agreements of a commercial nature.
Excluding the impact of the aforementioned extraordinary charges, the adjusted EBITDA for 2023 is 78.1 million euro, or 14.0% of revenues, compared to the corresponding figure for 2022 of 61.0 million euro (or 11.1% of revenues), while the adjusted EBIT for 2023 is 52.8 million euro, or 9.5% of revenues, compared to the 2022 figure of 33.4 million euro (6.1% 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	**2023**		**2022**	
(euro/000)	**euro**	**% of net revenues**	**euro**	**% of net revenues**
Ebitda adj	78,063	14.0%	61,016	11.1%
Operating income - Ebit adj	52,761	9.5%	33,395	6.1%

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ANALYSIS OF TURNOVER

The consolidated financial statements as at 31 December 2023 show net revenues of 558.3 million euro, compared to 547.4 million euro in 2022. The increase in revenues of 11.0 million euro represents a percentage increase of 2.0%. The year-on-year change in turnover at constant exchange rates was positive by 3.8%.[1]
Excluding the brands discontinued in 2023 both from net revenues for 2023 and for the previous year, the year-on-year increase at current exchange rates would have been 6.7%.

The Group continued to invest in supporting the brands and strengthening the sales organisation with a medium/long-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.

Sales by geographical area are broken down as follows:

Net Revenues by geographical area	**2023**		**2022**		**Variations**	
(euro/000)	**euro**	**% of total**	**euro**	**% of total**	**euro**	**% of total**
EMEA	264,439	47.4%	260,140	47.5%	4,300	1.7%
Americas	221,218	39.6%	232,329	42.4%	(11,111)	(4.8)%
Rest of World	29,162	5.2%	30,916	5.6%	(1,754)	(5.7)%
Asia	43,494	7.8%	23,970	4.4%	19,525	81.5%
Total	**558,314**	**100.0%**	**547,355**	**100.0%**	**10,959**	**2.0%**

Overall net sales increased by 2.0% compared to 2022. More specifically, purchasing habits consolidated, particularly in the opticians' channel, with a greater penetration of the "prescription eyeglasses" product and an orientation towards luxury brands.

In EMEA, net revenues amounted to 264.4 million euro (+1.7% year on year). In this area, year-on-year growth was recorded in all countries, driven by the luxury segment in France Italy, the UK and Spain.

In 2023, America recorded a decline in revenues of -4.8% at current exchange rates (-3.1% at constant exchange rates), affected by the macroeconomic dynamics of this area which also directly impacted the eyewear sector.

Sales in Asia increased by 81.5% at current exchange rates (81.9% at constant exchange rates) compared to the previous year, benefiting from the reorganisation of the entire APAC region undertaken in previous years by management. The countries recording the strongest growth were South Korea and the countries of South-East Asia in which the Group operates through third-party distributors. The Chinese subsidiary performed well, although it is still in start-up phase, a trend that confirms the ample room for growth in that country.

As regards performance in the Rest of the World, a category that mainly includes sales in emerging countries, there was a decrease of approximately 1.8 million euro (5.7%).

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[1] The exchange rates as at 31 December 2023 and average exchange rates for 2023 are described in the Notes to the Consolidated Financial Statements in the paragraph "*Basis of consolidation*".

ANALYSIS OF THE OTHER INCOME STATEMENT COMPONENTS

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

	2023		2022	
(euro/000)	**euro**	**% of net revenues**	**euro**	**% of net revenues**
Net revenues	558,314	100.0%	547,355	100.0%
Gross profit	337,689	60.5%	319,032	58.3%
Ebitda	72,719	13.0%	53,312	9.7%
Operating income - Ebit	47,417	8.5%	25,692	4.7%
Financial income and costs	(30,582)	(5.5)%	(24,650)	(4.5)%
(Loss)/Profit before taxes	16,835	3.0%	1,042	0.2%
Net (loss)/profit for the period	10,239	1.8%	(5,796)	(1.1)%

Economic indicators - Adjusted	**2023**		**2022**	
(euro/000)	**euro**	**% of net revenues**	**euro**	**% of net revenues**
Ebitda adj	78,063	14.0%	61,016	11.1%
Operating income - Ebit adj	52,761	9.5%	33,395	6.1%
(Loss)/Profit before taxes adj	22,179	4.0%	8,746	1.6%

A more detailed analysis of the data relating to the key performance indicators shows that the gross operating profit was 60.5% of turnover, up (as a percentage of net revenues) by approximately 2.2% compared to the previous year (58.3% in 2022) 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 and costs of industrial utilities.

The levels of EBITDA, EBIT and result before tax, as already noted in the previous paragraphs, are influenced by non-recurring events for both 2023 and 2022, 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 2023 is 78.1 million euro, or 14.0% of turnover, compared to a corresponding figure for 2022 of 61.0 million euro (or 11.1% of net revenues).
The adjusted EBIT for 2023 is 52.8 million euro, or 9.5% of revenues, and is compared to a similar figure for 2022 of 33.4 million euro (6.1% of turnover).

The item net finance income and costs, which amounts to 30.6 million euro in 2023, 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 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 2023, totalling -1.8 million euro, was mainly due to the significant depreciation of the US dollar during 2023.

Income taxes totalled 6.6 million euro compared to total tax expenses of 6.8 million euro for 2022. With reference to Marcolin SpA, note the recognition of current taxes for a total of 3.0 million euro, in addition to the recognition of tax credits for deferred tax assets on temporarily non-deductible interest expense for a total of 2.5 million euro, in light of the future economic recovery plans.

The net result was a positive 10.2 million euro and is compared to a net positive result of 5.8 million euro in 2022.

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BALANCE SHEET AND FINANCIAL SITUATION

The consolidated statement of financial position as at 31 December 2023 compared with the previous year is provided below:

Net invested capital *(euro/000)*	**12/31/2023**	**12/31/2022**
Trade receivables	81,312	75,464
Inventories	96,277	106,615
Trade payables	(131,588)	(160,465)
Operating working capital	**46,001**	**21,614**
Other assets	23,663	26,090
Other liabilities	(35,807)	(40,358)
Net working capital	**33,857**	**7,346**
Non-current assets	59,489	53,177
Partecipazioni e altre attvità finanziarie	27	-
Property, plant and equipment	45,583	41,855
Intangible assets	270,870	43,195
Goodwill	325,317	293,359
Fixed assets	**701,286**	**431,587**
Founds	(40,808)	(21,654)
Net invested capital	**694,334**	**417,278**
Current financial liabilities	22,459	11,111
Non-current financial liabilities	408,793	381,441
Gross financial indebtedness	**431,252**	**392,553**
Current financial assets and Cash and cash equivalents	(56,655)	(226,095)
Non-current financial assets	(23)	(232)
Net financial debt	**374,574**	**166,226**
Net equity	**319,761**	**251,052**

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 2022:

Net financial debt *(euro/000)*	**12/31/2023**	**12/31/2022**
Cash and cash equivalents	56,519	225,995
Current and non-current financial assets	159	332
Current financial liabilities	(17,659)	(11,111)
Current portion of non-current financial liabilities	(4,800)	-
Non-current financial liabilities	(408,793)	(381,441)
Net financial position	**(374,574)**	**(166,226)**
Loan from parent company Tofane SA	30,279	28,779
Net financial position Adjusted	**(344,295)**	**(137,448)**

The Group’s net financial position is negative for 374.6 million euro and includes 30.3 million euro for the loan 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. 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 2023 was 344.3 million euro, compared to 137.4 million euro at the end of 2022, a negative change of 206.8 million euro year on year. The main components of the debt were (i) the bond loan for a notional 350 million euro, (ii) the Super Senior Revolving Credit Facility of 46.2 million

euro, drawn for 7.0 million euro at 31 December 2023, and (iii) the new loan for a total of 30 million euro agreed in 2023 to finance the acquisition of ic! berlin.
The increase in the Group's net financial position as at 31 December 2023 compared to the previous year derives mainly from the investments described above, such as the signing of a long-term licence agreement with The Estée Lauder Companies ("ELC") for TOM FORD eyewear, against the payment of 250 million dollars from Marcolin to TOM FORD, and the acquisition of ic! berlin, whose effect on the net financial position was approximately 45.2 million euro (deriving from the purchase price and the net debt of ic! berlin at the acquisition date).
The ratio of net financial position to equity as at 31 December 2023 is 1.17 (0.66 as at 31 December 2022). Excluding the effect of the loan from the parent company Tofane SA, the ratio in question was 1.08 as at 31 December 2023 (0.54 as at 31 December 2022).
Lastly, payables to factoring companies were recognised under other current liabilities.

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

Changes in net financial debt adj *(euro/000)*	**12/31/2023**	**12/31/2022**
Adjusted EBITDA	**78,063**	**61,016**
Increase / decrease in net working capital	(28,927)	(3,726)
Other operative adjustments	19,439	(495)
Net cash from / (used in) operating activities	**68,576**	**56,795**
(Purchase) of property, plant and equipment	(10,731)	(7,703)
Proceed from the sale of property, plant and equipment	73	34
(purchase) of intangible assets	(236,852)	(8,959)
Net (Investments)/disposal in investment in subsidiaries and associates	(15)	-
Net cash from / (used in) investing activities	**(247,525)**	**(16,628)**
Net interest (paid) / cash in	(24,054)	(23,354)
Free Cash Flow	**(203,003)**	**16,813**
Non-recurring items not included on Free Cash Flow	(5,344)	(7,704)
Loans from shareholders	1,500	1,500
Total change in net financial debt	**(206,848)**	**10,609**
Net financial debt as at December 31, 2022	**(137,447)**	**(148,056)**
Total change in net finance debt	(206,848)	10,609
Net financial debt as at December 31, 2023	**(344,295)**	**(137,447)**

(*) Adj of Shareholders Loan Tofane SA. Both FY22 and FY23 figures are post IFRS16 effect

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 68.6 million euro, confirming the Group's good income management combined with an equally regulated management of working capital in all its components.
During 2023, countless investment activities were carried out, as already described in previous paragraphs, which resulted in significant cash outflows. Among the most significant are (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, whose effect on the net financial position was 45.2 million euro (deriving from the purchase price and the net debt of ic! berlin at the acquisition date), (iii) investments in property, plant, equipment and intangible assets for a total of 247.5 million euro, mainly referring to investments in new plant, machinery and equipment in the production and logistics facilities of the Parent Company as well as amounts referring to the renewal and upgrading of the Group's information systems.
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 5.3 million euro in non-recurring costs, already described in previous paragraphs.

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

Net working capital *(euro/000)*	**12/31/2023**	**12/31/2022**
Inventories	96,277	106,615
Trade receivables	81,312	75,464
Trade payables	(131,588)	(160,465)
Total	**46,001**	**21,614**

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

- as regards net inventories, 2023 saw the continuation of a series of actions aimed at improving and increasing the efficiency of inventory management, as well as the benefit from the investments in previous years, continued also in 2023, on 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 2023 and expected also for 2024;
- the amount of net trade receivables increased by 5,848 thousand euro compared to the previous year, in the wake of the increase in Group revenues. 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 in the DSO ratio and at the same time significantly reduce past due positions;
- with reference to Trade payables, the balance as at 31 December 2023 shows a decrease compared to the same period of the previous year mainly due to both a reduction in procurement from third-party suppliers, whose direct impact emerges also with reference to inventories, and to contractual changes related to a number of licences. 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.

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Investments in property, plant and equipment, and intangible assets (excluding disposals) for the year totalled 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), compared to 16.6 million euro (of which 7.7 million euro for investments in property, plant and equipment and 8.9 million euro for investments in intangible assets), incurred in 2022.
The table below provides a breakdown of disbursements related to property, plant and equipment, and intangible assets:

Property, plant and equipment cash out *(euro/000)*	**12/31/2023**	**12/31/2022**
Land and buildings	1,712	247
Plant and machinery	2,566	2,129
Industrial equipement	1,950	2,178
Stand and commercial equipement	4,037	3,210
Hardware	412	611
Office forniture and furnishing	317	567
Other	2,397	1,424
Total	**10,731**	**7,702**

Intangible assets cash out *(euro/000)*	**12/31/2023**	**12/31/2022**
Software	2,560	3,222
Other	234,292	5,257
Total	**236,852**	**8,959**

Expenditure for property, plant and equipment in 2023 mainly related to investments in new plant, machinery and equipment for production plants of the Parent Company and other Group companies, such as Marcolin USA Eyewear Corp.
With reference to investments in intangible assets, the main component concerns the recognition of the 250 million dollars as the outlay incurred by Marcolin in April 2023 for the of extension of the licence agreement with The Estée Lauder Companies for TOM FORD eyewear. Additional investments in intangible assets mainly concern software for the improvement and upgrading of information systems that benefit the Group.

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The non-current assets include goodwill totalling 325.3 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 and the acquisition of Marcolin Middle East in 2017 as assets with an "indefinite life" and therefore not amortised. The change in this item compared to the previous year is mainly attributable to the acquisition of ic! berlin Gmbh, which generated goodwill at consolidated level of 35.3 million euro. Note that, based on the provisions of IFRS 3, the goodwill was determined on a provisional basis before final identification of the fair value of the contingent assets and liabilities acquired. Within 12 months of the acquisition date, recognition of the aforementioned business combination will be finalised by identifying and measuring the fair value of the assets and 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.

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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 2023

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 2023 data with that of the previous year on a like-for-like basis, providing evidence of "normalised" profitability.

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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
2022	295.1	18.7%	21.5	7.3%	8.3	2.8%	(3.2)	(1.1)%
2023	315.9	7.0%	37.3	11.8%	26.1	8.2%	6.4	2.0%

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

- Net revenues of 315.9 million euro (295.1 million in 2022);
- EBITDA of 37.3 million euro, accounting for 11.8% of net revenues (21.5 million euro in 2022, or 7.3% of turnover);
- EBIT of 26.1 million euro, accounting for 8.2% of net revenues (8.3 million euro in 2022, or 2.8% of turnover);
- The net profit for the year was 6.4 million euro (compared to the loss of 3.2 million euro in 2022);
- The net financial position was a negative 358.3 million euro (compared to a negative 138.3 million euro as at 31 December 2022);
- Equity was 367.4 million euro, compared to 290.4 million euro at the end of 2022.

With regard to the economic results for 2023, the Parent Company reported an increase in turnover of 7.0% for the year (a total of 20.7 million euro in absolute terms). The positive performance in terms of turnover is the result of the positive trend in sales in the domestic and European market recorded in 2023 thanks to a change in purchasing habits, particularly in the optician channel, with a greater penetration of the "eyeglasses" product and an orientation towards brands in the Luxury segment.

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	**2023**		**2022**	
(euro/000)	**euro**	**% of net revenues**	**euro**	**% of net revenues**
Ebitda adj	39,780	12.6%	26,221	8.9%
Operating income - Ebit adj	28,494	9.0%	13,049	4.4%
(Loss)/Profit before taxes adj	11,716	3.7%	2,904	1.0%

More specifically, during 2023 these non-recurring expenses mainly concerned expenses deriving from M&A activities (such as the acquisition of ic! Berlin GmbH, extension of the TOM FORD eyewear licence agreement with the Estée Lauder Group) and, to a residual extent, charges related to the merger by incorporation of the parent company 3 Cime SpA into Marcolin SpA.

In 2023, adjusted EBITDA amounted to 39.8 million euro, or 12.6% of net revenues (26.2 million euro in 2022, or 8.9% of turnover), while adjusted EBIT amounted to 28.5 million euro, or 9.0% of net revenues (13.0 million euro in 2022, or 4.4% of revenues).

ANALYSIS OF TURNOVER

The net sales revenues realised in 2023 amounted to 315.9 million euro, compared to 295.1 million euro in 2022, an increase of 20.7 million euro compared to the previous year (a +7.0% change in percentage terms). At constant exchange rates, the increase in turnover was 8.0%.

Turnover from third parties achieved by the Parent Company in 2023 amounted to 137.6 million euro, compared to 128.8 million euro achieved in 2022, an increase of 8.8 million euro, corresponding to 6.8%.
Excluding the brands discontinued in 2023 both from net revenues for 2023 and for the previous year, the year-on-year increase at current exchange rates would have been 15.5%.

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

Net Revenues by geographical area	**2023**		**2022**		**Change**	
(euro/000)	**euro**	**% of total**	**euro**	**% of total**	**euro**	**%**
EMEA	200,765	63.6%	185,000	62.7%	15,765	8.5%
Americas	57,615	18.2%	64,285	21.8%	(6,671)	-10.4%
Rest of world	26,719	8.5%	29,901	10.1%	(3,182)	-10.6%
Asia	30,761	9.7%	15,933	5.4%	14,828	93.1%
Total	**315,859**	**100.0%**	**295,120**	**100.0%**	**20,739**	**7.0%**

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.

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The result achieved in 2023 by Marcolin SpA in terms of net revenues, up 7.0% compared to the previous year, is the result of a double effect due to both the increase in sales to the Group's commercial affiliates and the growth of the Key Accounts sales channel.

EMEA is the main market accounting for 63.6% of the Company's total revenues and an 8.5% growth over 2022, due to the strong performance of Key Accounts and Luxury Brands.

The turnover achieved in Asia represents 9.7% of the total turnover of Marcolin SpA and increased by 93.1% compared to the previous year thanks to the internal reorganisation of the Group, combined with a recovery in demand for luxury goods.

America recorded a 10.4% decrease in revenues at current exchange rates (-9.0% at constant exchange rates), affected by the macroeconomic dynamics of this area, which also directly impacted the eyewear sector.

As regards the trend in the Rest of the World, 2023 recorded a decline of 10.6%. This item includes sales in emerging countries with high growth potential for the Company.

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

Income statement	**2023**		**2022**	
(euro/000)	**euro**	**% of net revenues**	**euro**	**% of net revenues**
Net revenues	315,859	100.0%	295,120	100.0%
Gross profit	148,666	47.1%	129,966	44.0%
Ebitda	37,339	11.8%	21,488	7.3%
Operating income - Ebit	26,053	8.2%	8,316	2.8%
Financial income and costs	(24,412)	(7.7)%	(13,161)	-4.5%
(Loss)/Profit before taxes	9,275	2.9%	(1,829)	-0.6%
Income tax expense	(2,861)	(0.9)%	(1,401)	-0.5%
Net (loss)/profit for the period	6,415	2.0%	(3,231)	-1.1%

Analysing the data relating to the key performance indicators in detail, note that the gross operating profit was 47.1% of turnover, up compared to the previous year (44.0%) 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 and costs of industrial utilities.

The operating result was a positive 26.0 million euro (8.2% of revenues), compared to 8.3 million euro in 2022 (2.8% of revenues).

The item net finance income and costs amounted to 24.4 million euro in 2023 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 28.7 million euro (up by approximately 2.2 million euro compared to the previous year, mainly due to increased commissions for drawdown of the Super Senior Revolving Facility and the allocation of interest expense for 2023 in relation to new loans disbursed in October 2023 for the acquisition of the German company ic! berlin GmbH).

Interest income totalled 5.7 million euro, mainly accrued on intercompany financial assets (substantially in line with the previous year).

Currency management, this too a component of the balance of finance income and costs, brings costs for a total of 1.5 million euro, compared to revenues of 7.3 million euro in 2022. This item is impacted by the volatility dynamics of exchange rates for currencies other than the Euro in which the Company operates, particularly the US Dollar, which in 2023 saw an approximate 4% appreciation against the Euro. Note that on 18 December 2023 the residual portion of the intercompany loan granted to the subsidiary Marcolin USA Eyewear Corp., for 35 million dollars, was waived. 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.

Income taxes amounted to total expenses of 6.5 million euro compared to total expenses of 2.9 million euro for 2022.

The net profit for the year was 6.4 million euro, compared to the loss of 3.2 million euro in 2022.

BALANCE SHEET AND FINANCIAL SITUATION

The Parent Company's statement of financial position as at 31 December 2023 is presented in the table below, compared with the corresponding results of the previous financial year:

Net invested capital *(euro/000)*	**12/31/2023**	**12/31/2022**
Trade receivables	72,300	74,496
Inventories	55,314	61,045
Trade payables	(115,820)	(127,126)
Operating working capital	**11,795**	**8,415**
Other assets	11,284	15,930
Other liabilities	(17,795)	(14,105)
Net working capital	**5,283**	**10,240**
Non-current assets	18,941	12,832
Investments in subsidiaries and associates and other fir	262,222	184,389
Property, plant and equipment	25,023	25,579
Intangible assets	250,520	23,184
Goodwill	189,153	186,227
Fixed assets	**745,859**	**432,211**
Founds	(22,482)	(13,708)
Net invested capital	**728,660**	**428,742**
Current financial liabilities	34,434	34,756
Non-current financial liabilities	402,072	375,191
Gross financial indebtedness	**436,506**	**409,948**
Current financial assets and Cash and cash equivalents	(71,018)	(231,458)
Non-current financial assets	(7,160)	(40,196)
Net financial debt	**358,328**	**138,293**
Net equity	**370,332**	**290,449**

The net financial position as at 31 December 2023, as monitored by management, is illustrated below with comparative data for the end of 2022:

Net financial debt *(euro/000)*	**12/31/2023**	**12/31/2022**
Cash and cash equivalents	41,373	199,450
Current and non-current financial assets	36,805	72,205
Current financial liabilities	(29,634)	(34,756)
Current portion of non-current financial liabilities	(4,800)	-
Non-current financial liabilities	(402,072)	(375,191)
Total net financial debt	**(358,328)**	**(138,293)**
Loans from Tofane SA	30,279	28,779
Total net financial debt adj	**(328,050)**	**(109,515)**

The Company's net financial position was a negative 358.3 million euro, compared to 138.3 million euro at the end of 2022, with a year-on-year decrease of 220.0 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, drawn for 7.0 million euro as at 31 December 2023. The net debt also includes a new loan taken out for a total of 30 million euro, necessary to part-finance the acquisition of ic! berlin GmbH in November 2023.
The current and non-current financial assets are mainly composed of loans granted to Group companies. Also note that on 18 December 2023 the Parent Company Marcolin SpA waived the residual portion of the loan for 35 million US dollars granted to the subsidiary Marcolin USA Eyewear Corp., in existence since 2013 and subject to partial repayment waivers in October 2019 for a principal amount of 60 million US dollars and in November 2022 for a principal amount of 30 million US dollars.

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

The ratio of adjusted net financial position to equity was 0.89 as at 31 December 2023 (compared to 0.38 as at 31 December 2022).

Year *(euro/000.000)*	Net financial debt Adj	Net equity	Levarge (*)
2022	(109.5)	290.4	(37.7)%
2023	(328.0)	370.3	(88.6)%

(*) The Leverage is the debt to equity ratio

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

Net working capital *(euro/000)*	12/31/2023	12/31/2022
Inventories	55,314	61,045
Trade receivables	72,300	74,496
Trade payables	(115,820)	(127,126)
Total Net working capital	**11,795**	**8,415**

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

- with reference to net inventories, implementation of the series of actions to improve and increase the efficiency of inventory management continued in 2023, and benefits were seen from the investments made in previous years, continuing in 2023, in logistics automation systems and innovation in sales and demand planning processes. These actions are allowing the Company to benefit from lower stock levels while ensuring the sustainability of the sales volume growth achieved in 2023 and expected also for 2024;
- the amount of net trade receivables, down by 2,196 thousand euro compared to the previous year, is made up of the intercompany component for 52,630 thousand euro, down by 5,466 thousand euro compared to the previous year, and the component due from third parties (net of the provision for doubtful debts) for 19,670 thousand euro, an increase of 3,270 thousand euro compared to the previous 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 2023 was down by 11,306 thousand euro compared to the previous year and is made up of the intercompany component for 27,621 thousand euro, up 9,238 thousand euro compared to the previous year, and the component due to third parties for 88,198 thousand euro, a decrease of 20,544 thousand euro compared to the previous year. The reduction in the component due to third-party suppliers is mainly attributable to a reduction in procurement from third-party suppliers, whose direct impact emerges also with reference to inventories, and to contractual changes related to a number of licences. 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 0.04 (0.03 in 2022). Note the structural improvement resulting from measures taken by management to optimise operating working capital.

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As in the previous year, non-current assets include a Goodwill recognised already at the end of 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 18.6 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 262.2 million euro, including a provision for the write-down of investments of 7.5 million euro. The balance increased in 2023 by 76.9 million euro, mainly due to the waiver of the residual portion of principal on the loan in place with the US subsidiary for 35 million dollars which took place on 18 December

2023, and by 38.5 million euro from the acquisition of 100% of ic! berlin GmbH on 7 November 2023. During the year, the remaining 49% of the shares of the subsidiary in Mexico were acquired.

Investments in property, plant and equipment during the year mainly related to the purchase of equipment and plants for the Longarone (Belluno) production factories, particularly to new numerically controlled machining systems.

With regard to intangible assets, note the recognition of the 250 million dollars paid by Marcolin for the perpetual extension of the licence agreement for TOM FORD eyewear and other investments incurred for the adaptations and rationalisation of existing applications to support business processes.

INVESTMENTS IN SUBSIDIARIES

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

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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 2023 achieved sales revenues of 39.9 million euro (37.8 million euro in 2022).
The result for the year 2023 ended with a profit of 1.5 million euro (a profit of 1.0 million euro in 2022).

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 18.8 million euro in 2023 (16.6 million euro in 2022).
The result for 2023 was a profit of 0.7 million euro (profit of 0.6 million euro in 2022).

Marcolin Portugal-Artigos de Optica Lda

Marcolin Portugal-Artigos de Optica Lda is located in Lisbon and is wholly owned by Marcolin SpA. In 2023, it achieved sales revenues of 3.3 million euro (2.8 million euro in 2022). The result for 2023 was a profit of 0.1 million euro (essentially breaking even in 2022).

Marcolin Deutschland GmbH

Marcolin Deutschland GmbH (wholly owned by Marcolin SpA), based in Cologne, distributor for the German market, produced sales revenues of 23.7 million euro in 2023 (22.6 million euro in 2022).
The year 2023 closed with a profit of 0.7 million euro (0.5 million euro in 2022).

Marcolin Schweiz GmbH

Marcolin Schweiz GmbH (wholly owned by Marcolin SpA), based in Muttenz, produced sales revenues of 1.9 million euro in the financial year (2.3 million euro in the previous year).
The result for 2023 was a positive 0.1 million euro (in line with the previous year).

Marcolin Benelux Sprl

Marcolin Benelux Sprl (Villers-Le-Bouillet), wholly owned by Marcolin SpA, produced sales revenues of 17.2 million euro in 2023 (16.1 million euro in 2022), achieved in Belgium, Luxembourg, and the Netherlands.
The result for the year 2023 ended with a profit of 0.7 million euro (a profit of 0.5 million euro in 2022).

Marcolin (UK) Ltd

Marcolin (UK) Ltd, based in London, wholly owned by Marcolin SpA, produced sales revenues of 16.3 million euro in 2023 (15.0 million euro in 2022), in the United Kingdom and Ireland. The result for the year 2023 was a positive 0.6 million euro (a positive 0.5 million euro for 2022). 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 2023.

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 affiliate. Turnover is mainly achieved in the United States and Canada. In 2023, it recorded revenues of 182.4 million euro compared to 191 million euro in 2022.
The result for the year 2023 was a positive 3.5 million euro (a negative 1.5 million euro for 2022).

Marcolin Do Brasil Ltda

Marcolin Do Brasil Ltda, based in Barueri, wholly owned by Marcolin SpA, produced sales revenues of 26.9 million euro in 2023 (27.0 million euro in 2021) in the Brazilian market.
The result for the year 2023 was a positive 1.0 million euro (a positive 0.9 million euro for 2022).

Marcolin Asia HK Ltd

The affiliate, based in Hong Kong, (wholly owned by Marcolin SpA), provides procurement services in Asia exclusively to the Group's affiliates. The year 2023 closed with a profit of 0.1 million euro compared to the essential break-even of the previous year.

Marcolin Technical Services Co. Ltd

This 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 2023, as in 2022, was essentially a break-even.

Marcolin UK Ltd Hong Kong Branch

In 2023, Marcolin UK Ltd Hong Kong Branch (a branch of Marcolin UK Ltd) achieved a turnover of 7.0 million euro (31.4 million euro in 2022), and a positive result of 5.3 million euro (a positive 1.8 million euro in 2021). During 2023, the company was affected by significant reorganisation activities undertaken by the Group as part of the broader reorganisation project for the entire APAC area. Specifically, on 1 February 2023, the company sold its 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. To complete this reorganisation, the Marcolin UK Ltd Hong Kong Branch will be disposed of in 2024.

Viva Eyewear HK Ltd

This company, wholly owned by Viva Eyewear UK Ltd, is not operational and will be placed in liquidation. It closed 2023 essentially at break-even point (loss of 0.2 million euro in 2022).

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 7.3 million euro in 2023 (9.2 million euro in 2022) and a positive result for the year of 0.8 million euro (0.7 million euro in 2022).

Marcolin Nordic AB

Marcolin Nordic AB (Stockholm), wholly owned by Marcolin SpA, produced sales revenues of 10.8 million euro in 2023 (12.4 million euro in 2022), 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 2023 closed with a profit of 0.4 million euro (0.5 million euro in 2022).

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 will be placed in liquidation in 2024.

Marcolin Eyewear (Shanghai) Co., Ltd.

A company previously operating under the name Eyestyle Trading (Shanghai) Co. Ltd used by the Group to assist the importing and distribution of products with certain brands to the respective boutiques in China.
Among the reorganisation and development activities in the Chinese market, in addition to acquiring the business previously managed by Shanghai Jinlin Optical Co. Ltd. the company changed its name to Marcolin Eyewear (Shanghai) Co., Ltd., also changing its registered office and moving to the prestigious Jing'an District of Shanghai. In July 2022, Marcolin SpA also approved an increase in the company's share capital for a total of 14.5 million euro in order to provide the company with the necessary equity in order to pursue the Group's strategies in the Chinese market.
The company produced sales revenues of 5.6 million euro in 2023 (3.2 million euro in 2022) and a negative result for the year of 2.5 million euro (negative 6.3 million euro in 2022). This performance is directly affected by the start-up activities that the company is still undertaking in commercial, logistical and organisational terms.

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 15.1 million euro in 2023 (15.4 million euro in 2022) and a positive result for the year of 2.8 million euro (2.5 million euro in 2022).

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 2023, the company closed the year with a turnover of 9.5 million euro (11.6 million euro in 2022) and a profit for the year of 0.8 million euro (profit of 1.6 million euro in 2022).

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 strategic 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. As a direct consequence of this acquisition, the company closed 2023 with a turnover of 29.1 million euro (1.1 million euro in 2022) and net profit of 1.6 million euro (a loss of 0.7 million euro in 2022).

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 2023 with a turnover of 4.4 million euro (5.0 million euro in 2022) and a profit of 0.1 million euro (in line with 2022).

ic! berlin GmbH

With reference to the acquisition of ic! berlin GmbH, please refer to the comment in the Consolidated Financial Report as at 31 December 2023. Ic! berlin GmbH, 100% owned by Marcolin SpA, in turn owns subsidiaries in the United States and Japan. The contribution to the Marcolin Group in terms of turnover, from the acquisition date of 7 November 2023, amounted to 3.0 million euro, 0.3 million euro as EBITDA, 0.1 million euro as EBIT and a net loss of 0.8 million euro.
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.

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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 2023 and represents less than 1% in terms of consolidated Total Assets. The Group initially suspended sales to the Russian subsidiary, 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.

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 facility, totalling 46.2 million euro (drawn by 7 million euro as at 31 December 2023), is considered sufficient to cover the ordinary financial needs of the Group and the Company.
Moreover, as at 31 December 2023 there were additional undrawn credit lines with leading market operators for a total of 3.7 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, 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. 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 has been 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 line is drawn above a pre-determined percentage. As 7 million euro of the ssRCF facility had been drawn as at 31 December 2023, 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 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 2023, all covenants have been complied with and are expected to be complied with also for 2024 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, Hong Kong dollar, Russian ruble, 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 consolidated financial statements for a description of the derivative contract signed 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) and Marcolin do Brasil Ltda.

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, 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. Nonetheless, it is expected that, for 2024, inflation rate and interest rate volatility will continue to influence the global macroeconomic context, with potential impacts also on the Company's financial 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 2023, 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.

Risks related to the Covid-19 pandemic

The spread of the coronavirus was a complex and global emergency, unprecedented in the modern world, with implications of global significance at health, social, political, economic, and geopolitical levels. The new economic scenario threatened by the pandemic has focused management's strategy on strengthening the financial structure through recontracts with major suppliers, increasing the efficiency of the supply chain through the implementation of new projects, production and commercial development of brands, and general streamlining of business processes. The common denominator of all these projects is the drive for digitalisation, both in terms of processes and marketing developments.
In 2023, compared to previous years, the risk linked to the Covid-19 pandemic is no longer the most significant aspect, considering the positive evolution of the situation at national and international level. The Group constantly monitors developments in the markets in which it operates, promptly adopting all prevention measures to protect employees, collaborators and direct impacts on the business.

Climate-related risks

As regards the risks linked to climate change, the Group believes that it is not exposed to significant 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 climate-related risks are primarily attributable to compliance deriving from developments in and adaptation of new regulations on emissions and waste management legislated by countries in which the Group operates. Currently, the Group proactively monitors these regulatory developments in order to prevent possible negative impacts.

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OTHER INFORMATION

Human resources

For some time now, Marcolin has embarked on a virtuous People enhancing path, taking care of their development and professional contribution and, at the same time, with an eye on well-being and work-life balance.

In 2023, flexibility measures were consolidated and widely used, such as smart-working, part-time work and expansion of the time band for flexible working hours.

New initiatives have been launched to support workers' well-being, both inside and outside the company:

- A weekly HR Desk was created, which anyone can contact for any request for clarification or support from the Human Resources office;
- Focus groups were held for new mothers, with the aim of understanding their needs and enhancing the skills related to a new and important phase of their lives;
- The Psychological Help Desk was launched through an online platform accredited by the Italian National Health Service, which offers 24/7 help and support to anyone in need. The service is anonymous and available to all employees and their families.

Marcolin has always been attentive to the inclusion of diversity and gender equality, in the belief that these constitute a development driver for the benefit of everyone, creating a competitive advantage that affects performance, well-being and growth in favour of the entire organisation.

In November 2023, the Gender Equality Policy was approved and published, which establishes the company's commitment to building and maintaining an inclusive and fair work environment, guaranteeing equal opportunities and parenting support. In this regard, the Leadership Academy, a training and development course for new Managers, was supplemented and expanded with new modules dedicated to gender characteristics that have an impact on leadership style.

Lastly, to strengthen the focus on sustainability issues and related projects, the company has set up an ESG Management structure. In this context, an important action was completed in 2023, i.e. the first year in which the Performance Bonus was paid (referring to the previous year) calculated not only on the basis of the company's economic parameters but also on parameters such as energy consumption and reduction of waste.

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As at 31 December 2023, the Group had 2,000 employees, including the ic! berlin Group acquired in November 2023. On a like-for-like basis, excluding ic! berlin, the total was 1,858 (1,854 at the end of 2022).
In the table below, the indicators represents accurate employees in service figures as at 31 December 2023, excluding independent agents who work exclusively for the Group and the Company.

Employees	**Final number**		**Average number**	
Category	**12/31/2023**	**12/31/2022**	**2023**	**2022**
Managers	60	56	57	55
Staff	1,135	1,029	1,073	1,038
Manual workers	805	769	775	762
Total	**2,000**	**1,854**	**1,905**	**1,855**

As at 31 December 2023, the parent company Marcolin SpA had 1,002 employees (981 in 2022), in the following categories:

Employees	Final number		Average number	
Category	12/31/2023	12/31/2022	2023	2022
Managers	21	23	22	23
Staff	400	372	390	360
Manual workers	581	586	589	586
Total	**1,002**	**981**	**1,001**	**969**

The figures shown also include temporary workers employed to meet peaks in demand. The increase is mainly due to the higher number of employees working in the production and sales departments at the Longarone site and the centralisation in Italy of the European customer service departments.

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, note that in 2022 the Company, together with the trade union, signed the renewal of the supplementary company contract, which was also in force in 2023, without changes.

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 2023.
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.

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);
- a manufacturing facility in Quero Vas (Belluno), Zona Artigianale no. 1;
- venue used as a showroom and representative office in Milan, Corso Venezia, no. 50.
- a warehouse in Alpago (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.

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BUSINESS OUTLOOK

NOTICE OF GENERAL MEETING PROPOSED RESOLUTION

BUSINESS OUTLOOK AND NEWS

For over three years now, the Group has been pursuing a significant path of renewal. In 2020, the Group, like many other companies, experienced a moment of pressure, dictated by 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 was to increase profitability and create resources to increase medium and long-term investments. This took place through a process of rationalisation and consolidation of the licence portfolio, a focus on product quality and sales margins as well as a propensity to sustainable growth through the timely assessment of investments and monitoring of fixed costs.

The global economic situation calls for strong attention, especially due to the high degree of uncertainty in the medium term deriving from the persistence of ongoing conflicts. In this complex and uncertain macroeconomic scenario, 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.

Milan, 25 March 2024

for the Board of Directors

C.E.O.
Signed: Fabrizio Curci

NOTICE OF GENERAL MEETING

The Marcolin SpA Shareholders are hereby called to the General Meeting to be held on Company premises at Corso Venezia 50, Milan, at 15:00 hours on 4 April 2024, to discuss and resolve upon the following:

Agenda

- Approval of the Financial Statements as at 31 December 2023, 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 2023 and related Reports;
- 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, 25 March 2024

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 2023.

With reference to the profit for the year of 6,414,919 euro, we propose allocation as follows:

1. to cover losses carried forward from previous financial years in the amount of 3,230,569 euro;
2. to carry forward the residual component in the amount of 3,184,350 euro.

Accordingly, after such allocation, the retained earnings/(losses) will have a balance of 163,945,178 euro.

Milan, 25 March 2024

for the Board of Directors

the Chairman
Signed: Vittorio Levi

CONSOLIDATED FINANCIAL STATEMENTS OF THE MARCOLIN GROUP AS AT 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(euro/000)	Note	12/31/2023	12/31/2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1	45,583	41,855
Intangible assets	2	270,870	43,195
Goodwill	2	325,317	293,359
Investments in subsidiaries and associates	3	27	-
Deferred tax assets	4	58,603	52,354
Other non-current assets	5	887	824
Non-current financial assets	6	23	232
Total non-current assets		**701,309**	**431,819**
CURRENT ASSETS			
Inventories	7	96,277	106,615
Trade receivables	8	81,312	75,464
Other current assets	9	23,663	30,952
Current financial assets	10	136	100
Cash and cash equivalents	11	56,519	225,995
Total current assets		**257,906**	**439,125**
TOTAL ASSETS		**959,215**	**870,944**
EQUITY	12		
Share capital		35,902	35,902
Additional paid-in capital		170,304	170,304
Legal reserve		7,180	7,180
Other reserves		114,329	53,854
Retained earnings (losses)		(16,815)	(11,265)
Profit (loss) for the period		8,862	(7,825)
Group equity		**319,762**	**248,151**
Non controlling interests		0	2,901
TOTAL EQUITY		**319,762**	**251,052**
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current financial liabilities	13	408,793	381,441
Non-current funds	14	8,429	6,469
Deferred tax liabilities	4	6,072	4,862
Other non-current liabilities	15	6,534	941
Total non-current liabilities		**429,828**	**393,714**
CURRENT LIABILITIES			
Trade payables	16	131,588	160,465
Current financial liabilities	17	22,459	11,111
Current funds	18	19,772	20,988
Tax liabilities	29	8,856	8,130
Other current liabilities	19	26,950	25,483
Total current liabilities		**209,626**	**226,178**
TOTAL LIABILITIES		**639,454**	**619,892**
TOTAL LIABILITIES AND EQUITY		**959,216**	**870,944**

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(euro/000)	Note	2023	%	2022	%
Net revenues	21	558,314	100.0%	547,355	100.0%
Cost of sales	22	(220,625)	(39.5)%	(228,323)	(41.7)%
GROSS PROFIT		**337,689**	**60.5%**	**319,032**	**58.3%**
Distribution and marketing expenses	23	(245,833)	(44.0)%	(245,835)	(44.9)%
General and administrative expenses	24	(46,501)	(8.3)%	(45,996)	(8.4)%
Other operating income/(expenses)	26	2,061	0.4%	(1,509)	(0.3)%
OPERATING INCOME – EBIT		**47,417**	**8.5%**	**25,692**	**4.7%**
Profit/(loss) from associates	27	-	0.0%	0	0.0%
Financial income	28	15,669	2.8%	14,580	2.7%
Financial costs	28	(46,252)	(8.3)%	(39,229)	(7.2)%
PROFIT (LOSS) BEFORE TAXES		**16,835**	**3.0%**	**1,042**	**0.2%**
Income tax expense	29	(6,595)	(1.2)%	(6,838)	(1.2)%
NET PROFIT (LOSS) FOR THE PERIOD		**10,239**	**1.8%**	**(5,796)**	**(1.1)%**
Profit (loss) attributable to:					
- owners of the parent		8,862	1.6%	(7,825)	(1.4)%
- non-controlling interests		1,377	0.2%	2,030	0.4%

(euro/000)	2023	2022
NET PROFIT (LOSS) FOR THE PERIOD	**10,239**	**(5,796)**
Other items that will be not subsequently reclassified to profit or loss:		
Effect (actuarial gain/losses) on defined benefit plans, net of taxes	(4)	254
TOTAL OTHER ITEMS THAT WILL NOT SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS	**(4)**	**254**
Other items that will be subsequently reclassified to profit or loss:		
Change in foreign currency translation reserve	(4,377)	2,444
Change in exchange rate difference on quasi equity loan	440	3,809
TOTAL OTHER ITEMS THAT WILL BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS	**(3,937)**	**6,252**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE	**6,298**	**711**
Profit (loss) attributable to:		
- owners of the parent	4,971	(1,410)
- non-controlling interests	1,328	2,121

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

				Other reserves								
(euro/000)	Share capital	Additional paid-in capital	Legal Reserve	S.holders deposit in s/capital	Translation reserve	Other	Actuarial gain / (loss) reserve	Retained earnings/ (losses)	Profit (loss) for the period	Capital and reserves net total	Non-controlling interests in equity	Total equity
December 31, 2021	**35,902**	**170,304**	**6,437**	**46,108**	**6,081**	**(4,684)**	**(64)**	**(162,394)**	**151,873**	**249,563**	**1,463**	**251,025**
Allocation of 2021 result	-	-	743	-	-	-	-	151,129	(151,873)	-	-	-
Dividends distribution	-	-	-	-	-	-	-	-	-	-	(682)	(682)
Other changes	-	-	-	-	-	-	-	-	-	-	-	-
- Period result	-	-	-	-	-	-	-	-	(7,825)	(7,825)	2,030	(5,796)
- Other components of comprehensive income	-	-	-	-	2,353	3,809	254	-	-	6,415	91	6,506
Total comprehensive income	-	-	-	-	2,353	3,809	254	-	(7,825)	(1,410)	2,121	711
December 31, 2022	**35,902**	**170,304**	**7,180**	**46,108**	**8,434**	**(875)**	**190**	**(11,265)**	**(7,825)**	**248,153**	**2,901**	**251,052**
Allocation of 2022 result	-	-						(7,825)	7,825	-	-	-
Dividends distribution	-	-	-	-	-	-	-	-	-	-	(1,108)	(1,108)
Share Capital Increase	-	-	-	75,000	-	-	-	-	-	75,000	-	75,000
Merger deficit 3 Cime SpA	-	-	-	-	-	(1,544)	-	-	-	(1,544)	-	(1,544)
Purchase of shares in controlled companies from thir	-	-	-	-	-	(3,592)	-	-	-	(3,592)	(845)	(4,437)
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**

CONSOLIDATED CASH FLOW STATEMENT

(euro/000)	**Note**	**12/31/2023**	**12/31/2022**
OPERATING ACTIVITIES			
Profit (loss) for the period		10,239	(5,796)
Depreciation and amortization	1.2	23,973	25,497
Provisions	14.18	15,814	17,009
Income tax expense	29	6,595	6,838
Accrued interest expense	28	30,582	24,650
Adjustments to other non-cash items		(73)	(34)
Cash generated by operations		*87,130*	*68,164*
Cash generated by change in operating working capital		*(28,927)*	*(3,726)*
(Increase) decrease in other assets	5.9	(8,168)	1,098
(Decrease)/increase in other liabilities	15.19	776	2,559
(Use) of current and non-current provisions	14.18	(497)	(660)
(Decrease)/increase in current tax liabilities	29	6,029	(3,150)
Other elements in working capital		*(1,861)*	*(154)*
Income taxes paid		(5,654)	(3,271)
Interest received		639	262
Interest paid		(24,693)	(23,616)
Total cash generated by change in other items of net working capital		*(31,570)*	*(26,779)*
Net cash from /(used in) net working capital		*(60,496)*	*(30,505)*
Net cash from /(used in) operating activities		**26,634**	**37,659**
INVESTING ACTIVITIES			
(Purchase) of property, plant and equipment	1	(10,731)	(7,703)
Disposal of property, plant and equipment	1	73	34
(Investments) in intangible assets	2	(236,852)	(8,959)
Disposal of intangible assets	2	-	7
Net (Investments)/disposal in investment in subsidiaries and associates	3	(15)	-
Reverse merge of 3 Cime SpA effect		67	
		(45,185)	
Net cash from /(used in) investing activities		**(292,643)**	**(16,621)**
FINANCING ACTIVITIES			
Financial Assets			
- (Proceeds)	6,10		-
- Repayments	6,10	0	800
Financial Loans from banks			
- Proceeds	13.17	36,298	-
- (Repayments)	13.17	(342)	(2,711)
Loans from shareholders	13.17	-	-
Principal elements of lease payments		(4,160)	(5,827)
Other current and non current financial liabilities	6,10,13,17	(3,949)	(14,490)
Share purchases from minority Shareholders	Mov. PN	(4,437)	-
Dividends paid	Mov. PN	(1,108)	(682)
Shareholders capital increase	Mov. PN	75,000	
Net cash from /(used in) financing activities		**97,302**	**(22,910)**
Net increase/(decrease) in cash and cash equivalents		**(168,707)**	**(1,871)**
Effect of foreign exchange rate changes		(771)	(983)
Cash and cash equivalents at beginning of year		**225,995**	**228,848**
Cash and cash equivalents at end of year		**56,517**	**225,995**

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 2023, the share capital was 100% owned 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. 3 Cime SpA was wholly owned by the Luxembourg company 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 reverse merger by incorporation of 3 Cime SpA into Marcolin SpA did not effectively result in any significant change in the structure of guarantees provided also by the new parent company of Marcolin SpA, Tofane SA.

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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 2023.

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 2023 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, Belgio	Rue Le Marais 14B
Marcolin do Brasil Ltda	Barueri - SP, Brasile	Av Tamboré, 1180 - 06460-000
Marcolin Deutschland Gmbh	Colonia, Germania	Waidmarkt 11a
ic! 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	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 Freezone,	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, M	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 25 March 2024.

ACCOUNTING STANDARDS

Basis of preparation

The Financial Statements were prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union.
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 2023 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 2023, approved by the Company's Board of Directors on 25 March 2024, 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 2023

The following new standards and amendments became effective from 1 January 2023:

Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information
Approved by the European Union on 8 September 2022, in force from 1 January 2023.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
Approved by the European Union on 11 August 2022, in force from 1 January 2023.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
Approved by the European Union on 2 March 2022, in force from 1 January 2023.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
Approved by the European Union on 2 March 2022, in force from 1 January 2023.

IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17
Approved by the European Union on 19 November 2021, in force from 1 January 2023.

Amendments to IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules
Approved by the European Union on 8 November 2023, in force from 1 January 2023

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 2023

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current; Classification of Liabilities as Current or Non-current - Deferral of Effective Date and Non-current Liabilities with Covenants.
Approved by the European Union on 19 December 2023, it will enter into force from 1 January 2024.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback.
Approved by the European Union on 20 November 2023, it will enter into force from 1 January 2024.

There are no other accounting standards endorsed by the European Union and effective from reporting financial years after 31 December 2023 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:

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability
Issued on 15 August 2023, it will enter into force from 1 January 2025

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements
Issued on 25 May 2023, it will enter into force from 1 January 2024

No accounting standards and/or interpretations mandatorily effective for annual periods beginning after 31 December 2023 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	Currency	Share capital	Equity	Net profit / (loss) for the period	Consolidation method	% ownership	
						direct	indirect
Marcolin Asia HK Ltd	HKD	1,539,785	5,662,856	626,026	Integrale	100.0%	
Marcolin Benelux Sprl	EUR	280,000	993,642	669,529	Integrale	100.0%	
Marcolin do Brasil Ltda	BRL	41,369,129	62,747,888	5,161,000	Integrale	100.0%	
Marcolin Deutschland Gmbh	EUR	300,000	2,095,328	742,037	Integrale	100.0%	
ic! Berlin Gmbh	EUR	500,000	2,453,182	(794,606)	Integrale	100.0%	
Marcolin France Sas	EUR	1,054,452	5,287,625	1,464,368	Integrale	100.0%	
Marcolin GmbH	CHF	200,000	339,944	71,921	Integrale	100.0%	
Marcolin Iberica SA	EUR	487,481	1,404,712	704,398	Integrale	100.0%	
Marcolin Nordic AB	SEK	50,000	13,204,646	4,648,995	Integrale	100.0%	
Marcolin Portugal Lda	EUR	420,000	259,000	101,029	Integrale	100.0%	
Marcolin Technical Services (Shenzhen) Co. Ltd	CNY	1,000,000	3,960,973	343,594	Integrale	100.0%	
Marcolin UK Ltd	GBP	3,572,718	9,005,380	4,976,421	Integrale	100.0%	
Marcolin USA Eyewear Corp.	USD	121,472,262	149,608,966	3,764,920	Integrale	100.0%	
Marcolin Singapore Pte Ltd	SGD	100,000	(3,958,614)	2,386,055	Integrale	100.0%	
Marcolin PTY Limited	AUD	50,000	224,429	155,124	Integrale	100.0%	
Marcolin-RUS LLC	RUB	305,520	204,968,175	71,276,423	Integrale	100.0%	
Marcolin Middle East FZCO	AED	100,000	18,995,943	11,159,767	Integrale	51.0%	
Marcolin México S.A.P.I. de C.V.	MXN	50,000	50,299,952	14,602,853	Integrale	100.0%	
Marcolin Eyewear (Shanghai) Co., Ltd.	CNY	103,000,000	28,959,295	(18,923,747)	Integrale	100.0%	
Gin Hong Lin international Co. Ltd	HKD	25,433,653	17,968,775	(3,158,220)	Integrale	100.0%	

The following changes took place among the companies in the scope of consolidation after 31 December 2022:

- In July 2023, Marcolin SpA completed the acquisition of the remaining 49% of shares of the Mexican subsidiary;
- In November 2023, Marcolin SpA completed the acquisition of 100% of ic! berlin GmbH, an independent eyewear company founded in Berlin in 1996. For a detailed description of the transaction, please refer to the Report on Operations.

During the 2023 financial year, no new companies were established, nor existing companies liquidated. Lastly, note that on 19 January 2024 the company Shanghai Ginlin Optics Co. Ltd PRC, full subsidiary of Gin Hong Lin International 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.

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 equity[2].

The following table lists the exchange rates used for translation:

Currency	Symbol	Closing exchange rate			Average exchange rate		
		31/12/2023	31/12/2022	Change	2023	2022	Change
Dirham Emirati Arabi	AED	4.058	3.917	3.6%	3.971	3.867	2.7%
Australian Dollar	AUD	1.626	1.569	3.6%	1.629	1.517	7.4%
Brasilian Real	BRL	5.362	5.639	(4.9)%	5.401	5.440	(0.7)%
Canadian Dollar	CAD	1.464	1.444	1.4%	1.459	1.369	6.6%
Swiss Franc	CHF	0.926	0.985	(6.0)%	0.972	1.005	(3.3)%
Remimbi	CNY	7.851	7.358	6.7%	7.660	7.079	8.2%
Danish Krone	DKK	7.453	7.437	0.2%	7.451	7.440	0.2%
English Pound	GBP	0.869	0.887	(2.0)%	0.870	0.853	2.0%
Hong Kong Dollar	HKD	8.631	8.316	3.8%	8.465	8.245	2.7%
Japanese Yen	JPY	156.330	140.660	11.1%	151.990	138.027	10.1%
Mexican Pesos	MXN	18.723	20.856	(10.2)%	19.183	21.187	(9.5)%
Norwegian krone	NOK	11.241	10.514	6.9%	11.425	10.103	13.1%
Russian Rublo	RUB	99.192	76.706	29.3%	92.202	72.141	27.8%
Swedish Krone	SEK	11.096	11.122	(0.2)%	11.479	10.630	8.0%
USA Dollar	USD	1.105	1.067	3.6%	1.081	1.053	2.7%

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.

[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".

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.

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.
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, 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 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 an INPS treasury account). 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*** The provisions for risks and charges include provisions arising from current obligations to third parties (legal or implicit) deriving from a past event, for the fulfilment of which it is probable that the use of financial resources will be necessary, the amount of which can be reliably estimated. Provisions are recognised at the value representing the best discounted estimate as at the reporting date of the amount that the company would have to pay to settle the obligation, or transfer it to third parties. Changes in estimates are reflected in the income statement at the time the change has occurred. Risks for which the emergence of a liability is only possible are identified in the section on 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 not yet 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*** are initially recognised at cost, corresponding to the fair value of the liability less related 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 expected cash flows and management is able to estimate them reliably, the value of the loans is recalculated to reflect any expected changes in cash flows. The 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. The loans are derecognised from the Financial Statements at the time of settlement or when all risks and charges associated with them are 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 the performance obligations, and having evaluated how the performance obligations were satisfied (at a point in time or over time). The Group recognises revenues only when all the following requirements (for identifying the contract(s) with the customer) have been met: a) the parties to the contact 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, instead, the above criteria are met, sales revenues are recognised when 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 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, 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. Exchange rate risk The Financial Report provides details on Marcolin Group's and Marcolin SpA's exchange rate 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 2023 would have led to an increase in the Translation Reserve under equity of 6.5 million euro, while a depreciation of the U.S. dollar by 5% as at 31 December 2022 would have led to a decrease in the Translation Reserve of 7.2 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 quality and service standards, including those relating to delivery timing and methods, and fair prices with respect to the target margins. The Company 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 Company 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 2023. 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 were to rise by +25 basis points, income would decrease by 66 thousand euro due to the lower incidence of finance income on 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 27 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)*	**31/12/2023**	**31/12/2022**
Italy	19,352	23,812
Rest of Europe	20,243	19,370
North America	26,622	25,221
Rest of Word	30,372	28,638
Total	**96,588**	**97,040**

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

Trade receivables not overdue by geographical area *(euro/000)*	**12/31/2023**	**12/31/2022**
Italy	11,930	11,221
Rest of Europe	15,253	15,440
North America	19,699	19,486
Rest of Word	23,897	21,620
Total	**70,778**	**67,767**

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

Ageing analysis of trade receivables not protested *(euro/000)*	**Gross value**	**Provision**	**Net value**
31/12/2022			
Not past due	67,767	(1,502)	66,265
Past due by less than 3 months	7,544	(806)	6,738
Past due by 3 to 6 months	998	(43)	954
Past due by more than 6 months	6,566	(5,585)	981
Total	**82,874**	**(7,936)**	**74,938**
31/12/2023			
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**

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 *(euro/000)*	**12/31/2023**	**12/31/2022**
Past due less than 3 months	9,849	6,738
Past due more than 3 months	1,820	1,935
Total	**11,669**	**8,673**

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 *(euro/000)*	**Gross value**	**Provision**	**Net value**
31/12/2022			
Past due by less than 12 months	205	(38)	167
Past due by more than 12 months	8,253	(7,914)	339
Total	**8,458**	**(7,953)**	**506**
31/12/2023			
Past due by less than 12 months	263	(263)	0
Past due by more than 12 months	7,300	(7,300)	0
Total	**7,563**	**(7,563)**	**0**

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

Provision for doubtful debts *(euro/000)*	**12/31/2023**	**12/31/2022**
Opening amount	15,889	14,556
Provisions/Reversal on P&L	1,322	2,123
Use	(3,824)	(1,406)
Increase from business combinations (ic! berlin)	9.9	-
Translation difference	(203)	616
Period end Total	**13,194**	**15,889**

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, 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.
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 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. The structure of the loan allows its classification as an 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 2023.

(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)	16,720	370,455	30,279	-	409,070
Interest expenses on loans, bonds, leasing	24,697	44,336	11,167	3	8,383
Capital lease	5,739	7,205	853	2	13,799
Trade payables	131,588	-	-	-	131,588

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**
2023			
Loans and other financial recivables at amortized cost	81,312	159	56,519
Financial assets at faie value through P&L	-	-	-
Held to maturity investments	-	-	-
Financial assets available for sale	-	-	-
Total	**81,312**	**159**	**56,519**

Categories of financial assets *(euro/000)*	**Trade receivables**	**Financial assets**	**Cash and cash equivalents**
2022			
Loans and other financial recivables at amortized cost	75,464	332	225,995
Financial assets at faie value through P&L	-	-	-
Held to maturity investments	-	-	-
Financial assets available for sale	-	-	-
Total	**75,464**	**332**	**225,995**

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**

Categories of financial liabilities *(euro/000)*	**Trade payables**	**Financial liabilities**	**Bond**
2022			
Financial liabilities at amortized cost	160,465	27,057	347,478
Lease financial liabilities	-	18,018	-
Total	**160,465**	**45,075**	**347,478**

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 2023, the company held financial instruments measured at fair value. With reference to the hedging derivative taken out and used by Marcolin SpA in 2023, please refer to paragraph “2. INTANGIBLE ASSETS AND GOODWILL" in these Notes to the financial statements.

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 contact 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 2023 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. As at 31 December 2023, 100% of the shares of ic! berlin GmbH are therefore owned by Marcolin SpA. 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.
Within 12 months of the acquisition date, accounting of the aforementioned business combination will be 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 in 2023:

Company	Location	Address
ic! Berlin Gmbh	Berlino, Germania	Wolfener Straße 32 F
ic! Berlin Japan K.K	Tokyo, Giappone	2-8-2-201 Minami Aoyama, Minato-ku, Tokyo 107-0062
ic! Berlin America LLC	New York, USA	32-75 Steinway Street, Suite 210, Long Island City, 11103 New York

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
Note that, as mentioned previously, considering that the acquisition was concluded close to the end of the year, it was not possible to fully determine the net fair value of ic! berlin Group assets and liabilities acquired and therefore the allocation is based on the carrying amount of the group as at the acquisition date, as detailed below (figures in thousands of euro):

(euro/000)	**Book value of net assets acquired**	**Fair value of net assets identified and IFRS adjustments**	**Total provisional Fair Value of the net assets acquired**
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1,866	1,232	3,099
Intangible assets	730		730
Goodwill	170	(170)	-
Investments in subsidiaries and associates	27		27
Deferred tax assets	1,168		1,168
Other non-current assets	-		-
Non-current financial assets	24		24
Total non-current assets	**3,985**		**5,048**
CURRENT ASSETS			
Inventories	4,941		4,941
Trade receivables	2,913		2,913
Other current assets	415		415
Current financial assets	6		6
Cash and cash equivalents	1,843		1,843
Total current assets	**10,118**		**10,118**
TOTAL ASSETS	**14,103**		**15,166**
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current financial liabilities	4,915	790	5,705
Non-current funds	-		-
Deferred tax liabilities	18		18
Other non-current liabilities	-		-
Total non-current liabilities	**4,933**		**5,723**
CURRENT LIABILITIES			
Trade payables	835		835
Current financial liabilities	3,691	442	4,134
Current funds	34		34
Tax liabilities	271		271
Other current liabilities	1,010		1,010
Total current liabilities	**5,841**		**6,283**
TOTAL LIABILITIES	**10,773**		**12,006**
TOTAL LIABILITIES AND EQUITY	**14,103**		**15,335**
NET ASSET ACQUIRED	**(3,330)**		**(3,161)**

As the acquisition was completed on 7 November 2023, the consolidated financial statements of the Marcolin Group include the financial data of ic! berlin for the period from 8 November 2023 to 31 December 2023.
The net cash outlay for the acquisition is shown below:

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

Note that 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 (i.e. 1 January 2023 as the new reference date) to which these Financial Statements refer, 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 provisional residual goodwill of 35,366 thousand euro emerged (as at 7 November 2023), as shown in the following table:

(euro/000)	
Net fair value at the acquisition date	**3,161**
Non-controlling interests	-
Net fair value recorded at the acquisition date	**3,161**
Price paid	38,527
Goodwill	**35,366**

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.
As reported previously, the process of determining the fair value of the net assets acquired was not complete at the date of approval of these Financial Statements and therefore the respective values to be determined at final accounting stage, as well as the value attributed to goodwill, could also differ significantly from the values recognised as at the date of these Financial Statements.

When impairment testing the value of consolidated goodwill, an additional test was carried out with reference to recoverability of the investment in ic! berlin. This decision arises from the fact that the Purchase Price Allocation process, envisaged in IFRS 3 Business Combinations, is not yet complete. For this reason, therefore, the value temporarily allocated to Goodwill is a significant amount and it was consequently decided to determine its value in use, based on an ic! berlin Business Plan, in order to confirm its recoverability. The exercise demonstrated how the value in use of ic! berlin is significantly higher than the carrying amount of the net invested capital as at 31 December 2023.

1. PROPERTY, PLANT AND EQUIPMENT

The composition of and annual changes in the item 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 2022	**22,862**	**8,856**	**1,839**	**9,404**	**546**	**43,506**
Increases	2,319	2,129	2,178	5,812	34	**12,472**
Decreases	(27)	-	(58)	(53)	(326)	**(464)**
Depreciation	(5,483)	(2,242)	(1,131)	(5,461)	-	**(14,318)**
Translation difference	504		10	161	5	**680**
Reclassification and other movements	129	-	(15)	(134)	-	**0**
Net value at end of 2022	**20,304**	**8,743**	**2,823**	**9,728**	**258**	**41,855**
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**

The 2023 capital expenditures totalled 17,048 thousand euro.
Nearly all the increases in "Land and buildings" are attributable to the effects deriving from the application of IFRS 16, mainly referring to the stipulation of commercial property leases; excluding these, the capital expenditures mainly regarded:

- purchases of plant and machinery to increase production capacity at the Longarone and Fortogna plants, as well as for automation of the American logistics hub for 2,566 thousand euro;
- equipment purchases for 1,950 thousand euro;
- other purchases totalling 7,167 thousand euro, consisting primarily of computer hardware, office furniture and equipment, and sales-related furnishings;
- increases of 285 thousand euro referring to work in progress and advances.

Amortisation is 14,753 thousand euro and consists of:

- 3,605 thousand euro recognised in the components of the cost of goods sold;
- 9,584 thousand euro in distribution, sales and marketing costs;
- 1,564 thousand euro recognised in general and administrative expenses.

The item “Increases from business combinations (ic! berlin)” considers the balance sheet figures of ic! berlin as at the acquisition date of 7 November 2023. The assets referring to this Group mainly concern rights of use relating to leases on properties used as offices and production and the production plant and machinery located at the headquarters in Berlin.

The gross value of property, plant and equipment and the related accumulated depreciation as at 31 December 2023 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	Totale 31/12/2023
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 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 12/31/2022
Undepreciated value	49,930	31,645	25,473	37,451	258	144,757
Accumulated depreciation	(29,626)	(22,902)	(22,651)	(27,722)	-	(102,902)
Net value	**20,304**	**8,743**	**2,822**	**9,728**	**258**	**41,855**

The following table shows the net carrying amount as at 31 December 2023 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	12/31/2023	12/312022
Land and buildings	9,088	9,387
Industrial and commercial equipment	391	329
Cars	2,807	1,722
Other tangibles fixed assets	266	289
Total Right-of-use assets	**12,553**	**11,699**

The following table lists the 2023 depreciation of the right-of-use assets:

€/000	2023
Land and buildings	4,115
Industrial and commercial equipment	241
Cars	1,547
Other tangibles fixed assets	38
Total depreciation of Right-of-use	**5,941**

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**
Valore netto inizio esercizio 2022	**7,068**	**2,990**	**20,318**	**14,201**	**44,577**	**287,720**
Increases	3,222	-	5,257	-	**8,479**	-
Decreases	(2)	-	0	(3)	**(5)**	-
Depreciation	(3,136)	(2,065)	(5,979)	-	**(11,180)**	-
Translation difference	146	124	525	528	**1,323**	5,640
Reclassification and other movements	642	-	13,619	(14,262)	(0)	-
Net value at end of 2022	**7,940**	**1,050**	**33,742**	**464**	**43,195**	**293,359**
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 (ic! 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**

During the year, investments were made for 239,406 thousand euro.
The item Concessions, licences and trademarks increased by 229,963 thousand euro 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 the impairment testing, the Company analysed the recoverability of the TOM FORD user licence by estimating its fair value. This decision derives from the fact that, as mentioned previously, this asset was considered to have an indefinite useful life. In order to estimate the fair value of the TOM FORD user licence, 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 asset (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 made it possible to find a fair value for the TOM FORD Licence, which confirmed full recoverability of the asset recognised. The carrying amount of the user licence, independently verified as fully recoverable, was in any case also included in the Marcolin CGU in order to determine 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.

Investments in Software for 2,560 thousand euro were also made, mainly referring to the Parent Company for new management applications and their implementation, and other intangible assets.

Amortisation is 9,220 thousand euro and consists of:

- 7,952 thousand euro recognised in marketing and distribution expenses;
- the remaining 1,268 thousand euro recognised in general and administrative expenses.

The item "Increases from business combinations (ic! berlin)" considers the balance sheet figures of ic! berlin as at the acquisition date of 7 November 2023. The assets referring to this Group mainly concern the software category. With reference to the item Goodwill and the increase for the year relating to the acquisition of ic! berlin, please refer to the paragraph "Business Combinations".

The gross value and accumulated amortisation as at 31 December 2023 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 31/12/2023**	**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**

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 12/31/2022**	**Goodwill**
Undepreciated value	42,367	20,220	85,227	464	**148,278**	293,359
Accumulated depreciation	(34,428)	(19,170)	(51,485)	-	**(105,083)**	-
Valore Netto	**7,940**	**1,050**	**33,742**	**464**	**43,195**	**293,359**

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 325,317 thousand euro recognised as at 31 December 2023 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 2023, the 2024 Budget and the 2025-2028 business plan.[3] The main assumptions governing the multi-year Business Plan concern:

3 the impairment test document was approved by the Parent Company's Board of Directors on 25 March 2024, based on a five-year business plan (2024 in accordance with the Budget and progression of the Business Plan up to 2028) approved by the Board of Directors on 8 November 2023 in order to present the business outlook, recognising the marketing and business strategies used.

- (i) from a commercial point of view, the focus on continuous growth of the brands in the portfolio within which the leadership of TOM FORD in the luxury segment and Guess in the diffusion segment is increasing continuously (the list of brands managed by the Group is as follows: TOM FORD, Tod's, Emilio Pucci, Bally, Max Mara and Sport Max, MCM, Guess, Marciano by Guess, Gant, Harley Davidson, Max&Co, Skechers, BMW, GCDS, Timberland and Kenneth Cole, as well as other brands specifically dedicated to the US market. In addition to the well-established WEB EYEWEAR brand, IC! berlin became a proprietary brand following the acquisition on 7 November 2023 of the Group owning this brand. The sports segment is represented by adidas Badge of Sport and adidas Originals; the significant rise of outdoor sports products thanks to the brands in the portfolio positioned in this market segment; the continued commercial expansion of the proprietary brand; the continued expansion of the E-commerce channel both directly and through third-party intermediaries and the completion of the implementation of the CRM system also at the Group's branches; commercial development of strategic regions such as US and APAC; the constant and successful renewal of license agreements as historically proven;
- (ii) 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 2028 EBITDA, assuming perpetual growth at a "g" rate. This rate was assumed to be 2.7%, 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 11.05%, 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 = 3.99%, after taxes); 2) the expected return on the risk capital invested in Marcolin (Ke = 13.18%), 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 2023.

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 2% 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 2023, 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 2023 are 52,530 thousand euro (47,492 thousand euro in 2022), of which 58,603 thousand euro in deferred tax assets and 6,072 thousand euro in deferred tax liabilities.
The value is mainly attributable to the Parent Company for 14,229 thousand euro (9,276 thousand euro in 2022), to the subsidiary Marcolin USA Eyewear Corp. for 29,797 thousand euro (27,120 thousand euro in 2022), the subsidiary Marcolin France Sas for 2,178 thousand euro (2,529 thousand euro in 2022), Marcolin do Brasil ltda for 2,520 thousand euro (2,199 thousand euro in 2022) and Marcolin Eyewear (Shanghai) for 1,322 thousand euro (2,226 thousand euro in 2022).

The amount refers to:

- 27,835 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;

- 11,397 thousand euro in deferred tax assets recognised on tax losses;
- 13,805 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 2023 is 887 thousand euro (compared to 824 thousand euro for the previous year). The item mainly includes commissions on the Parent Company's ssRCF facility for a maximum 46.2 million euro, drawn for 7,000 thousand euro as at 31 December 2023.

6. NON-CURRENT FINANCIAL ASSETS

As at 31 December 2023, this item amounted to 23 thousand euro (232 thousand euro in 2022), and consisted mainly of security deposits related to commercial real estate lease agreements.

7. INVENTORIES

Inventories are detailed below:

Inventories *(euro/000)*	**12/31/2023**	**12/31/2022**
Finished goods	92,801	107,047
Raw material	20,578	18,812
Work in progress	14,868	14,745
Gross inventory	**128,248**	**140,604**
Inventory provision	(31,971)	(33,989)
Net inventory	**96,277**	**106,615**

Implementation of the series of actions to improve and increase the efficiency of inventory management continued in 2023, and benefits were seen from the investments made in previous years, continuing in 2023, 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 2022 and expected also for 2024. The coverage of obsolescence risk had a 24.9% impact on gross inventories as at 31 December 2023 compared to 24.2% in the previous year.

8. TRADE RECEIVABLES

The composition of the trade receivables is as follows:

Trade receivables *(euro/000)*	**12/31/2023**	**12/31/2022**
Gross trade receivables	94,506	91,353
Provision for bad debts	(13,194)	(15,889)
Net trade receivables	**81,312**	**75,464**

The amount of net trade receivables increased by 5,848 thousand euro compared to the previous year, in the wake of the increase in Group revenues. 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 in the DSO ratio and at the same time significantly reduce past due positions. The amount of receivables recognised was not discounted, as all the 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 *(euro/000)*	**12/31/2023**	**12/31/2022**
Tax credits	8,106	9,716
Prepaid expenses	5,246	9,694
Assets for rights to receive goods back	8,386	9,376
Other receivables	1,924	2,165
Total other current assets	**23,663**	**30,952**

This item, totalling 23,663 thousand euro (30,952 thousand euro in 2022), records a decrease of 7,289 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 2023 is mainly composed of tax credits pursuant to art. 165, paragraph 6, of the TUIR. The decrease in the item compared to the previous year derives from the merger by incorporation of 3 Cime SpA into Marcolin SpA and consequent interruption of the tax consolidation regime in place between 3 Cime SpA and Marcolin SpA. In fact, following the merger, the receivables due to Marcolin SpA from the parent company 3 Cime SpA were offset against related payables due to 3 Cime SpA from Marcolin SpA, while from 3 Cime SpA Marcolin SpA inherited (i) the previous excess tax credit pursuant to art. 165, paragraph 6 of the TUIR and (ii) the balance relating to current taxes, recognised under the items tax receivables/payables.

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 2024.

10. CURRENT FINANCIAL ASSETS

This item, which amounted 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 decreased by 169,475 thousand euro in the period. This decrease is shown in the Consolidated Cash Flow Statement, which provides information on the 2023 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 2023, the share capital is 100% owned by the sole shareholder Tofane SA, following the merger by incorporation of 3 Cime SpA into Marcolin SpA completed towards the end of 2023, as better specified in previous paragraphs.

The share premium reserve amounted to 170,304 thousand euro as at 31 December 2023, the Shareholder payment reserve amounted to 121,108 thousand euro, an increase of 75,000 thousand euro following the share capital increase by the former shareholder 3 Cime SpA carried out on 21 April 2023 as endowment of necessary equity within the range of financial obligations arising from the extension of the perpetual license 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 4,106 thousand euro, refers to the translation into Euros of the financial statements of Group companies whose functional currency differs from the Euro. The decrease in this reserve compared to the previous year of 4,328 thousand euro is mainly due to the 4% depreciation of the US dollar against the Euro as at 31 December 2022 compared to the same date of the previous year.

The other reserves of -11,071 thousand euro include the -576 thousand euro exchange difference on the intercompany loan denominated in U.S. dollars granted by Marcolin SpA to 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. At the end of October 2019, the company approved a partial waiver of the repayment of such loan with respect to a principal amount of 60 million U.S. dollars, to rebalance the American subsidiary's financial structure. The same transaction was carried out in November 2022, the amount waived on that date was 30 million U.S. dollars. In December 2023, the Parent Company waived the residual portion of the loan for a total 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 same transaction was carried out in 2020, in accordance with IAS 21, for the original 7,357 thousand euro loan to the Brazilian subsidiary, which was classified as a quasi-equity loan. During 2023, as a result of the positive cash flows generated by the Brazilian branch, the Parent Company decided to arrange its repayment, which began during the year and will be completed in 2024.

The item Other Reserves also includes recognition of the merger deficit of -1,544 thousand euro deriving from the merger by incorporation of 3 Cime SpA into Marcolin SpA, recognition of the acquisition of 49% of the shares of the Mexican branch for -3,592 thousand euro and recognition of the estimated value of the put/call options on the shares of minority interests. For further details, please refer to the paragraphs of the Group's Annual Financial Report.

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)	**12/31/2023**	**2023**	**12/31/2022**	**2022**
Marcolin SpA	**370,332**	**6,415**	**290,449**	**(3,231)**
Consolidation adjustments:				
Equity of consolidated companies and allocation of their results	188,393	17,721	153,763	1242
Goodwill and other allocated surplus	(6,285)	-	(3,331)	-
Goodwill from acquisition 100% ic! berlin GmbH	35,366			
Elimination of intra-Group dividends	-	(10,500)	-	(3,646)
Book value of consolidated shareholdings	(264,317)	-	(185,774)	-
Elimination of intra-Group income	(3,146)	706	(3,852)	(608)
Other consolidation adjustments	(581)	(4,103)	(200)	447
Total consolidation adjustments	**(50,570)**	**3,824**	**(39,395)**	**(2,565)**
Total equity and result	**319,762**	**10,239**	**251,054**	**(5,796)**
Equity and result for the year attributable to minority interests	-	1,377	2,901	2,030
Group consolidated equity and result	**319,762**	**8,862**	**248,154**	**(7,825)**

The Statement of Changes in Equity provides more detailed information.

13. NON-CURRENT FINANCIAL LIABILITIES

This item, 408,793 thousand euro, was 381,441 thousand euro at the end of 2022, increasing by 27,352 thousand euro. The item consists primarily of the value of the bond loan subscribed on 27 May 2021 for 350 million[4] 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 1,239 thousand euro pertaining to 2023, for a total amount of 4,043 thousand euro in costs still deferred in 2023.

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, Credit Suisse AG (Milan Branch), 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 facility has been drawn down for 7.0 million euro since 31 December 2023. With respect to this financing, recognised under current financial liabilities, costs totalling 694 thousand euro were deferred, including 127 thousand euro pertaining to 2023, for a total amount of 365 thousand euro in costs still deferred as the 2023 balance.

As at 31 December 2023, this item includes the financial debt arising to part-finance the acquisition of the ic! berlin Group. The total amount of the loan is 30 million euro, consisting of two credit lines, one medium/long-term amortising facility called “Facility A” for 12 million euro, with a grace period until 30 June 2024 and maturing 30 June 2026; 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 2023 amounts to 25,200 thousand euro. With respect to this financing, costs totalling 747 thousand euro were deferred, including 44 thousand euro pertaining to 2023, for a total amount of 702 thousand euro in costs still deferred.

Lastly, the item in question includes the 25 million euro loan (principal) payable by Marcolin SpA to the sole shareholder Tofane SA, including interest accrued as at the reporting date, for a total of 5.3 million euro. 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.

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 *(euro/000)*	**12/31/2023**	**12/31/2022**
Cash and cash equivalents	56,519	225,995
Current and non-current financial assets	159	332
Current financial liabilities	(17,659)	(11,111)
Current portion of non-current financial liabilities	(4,800)	-
Non-current financial liabilities	(408,793)	(381,441)
Net financial position	**(374,574)**	**(166,226)**
Loan from parent company Tofane SA	30,279	28,779
Net financial position Adjusted	**(344,295)**	**(137,448)**

[4]On 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.

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 2023, all covenants have been complied with and are expected to be complied with also for 2024 on the basis of available financial budgets.

14. NON-CURRENT PROVISIONS

This item amounts to 8,429 thousand euro (6,470 thousand euro in 2022), showing an increase of 1,959 thousand 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 *(euro/000)*	**Provision for severance employee indemnities**	**Provision for agency terminations**	**Other funds**	**Total**
12/31/2021	**3,354**	**1,018**	**2,735**	**7,107**
Allowances	707	203	57	967
Use / reversal	(243)	(391)	(805)	(1,439)
Actuarial loss / (gain)	(252)	-	-	(252)
Translation difference	40	20	27	87
12/31/2022	**3,608**	**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	**3,609**	**1,052**	**3,770**	**8,429**

Employee benefits consist of the employee severance indemnity provision ("TFR"), mainly referring to the Parent Company's Financial Statements for 1,851 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 12/312023**
Turnover rate +1,00%	1,855
Turnover rate -1,00%	1,849
Inflaction rate +0,25%	1,870
Inflaction rate -0,25%	1,835
Actuarial rate +0,25%	1,825
Actuarial rate -0,25%	1,880

* Defined Benefit Obligation

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

[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: Table RG 48 of the Public Accounting Office; 2) disability rates: INPS table by age and gender; 3) personnel turnover rates: 5%; 4) frequency of TFR payments: 2%; 5) discount/interest rate: 2.95%; 6) TFR growth rate: 3.00% for 2023, 3.23% for 2022; 7) inflation rate: 2.0% for 2023, 2.3% for 2022.

Next year service cost	
Next year service cost	-
Vesting period	6.62

- payments foreseen under the plan:

Years	Payments foreseen
1	227
2	191
3	208
4	105
5	202

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.

15. OTHER NON-CURRENT LIABILITIES

At the end of the period in question, the value of other non-current liabilities amounted to 5,584 thousand euro (compared to 941 thousand euro in 2022) 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:

Trade payables by geographical area *(euro/000)*	**12/31/2023**	**12/31/2022**
Italy	45,458	47,826
Rest of Europe	10,802	19,202
North America	31,999	34,867
Rest of Word	43,328	58,570
Total	**131,588**	**160,465**

With reference to Trade payables, the balance as at 31 December 2023 shows a decrease compared to the same period of the previous year, mainly due to both a reduction in procurement from third-party suppliers, whose direct impact emerges also with reference to inventories, and to contractual changes related to a number of licences. 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 2023, there were no past-due trade payables, excluding the accounts being disputed by the Company with suppliers, which are of immaterial amounts.

17. CURRENT FINANCIAL LIABILITIES

The current financial liabilities amount to 22,459 thousand euro (compared to 11,111 thousand euro in 2022), up by 11,348 thousand euro year on year.

The main items making up the balance are described below:

- for a total of 11,635 thousand euro in short-term borrowings from banks, compared to a balance of 298 thousand euro as at 31 December 2022. The amount includes the current portion, for 4,800 thousand euro, of the loan taken out in 2023 to finance the acquisition of ic! berlin, as better described in paragraph “13. Non-current financial liabilities" in addition to the drawdown of the super senior revolving (ssRCF) line for 7.0 million euro as at 31 December 2023, line described at paragraph "13. Non-current financial liabilities”, in addition to the drawdown of the super senior revolving facility (ssRCF) for 7.0 million euro as at 31 December 2023 described at paragraph "13. Non-current financial liabilities";
- Other financial payables of 5,085 thousand euro, mainly related to the accrued interest payable on the Bond for 2,793 thousand euro (5,899 thousand euro in 2022);
- short-term lease liabilities of 5,739 thousand euro relating to 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	5,085	-	-	-	**5,085**
Loans	11,635	24,498	-	-	**36,132**
Financial liabilities as under IFRS16 (*)	5,739	7,205	853	2	**13,799**
Other financiers	0	345,957	30,279	-	**376,236**
12/31/2023	22,459	377,660	31,131	2	**431,252**

As at 31 December 2023, 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 *(euro/000)*	**Other funds**	**Returns Reserve**	**Warranty provision**	**Total Other funds**
12/31/2021	**420**	**15,186**	**2,692**	**18,299**
Allowances	825	5,629	929	7,383
Use / reversal	(78)	(4,337)	(769)	(5,184)
Translation difference	24	395	70	490
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 (ic! berlin)	-	-	34	34
12/31/2023	**1,401**	**15,034**	**3,338**	**19,772**

Other current provisions amounted to 19,773 thousand euro as at 31 December 2023.

Other provisions, which amount to 1,401 thousand euro, represent the management estimate of liabilities relating to legal and tax proceedings versus tax authorities and third parties. The use for the year mainly derives from a settlement agreement signed with a customer in reference to certain contractual obligations.

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 *(euro/000)*	**12/31/2023**	**12/31/2022**
Payables to personnel	18,138	16,625
Payables to Social Security	3,801	3,669
Other liabilities	5,012	5,188
Total	**26,950**	**25,483**

The other current liabilities consist primarily of amounts due to personnel and social security institutions.
The increase in amounts due to personnel is a direct consequence of an increase in the component relating to bonuses, such as MBO and performance bonuses, after reaching the annual objectives. On a residual basis, the item also includes the payable to factors for 3,662 thousand euro (3,829 thousand euro as at 31 December 2022).

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 3 Cime SpA;
(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 2023, the total of these future commitments amounted to 435,469 thousand euro (515,537 thousand euro in 2022), of which 74,570 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)*	**12/31/2023**	**12/31/2022**
Within one year	74,570	82,900
In one to five years	304,147	352,499
After five years	56,752	80,138
Total	**435,469**	**515,537**

The Group also has guarantees for third parties of 5,926 thousand euro (4,765 thousand euro in 2022).

MARCOLIN GROUP CONSOLIDATED INCOME STATEMENT

The Group's Consolidated Income Statement results are presented in comparison with the 2022 results.

21. NET REVENUES

The following table sets forth the 2023 net sales revenues by geographical area:

Net Revenues by geographical area	**2023**		**2022**		**Variations**	
(euro/000)	**euro**	**% of total**	**euro**	**% of total**	**euro**	**% of total**
EMEA	264,439	47.4%	260,140	47.5%	4,300	1.7%
Americas	221,218	39.6%	232,329	42.4%	(11,111)	(4.8)%
Rest of World	29,162	5.2%	30,916	5.6%	(1,754)	(5.7)%
Asia	43,494	7.8%	23,970	4.4%	19,525	81.5%
Total	**558,314**	**100.0%**	**547,355**	**100.0%**	**10,959**	**2.0%**

The net revenues for 2023 total 558,314 thousand euro, compared to 547,355 thousand euro in 2022.
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)	**2023**	**% of net revenues**	**2022**	**% of net revenues**
Cost of product	200,357	35.9%	208,627	38.1%
Cost of personnel	12,462	2.2%	11,700	2.1%
Amortization, depreciation and writedowns	3,865	0.7%	3,580	0.7%
Other costs	3,941	0.7%	4,415	0.8%
Total	**220,625**	**39.5%**	**228,323**	**41.7%**

The cost of goods sold amounted to 220,625 thousand euro compared to 228,323 thousand euro in 2022, with an improved impact on net sales compared to the previous year of about 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 and costs of industrial utilities.

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 2023 distribution and marketing expenses:

Distribution and marketing expenses (euro/000)	**2023**	**% of net revenues**	**2022**	**% of net revenues**
Cost of personnel	60,205	10.8%	59,107	10.8%
Commissions	29,660	5.3%	31,159	5.7%
Amortization, depreciation and writedowns	17,277	3.1%	19,137	3.5%
Royalties	63,619	11.4%	62,635	11.4%
Advertising and PR	44,853	8.0%	43,593	8.0%
Other costs	30,219	5.4%	30,203	5.5%
Total	**245,833**	**44.0%**	**245,835**	**44.9%**

The item in question, amounting to 245,833 thousand euro compared to 245,833 thousand euro in 2022, shows a further improvement in terms of impact on sales, as a result of action taken by management in recent years to disseminate a corporate culture associated with containment of non-strategic costs. During the year, there was an overall improvement linked to absorption of the fixed or semi-variable component of these costs, mainly as regards amortisation and depreciation.
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, despite the inflationary pressure on many of the cost categories in this item.

24. GENERAL AND ADMINISTRATIVE EXPENSES

The general and administrative expenses are set forth below:

General and administrative expenses (euro/000)	2023	% of net revenues	2022	% of net revenues
Cost of personnel	19,767	3.5%	17,825	3.3%
Writedown of receivables	1,322	0.2%	2,123	0.4%
Amortization, depreciation and writedowns	2,839	0.5%	2,780	0.5%
Other costs	22,573	4.0%	23,268	4.3%
Total	**46,501**	**8.3%**	**45,996**	**8.4%**

General and administrative expenses amounted to 46,501 thousand euro in 2023, compared to 45,996 thousand euro in 2022.
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.
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 2023 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	Final number		Average number	
Category	12/31/2023	12/31/2022	2023	2022
Managers	60	56	57	55
Staff	1,135	1,029	1,073	1,038
Manual workers	805	769	775	762
Total	**2,000**	**1,854**	**1,905**	**1,855**

26. OTHER OPERATING INCOME AND EXPENSES

The other operating income and expenses are set forth below:

Other operating income and expenses (euro/000)	2023	% of net revenues	2022	% of net revenues
Other income	2,325	0.4%	1,170	0.2%
Other expenses	(263)	(0.0%)	(2,680)	(0.5%)
Total	**2,061**	**0.4%**	**(1,509)**	**(0.3)%**

The balance of this item shows income of 2,061 thousand euro compared to a net expense of 1,509 thousand euro in the previous year. The item also include 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 2023 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)	2023	% of net revenues	2022	% of net revenues
Financial income	15,669	2.8%	14,580	2.7%
Financial costs	(46,252)	(8.3)%	(39,229)	(7.2%)
Total	**(30,582)**	**(5.5)%**	**(24,650)**	**(4.5)%**

The composition of finance income is shown below:

Financial income (euro/000)	2023	% of net revenues	2022	% of net revenues
Interest income and others	639	0.1%	262	0.0%
Gains on currency exchange	15,030	2.7%	14,318	2.6%
Total	**15,669**	**2.8%**	**14,580**	**2.7%**

The composition of finance costs is shown below:

Financial costs (euro/000)	2023	% of net revenues	2022	% of net revenues
Interest expense	(29,384)	(5.3)%	(27,426)	(5.0)%
Losses on currency exchange	(16,867)	(3.0)%	(11,803)	(2.2%)
Total	**(46,252)**	**(8.3)%**	**(39,229)**	**(7.2)%**

Finance income and costs result in net costs of 30,582 thousand euro, compared with the 24,650 thousand euro recorded in 2022.
The net finance costs are the balance between income of 15,669 thousand euro and costs of 46,252 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 639 thousand euro;
- interest expense of 29,382 thousand euro, consisting of:
  - interest of 21,594 thousand euro servicing the bond notes issued by Marcolin SpA, paid half-yearly in May and November;

- 1,239 thousand euro refers to the reversal to the Income Statement of bond issuance transaction costs, accounted for under IFRS with the amortised cost method;
- 6,549 thousand euro in net finance costs (for 5,853 thousand euro referring to the parent company Marcolin SpA and for 696 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 1,837 thousand euro for 2023, mainly attributable to depreciation of the US dollar during the year.
There were no currency hedges (on purchases and sales) in place as at 31 December 2023.

29. INCOME TAXES

The balance of this item amounted to total costs of 6,595 thousand euro, including current taxes of 6,873 thousand euro, net deferred taxes of 3,216 thousand euro and 2,939 thousand euro in taxes relating to previous years.

Income tax expense *(euro/000)*	**2023**	**2022**
Current taxes	(6,873)	(5,010)
Deferred taxes	3,216	(678)
Income/(Expenses) from Tax Consolidation	-	(530)
Taxes relating to prior year	(2,939)	(619)
Total income tax expense	**(6,595)**	**(6,838)**

The current taxes of 6,873 thousand euro for 2023 are attributable to the companies, including the Parent Company, that reported positive taxable income, a significant improvement over the previous year. The deferred tax liabilities refer mainly to Marcolin SpA and Marcolin USA Eyewear Corp.

The current 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.

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

Tax rate reconciliation *(euro/000)*	**12/31/2023**		**12/31/2022**	
Results before tax		**16,835**		**1,042**
Theoretical taxes	24.0%	(4,040)	24.0%	(250)
Impact of foreign tax rate different from italian tax rate	-4.9%	857	-37.1%	387
IRAP and other	10.6%	(1,778)	65.3%	(681)
Higher taxes due to non-deductible costs	24.3%	(4,947)	420.1%	(4,377)
Lower taxes for non-taxable income	-12.3%	3,086	-125.7%	1,310
Taxes relating to prior year	17.5%	(2,939)	79.6%	(829)
Unrecognised deferred tax assets on tax losses	7.5%	(2,025)	26.5%	(276)
Use of accumulated tax losses unrecognised deferred tax assets in previous year	2.0%	362	-16.4%	171
Impact of tax change rates and fiscal local laws	-	-	248.7%	(2,591)
Activation of deferred tax assets unrecognised previous years	-31.0%	5,202	-	-
Other	1.5%	(373)	-28.8%	300
Total income / tax expense	**39.2%**	**(6,595)**	**656.2%**	**(6,838)**

With reference to the category "Higher Taxes for Non-Deductible Costs", the main component concerns the non-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.
The category “Deferred tax assets not allocated in previous years” includes those recognised by Marcolin SpA and Marcolin USA for the portion of financial interest expense deemed reasonably recoverable in future years, based on the business plans of the respective companies.

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

Deferred tax assets (euro/000)	**Temporary differences 12/31/2023**	**Tax on tamporary differences 12/31/2023**	**Temporary differences 12/31/2022**	**Tax on tamporary differences 12/31/2022**
Accumulated tax losses	45,151	11,397	57,097	14,063
Grants and compensation deductible on a cash basi	10,808	2,706	10,042	2,569
Non-deductible financial interest	93,127	23,453	53,060	13,987
Inventory provisions	25,239	6,861	23,876	6,212
Provision for return risks	2,772	787	2,781	796
Intangible assets subject to taxation	4,715	905	2,699	715
Taxed provision for doubtful debts	9,139	2,437	9,234	2,504
Unrealized currency exchange differences	1,833	499	4,451	1,257
Income from CFC	-	-	1,448	351
Non-deductible temporary amortization	1,446	595	4,492	795
Supplementary client indemnity provision	756	211	1,104	322
Other	9,679	3,780	11,518	3,517
Provisions for risks and charges	14,490	3,867	14,542	3,913
Intercompany profit	4,252	1,105	5,205	1,353
Total deferred tax assets	**223,406**	**58,603**	**201,549**	**52,354**

Deferred tax liabilities (euro/000)	**Temporary differences 12/31/2023**	**Tax on tamporary differences 12/31/2023**	**Temporary differences 12/31/2022**	**Tax on tamporary differences 12/31/2022**
Unrealized currency exchange differences	(1,663)	(405)	(10,970)	(2,662)
Property and plant	(18,082)	(4,875)	(4,724)	(1,265)
Other	(2,250)	(654)	(2,164)	(667)
Actuarial gain / losses on TFR under IAS	(495)	(119)	(399)	(96)
Dividends not collected	(81)	(20)	(718)	(172)
Total deferred tax liabilities	**(22,571)**	**(6,072)**	**(18,975)**	**(4,862)**
Total net DTA/DTL	**200,836**	**52,530**	**182,574**	**47,492**

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, 5,039 thousand euro, diverges from the balance of 3,216 thousand euro shown in the Income Statement for the following reasons:

- recognition of deferred tax assets of 3 Cime SpA as at 1 January 2023 for 1,805 thousand euro, after the merger of 3 Cime SpA into Marcolin SpA became effective;
- deferred tax recognition on amounts accounted for in equity totalling -195 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 213 thousand euro.

The Group companies' tax losses are 11,430 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 2,598 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 2023, 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 2023 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 2023:

Company *(euro/000)*	**Expenses**	**Revenues**	**Payables**	**Receivables**	**Type**
Pai Partners Sas	-	-	50	-	Related party
Famiglia Coffen Marcolin	217	-	5	-	Related party
Tofane SA	1,500	668	30,279	668	Consolidating
Total	**1,717**	**668**	**30,333**	**668**	

The same table is set forth for 2022:

Company *(euro/000)*	**Expenses**	**Revenues**	**Payables**	**Receivables**	**Type**
Pai Partners Sas	-	-	50	-	Related party
Coffen Marcolin Family	415	-	32	0	Related party
3 Cime S.p.A.	1,500	395	28,779	7,672	Consolidating
Total	**1,915**	**395**	**28,860**	**7,672**	

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:

	2023		**2022**	
(euro/000)	**Board of Directors**	**Statutory Auditors**	**Board of Directors**	**Statutory Auditors**
Base fee	200	100	200	100
Salaries and benefits	1,100	-	1,000	-
Total	**1,300**	**100**	**1,200**	**100**

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

The following table presents the 2023 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.	367
Audit for other subsidiaries	278
Other services to Marcolins SpA excluding audit	20
Total	**665**

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 2023 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", i.e., super depreciation offered under Article 1, paragraph 91 of Law 208/2015, as extended. The total benefit of 231,550 euro was included in the tax return presented in 2023.

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 794,496 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) recognises a tax credit for investments in new ordinary capital goods known as "Industry 4.0".
This tax credit applies to investments made from 1 January 2023 to 31 December 2023, or by 30 June 2024, provided that by 31 December 2023 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. Marcolin SpA incurred subsidised costs for investments in new “Industry 4.0” capital goods, which gave rise to a tax credit of 200,665 euro.

Tax credit for electricity and gas

In 2023, Marcolin SpA benefited from the tax credit in favour of companies other than energy-intensive companies (pursuant to Article 3, Decree Law no. 21 of 21 March 2022) for the purchase of electricity for the first and second quarters of 2023 amounting to 91,700 euro and the tax credit in favour of companies other than those with a heavy natural gas consumption (pursuant to Article 4, Decree Law no. 21 of 21 March 2022) for the purchase of natural gas for the first and second quarters of 2023 amounting to 38,505 euro.

Exemption from INPS contributions on new employees

In 2023, Marcolin used the following exemption from INPS contributions:

Contribution for the recruitment of young people pursuant to Law 205/2017 as amended by Article 1 paragraph 10 of Law 160/2019 of 750 euro.

Significant events occurring after the reporting period

Between 31 December 2023 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 global economic situation calls for strong attention, especially due to the high degree of uncertainty in the medium term deriving from the persistence of ongoing conflicts. In addition, during 2023, 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. Nonetheless, it is expected that, for 2024, inflation rate and interest rate volatility will continue to influence the global macroeconomic context, with potential impacts also on the Company's financial performance.

In this complex and uncertain macroeconomic scenario, 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 2023 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

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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 2023, the income statement, statement of comprehensive income, the statement of changes in equity, the 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 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as 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 International Financial Reporting Standards as 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.

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

PricewaterhouseCoopers SpA

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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

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10

The directors of Marcolin SpA are responsible for preparing a report on operations of the Marcolin Group as of 31 December 2023, including its consistency with the relevant consolidated 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 of the Marcolin Group as of 31 December 2023 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the consolidated financial statements of Marcolin Group as of 31 December 2023 and is prepared in compliance with the law.

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, 3 April 2024

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 2023

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

STATEMENT OF FINANCIAL POSITION

(euro)	Note	12/31/2023	12/31/2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1	25,022,792	25,578,791
Intangible assets	2	250,520,065	23,183,755
Goodwill	2	189,153,429	186,226,529
Investments in subsidiaries and associates	3	262,221,826	184,389,494
Deferred tax assets	27	18,551,214	12,340,881
Other non-current assets	4	389,583	491,319
Non-current financial assets	5	7,160,214	40,196,222
Total non-current assets		**753,019,123**	**472,406,991**
CURRENT ASSETS			
Inventories	6	55,314,456	61,045,073
Trade receivables	7	72,299,900	74,495,645
Other current assets	8	11,283,719	15,929,891
Current financial assets	9	29,644,772	32,008,482
Cash and cash equivalents	10	41,373,042	199,449,693
Total current assets		**209,915,889**	**382,928,786**
TOTAL ASSETS		**962,935,012**	**855,335,776**
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		120,476,423	47,008,488
Retained earnings (losses)		157,530,259	160,760,828
Profit (loss) for the period		6,414,919	(3,230,569)
TOTAL EQUITY		**370,331,903**	**290,449,049**
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current financial liabilities	12	402,071,887	375,191,383
Non-current funds	13	5,182,822	3,669,464
Deferred tax liabilities	27	4,321,789	3,064,195
Other non-current liabilities	14	6,418,921	914,184
Total non-current liabilities		**417,995,419**	**382,839,225**
CURRENT LIABILITIES			
Trade payables	15	115,819,617	127,125,894
Current financial liabilities	16	34,434,470	34,756,218
Current funds	17	6,558,205	6,060,295
Tax liabilities	27	4,050,139	2,337,148
Other current liabilities	18	13,745,259	11,767,946
Total current liabilities		**174,607,690**	**182,047,501**
TOTAL LIABILITIES		**592,603,108**	**564,886,727**
TOTAL LIABILITIES AND EQUITY		**962,935,012**	**855,335,776**

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

(euro)	Note	2023	%	2022	%
Net revenues	20	315,859,225	100.0%	295,119,818	100.0%
Cost of sales	21	(167,193,480)	(52.9)%	(165,154,169)	(56.0)%
GROSS PROFIT		**148,665,745**	**47.1%**	**129,965,649**	**44.0%**
Distribution and marketing expenses	22	(112,520,448)	(35.6)%	(110,038,006)	(37.3)%
General and administrative expenses	23	(20,054,873)	(6.3)%	(20,024,317)	(6.8)%
Other operating income/(expenses)	25	9,962,856	3.2%	8,412,417	2.9%
Other income	25	9,962,727	3.2%	10,830,890	3.7%
Other expenses	25	129	0.0%	(2,418,473)	(0.8)%
OPERATING INCOME – EBIT		**26,053,279**	**8.2%**	**8,315,743**	**2.8%**
Income/(expenses) from investments in subsidiaries	26	7,633,721	2.4%	3,015,574	1.0%
Financial income	27	10,340,888	3.3%	22,099,572	7.5%
Financial costs	27	(34,752,414)	(11.0)%	(35,260,268)	(11.9)%
PROFIT (LOSS) BEFORE TAXES		**9,275,474**	**2.9%**	**(1,829,379)**	**(0.6)%**
Income tax expense	28	(2,860,555)	(0.9)%	(1,401,190)	(0.5)%
NET PROFIT (LOSS) FOR THE PERIOD		**6,414,919**	**2.0%**	**(3,230,569)**	**(1.1)%**

(euro)	2023	2022
NET PROFIT (LOSS) FOR THE PERIOD	**6,414,919**	**(3,230,569)**
Other items that will be not subsequently reclassified to profit or loss:		
Effect (actuarial gain/losses) on defined benefit plans, net of taxes	11,960	174,838
TOTAL OTHER ITEMS THAT WILL NOT SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS	**11,960**	**174,838**
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 THEPERIOD	**6,426,879**	**(3,055,731)**

STATEMENT OF CHANGES IN EQUITY

				Other reserves					
(euro)	**Share capital**	**Additional paid-in capital**	**Legal Reserve**	**S.holders deposit in s/capital**	**Other**	**Actuarial gain / (loss) reserve**	**Retained earnings/ (losses)**	**Profit (loss) for the period**	**Total equity**
December 31, 2021	**35,902,750**	**42,827,001**	**6,437,117**	**46,107,590**	**1,389,819**	**(663,759)**	**54,606,294**	**106,897,967**	**293,504,780**
Allocation of 2021 result	-	-	743,433	-	-	-	106,154,534	(106,897,967)	-
- Period result	-	-	-	-	-	-	-	*(3,230,569)*	*(3,230,569)*
- Other components of comprehensive income	-	-	-	-	-	*174,838*	-	-	174,838
Total comprehensive income	-	-	-	-	-	174,838	-	(3,230,569)	(3,055,731)
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**
Allocation of 2022 result	-	-	-	-	-	-	(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**

CASH FLOW STATEMENT

(euro)	Note	12/31/2023	12/31/2022
OPERATING ACTIVITIES			
Profit (loss) for the period		6,414,919	(3,230,569)
Depreciation and amortization	1.2	11,650,821	12,896,956
Provisions	13.17	8,163,947	7,982,581
Income tax expense	27	2,860,555	1,401,190
Accrued interest expense	26	24,411,526	13,160,696
Adjustments to other non-cash items		(7,646,801)	(3,025,300)
Cash generated by operations		*45,854,968*	*29,185,554*
(Increase)/decrease in trade receivables	7	2,761,813	(6,742,071)
(Increase)/decrease in inventories	6	(2,195,613)	(12,276,485)
(Decrease)/increase in trade payables	15	(7,586,684)	7,251,841
Cash generated by change in operating working capital		*(7,020,484)*	*(11,766,715)*
(Increase) decrease in other assets	4.8	(3,165,667)	(2,416,647)
(Decrease)/increase in other liabilities	14.18	1,982,313	2,297,393
(Use) of current and non-current provisions	13.17	(180,000)	(550,000)
(Decrease)/increase in current tax liabilities	27	1,968,435	(587,640)
Other elements in working capital		*605,081*	*(1,256,894)*
Tax paid		(1,179,000)	(109,663)
Interest received		5,733,916	7,120,000
Interest paid		(24,281,000)	(22,914,000)
Total cash generated by change in other items of net working capital		*(19,121,002)*	*(17,160,557)*
Net cash from /(used in) net working capital		(26,141,486)	(28,927,272)
Net cash from /(used in) operating activities		**19,713,481**	**258,282**
INVESTING ACTIVITIES			
(Purchase) of property, plant and equipment	1	(4,500,465)	(3,906,516)
Disposal of property, plant and equipment	1	4,080	9,726
(Investments) in intangible assets	2	(237,943,667)	(6,540,049)
Net (Investments)/disposal in investment in subsidiaries and associates	3	(4,438,000)	(4,059,000)
Reverse merge of 3 Cime SpA effect	Mov. PN	66,734	-
Investments following "ic! berlin Group" business combination	1	(38,528,000)	-
Net cash from /(used in) investing activities		**(285,339,318)**	**(14,495,839)**
FINANCING ACTIVITIES			
Financial Assets			
- (Proceeds)		(7,160,000)	(2,083,000)
- Repayments	5,9	9,721,000	2,241,000
Financial Loans from banks			
- Proceeds	12.16	36,298,000	-
- (Repayments)	12.16	(342,000)	(2,710,636)
Shareholders Loan	12.16		
Principal elements of lease payments		(1,635,537)	(1,169,305)
Other current and non current financial liabilities	5,9,12,16	*(13,294,931)*	*2,988,862*
Dividends cash in	11	9,640,654	2,695,000
Shareholders capital increase	Mov. PN	75,000,000	-
Net cash from /(used in) financing activities		**108,227,186**	**1,961,922**
Net increase/(decrease) in cash and cash equivalents		**(157,398,651)**	**(12,275,635)**
Effect of foreign exchange rate changes		(678,000)	(1,700,000)
Cash and cash equivalents at beginning of year		**199,449,693**	**213,425,328**
Cash and cash equivalents at end of year		**41,373,042**	**199,449,693**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS OF MARCOLIN SPA AS AT 31 DECEMBER 2023

Introduction

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 express nominal value.

As at 31 December 2023, 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 Marcolin SpA shares held by the 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 aforementioned merger did not effectively result in any significant change in the structure of guarantees provided also by the parent company of Marcolin SpA.

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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 2023, and were prepared on the basis of the accounting records updated to 31 December 2023.

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 affiliates 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 25 March 2024.

ACCOUNTING STANDARDS

Basis of preparation

The Financial Statements were prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union.
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 2023 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 2023, approved by the Company's Board of Directors on 28 March 2023, 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 2023

The following new standards and amendments became effective from 1 January 2023:

Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information
Approved by the European Union on 8 September 2022, in force from 1 January 2023.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
Approved by the European Union on 11 August 2022, in force from 1 January 2023.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
Approved by the European Union on *2 March 2022*, in force from 1 January 2023.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
Approved by the European Union on *2 March 2022*, in force from 1 January 2023.

IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17
Approved by the European Union on *19 November 2021*, in force from 1 January 2023.

Amendments to IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules
Approved by the European Union on *8 November 2023*, in force from 1 January 2023

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 2023

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current; Classification of Liabilities as Current or Non-current - Deferral of Effective Date and Non-current Liabilities with Covenants.
Approved by the European Union on 19 December 2023, it will enter into force from 1 January 2024.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback.
Approved by the European Union on 20 November 2023, it will enter into force from 1 January 2024.

There are no other accounting standards endorsed by the European Union and effective from reporting financial years after 31 December 2023 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:

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability
Issued on 15 August 2023, it will enter into force from 1 January 2025

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements
Issued on 25 May 2023, it will enter into force from 1 January 2024

No accounting standards and/or interpretations mandatorily effective for annual periods beginning after 31 December 2023 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 that have not been designated as hedges or that do not meet the requirements of the aforementioned 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, 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 main 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. A fair value measurement of a non-financial asset considers the market operator's ability to generate economic benefits through maximum and best use of the asset or by selling the asset to another market operator who would make maximum and best use of it. The Company uses measurement approaches that are suited to the circumstances and for which there is sufficient data available to measure the fair value, maximising the use of relevant observable inputs and minimising the use of non-observable inputs. All assets and liabilities for which the fair value is measured or recorded in the Financial Statements are categorised on the basis of the fair value hierarchy, as described below: t

• 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 contact 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

The Company acts as a consolidated entity in the group taxation regime under Presidential Decree 917, Article 117 et seq. of 22 December 1986 ("TUIR") – which allows the determination of a corporate income tax (IRES) on a tax base given by the algebraic sum of the taxable income and tax losses of each of the participating entities – together with the parent company, 3 Cime SpA, which acts as the consolidating entity.

Participation in the Italian tax consolidation regime enables each participant (including the Company) to optimise the financial management of IRES, for example by netting the taxable income contributed by each participant within the tax group.

Effective from 2017, Decree Law 193/2016, Article 7-quater introduced the automatic renewal of the options to participate in the aforementioned tax regime; accordingly, the three-year participation in the tax regime was renewed automatically in 2020.

The tax consolidation transactions are summarised below:

- in years with taxable income, the Company pays 3 Cime SpA the additional tax due by it to the tax authorities;
- in the event of negative taxable income (tax loss), the Company receives from 3 Cime SpA a payment corresponding to 100% of the tax savings realised, accounted for on an accrual basis;
- the amount is paid only when 3 Cime SpA actually uses the tax loss brought to the consolidation;
- if 3 Cime SpA and the Company do not renew the tax consolidation option, or if the requirements for the continuance of tax consolidation should fail to be met before the end of the three-year period in which the option is exercised, tax loss carryforwards resulting from the tax return are split up proportionally among the companies that produced them.

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 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, the 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.

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 Reals.

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 2023. 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 152 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 61 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)*	**12/31/2023**	**12/31/2022**
Italy	18,920	23,737
Rest of Europe	17,759	25,278
North America	21,934	19,739
Rest of Word	21,746	18,512
Total	**80,360**	**87,266**

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

Trade receivables not overdue by geographical area *(euro/000)*	**12/31/2023**	**12/31/2022**
Italy	11,599	11,221
Rest of Europe	16,336	17,332
North America	21,297	19,153
Rest of Word	19,572	17,376
Total	**68,805**	**65,083**

In compliance with IFRS 7, the following table provides an ageing analysis of the undisputed trade receivables:

Ageing analysis of trade receivables not protested *(euro/000)*	**Gross value**	**Provision**	**Net value**
12/31/2022			
Not past due	65,083	(465)	65,548
Past due by less than 3 months	3,777	(1,241)	5,018
Past due by 3 to 6 months	396	0	396
Past due by more than 6 months	6,930	0	6,930
Total	**76,185**	**(1,706)**	**77,891**
12/31/2023			
Not past due	68,805	(465)	69,270
Past due by less than 3 months	4,195	(1,241)	5,435
Past due by 3 to 6 months	1,065	(50)	1,116
Past due by more than 6 months	(522)	(6)	(516)
Total	**73,543**	**(1,762)**	**75,305**

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 *(euro/000)*	**12/31/2023**	**12/31/2022**
Past due less than 3 months	1,455	619
Past due more than 3 months	96	0
Total	**1,550**	**619**

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 *(euro/000)*	**Gross value**	**Provision**	**Net value**
12/31/2022			
Past due by more than 12 months	1,711	(1,695)	16
Total	**1,711**	**(1,695)**	**16**
12/31/2023			
Past due by more than 12 months	1,754	(1,739)	15
Total	**1,754**	**(1,739)**	**15**

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 *(euro/000)*	**12/31/2023**	**12/31/2022**
Opening amount	3,400	3,458
Provisions/Reversal on P&L	(365)	275
Use	(38)	(333)
Period end Total	**2,997**	**3,400**

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.
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 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.
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)	33,469	370,455	30,279	-	432,385
Interest expenses on loans, bonds, leasing	24,697	44,336	11,167	3	8,383
Capital lease	966	1,200	137	2	2,304
Trade payables	115,820	-	-	-	115,820

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**
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 assets *(euro/000)*	**Trade receivables**	**Financial assets**	**Cash and cash equivalents**
2022			
Loans and other financial recivables at amortized cost	74,496	72,205	199,450
Financial assets at faie value through P&L	-	-	-
Held to maturity investments	-	-	-
Financial assets available for sale	-	-	-
Total	**74,496**	**72,205**	**199,450**

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**	-
Total	**115,820**	**87,841**	**348,665**

Categories of financial liabilities *(euro/000)*	**Trade payables**	**Financial liabilities**	**Bond**
2022			
Financial liabilities at amortized cost	127,126	59,197	347,478
Lease financial liabilities	-	**4,011**	-
Total	**127,126**	**63,208**	**347,478**

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 contact 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 2023 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 2022	**12,281**	**8,856**	**1,262**	**4,282**	**235**	**26,917**
Increases	518	1,993	465	2,229	34	**5,238**
Decreases	-	0	(0)	(21)	-	**(22)**
Depreciation	(1,046)	(2,242)	(839)	(2,427)	-	**(6,554)**
Reclassification and other movements	-	136	-	86	(223)	**(0)**
Net value at end of 2022	**11,754**	**8,743**	**887**	**4,149**	**46**	**25,579**
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**

The annual capital expenditures totalled 5,907 thousand euro.
Mainly the increases in "Land and buildings" and "Other Assets" are attributable to the effects deriving from the application of IFRS 16, mostly referring to the signing of leases of commercial property and company cars; excluding these, the capital expenditures mainly regarded:

- industrial plant and machinery for 2,564 thousand euro referring mainly to the purchase of new machinery to increase production capacity at the Longarone and Fortogna plants;
- industrial and commercial equipment for 594 thousand euro;
- *hardware*, office furniture and company cars, included in other tangible assets, for 2,388 thousand euro;

The gross value of property, plant and equipment and their accumulated depreciation as at 31 December 2023 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 12/31/2023
Undepreciated value	25,867	34,005	20,704	14,452	(0)	**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 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 12/31/2022
Undepreciated value	25,519	31,645	20,868	16,040	46	**94,118**
Accumulated depreciation	(13,765)	(22,902)	(19,981)	(11,891)	-	**(68,539)**
Net value	**11,754**	**8,743**	**887**	**4,149**	**46**	**25,579**

The following table shows the net carrying amount as at 31 December 2023 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	**12/31/2023**	**12/31/2022**
Land and buildings	1,091	1,455
Industrial and commercial equipment	78	213
Cars	814	680
Other tangibles fixed assets	239	264
Total Right-of-use assets	**2,221**	**2,612**

The following table lists the 31.12.2023 depreciation of the right-of-use assets:

€/000	**2023**
Land and buildings	378
Industrial and commercial equipment	134
Cars	592
Other tangibles fixed assets	67
Total depreciation of Right-of-Use	**1,171**

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 2022	**4,477**	**1,236**	**10,209**	**7,137**	**23,059**	**186,227**
Increases	3,183	-	3,284	-	**6,467**	-
Decreases	-	-	-	-	**-**	-
Amortization	(2,190)	(818)	(3,335)	-	**(6,343)**	-
Reclassification and other movements	300	-	6,837	(7,137)	**(0)**	-
Net value at end of 2022	**5,770**	**419**	**16,995**	**(0)**	**23,183**	**186,227**
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
Cessioni e utilizzi fondo	-	-	(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**

The intangible assets include mainly the amounts recognised as a result of the 2013 merger, particularly the goodwill of originally 189,722 thousand euro. In 2015, goodwill decreased by 3,496 thousand euro due to the transfer of the Asia Pacific business division to 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.

During the year, investments of 235,179 thousand euro were made (6,467 thousand in 2022), of which 2,550 thousand euro referring to Software, related to new management applications and their implementation, and to other intangible assets.

The item Concessions, licences and trademarks increased by 229,963 thousand euro attributable to the payment of 250 million dollars made to ELC on 28 April 2023 for the extension of the perpetual licence agreement on 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 the impairment testing of the value of consolidated goodwill, the Company also carried out sensitivity analysis on the recoverability of the TOM FORD user licence by estimating its fair value.
The decision derives from the size and relevance of this intangible asset with an indefinite life within the Marcolin CGU.
In order to estimate the fair value of the TOM FORD user licence, 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 asset (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 made it possible to obtain a fair value for the TOM FORD Licence that confirmed full recoverability of the asset recognised. The carrying amount of the user licence, independently verified as fully recoverable, was in any case also included in the Marcolin CGU in order to determine its total 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.

The item Other intangible assets recorded a decrease of 2,548 thousand euro due to the termination of a right held by the Parent Company, capitalised in 2021, which arose from a contract signed with third parties in 2023. This contract was transferred to Marcolin USA Eyewear Corp. and signed again, under the same conditions and with the same entity.

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 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	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**

The following table presents the amounts of the previous year:

Intangible assets and goodwill *(euro/000)*	**Software**	**Concessions, licenses and**	**Other**	**Intangible assets under formation and**	**Total**	**Goodwill**
Undepreciated value	25,888	7,437	51,820	-	85,145	**186,227**
Accumulated depreciation	(20,118)	(7,018)	(34,825)	-	(61,962)	**-**
Net value	**5,770**	**419**	**16,995**	**0**	**23,184**	**186,227**

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 325,317 thousand euro recognised as at 31 December 2023 in the Group's consolidated financial statements, of which 189,154 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 2023, the 2024 Budget and the 2025-2028 business plan.[7] The main assumptions governing the multi-year Business Plan concern:
  - (i) from a commercial point of view, the focus on continuous growth of the brands in the portfolio within which the leadership of TOM FORD in the luxury segment and Guess in the diffusion segment is increasing continuously (the list of brands managed by the Group is as follows: TOM FORD, Tod's, Emilio Pucci, Bally, Max Mara and Sport Max, MCM, Guess, Marciano by Guess, Gant, Harley Davidson, Max&Co, Skechers, BMW, GCDS, Timberland and Kenneth Cole, as well as other brands specifically dedicated to the US market. In addition to the well-established WEB EYEWEAR brand, IC! berlin became a proprietary brand following the acquisition on 7 November 2023 of the Group owning this brand. The sports segment is represented by adidas Badge of Sport and adidas Originals; the significant rise of outdoor sports products thanks to the brands in the portfolio positioned in this market segment; the continued commercial expansion of the proprietary brand; the continued expansion of the E-commerce channel both directly and through third-party intermediaries and the completion of the implementation of the CRM system also at the Group's branches; commercial development of strategic regions such as US and APAC; the constant and successful renewal of license agreements as historically proven;
  - (ii) 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 2028 EBITDA, assuming perpetual growth at a "g" rate. This rate was assumed to be 2.7%, 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 11.05%, 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 = 3.99%, after taxes); 2) the expected return on the risk capital invested in Marcolin (Ke = 13.18%), 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 2023.

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 2% 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

The investments in directly controlled subsidiaries and associates and their changes for the year are reported below:

7 The impairment test document was approved by the Parent Company's Board of Directors on 25 March 2024. Management has prepared a five-year business plan (2024 in accordance with the Budget and progression of the Business Plan up to 2028) to present the business outlook, recognising the marketing and business strategies used.

Subsidiaries (euro/000)	12/31/2022	Subscription/disposal	Impairments	12/31/2023
Marcolin USA Eyewear Corp.	138,026	32,057	-	170,083
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.	2	4,347	-	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	**189,276**	**74,932**	**-**	**264,208**
Provision for subsidiaries losses	(4,887)	-	(2,600)	(7,487)
Put/call option on non-controlling interests	-	5,500		5,500
Total	**184,389**	**80,432**	**(2,600)**	**262,222**

Investments in subsidiaries amounted to 262,222 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 balance increased by 76.9 million euro, mainly due to waiver of the residual portion of the loan with the US parent company for 35 million dollars on 18 December 2023 and for 38.5 million euro deriving from the acquisition on 7 November 2023 of 100% of ic! berlin GmbH. During the year, the remaining 49% of the shares of the subsidiary in Mexico were acquired and the value of the put/call options on the shares of minority interests was estimated.
During 2023, an allocation was also made to the provision for the write-down of investments for 2,600 thousand euro, recognised 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 390 thousand euro (compared to 491 thousand euro for 2022) and mainly related to prepaid expenses for amounts financially recognised in the financial year 2023 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 2023.

5. NON-CURRENT FINANCIAL ASSETS

This item amounted to 7,160 thousand euro, compared to 40,196 thousand euro in 2022.

The balance for 2023 consists entirely of the receivable deriving from the loan granted to the newly acquired 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 decrease in the balance compared to the previous year is attributable to Marcolin SpA's waiver on 18 December 2023 of the residual principal of 35 million dollars of the loan granted to the subsidiary Marcolin USA Eyewear Corp.

6. INVENTORIES

The composition of other current assets is shown below.

Inventories *(euro/000)*	**12/31/2023**	**12/31/2022**
Finished goods	38,320	45,883
Raw material	17,139	15,114
Work in progress	13,719	14,745
Gross inventory	**69,179**	**75,741**
Inventory provision	(13,864)	(14,696)
Net inventory	**55,314**	**61,045**

A comparison of inventory values shows an overall decrease in net inventories of 5,731 thousand euro compared to the previous year.
This change was the result of a double effect, a decrease in gross inventories of 6,562 thousand euro and a decrease in the inventory impairment provision of 831 thousand euro.

With reference to net inventories, implementation of the series of actions to improve and increase the efficiency of inventory management continued in 2023, and benefits were seen from the investments made in previous years, continuing in 2023, 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 2023 and expected also for 2024. 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 7,562 thousand euro; an increase in raw materials for 2,026 thousand euro; a decrease in the value of work in progress for 1,025 thousand euro.

7. TRADE RECEIVABLES

The composition of the trade receivables is as follows:

Trade receivables *(euro/000)*	**12/31/2023**	**12/31/2022**
Gross trade receivables	75,298	77,897
Provision for bad debts	(2,998)	(3,401)
Net trade receivables	**72,300**	**74,496**

The amount of net trade receivables decreased by 2,196 thousand euro compared to 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)*	**12/31/2023**	**12/31/2022**
Marcolin USA Eyewear Corp.	19,780	17,062
Marcolin do Brasil Ltda	5,515	3,815
Marcolin Singapore Pte Ltd	5,220	604
Marcolin México S.A.P.I. de C.V.	3,684	522
Marcolin Iberica SA	3,619	3,253
Marcolin UK Ltd	3,455	3,441
Marcolin France Sas	2,229	3,741
Marcolin Middle East FZCO	1,588	1,847
Marcolin-RUS LLC	1,478	1,342
Marcolin PTY Limited Australia	1,447	1,710
Marcolin Deutschland Gmbh	1,055	1,784
Marcolin Nordic AB Sweden	1,003	1,055
Marcolin Portugal Lda	993	1,039
Marcolin Benelux Sprl	715	969
Marcolin Eyewear (Shanghai) Co., Ltd.	485	1,051
Marcolin Nordic AB Finland	218	205
Marcolin Gmbh	95	188
Marcolin Asia Ltd	80	57
Marcolin Nordic AB Denmark	71	244
Marcolin Nordic AB Norway	29	321
Gin Hon Lin Int. Co. Ltd	-	6,996
Marcolin UK Hong Kong Branch	(130)	6,851
Total	**52,630**	**58,096**

8. OTHER CURRENT ASSETS

The composition of other current assets is shown below.

Other current assets *(euro/000)*	**12/31/2023**	**12/31/2022**
Tax credits	2,308	3,400
Prepaid expenses	968	774
Assets for rights to receive goods back	3,224	3,160
Other receivables	4,783	8,596
Total other current assets	**11,284**	**15,930**

This item, amounting to 11,284 thousand euro (15,930 thousand euro in 2022), decreased by 4,646 thousand euro compared to the previous year and is divided into the following categories:

- tax receivables for 2,308 thousand euro (3,400 thousand euro in 2022), 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 968 thousand euro (774 thousand euro in 2022), mainly including amounts related to insurance premiums and other costs related to projects that will accrue in 2024;
- other assets for returns from customers pursuant to the accounting standard IFRS 15 of 3,224 thousand euro (3,160 thousand euro in the previous year).
- receivables from others for 4,783 thousand euro (8,596 thousand euro in 2022), mainly composed of tax credits pursuant to art. 165, paragraph 6 TUIR. The decrease in the item compared to the previous year derives from the merger by incorporation of 3 Cime SpA into Marcolin SpA and consequent interruption of the tax consolidation regime in place between 3 Cime SpA and Marcolin SpA. In fact, following the merger, the receivables due to Marcolin SpA from the parent company 3 Cime SpA were offset against related payables due to 3 Cime SpA from Marcolin SpA, while from 3 Cime SpA Marcolin SpA inherited (i) the previous excess tax credit pursuant to art. 165, paragraph 6 of the TUIR and (ii) the balance relating to current taxes, recognised under the items tax receivables/payables.

9. CURRENT FINANCIAL ASSETS

This item amounting to 29,645 thousand euro (compared to 32,008 thousand euro as at 31 December 2022), consists primarily of receivables due from Group companies, broken down as follows:

- 20,703 thousand euro due from Marcolin USA Eyewear Corp.;
- 4,772 thousand euro due to Marcolin UK Ltd;
- 3,558 thousand euro due from Marcolin do Brasil Ltda;
- 279 thousand euro due from Viva Eyewear HK Ltd;
- 199 thousand euro due from Marcolin UK HK Branch.

The total is 2,364 thousand euro lower than that of the previous year, primarily as a result of the performance of the intercompany cash pooling account.

Note the classification under current financial assets of the residual loan with the Brazilian branch, taken out in 2020 for 7,357 thousand euro and recognised until October 2023 as a "quasi-equity loan", a classification which ceased during the year as a result of the positive cash flows generated by the company and the decision to arrange its repayment, which began during the year and will be completed in 2024.

In accordance with Article 43, paragraph 1(13) of the Fourth Council Directive 78/660/EEC, it is confirmed that, as at 31 December 2023, 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 41,373 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 decreased by 158,077 thousand euro compared to 31 December 2022. 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 2023, 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 2023, while the value of the Shareholder payment reserve increased by 75 million euro following the share capital increase by the shareholder on 28 April 2023 as part of 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. This reserve also changed in 2021 as a result of the purchase and subsequent cancellation of shares previously held by the shareholder Vicuna Holding S.p.A. In 2023, the reserve only changed due to allocation of the 2022 profit for the year.

During the year, 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

To better understand the accounting effects of the merger transaction, the following table was prepared to summarise:
a) the amounts resulting from the financial statements of the merging entity for the last financial year;
b) the amounts recorded as opening balances in the financial statements of the merged entity
c) the post-merger equity with indication of the merger deficit recognised.

(euro)	3 Cime 12/31/2022	Marcolin SpA 12/31/2022	Intercompany elision	Agregated amount net of IC	Investments elision	Marcolin SpA net merger entries of 01/01/2023
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	-	25,578,791	-	25,578,791	-	25,578,791
Intangible assets	-	23,183,755	-	23,183,755	-	23,183,755
Goodwill	-	186,226,529	-	186,226,529	-	186,226,529
Investments in subsidiaries and associates	234,267,590	184,389,494	-	418,657,084	(234,267,590)	184,389,494
Deferred tax assets	1,805,163	12,340,881	-	14,146,044	-	14,146,044
Other non-current assets	-	491,319	-	491,319	-	491,319
Non-current financial assets	28,778,689	40,196,222	(28,778,689)	40,196,222	-	40,196,222
Total non-current assets	**264,851,442**	**472,406,991**	**(28,778,689)**	**708,479,744**	**(234,267,590)**	**474,212,154**
CURRENT ASSETS						
Inventories	-	61,045,073	-	61,045,073	-	61,045,073
Trade receivables	-	74,495,645	(483,000)	74,012,645	-	74,012,645
Other current assets	4,379,704	15,929,891	(7,189,663)	13,119,932	-	13,119,932
Current financial assets	-	32,008,482	-	32,008,482	-	32,008,482
Cash and cash equivalents	66,734	199,449,693	-	199,516,427	-	199,516,427
Total current assets	**4,446,438**	**382,928,786**	**(7,672,663)**	**379,702,560**	**-**	**379,702,560**
TOTAL ASSETS	**269,297,880**	**855,335,777**	**(36,451,351)**	**1,088,182,305**	**(234,267,590)**	**853,914,714**
Merger loss					(1,544,025)	(1,544,025)
TOTAL EQUITY	**232,723,565**	**290,449,049**	**-**	**523,172,614**	**(234,267,590)**	**288,905,024**
LIABILITIES						
NON-CURRENT LIABILITIES						
Non-current financial liabilities	28,778,689	375,191,383	(28,778,689)	375,191,383	-	375,191,383
Non-current funds	-	3,669,464	-	3,669,464	-	3,669,464
Deferred tax liabilities	-	3,064,195	-	3,064,195	-	3,064,195
Other non-current liabilities	-	914,184	-	914,184	-	914,184
Total non-current liabilities	**28,778,689**	**382,839,225**	**(28,778,689)**	**382,839,225**	**-**	**382,839,225**
CURRENT LIABILITIES						
Trade payables	525,407	127,125,894	(483,000)	127,168,301	-	127,168,301
Current financial liabilities	-	34,756,218	-	34,756,218	-	34,756,218
Current funds	-	6,060,295	-	6,060,295	-	6,060,295
Tax liabilities	80,556	2,337,148	-	2,417,704	-	2,417,704
Other current liabilities	7,189,663	11,767,946	(7,189,663)	11,767,946	-	11,767,946
Total current liabilities	**7,795,626**	**182,047,501**	**(7,672,663)**	**182,170,464**	**-**	**182,170,464**
TOTAL LIABILITIES	**36,574,314**	**564,886,727**	**(36,451,351)**	**565,009,689**	**-**	**565,009,689**
TOTAL LIABILITIES AND EQUITY	**269,297,880**	**855,335,776**	**(36,451,351)**	**1,088,182,303**	**(234,267,590)**	**853,914,713**

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 2023:

Item (euro/000)	Amount	Possible use	Available portion	Uses in previous three years: Loss coverage	Uses in previous three years: Other
Share capital	35,903		-	-	-
Share premium reserve	42,827	A-B-C	42,827	-	-
Legal reserve	7,181	B	-	-	-
Other reserves	120,476		-	-	-
Retained earnings/(losses)	157,530	A-B-C	157,530	-	-
Period result	6,415		-	-	-
Net profit/(loss) for the period	**370,332**		**200,357**	-	**-**
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.			7,952		
Non-distributable portion under Civil Code Art. 2431			(0)		
Distributable portion			**192,405**		
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 402,072 thousand euro at 31 December 2023, the item consists of 345,957 thousand euro as the value of the bond loan, 30,278 thousand euro as the Shareholder loan and 24,498 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 1,339 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 *(euro/000)*	**12/31/2023**	**12/31/2022**
Cash and cash equivalents	41,373	199,450
Current and non-current financial assets	36,805	72,205
Current financial liabilities	(29,634)	(34,756)
Current portion of non-current financial liabilities	(4,800)	-
Non-current financial liabilities	(402,072)	(375,191)
Total net financial debt	**(358,328)**	**(138,293)**
Loans from Tofane SA	30,279	28,779
Total net financial debt adj	**(328,050)**	**(109,515)**

The following table presents the maturities of the financial payables, which are classified as current liabilities and non-current 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	5,085	-	-	-	**5,085**
Loans	11,635	24,498	-	-	**36,132**
Other financiers	-	345,957	30,279	-	**376,236**
Financial liabilities as under IFRS16	966	1,200	137	2	**2,304**
Intercompany	16,749	**-**	**-**	**-**	**16,749**
12/31/2023	**34,434**	**371,655**	**30,415**	**2**	**436,506**

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. As 7 million euro of the ssRCF facility had been drawn as at 31 December 2023, 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**
12/31/2021	**2,357**	**847**	**1,905**	**5,110**
Allowances	10	92	-	102
Use / reversal	(207)	(302)	(805)	(1,314)
Actuarial loss / (gain)	(228)	-	-	(228)
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**

Employee benefits consist of the employee severance indemnity provision ("TFR"). The provision of 1,851 thousand euro[8] was measured with an actuarial calculation at the end of the year[9].

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 * 12/312023**
Turnover rate +1,00%	1,855
Turnover rate -1,00%	1,849
Inflaction rate +0,25%	1,870
Inflaction rate -0,25%	1,835
Actuarial rate +0,25%	1,825
Actuarial rate -0,25%	1,880

* 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	6.62

- payments foreseen under the plan:

Years	**Payments foreseen**
1	227
2	191
3	208
4	105
5	202

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.

14. OTHER NON-CURRENT LIABILITIES

[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: Table RG 48 of the Public Accounting Office; 2) disability rates: INPS table by age and gender; 3) personnel turnover rates: 5%; 4) frequency of TFR payments: 2%; 5) discount/interest rate: 2.95%; 6) TFR growth rate: 3.00% for 2023, 3.23% for 2022; 7) inflation rate: 2.0% for 2023, 2.3% for 2022.

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)*	**12/31/2023**	**12/31/2022**
Italy	44,401	47,006
Rest of Europe	12,906	21,553
North America	22,345	20,062
Rest of Word	36,168	38,505
Total	**115,820**	**127,126**

with reference to Trade payables, the balance as at 31 December 2023 shows a decrease compared to the same period of the previous year mainly due to both a reduction in procurement from third-party suppliers, whose direct impact emerges also with reference to inventories, and to contractual changes related to a number of licences. 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 2023, 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 34,434 thousand euro consists of short-term bank borrowings (13,926 thousand euro), loans from other lenders (3,760 thousand euro) and other financial payables of 16,749 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:

- 5,034 thousand euro due to Marcolin UK Ltd;
- 2,909 thousand euro due to Marcolin Singapore PTE LTD;
- 2,607 thousand euro due to Marcolin UK - HK Branch;
- 1,930 thousand euro due to Marcolin Deutschland GMBH.
- 1,104 thousand euro due to Marcolin Iberica SA;
- 1,551 thousand euro due to Viva Eyewear UK Ltd;
- 782 thousand euro due to Marcolin Benelux;
- 632 thousand euro due to Marcolin France Sas;

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**
12/31/2021	**15**	**2,819**	**365**	**3,199**
Allowances	200	2,705	-	2,905
Use / reversal	-	-	(44)	(44)
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**

The value of Other provisions mainly includes the provision for risks of legal costs.

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 13,745 thousand euro as at 31 December 2023, compared to 11,768 thousand euro for the previous year. This item mainly includes amounts due to personnel and related social security contributions, up compared to the previous year mainly due to the component relating to bonuses, such as MBO and performance bonuses, after reaching the annual objectives. On a residual basis, the item also includes the amount due to factors for 2,051 thousand euro (1,841 thousand euro as at 31 December 2022).

19. COMMITMENTS AND GUARANTEES

Guarantees associated with the bond issue

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 5,926 thousand euro (4,765 thousand euro in 2022).

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 2023, the total of these future commitments amounted to 250,823 thousand euro (309,743 thousand euro in 2022), of which 47,708 thousand euro are due within the next financial year. The increase in future commitments compared to the amount in the previous year is attributable to the extension of the legal term of the license relationship for certain trademarks, which is why a longer time span was considered.

Guaranteed minimum Royalties due *(euro/000)*	**12/31/2023**	**12/31/2022**
Within one year	47,708	56,467
In one to five years	172,770	220,476
Over five years	30,344	32,800
Total	**250,823**	**309,743**

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 2023, duly compared with 2022.

The Company's main income statement items and changes therein are described in this section.

20. NET REVENUES

The following table sets forth the 2023 net revenues by geographical area:

Net Revenues by geographical area	2023		2022		Change	
(euro/000)	euro	% of total	euro	% of total	euro	%
EMEA	200,765	63.6%	185,000	62.7%	15,765	8.5%
Americas	57,615	18.2%	64,285	21.8%	(6,671)	-10.4%
Rest of world	26,719	8.5%	29,901	10.1%	(3,182)	-10.6%
Asia	30,761	9.7%	15,933	5.4%	14,828	93.1%
Total	**315,859**	**100.0%**	**295,120**	**100.0%**	**20,739**	**7.0%**

The net sales revenues realised in 2023 amounted to 315,859 thousand euro, compared to 295,120 thousand euro in 2022, an increase of 20,739 thousand euro compared to the previous year (a 7.0% change in percentage terms).

The Report on Operations describes the 2023 trend in turnover.

21. COST OF GOODS SOLD

Below is a detailed breakdown of the cost of goods sold:

Cost of sales (euro/000)	2023	% of net revenues	2022	% of net revenues
Cost of product	147,239	46.6%	144,892	49.1%
Cost of personnel	10,164	3.2%	9,630	3.3%
Amortization, depreciation and writedowns	3,786	1.2%	3,578	1.2%
Other costs	6,005	1.9%	7,054	2.4%
Total	**167,193**	**52.9%**	**165,154**	**56.0%**

The value of the cost of goods sold, in absolute terms, increased by 2,039 thousand euro, while the percentage impact of the cost of goods sold on turnover was 52.9% compared to 56.0% in 2022, 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)	2023	% of net revenues	2022	% of net revenues
Cost of personnel	18,098	5.7%	17,570	6.0%
Commissions	3,626	1.1%	3,632	1.2%
Amortization, depreciation and writedowns	6,712	2.1%	8,246	2.8%
Royalties	46,695	14.8%	39,016	13.2%
Advertising and PR	29,774	9.4%	34,355	11.6%
Other costs	7,615	2.4%	7,219	2.4%
Total	**112,520**	**35.6%**	**110,038**	**37.3%**

This item increased by a total of 2,482 thousand euro (2.3%) compared to the previous year. The impact on net sales decreased compared to 2022, 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)	2023	% of net revenues	2022	% of net revenues
Cost of personnel	10,229	3.2%	8,866	3.0%
Writedown of receivables	(366)	(0.1)%	274	0.1%
Amortization, depreciation and writedowns	1,152	0.4%	1,073	0.4%
Other costs	9,039	2.9%	9,811	3.3%
Total	**20,055**	**6.3%**	**20,024**	**6.8%**

The value of this item in absolute terms remains essentially unchanged compared to the previous period and represents 6.3% of sales.
The other costs of 9,039 thousand euro (9,811 thousand euro last 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 2023 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	Final number		Average number	
Category	12/31/2023	12/31/2022	2023	2022
Managers	21	23	22	23
Staff	400	372	390	360
Manual workers	581	586	589	586
Total	**1,002**	**981**	**1,001**	**969**

25. OTHER OPERATING INCOME AND EXPENSES

The other operating income and expenses are set forth below:

Other operating income and expenses (euro/000)	2023	% of net revenues	2022	% of net revenues
Other income	9,963	3.2%	10,831	3.7%
Other expenses	0	0.0%	(2,418)	(0.8%)
Total	**9,963**	**3.2%**	**8,412**	**2.9%**

The balance of this item is a net income of 9,963 thousand euro, compared to a net income of 8,412 thousand euro in the previous year.
Other income consists mainly of 9,963 thousand euro for the recovery of advertising expenses incurred by the Parent Company and charged back to other Group companies, compared to 10,831 thousand euro in 2022. The change in other costs compared to 2022 is attributable to the recognition of charges deriving from contractual renegotiations with a number suppliers in the previous year.

26. INCOME AND EXPENSES FROM THE MANAGEMENT OF INVESTMENTS

This item, totalling 7,634 thousand euro, includes income from dividends distributed by certain Group companies for a total of 10,234 thousand euro, broken down as follows: 2,957 thousand euro from Marcolin UK - HK Branch; 1,976 thousand euro from Marcolin France Sas, 1,437 thousand euro from Marcolin-RUS LLC, 1,116 thousand euro from Marcolin Middle East FZCO, 1,063 thousand euro from Marcolin Deutschland GmbH, 600 thousand euro from Marcolin Ibérica S.A., 583 thousand euro from Marcolin UK Ltd and 500 thousand euro from Marcolin Benelux sprl.
During 2023, an allocation was also made to the provision for the write-down of investments for 2,600 thousand euro, recognised 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.

27. FINANCE INCOME AND COSTS

The finance income and costs are set forth below:

Financial income and costs (euro/000)	2023	% of net revenues	2022	% of net revenues
Financial income	10,341	3.3%	22,100	7.5%
Financial costs	(34,752)	(11.0%)	(35,260)	(11.9%)
Total	**(24,412)**	**(7.7%)**	**(13,161)**	**(4.5%)**

The composition of finance income and finance costs is shown below:

Financial income (euro/000)	2023	% of net revenues	2022	% of net revenues
Interest income from subsidiaries	5,486	1.7%	5,921	2.0%
Interest income and others	248	0.1%	78	0.0%
Gains on currency exchange	4,607	1.5%	16,101	5.5%
Total	**10,341**	**3.3%**	**22,100**	**7.5%**

Financial costs (euro/000)	2023	% of net revenues	2022	% of net revenues
Interest expense	(28,686)	(9.1)%	(26,466)	(9.0)%
Losses on currency exchange	(6,067)	(1.9%)	(8,794)	(3.0%)
Total	**(34,752)**	**(11.0)%**	**(35,260)**	**(11.9)%**

Finance income and costs result in net costs of 24,412 thousand euro, compared with net costs of 13,161 thousand euro for 2022.

The net finance costs are the balance between income of 10,341 thousand euro and costs of 34,752 thousand euro. The components are classifiable in two different categories: finance income and costs, and exchange differences.
The first component consists of:

- interest income of 5,486 thousand euro from Group companies referring to loans granted to such companies and 248 thousand euro from others;
- interest expense of 28,686 thousand euro, consisting primarily of:
  - interest of 21,594 thousand euro servicing the bond notes issued by Marcolin SpA, paid half-yearly in May and November;
  - 1,239 thousand euro refers to the reversal to the Income Statement of bond issuance transaction costs, accounted for under IFRS with the amortised cost method;
  - 5,853 thousand euro in net financial costs referring to interest due to other lenders, the effect of discounting, intercompany loans and, to a residual 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.

Currency management, this too a component of the balance of finance income and costs, brings costs for a total of 1.5 million euro, compared to revenues of 7.3 million euro in 2022. This item is impacted by the volatility dynamics of exchange rates for currencies other than the Euro in which the Company operates, particularly the US Dollar, which in 2023 saw an approximate 4% appreciation against the Euro. Note that on 18 December 2023 the residual portion of the intercompany loan granted to the subsidiary Marcolin USA Eyewear Corp., for 35 million dollars, was waived. 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.

There were no currency hedges (on purchases and sales) in place as at 31 December 2023.

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 2,861 thousand euro, including current taxes of 3,007 thousand euro, net deferred taxes for total revenues of 3,001 thousand euro and 2,855 thousand euro in costs for taxes relating to previous years.

Income tax expense *(euro/000)*	**12/31/2023**	**12/31/2022**
Current taxes	(3,007)	(276)
Deferred taxes	3,001	(43)
Income/(Expenses) from Tax Consolidation	-	(530)
Taxes relating to prior year	(2,855)	(552)
Total income tax expense	**(2,861)**	**(1,401)**

The increase in current taxes relates to the higher pre-tax profit compared to the previous year and to the recognition by Marcolin SpA of IRES tax for the year as at 31 December 2023, as the tax consolidation regime between 3 Cime SpA and Marcolin SpA was discontinued following the merger by incorporation of 3 Cime SpA into the subsidiary Marcolin SpA. For this reason, no tax consolidation charge or income was recognised in 2023.

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

Tax rate reconciliation *(euro/000)*	**%**	**12/31/2023**	**%**	**12/31/2022**
Results before tax		**9,275**		**(1,829)**
Theoretical taxes	24.0%	(2,226)	24.0%	439
IRAP and other	(9.1)%	(844)	14.8%	(271)
Higher taxes due to non-deductible costs	(15.5)%	(1,439)	111.8%	(2,045)
Lower taxes for non-taxable income	21.5%	1,991	(56.2)%	1,027
Taxes relating to prior year	(30.8)%	(2,855)	30.2%	(552)
Activation of deferred tax assets unrecognised previous years	27.7%	2,573	0.0%	-
Other	(0.7)%	(61)	0.0%	-
Total income / tax expense	**(30.8)%**	**(2,861)**	**76.6%**	**(1,401)**

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 12/31/2023**	**%**	**Tax on tamporary differences 12/31/2023**	**Temporary differences 12/31/2022**	**%**	**Tax on tamporary differences 12/31/2022**
Accumulated tax losses	-	24.0%	-	-	24%	-
Inventory provisions	11,800	24.0%	2,832	9,517	24.0%	2,284
Grants and compensation deductible on a cash basis	6,752	24.0%	1,621	5,050	24.0%	1,212
Non-deductible financial interest	48,631	24.0%	11,671	25,714	24.0%	6,171
Unrealized currency exchange differences	1,235	24.0%	296	2,550	24.0%	612
Taxed provision for doubtful debts	1,357	24.0%	326	1,525	24.0%	366
Supplementary client indemnity provision	756	27.9%	211	194	27.9%	54
Provision for return risks	2,821	27.9%	787	2,708	27.9%	756
Provisions for risks and charges	520	27.9%	144	215	27.9%	59
Others	1,805	24,0%/27,9%	663	2,364	24,0%/27,9%	826
Total deferred tax assets	**75,677**		**18,551**	**49,838**		**12,341**

Deferred tax liabilities *(euro/000)*	**Temporary differences 12/31/2023**	**%**	**Tax on tamporary differences 12/31/2023**	**Temporary differences 12/31/2022**	**%**	**Tax on tamporary differences 12/31/2022**
Property and plant	(682)	27.9%	(190)	(929)	27.9%	(259)
Unrealized currency exchange differences	(1,451)	24.0%	(348)	(10,570)	24.0%	(2,537)
Dividends not collected	(81)	24.0%	(20)	(718)	24.0%	(172)
Actuarial gain / losses on TFR under IAS	(495)	24.0%	(119)	(394)	24.0%	(96)
Amortization (difference between accounting and tax treatment)	(13,197)	24.0%	(3,645)	-		-
Total deferred tax liabilities	**(15,906)**		**(4,322)**	**(12,612)**		**(3,064)**
Total net DTA/DTL	**59,771**		**14,229**	**37,226**		**9,277**

The difference in the balance of deferred tax assets and liabilities presented in the Statement of Financial Position, 4,952 thousand euro, diverges from the balance of 3,001 thousand euro shown in the Income Statement for the following reasons:

- recognition of deferred tax assets of 3 Cime SpA as at 1 January 2023 for 1,805 thousand euro, after the merger of 3 Cime SpA into Marcolin SpA became effective;
- adjustment of deferred taxation, recognised following an adjustment of taxes for 2022 after presentation of the relative tax return in 2023, for 150 thousand euro.
- Deferred tax recognition on amounts accounted for in equity totalling -3 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 *(euro/000)*	Revenues for sales and services	Dividends	Other income	Financial income from non-current assets	Financial expenses for non-current liabilities	Cost of row, ancillary and consumable material and products	Cost of services	31/12/2023
Marcolin Eyewear (Shangai) Co.	(1,155)	-	(52)	-	-	550	237	**(420)**
Marcolin (Deutschland) GmbH	(15,927)	(1,063)	(677)	(1)	94	-	336	**(17,238)**
Marcolin (UK) Ltd	(11,001)	(583)	(562)	(440)	311	-	246	**(12,029)**
Marcolin Asia Ltd.	-	-	(23)	-	-	-	1,304	**1,280**
Marcolin Benelux S.p.r.l.	(9,813)	(500)	(393)	-	55	8	124	**(10,520)**
Marcolin do Brasil Ltda	(10,423)	-	(524)	(273)	-	152	141	**(10,927)**
Marcolin France SAS	(23,907)	(1,976)	(2,037)	(1)	194	-	725	**(27,002)**
Marcolin GmbH	(796)	-	(109)	-	-	-	30	**(875)**
Marcolin Iberica S.A.	(12,837)	(600)	(956)	(5)	29	3	883	**(13,483)**
Marcolin Middle East FZCO	(7,932)	(1,116)	(53)	(2)	-	-	648	**(8,455)**
Marcolin Nordic AB Denmark	(1,409)	-	(70)	-	-	-	-	**(1,479)**
Marcolin Nordic AB Finland	(601)	-	(42)	-	-	-	-	**(644)**
Marcolin Nordic AB Norway	(923)	-	(142)	-	-	-	40	**(1,026)**
Marcolin Nordic AB Sweden	(3,526)	-	(260)	-	-	-	136	**(3,650)**
Marcolin Portugal Lda	(2,052)	-	(228)	(1)	4	-	24	**(2,253)**
Marcolin Technical Services (Shenzhen) Co.Ltd	-	-	-	-	-	-	601	**601**
Marcolin Uk Hong Kong Branch	(1,671)	(2,957)	(778)	(206)	106	49	218	**(5,238)**
Marcolin Usa Eyewear Corp.	(39,334)	-	(15,985)	(4,424)	-	1,754	13,365	**(44,624)**
Marcolin-RUS LLC	(4,326)	(1,437)	-	-	-	-	-	**(5,763)**
Viva Eyewear HK Ltd	-	-	-	(5)	-	-	-	**(5)**
Viva Eyewear UK Ltd	-	-	-	-	26	-	-	**26**
Marcolin México S.A.P.I. de C.V.	(4,073)	-	22	(43)	-	-	143	**(3,951)**
Marcolin Singapore Pte. Ltd.	(24,507)	-	(296)	(0)	338	-	316	**(24,149)**
Marcolin PTY Limited	(2,028)	-	(634)	-	-	-	80	**(2,581)**
ic! berlin Gmbh	-	-	-	(86)	-	-	-	**(86)**
Total	**(178,241)**	**(10,234)**	**(23,798)**	**(5,486)**	**1,157**	**2,516**	**19,595**	**(194,491)**

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 2023.

Company *(euro/000)*	**Expenses**	**Revenues**	**Payables**	**Receivables**	**Type**
Pai Partners Sas	-	-	50	-	Related party
Famiglia Coffen Marcolin	217	-	5	-	Related party
Tofane SA	1,500	668	30,279	668	Consolidating
Total	**1,717**	**668**	**30,333**	**668**	

The same table is set forth for 2022:

Company *(euro/000)*	**Expenses**	**Revenues**	**Payables**	**Receivables**	**Type**
Pai Partners Sas	-	-	50	-	Related party
Coffen Marcolin Family	415	-	32	0	Related party
3 Cime S.p.A.	1,500	395	28,779	7,672	Consolidating
Total	**1,915**	**395**	**28,860**	**7,672**	

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).

	2023		**2022**	
(euro/000)	**Board of Directors**	**Statutory Auditors**	**Board of Directors**	**Statutory Auditors**
Base fee	200	100	200	100
Salaries and benefits	1,100	-	1,000	-
Total	**1,300**	**100**	**1,200**	**100**

Atypical and unusual transactions

In 2023, 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 2023, 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 2023 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", i.e., super depreciation offered under Article 1, paragraph 91 of Law 208/2015, as extended. The total benefit of 231,550 euro was included in the tax return presented in 2023.

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 794,496 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) recognises a tax credit for investments in new ordinary capital goods known as "Industry 4.0".
This tax credit applies to investments made from 1 January 2023 to 31 December 2023, or by 30 June 2024, provided that by 31 December 2023 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. Marcolin SpA incurred subsidised costs for investments in new “Industry 4.0” capital goods, which gave rise to a tax credit of 200,665 euro.

Tax credit for electricity and gas

In 2023, Marcolin SpA benefited from the tax credit in favour of companies other than energy-intensive companies (pursuant to Article 3, Decree Law no. 21 of 21 March 2022) for the purchase of electricity for the first and second quarters of 2023 amounting to 91,700 euro and the tax credit in favour of companies other than those with a heavy natural gas consumption (pursuant to Article 4, Decree Law no. 21 of 21 March 2022) for the purchase of natural gas for the first and second quarters of 2023 amounting to 38,505 euro.

Exemption from INPS contributions on new employees

In 2023, Marcolin used the following exemption from INPS contributions:

- Contribution for the recruitment of young people pursuant to Law 205/2017 as amended by Article 1 paragraph 10 of Law 160/2019 of 750 euro.

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

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Independent auditor's report

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

To the sole shareholders of MarcolinSpA

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 2023, the income statement, statement of comprehensive income, the 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 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as 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 International Financial Reporting Standards as 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.

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

PricewaterhouseCoopers SpA

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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

Opinion in accordance with Article 14, paragraph 2, letter e), 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 2023, 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 of Marcolin SpA as of 31 December 2023 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the financial statements of Marcolin SpA as of 31 December 2023 and is prepared in compliance with the law.

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, 3 April 2024

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

REPORT BY THE BOARD OF STATUTORY AUDITORS

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,

The external audit of the accounts for each of the three years ending 31 December 2022, 2023 and 2024 has been assigned to PricewaterhouseCoopers S.p.A. (the "Independent Auditors"), pursuant to Article 14 of Italian Legislative Decree 39/2010 and Articles 2409-bis et seq. of the Italian Civil Code and in accordance with the reasoned proposal of this Board of Statutory Auditors.

The Board of Directors has provided us with the report on operations and draft Financial Statements for the year from 1 January 2023 to 31 December 2024, which shows a net income of Euro 6,414,919 , approved on 25 March 2024; on the same date, 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 2023, 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.
Certain events of major importance, which characterised the 2023 financial year and of which adequate evidence has been presented in the financial statements, are reported:

- the finalization of the perpetual agreement for the production and marketing of TOM FORD brand products, following the payment by Marcolin to The Estée Lauder Companies of USD 250 million;
- the acquisition of 100% of ic! berlin GmbH, an important German group that manages the design, prototyping, production and assembly of its own luxury optical and sunglasses frames; The total consideration for the acquisition was 38.5 million euro. In the context of the acquisition, Marcolin SpA at the same time settled certain financial liabilities of the ic! berlin Group for a total of 8.5 million euro;
- with reference to the continuation of the Russia-Ukraine conflict, which erupted on 24 February 2022, the Board of Directors points out in the Report on Operations that the Marcolin Group has no significant exposure to the Russian and Eastern European markets: the turnover generated in these territories does not exceed 2% of total consolidated turnover in 2023 and represents less than 1% in terms of consolidated Total Assets;

In this context, with respect to our supervisory duties, we report that:

- we attended 11 (eleven) 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;
- the Board of Statutory Auditors attended the General Meetings of Shareholders, which were held in observance of the law to pass appropriate resolutions;
- 9 (nine) 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 constantly 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 followed and monitored the action, now at an advanced stage, to achieve the Company's Corporate Governance and Compliance structure, based on the system proposed by the Corporate Governance Code for Listed Companies, in compliance with international best practices; this includes, in particular: i) the extension and consolidation of an ERM (Enterprise Risk Management) aimed at identifying, assessing and managing the main business risks; ii) the approval of the Regulation of the Financial Reporting Officer and 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 the year the Model 262 was also extended to the American and French subsidiaries;

- 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 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 verified the timely adoption of appropriate and adequate organisational measures and correct corporate behaviour guidelines to contain the impact of the pandemic, which also continued, in part, into the year in question;
- 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 Legislative Decree no. 118/2021 or pursuant to and for the purposes of Article 25-octies of Legislative Decree no. 14 of 12 January 2019 and no reports were received from qualified public creditors pursuant to Article 25-novies of Legislative Decree no. 14 of 12 January 2019 or pursuant to and for the purposes of Article 30-sexies of Legislative Decree no. 152 of 6 November 2021, converted by 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 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 2022, without finding any wrongdoing or specific violations of the Company’s and the subsidiaries' Organisational Model.

As noted, PricewaterhouseCoopers S.p.A. audited the Company’s separate Financial Statements for the year ended 31 December 2023 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 2023, 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 boards 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 (186.2 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 25 March 2024, is based on the 2024-2028 business plan and that the 2024 forecasts are those of the year's budget approved by the Board of Directors on 8 November 2023.
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 should be noted that, among the intangible fixed assets in the balance sheet under the item "concessions, licenses and trademarks", is recorded the amount of Euro 229.9 million, paid to The Estée Lauder Companies for the extension of TOM FORD perpetual licensing agreement; this item was also subjected to an impairment test.

On 25 March 2024, 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 2023; 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 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.

Goodwill (325.3 million euro) and the amount paid to The Estée Lauder Companies for the extension of TOM FORD perpetual licensing agreement (229.9 million euro), was recognised in the same manner as for the separate Financial Statements.
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 year, we issued the opinions requested of the Board of Statutory Auditors in accordance with the law.

In consideration of the foregoing - pursuant to the supervisory activity performed, and on the basis of the information exchanged with the Independent Auditors, we are in favor of the approval of the Financial Statements closed as at 31 December 2023 and we agree with the Board of Directors' allocation of the net profit for the year of Euro 6,414,919:

- to cover losses from previous years carried forward, for an amount equal to Euro 3,230,569;
- carried forward for the residual component equal to Euro 3,184,350.

April 03, 2024

(David Reali)

Dr. Mario Cognigni

Rag. Diego Rivetti

SUMMARY OF GENERAL MEETING RESOLUTIONS

The General Meeting, held on first call on 4 April 2024, resolved to:

- approve the Company's Financial Statements and Report on Operations as at 31 December 2023, and Marcolin Group's Consolidated Financial Statements as at 31 December 2023 and accompanying Report on Operations;

- to allocate the profit of 6,414,919 euro as follows:

    - to cover losses carried forward from previous financial years in the amount of 3,230,569 euro;
    - to carry forward the residual component in the amount of 3,184,350 euro.

Milan, 4 April 2024

for the Board of Directors

the Chairman
Signed: *Vittorio Levi*

MARCOLIN
EYEWEAR