MARCOLIN

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023

Marcolin Spa Single Shareholder Company I Headquarters and Administrative Offices: Zona Industriale Villanova, 4 – 32013 Longarone (BL) – Italy I Share Capital: € 35.902.749,82 i.v. | Fiscal Code and Company Registration No.: BL 01774690273 | R.E.A. 64334 Belluno VAT No. 00298010257 | Phone +39 0437 777111 | www.marcolin.com

CONTENTS

GENERAL INFORMATION 5

CORPORATE BOARDS AND AUDITORS 7

MARCOLIN GROUP STRUCTURE 8

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 9

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION 11

CONDENSED CONSOLIDATED INCOME STATEMENT AND CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 12

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 13

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS 14

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 15

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 [4]	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

Control and Risk 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

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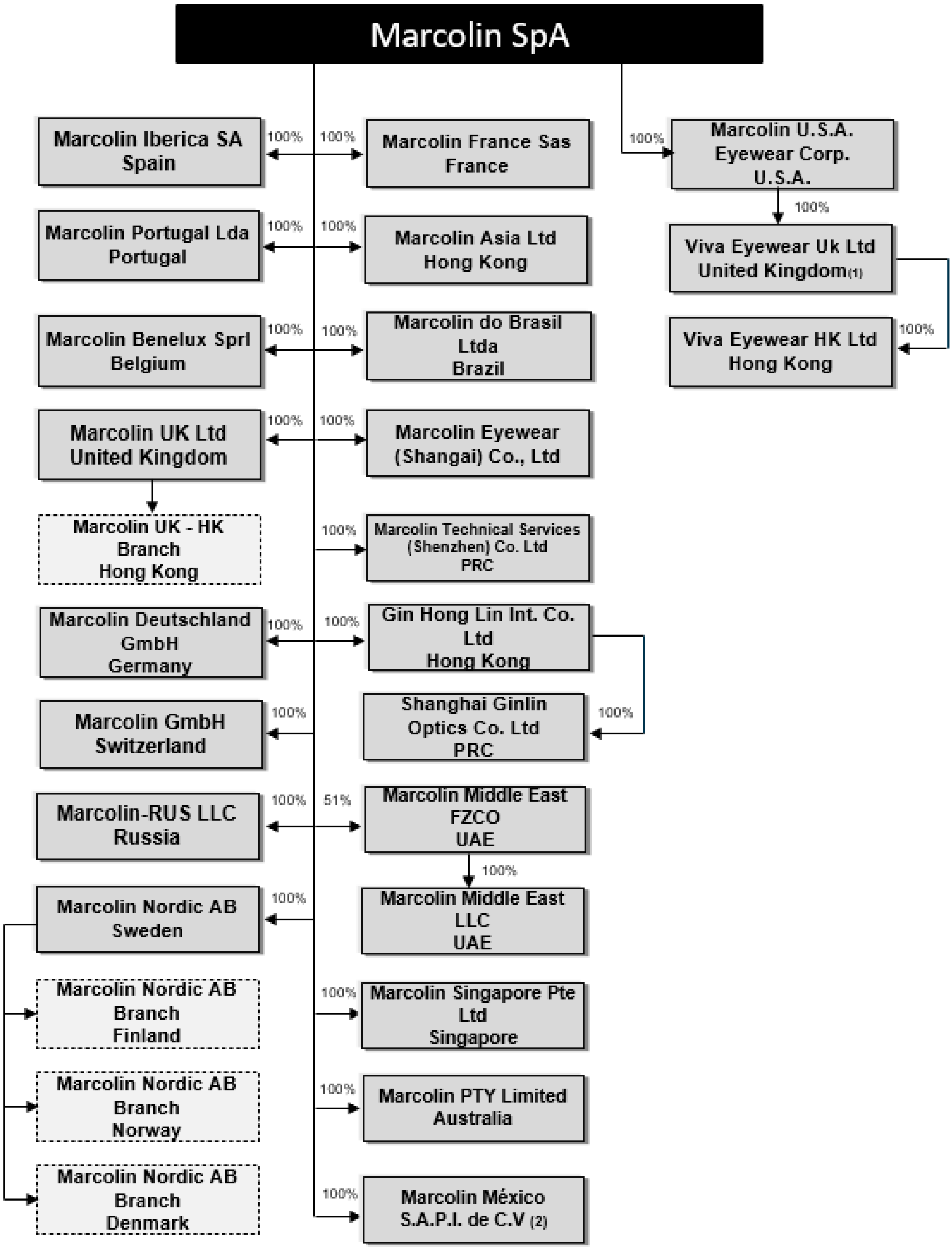
1) Term of office ends on the date of the General Meeting called to approve the financial statements as of 31 December 2024 (pursuant to the General Meeting resolution of 28 April 2022).

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

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

4) Number of Directors has been redefined passing from 10 to 11 (pursuant to the Shareholders Meeting resolution of 19 April 2023) and Mr Cristiano Agogliati has been appointed. He will hold the office, together with other Directors, until the approval of the financial statements as of 31 December 2024.

MARCOLIN GROUP STRUCTURE



1) Company undergoing liquidation;

2) On July 5, 2023 Marcolin SpA purchased the non-controlling interests of Marcolin México, after the deal it owns 100% of the Mexican subsidiary.

INTERIM CONDENSED
CONSOLIDATED FINANACIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(euro/000)	Notes	09/30/2023	31/12/2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1	40,581	41,855
Intangible assets	1	271,250	43,195
Goodwill	1	294,116	293,359
Deferred tax assets	1	55,891	52,354
Other non-current assets	1	973	824
Non-current financial assets	1; 6	-	232
Total non-current assets		**662,811**	**431,819**
CURRENT ASSETS			
Inventories	2	107,327	106,615
Trade receivables	2	80,671	75,464
Other current assets	2	26,804	30,952
Current financial assets	2; 6	17	100
Cash and cash equivalents	2; 6	55,407	225,995
Total current assets		**270,226**	**439,125**
TOTAL ASSETS		**933,036**	**870,944**
EQUITY	3		
Share capital		35,902	35,902
Additional paid-in capital		170,304	170,304
Legal reserve		7,180	7,180
Other reserves		124,634	53,854
Retained earnings (losses)		(17,090)	(11,265)
Profit (loss) for the period		12,534	(7,825)
Group equity		**333,462**	**248,151**
Non controlling interests		-	2,901
TOTAL EQUITY		**333,462**	**251,052**
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current financial liabilities	4; 6	383,015	381,441
Non-current funds	4	7,537	6,469
Deferred tax liabilities	4	8,196	4,862
Other non-current liabilities	4	2,947	941
Total non-current liabilities		**401,695**	**393,714**
CURRENT LIABILITIES			
Trade payables	5	130,049	160,465
Current financial liabilities	5; 6	13,374	11,111
Current funds	5	20,824	20,988
Tax liabilities	5	8,518	8,130
Other current liabilities	5	25,115	25,483
Total current liabilities		**197,880**	**226,178**
TOTAL LIABILITIES		**599,574**	**619,892**
TOTAL LIABILITIES AND EQUITY		**933,036**	**870,944**

CONDENSED CONSOLIDATED INCOME STATEMENT AND CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(euro/000)	Notes	09/30/2023	%	09/30/2022	%
Net Revenues	7	421,632	100.0%	409,745	100.0%
Cost of sales	8	(158,890)	(37.7)%	(166,501)	(40.6)%
GROSS PROFIT		**262,742**	**62.3%**	**243,244**	**59.4%**
Distribution and marketing expenses	9	(187,656)	(44.5)%	(185,533)	(45.3)%
General and administrative expenses	10	(31,952)	(7.6)%	(33,185)	(8.1)%
Other operating income/(expenses)	11	1,387	0.3%	(2,159)	(0.5)%
OPERATING INCOME - EBIT		**44,521**	**10.6%**	**22,367**	**5.5%**
Financial income	13	8,497	2.0%	12,269	3.0%
Financial costs	13	(29,390)	(7.0)%	(30,412)	(7.4)%
PROFIT (LOSS) BEFORE TAXES		**23,627**	**5.6%**	**4,223**	**1.0%**
Income tax expense	14	(10,095)	(2.4)%	(2,376)	(0.6)%
NET PROFIT (LOSS) FOR THE PERIOD		**13,533**	**3.2%**	**1,847**	**0.5%**
Profit (loss) attributable to:					
- Owners of the parent		12,534	3.0%	267	0.1%
- Non-controlling interests		999	0.2%	1,579	0.4%

(euro/000)	09/30/2023	09/30/2022
NET PROFIT (LOSS) FOR THE PERIOD	**13,533**	**1,847**
Other items that will not subsequently be reclassified to profit or loss:		
Effect (actuarial gains/losses) on defined benefit plans, net of taxes	-	-
TOTAL OTHER ITEMS THAT WILL NOT SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS	**-**	**-**
Other items that will be subsequently reclassified to profit or loss:		
Change in foreign currency translation reserve	954	16,252
Change in exchange rate difference on quasi equity loan	473	8,037
TOTAL OTHER ITEMS THAT WILL BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS	**1,427**	**24,289**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD	**14,959**	**26,136**
Risultato complessivo attribuibile:		
- owners of the parent	13,907	24,314
- non-controlling interests	1,052	1,822

CONDENSED 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 paid	-	-	-	-	-	-	-	-	-	-	(682)	(682)
- Period result	-	-	-	-	-	-	-	-	267	267	1,579	1,847
- Other components of comprehensive income	-	-	-	-	16,009	8,037	-	-	-	24,046	243	24,289
Total comprehensive income	-	-	-	-	16,009	8,037	-	-	267	24,313	1,822	26,136
September 30, 2022	**35,902**	**170,304**	**7,180**	**46,108**	**22,090**	**3,353**	**(64)**	**(11,265)**	**267**	**273,876**	**2,603**	**276,479**
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 paid	-	-	-	-	-	-	-	-	-	-	(1,108)	(1,108)
Shareholders Capital increase	-	-	-	75,000	-	-	-	-	-	75,000	-	75,000
Transaction with non-controlling interests	-	-	-	-	-	(3,596)				(3,596)	(845)	(4,441)
- Period result	-	-	-	-	-	-	-	-	12,534	12,534	999	13,533
- Other components of comprehensive income	-	-	-	-	900	473	-	-	-	1,373	53	1,427
Total comprehensive income	-	-	-	-	900	473	-	-	12,534	13,907	1,052	14,959
Non-controlling interests' put-call options	-	-	-	-	-	(2,000)	-	2,000	-	-	(2,000)	(2,000)
September 30, 2023	**35,902**	**170,304**	**7,180**	**121,108**	**9,334**	**(5,998)**	**190**	**(17,090)**	**12,534**	**333,462**	**-**	**333,462**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(euro/000)	09/30/2023	09/30/2022
OPERATING ACTIVITIES		
Profit (loss) for the period	13,533	1,847
Depreciation and amortization	17,555	18,887
Provisions	10,438	11,443
Income tax expense	10,095	2,376
Accrued interest expense	20,893	18,144
Adjustments to other non-cash items	(41)	(16)
Cash generated by operations	*72,473*	*52,681*
(Increase)/decrease in trade receivables	(5,174)	(8,313)
(Increase)/decrease in inventories	(9,239)	(21,382)
(Decrease)/increase in trade payables	(26,611)	18,258
Cash generated by change in operating working capital	*(41,024)*	*(11,438)*
(Increase) decrease in other assets	(4,787)	(849)
(Decrease)/increase in other liabilities	(637)	558
(Use) of current and non-current provisions	(353)	(309)
(Decrease)/increase in current tax liabilities	(51)	(1,074)
Other elements in working capital	*(5,828)*	*(1,675)*
Income taxes paid	(3,865)	(3,033)
Interest received	585	102
Interest paid	(12,479)	(12,126)
Total cash generated by change in other items of net working ca	*(21,588)*	*(16,732)*
Net cash from /(used in) net working capital	*(62,612)*	*(28,170)*
Net cash from /(used in) operating activities	**9,861**	**24,511**
INVESTING ACTIVITIES		
(Purchase) of property, plant and equipment	(5,200)	(4,254)
Disposal of property, plant and equipment	41	16
(Investments) in intangible assets	(235,125)	(6,234)
Net cash from /(used in) investing activities	**(240,285)**	**(10,472)**
FINANCING ACTIVITIES		
Financial Assets		
- Repayments	-	700
Financial Loans from banks		
- Proceeds from borrowings	-	1,122
- Repayments of borrowings	(335)	(2,028)
Principal elements of lease payments	(4,322)	(3,085)
Other current and non current financial liabilities	(3,881)	(17,344)
Transactions with non-controlling interests	(4,441)	-
Dividends paid to minorities	(1,108)	(682)
Shareholders capital increase	75,000	
Net cash from /(used in) financing activities	**60,913**	**(21,317)**
Net increase/(decrease) in cash and cash equivalents	**(169,510)**	**(7,278)**
Effect of foreign exchange rate changes	(1,077)	4,097
Cash and cash equivalents at the beginning of year	**225,995**	**228,848**
Cash and cash equivalents at the end of the period	**55,407**	**225,666**

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 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.

In 2022, Marcolin Group sold around 14 million glasses worldwide, achieving a net turnover of 547 million euro, with a total of 1,854 employees, plus a far-reaching and well-structured network of independent agents present in a network of direct branches and other distribution partners, reaching over 125 different countries. In recent years, the focus has been on developing the APAC region, since it plays a strategic role for the Group given the specific nature of the products offered and the propensity to purchase medium-high-end products from Asian countries. In this context, the reorganization of the region led to the opening of a new affiliate in Shanghai in July 2021, which will lead to an increase in the Group's organic growth in the local market, offering products developed specifically for the Chinese market, thanks to in-depth expertise in fitting and design processes and close collaboration with the country's major customers. Moreover, the APAC regional business center was relocated to Singapore in 2022 as a strategic hub for the development of this business region in the near future.

During 2023 Marcolin executed some extraordinary and long-lasting investments. On April 28, 2023 the Group closed a long-term license with The Estée Lauder Companies (“ELC”) for TOM FORD eyewear. This represents a substantial extension of Marcolin’s license with TOM FORD. The new license agreement is perpetual and provides for an upfront payment by Marcolin of usd 250 million to TOM FORD, which is now owned by ELC. This was funded by a combination of available cash and a capital increase of euro 75 million by Marcolin’s shareholders. The usd 250 million has been hedged by the Group through a deal contingent FX forward contract. On July 5, 2023 Marcolin Group completed the acquisition of its own subsidiary in México. The Group has been present in the market for 6 years through a joint venture. As part of its greater corporate strategy to enhance its presence in key markets, the Group acquired the remaining 49% of the shares of the joint venture.
Marcolin México, located in México City, will continue to closely support local stakeholders, while further improving and quickening responses to clients’ needs in a market with a strong growth potential.

On financial side, Marcolin continued its projects to streamline and improve the management of working capital (focusing on all its main components such as trade receivables, trade payables and inventory management) with positive effects on cash generation. The Group's main source of financing as of September 30, 2023 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, which was undrawn as at 30 September 2023.

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.

On September 2023 Marcolin and the German luxury leather goods and accessories brand MCM have signed an exclusive licensing agreement for the design, production and worldwide distribution of its eyewear until December 31, 2028. The first MCM sunglasses and optical collections produced by Marcolin will hit selected stores starting in January 2024.

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, PUCCI, Moncler, Barton Perreira, Bally, Max Mara, Sport Max and MCM and in the Diffusion sector with the brands Guess, Guess by Marciano, GANT, Harley Davidson, Max&Co, Skechers, BMW, GCDS, Timberland, Kenneth Cole, Candie's and other brands specifically for the US market. The sports sector is represented by adidas Badge of Sport and adidas Originals while the proprietary brand is WEB EYEWEAR.

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.

The war in Ukraine and the latest intensification of the Israel-Palestine conflict together with a persistence of high inflation and high interest rate contribute to maintain a climate of significant uncertainty that could have negative impact on businesses. Despite a 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 nine months ended September 30, 2023 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, 2022.
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 nine months ended September 30, 2023 are consistent with those used to prepare the annual consolidated financial statements as of December 31, 2022, 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, 2022.
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, 2023

The following new standards and amendments became effective on January 1, 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, it will enter into force on 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, it will enter into force on 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, it will enter into force on 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, it will enter into force on 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, it will enter into force on 1 January 2023.

The above amendments had no impact on the Group.

New accounting standards and interpretations approved by the European Union and effective for periods after September 30, 2023

The following new standards and amendments became effective after September 30, 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 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).

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

Amendments to IAS 12 Income taxes: International Tax Reform – PillarTwo Model Rules (issued 23 May 2023).

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

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

At the date of preparation of the condensed consolidation interim financial statements, any new standards and interpretations had been issued by IASB but not yet endorsed by the EU.

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 uncertainly 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, 2022.

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 sales 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

The Marcolin Group's interim condensed consolidated financial statements for the nine months ended September 30, 2023 reflect the consolidated companies at that date, i.e. Marcolin SpA (the Parent Company), its Italian and 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%	
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%	
Marcolin UK Ltd (HK Branch)	HKD	-	Full consolidation	100.0%	
Gin Hong Lin Intenational Co Ltd	HKD	25,433,653	Full consolidation	100.0%	
Shanghai Ginlin Optics Co Ltd	CNY	22,045,100	Full consolidation		100.0%

On July 5, 2023, Marcolin SpA purchased the non-controlling interests on Marcolin México. After the deal Marcolin SpA owns 100% of the Mexican subsidiaries. No other changes in the scope of consolidation occurred since December 31, 2022.

Marcolin Middle East FZCO is 51% controlled by Marcolin SpA and its equity is considered 100% Group Equity in the condensed consolidated statement of financial position and in the condensed consolidated statement of changes in equity, in accordance with IAS32 given the existence of a Put / Call options on non-controlling interests.

Italian tax consolidation

The Company acts as a consolidated entity in the Italian tax consolidation regime according to Article 117 et seq. of Presidential Decree n. 917, December 22, 1986 (Italian Tax Code or "TUIR") that allows the determination of a single corporate income tax (IRES) taxable base which is the algebraic sum of the taxable income and tax losses of each of the participating entities, together with the ultimate parent company, 3 Cime SpA, which acts as the consolidating entity. Once the election for Italian tax consolidation is made, it cannot be revoked until three fiscal years have passed and, from 2017, the option for consolidated taxation is automatic renewal at the end of the three-year period.
The participation to the Italian tax consolidation regime enables each participant (including the Company) to optimize the financial management of IRES, for example by netting the taxable income and tax losses of each participant within the tax group or by transferring the tax credits to other group companies, which can offset such credits against their own taxes.

Tax consolidation transactions are summarized below:

- in years with taxable income, Company pays to 3 Cime SpA the additional tax due to the Italian tax authority;
- 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 realized, accounted on an accrual basis;
- the tax is paid only when 3 Cime SpA actually uses the tax loss carried to the tax consolidation regime;
- if 3 Cime SpA and the Company do not renew the tax consolidation option, or if the requirements for 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.

Exchange rates

The following table lists the exchange rates used for currency translation (the closing and average exchange rates refer to September 30, 2023 and January-to-September 2023, respectively):

Currency	Symbol	Closing exchange rate			Average exchange rate		
		09/30/2023	09/30/2022	Change	2023	2022	Change
Dirham Emirati Arabi	AED	3.891	3.580	8.7%	3.978	3.907	1.8%
Australian Dollar	AUD	1.634	1.508	8.4%	1.621	1.504	7.7%
Brasilian Real	BRL	5.307	5.258	0.9%	5.425	5.463	(0.7)%
Swiss Franc	CHF	0.967	0.956	1.1%	0.977	1.012	(3.4)%
Renminbi	CNY	7.735	6.937	11.5%	7.624	7.019	8.6%
Danish Krone	DKK	7.457	7.437	0.3%	7.449	7.440	0.1%
English Pound	GBP	0.865	0.883	(2.1)%	0.871	0.847	2.8%
Hong Kong Dollar	HKD	8.296	7.652	8.4%	8.486	8.333	1.8%
Mexican Pesos	MXN	18.503	19.639	(5.8)%	19.280	21.554	(10.5)%
Norwegian krone	NOK	11.254	10.584	6.3%	11.348	10.007	13.4%
Ruble	RUB	102.098	51.797	97.1%	89.693	75.124	19.4%
Swedish Krone	SEK	11.533	10.899	5.8%	11.479	10.527	9.0%
USA Dollar	USD	1.059	0.975	8.7%	1.083	1.064	1.8%

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)	09/30/2023	12/31/2022	Increase/decrease	
			euro	%
Property, plant and equipment	40,581	41,855	(1,274)	(3.0)%
Intangible assets	271,250	43,195	228,055	100.0%
Goodwill	294,116	293,359	757	0.3%
Deferred tax assets	55,891	52,354	3,537	6.8%
Other non-current assets	973	824	149	18.1%
Non-current financial assets	-	232	(232)	(100.0)%
Total non-current assets	**662,811**	**431,819**	**230,992**	**53.5%**

Net value of non-current assets increased by euro 230,992 thousand from December 31, 2022. Such increase is mainly related to the accounting methodology, in accordance with IAS 38 and IAS 36, applied to the upfront payment executed by Marcolin of usd 250 million for the signature of a perpetual license with The Estée Lauder Companies (“ELC”) for TOM FORD eyewear. The intangible asset has an indefinite useful life.
The net value of the Right of Use booked in Property, plant and equipment, in accordance with IFRS16, is euro 11,246 thousand. The depreciation of right of use recognized as of September 30, 2023 in the income statement is euro 4,557 thousand.
Goodwill increase by euro 0,757 thousand is only due to translation effect.
Deferred tax assets increase by euro 3,537 thousand is mainly due to the recognition of deferred taxation over previous years temporary non-deductible financial interests in Marcolin SpA.
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, 2022, based on positive results of nine month of 2023, in line with management expectations.

2. Current assets

The composition of current assets is shown below:

Current assets (euro/000)	09/30/2023	12/31/2022	Increase/decrease	
			euro	%
Inventories	107,327	106,615	711	0.7%
Trade receivables	80,671	75,464	5,207	6.9%
Other current assets	26,804	30,952	(4,148)	(13.4)%
Current financial assets	17	100	(83)	(83.0)%
Cash and bank balances	55,407	225,995	(170,587)	(75.5)%
Total current assets	**270,226**	**439,125**	**(168,900)**	**(38.5)%**

The total value of current assets decreased by euro 168,900 thousand from December 31, 2022, mainly as a result of the combined effect of the changes listed below.

Inventories value is substantially unchanged from 31 December 2022, confirming management actions implemented since FY22 to gain efficiency on inventories management. DOI index keeps reducing.

The increase in Trade receivables compared to December 31, 2022 is largely affected by business seasonality effect. 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. The decrease is mainly due to the accounting of the tax effect as of 30 September 2023, reducing the net tax consolidation receivable towards the parent company 3 Cime SpA.

Finally, the significant decrease in cash and bank balances is explained in Group’s Consolidated Statement of Cash Flow Statement and it is largely affected by TOM FORD deal with ELC.

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 September 30, 2023, the share capital was wholly owned by 3 Cime SpA.

Share premium reserve is euro 170,304 thousand as of September 30, 2023. Shareholders deposit in share capital is euro 121,108 thousand and increased by 75 million euro after the Shareholders' capital increase executed on 28 April 2023 as part of the Tom Ford deal with ELC.

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

The translation reserve of euro 9,334 thousand refers to the translation into euros of the financial statements of Group companies whose functional currency differs from the euro.

Other reserves are some euro -22,898 thousand and mainly include Retained losses from previous years and the share purchase over non-controlling interest in Marcolin Mexico for euro 3.6 million completed on 5 July 2023.

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)*	**09/30/2023**	**12/31/2022**	**Increase/decrease**	
			euro	**%**
Non-current financial liabilities	383,015	381,441	1,573	0.4%
Non-current funds	7,537	6,469	1,067	16.5%
Deferred tax liabilities	8,196	4,862	3,334	68.6%
Other non-current liabilities	2,947	941	2,006	213.1%
Total non-current liabilities	**401,695**	**393,714**	**7,981**	**2.0%**

Non-current financial liabilities mainly include:
i) the value of the non-convertible and 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 value of the 25 million euro loan granted by the shareholder 3 Cime SpA in 2020, including accrued interest at the balance sheet date;
iii) the amount of non-current financial lease liabilities recognized in accordance with IFRS16 for euro 7,467 thousand.

As far as the increase of Deferred tax liabilities compared to December 2022, it mainly refers to the recognition of deferred taxation over the amortization, from a tax perspective, of the $250 million intangible asset related to TOM FORD deal.

5. Current liabilities

Current liabilities are set forth below:

Current liabilities *(euro/000)*	**09/30/2023**	**12/31/2022**	**Increase/decrease**	
			euro	**%**
Trade payables	130,049	160,465	(30,416)	(19.0)%
Current financial liabilities	13,374	11,111	2,262	20.4%
Current funds	20,824	20,988	(163)	(0.8)%
Tax liabilities and others	33,632	33,613	19	0.1%
Total current liabilities	**197,880**	**226,178**	**(28,298)**	**(12.5)%**

Trade payables as of September 30, 2023 amounted to euro 130,049 thousand and show a decrease of euro 30,416 thousand compared to December 2022, directly reflecting a temporary realignment on royalty payments. Net of this effect, 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 the liability for a total of euro 5,070 thousand booked in accordance with the application of the accounting standard IFRS16 and accrued Bond interests for euro 8,164 thousand.

Current funds amounted as of September 30, 2023 to euro 20,824 million. 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.

Tax liabilities and others mainly include interim tax calculation, VAT and employees’ liabilities such as wages, vacations and bonuses not yet paid.

6. Net financial position

The net financial debt as of September 30, 2023 is set forth below in comparison with December 31, 2022:

Net financial debt			**Increase / Decrease**	
(euro/000)	**09/30/2023**	**12/31/2022**	**euro**	**%**
Cash and cash equivalents	55,407	225,995	(170,587)	(75.5)%
Current and non-current financial assets	17	332	(315)	(94.9)%
Current financial liabilities	(13,374)	(11,111)	(2,262)	20%
Non-current financial liabilities	(383,015)	(381,441)	(1,573)	0.4%
Net financial position	**(340,964)**	**(166,226)**	**(174,738)**	**105%**

The reported net financial debt is euro 340,964 thousand, compared to euro 166,226 thousand at December 31, 2022.

The main components of the Group's debt are the bond notes for a notional amount of euro 350 million, euro 29.9 million for the loan granted in June 2020 by the shareholder 3 Cime SpA as part of the activities aimed at providing financial support to the Group to support the critical issues arising from the Covid-19 pandemic, short and medium/long-term loans granted by various financial institutions. In addition, a *Super Senior Revolving Facility* for a maximum amount of euro 46.2 million was available and unused as at September 30, 2023.

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ANALYSIS OF CONDENSED CONSOLIDATED INCOME STATEMENT

The Group's interim Condensed Consolidated Income Statement as of September 30, 2023 is summarized below against the results as of September 30, 2022.

The 2023 net sales to date are euro 421,632 thousand, compared to euro 409,745 thousand for the nine months of 2022.

The September 2023 Reported Ebitda is euro 62,716 thousand, compared to 42,406 thousand for the nine months of 2022.

Consolidated income statement	**09/30/2023**		**09/30/2022**	
(euro/000)	**euro**	**% of net revenues**	**euro**	**% of net revenues**
Net revenues	421,632	100.0%	409,745	100%
Gross profit	262,742	62.3%	243,244	59.4%
Ebitda	62,716	14.9%	42,406	10.3%
Operating income - Ebit	44,521	10.6%	22,367	5.5%
Financial income and costs	(20,893)	(5.0)%	(18,144)	(4.4)%
Profit before taxes	23,627	5.6%	4,223	1.0%
Net profit/(loss) for the period	13,533	3.2%	1,847	0.5%

September 30, 2023 Adjusted Ebitda is euro 64,558 thousand (15.3% of net sales), against the September 2022 Adjusted Ebitda of euro 50,496 thousand (12.3% of net sales).

Economic indicator - Adjusted	**09/30/2023**		**09/30/2022**	
(euro/000)	**euro**	**% of net revenues**	**euro**	**% of net revenues**
Ebitda Adjusted	64,558	15.3%	50,496	12.3%
Ebit Adjusted	46,362	11.0%	30,458	7.4%

7. Net Revenues

The following table sets forth the net revenues by geographical area (destination markets):

Net Revenues by geographical area	**09/30/2023**		**09/30/2022**		**Increase (decrease)**	
(euro/000)	**Net Revenues**	**% on total**	**Net Revenues**	**% on total**	**Euro**	**%**
EMEA	204,091	48.4%	196,962	48.1%	7,128	3.6%
Americas	168,135	39.9%	174,630	42.6%	(6,494)	(3.7)%
Asia	29,253	6.9%	15,757	3.8%	13,496	85.7%
Rest of World	20,153	4.8%	22,396	5.5%	(2,243)	(10.0)%
Total	**421,632**	**100.0%**	**409,745**	**100.0%**	**11,887**	**2.9%**

In the first nine months of 2023 net sales are euro 421,632 thousand and increase of euro 11,887 thousand (+2.9%) in comparison to the same period of 2022. At constant exchange rates net sales are euro 427,580 thousand, with an increase of euro 17,836 thousand (+4.4%) compared to the previous period.

EMEA net revenues amounted to 204,091 thousand euro, increasing +3.6% compared to 196,962 thousand euro for the nine months of 2022 (+4,9% at constant exchange rates). In this area, growth was recorded almost in all Countries driven by Luxury brands.

Americas ended nine month of 2023 with 3.7% below 2022 (-2.4% at constant exchange rates). Such trend is mainly driven by a slight cooling down of customers sell-out for diffusion brands on US optical channel.

Sales in Asia significantly increased (+85.7% at current exchange rates and +91,5% at constant exchange rates) compared to 2022 thanks to Group reorganization of the entire APAC region occurred in recent years. Very high growth in China region, benefitting from the direct channel sales through the wholly owned subsidiary (following the takeover of the joint venture at the end of 2020) and APAC Distributor channel, driven by the new Korean distributor.

Rest of the world is a residual category mainly including emerging markets.

8. Cost of sales

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

Cost of Sales *(euro/000)*	**09/30/2023**	**% on net revenues**	**09/30/2022**	**% on net revenues**
Product cost	145,760	34.6%	150,732	36.8%
Cost of personnel	9,259	2.2%	8,620	2.1%
Amortization, depreciation and writedowns	2,855	0.7%	2,646	0.6%
Other production cost	1,016	0.2%	4,503	1.1%
Total	**158,890**	**37.7%**	**166,501**	**40.6%**

Cost of sales amounted to euro 158,890 thousand for the nine months ended September 30, 2023, a decrease of euro 7,611 thousand, or 4.6%, from euro 166,501 thousand for the nine months ended September 30, 2022.
The cost of sales as a percentage of net revenues is 37.7% for the nine months ended September 30, 2023 compared to 40.6% the nine months ended September 30, 2022.
Gross Margin keeps improving thanks to production, procurement and supply chain efficiency, positive commercial mix and reduction of tension on freight and utilities costs.

Other costs mainly refer to other purchasing charges and business consulting services.

9. Distribution and marketing expenses

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

Distribution and marketing expenses *(euro/000)*	**09/30/2023**	**% on net revenues**	**09/30/2022**	**% on net revenues**
Cost of personnel	44,925	10.7%	43,951	10.7%
Commissions	22,653	5.4%	23,933	5.8%
Amortization	12,688	3.0%	14,176	3.5%
Royalties	48,671	11.5%	47,899	11.7%
Advertising and PR	36,188	8.6%	32,616	8.0%
Other costs	22,532	5.3%	22,958	5.6%
Total	**187,656**	**44.5%**	**185,533**	**45.3%**

The distribution and marketing expenses amounted to euro 187,656 thousand for the nine months ended September 30, 2023, an increase of euro 2,124 thousand or 1.1% from euro 185,533 thousand for nine months ended September 30, 2022.

Commissions expenses amounted to euro 22,653 thousand in 2023, a decrease of 5.3% from the euro 23,933 thousand for the nine months ended September 30, 2022.

In 2023 Royalties amounted to euro 48,671 thousand. In 2023 Royalties as a percentage of net revenues is 11.5% on net revenues compared to 11.7% during 2022.

Advertising and PR expenses in 2023 amounted to euro 36,188 thousand, an increase of euro 3,573 thousand, or 11.0%, from the euro 32,616 thousand in the same period of 2022. As a percentage of net revenues, Advertising and PR expenses in 2023 is 8.6%, compared to 8.0% of 2022. Such increase is mainly due to a different timing on marketing activities compared to previous year.

The “other costs” mainly refer to freight-out expenses, business travel, rent and services. In 2023, other costs amounted to euro 22,532 thousand, an increase of euro 0.4 million, or 1.9%, from the euro 22,958 thousand in the same period of 2022. As a percentage of net revenues, they are 5.3%, compared to 5.6% for the nine months ended September 30, 2022.

10. General and administrative expenses

The general and administrative expenses are set forth below:

General and administrative expenses *(euro/000)*	**09/30/2023**	**% on net revenues**	**09/30/2022**	**% on net revenues**
Cost of personnel	12,939	3.1%	13,541	3.3%
Amortization and writedowns	2,653	0.6%	3,217	0.8%
Other costs	16,360	3.9%	16,427	4.0%
Total	**31,952**	**7.6%**	**33,185**	**8.1%**

General and administrative expenses amounted to euro 31,952 thousand for the nine months ended September 30, 2023, compared to euro 33,185 thousand the nine months ended September 30, 2022. As a percentage of net revenues, in 2023 general and administrative expenses is 7.6%, compared to 8.1% for 2022.

11. Other operating income and expenses

The total amount of other operating income and expenses amounted to a net euro 1.387 million income for the nine months ended September 30, 2023. 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 20,893 thousand expenses for the nine months ended September 30, 2023 compared to euro 18,144 thousand expenses for the nine months ended September 30, 2022.
The financial line is composed of a net amount of income and expense. With reference to the cost components, the main one refers to financial interest expenses related to the euro 350 million bond for a total amount of 16.7 million euro. Foreign currency management contributed to a net loss of 24 thousand euro compared to a net euro 2.2 million gain experienced during previous year.

13. Income tax expense

The estimated income tax expense amounted to euro 10,094 thousand for the nine months ended September 30, 2023, compared to the euro 2,376 thousand the nine months ended September 30, 2022.
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

On September 27, 2023 3 Cime SpA, the parent company of Marcolin SpA, has been merged with and into Marcolin SpA. Legally the merge is effective from November 1, 2023, while from an accounting and fiscal perspective the merge is effective starting from January 1, 2023.

On November 7, 2023 Marcolin Group announced the finalization of the acquisition of ic! berlin GmbH, an independent eyewear manufacturer established in Berlin in 1996.
A multi-award-winning company for the design of its creations – including the Silmo d'Or award – ic! berlin carries out in-house design, prototyping, manufacturing and assembling of its luxury sunglasses and optical frames. Marcolin takes full control of the Company, integrating within its organization approximately 140 employees located at the headquarters and manufacturing plant in Berlin and in two subsidiaries in Japan and United States.
The acquisition is part of Marcolin's strategy of enhancing its expertise in metal manufacturing and broadening its luxury portfolio, a segment with huge potential, while also strengthening its market positioning in key areas, such as Asia and Europe.
ic! berlin officially becomes one of Marcolin's house brands, along with WEB EYEWEAR, strengthening a strategic segment for the Company.

No other 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 nine months of 2023 there were no significant non-recurring events and/or transactions.

Atypical and unusual transactions

In the first nine months of 2023 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

In addition to the transactions between the consolidated companies, during the period transactions took place with equity-accounted associates and other related parties.
Intercompany and related-party transactions are of a trade nature and are conducted on an arm's length basis.

The transactions and outstanding balances with respect to related parties as of September 30, 2023 are shown below, as required by IAS 24. As previously noted, Marcolin Group figures reflect the participation in the Italian tax consolidation regime with the Parent Company 3Cime SpA.

Company *(euro/000)*	**Expenses**	**Revenues**	**Payables**	**Receivables**	**Type**
Other related parties					
Pai Partners Sas	-	-	50	-	Related party
Family Marcolin	310	-	31	-	Related party
3 Cime S.p.A.	1,122	-	29,901	2,902	Consolidating
Total	**1,432**	**-**	**29,981**	**2,902**	

The same table is set forth as of September 30, 2022:

Company *(euro/000)*	Expenses	Revenues	Payables	Receivables	Type
Other related parties					
Pai Partners Sas	45	-	170	-	Related party
Family Marcolin	309	-	31	-	Related party
3 Cime S.p.A.	1,122	-	28,401	8,317	Consolidating
Total	**1,476**	**-**	**28,601**	**8,317**	

Milan, November 8, 2023

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