

# MARCOLIN

## INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024



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## GENERAL INFORMATION

## COMPOSITION OF CORPORATE BODIES

### Board of Directors <sup>1</sup>

Vittorio Levi	Chairman
Fabrizio Curci	Chief Executive Officer and General Manager
Antonio Abete	Director
Simone Cavaliere	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 <sup>4</sup>	Director

### Board of Statutory Auditors <sup>1</sup>

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

### Financial Reporting Officer

Alessandro Matteini

### Control and Risk Committee <sup>2</sup>

Cirillo Coffen Marcolin	Chairman
Jacopo Forloni	Supervisor
Vittorio Levi	Supervisor

### Supervisory Body <sup>2</sup>

Federico Ormesani	Chairman
David Reali	Supervisor
Gabriele Crisci	Supervisor

### Independent Auditors <sup>3</sup>

PricewaterhouseCoopers SpA

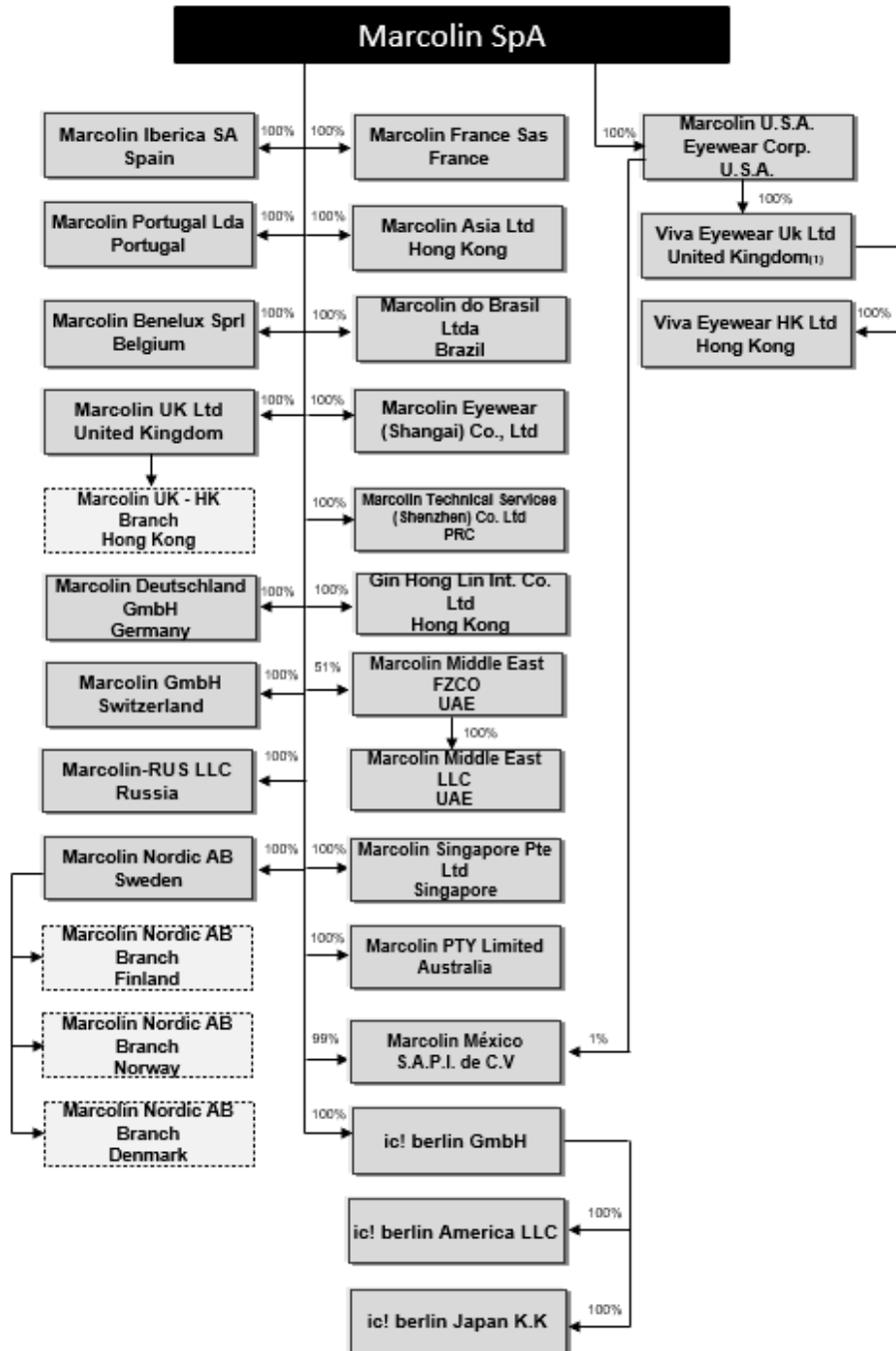
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1) Term of office ends on the date of the General Meeting called to approve the financial statements as of 31 December 2024 (pursuant to the General Meeting resolution of 28 April 2022). The Shareholders' Meeting of 19 April 2023 approved the increase 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).

# MARCOLIN GROUP STRUCTURE



1) Company in liquidation.







## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(euro/000)</i>	Notes	03/31/2024	31/12/2023
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	1	48,820	45,583
Intangible assets	1	270,043	270,870
Goodwill	1	327,484	325,317
Investments in subsidiaries and associates		27	27
Deferred tax assets	1	59,964	58,603
Other non-current assets	1	878	887
Non-current financial assets	1; 6	-	23
<b>Total non-current assets</b>		<b>707,215</b>	<b>701,309</b>
<b>CURRENT ASSETS</b>			
Inventories	2	102,125	96,277
Trade receivables	2	95,624	81,312
Other current assets	2	26,393	23,663
Current financial assets	2; 6	0	136
Cash and cash equivalents	2; 6	54,235	56,519
<b>Total current assets</b>		<b>278,377</b>	<b>257,906</b>
<b>TOTAL ASSETS</b>		<b>985,592</b>	<b>959,215</b>
<b>EQUITY</b>			
	3		
Share capital		35,902	35,902
Additional paid-in capital		170,304	170,304
Legal reserve		7,180	7,180
Other reserves		117,561	114,329
Retained earnings (losses)		(7,426)	(16,815)
Profit (loss) for the period		6,803	8,862
<b>Group equity</b>		<b>330,324</b>	<b>319,762</b>
Non controlling interests		0	0
<b>TOTAL EQUITY</b>		<b>330,324</b>	<b>319,762</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Non-current financial liabilities	4; 6	413,479	408,793
Non-current funds	4	8,942	8,429
Deferred tax liabilities	4	6,849	6,072
Other non-current liabilities	4	6,454	6,534
<b>Total non-current liabilities</b>		<b>435,726</b>	<b>429,828</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	5	131,480	131,588
Current financial liabilities	5; 6	26,546	22,459
Current funds	5	20,439	19,772
Tax liabilities	5	13,160	8,856
Other current liabilities	5	27,918	26,950
<b>Total current liabilities</b>		<b>219,543</b>	<b>209,626</b>
<b>TOTAL LIABILITIES</b>		<b>655,269</b>	<b>639,454</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>985,592</b>	<b>959,215</b>

## CONDENSED CONSOLIDATED INCOME STATEMENT AND CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(euro/000)</i>	Notes	03/31/2024	%	03/31/2023	%
Net Revenues	7	145,633	100.0%	152,322	100.0%
Cost of sales	8	(51,773)	(35.6)%	(58,029)	(38.1)%
<b>GROSS PROFIT</b>		<b>93,859</b>	<b>64.4%</b>	<b>94,292</b>	<b>61.9%</b>
Distribution and marketing expenses	9	(63,361)	(43.5)%	(66,537)	(43.7)%
General and administrative expenses	10	(11,392)	(7.8)%	(10,812)	(7.1)%
Other operating income/(expenses)	11	9	0.0%	163	0.1%
<b>OPERATING INCOME - EBIT</b>		<b>19,115</b>	<b>13.1%</b>	<b>17,106</b>	<b>11.2%</b>
Financial income	12	1,954	1.3%	2,746	1.8%
Financial costs	12	(9,531)	(6.5)%	(9,593)	(6.3)%
<b>PROFIT (LOSS) BEFORE TAXES</b>		<b>11,539</b>	<b>7.9%</b>	<b>10,260</b>	<b>6.7%</b>
Income tax expense	13	(4,262)	(2.9)%	(3,466)	(2.3)%
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>		<b>7,277</b>	<b>5.0%</b>	<b>6,794</b>	<b>4.5%</b>
<b>Profit (loss) attributable to:</b>					
- Owners of the parent		6,803	4.7%	6,216	4.1%
- Non-controlling interests		474	0.3%	578	0.4%

<i>(euro/000)</i>	03/31/2024	03/31/2023
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>7,277</b>	<b>6,794</b>
<i>Other items that will not subsequently be reclassified to profit or loss:</i>		
Effect (actuarial gains/losses) on defined benefit plans, net of taxes	-	-
<b>TOTAL OTHER ITEMS THAT WILL NOT SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS</b>	<b>-</b>	<b>-</b>
<i>Other items that will be subsequently reclassified to profit or loss:</i>		
Change in foreign currency translation reserve	3,285	(2,226)
Change in exchange rate difference on quasi equity loan	-	(371)
<b>TOTAL OTHER ITEMS THAT WILL BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS</b>	<b>3,285</b>	<b>(2,597)</b>
<b>TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>10,562</b>	<b>4,197</b>
<b>Risultato complessivo attribuibile:</b>		
- owners of the parent	10,035	3,580
- non-controlling interests	527	617

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Additional paid-in capital	Legal Reserve	Other reserves			Retained earnings/ (losses)	Profit (loss) for the period	Capital and reserves net total	Non-controlling interests in equity	Total equity	
				S.holders deposit in s/capital	Translation reserve	Other						Actuarial gain / (loss) reserve
(euro/000)												
<b>December 31, 2022</b>	<b>35,902</b>	<b>170,304</b>	<b>7,180</b>	<b>46,108</b>	<b>8,434</b>	<b>(875)</b>	<b>190</b>	<b>(11,265)</b>	<b>(7,825)</b>	<b>248,153</b>	<b>2,901</b>	<b>251,052</b>
Allocation of 2022 result	-	-	-	-	-	-	-	(7,825)	7,825	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(1,108)	(1,108)
- Period result	-	-	-	-	-	-	-	-	6,216	6,216	578	6,794
- Other components of comprehensive income	-	-	-	-	(2,265)	(5,260)	-	-	-	(7,525)	39	(7,486)
Total comprehensive income	-	-	-	-	(2,265)	(5,260)	-	-	6,216	(1,309)	617	(692)
<b>March 31, 2023</b>	<b>35,902</b>	<b>170,304</b>	<b>7,180</b>	<b>46,108</b>	<b>6,168</b>	<b>(6,135)</b>	<b>190</b>	<b>(19,090)</b>	<b>6,216</b>	<b>246,844</b>	<b>2,410</b>	<b>249,252</b>
<b>December 31, 2023</b>	<b>35,902</b>	<b>170,304</b>	<b>7,180</b>	<b>121,108</b>	<b>4,106</b>	<b>(11,071)</b>	<b>186</b>	<b>(16,815)</b>	<b>8,862</b>	<b>319,762</b>	<b>0</b>	<b>319,762</b>
Allocation of 2023 result	-	-	-	-	-	-	-	8,862	(8,862)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-
- Period result	-	-	-	-	-	-	-	-	6,803	6,803	474	7,277
- Other components of comprehensive income	-	-	-	-	3,232	-	-	-	-	3,232	53	3,285
Total comprehensive income	-	-	-	-	3,232	-	-	-	6,803	10,035	527	10,562
Non-controlling interests' put-call options	-	-	-	-	-	-	-	527	-	527	(527)	-
<b>March 31, 2024</b>	<b>35,902</b>	<b>170,304</b>	<b>7,180</b>	<b>121,108</b>	<b>7,338</b>	<b>(11,071)</b>	<b>186</b>	<b>(7,426)</b>	<b>6,803</b>	<b>330,325</b>	<b>0</b>	<b>330,324</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(euro/000)</i>	<b>03/31/2024</b>	<b>03/31/2023</b>
<b>OPERATING ACTIVITIES</b>		
<i>Profit (loss) for the period</i>	7,277	6,794
Depreciation and amortization	6,371	6,361
Provisions	5,456	5,531
Impairment losses/(reversal) on investments	-	-
Income tax expense	4,204	3,466
Accrued interest expense	7,577	6,847
Adjustments to other non-cash items	(7)	(0)
<i>Cash generated by operations</i>	<b>30,879</b>	<b>28,998</b>
(Increase)/decrease in trade receivables	(13,875)	(15,600)
(Increase)/decrease in inventories	(9,291)	(7,554)
(Decrease)/increase in trade payables	989	(19,234)
<i>Cash generated by change in operating working capital</i>	<b>(22,177)</b>	<b>(42,388)</b>
(Increase) decrease in other assets	(4,776)	(2,430)
(Decrease)/increase in other liabilities	642	(1,294)
(Use) of current and non-current provisions	(240)	(52)
(Decrease)/increase in current tax liabilities	967	218
Adjustments to other non-cash items	(0)	0
<i>Other elements in working capital</i>	<b>(3,409)</b>	<b>(3,557)</b>
Income taxes paid	(198)	(1,086)
Interest received	133	167
Interest paid	(1,097)	(464)
<i>Total cash generated by change in other items of net working capital</i>	<b>(4,571)</b>	<b>(4,941)</b>
<i>Net cash from /(used in) net working capital</i>	<b>(26,748)</b>	<b>(47,328)</b>
<b>Net cash from /(used in) operating activities</b>	<b>4,131</b>	<b>(18,330)</b>
<b>INVESTING ACTIVITIES</b>		
(Purchase) of property, plant and equipment	(1,400)	(1,335)
Disposal of property, plant and equipment	5	-
(Investments) in intangible assets	(1,201)	(1,357)
<b>Net cash from /(used in) investing activities</b>	<b>(2,596)</b>	<b>(2,691)</b>
<b>FINANCING ACTIVITIES</b>		
<i>Financial Loans from banks</i>		
- Proceeds from borrowings	-	-
- Repayments of borrowings	-	(167)
Principal elements of lease payments	(1,628)	(1,687)
Other current and non current financial liabilities	(2,698)	(1,178)
<b>Net cash from /(used in) financing activities</b>	<b>(4,325)</b>	<b>(3,032)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(2,790)</b>	<b>(24,053)</b>
Effect of foreign exchange rate changes	505	(792)
<b>Cash and cash equivalents at the beginning of year</b>	<b>56,519</b>	<b>225,995</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>54,235</b>	<b>201,150</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### INTRODUCTION

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 details and first-rate distribution.

Thanks to the key acquisition of Viva Group in 2013 and the signing of new partnership agreements over the years (among others with LVMH, which concluded successfully at the end of 2021), Marcolin has become an eyewear Group with a strong global presence in terms of brand portfolio, products, geographic presence and market channels.

During 2023, Marcolin was further strengthened through a number of extraordinary actions such as (i) a perpetual long-term license 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 the full control of the Mexican subsidiary on 5 July 2023, through the purchase of the residual shares previously held by a local Mexican shareholder with whom a joint venture arrangement was in place.

2023 and the beginning of 2024 have been very relevant for the Group in terms of brands portfolio. Important license agreements have been renewed, such as Emilio Pucci, Zegna, Max&Co., GCDS, Harley Davidson and Skechers and new license agreements have been signed with MCM and the most recent ones with Christian Louboutin and K-Way®.

In 2023, Marcolin sold around 13 million glasses worldwide, achieving Net Revenues of 558 million euro, with a total of 2,000 employees, plus an extensive network of independent agents present in a network of direct subsidiaries 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 Luxury and Diffusion sectors, for both men and women, with a good balance between eyeglasses and sunglasses. It 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, together with the recently signed license agreements 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 side, the Group pursued its 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. Working capital management is now an integral part of the corporate culture, expressed in actions such as the containment of expenses, an economic assessment over investments, improvements in the efficiency of internal production capacity and careful monitoring of cash collection and agreements with suppliers.

Group's main source of financing as at March 31, 2024 is 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, drawn for 7 million euro as at March 31, 2024. Besides, in order to partially finance the acquisition of ic! berlin GmbH, Marcolin SpA signed, prior to the acquisition, a new credit facility for an aggregate amount of 30 million euro, consisting of two credit lines, one medium/long-term amortising loan facility for 12 million euro, with a grace period until 30 June 2024 and maturing on 30 June 2026; and a medium/long-term bullet loan facility for 18 million euro to be repaid at the maturity date of 30 September 2026.

The global economic situation determines a 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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## ACCOUNTING POLICIES AND BASIS OF CONSOLIDATION

### Basis of operation

These interim condensed consolidated financial statements for the three months ended March 31, 2024 have been prepared on a going concern basis following IAS 34 “*Interim Financial Reporting*” which governs interim financial reporting. Directors verified the absence of any financial, business or other types of indicators that could signify issues about the Group's ability to meet its obligations in the foreseeable future and specifically in the next 12 months.

IAS 34 permits a significantly lower amount of information to be included in interim financial statements from what is required for annual financial statements by International Financial Reporting Standards issued by the International Accounting Standards Board and approved by the European Union (hereafter “IFRS”), given that the entity has prepared its financial statements compliant with IFRS for the previous fiscal year.

The interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Group as of and for the year ended December 31, 2023.

The interim condensed consolidated financial statements include the condensed consolidated statement of financial position, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of change in equity, the condensed consolidated statement of cash flows, and the notes thereto.

### Accounting policies

The accounting policies adopted for the preparation of the interim condensed consolidation financial statements for the three months ended March 31, 2024 are consistent with those used to prepare the annual consolidated financial statements as of December 31, 2023, except taxes on income which, in the interim periods, are accrued using tax rate that would be applicable to expected total annual profit or loss and except as regards the adoption of the new or revised IFRS or IFRIC as set out below.

The Group elected to use the following types of financial statements, which are envisaged by International Accounting Standard (IAS) 1:

- the income statement that classifies costs by their nature. In addition, it was decided to present two distinct documents: the income statement and the statement of comprehensive income;
- the statement of financial position that presents separately current assets, non-current assets, current liabilities, non-current liabilities, assets held for sale and liabilities associated with assets held for sale;
- the statement of changes in equity that presents items in individual columns with reconciliation of the opening and closing balances of each item forming equity;
- the cash flow statement using the indirect method, which presents the cash flows by operating, investing and financing activities for the period.

The same financial statement format was used to prepare the annual consolidated financial statements as of December 31, 2023.

Since the figures are reported in thousands of euro, slight differences may emerge due to rounding off.

### **New accounting standards and interpretations approved by the European Union and effective for periods beginning on or after January 1, 2024**

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

*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 and Non-current Liabilities with Covenants (issued on 23 January 2020, 15 July 2020 and 31 October 2022 respectively).*

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

The above amendments had no impact on the Group.

### **New accounting standards and interpretations approved by the European Union and effective for periods after March 31, 2024**

At the date of preparation of the condensed consolidation interim financial statements, any new standards and amendments became effective after March 31, 2024.

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

*Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023)*

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

## **Estimates**

The preparation of interim financial statements requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgments made applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements of the Company as of and for the year ended December 31, 2023.

## **Seasonality of operations**

The operations of the Group are affected by seasonal consumer buying patterns. While sales of prescription frames do not experience any significant seasonal variation, sales of sunglasses are generally higher in February, March and April as retailers purchase new collections in anticipation of the increased consumer demand in the spring and summer months. Accordingly, our Net Revenues recorded in the first half of any given year are generally higher than in the second half, while our operating expenses are generally not subject to such seasonality. In addition, such seasonality may cause our working capital requirements to vary from period on period, depending on the variability in the volumes and timing of sales and sunglasses.

## **Financial risk management**

In the ordinary courses of the business the Group is exposed to a variety of financial risks including market risks (currency risk and interest risk), credit risk and liquidity risk. The condensed consolidated interim financial statements do not include all the information and notes on financial risk management required in the preparation of the annual consolidated financial statements.

## **Consolidated companies**

Marcolin Group's interim condensed consolidated financial statements for the three months ended March 31, 2024 reflect the consolidated companies at that date, i.e. Marcolin SpA (the Parent Company), its foreign subsidiaries and the companies over which it exercises a dominant influence, whether directly or indirectly.

Companies list is set forth below:

Company	Currency	Share capital	Consolidation method	% ownership	
				Direct	Indirect
Marcolin Asia HK Ltd	HKD	1,539,785	Full consolidation	100.0%	
Marcolin Benelux Sprl	EUR	280,000	Full consolidation	100.0%	
Marcolin do Brasil Ltda	BRL	41,369,129	Full consolidation	100.0%	
Marcolin Deutschland GmbH	EUR	300,000	Full consolidation	100.0%	
Marcolin France Sas	EUR	1,054,452	Full consolidation	100.0%	
ic! Berlin GmbH	EUR	500,000	Full consolidation	100.0%	
Marcolin GmbH	CHF	200,000	Full consolidation	100.0%	
Marcolin Iberica SA	EUR	487,481	Full consolidation	100.0%	
Marcolin Nordic AB	SEK	50,000	Full consolidation	100.0%	
Marcolin Portugal Lda	EUR	420,000	Full consolidation	100.0%	
Marcolin Technical Services (Shenzhen) Co. Ltd	CNY	1,000,000	Full consolidation	100.0%	
Marcolin UK Ltd	GBP	3,572,718	Full consolidation	100.0%	
Marcolin USA Eyewear Corp.	USD	121,472,262	Full consolidation	100.0%	
Marcolin Singapore Pte Ltd	SGD	100,000	Full consolidation	100.0%	
Marcolin PTY Limited	AUD	50,000	Full consolidation	100.0%	
Marcolin-RUS LLC	RUB	305,520	Full consolidation	100.0%	
Marcolin Middle East FZCO	AED	100,000	Full consolidation	51.0%	
Marcolin México S.A.P.I. de C.V.	MXN	50,000	Full consolidation	100.0%	
Marcolin Eyewear (Shanghai) Co., Ltd.	CNY	103,000,000	Full consolidation	100.0%	
Gin Hong Lin International Co Ltd	HKD	25,433,653	Full consolidation	100.0%	

During the First Quarter 2024, the only change to consolidation area refers to the completion, on 19 January 2024, of the liquidation process of Shanghai Ginlin Optics Co. Ltd PRC, a wholly owned subsidiary of Gin Hong Lin International Co. Ltd. The company was a non-operating entity since 2021.



## Exchange rates

The following table lists the exchange rates used for currency translation (the closing and average exchange rates refer to March 31, 2024 and January-to-March 2024, respectively):

Currency	Symbol	Closing exchange rate			Average exchange rate		
		03/31/2024	03/31/2023	Change	2024	2023	Change
Dirham Emirati Arabi	AED	3.970	3.994	(0.6)%	3.988	3.941	1.2%
Australian Dollar	AUD	1.661	1.627	2.1%	1.651	1.570	5.2%
Brasilian Real	BRL	5.403	5.516	(2.0)%	5.375	5.575	(3.6)%
Swiss Franc	CHF	0.977	0.997	(2.0)%	0.949	0.992	(4.4)%
Renminbi	CNY	7.814	7.476	4.5%	7.805	7.342	6.3%
Danish Krone	DKK	7.458	7.449	0.1%	7.456	7.443	0.2%
English Pound	GBP	0.855	0.879	(2.7)%	0.856	0.883	(3.0)%
Hong Kong Dollar	HKD	8.459	8.537	(0.9)%	8.491	8.411	1.0%
Mexican Pesos	MXN	17.918	19.639	(8.8)%	18.449	20.043	(8.0)%
Norwegian krone	NOK	11.699	11.394	2.7%	11.416	10.990	3.9%
Ruble	RUB	99.530	83.764	18.8%	98.498	78.148	26.0%
Swedish Krone	SEK	11.525	11.281	2.2%	11.279	11.203	0.7%
USA Dollar	USD	1.081	1.088	(0.6)%	1.086	1.073	1.2%

# ANALYSIS OF INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 1. Non-current assets

The composition of non-current assets is shown below:

Non-current assets (euro/000)	03/31/2024	12/31/2023	Increase/decrease	
			euro	%
Property, plant and equipment	48,820	45,583	3,237	7.1%
Intangible assets	270,043	270,870	(827)	(0.3)%
Goodwill	327,484	325,317	2,167	0.7%
Deferred tax assets	59,964	58,603	1,361	2.3%
Other non-current assets	878	887	(9)	(1.0)%
Non-current financial assets	-	23	(23)	(100.0)%
<b>Total non-current assets</b>	<b>707,215</b>	<b>701,309</b>	<b>5,906</b>	<b>0.8%</b>

Net value of non-current assets increased by euro 5,906 thousand from December 31, 2023.

Property, plant and equipment increased by euro 3,237, mainly due to the signing of two lease agreements for the new showroom in New York and the new office in London.

Net value of the Right of Use booked in Property, plant and equipment, in accordance with IFRS16, is euro 16,568 thousand. The depreciation of right of use recognized as of March 31, 2024 in the income statement is euro 1,502 thousand.

Goodwill increase by euro 2,167 thousand is only due to translation effect. Based on IAS 36 accounting principle (Impairment of assets), management evaluated Goodwill did not suffer any impairment losses, given no trigger events occurred since December 31, 2023.

Deferred tax assets increase by euro 1,361 thousand is mainly due to the recognition of deferred taxation on the estimated income tax expenses computation based on for the interim results as at March 31, 2024.

## 2. Current assets

The composition of current assets is shown below:

Current assets (euro/000)	03/31/2024	12/31/2023	Increase/decrease	
			euro	%
Inventories	102,125	96,277	5,849	6.1%
Trade receivables	95,624	81,312	14,312	17.6%
Other current assets	26,393	23,663	2,730	11.5%
Current financial assets		136	(136)	(100.0)%
Cash and bank balances	54,235	56,519	(2,284)	(4.0)%
<b>Total current assets</b>	<b>278,377</b>	<b>257,906</b>	<b>20,471</b>	<b>7.9%</b>

Total value of current assets increased by euro 20,471 thousand from December 31, 2023, mainly as a result of the combined effect of the changes listed below.

Inventories increase compared to December 31, 2023 is mainly due to seasonality effect (driven by an increase on purchases of goods for the launch of new collections). DOI index keeps reducing.

The increase in Trade receivables compared to December 31, 2023 is largely affected by business seasonality on the trend of sales. Overall, DSO index keeps maintaining great level, thanks to a deep focus on cash collection. Trade receivables are shown net of the provision for doubtful debts.

Other current assets mainly include VAT credit amount, prepaid expenses and right to receive goods back accounted in accordance with IFRS15.

“Cash and bank balances” movement over the period is presented into the “condensed consolidated statement of cash flow”.

### 3. Equity

The Parent Company's share capital is euro 35,902,749.82, fully paid up, divided into 61,458,375 ordinary shares with no indication of nominal value. As of March 31, 2024, the share capital was wholly owned by Tofane SA.

Share premium reserve is euro 170,304 thousand as of March 31, 2024. Shareholders deposit in share capital is euro 121,108 thousand.

Legal reserve of euro 7,180 thousand has reached the required threshold imposed by Italian Civil Code Article 2430.

Translation reserve of euro 7,338 thousand refers to the translation into euros of the financial statements of Group companies whose functional currency differs from the euro.

Other reserves of euro -18,311 thousand mainly include Retained losses from previous years and the recognition of the estimated value of the put/call options on minorities' interests.

The Condensed Consolidated Statement of Changes in Equity provides more detailed information.

### 4. Non-current liabilities

The composition of non-current liabilities is shown below:

Non-current liabilities (euro/000)	03/31/2024	12/31/2023	Increase/decrease	
			euro	%
Non-current financial liabilities	413,479	408,793	4,686	1.1%
Non-current funds	8,942	8,429	514	6.1%
Deferred tax liabilities	6,849	6,072	777	12.8%
Other non-current liabilities	6,454	6,534	(80)	(1.2)%
<b>Total non-current liabilities</b>	<b>435,726</b>	<b>429,828</b>	<b>5,897</b>	<b>1.4%</b>

Non-current financial liabilities mainly include:

- i) the non-convertible, non-subordinated senior bond loan issued on 27 May 2021 for a nominal amount of 350 million euro, at a fixed rate of 6.125%, with maturity date November 2026;
- ii) the 25 million euro loan granted by the shareholder Tofane SA, including accrued interests at the balance sheet date for 5.7 million euro;
- iii) the amount of non-current financial lease liabilities recognized in accordance with IFRS16 for euro 11,776 thousand;
- iv) the 30 million euro financial loan drawn to partially finance the acquisition of the ic! berlin. The component classified on non-current financial liabilities as at March 31, 2024 amounts to 25,200 thousand euro.

As far as the increase of non-current financial liabilities compared to December 2023, it mainly refers to the signing of two lease agreements for the new showroom in New York and the new office in London accounted in accordance with IFRS16.

### 5. Current liabilities

Current liabilities are set forth below:

Current liabilities (euro/000)	03/31/2024	12/31/2023	Increase/decrease	
			euro	%
Trade payables	131,480	131,588	(107)	(0.1)%
Current financial liabilities	26,546	22,459	4,087	18.2%
Current funds	20,439	19,772	666	3.4%
Tax liabilities and others	41,079	35,807	5,272	14.7%
<b>Total current liabilities</b>	<b>219,543</b>	<b>209,626</b>	<b>9,918</b>	<b>4.7%</b>

Trade payables as of March 31, 2024 amounted to euro 131,480 thousand, substantially aligned with December 31, 2023. The balance benefits from a tight policy in the choice of suppliers and payment terms negotiations,

together with a corporate culture spread throughout all departments aimed at an efficient management of operating working capital.

Current financial liabilities mainly include i) euro 11,800 thousand short-term borrowings from banks (which includes 1) the current portion, for 4,800 thousand euro of the loan taken out in 2023 to finance the acquisition of ic! berlin and 2) the drawdown of the super senior revolving (ssRCF) line for 7.0 million euro as at March 31, 2024), ii) euro 5,895 thousand current lease liability accounted in accordance with IFRS16, iii) accrued Bond interests for euro 8,141 thousand, whose next payment is due by mid-May 2024.

Current funds amounted as of March 31, 2024 to euro 20,439 million and they are mainly made up of returns provision and product warranty provision.

Tax liabilities and others mainly include corporate income tax liabilities referred to FY2023 tax computation, the accrued corporate income tax liabilities accounted based on the estimated tax expenses for the interim results as at March 31, 2024, VAT credit amounts and employees' liabilities such as wages, vacations and bonuses not yet paid.

## 6. Net financial position

The net financial debt as of March 31, 2024 is set forth below in comparison with December 31, 2023:

Net financial debt (euro/000)	03/31/2024	12/31/2023	Increase / Decrease	
			euro	%
Cash and cash equivalents	54,235	56,519	(2,284)	(4.0)%
Current and non-current financial assets	0	159	(159)	(100.0)%
Current financial liabilities	(21,746)	(17,659)	(4,087)	23%
Current portion of non-current financial liabilities	(4,800)	(4,800)	-	0%
Non-current financial liabilities	(413,479)	(408,793)	(4,686)	1.1%
<b>Net financial position</b>	<b>(385,790)</b>	<b>(374,574)</b>	<b>(11,216)</b>	<b>3%</b>
Loan from parent company Tofane SA	30,652	30,279	373	1.2%
<b>Net financial position Adjusted</b>	<b>(355,138)</b>	<b>(344,295)</b>	<b>(10,843)</b>	<b>3.1%</b>

Reported net financial debt is euro 385,790 thousand, compared to euro 374,574 thousand as at December 31, 2023.

Main components of the Group's financial indebtedness are:

- the bond notes for a notional amount of euro 350 million;
- the 25 million euro loan granted by the shareholder Tofane SA and accrued interests for 5.7 million euro;
- the *Super Senior Revolving Facility* for a maximum amount of euro 46.2 million euro, drawn for 7.0 million euro as at March 31, 2024;
- the 30 million euro term loan facility arranged in October 2023 to finance the acquisition of ic! berlin.

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## ANALYSIS OF CONDENSED CONSOLIDATED INCOME STATEMENT

Group's interim Condensed Consolidated Income Statement as of March 31, 2024 is summarized below compared to the results as of March 31, 2023.

Consolidated income statement (euro/000)	03/31/2024		03/31/2023	
	euro	% of net revenues	euro	% of net revenues
Net revenues	145,633	100.0%	152,322	100%
Gross profit	93,859	64.4%	94,292	61.9%
Ebitda	25,748	17.7%	23,664	15.5%
Operating income - Ebit	19,115	13.1%	17,106	11.2%
Financial income and costs	(7,577)	(5.2)%	(6,847)	(4.5)%
Profit before taxes	11,539	7.9%	10,260	6.7%
Net profit/(loss) for the period	7,277	5.0%	6,794	4.5%

First quarter 2024 Net Revenues are euro 145,633 thousand, compared to euro 152,322 thousand for the three months of 2023. Despite a slight decrease on Net Revenues, Reported Ebitda increased compared to previous period to euro 25,748 thousand, compared to 23,664 thousand for the three months of 2023. Adjusted Ebitda (excluding extraordinary transactions) is euro 25,687 thousand (17.6% of Net Revenues), compared to euro 23,664 thousand (15.5% of Net Revenues) on March 31, 2023.

Adjusted Ebitda and Ebit are shown in the table below:

Economic indicator - Adjusted (euro/000)	03/31/2024		03/31/2023	
	euro	% of net revenues	euro	% of net revenues
Ebitda Adjusted	25,687	17.6%	23,664	15.5%
Ebit Adjusted	19,054	13.1%	17,106	11.2%

## 7. Net Revenues

The following table sets forth the Net Revenues by geographical area (destination markets):

Net Revenues by geographical area (euro/000)	03/31/2024		03/31/2023		Increase (decrease)	
	Net Revenues	% on total	Net Revenues	% on total	Euro	%
EMEA	73,122	50.2%	76,501	50.2%	(3,379)	(4.4)%
Americas	52,020	35.7%	57,910	38.0%	(5,890)	(10.2)%
Asia	13,040	9.0%	10,949	7.2%	2,091	19.1%
Rest of World	7,450	5.1%	6,961	4.6%	489	7.0%
<b>Total</b>	<b>145,633</b>	<b>100.0%</b>	<b>152,322</b>	<b>100.0%</b>	<b>(6,689)</b>	<b>(4.4)%</b>

First quarter 2024 Net Revenues are euro 145,633 thousand and show a decrease of euro 6,689 thousand (-4.4% at current exchange rate, -3.8% at constant exchange rate) compared to the same period of 2023.

For comparative purposes, excluding the positive effect of 2024 new brands and the negative effect of discontinued brands, Net Revenues decrease is -0.4% (slight increase at +0.3% applying constant exchange rates).

EMEA Net Revenues amounted to 73,122 thousand euro, showing a decrease of -4.4% compared to the previous period (-3.8% at constant exchange rates). For comparative purposes, excluding the positive effect of 2024 new brands and the negative effect of discontinued brands, Net Revenues increase is +2.2%.

Americas ended the First Quarter 2024 with a decrease of -10.2% compared to previous period (-9.8% at constant exchange rates). Such a trend is mainly driven by a softening on customer sell-out for diffusion brands on Key Accounts and Optical channel. For comparative purposes, excluding the positive effect of 2024 new brands and the negative effect of discontinued brands, Net Revenues decrease is -7.4%.

Net Revenues in Asia kept maintaining the significant ramp up momentum experienced during the last couple of years leveraging the recent reorganization of the entire APAC Region. First quarter 2024 is +19.1% at current

exchange rates and +21,1% at constant exchange rates compared to 2023. Growth is mainly attributable to China and APAC Distributor channels.

Rest of World Net Revenues amounted to 7,450 thousand euro, showing an increase of +7.0% compared to the previous period. Rest of world is a category mainly including emerging markets.

## 8. Cost of sales

The following table shows a detailed breakdown of the cost of sales:

<b>Cost of Sales</b> <i>(euro/000)</i>	<b>03/31/2024</b>	<b>% on net revenues</b>	<b>03/31/2023</b>	<b>% on net revenues</b>
Product cost	45,059	30.9%	52,399	34.4%
Cost of personnel	3,667	2.5%	3,117	2.0%
Amortization, depreciation and writedowns	1,074	0.7%	922	0.6%
Other production cost	1,974	1.4%	1,591	1.0%
<b>Total</b>	<b>51,773</b>	<b>35.6%</b>	<b>58,029</b>	<b>38.1%</b>

Cost of sales amounted to euro 51,773 thousand for the three months ended March 31, 2024, with a decrease of euro 6,256 thousand, or 10.8%, from euro 58,029 thousand for the three months ended March 31, 2023.

Cost of sales as a percentage of Net Revenues is 35.6% for the three months ended March 31, 2024 compared to 38.1% for the three months ended March 31, 2023. Such improvement is a direct consequence of a positive brand and channel mix, together with efficiency in production, procurement, and supply chain.

Other costs mainly refer to other purchasing expenses and consulting services.

## 9. Distribution and marketing expenses

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

<b>Distribution and marketing expenses</b> <i>(euro/000)</i>	<b>03/31/2024</b>	<b>% on net revenues</b>	<b>03/31/2023</b>	<b>% on net revenues</b>
Cost of personnel	16,140	11.1%	15,059	9.9%
Commissions	7,974	5.5%	8,176	5.4%
Amortization	4,350	3.0%	4,768	3.1%
Royalties	16,441	11.3%	17,109	11.2%
Advertising and PR	10,819	7.4%	13,693	9.0%
Other costs	7,637	5.2%	7,732	5.1%
<b>Total</b>	<b>63,361</b>	<b>43.5%</b>	<b>66,537</b>	<b>43.7%</b>

Distribution and marketing expenses amounted to euro 63,361 thousand for the three months ended March 31, 2024, showing a decrease of euro 3,176 thousand or -4.8% from euro 66,537 thousand for three months ended March 31, 2023.

Commissions expenses amounted to euro 7,974 thousand in 2024, showing a decrease of 2.5% from the euro 8,176 thousand for the three months ended March 31, 2023.

Royalties amounted to euro 16,441 thousand (as a percentage of Net Revenues is 11.3% compared to 11.2% during 2023).

Advertising and PR expenses in 2024 amounted to euro 10,819 thousand, a decrease of euro 2,873 thousand, or 21.0%, from the euro 13,693 thousand in the same period of 2023. As a percentage of Net Revenues, Advertising and PR expenses in 2024 is 7.4%, compared to 9.0% of 2023. Such decrease is mainly due to a different timing on marketing activities compared to previous year.

“Other costs” mainly refers to freight-out expenses, business travel, rent and services. In 2024, other costs amounted to euro 7,637 thousand, a decrease of euro 0.1 million, or 1.2%, from the euro 7,732 thousand in the

same period of 2023. As a percentage of Net Revenues, they are 5.2%, compared to 5.1% for the three months ended March 31, 2023.

## 10. General and administrative expenses

The general and administrative expenses are set forth below:

<b>General and administrative expenses (euro/000)</b>	<b>03/31/2024</b>	<b>% on net revenues</b>	<b>03/31/2023</b>	<b>% on net revenues</b>
Cost of personnel	4,943	3.4%	4,571	3.0%
Amortization and writedowns	1,210	0.8%	867	0.6%
Other costs	5,239	3.6%	5,374	3.5%
<b>Total</b>	<b>11,392</b>	<b>7.8%</b>	<b>10,812</b>	<b>7.1%</b>

General and administrative expenses amounted to euro 11,392 thousand for the three months ended March 31, 2024, compared to euro 10,812 thousand the three months ended March 31, 2023. As a percentage of Net Revenues, in 2024 general and administrative expenses is 7.8%, compared to 7.1% for 2023.

## 11. Other operating income and expenses

Other operating income and expenses amounted to a net euro 9.4 thousand income for the three months ended March 31, 2024. The amount mainly refers to other rebilling, compensation for damages and other minor non-operating expenses.

## 12. Financial income and costs

Net Financial Income and expenses amounted to a net euro 7,577 thousand expenses for the three months ended March 31, 2024 compared to euro 6,847 thousand expenses for the three months ended March 31, 2023. With reference to Financial Expenses, the main component refers to the interest expenses on the euro 350 million bond for a total amount of 6.3 million euro as of March 31, 2024. The slight increase of Financial expenses compared to previous year is mainly due to the interests on the new 30 million euro term loan facility arranged on October 2023. Foreign currency management contributed to a net gain of 0.2 million euro compared to a net gain of euro 0.3 million on previous year.

## 13. Income tax expense

The estimated income tax expense amounted to euro 4,262 thousand for the three months ended March 31, 2024, compared to the euro 3,466 thousand the three months ended March 31, 2023.

Current and deferred income tax are calculated by applying the tax rates on reasonably estimated taxable income, determined in accordance with the tax regulations in force. Income tax expense has been calculated on a prudential basis, considering the tax effect on subsidiaries with taxable net income while not considering the deferred tax asset over some entities with taxable net losses and new startup companies.

## OTHER INFORMATIONS

### SUBSEQUENT EVENTS

Between March 31, 2024 and the date of approval of the interim condensed consolidated financial statements as of March 31, 2024, no events occurred that could have material effects on the reported financial results in accordance with IAS 10.

### DISCLOSURE OF ATYPICAL, UNUSUAL AND RELATED-PARTY TRANSACTIONS

The information with respect to atypical and unusual transactions, and transactions with related parties, is provided below.

#### *Significant non-recurring events and transactions*

In the first three months of 2024 there were no significant non-recurring events and/or transactions.

#### *Atypical and unusual transactions*

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

#### *Transactions with related parties*

Intercompany and related-party transactions consists of trade or financial one and are conducted on an arm's length basis. The transactions and outstanding balances with respect to related parties as of March 31, 2024 are shown below, as required by IAS 24:

<b>Company</b> <i>(euro/000)</i>	<b>Expenses</b>	<b>Revenues</b>	<b>Payables</b>	<b>Receivables</b>	<b>Type</b>
<b>Other related parties</b>					
Pai Partners Sas	-	-	50	-	Related party
Family Marcolin	103	-	31	-	Related party
Tofane SA	373	-	30,652	668	Consolidating
<b>Total</b>	<b>476</b>	<b>-</b>	<b>30,732</b>	<b>668</b>	

The same table is set forth as of March 31, 2023:

<b>Company</b> <i>(euro/000)</i>	<b>Expenses</b>	<b>Revenues</b>	<b>Payables</b>	<b>Receivables</b>	<b>Type</b>
<b>Other related parties</b>					
Pai Partners Sas	-	-	50	-	Related party
Family Marcolin	103	-	(5)	0	Related party
3 Cime S.p.A	370	-	29,149	7,644	Consolidating
<b>Total</b>	<b>473</b>	<b>-</b>	<b>29,193</b>	<b>7,644</b>	

Milan, May 9, 2024

For the Board of Directors  
C.E.O.  
*Fabrizio Curci*





