

**MARCOLIN**  
EYEWEAR

# INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

MARCOLIN S.p.A.  
Headquarters, Executive Management and Business Offices in  
Z.I. Villanova, 4 32013 Longarone (Belluno)  
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## GENERAL INFORMATION



## CORPORATE BOARDS AND AUDITORS

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

Vittorio Levi	Chairman
Fabrizio Curci <sup>1</sup>	C.E.O. and General Manager
Giovanni Zoppas	Director
Antonio Abete	Director
Simone Cavaliere <sup>4</sup>	Director
Alberto Fabbri <sup>4</sup>	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 Auditors <sup>1</sup>

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

### Internal Audit Committee <sup>2</sup>

Vittorio Levi	Chairman
Jacopo Forloni	Supervisor
Cirillo Coffen Marcolin	Supervisor

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

Federico Ormesani	Chairman
David Reali	Supervisor
Gabriele Crisci <sup>5</sup>	Supervisor

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

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). On April 17, 2020 the General Meeting acknowledged the resignation of Massimo Renon, C.E.O. and General Manager. On June 22, 2020 the Board of Directors appointed Fabrizio Curci as a Marcolin Director with the roles of C.E.O. and General Manager.

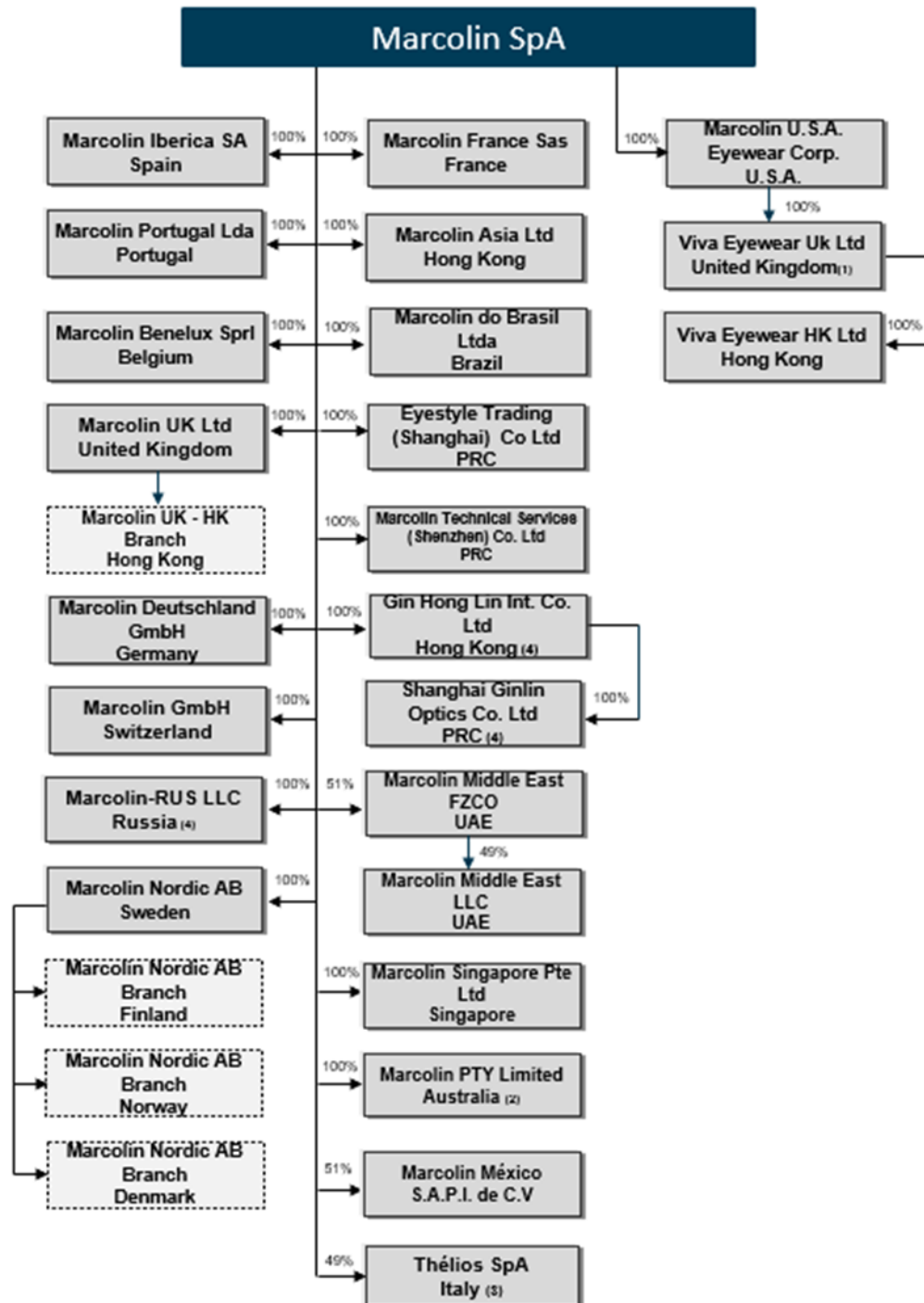
2) Pursuant to the Board of Directors' appointment of March 28, 2019.

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

4) Directors appointed at the General Meeting of March 23, 2020.

5) On November 5, 2020, the Board of Directors appointed Gabriele Crisci as a member the Supervisory Body after the resignation of Cirillo Coffen Marcolin.

## MARCOLIN 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 2020, Marcolin SpA purchased the non-controlling interests of Gin Hong Lin Int. Co. Ltd and Marcolin-RUS LLC.



**INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(euro/000)</i>	Notes	03/31/2021	12/31/2020
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	1	42,722	43,047
Intangible assets	1	42,224	43,263
Goodwill	1	284,480	280,277
Investments in subsidiaries and associates	1	-	-
Deferred tax assets	1	50,445	48,539
Other non-current assets	1	277	271
Non-current financial assets	1; 6	240	1,025
<b>Total non-current assets</b>		<b>420,389</b>	<b>416,422</b>
<b>CURRENT ASSETS</b>			
Inventories	2	110,295	105,863
Trade receivables	2	87,034	71,652
Other current assets	2	28,387	26,039
Current financial assets	2; 6	14,229	18,906
Cash and cash equivalents	2; 6	54,743	52,363
<b>Total current assets</b>		<b>294,689</b>	<b>274,824</b>
<b>TOTAL ASSETS</b>		<b>715,077</b>	<b>691,246</b>
<b>EQUITY</b>			
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	42,570	37,698
Retained earnings (losses)	3	(132,146)	(75,322)
Profit (loss) for the period	3	433	(56,824)
<b>Group equity</b>		<b>123,500</b>	<b>118,195</b>
Non controlling interests	3	1,470	1,100
<b>TOTAL EQUITY</b>		<b>124,969</b>	<b>119,294</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Non-current financial liabilities	4; 6	341,310	340,859
Non-current funds	4	6,820	6,763
Deferred tax liabilities	4	5,161	4,836
Other non-current liabilities	4	167	167
<b>Total non-current liabilities</b>		<b>353,457</b>	<b>352,625</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	5	113,586	94,624
Current financial liabilities	5; 6	67,168	70,491
Current funds	5	25,611	31,618
Tax liabilities	5	6,728	3,491
Other current liabilities	5	23,557	19,101
<b>Total current liabilities</b>		<b>236,651</b>	<b>219,326</b>
<b>TOTAL LIABILITIES</b>		<b>590,108</b>	<b>571,951</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>715,077</b>	<b>691,246</b>

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

<i>(euro/000)</i>	Notes	03/31/2021	%	03/31/2020	%
<b>NET REVENUES</b>	7	<b>108,663</b>	<b>100.0%</b>	<b>93,534</b>	<b>100.0%</b>
Cost of sales	8	(46,764)	(43.0)%	(38,795)	(41.5)%
<b>GROSS PROFIT</b>		<b>61,899</b>	<b>57.0%</b>	<b>54,738</b>	<b>58.5%</b>
Distribution and marketing expenses	9	(48,463)	(44.6)%	(43,206)	(46.2)%
General and administrative expenses	10	(8,679)	(8.0)%	(9,217)	(9.9)%
Other operating income/(expenses)	11	227	0.2%	1,029	1.1%
<b>OPERATING INCOME - EBIT</b>		<b>4,984</b>	<b>4.6%</b>	<b>3,344</b>	<b>3.6%</b>
Profit/(loss) from associates	12	(341)	(0.3)%	(4,177)	(4.5)%
Financial income	13	6,764	6.2%	1,652	1.8%
Financial costs	13	(9,671)	(8.9)%	(12,708)	(13.6)%
<b>PROFIT (LOSS) BEFORE TAXES</b>		<b>1,735</b>	<b>1.6%</b>	<b>(11,888)</b>	<b>(12.7)%</b>
Income tax expense	14	(1,001)	(0.9)%	1,805	1.9%
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>		<b>734</b>	<b>0.7%</b>	<b>(10,083)</b>	<b>(10.8)%</b>
<b>Profit (loss) attributable to:</b>					
- Owners of the parent		433	0.4%	(9,497)	(10.2)%
- Non-controlling interests		301	0.3%	(586)	(0.6)%

<i>(euro/000)</i>	03/31/2021	03/31/2020
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>734</b>	<b>(10,083)</b>
<i>Other items that will not subsequently be reclassified to profit or loss:</i>		
Effect (actuarial gains/losses) on defined benefit plans, net of taxes	-	-
<b>TOTAL OTHER ITEMS THAT WILL NOT SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS</b>	<b>-</b>	<b>-</b>
<i>Other items that will be subsequently reclassified to profit or loss:</i>		
Change in foreign currency translation reserve	3,556	2,229
Change in exchange rate difference on quasi equity loan	1,538	1,116
<b>TOTAL OTHER ITEMS THAT WILL BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS</b>	<b>5,094</b>	<b>3,345</b>
<b>TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>5,828</b>	<b>(6,738)</b>
<b>Profit (loss) attributable to:</b>		
- owners of the parent	5,459	(5,997)
- non-controlling interests	369	(741)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Additional paid-in capital	Legal Reserve	S.holders deposit in s/capital	Other reserves			Retained earnings/ (losses)	Profit (loss) for the period	Capital and reserves net total	Non-controlling interests in equity	Total equity
					Translation reserve	Other	Actuarial gain / (loss) reserve					
<i>(euro/000)</i>												
<b>December 31, 2019</b>	<b>35,902</b>	<b>170,304</b>	<b>5,483</b>	<b>46,108</b>	<b>9,910</b>	<b>(2,476)</b>	<b>(31)</b>	<b>(58,135)</b>	<b>(16,233)</b>	<b>190,832</b>	<b>5,910</b>	<b>196,742</b>
Allocation of 2019 result	-	-	954	-	-	-	-	(17,187)	16,233	-	-	-
Dividends distribution	-	-	-	-	-	-	-	-	-	-	(1,059)	(1,059)
Other movements	-	-	-	-	-	-	-	-	-	-	-	-
- Period result	-	-	-	-	-	-	-	-	(9,497)	(9,497)	(586)	(10,083)
- Other components of comprehensive income	-	-	-	-	2,384	1,116	-	-	-	3,500	(155)	3,345
Total comprehensive income	-	-	-	-	2,384	1,116	-	-	(9,497)	(5,997)	(741)	(6,738)
<b>March 31, 2020</b>	<b>35,902</b>	<b>170,304</b>	<b>6,437</b>	<b>46,108</b>	<b>12,294</b>	<b>(1,360)</b>	<b>(31)</b>	<b>(75,322)</b>	<b>(9,497)</b>	<b>184,835</b>	<b>4,110</b>	<b>188,945</b>
<b>December 31, 2020</b>	<b>35,902</b>	<b>170,304</b>	<b>6,437</b>	<b>46,108</b>	<b>(285)</b>	<b>(8,093)</b>	<b>(32)</b>	<b>(75,322)</b>	<b>(56,824)</b>	<b>118,195</b>	<b>1,100</b>	<b>119,295</b>
Allocation of 2020 result	-	-	-	-	-	-	-	(56,824)	56,824	-	-	-
Other movements	-	-	-	-	-	(154)	-	-	-	(154)	-	(154)
Third Party Acquisition	-	-	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-	-	-	-
- Period result	-	-	-	-	-	-	-	-	433	433	301	734
- Other components of comprehensive income	-	-	-	-	3,488	1,538	-	-	-	5,026	68	5,094
Total comprehensive income	-	-	-	-	3,488	1,538	-	-	433	5,459	369	5,828
<b>March 31, 2021</b>	<b>35,902</b>	<b>170,304</b>	<b>6,437</b>	<b>46,108</b>	<b>3,203</b>	<b>(6,709)</b>	<b>(32)</b>	<b>(132,146)</b>	<b>433</b>	<b>123,500</b>	<b>1,470</b>	<b>124,969</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

<i>(euro/000)</i>	<b>03/31/2021</b>	<b>03/31/2020</b>
<b>OPERATING ACTIVITIES</b>		
<i>Profit (loss) for the period</i>	734	(10,083)
Depreciation and amortization	7,119	6,716
Provisions	1,417	1,802
Accrued income tax expense	1,001	(1,805)
Accrued interest expense	2,907	11,055
Adjustments to other non-cash items	338	4,176
<i>Cash generated by operations</i>	13,517	11,861
<i>Cash generated by change in operating working capital</i>	(850)	(25,640)
Other elements in working capital	3,618	(8,768)
Income taxes paid	(342)	(1,425)
Interest received	43	234
Interest paid	(3,523)	(3,478)
<i>Total cash generated by change in other items of net working capital</i>	(203)	(13,437)
<i>Net cash from /(used in) net working capital</i>	(1,053)	(39,078)
<b>Net cash from /(used in) operating activities</b>	<b>12,464</b>	<b>(27,216)</b>
<b>INVESTING ACTIVITIES</b>		
(Purchase) of property, plant and equipment	(1,285)	(2,161)
Disposal of property, plant and equipment	3	-
(Investments) in intangible assets	(1,851)	(1,362)
<b>Net cash from /(used in) investing activities</b>	<b>(3,133)</b>	<b>(3,524)</b>
<b>FINANCING ACTIVITIES</b>		
Financial Assets		
- (Proceeds)	(1,960)	-
- Repayments	703	525
Financial Loans from banks		
- Proceeds	-	1,341
- (Repayments)	(1,006)	-
Principal elements of lease payments	(919)	(1,227)
Other current and non current financial liabilities	(291)	9,916
Transactions with non-controlling interests	(3,634)	-
Dividends paid to minorities	-	(1,059)
<b>Net cash from /(used in) financing activities</b>	<b>(7,108)</b>	<b>9,496</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,223</b>	<b>(21,243)</b>
Effect of foreign exchange rate changes	159	(50)
<b>Cash and cash equivalents at beginning of year</b>	<b>52,363</b>	<b>45,872</b>
<b>Cash and cash equivalents as at September, 30 2020</b>	<b>54,743</b>	<b>24,579</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### INTRODUCTION

Marcolin, a long-established company based in Longarone (Belluno) in the Italian eyewear district, is a designer, manufacturer and distributor of eyewear products. As a renowned leader in the global eyewear business, Marcolin stands out for its premium quality products, design skills, production capabilities, attention to 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 the 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 SpA 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 there.

In 2020, the Group's business was impacted by the effects of the coronavirus (Covid-19) pandemic. Initially the pandemic, which developed in Asia, caused procurement delays from the Chinese suppliers, although the situation quickly returned to pre-Covid levels thanks to the measures taken by the Chinese government to contain the pandemic. The pandemic then spread rapidly in the second half of March to the rest of the world, leading to complete shutdowns in Europe, the U.S.A. and many other markets. 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 quarter 2021 was overall very positive despite January and February 2021 were still impacted by Covid-19 lockdowns in most geographies where Group operates; instead March 2021 experienced a very positive recovery in all geographies.

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

- Protecting the health and ensuring the safety of all Marcolin employees, and
- Creating a business plan designed to contain costs and monitor adequate liquidity levels to weather the crisis.

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.

On the financial side, the following preventative measures were taken to ensure business continuity and to monitor the Group's costs and liquidity:

- reduction of discretionary expenses to a minimum and suspension of non-essential investments;
- alignment of the use of production capacity and procurement of supplies from external suppliers with the current market demand;
- streamlining of marketing expenses, negotiation of new conditions with suppliers and lessors, reduction of managers' compensation, use of all government measures available in all the various countries to monitor personnel costs;
- monitoring of working capital through controls over inventory levels and management of payments from customers and to suppliers to best align cash inflows with cash outflows;

- raising of additional funding through a shareholder loan of euro 25 million and a syndicated loan of an additional euro 50 million, 90% of which is guaranteed by the Italian Export Credit Agency (SACE SpA) under Decree Law 23/2020, and the replacement of the net leverage covenant on the super senior revolving credit facility (SSRCF) with a less restrictive minimum liquidity covenant (fixed at euro 10 million, the minimum cash level including any undrawn credit lines available, to be calculated on a quarterly basis for Marcolin SpA).

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 we recall the significant agreements stipulated in 2019 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, the Group also renewed important existing licensing agreements, including those with Harley-Davidson, Emilio Pucci and Kenneth Cole. In 2020 the Moncler agreement was extended to 2025.

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, Roberto Cavalli, Ermenegildo Zegna, Pucci, Moncler, Barton Perreira, Omega, Longines, Bally, Max Mara and Sport Max, and the diffusion segment includes Diesel, DSquared2, Guess, Guess by Marciano, Gant, Harley Davidson, Just Cavalli, Swarovski, Max&Co, BMW, GCDS, Timberland, Cover Girl, Kenneth Cole New York, Victoria's Secret, Pink, 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.

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## ACCOUNTING POLICIES AND BASIS OF CONSOLIDATION

### Basis of operation

These interim condensed consolidated financial statements for the three months ended March 31, 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. This conclusion was strengthened by the agreement stipulated on June 5, 2020 regarding the suspension of the financial covenant on the super senior revolving credit facility. The net leverage covenant is suspended until September 30, 2021 and has been replaced with a minimum liquidity covenant (fixed at euro 10 million, the minimum cash level including any undrawn credit lines available, to be calculated on a quarterly basis for Marcolin SpA).

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 March 31, 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 IFRS 19*  
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 March 31, 2021***

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

<b>Description</b>	<b>Effective date of the standard</b>
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020)	January 1, 2023
Amendments to IFRS3 Business Combination, IAS 16 Property Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Asset, Annual Improvements 2018-2020 (all issued May 14, 2020)	January 1, 2022
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 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, 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 three months ended March 31, 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	Indirect
Marcolin Asia HK Ltd	Hong Kong	HKD	1,539,785	Full consolidation	100.0%	
Marcolin Benelux Sprl	Villers-Le-Bouillet, Belgio	EUR	280,000	Full consolidation	100.0%	
Marcolin do Brasil Ltda	Barueri - SP, Brasile	BRL	41,369,129	Full consolidation	100.0%	
Marcolin Deutschland Gmbh	Colonia, Germania	EUR	300,000	Full consolidation	100.0%	
Marcolin France Sas	Parigi, Francia	EUR	1,054,452	Full consolidation	100.0%	
Marcolin GmbH	Muttenz, Svizzera	CHF	200,000	Full consolidation	100.0%	
Marcolin Iberica SA	Barcellona, Spagna	EUR	487,481	Full consolidation	100.0%	
Marcolin Nordic AB	Stoccolma, Svezia	SEK	50,000	Full consolidation	100.0%	
Marcolin Portugal Lda	Lisbona, Portogallo	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	Mosca, 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	Shanghai, PRC	HKD	25,433,653	Full consolidation	100.0%	
Shanghai Ginlin Optics Co Ltd	Hong Kong	CNY	22,045,100	Full consolidation		100.0%
Viva Eyewear Hong Kong Ltd	North Yorkshire, Regno Unito	HKD	100	Full consolidation		100.0%
Viva Eyewear UK Ltd - in liquidazione	North Yorkshire, Regno Unito	GBP	-	Full consolidation		100.0%
Thélios Group	Longarone (BL), Italia	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 March 31, 2021 and January-to-March 2021, respectively):

Currency	Symbol	Closing exchange rate			Average exchange rate		
		03/31/2021	03/31/2020	Change	2021	2020	Change
Dirham Emirati Arabi	AED	4.306	4.024	7.0%	4.425	4.050	9.3%
Australian Dollar	AUD	1.541	1.797	(14.2)%	1.560	1.679	(7.1)%
Brasilian Real	BRL	6.741	5.700	18.3%	6.599	4.917	34.2%
Canadian Dollar	CAD	1.478	1.562	(5.3)%	1.526	1.482	3.0%
Swiss Franc	CHF	1.107	1.059	4.6%	1.091	1.067	2.3%
Remimbi	CNY	7.681	7.778	(1.2)%	7.808	7.696	1.5%
Danish Krone	DKK	7.437	7.467	(0.4)%	7.437	7.472	(0.5)%
English Pound	GBP	0.852	0.886	(3.9)%	0.874	0.862	1.4%
Hong Kong Dollar	HKD	9.115	8.495	7.3%	9.347	8.569	9.1%
Japanese Yen	JPY	129.910	118.900	9.3%	127.806	120.097	6.4%
Mexican Pesos	MXN	24.051	26.177	(8.1)%	24.527	22.092	11.0%
Norwegian krone	NOK	9.996	11.510	(13.2)%	10.258	10.465	(2.0)%
Russian Rublo	RUB	88.318	85.949	2.8%	89.668	73.821	21.5%
Swedish Krone	SEK	10.238	11.061	(7.4)%	10.120	10.669	(5.1)%
USA Dollar	USD	1.173	1.096	7.0%	1.205	1.103	9.3%

## 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)	03/31/2021	12/31/2020	Increase/decrease	
			euro	%
Property, plant and equipment	42,722	43,047	(325)	(0.8)%
Intangible assets	42,224	43,263	(1,038)	(2.4)%
Goodwill	284,480	280,277	4,202	1.5%
Investments in subsidiaries and associates	-	-	-	0.0%
Deferred tax assets	50,445	48,539	1,906	3.9%
Other non-current assets	277	271	6	2.4%
Non-current financial assets	240	1,025	(785)	(76.6)%
<b>Total non-current assets</b>	<b>420,389</b>	<b>416,422</b>	<b>3,967</b>	<b>1.0%</b>

The net value of non-current assets increased by 3.967 million from December 31, 2020.

Intangible assets decrease mainly refers to amortization effect which is higher than the new capitalizations.

The net value of the right of use booked in Property, plant and equipment, due to IFRS16 adoption, is euro 14.544 million. The depreciation of right of use recognized as of March 31, 2021 in the income statement is euro 1.480 million.

Goodwill increase by euro 4.202 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 March 31, 2021, the amount is classified on Current funds for some euro -11.059 million, as a direct consequence of interim operating losses of the associate entities.

Deferred tax assets increase by euro 1.906 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 1Q2021, in line with management expectations.

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

(euro/000)	03/31/2021
<b>Equity as at January 01, 2021</b>	<b>(35,873)</b>
Capital Increase	14,000
Profit / (Loss) of the period	(696)
<b>Equity as at March 31, 2021</b>	<b>(22,569)</b>
% own by Marcolin SpA	49%
<b>Net book value as at March 31, 2021</b>	<b>(11,059)</b>

### 2. Current assets

The composition of current assets is shown below:

Current assets (euro/000)	03/31/2021	12/31/2020	Increase/decrease	
			euro	%
Inventories	110,295	105,863	4,432	4.2%
Trade receivables	87,034	71,652	15,382	21.5%
Other current assets	28,387	26,039	2,347	9.0%
Current financial assets	14,229	18,906	(4,677)	(24.7)%
Cash and bank balances	54,743	52,363	2,381	4.5%
<b>Total current assets</b>	<b>294,689</b>	<b>274,824</b>	<b>19,864</b>	<b>7.2%</b>

The total value of current assets increased by euro 19.864 million from December 31, 2020, mainly as a result of the combined effect of the changes listed below.

Inventories show a slight increase compared to December 31, 2020, mainly due to seasonality effect (driven by goods purchases for launch of new collections).

The increase in Trade receivables compared to December 31, 2020 is largely affected by business seasonality, since usually first quarter experiences the highest sales level than other quarters of the year. Very good performance of DSO index, 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.

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 March 31, 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 3.203 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 -138.9 million and include euro -6.709 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 (euro/000)	03/31/2021	12/31/2020	Increase/decrease	
			euro	%
Non-current financial liabilities	341,310	340,859	451	0.1%
Non-current funds	6,820	6,763	57	0.8%
Deferred tax liabilities	5,161	4,836	324	6.7%
Other non-current liabilities	167	167	-	0.0%
<b>Total non-current liabilities</b>	<b>353,457</b>	<b>352,625</b>	<b>832</b>	<b>0.2%</b>

Non-current financial liabilities mainly include:

i) 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;

ii) the new term loan facility 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. The Company will use the proceeds from the New Term Loan to fund cost of personnel, new

investments and working capital needs in respect of plants and activities located in Italy. The New Term Loan benefits from a guarantee of 90% of the amount of the New Term Loan issued by SACE SpA pursuant to the Liquidity Decree adopted on April 8th, 2020 (as subsequently converted into law) by the Italian government in the context of the extraordinary urgent measures promoted in order to deal with the economic and social impact of the Covid-19 outbreak.

iii) 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.

iv) the amount of non-current financial lease liabilities recognized in accordance with IFRS16 for euro 10.661 million.

## 5. Current liabilities

Current liabilities are set forth below:

Current liabilities (euro/000)	03/31/2021	12/31/2020	Increase/decrease	
			euro	%
Trade payables	113,586	94,624	18,962	20.0%
Current financial liabilities	67,168	70,491	(3,323)	(4.7)%
Current funds	25,611	31,618	(6,007)	(19.0)%
Tax liabilities and others	30,285	22,592	7,693	34.0%
<b>Total current liabilities</b>	<b>236,651</b>	<b>219,326</b>	<b>17,324</b>	<b>7.9%</b>

Trade payables as at March 31, 2021 amounted to euro 113.586 million and show an increase of euro 18.962 million compared to December 2020; such increase is aligned with purchases flow and the trend follows the business seasonality.

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 Revolving Credit Facility for euro 40 million, fully drawn as of March 31, 2021. On 5 June 2020 Marcolin SpA obtained a waiver on the financial covenant set on the ssRCF. The Net Leverage covenant has been suspended until 30 September 2021 and replaced with a smooth 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.

Current financial liabilities also include current lease liabilities accounted in accordance with IFRS 16 for euro 4.786 million.

Current funds amounted as at March 31, 2021 to euro 25.611 million and show a decrease of euro 6.007 million compared to December 2020. The decrease is mainly related to the effect of the equity method consolidation of Thélios, classified as of March 31, 2021 on Current funds for some euro 11.059 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 March 31, 2021 is set forth below in comparison with December 31, 2020:

Net financial debt (euro/000)	03/31/2021	12/31/2020	Increase/decrease	
			euro	%
Cash and cash equivalents	54.743	52.363	2.381	4,5%
Current and non-current financial assets	14.468	19.931	(5.463)	(27,4)%
Current financial liabilities	(67.168)	(70.491)	3.323	(4,7)%
Non-current financial liabilities	(341.310)	(340.859)	(451)	0,1%
<b>Total net financial debt reported</b>	<b>(339.267)</b>	<b>(339.056)</b>	<b>(211)</b>	<b>0,1%</b>
SHL 3 Cime SpA	26.149	25.779	370	1,4%
<b>Total net financial debt adjusted excluding SHL 3 Cime SpA</b>	<b>(313.118)</b>	<b>(313.277)</b>	<b>159</b>	<b>(0,1)%</b>
IFRS 16 effect	15.447	15.112	336	2,2%
<b>Total net financial debt adjusted excluding SHL 3 Cime SpA and IFRS 16 effect</b>	<b>(297.671)</b>	<b>(298.166)</b>	<b>495</b>	<b>(0,2)%</b>

The reported net financial debt is euro 339.267 million, compared to euro 339.056 million at December 31, 2020. The adjusted net financial debt (excluding IFRS16 effect and 3 Cime SpA shareholder loan) is euro 297.671 million, compared to euro 298.166 million at December 31, 2020.

The main components of the Group's debt are the bond notes for a notional amount of euro 250 million, new term loan facility of euro 50 million, the super senior revolving credit facility of euro 40 million, fully drawn as at March 31, 2021, 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.

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## ANALYSIS OF CONDENSED CONSOLIDATED INCOME STATEMENT

The Group's interim Condensed Consolidated Income Statement as at March 31, 2021 is summarized below against the results as at March 31, 2020.

The 2021 net sales to date are euro 108.663 million, compared to euro 93.534 million for the first three months of 2020.

The March 2021 Reported Ebitda is euro 12.433 million, compared to 10.747 million for the three months of 2020. The March 2021 pre-IFRS 16 Reported Ebitda is euro 10.909 million.

Reported Ebit is euro 4.984 million, compared to euro 3.344 million for the three months of 2020. Pre-IFRS 16 Reported Ebit is euro 4.882 million.

Consolidated income statement <i>(euro/000)</i>	03/31/2021		03/31/2020	
	euro	% of net revenues	euro	% of net revenues
Net revenues	108,663	100.0%	93,534	100.0%
Gross profit	61,899	57.0%	54,738	58.5%
Ebitda	12,433	11.4%	10,747	11.5%
Operating income - Ebit	4,984	4.6%	3,344	3.6%
Financial income and costs	(2,907)	(2.7)%	(11,055)	(11.8)%
Profit before taxes	1,735	1.6%	(11,888)	(12.7)%
Net profit/(loss) for the period	734	0.7%	(10,083)	(10.8)%

Excluding the effects of extraordinary transactions and IFRS 16 impact, the March 2021 Adjusted Ebitda is euro 12.800 million (11.8% of net sales), against the March 2020 Adjusted Ebitda of euro 10.040 million (10.7% of net sales).

Economic indicator - adjusted <i>(euro/000)</i>	03/31/2021		03/31/2020	
	euro	% of net revenues	euro	% of net revenues
Ebitda adjusted	14.324	13,2%	11.628	12,4%
Ebitda adjusted pre IFRS16	12.800	11,8%	10.040	10,7%
Ebit adjusted	6.875	6,3%	4.225	4,5%
Ebit adjusted pre IFRS16	6.772	6,2%	4.111	4,4%



## 7. Net Revenues

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

Net Revenues by geographical area (euro/000)	03/31/2021		03/31/2020		Increase (decrease)	
	Net Revenues	% on total	Net Revenues	% on total	euro	%
Italy	7,762	7.1%	5,986	6.4%	1,776	29.7%
Rest of Europe	43,506	40.0%	38,304	41.0%	5,202	13.6%
Europe	51,268	47.2%	44,291	47.4%	6,977	15.8%
Americas	45,465	41.8%	39,366	42.1%	6,099	15.5%
Asia	4,502	4.1%	2,408	2.6%	2,094	87.0%
Rest of World	7,428	6.8%	7,469	8.0%	(41)	(0.6)%
<b>Total</b>	<b>108,663</b>	<b>100.0%</b>	<b>93,534</b>	<b>100.0%</b>	<b>15,129</b>	<b>16.2%</b>

In the first three months of 2021 net sales are euro 108.663 million and increase of euro 15.129 million (16.2%) in comparison to the same period of 2020. At constant exchange rates net sales are euro 114.838 million, with an increase of euro 21.305 million (22.8%) compared to previous period.

### Italy

Revenues in the domestic market increased by 29.7% compared to the same period of 2020. Very good performance for luxury Tom Ford, Swarovski and the launch of new Max Mara collections.

### Rest of Europe

Revenues from the Rest of Europe market (euro 43.506 million) increased by 13.6% 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.

Compare to March 31, 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 15.5% (at constant exchange rate would be 28,5%). Very good performance for the US Optical channel, US Retail Department Stores. Latin America shows signals of recovery with a +20% increase on Net Sales compared to first quarter 2020 at current exchange rate.

### Asia

The Asian Far East market shows an increase in net sales of some 87% at current exchange rates, 95,5% 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 Q1 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 three months of 2021 net sales amount to euro 7.4 million and show a decrease of some -0.6% 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 quarter 2020.

## 8. Cost of sales

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

Cost of sales (euro/000)	03/31/2021	% on net revenues	03/31/2020	% on net revenues	Increase/decrease	
					euro	%
Product cost	41,764	38.4%	34,559	36.9%	7,205	20.8%
Cost of personnel	3,456	3.2%	2,710	2.9%	745	27.5%
Amortization, depreciation and writedowns	916	0.8%	995	1.1%	(80)	(8.0)%
Other production cost	629	0.6%	531	0.6%	98	18.4%
<b>Total</b>	<b>46,764</b>	<b>43.0%</b>	<b>38,795</b>	<b>41.5%</b>	<b>7,969</b>	<b>20.5%</b>

Cost of sales amounted to euro 46.764 million for the three months ended March 31, 2021, an increase of euro 7.969 million, or 20.5%, from euro 38.795 million for the three months ended March 31, 2020.

The cost of sales as a percentage of net revenues is 43% for the three months ended March 30, 2021 compared to 41.5% the three months ended March 30, 2020.

Gross Margin overall continues to benefit from product cost control and stable commercial/pricing policy on sales. Slight reduction compare to previous year is primarily driven by a different mix on sales.

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)	03/31/2021	% on net revenues	03/31/2020	% on net revenues	Increase/decrease	
					euro	%
Cost of personnel	13,263	12.2%	13,715	14.7%	(452)	(3.3)%
Commissions	6,918	6.4%	6,567	7.0%	351	5.3%
Amortization	5,260	4.8%	4,623	4.9%	637	13.8%
Royalties	13,278	12.2%	9,529	10.2%	3,750	39.4%
Advertising and PR	4,115	3.8%	2,856	3.1%	1,259	44.1%
Other costs	5,628	5.2%	5,916	6.3%	(288)	(4.9)%
<b>Total</b>	<b>48,463</b>	<b>44.6%</b>	<b>43,206</b>	<b>46.2%</b>	<b>5,257</b>	<b>12.2%</b>

The distribution and marketing expenses amounted to euro 48.463 million for the three months ended March 31, 2021, an increase of euro 5.257 million or 12.2% from euro 43.206 million for three months ended March 31, 2020.

Commissions expenses amounted to euro 6.918 million in 2021, an increase of 5.3% from the euro 6.567 million for the three months ended March 31, 2020.

In 2021 Royalties amounted to euro 13.278 million. In 2020 Royalties as a percentage of net revenues is 12.2% on net revenues compared to 10.2% during 2020.

Advertising and PR expenses in 2021 amounted to euro 4.115 million, an increase of euro 1.259 million, or 44.1%, from the euro 2.856 million in the same period of 2020. As a percentage of net revenues, Advertising and PR expenses in 2021 is 3.8%, compared to 3.1% of 2020.

The "other costs" refer mainly to freight expenses, business travel, rent and services. In 2021, other costs amounted to euro 5.628 million, a decrease of euro 288 million, or 4.9%, from the euro 5.916 million in the same period of 2020. As a percentage of net revenues, they are 5.2%, compared to 6.3% for the three months ended March 31, 2020.

## 10. General and administrative expenses

The general and administrative expenses are set forth below:

General and administrative expenses (euro/000)	03/31/2021	% on net revenues	03/31/2020	% on net revenues	Increase/decrease	
					euro	%
Cost of personnel	3,901	3.6%	3,587	3.8%	314	8.8%
Amortization and writedowns	1,274	1.2%	1,784	1.9%	(510)	(28.6)%
Other costs	3,503	3.2%	3,846	4.1%	(343)	(8.9)%
<b>Total</b>	<b>8,679</b>	<b>8.0%</b>	<b>9,217</b>	<b>9.9%</b>	<b>(539)</b>	<b>(5.8)%</b>

General and administrative expenses amounted to euro 8.679 million for the three months ended March 31, 2021, compared to euro 9.217 million the three months ended March 31, 2020. As a percentage of net revenues, in 2021 general and administrative expenses is 8%, compared to 9.9% for 2020.

## 11. Other operating income and expenses

The total amount of other operating income and expenses amounted to a net euro 0.227 million revenues for the three months ended March 31, 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 -0.341 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 2.907 million expenses for the three months ended March 31, 2021 compared to euro 11.055 million expenses for the three months ended March 31, 2020. Previous year results were significantly negatively impacted by non-realized exchange rate losses due to the depreciation of Mexican Pesos and Brazilian Reals as at March 31, 2020 compared to December 31, 2019.

## 14. Income tax expense

The estimated income tax expense amounted to euro -1.001 million for the three months ended March 31, 2021, compared to the euro 1.805 million the three months ended March 31, 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 March 31, 2021 and the date of approval of the interim condensed consolidated financial statements as of March 31, 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 three months of 2021 there were no significant non-recurring events and/or transactions.

#### *Atypical and unusual transactions*

In the first three 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 March 31, 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
<b>Other related parties</b>					
Pai Partners Sas	15	-	124	-	Related party
Family Marcolin	166	-	90	0	Related party
3 Cime S.p.A.	370	-	26,149	10,085	Consolidating
Thélios Group	1,340	218	5,970	15,214	Associates
<b>Total</b>	<b>1,890</b>	<b>218</b>	<b>32,333</b>	<b>25,299</b>	

The same table is set forth as at March 31, 2020:

Company (euro/000)	Expenses	Revenues	Payables	Receivables	Type
<b>Other related parties</b>					
Pai Partners Sas	10	-	70	-	Related party
Family Marcolin	135	-	172	0	Related party
3 Cime S.p.A.	-	-	-	6,650	Consolidating
Thélios Group	1,288	1,060	6,456	19,508	Associates
<b>Total</b>	<b>1,433</b>	<b>1,060</b>	<b>6,698</b>	<b>26,158</b>	

Longarone, April 29, 2021

For the Board of Directors

C.E.O.  
*Fabrizio Curci*

**MARCOLIN**  
EYEWEAR

