

MARCOLIN
EYEWEAR

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

MARCOLIN S.p.A.
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Z.I. Villanova, 4 32013 Longarone (Belluno)
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EYEWEAR

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GENERAL INFORMATION

CORPORATE BOARDS AND AUDITORS

Board of Directors¹

Vittorio Levi	Chairman
Massimo Renon	C.E.O. and General Manager
Giovanni Zoppas	Executive Vice Chairman
Antonio Abete	Director
Nicolas Brugère	Director
Jacopo Forloni	Director
Cirillo Coffen Marcolin	Director
Emilio Macellari	Director
Frédéric Jaques Mari Stévenin	Director
Franck Raymond Temam	Director
Raffaele Roberto Vitale	Director

Board of Statutory Auditors¹

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

Internal Audit Committee²

Vittorio Levi	Chairman
Jacopo Forloni	Internal Auditor
Cirillo Coffen Marcolin	Internal Auditor

Supervisory Body²

Federico Ormesani	Chairman
David Reali	Supervisor
Cirillo Coffen Marcolin	Supervisor

Independent Auditors³

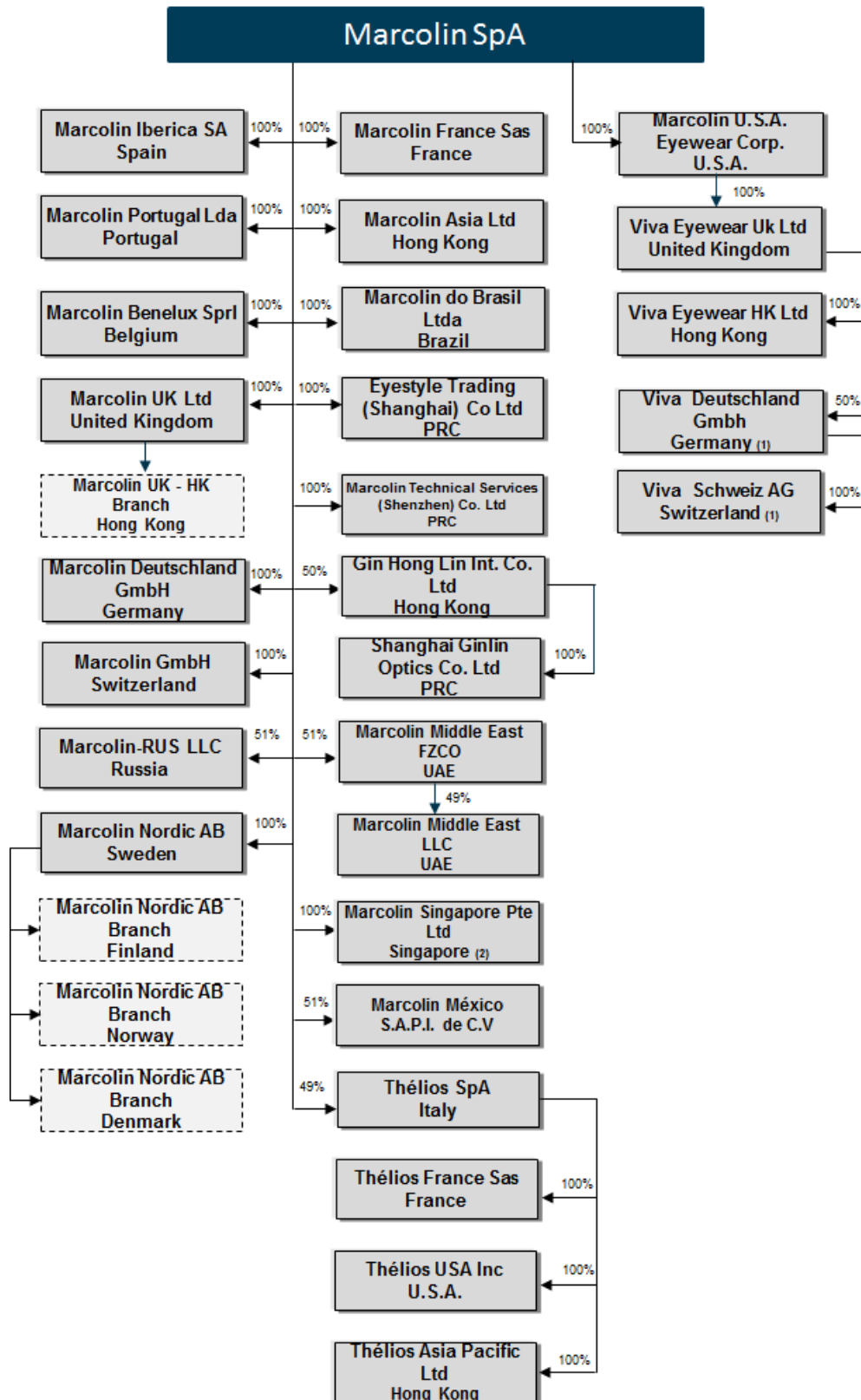
PricewaterhouseCoopers S.p.A.

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

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

3) Term of engagement: 2019, 2020 and 2021 (under Shareholders' Resolution of March 28, 2019).

MARCOLIN GROUP STRUCTURE



1) Company undergoing liquidation;

2) Marcolin Singapore Pte Ltd has been established on March 27, 2019. Marcolin S.p.A. owns 100%.

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(euro/000)</i>	Notes	03/31/2019	12/31/2018
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1	48,710	29,941
Intangible assets	1	46,494	46,547
Goodwill	1	288,412	286,506
Investments in subsidiaries and associates	1	3,823	1,377
Deferred tax assets	1	41,656	41,916
Other non-current assets	1	4,006	4,333
Non-current financial assets	1; 6	1,817	2,513
Total non-current assets		434,919	413,134
CURRENT ASSETS			
Inventories	2	132,392	126,061
Trade receivables	2	106,865	91,992
Other current assets	2	35,529	32,128
Current financial assets	2; 6	19,463	21,294
Cash and cash equivalents	2; 6	30,468	34,184
Total current assets		324,717	305,659
TOTAL ASSETS		759,636	718,793
EQUITY			
Share capital	3	35,902	35,902
Additional paid-in capital	3	170,304	170,304
Legal reserve	3	5,483	4,263
Other reserves	3	51,819	45,131
Retained earnings (losses)	3	(57,031)	(51,041)
Profit (loss) for the period	3	1,886	(2,246)
Group equity		208,363	202,313
Non controlling interests	3	4,960	4,864
TOTAL EQUITY		213,322	207,176
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current financial liabilities	4; 6	266,855	252,226
Non-current funds	4	6,334	6,382
Deferred tax liabilities	4	8,550	7,889
Other non-current liabilities	4	1,713	3,344
Total non-current liabilities		283,452	269,841
CURRENT LIABILITIES			
Trade payables	5	145,224	150,134
Current financial liabilities	5; 6	60,284	40,214
Current funds	5	14,867	15,162
Tax liabilities	5	7,527	5,419
Other current liabilities	5	34,959	30,848
Total current liabilities		262,862	241,776
TOTAL LIABILITIES		546,313	511,617
TOTAL LIABILITIES AND EQUITY		759,636	718,793

CONDENSED CONSOLIDATED INCOME STATEMENT AND CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(euro/000)</i>	Notes	03/31/2019	%	03/31/2018	%
NET REVENUES	7	129,851	100.0%	122,142	100.0%
Cost of sales	8	(53,631)	(41.3)%	(49,970)	(40.9)%
GROSS PROFIT		76,220	58.7%	72,172	59.1%
Distribution and marketing expenses	9	(59,743)	(46.0)%	(56,130)	(46.0)%
General and administrative expenses	10	(9,958)	(7.7)%	(9,173)	(7.5)%
Other operating income/(expenses)	11	3,621	2.8%	3,507	2.9%
OPERATING INCOME - EBIT		10,140	7.8%	10,376	8.5%
Profit/(loss) from associates	12	(2,423)	(1.9)%	(1,727)	(1.4)%
Financial income	13	1,878	1.4%	4,304	3.5%
Financial costs	13	(6,345)	(4.9)%	(9,747)	(8.0)%
PROFIT (LOSS) BEFORE TAXES		3,250	2.5%	3,206	2.6%
Income tax expense	14	(888)	(0.7)%	(1,251)	(1.0)%
NET PROFIT (LOSS) FOR THE PERIOD		2,362	1.8%	1,955	1.6%
Profit (loss) attributable to:					
- Owners of the parent		1,886	1.5%	1,130	0.9%
- Non-controlling interests		476	0.4%	825	0.7%

<i>(euro/000)</i>	03/31/2019	03/31/2018
NET PROFIT (LOSS) FOR THE PERIOD	2,362	1,955
<i>Other items that will not subsequently be reclassified to profit or loss:</i>		
Effect (actuarial gains/losses) on defined benefit plans, net of taxes	-	-
TOTAL OTHER ITEMS THAT WILL NOT SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS	-	-
<i>Other items that will be subsequently reclassified to profit or loss:</i>		
Change in foreign currency translation reserve	5,100	(891)
Change in exchange rate difference on quasi equity loan	1,814	(1,442)
TOTAL OTHER ITEMS THAT WILL BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS	6,915	(2,333)
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD	9,277	(378)
Profit (loss) attributable to:		
- owners of the parent	8,574	(1,110)
- non-controlling interests	703	732

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Additional paid-in capital	Legal Reserve	Other reserves				Profit (loss) for the period	Capital and reserves net total	Non-controlling interests in equity	Total equity
				Shareholders deposit in capital	Translation reserve	Other	Actuarial gain/(loss) reserve				
(euro/000)											
December 31, 2017	35,902	170,304	4,263	46,108	(370)	(10,078)	(22)	(31,944)	198,650	3,658	202,305
Allocation of 2017 result	-	-	-	-	-	-	-	(15,514)	-	-	-
IFRS and IFRS15 impacts	-	-	-	-	-	-	-	(3,400)	(3,400)	(60)	(3,460)
Dividends distribution	-	-	-	-	-	-	-	-	-	(143)	(143)
Share capital increase	-	-	-	-	-	-	-	-	-	3	3
- <i>Period result</i>	-	-	-	-	-	-	-	-	(2,246)	1,415	(831)
- <i>Other components of comprehensive income</i>	-	-	-	-	5,673	3,765	54	(163)	-	9,309	9,300
Total comprehensive income	-	-	-	-	5,673	3,765	54	(163)	(2,246)	7,063	8,469
December 31, 2018	35,902	170,304	4,263	46,108	5,303	(6,313)	32	(51,041)	202,313	4,864	207,176
Allocation of 2018 result	-	-	1,220	-	-	-	-	(3,466)	-	-	-
Dividends distribution	-	-	-	-	-	-	-	-	-	(607)	(607)
Dividend waiver by Shareholders	-	-	-	-	-	-	-	-	-	1,104	1,104
- <i>Period result</i>	-	-	-	-	-	-	-	-	1,886	476	2,362
- <i>Other components of comprehensive income</i>	-	-	-	-	5,100	1,588	-	(3,628)	-	3,060	3,287
Total comprehensive income	-	-	-	-	5,100	1,588	-	(3,628)	1,886	4,946	5,649
March 31, 2019	35,902	170,304	5,483	46,108	10,404	(4,725)	32	(57,031)	1,886	208,363	213,322

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(euro/000)</i>	03/31/2019	03/31/2018
OPERATING ACTIVITIES		
<i>Profit (loss) for the period</i>	2,362	1,955
Depreciation and amortization	5,549	4,429
Provisions	504	417
Income tax expense	888	1,251
Accrued interest expense	4,466	5,443
Adjustments to other non-cash items	2,426	1,725
<i>Cash generated by operations</i>	16,195	15,219
<i>Cash generated by change in operating working capital</i>	(25,743)	(24,344)
<i>Other elements in working capital</i>	4,166	226
Income taxes paid	(186)	(493)
Interest received	232	321
Interest paid	(3,457)	(3,405)
<i>Total cash generated by change in other items of net working capital</i>	755	(3,351)
<i>Net cash from /(used in) net working capital</i>	(24,988)	(27,695)
Net cash from /(used in) operating activities	(8,794)	(12,476)
INVESTING ACTIVITIES		
(Purchase) of property, plant and equipment	(1,850)	(820)
Disposal of property, plant and equipment	29	2
(Investments) in intangible assets	(3,833)	(1,778)
Net (Investments)/disposal in investment in subsidiaries and associates	(4,900)	(0)
Net cash from /(used in) investing activities	(10,555)	(2,596)
FINANCING ACTIVITIES		
Financial Assets		
- (Proceeds)	-	(2,774)
- Repayments	2,653	-
Financial Loans from banks		
- Proceeds	-	25,282
- (Repayments)	(1,177)	(14,434)
Principal elements of lease payments	(1,125)	
Other current and non current financial liabilities	15,436	2,127
Dividends paid	(607)	-
Net cash from /(used in) financing activities	15,180	10,201
Net increase/(decrease) in cash and cash equivalents	(4,169)	(4,871)
Effect of foreign exchange rate changes	453	(294)
Cash and cash equivalents at beginning of year	34,184	40,805
Cash and cash equivalents as at March, 31 2019	30,468	35,640

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.

In 2018 the Marcolin Group (also referred to herein as the "Group") sold an estimated 14.7 million pairs of eyeglasses and sunglasses worldwide, achieving sales of euro 482.2 million.

As part of its strategy to expand the target markets, in 2018 Marcolin set up a new company in Mexico in partnership with a local business, Moendi, a major independent distributor in that country with over 25 years of experience in the wholesale and retail distribution of luxury and lifestyle sunglasses and eyeglasses in Mexico.

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

In 2018 the Marcolin Group had sales of euro 482.2 million and some 1,950 employees, plus a widespread, well-structured network of independent agents.

Marcolin has a strong portfolio of licensed brands in 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, Roberto Cavalli, Ermenegildo Zegna, Pucci, Moncler and Omega (the Group has stipulated an exclusive supply contract for Omega boutiques); the diffusion segment includes Diesel, DSquared2, Guess, Guess by Marciano, Gant, Harley Davidson, Just Cavalli, Swarovski, Timberland, Cover Girl, Kenneth Cole New York, as well as other brands targeted specifically to the U.S. market.

New licensing agreements were stipulated with important brands in 2018. Bally was obtained in May 2018 and Victoria's Secret and Victoria's Secret Pink were obtained December 2018 under an agreement stipulated with L Brands. In 2019 the Group will begin to benefit from the licensing agreement stipulated with Max Mara Fashion Group for the Sportmax brand.

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.

Key business development occurred during first quarter 2019

New License agreements

On January 23, 2019 Marcolin Group and Barton Perreira, an independent eyewear brand based on Los Angeles, announced the stipulation of an exclusive agreement for international distribution of Barton Perreira sunglasses and eyeglasses starting on February 1, 2019. Barton Perreira will continue to design and produce the eyewear and will manage the sales in parts in Europe, the U.S.A., Canada and Japan. The Marcolin Group will look after the distribution with selected retailers and eyewear stores in locations not already covered by Barton Perreira.

On February 19, 2019 Marcolin Group and Max Mara Fashion Group, one of the most important international fashion house, renowned throughout the world as a forerunner of modern ready-to-wear

apparel, announced the stipulation of an exclusive worldwide licensing agreement for the design, manufacturing and distribution of Sportmax brand women's and men's sunglasses and eyeglass frames. The agreement will remain in effect for 5 years, from January 1, 2019 until December 2023.

New subsidiary in Singapore

On March 27, 2019 a new subsidiary has been established in Singapore. The entity is fully controlled by Marcolin S.p.A. and it will directly distribute eyewear collections of Marcolin's portfolio brands in Singapore and Malaysia.

ACCOUNTING POLICIES AND BASIS OF CONSOLIDATION

Basis of operation

These interim condensed consolidated financial statements for three months ended March 31, 2019 have been prepared on a going concern basis following IAS 34 “*Interim Financial Reporting*” which governs interim financial reporting.

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, 2018.

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

Accounting policies

The accounting policies adopted for the preparation of the interim condensed consolidation financial statements for the three months ended March 31, 2019 are consistent with those used to prepare the annual consolidated financial statements as at December 31, 2018, 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, 2018.

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, 2019

The following new standards and amendments became effective on January 1, 2019:

IFRS 16 (Leases)

On October 31, 2017 the European Union issued Regulation n. 2017/1986 approving IFRS 16 (Leases). Marcolin Group has adopted the new standard starting from January 1, 2019 using the simplified approach as permitted by the standard, without restating the comparative period before adopting the standard and stating that the right-of-use asset has the same value of the lease liability (adjusted for any prepaid or allocated lease costs at December 31, 2018).

On adoption of IFRS16, the Group recognized lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of January 1, 2019.

For leases previously classified as finance leases the entity recognized the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

As of January 1, 2019, Lease liability related to previously classified “operating leases” under the principles of IAS 17 Leases is euro 19.609 million while the lease liability for leases previously classified as “finance lease” is euro 1.462 million. Total lease liability is euro 21.071 million.

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognized right-of-use assets for leases previously classified as “Operating lease” under IAS 17 relate to the following types of assets:

€/000	March, 31 2019	January, 01 2019
Land and buildings	15,285	16,162
Industrial and commercial equipment	337	343
Cars	2,715	2,932
Other tangibles fixed assets	160	173
Total Right-of-use assets	18,497	19,609

The Group leases various buildings, equipments and cars. Rental contracts are typically made for fixed periods of 3 to 8 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs and restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Extension options are included in a number of property leases across the Group. Group considered to include such options in the Lease liability amount only if it is considered more likely than not that the renewal period would be optioned.

The change in accounting policy affected Property, Plant and equipment and Financial Liabilities as of January 1, 2019 and March 31, 2019 as shown in the table below:

€/000	March, 31 2019	January, 01 2019
Right of use new IFRS16	18,497	19,609
PPE IAS17 finance lease	637	697
Total amount right of use for lease in PPE	19,134	20,307
Non current lease liabilities new IFRS16	14,274	15,302
Non current finance lease liabilities IAS17	657	819
Total non current finance lease liabilities	14,932	16,121
Current lease liabilities IFRS16	4,307	4,307
Current finance lease liabilities IAS17	646	643
Total current finance lease liabilities	4,953	4,950
Total finance lease liabilities	19,885	21,071

As of March 31, 2019 EBITDA Reported and Adjusted has a positive impact due to IFRS 16 of some euro 1.256 million since rents of operating lease aren't classified on operating expenses. Instead, right-of-use depreciation is euro 1.198 million and interest cost is euro 0.219 million. Total impact on Earnings before tax is euro -0.161 million.

Annual Improvements 2015-2017 Cycle (issued on 12 December 2017)

On March 14, 2019 the European Union issued Regulation n. 2019/412 endorsing Annual Improvements 2015-2017 Cycle (issued on 12 December 2017). This new standard did not have significant impact on the Group's accounting policies.

IFRIC 23 Uncertainty over Income Tax Treatments

On October 23, 2018 the European Union issued Regulation n. 2018/1595 endorsing IFRIC 23 — Uncertainty over Income Tax Treatments. This new standard did not have significant impact on the Group's accounting policies.

Amendments to IFRS9 – Prepayment Features with negative compensation

On March 22, 2018 the European Union issued Regulation n. 2018/498 endorsing Prepayment Features with Negative Compensation (Amendments to IFRS 9). This new amendment did not have significant impact on the Group's accounting policies.

Amendments to IAS28 – Long-term Interests in Associates and Joint Ventures

On February 08, 2019 the European Union issued Regulation n. 2019/237 endorsing Long-term Interests in Associates and Joint Ventures (Amendments to IAS28). This new amendment did not have significant impact on the Group's accounting policies.

Amendments to IAS19 – Plan Amendment, Curtailment or Settlement

On March 13, 2019 the European Union issued Regulation n. 2019/402 endorsing Plan Amendment, Curtailment or Settlement (Amendments to IAS19). This new amendment did not have significant impact on the Group's accounting policies.

New accounting standards and interpretations approved by the European Union and effective for periods after December 31, 2019

There are no accounting standards endorsed by the European Union and effective from reporting periods after December 31, 2019.

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
IFRS 17 (Insurance contracts)	January 1, 2021
Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018)	January 1, 2020
Amendment to IFRS 3 Business Combinations (issued on 22 October 2018)	January 1, 2020
Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018)	January 1, 2020

Estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgments made applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements of the Company as of and for the year ended December 31, 2018.

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 three months ended March 31, 2019 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	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	Colonia, 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%	
Eyestyle Trading (Shanghai) Co Ltd	Shanghai, PRC	CNY	3,001,396	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%	
Viva Eyewear Hong Kong Ltd	Hong Kong	HKD	100	Full consolidation		100.0%
Viva Eyewear UK Ltd	London, UK	GBP	-	Full consolidation		100.0%
Viva Deutschland GmbH	Schwaebisch Gmund, Germania	EUR	25,000	Full consolidation		50.0%
Viva Schweiz AG	Wallis, Svizzera	CHF	100,000	Full consolidation		50.0%
Marcolin-RUS LLC	Moscow, Russia	RUB	305,520	Full consolidation	51.0%	
Gin Hong Lin International Co Ltd	Hong Kong	HKD	25,433,653	Full consolidation	50.0%	
Shanghai Ginlin Optics Co Ltd	Shanghai, PRC	CNY	22,045,100	Full consolidation		50.0%
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	100,000	Full consolidation	51.0%	
Thélios SpA	Longarone (BL), Italy	EUR	1,000,000	Equity	49.0%	
Thélios France Sas	Paris, France	EUR	40,000	Equity		49.0%
Thélios USA Inc.	Somerville, USA	USD	1,000	Equity		49.0%
Thélios Asia Pacific Ltd	Hong Kong	HKD	100,000	Equity		49.0%

The only change in the scope of consolidation since December 31, 2018 is the establishment, on March 27, 2019, of Marcolin Singapore Pte Ltd. The entity is fully controlled by Marcolin S.p.A. and it will directly distribute products in Singapore and Malaysia.

Italian tax consolidation

At the end of 2016 the three-year term ended for the option of Italian tax consolidation for IRES purposes between the ultimate parent company, 3 Cime S.p.A., and its subsidiaries, including Marcolin S.p.A., under Presidential Decree 917, Article 117 *et seq* of December 22, 1986 (Italian Tax Code or "TUIR"). On March 31, 2017 the company renewed the tax consolidation agreement for the three-year term of 2017 - 2019.

The tax consolidation agreement enables each participant (including the Company), by way of partial recognition of the group's tax burden, to optimize the fiscal management of corporate income tax (IRES), for example by netting taxable income and tax losses within the tax group.

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;
- the consolidated companies with negative taxable income receive from 3 Cime S.p.A. a payment corresponding to 100% of the tax savings realized, accounted for on an accruals basis;
- the payment is made only at the time of actual use by 3 Cime S.p.A. for itself and/or for other Group companies;
- if 3 Cime S.p.A. and the subsidiaries 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 March 31, 2019 and January-to-March 2019, respectively):

Currency	Symbol	Closing exchange rate			Average exchange rate		
		03/31/2019	12/31/2018	Change	2019	2018	Change
Dirham Emirati Arabi	AED	4.126	4.205	(1.9)%	4.171	4.337	(3.8)%
Australian Dollar	AUD	1.582	1.622	(2.5)%	1.594	1.580	0.9%
Brasilian Real	BRL	4.387	4.444	(1.3)%	4.278	4.309	(0.7)%
Canadian Dollar	CAD	1.500	1.561	(3.9)%	1.510	1.529	(1.3)%
Swiss Franc	CHF	1.118	1.127	(0.8)%	1.132	1.155	(2.0)%
Renminbi	CNY	7.540	7.875	(4.3)%	7.664	7.808	(1.9)%
Danish Krone	DKK	7.465	7.467	(0.0)%	7.464	7.453	0.1%
English Pound	GBP	0.858	0.895	(4.1)%	0.873	0.885	(1.4)%
Hong Kong Dollar	HKD	8.820	8.968	(1.7)%	8.912	9.256	(3.7)%
Mexican Pesos	MXN	21.691	22.492	(3.6)%	21.806	22.705	(4.0)%
Norwegian Krone	NOK	9.659	9.948	(2.9)%	9.742	9.597	1.5%
Russian Rublo	RUB	72.856	79.715	(8.6)%	74.909	74.042	1.2%
Swedish Krona	SEK	10.398	10.255	1.4%	10.419	10.258	1.6%
Singapore Dollar	SGD	1.521	1.559	(2.4)%	1.539	1.593	(3.4)%
US Dollar	USD	1.124	1.145	(1.9)%	1.136	1.181	(3.8)%

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)	03/31/2019	12/31/2018	Increase/decrease	
			euro	%
Property, plant and equipment	48,710	29,941	18,769	62.7%
Intangible assets	46,494	46,547	(52)	(0.1)%
Goodwill	288,412	286,506	1,906	0.7%
Investments in subsidiaries and associates	3,823	1,377	2,445	177.6%
Deferred tax assets	41,656	41,916	(260)	(0.6)%
Other non-current assets	4,006	4,333	(327)	(7.5)%
Non-current financial assets	1,817	2,513	(696)	(27.7)%
Total non-current assets	434,919	413,134	21,785	5.3%

The net value of non-current assets increases by euro 21.785 million from December 31, 2018.

The increase in Property, plant and equipment is mainly due to IFRS 16 adoption, due to the recognition of the right-of-use assets as at January 01, 2019 of euro 19.609 million. "Accounting policies" section includes more details about the effect of IFRS 16 adoption.

Goodwill increase by euro 1.906 million is only due to translation effect.

Investment in subsidiaries and associates increase is due to the equity method consolidation effect of Thélios SpA and its subsidiaries, as a direct consequence of the capital injection performed by the two shareholders Marcolin SpA and LVMH Group executed on March 2019.

The carrying amount of equity-accounted investments has changed as follows in the three months to March 2019:

(euro/000)	03/31/2019
Equity as at January 01, 2019	2,809
Profit / (Loss) of the period	(5,008)
Capital Increase	10,000
Equity as at March 31, 2019	7,801
% own by Marcolin SpA	49%
Net book value as at March 31, 2019	3,823

2. Current assets

The composition of current assets is shown below:

Current assets (euro/000)	03/31/2019	12/31/2018	Increase/decrease	
			euro	%
Inventories	132,392	126,061	6,331	5.0%
Trade receivables	106,865	91,992	14,873	16.2%
Other current assets	35,529	32,128	3,401	10.6%
Current financial assets	19,463	21,294	(1,832)	(8.6)%
Cash and bank balances	30,468	34,184	(3,716)	(10.9)%
Total current assets	324,717	305,659	19,058	6.2%

The total value of current assets increased by euro 19.058 million from December 31, 2018, mainly as a result of the combined effect of the changes listed below.

Inventories increased by euro 6.331 million compared to the previous year. The increase in closing inventories is mainly due both by business seasonality and by management expectation of higher turnover during the following quarters of 2019.

Inventory is shown net of provision for inventory impairment.

The increase in Trade receivables compared to December 31, 2018 is largely affected by business seasonality, since usually first quarter experiences the highest sales level than other quarters of the year. DSO index keeps maintaining a great level.

Trade receivables are shown net of the provision for doubtful debts and returns.

Other current assets increase is strictly related to the trend of VAT credit amount as a consequence of the business seasonality.

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.

Finally, the decrease 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 September 30, 2018.

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 5.483 million has not reached the limit imposed by Italian Civil Code Article 2430.

The translation reserve of euro 10.404 million refers to the translation into euros of the financial statements of Group companies whose functional currency differs from the euro.

Other reserves, euro 61.723 million, include euro -4.725 million foreign exchange difference on the intercompany loan denominated in U.S. dollars granted by Marcolin S.p.A. to the subsidiary Marcolin USA Eyewear Corp. On November 18, 2016, pursuant to a Board of Directors' meeting held on October 27, 2016 by Marcolin S.p.A., the intercompany loan's maturity date was terminated without providing for repayment of the loan in the foreseeable future. Therefore, in accordance with IAS 21, the loan to the American subsidiary is classified as a quasi-equity loan, so all the exchange differences associated with it are recognized in the consolidated financial statements in a specific equity reserve, like the exchange differences of financial statements denominated in foreign currency.

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

4. Non-current liabilities

The composition of non-current liabilities is shown below:

Non-current liabilities (euro/000)	03/31/2019	12/31/2018	Increase/decrease	
			euro	%
Non-current financial liabilities	266,855	252,226	14,629	5.8%
Non-current funds	6,334	6,382	(48)	(0.8)%
Deferred tax liabilities	8,550	7,889	661	8.4%
Other non-current liabilities	1,713	3,344	(1,631)	(48.8)%
Total non-current liabilities	283,452	269,841	13,611	5.0%

Non-current liabilities increase by euro 13.611 million is mainly related to non-current financial liabilities, deferred tax liabilities and other non-current liabilities. The principal amount of non-current financial liabilities is the non-convertible senior-secured bond notes for a total amount of euro 250 million, issued on February 2017, with a 6-year maximum term, maturing on February 15, 2023, at a variable interest rate equal to the three-month EURIBOR (shall be subject to a floor of zero%) plus a 4.125% spread. The amount of non-current lease financial liabilities recognized as at March 31, 2019 based on IFRS16 adoption is euro 14.274 million. "Accounting policies" section includes more details about the effect of IFRS 16 adoption.

5. Current liabilities

Current liabilities are set forth below:

Current liabilities (euro/000)	03/31/2019	12/31/2018	Increase/decrease	
			euro	%
Trade payables	145,224	150,134	(4,910)	(3.3)%
Current financial liabilities	60,284	40,214	20,071	49.9%
Current funds	14,867	15,162	(295)	(1.9)%
Tax liabilities and others	42,486	36,267	6,219	17.1%
Total current liabilities	262,862	241,776	21,085	8.7%

Current liabilities as at March 31, 2019 show an increase of euro 21.085 million compared to December 31, 2018. In particular, the following may be observed:

- Trade payables as at March 31, 2019 amounted to euro 145.224 million show a decrease of euro 4.910 million compare to December 2018;
- 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 amount also includes the New Revolving Credit Facility for some euro 40 million, drawn for euro 25 million as of March 31, 2019. The increase compared to December 31, 2018 mainly refers to higher proceeds from short-term financing from banks and from the revolving credit facility (it was drawn for euro 10 million as at December 31, 2018). The total amount of current lease financial liabilities recognized based on IFRS 16 adoption is euro 4.307 million. "Accounting policies" section includes more details about the effect of IFRS 16 adoption;
- the increase in tax liabilities and others are mainly due to tax liabilities (including VAT and other employees tax liabilities and social contributions) and other employee's liabilities (such as vacations and bonuses not yet paid).

6. Net financial position

The net financial debt as at March 31, 2019 is set forth below in comparison with December 31, 2018:

Net financial debt (euro/000)	03/31/2019	12/31/2018	Increase/decrease	
			euro	%
Cash and cash equivalents	30,468	34,184	(3,716)	(10.9)%
Current and non-current financial assets	21,280	23,807	(2,527)	(10.6)%
Current financial liabilities	(60,284)	(40,214)	(20,071)	49.9%
Non-current financial liabilities	(266,855)	(252,226)	(14,629)	5.8%
Total net financial debt	(275,392)	(234,449)	(40,943)	14.9%

The net financial debt is euro 275.3912 million, compared to euro 234.449 million at December 31, 2018. The increase is mainly due to trade working capital seasonality and the capital injection on the associate entity Thélios SpA executed on March 2019 for some euro 4.900 million. Besides the effect on net financial position of IFRS 16 adoption as of March 31, 2019 is euro 18.582 million.

For more details related IFRS 16 adoption, see the specific paragraph “Accounting policies”.

The main components of the Group's debt are the bond notes for a notional amount of euro 250 million, the super senior revolving credit facility of euro 40 million, of which euro 25 million has been used as at March 31, 2019, and short and medium-term loans granted by various banks. The current and non-current financial assets are composed prevalently of the loan granted to associate Thélios S.p.A. by Marcolin S.p.A. to provide the joint venture with sufficient funding for the start-up of its business.

The non-convertible senior-secured bond notes for a total amount of euro 250 million, issued on February 10, 2017, with a 6-year maximum term, maturing on February 15, 2023, has a variable interest rate equal to the three-month EURIBOR (shall be subject to a floor of zero%) plus a 4.125% spread.

ANALYSIS OF CONDENSED CONSOLIDATED INCOME STATEMENT

The Group's interim Condensed Consolidated Income Statement as at March 31, 2019 is summarized below against the results as at March 31, 2018.

The 2019 net sales to date are euro 129.851 million, compared to euro 122.142 million for the first three months of 2018.

The March 2019 Reported Ebitda is euro 16.160 million, compared to 15.222 million for the three months of 2018. The March 2019 pre-IFRS 16 Reported Ebitda is euro 14.903 million.

Reported Ebit is euro 10.140 million, compared to euro 10.376 million for the three months of 2018. Pre-IFRS 16 Reported Ebit is euro 10.081 million.

Consolidated income statement <i>(euro/000)</i>	03/31/2019		03/31/2018	
	euro	% of net revenues	euro	% of net revenues
Net revenues	129,851	100.0%	122,142	100.0%
Gross profit	76,220	58.7%	72,172	59.1%
Ebitda	16,160	12.4%	15,222	12.5%
Operating income - Ebit	10,140	7.8%	10,376	8.5%
Financial income and costs	(4,466)	(3.4)%	(5,443)	(4.5)%
Profit before taxes	3,250	2.5%	3,206	2.6%
Net profit/(loss) for the period	2,362	1.8%	1,955	1.6%

Excluding the effects of extraordinary transactions and IFRS 16 impact, the March 2019 Adjusted Ebitda is euro 15.816 million (12.2% of net sales), against the March 2018 Adjusted Ebitda of euro 15.619 million (12.8% of net sales).

Economic indicator - adjusted <i>(euro/000)</i>	03/31/2019		03/31/2018	
	euro	% of net revenues	euro	% of net revenues
Ebitda	15,816	12.2%	15,619	12.8%
Operating income - Ebit	10,995	8.5%	10,773	8.8%

7. Net Revenues

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

Net Revenues by geographical area <i>(euro/000)</i>	03/31/2019		03/31/2018		Increase (decrease)	
	Net Revenues	% on total	Net Revenues	% on total	euro	%
<i>Italy</i>	8,715	6.7%	8,553	7.0%	162	1.9%
<i>Rest of Europe</i>	48,778	37.6%	45,959	37.6%	2,818	6.1%
Europe	57,493	44.3%	54,512	44.6%	2,981	5.5%
Americas	55,660	42.9%	45,726	37.4%	9,934	21.7%
Asia	6,066	4.7%	6,775	5.5%	(709)	(10.5)%
Rest of World	10,631	8.2%	15,128	12.4%	(4,497)	(29.7)%
Total	129,851	100.0%	122,142	100.0%	7,709	6.3%

In the first three months of 2019 net sales were euro 129.851 million and increase of euro 7.709 million (6.3%) in comparison to the same period of 2018. At constant exchange rates net sales are euro 125.791 million, with an increase of euro 3.649 million (+3.0%) compared to previous period.

Italy

Revenues in the domestic market grew by +1.9% compared to the same period of 2018, good performance for luxury brands led by Tom Ford.

Rest of Europe

Revenues from the Rest of Europe market (euro 48.778 million) increased by 6.1% compared to the same period of 2018 at current exchange rates. Very strong performance for diffusion brands, led by Guess, as well as luxury brands led by Tom Ford.

In this area continues the positive performance of the joint venture in Russia. Good performances also in Spain and Germany.

Americas

In the Americas area, net sales show an increase compared to the same period of 2018 at current exchange rates for some 21.7%, while at constant exchange rates the increase is +14.0%. This is due to the appreciation of USD currency compared to EUR during the first three months of 2019 compared to the same period of 2018. At constant exchange rates both diffusion and luxury brands show a very positive growth, mainly led by Guess, Swarovski and Timberland for diffusion brands, Tom Ford and Zegna for luxury ones. The positive result in Americas is boosted by Brazil and the new subsidiary in Mexico.

Asia

The Asian Far East market shows a decrease in net sales of some 10.5% at current exchange rates and 15.7% at constant exchange rates. The best performer in this area is South Korea, partially recovering last year negative results due to the slowdown of economy in this country, which is however offset by the drop caused by some timing differences on purchases in other asian area.

Rest of World

From a geographical standpoint, the “Rest of the World” includes the Middle East, the Mediterranean area and Africa.

During first three months of 2019 net sales amount to euro 10.6 million and show a decrease of some 29.7% compared with the same period of the previous year, mostly due to timing differences on purchases by several customers.

8. Cost of sales

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

Cost of sales (euro/000)	03/31/2019	% on net revenues	03/31/2018	% on net revenues	Increase/decrease	
					euro	%
Product cost	48,709	37.5%	45,763	37.5%	2,946	6.4%
Cost of personnel	3,210	2.5%	2,865	2.3%	345	12.0%
Amortization, depreciation and writedowns	874	0.7%	820	0.7%	54	6.6%
Other production cost	838	0.6%	521	0.4%	317	60.8%
Total	53,631	41.3%	49,970	40.9%	3,661	7.3%

The cost of sales amounted to euro 53.631 million for the nine months ended March 31, 2019, an increase of euro 3.661 thousand, or 7.3%, from euro 49.970 million for the three months ended March 31, 2018.

The cost of sales as a percentage of net revenues is 41.3% for the three months ended March 31, 2019 compared to 40.9% for the three months ended March 31, 2018. The slight increase compared to previous year is due to different sales mix.

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)	03/31/2019	% on net revenues	03/31/2018	% on net revenues	Increase/decrease	
					euro	%
Cost of personnel	15,541	12.0%	14,003	11.5%	1,538	11.0%
Commissions	8,274	6.4%	7,872	6.4%	401	5.1%
Amortization	3,507	2.7%	2,570	2.1%	937	36.5%
Royalties	16,667	12.8%	14,930	12.2%	1,737	11.6%
Advertising and PR	9,744	7.5%	9,281	7.6%	462	5.0%
Other costs	6,011	4.6%	7,474	6.1%	(1,463)	(19.6)%
Total	59,743	46.0%	56,130	46.0%	3,613	6.4%

The distribution and marketing expenses amounted to euro 59.743 million for the three months ended March 31, 2019, an increase of euro 3.613 million or 6.4% from euro 56.130 million for the three months ended March 31, 2018.

Commissions expenses amounted to euro 8.274 million in 2019, a increase of 4.4% from the euro 7.872 million for the three months ended March 31, 2018.

In 2019 Royalties amounted to euro 16.667 million, very close to previous year amount. In 2019 Royalties as a percentage of net revenues is 12.8%, compared to 11.6% of 2018.

Advertising and PR expenses in 2019 amounted to euro 9.744 million, an increase of euro 462 thousands, or 5.0%, from the euro 9.281 million in the same period of 2018. As a percentage of net revenues, Advertising and PR expenses in 2019 is 7.5%, compared to 7.6% of 2018.

The “other costs” refer mainly to freight expenses, business travel, rent and services. In 2019, other costs amounted to euro 6.011 million, a decrease of euro 1.463 thousand or 19.6%, from the euro 7.474 million for the three months ended March 31, 2018. As a percentage of net revenues, they are 4.6%, compared to 6.1% for the three months ended March 31, 2018.

10. General and administrative expenses

The general and administrative expenses are set forth below:

General and administrative expenses (euro/000)	03/31/2019	% on net revenues	03/31/2018	% on net revenues	Increase/decrease	
					euro	%
Cost of personnel	4,661	3.6%	3,828	3.1%	833	21.8%
Amortization and writedowns	1,640	1.3%	1,456	1.2%	184	12.6%
Other costs	3,656	2.8%	3,888	3.2%	(232)	(6.0)%
Total	9,958	7.7%	9,173	7.5%	785	8.6%

General and administrative expenses amounted to euro 9.958 million for the three months ended March 31, 2019, compared to euro 9.173 million for the three months ended March 31, 2018. As a percentage of net revenues, in 2019 general and administrative expenses is 7.7%, compared to 7.5% for 2018.

11. Other operating income and expenses

The total amount of other operating income and expenses amounted to euro 3.621 million for the three months ended March 31, 2019. The amount mainly refers to commercial and distributive services recharged from Marcolin S.p.A. to the associated entity Thélios S.p.A..

12. Share of profits/(losses) of associates

The amount of euro -2.423 million corresponds 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 euro 4.466 million for the three months ended March 31, 2019 compared to euro 5.443 million for the three months ended March 31, 2018.

The decrease compared to last year is mainly due to gains on exchange rates differences coming from the appreciation of US Dollar compared to the same period of 2018.

14. Income tax expense

The estimated income tax expense amounted to euro 0.888 million for the three months ended March 31, 2019, compared to the euro 1.251 million for three months ended March 31, 2018.

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

There were no significant subsequent events and/or transactions.

DISCLOSURE OF ATYPICAL, UNUSUAL AND RELATED-PARTY TRANSACTIONS

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

Significant non-recurring events and transactions

In the first three months of 2019, there were no significant non-recurring events and/or transactions.

Atypical and unusual transactions

In the first three months of 2019 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 March 31, 2019 are shown below, as required by IAS 24. As previously noted, the Marcolin Group figures reflect the participation in the Italian tax consolidation regime with the Parent Company 3 Cime S.p.A..

Related Parties <i>(euro/000)</i>	Expenses	Revenues	Payables	Receivables	Type
Tod's S.p.A.	250	76	843	83	Related party
Pai Partners Sas	15	-	15	-	Related party
Coffen Marcolin Family	167	-	277	-	Related party
O.T.B. Group	804	28	150	598	Related party
3 Cime S.p.A.	-	-	-	6,965	Consolidating
Thélios S.p.A.	4,196	3,585	8,833	18,949	Associates
Total	5,433	3,689	10,118	26,594	

The same table is set forth as at March 31, 2018:

Related Parties <i>(euro/000)</i>	Expenses	Revenues	Payables	Receivables	Type
Tod's S.p.A.	563	54	979	485	Related party
Pai Partners Sas	15	-	115	-	Related party
Coffen Marcolin Family	175	-	278	-	Related party
O.T.B. Group	573	24	1,035	32	Related party
3 Cime S.p.A.	-	-	-	2,160	Consolidating
Thélios S.p.A.	3,500	7,411	3,465	18,933	Associates
Total	4,826	7,489	5,872	21,611	

Longarone; May 30, 2019

For the Board of Directors

C.E.O.

Massimo Renon

MARCOLIN
EYEWEAR

