MARCOLIN

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30TH, 2021

Marcolin S.p.A. Headquarters, Executive Management and Business Offices in Z.I. Villanova, 4 - 32013 Longarone (Belluno)
Share Capital Euro 35,902,749.82 Fully Paid In R.E.A. n. 64334 I Tax and Companies Register n. BL 01774690273
VAT n. 00298010257 I Tel +39.0437.777111 I Fax +39.0437.777282 I www.marcolin.com

Contents

GENERAL INFORMATION

CORPORATE BOARDS AND AUDITORS

Board of Directors [1]

Vittorio Levi	**Chairman**
Fabrizio Curci	**C.E.O. and General Manager**
Antonio Abete	**Director**
Simone Cavalieri	**Director**
Alberto Fabbri	**Director**
Jacopo Forloni	**Director**
Cirillo Coffen Marcolin	**Director**
Emilio Macellari	**Director**
Frédéric Jaques Mari Stévenin	**Director**
Franck Raymond Temam	**Director**
Raffaele Roberto Vitale	**Director**
Severine de Wulf [4]	**Director**

Board of Statutory Auditors [1]

David Reali	**Chairman**
Mario Cognigni	**Standing Auditor**
Diego Rivetti	**Standing Auditor**
Alessandro Maruffi	**Alternate Auditor**
Rossella Porfido	**Alternate Auditor**

Internal Audit Committee [2]

Vittorio Levi	**Chairman**
Jacopo Forloni	**Supervisor**
Cirillo Coffen Marcolin	**Supervisor**

Supervisory Body [2]

Federico Ormesani	**Chairman**
David Reali	**Supervisor**
Gabriele Crisci	**Supervisor**

Independent Auditors [3]

PricewaterhouseCoopers S.p.A.

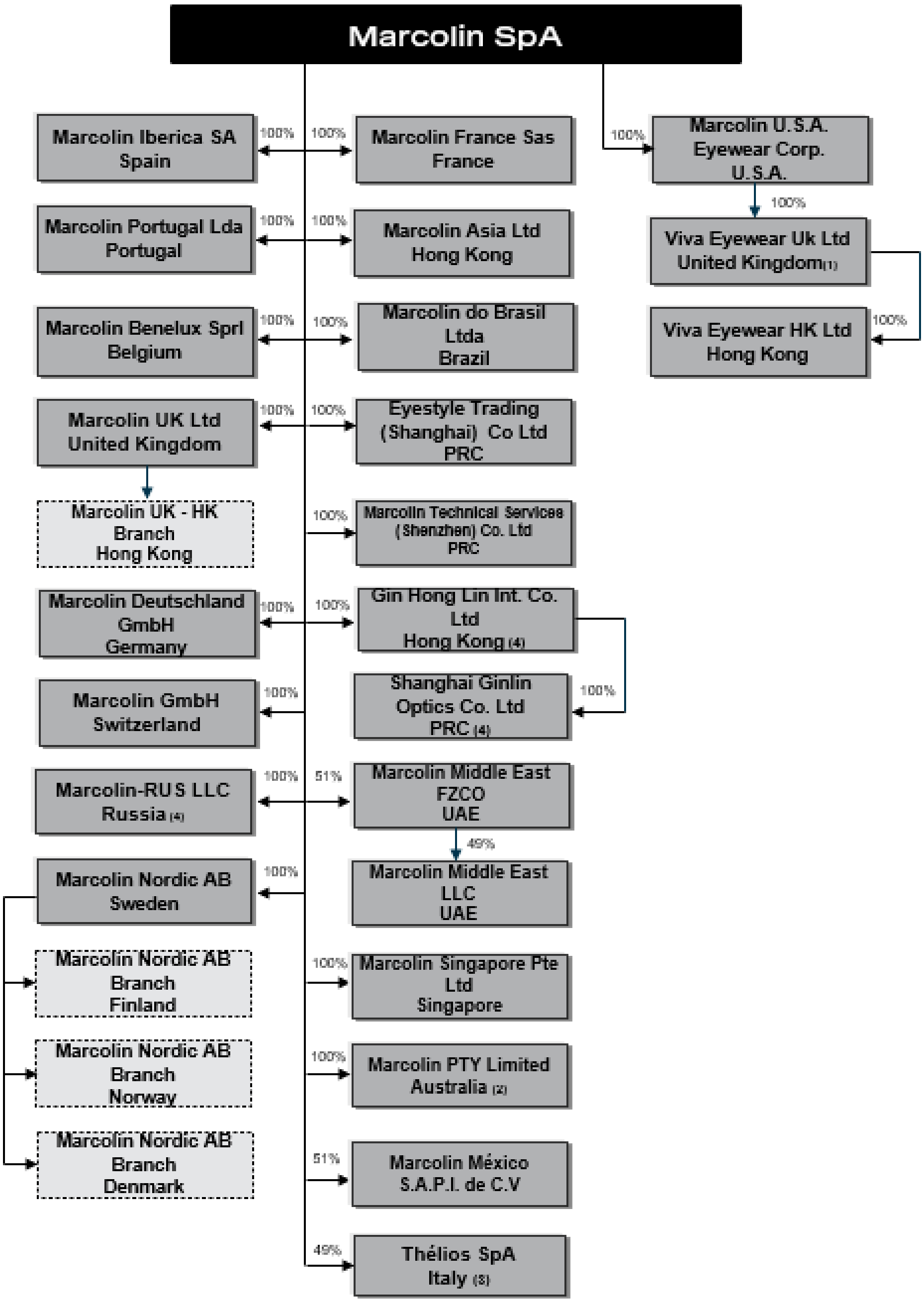
1) Term of office ends on the date of the General Meeting called to approve the annual financial statements for the year ended December 31, 2021 (pursuant to the Shareholders' Resolution of March 28, 2019).

2) Pursuant to the Board of Directors' appointment of March 28, 2019.

3) Term of engagement: 2019 - 2021 (pursuant to the Shareholders' Resolution of March 28, 2019).

4) Mr. Giovanni Zoppas resigned from the role of Director on June 25, 2021. The Board of Directors co-opted Severine de Wulf to replace him pursuant to the Board of Directors resolution on July 29, 2021.

GROUP STRUCTURE



1) Company undergoing liquidation;

2) Company founded on November 14, 2019, wholly owned by Marcolin SpA, that started operating in the first quarter of 2020.

3) Thélios S.p.A wholly owns Thélios France SAS, Thélios USA Inc, Thélios APAC Ltd and the companies recently established in Switzerland, Germany, Spain, Portugal, the United Kingdom, Sweden, Norway, Finland and Denmark.

4) During end of 2020, Marcolin SpA purchased the non-controlling interests of Gin Hong Lin Int. Co. Ltd and Marcolin–RUS LLC.

INTERIM CONDENSED

CONSOLIDATED FINANACIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(euro/000)	Notes	06/30/2021	12/31/2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1	41,730	43,047
Intangible assets	1	45,262	43,263
Goodwill	1	283,244	280,277
Investments in subsidiaries and associates	1	-	-
Deferred tax assets	1	50,413	48,539
Other non-current assets	1	938	271
Non-current financial assets	1; 6	231	1,025
Total non-current assets		**421,818**	**416,422**
CURRENT ASSETS			
Inventories	2	104,046	105,863
Trade receivables	2	86,585	71,652
Other current assets	2	29,871	26,039
Current financial assets	2; 6	12,385	18,906
Cash and cash equivalents	2; 6	69,824	52,363
Total current assets		**302,709**	**274,824**
TOTAL ASSETS		**724,527**	**691,246**
EQUITY			
Share capital	3	35,902	35,902
Additional paid-in capital	3	170,304	170,304
Legal reserve	3	6,437	6,437
Other reserves	3	42,503	37,698
Retained earnings (losses)	3	(132,146)	(75,322)
Profit (loss) for the period	3	875	(56,824)
Group equity		**123,875**	**118,195**
Non controlling interests	3	1,028	1,100
TOTAL EQUITY		**124,903**	**119,294**
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current financial liabilities	4; 6	384,524	340,859
Non-current funds	4	6,699	6,763
Deferred tax liabilities	4	5,559	4,836
Other non-current liabilities	4	128	167
Total non-current liabilities		**396,910**	**352,625**
CURRENT LIABILITIES			
Trade payables	5	119,917	94,624
Current financial liabilities	5; 6	29,030	70,491
Current funds	5	24,323	31,618
Tax liabilities	5	6,757	3,491
Other current liabilities	5	22,687	19,101
Total current liabilities		**202,714**	**219,326**
TOTAL LIABILITIES		**599,624**	**571,951**
TOTAL LIABILITIES AND EQUITY		**724,527**	**691,246**

CONDENSED CONSOLIDATED INCOME STATEMENT AND CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(euro/000)	Notes	06/30/2021	%	06/30/2020	%
NET REVENUES	7	**237,172**	**100.0%**	**142,127**	**100.0%**
Cost of sales	8	(101,224)	(42.7)%	(63,220)	(44.5)%
GROSS PROFIT		**135,947**	**57.3%**	**78,907**	**55.5%**
Distribution and marketing expenses	9	(104,686)	(44.1)%	(70,108)	(49.3)%
General and administrative expenses	10	(18,467)	(7.8)%	(21,285)	(15.0)%
Other operating income/(expenses)	11	460	0.2%	1,717	1.2%
OPERATING INCOME - EBIT		**13,254**	**5.6%**	**(10,769)**	**(7.6)%**
Profit/(loss) from associates	12	(168)	(0.1)%	(9,111)	(6.4)%
Financial income	13	7,547	3.2%	3,020	2.1%
Financial costs	13	(17,560)	(7.4)%	(14,150)	(10.0)%
PROFIT (LOSS) BEFORE TAXES		**3,073**	**1.3%**	**(31,010)**	**(21.8)%**
Income tax expense	14	(1,643)	(0.7)%	3,814	2.7%
NET PROFIT (LOSS) FOR THE PERIOD		**1,430**	**0.6%**	**(27,196)**	**(19.1)%**
Profit (loss) attributable to:					
- Owners of the parent		875	0.4%	(25,963)	(18.3)%
- Non-controlling interests		554	0.2%	(1,233)	(0.9)%

(euro/000)	06/30/2021	06/30/2020
NET PROFIT (LOSS) FOR THE PERIOD	**1,430**	**(27,196)**
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	3,340	(1,933)
Change in exchange rate difference on quasi equity loan	1,706	(1,117)
TOTAL OTHER ITEMS THAT WILL BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS	**5,046**	**(3,050)**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD	**6,476**	**(30,246)**
Profit (loss) attributable to:		
- owners of the parent	5,834	(28,835)
- non-controlling interests	642	(1,411)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(euro/000)	Share capital	Additional paid-in capital	Legal Reserve	Other reserves					Profit (loss) for the period	Capital and reserves net total	Non-controlling interests in equity	Total equity
				S.holders deposit in s/capital	Translation reserve	Other	Actuarial gain / (loss) reserve	Retained earnings/ (losses)				
December 31, 2019	**35,902**	**170,304**	**5,483**	**46,108**	**9,910**	**(2,476)**	**(31)**	**(58,135)**	**(16,233)**	**190,832**	**5,910**	**196,742**
Allocation of 2019 result	-	-	954	-	-	-	-	(17,187)	16,233	-	-	-
Dividends distribution	-	-	-	-	-	-	-	-	-	-	(1,184)	(1,184)
Third Party Acquisition	-	-	-	-	-	(388)	-	-	-	*(388)*	(3,245)	(3,634)
Other movements	-	-	-	-	-	-	-	-	-	-	-	-
- Period result	-	-	-	-	-	-	-	-	(56,824)	*(56,824)*	(186)	(57,010)
- Other components of compreh	-	-	-	-	(10,195)	(5,229)	(1)	-	-	(15,425)	(194)	(15,619)
Total comprehensive income	-	-	-	-	(10,195)	(5,229)	(1)	-	(56,824)	(72,249)	(380)	(72,629)
December 31, 2020	**35,902**	**170,304**	**6,437**	**46,108**	**(285)**	**(8,093)**	**(32)**	**(75,322)**	**(56,824)**	**118,195**	**1,100**	**119,295**
December 31, 2020	**35,902**	**170,304**	**6,437**	**46,108**	**(285)**	**(8,093)**	**(32)**	**(75,322)**	**(56,824)**	**118,195**	**1,100**	**119,295**
Allocation of 2020 result	-	-	-	-	-	-	-	(56,824)	56,824	-	-	-
Dividends distribution	-	-	-	-	-	-	-	-	-	-	(714)	(714)
Other movements	-	-	-	-	-	(154)	-	-	-	(154)	-	(154)
- Period result	-	-	-	-	-	-	-	-	875	875	555	1,430
- Other components of comprehensive income	-	-	-	-	3,253	1,706	-	-	-	4,959	87	5,046
Total comprehensive income	-	-	-	-	3,253	1,706	-	-	875	5,834	642	6,476
June 30, 2021	**35,902**	**170,304**	**6,437**	**46,108**	**2,968**	**(6,540)**	**(32)**	**(132,146)**	**875**	**123,875**	**1,028**	**124,903**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(euro/000)	**06/30/2021**	**06/30/2020**
OPERATING ACTIVITIES		
Profit (loss) for the period	1,430	(27,196)
Depreciation and amortization	14,534	13,358
Provisions	5,661	6,228
Accrued income tax expense	1,643	(3,814)
Accrued interest expense	10,012	11,130
Adjustments to other non-cash items	159	9,085
Cash generated by operations	*33,439*	*8,792*
Cash generated by change in operating working capital	*4,065*	*(4,922)*
Other elements in working capital	*838*	*(5,499)*
Income taxes paid	(837)	(1,400)
Interest received	115	433
Interest paid	(7,955)	(6,435)
Total cash generated by change in other items of net working capital	*(7,839)*	*(12,901)*
Net cash from /(used in) net working capital	*(3,774)*	*(17,823)*
Net cash from /(used in) operating activities	**29,665**	**(9,032)**
INVESTING ACTIVITIES		
(Purchase) of property, plant and equipment	(3,609)	(4,602)
Disposal of property, plant and equipment	9	26
(Investments) in intangible assets	(3,109)	(5,259)
Net cash from /(used in) investing activities	**(6,709)**	**(9,836)**
FINANCING ACTIVITIES		
Financial Assets		
- (Proceeds)	(1,960)	-
- Repayments	703	404
Financial Loans from banks		
- Proceeds	350,000	52,000
- (Repayments)	(342,433)	(1,853)
Financial Loans from shareholder	-	25,000
Principal elements of lease payments	(2,368)	(2,316)
Other current and non current financial liabilities	(5,611)	7,028
Transactions with non-controlling interests	(3,634)	-
Dividends paid to minorities	(452)	(1,059)
Net cash from /(used in) financing activities	**(5,755)**	**79,204**
Net increase/(decrease) in cash and cash equivalents	**17,201**	**60,337**
Effect of foreign exchange rate changes	260	(169)
Cash and cash equivalents at beginning of year	**52,363**	**45,872**
Cash and cash equivalents as at September, 30 2020	**69,824**	**106,040**

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 important acquisition of the Viva Group in 2013 and to the stipulation over the years of new partnership agreements with LVMH and other international businesses, Marcolin Group has become a highly global eyewear business in terms of its brand portfolio, products, geographic presence and markets.

In 2020, Marcolin Group sold some 9 million pairs of glasses throughout the world, realizing sales of euro 340 million and employing some 1,723 individuals, in addition to using a widespread, well-structured network of independent agents.

As part of its strategy to continually develop its presence in new markets, in early 2020 Marcolin Group set up a new affiliate in Australia with the goal of penetrating the Australian market through a direct agency network in order to boost the sales volumes and profits in that region. The affiliate started operating in the first quarter of 2020. The operation falls within the scope of a broader plan, undertaken in previous years with the creation of the Singapore affiliate, to step up the Group's growth in the APAC region and to enhance the marketing synergy with the regional office operating in Hong Kong.
At the end of 2020 Marcolin S.p.A. also purchased the non-controlling interests in the joint ventures in China and Russia, thereby acquiring full ownership and consolidating its direct presence in those markets; in China in particular, the direct presence will enable Marcolin to market more forcefully the Made-in-Italy brands, which are very popular in these region. Moreover, in July 2021 Marcolin Group announced the opening of its new office in Shanghai.

In July 2021 the Company, in order to strengthen its physical presence in Milan, Italy’s largest financial and economic hub, also opened its new office in Corso Venezia, 50.

In 2020, the Group's business was impacted by the effects of the coronavirus (Covid-19) pandemic. Gradual recovery began to occur in May and June, followed by substantial improvement in the third quarter of 2020 due to the steady reopening of the markets over the summer and government intervention in many countries in the form of incentives to businesses and liquidity injections. The third quarter recovery continued into the fourth quarter of 2020, when both the sales and customer payments were encouraging despite the government restrictions maintained in certain areas to limit the resurgence of the outbreak.
First half 2021 was overall very positive despite first quarter 2021 were still impacted by Covid-19 lockdowns in most geographies where Group operates; then, second quarter 2021 showed very positive results back to 2019 levels almost in all geographies.

In this unprecedented global scenario, the Group keeps concentrating its efforts on the following priorities:

- Protecting the health and ensuring the safety of all Marcolin employees, and
- Keep containing costs and monitoring an adequate liquidity levels to weather the extraordinary situation.

In terms of health and safety, the Marcolin Group focused on implementing all the health protocols needed and required at the Italian plants and at the logistics hubs all over the world, and on fostering remote working solutions for the office personnel.

The outlook for 2021 shows a better global macroeconomic climate with steady growth in step with the vaccination programs and governments' policies to assist business recovery. In this context, the Marcolin Group is fully committed to protecting the health and safety of its employees, ensuring business continuity with its stakeholders and preserving the financial health of the Company.

With regards to license agreements, in June 2021 Marcolin and Guess announced the early renewal of their exclusive licensing agreement for the design, production and worldwide distribution of Guess and Marciano sunglasses and eyeglasses. The partnership has been extended until 2030, further consolidating the excellent relationship between the two groups.
Besides, in order to review its strategic brand repositioning, Marcolin Group mutually agreed with Diesel and Dsquared2 to terminate the license agreements as the Group considered them to be no longer core to its business.
As far as other brands update recently occurred, in 2019 Marcolin Group signed agreements with Barton Perreira, an independent eyewear brand based on Los Angeles; with the Max Mara Fashion Group for the Sportmax and Max&Co brand, which later culminated in the stipulation of the Max Mara brand licensing agreement in September 2020; with adidas, a top global sportswear company; with Longines and Omega; with BMW Group, a leading manufacturer of premium automobiles and motorcycles for the BMW, BMW M and BMW M Motorsport brands; and with GCDS, a clothing and accessories brand founded by the Giordano brothers and Giuliano Calza.
During 2019 and 2020, the Group also renewed important existing licensing agreements, including those with Harley-Davidson, Emilio Pucci, Kenneth Cole and Moncler.

Today Marcolin has a strong portfolio of licensed brands balanced between the luxury and mainstream ("diffusion") segments and men's and women's segments, with a good balance between eyeglass frames and sunglasses.
The luxury segment includes some of the most glamorous fashion brands such as Tom Ford, Tod's, Ermenegildo Zegna, Pucci, Moncler, Barton Perreira, Omega, Longines, Bally, Max Mara and Sport Max and the diffusion segment includes Guess, Guess by Marciano, Gant, Harley Davidson, Swarovski, Max&Co, BMW, GCDS, Timberland, Cover Girl, Kenneth Cole New York and other brands targeted specifically to the U.S. market.
The sports segment is represented by adidas Badge of Sport and adidas Originals.
The house brands include WEB and Marcolin.

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.

*****

Refinancing of Marcolin Group debt

On May 2021 Marcolin concluded a process to refinance its existing debt as of March 31, 2021. Pursuant to an in-depth analysis of the market situation, deemed favorable, on May 27, 2021 Marcolin S.p.A. issued a senior-secured bond notes for a total amount of euro 350 million, maturing on November 15, 2026, at a fix interest rate equal to 6.125% per annum.

The use of this instrument was an appropriate means to redeem the 250 million senior-secured floating rate notes due 2023 (plus accrued interest), repay all outstanding amounts under the existing Revolving Credit Facility and repay and cancel the SACE Facility.

Within the scope of the bond issuance, a euro 46 million new revolving credit facility has also been stipulated to provide access to funding for carrying out and developing short-term activities.

As part of the refinancing activities, also financial covenants have been reset. Till March 31, 2022 Marcolin Group must fulfill a Minimum Liquidity Covenant (set at euro 10 million minimum level for cash and cash equivalent plus any undrawn and available commitments for debt tested on a quarterly basis at Marcolin SpA level). From June 30, 2022 the financial covenant will be the Net Leverage.

The notes are secured by collateral provided by Marcolin S.p.A (the "Issuer") and by some subsidiaries of the Issuer for the exact amount of payment obligations assumed by the Issuer with the bondholders:

- A pledge over all of the shares of the Issuer held by 3Cime S.p.A.;
- Pledges over all of the shares of Marcolin USA, Marcolin UK, Marcolin France and Marcolin Germany held by the Issuer;
- A pledge over all the material assets of Marcolin USA; and
- An assignment of the Issuer’s receivables under the Intercompany Loans.

The notes are listed on the Luxemburg Stock Exchange and for admission to trading on the Euro MTF Market of the Luxembourg Stock Exchange.

Notes are available only to investors who are Qualified Institutional Buyers within the meaning of Rule 144A of the U.S. Securities Act of 1933, or non U.S persons outside the United States in accordance with regulation S under the U.S Securities Act and, if investors are resident in a member State of the European economic area or in the United Kingdom, not Retail Investors.

ACCOUNTING POLICIES AND BASIS OF CONSOLIDATION

Basis of operation

These interim condensed consolidated financial statements for six months ended June 30, 2021 have been prepared on a going concern basis following IAS 34 "*Interim Financial Reporting*" which governs interim financial reporting. In fact, the 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, 2020.
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.

Risks associated with the Covid-19 pandemic

The spread of the coronavirus constitutes a complex global emergency, unprecedented in the modern world, with internationally relevant health, social, political, economic and geopolitical implications. From the start, the Marcolin Group adopted all the measures available to ensure the health and safety of its employees and to protect profitability and financial parameters. The new economic scenario resulting from the pandemic has determined management's business focus for the upcoming years, which aims to strengthen the financial structure through renegotiation with the main suppliers, increase supply chain efficiency through the implementation of new projects, develop the production and marketing of the brands, and boost the efficiency of the business processes. The common denominator of all these projects is the drive for digital transformation in processes and
marketing developments. Despite the initiatives planned and undertaken, the persistence of the Covid-19 pandemic could adversely affect the Group's results over the next few years. Therefore, management has carefully evaluated the impact of this uncertainty on the main corporate assets, assuming various prospective scenarios in order to reflect the uncertainty associated with the continuation of the Covid-19 pandemic in the values stated in the financial statements.

Accounting policies

The accounting policies adopted for the preparation of the interim condensed consolidation financial statements for the three months ended June 30, 2021 are consistent with those used to prepare the annual consolidated financial statements as at December 31, 2020, 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 at December 31, 2020.
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, 2021

The following new standards and amendments became effective on January 1, 2021:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform
Endorsed by the European Union on January 13, 2021 with Regulation n. 2021/25 January 13, 2021

Amendments to IFRS 4 Insurance Contracts – deferral of IFRS19
Endorsed by the European Union on December 15, 2020 with Regulation n. 2020/2097 December 15, 2020

New accounting standards and interpretations approved by the European Union and effective for periods after June 30, 2021

Amendments to IFRS 3, Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Assets; and Annual Improvements 2018-2020 (All issued 14 May 2020)
Endorsed by the European Union on June 28, 2021 with Commission Regulation (EU) 2021.

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, the following new standards and interpretations had been issued by IASB but not yet endorsed by the EU.

Description	**Effective date of the standard**
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020)	*January 1, 2023*
IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)	*January 1, 2023*
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)	*January 1, 2023*
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)	*January 1, 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 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, 2020.

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 six months ended June 30, 2021 reflect the consolidated companies at that date, i.e. Marcolin S.p.A. (the Parent Company), its Italian and foreign subsidiaries and the companies over which it exercises a dominant influence, whether directly or indirectly.

The companies list is set forth below:

Company	Headquarters	Currency	Share capital	Consolidation method	% ownership Direct	% ownership Indirect
Marcolin Asia HK Ltd	Hong Kong	HKD	1,539,785	Full consolidation	100.0%	
Marcolin Benelux Sprl	Villers-Le-Bouillet, Belgium	EUR	280,000	Full consolidation	100.0%	
Marcolin do Brasil Ltda	Barueri - SP, Brasil	BRL	41,369,129	Full consolidation	100.0%	
Marcolin Deutschland Gmbh	Cologne, Germany	EUR	300,000	Full consolidation	100.0%	
Marcolin France Sas	Paris, France	EUR	1,054,452	Full consolidation	100.0%	
Marcolin GmbH	Muttenz, Switzerland	CHF	200,000	Full consolidation	100.0%	
Marcolin Iberica SA	Barcelona, Spain	EUR	487,481	Full consolidation	100.0%	
Marcolin Nordic AB	Stockholm, Sweden	SEK	50,000	Full consolidation	100.0%	
Marcolin Portugal Lda	Lisbon, Portugal	EUR	420,000	Full consolidation	100.0%	
Marcolin Technical Services (Shenzhen) Co. Ltd	Shenzhen, PRC	CNY	1,000,000	Full consolidation	100.0%	
Marcolin UK Ltd	London, UK	GBP	3,572,718	Full consolidation	100.0%	
Marcolin USA Eyewear Corp.	Somerville, Usa	USD	121,472,262	Full consolidation	100.0%	
Marcolin Singapore Pte Ltd	Singapore	SGD	100,000	Full consolidation	100.0%	
Marcolin PTY Limited	Sidney, Australia	AUD	50,000	Full consolidation	100.0%	
Marcolin-RUS LLC	Moscow, Russia	RUB	305,520	Full consolidation	100.0%	
Marcolin Middle East FZCO	Dubai Airport Freezone, UAE	AED	100,000	Full consolidation	51.0%	
Marcolin México S.A.P.I. de C.V.	Naucaplan de Juarez, México	MXN	50,000	Full consolidation	51.0%	
Eyestyle Trading (Shanghai) Co Ltd	Shanghai, PRC	CNY	3,001,396	Full consolidation	100.0%	
Gin Hong Lin Intenational Co Ltd	Hong Kong	HKD	25,433,653	Full consolidation	100.0%	
Shanghai Ginlin Optics Co Ltd	Shanghai, PRC	CNY	22,045,100	Full consolidation		100.0%
Viva Eyewear Hong Kong Ltd	North Yorkshire, United Kingdom	HKD	100	Full consolidation		100.0%
Viva Eyewear UK Ltd - in liquidazione	North Yorkshire, United Kingdom	GBP	-	Full consolidation		100.0%
Thèlios Group	Longarone (BL), Italy	EUR	-	Equity Method	49.0%	

No changes in the scope of consolidation since December 31, 2020.

Italian tax consolidation

The Company acts as a consolidated entity in the group taxation regime under Presidential Decree 917, Article 117 *et seq*. of December 22, 1986 (Italian Tax Code or "TUIR"), which allows the determination of one single corporate income tax (IRES) tax base given by the algebraic sum of the taxable income and tax losses of each of the participating entities, together with the ultimate parent company, 3 Cime S.p.A., which acts as the consolidating entity.
Participation in 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.
Effective from 2017, Decree Law 193/2016, Article 7-quater introduced the automatic renewal of the options to participate in the aforementioned tax regime; accordingly, the three-year participation in the tax regime was renewed automatically in 2020.

Tax consolidation transactions are summarized below:

- in years with taxable income, the subsidiaries pay 3 Cime S.p.A. the additional tax due to the tax authorities.
- in the event of negative taxable income (tax loss), the Company receives from 3 Cime S.p.A. a payment corresponding to 100% of the tax savings realized, accounted for on an accrual basis;
- the amount is paid only when 3 Cime S.p.A. actually uses the tax loss brought to the consolidation;
- if 3 Cime S.p.A. 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 June 30, 2021 and January-to-June 2021, respectively):

Currency	Symbol	Closing exchange rate			Average exchange rate		
		06/30/2021	06/30/2020	Change	2021	2020	Change
Dirham Emirati Arabi	AED	4.364	4.113	6.1%	4.427	4.047	9.4%
Australian Dollar	AUD	1.585	1.634	(3.0)%	1.563	1.677	(6.8)%
Brasilian Real	BRL	5.905	6.112	(3.4)%	6.490	5.410	20.0%
Canadian Dollar	CAD	1.472	1.532	(3.9)%	1.503	1.503	(0.0)%
Swiss Franc	CHF	1.098	1.065	3.1%	1.095	1.064	2.9%
Remimbi	CNY	7.674	7.922	(3.1)%	7.796	7.751	0.6%
Danish Krone	DKK	7.436	7.453	(0.2)%	7.437	7.465	(0.4)%
English Pound	GBP	0.858	0.912	(6.0)%	0.868	0.875	(0.8)%
Hong Kong Dollar	HKD	9.229	8.679	6.3%	9.355	8.553	9.4%
Japanese Yen	JPY	131.430	25.947	406.5%	129.868	23.843	444.7%
Mexican Pesos	MXN	23.578	10.912	116.1%	24.327	10.732	126.7%
Norwegian krone	NOK	10.172	79.630	(87.2)%	10.176	76.669	(86.7)%
Russian Rublo	RUB	86.773	10.495	726.8%	89.550	10.660	740.1%
Swedish Krone	SEK	10.111	1.565	546.2%	10.131	1.541	557.4%
USA Dollar	USD	1.188	1.120	6.1%	1.205	1.102	9.4%

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)*	06/30/2021	12/31/2020	Increase/decrease	
			euro	%
Property, plant and equipment	41,730	43,047	(1,317)	(3.1)%
Intangible assets	45,262	43,263	1,999	4.6%
Goodwill	283,244	280,277	2,967	1.1%
Investments in subsidiaries and associates	-	-	-	0.0%
Deferred tax assets	50,413	48,539	1,874	3.9%
Other non-current assets	938	271	667	246.5%
Non-current financial assets	231	1,025	(794)	(77.4)%
Total non-current assets	**421,818**	**416,422**	**5,396**	**1.3%**

The net value of non-current assets increased by 6.037 million from December 31, 2020.
Property, plant and equipment and Intangible assets variations are mainly made up of increases for ordinary investment aligned with budget expectations, partially offset by the effect of amortizations and depreciations and translation effect.
The net value of the Right of Use booked in Property, plant and equipment, due to IFRS16 adoption, is euro 13.158 million. The depreciation of right of use recognized as of June 30, 2021 in the income statement is euro 2.867 million.
Goodwill increase by euro 2.967 million is only due to translation effect.
Investment in subsidiaries and associates only includes the equity method consolidation effect of Thélios S.p.A and its subsidiaries. As of June 30, 2021, the amount is classified on Current funds for some euro -8.927 million, as a direct consequence of interim operating losses of the associate entities.
Deferred tax assets increase by euro 1.874 million is mostly 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, 2020, based on positive results of 1H2021, in line with management expectations.

The carrying amount of equity-accounted investments has changed as follows in the six months of 2021:

(euro/000)	**06/30/2021**
Equity as at January 01, 2021	**(35,873)**
Capital Increase	18,000
Profit / (Loss) of the period	(344)
Equity as at June 30, 2021	**(18,217)**
% own by Marcolin SpA	49%
Net book value as at June 30, 2021	**(8,926)**

2. Current assets

The composition of current assets is shown below:

Current assets *(euro/000)*	06/30/2021	12/31/2020	Increase/decrease euro	 %
Inventories	104,046	105,863	(1,818)	(1.7)%
Trade receivables	86,585	71,652	14,933	20.8%
Other current assets	29,871	26,039	3,831	14.7%
Current financial assets	12,385	18,906	(6,522)	(34.5)%
Cash and bank balances	69,824	52,363	17,461	33.3%
Total current assets	**302,709**	**274,824**	**27,885**	**10.1%**

The total value of current assets increased by euro 27.885 million from December 31, 2020, mainly as a result of the combined effect of the changes listed below.

Inventories show a slight decrease compared to December 31, 2020 mainly due to good inventory management, confirmed from the decreased level compared both to 2020 and to 2019 (pre-Covid level), thanks to execution of key projects on supply chain side, such as new automation processes, new sales and demand planning processes in order to reduce stock obsolescence risk and backorders and maintain an efficient inventory level.

The increase in Trade receivables compared to December 31, 2020 is largely affected by business seasonality, since usually first half experiences the highest sales level than the other portion of the year. Very high quality of receivables with lowest DSO index ever (64 days, 10 days below previous year) back to pre-Covid 19 level.
Trade receivables are shown net of the provision for doubtful debts and returns.

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

Current financial assets primarily refer to the financial loan granted to Thélios S.p.A. from Marcolin S.p.A. under the loan agreement stipulated with the associate entity to enable Thélios S.p.A. to finance the start-up of its business. The decrease compared to December 31, 2020 is mainly due to a credit partial waiver granted to the associated entity.

Finally, the increase in cash and bank balances has been reported in the Group’s Consolidated Statement of Cash Flow.

3. Equity

The Parent Company's share capital is euro 35,902,749.82, fully paid-in, comprised of 61,458,375 ordinary shares without par value and 6,828,708 Class B shares without par value issued on October 5, 2017 to the new shareholder, Vicuna Holding S.p.A. The entry of new shareholder Vicuna Holding S.p.A. was part of the larger plan for the joint venture agreement with the LVMH Group, stipulated in 2017.

Accordingly, 90% of the share capital was owned by 3 Cime S.p.A. and 10% by Vicuna Holding S.p.A. as at June 30, 2021.

The share premium reserve and capital reserve account, euro 170.304 million and euro 46.108 million, respectively, refer to payments made by the Marcolin S.p.A. shareholder in 2012 and 2013 for capital increases.

The legal reserve of euro 6.437 million has not reached the limit imposed by Italian Civil Code Article 2430.

The translation reserve of euro 2.977 million 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 -138.7 million and include euro -6.540 million foreign exchange difference on some intercompany loans granted by Marcolin S.p.A. to subsidiaries treated in accordance with IAS 21 as a quasi-equity loan.

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	**06/30/2021**	**12/31/2020**	**Increase/decrease**	
(euro/000)			**euro**	**%**
Non-current financial liabilities	384,524	340,859	43,665	12.8%
Non-current funds	6,699	6,763	(64)	(1.0)%
Deferred tax liabilities	5,559	4,836	723	14.9%
Other non-current liabilities	128	167	(38)	(23.1)%
Total non-current liabilities	**396,910**	**352,625**	**44,285**	**12.6%**

Non-current liabilities increase by euro 44.285 million, mainly related to non-current financial liabilities which increases of euro 43.665 million. The change is due to the debt refinancing operation of Marcolin S.p.A. which took place on 27 May 2021. Marcolin S.p.A. issued a senior-secured bond notes for a total amount of euro 350 million, maturing on November 15, 2026, at a fix interest rate equal to 6.125% per annum.

The proceeds of the New Notes have been used to:
(i) redempt the Company’s outstanding €250 million senior secured notes due 2023;
(ii) repay and cancel of the existing ssRCF;
(iii) repay and cancel of the existing SACE Backed Term Loan, of euro 50 million provided by UniCredit S.p.A., Banco BPM S.p.A., Deutsche Bank S.p.A. and Credit Suisse AG, Milan Branch (the “Lenders”) and with UniCredit S.p.A. as SACE coordinator with maturity date 2025;

As part of the refinancing a new Revolving Credit Facility agreement has been signed for a total amount of euro 46 million. As at June 30, 2021 it has not been drawn. As far as financial covenants refer to paragraph “Refinancing of Marcolin Group debt”.

As at June 30, 2021 Non-current financial liabilities mainly include:

i) the senior-secured bond notes for a total amount of euro 350 million;
ii) the subordinated shareholder loan issued by 3Cime SpA on June 24, 2020 for euro 25 million to Marcolin SpA, maturing in December 2025 with interests payable at the maturity date and eligible to be treated as equity credit;
iii) the amount of non-current financial lease liabilities recognized in accordance with IFRS16 for euro 9.740 million.

5. Current liabilities

Current liabilities are set forth below:

Current liabilities	06/30/2021	12/31/2020	Increase/decrease	
(euro/000)			euro	%
Trade payables	119,917	94,624	25,293	26.7%
Current financial liabilities	29,030	70,491	(41,461)	(58.8)%
Current funds	24,323	31,618	(7,296)	(23.1)%
Tax liabilities and others	29,444	22,592	6,852	30.3%
Total current liabilities	**202,714**	**219,326**	**(16,612)**	**(7.6)%**

Trade payables as at June 30, 2021 amounted to euro 119.917 million and show an increase of euro 25.293 million compared to December 2020; such increase is aligned with purchase flows and the trend follows the business seasonality. DPO index is stable.

Current financial liabilities primarily relate to bank overdraft and short-term financing, including bank credit facilities in the form of bill discounting facility undertaken in the ordinary course of business.
The decrease compared to December 31, 2020 is attributable to the repayment of Revolving Credit Facility for euro 40 million as part of the Refinancing operation as described in paragraph 4. Non-current liabilities.

Current financial liabilities also include current lease liabilities accounted in accordance with IFRS 16 for euro 4.406 million.

Current funds amounted as at June 30, 2021 to euro 24.323 million and show a decrease of euro 7.296 million compared to December 2020. The decrease is mainly related to the effect of the equity method consolidation of Thélios, classified as of June 30, 2021 on Current funds for some euro 8.927 million (euro 17.578 million as of December 31, 2020).

The increase in Tax liabilities and others are mainly due to VAT temporary effect and an increase on employees' liabilities such as vacations and bonuses not yet paid.

6. Net financial position

The net financial debt as at June 30, 2021 is set forth below in comparison with December 31, 2020:

Net financial debt	06/30/2021	12/31/2020	Increase/decrease	
(euro/000)			euro	%
Cash and cash equivalents	69,824	52,363	17,461	33.3%
Current and non-current financial assets	12,615	19,931	(7,316)	(36.7)%
Current financial liabilities	(29,030)	(70,491)	41,461	(58.8)%
Non-current financial liabilities	(384,524)	(340,859)	(43,665)	12.8%
Total net financial debt reported	**(331,116)**	**(339,056)**	**7,941**	**(2.3)%**
SHL 3 Cime SpA	26,149	25,779	370	1.4%
Total net financial debt adjusted excluding SHL 3 Cime SpA	**(304,967)**	**(313,277)**	**8,310**	**(2.7)%**

The reported net financial debt is euro 331.116 million, compared to euro 339.056 million at December 31, 2020.
The adjusted net financial debt (excluding 3 Cime SpA shareholder loan effect, given it is treated as equity credit) is euro 304.967 million, compared to euro 313.277 million at December 31, 2020.

The main components of the Group's debt are the bond notes for a notional amount of euro 350 million, and short and medium-term loans granted by various banks.

The current and non-current financial assets are mainly made up of the loan granted to the associate Thélios SpA by Marcolin SpA to provide the joint venture with sufficient funding for the start-up of its business.

ANALYSIS OF CONDENSED CONSOLIDATED INCOME STATEMENT

The Group's interim Condensed Consolidated Income Statement as at June 30, 2021 is summarized below against the results as at June 30, 2020.

The 2021 net sales to date are euro 237.172 million, compared to euro 142.127 million for first half of 2020.

The June 2021 Reported Ebitda is euro 28.617 million, compared to 6.884 million for the first half of 2020.

Reported Ebit is euro 13.254 million, compared to euro -10.769 million for the six months of 2020.

Consolidated income statement	**06/30/2021**		**06/30/2020**	
(euro/000)	**euro**	**% of net revenues**	**euro**	**% of net revenues**
Net revenues	237,172	100.0%	142,127	100.0%
Gross profit	135,947	57.3%	78,907	55.5%
Ebitda	28,617	12.1%	6,884	4.8%
Operating income - Ebit	13,254	5.6%	(10,769)	(7.6)%
Financial income and costs	(10,012)	(4.2)%	(11,130)	(7.8)%
Profit before taxes	3,073	1.3%	(31,010)	(21.8)%
Net profit/(loss) for the period	1,430	0.6%	(27,196)	(19.1)%

Excluding the effects of extraordinary transactions, the June 2021 Adjusted Ebitda is euro 33.352 million (14.1% of net sales), against the March 2020 Adjusted Ebitda of euro 11.374 million (8% of net sales).

Economic indicator - adjusted	**06/30/2021**		**06/30/2020**	
(euro/000)	**euro**	**% of net revenues**	**euro**	**% of net revenues**
Ebitda adjusted	33,352	14.1%	11,374	8.0%
Ebit adjusted	17,989	7.6%	(3,080)	(2.2)%

7. Net Revenues

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

Net Revenues by geographical area	06/30/2021		06/30/2020		Increase (decrease)	
(euro/000)	Net Revenues	% on total	Net Revenues	% on total	euro	%
Italy	*17,931*	*7.6%*	*11,323*	*8.0%*	*6,607*	*58.4%*
Rest of Europe	*95,271*	*40.2%*	*60,802*	*42.8%*	*34,469*	*56.7%*
Europe	113,202	47.7%	72,125	50.7%	41,076	57.0%
Americas	99,267	41.9%	52,916	37.2%	46,351	87.6%
Asia	9,833	4.1%	6,437	4.5%	3,396	52.8%
Rest of World	14,870	6.3%	10,648	7.5%	4,222	39.6%
Total	**237,172**	**100.0%**	**142,127**	**100.0%**	**95,044**	**66.9%**

In the first half of 2021 net sales are euro 237.172 million and increase of euro 95.044 million (66.9%) in comparison to the same period of 2020. At constant exchange rates net sales are euro 249.047 million, with an increase of euro 106.920 million (75,2%) compared to previous period.

Italy
Revenues in the domestic market increased by 58.4% compared to the same period of 2020. Very good performance for luxury brands Tom Ford and Max Mara and also for diffusion one Guess.

Rest of Europe
Revenues from the Rest of Europe market (euro 95.271 million) increased by 56.7% compared to the same period of 2020 at current exchange rates. This area shows very positive results, strong performance for luxury brands led by Tom Ford and the new launch of Max Mara collections.
Compared to June 30, 2020 best performer regions are France, Benelux, Germany, Nordics and UK.

Americas
In the Americas area, net sales show an increase compared to the same period of 2020 at current exchange rates for some 87.6% (at constant exchange rate would be 100%). Very good performance for the US Optical channel, US Retail Department Stores. Latin America shows a good recovery with a +80% increase on Net Sales compared to first half 2020 at current exchange rate.

Asia
The Asian Far East market shows an increase in net sales of some 52,8% at current exchange rates, 59,3% at constant exchange rates. This area in 2020 was the first one impacted by Covid-19 health emergency (primarily country such as China and South Korea). Such positive results in first half 2021 are mainly driven by recovery of business activities post Covid-19 and the effect of the change of Korean distributor, the reorganization of Chinese subsidiaries and the full go live of the Australian one.

Rest of World
From a geographical standpoint, the “Rest of the World” includes the Middle East, the Mediterranean area and Africa. During first six months of 2021 net sales amount to euro 14.8 million and show a increase of some 39.6% compared with the same period of the previous year. Net sales level is aligned with previous period because these geographical areas were not significantly impacted by Covid-19 effect along first half 2020.

8. Cost of sales

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

Cost of sales *(euro/000)*	**06/30/2021**	**% on net revenues**	**06/30/2020**	**% on net revenues**	**Increase/decrease**	
					euro	**%**
Product cost	91,018	38.4%	55,278	38.9%	35,739	64.7%
Cost of personnel	6,442	2.7%	4,739	3.3%	1,703	35.9%
Amortization, depreciation and writedowns	1,841	0.8%	1,997	1.4%	(156)	(7.8)%
Other production cost	1,924	0.8%	1,206	0.8%	718	59.5%
Total	**101,224**	**42.7%**	**63,220**	**44.5%**	**38,004**	**60.1%**

Cost of sales amounted to euro 101.224 million for the six months ended June 30, 2021, an increase of euro 38.004 million, or 60.1%, from euro 63.220 million for the six months ended June 30, 2020.
The cost of sales as a percentage of net revenues is 42,7% for the six months ended June 30, 2021 compared to 44.5% the six months ended June 30, 2020.
Gross Margin shows a solid performance thanks to a positive leverage on industrial overheads and strong commercial policy on pricing.

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)*	**06/30/2021**	**% on net revenues**	**06/30/2020**	**% on net revenues**	**Increase/decrease**	
					euro	**%**
Cost of personnel	26,729	11.3%	22,627	15.9%	4,102	18.1%
Commissions	15,023	6.3%	9,849	6.9%	5,174	52.5%
Amortization	10,462	4.4%	9,230	6.5%	1,232	13.3%
Royalties	28,055	11.8%	14,926	10.5%	13,128	88.0%
Advertising and PR	12,537	5.3%	4,148	2.9%	8,388	202.2%
Other costs	11,882	5.0%	9,328	6.6%	2,554	27.4%
Total	**104,686**	**44.1%**	**70,108**	**49.3%**	**34,578**	**49.3%**

The distribution and marketing expenses amounted to euro 104.686 million for the six months ended June 30, 2021, an increase of euro 34.578 million or 49,3% from euro 70.108 million for six months ended June 30, 2020.

Commissions expenses amounted to euro 15.023 million in 2021, an increase of 52.5% from the euro 9.849 million for the six months ended June 30, 2020.

In 2021 Royalties amounted to euro 28.055 million. In 2020 Royalties as a percentage of net revenues is 10.5% on net revenues compared to 11.8% during 2021.

Advertising and PR expenses in 2021 amounted to euro 12.537 million, an increase of euro 8.388 million, from the euro 4.138 million in the same period of 2020. As a percentage of net revenues, Advertising and PR expenses in 2021 is 5.3%, compared to 2.9% of 2020.

The “other costs” refer mainly to freight expenses, business travel, rent and services. In 2021, other costs amounted to euro 11.882 million, an increase of euro 2.554 million, or 27,4%, from the euro 9.328 million in the same period of 2020. As a percentage of net revenues, they are 5.0%, compared to 6.6% for the six months ended June 30, 2020.

10. General and administrative expenses

The general and administrative expenses are set forth below:

General and administrative expenses	06/30/2021	% on net revenues	06/30/2020	% on net revenues	Increase/decrease	
(euro/000)					euro	%
Cost of personnel	7,763	3.3%	7,143	5.0%	621	8.7%
Amortization and writedowns	3,060	1.3%	6,426	4.5%	(3,366)	(52.4)%
Other costs	7,643	3.2%	7,716	5.4%	(73)	(0.9)%
Total	**18,467**	**7.8%**	**21,285**	**15.0%**	**(2,818)**	**(13.2)%**

General and administrative expenses amounted to euro 18.467 million for the six months ended June 30, 2021, compared to euro 21.285 million the six months ended June 30, 2020. As a percentage of net revenues, in 2021 general and administrative expenses is 7,8%, compared to 15% for 2020.

11. Other operating income and expenses

The total amount of other operating income and expenses amounted to a net euro 0.460 million revenues for the six months ended June 30, 2021. The amount mainly refers to other rebilling, compensation for damages and other minor non-operating expenses.

12. Share of profits/(losses) of associates

The amount of euro -0.168 million refers to the effect of consolidation using the equity method of the associate entity Thélios SpA and its subsidiaries.

13. Financial income and costs

Net Financial Income and expenses amounted to a net euro 10.012 million expenses for the six months ended June 30, 2021 compared to euro 11.130 million expenses for the six months ended June 30, 2020. 2021 financial costs are also impacted by costs directly correlated to the extraordinary refinancing operation occurred on May 2021 for some euro 2.3 million. Excluding these extraordinary financial expenses, the total net financial income and costs shows a decrease of some euro 3.4 million compared to previous year.

14. Income tax expense

The estimated income tax expense amounted to euro -1.643 million for the six months ended June 30, 2021, compared to the euro 3.814 million the six months ended June 30, 2020.
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 June 30, 2021 and the date of approval of the interim condensed consolidated financial statements as of June 30, 2021, 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 six months of 2021 there were no significant non-recurring events and/or transactions.

Atypical and unusual transactions

In the first six months of 2021 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 performances or cash flows of Marcolin S.p.A. 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 at June 30, 2021 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	30	-	139	-	Related party
Family Marcolin	331	-	120	0	Related party
3 Cime S.p.A.	744	-	26,523	11,135	Consolidating
Thélios Group	2,347	336	1,910	11,905	Associates
Total	**3,452**	**336**	**28,692**	**23,041**	

The same table is set forth as at June 30, 2020:

Related Parties *(euro/000)*	**Expenses**	**Revenues**	**Payables**	**Receivables**	**Type**
Pai Partners Sas	30	-	90	-	Related party
Coffen Marcolin Family	243	-	99	0.1	Related party
3 Cime S.p.A.	25	-	25,025	7,463	Consolidating
Thélios Group	1,818	1,935	6,798	20,232	Associates
Total	**2,115**	**1,935**	**32,012**	**27,695**	

Milan, July 29, 2021

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