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ANNUAL REPORT 2021

MONCLER

GROUP

ANNUAL REPORT

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CHAIRMAN'S LETTER

Dear shareholders,

summarising what has been done in one year is never easy, but it is certainly important in order to properly evaluate the progress that has been made. And it is crucial to do it together with all of you.

Our financial results in 2021 were exceptional despite the difficulties associated with the pandemic. The Moncler Group exceeded two billion euro in revenues up 28% over the pre-pandemic period, with more than 410 million euro in net profit and 730 million euro in cash.

Yet numbers, these numbers, are not just the result of actions; they prove the soundness and clarity of our strategic vision.

On 1 April we became a Group: Moncler and Stone Island. Two Italian families, two histories, two unique brands have joined forces to form a Group, which has its founding values in the respect and protection of the uniqueness of its brands and in the recognition that strength can only come through a contamination of knowledge and know-how. In recent months, our people have started working together, and they have done so with great energy and commitment. I was able to know and admire the Stone Island team, in which I found unique skills, and at the same time I got confirmation of the great professionalism of Moncler's people, always ready to serve the Group.

It was also an important year because we completed the in-sourcing of Moncler's e-commerce site. This is a fundamental step in enhancing our digital culture and preparing for the challenges that lie ahead. We know that an omnichannel vision powered and supported by digital is essential to enhance the uniqueness of our brands and continuously engage our communities. We also opened major stores in many parts of the world, including the Chengdu and the Milan Galleria flagship stores, with a focus on connecting with our younger clients.

In September, Moncler launched a highly innovative physical and digital show – *Mondogenius* – which brought audiences into the Brand's cultural evolution through five cities, 11 different creative visions and the 2021 *Moncler Genius* collections: "Moncler changed luxury before & it's about to do it again," has been written of *Mondogenius*.

In recent months, we have continued to make sustainability a cornerstone of the Group's strategy. This has enabled us to achieve in 2021 major milestones and awards. We are proud of the progress that we have made even though we know there is much more to be done.

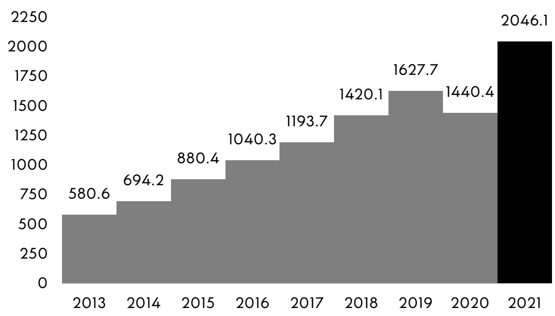
Finally, I would like to thank our Board of Directors, who have guided and supported us throughout this term. It is because of them – and all of you, who constantly stimulate and support us – that we are able to work each day to make our many projects a reality and our future plans even more challenging and ambitious.

THANK YOU!

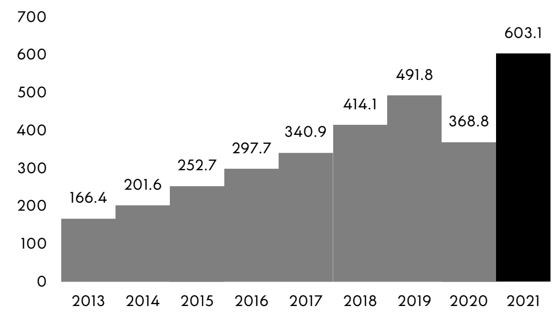
REMO RUFFINI
CHAIRMAN AND CEO

GROUP FINANCIAL HIGHLIGHTS[1]

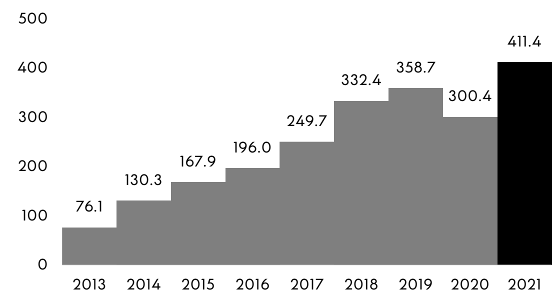
REVENUES (EUR M)



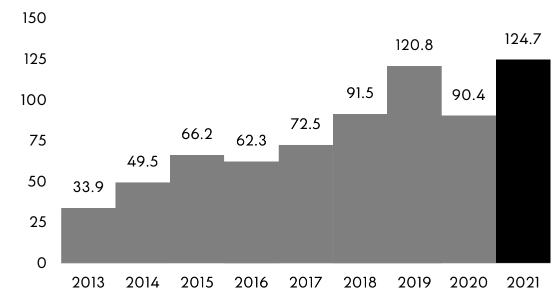
EBIT (EUR M)



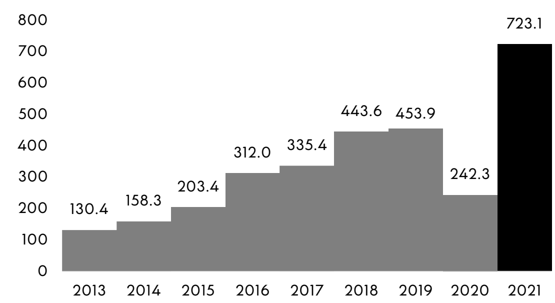
NET INCOME (EUR M)



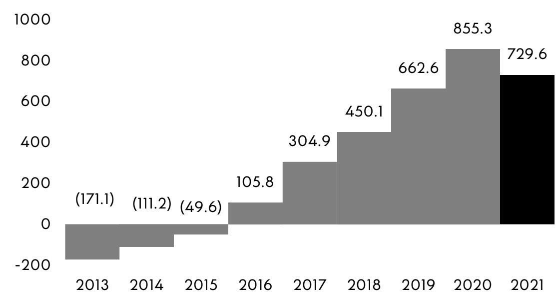
NET CAPITAL EXPENDITURE (EUR M)



OPERATING CASH FLOW (EUR M)



NET FINANCIAL POSITION (EUR M)



[1] This note applies to all pages: data including IFRS 16 impacts from 2019. The net financial position excludes lease liabilities.

CORPORATE BODIES

BOARD OF DIRECTORS

Remo Ruffini	Chairman and Chief Executive Officer
Marco De Benedetti	Vice President Lead Independent Director Control, Risk and Sustainability Committee Nomination and Remuneration Committee
Nerio Alessandri	Independent Director
Roberto Eggs	Executive Director
Gabriele Galateri di Genola	Independent Director Control, Risk and Sustainability Committee
Alessandra Gritti	Independent Director Nomination and Remuneration Committee
Virginie Sarah Sandrine Morgon	Indipendent Director Related Parties Committee
Diva Moriani	Independent Director Related Parties Committee Nomination and Remuneration Committee
Stephanie Phair	Independent Director
Guido Pianaroli	Independent Director Control, Risk and Sustainability Committee Related Parties Committee
Carlo Rivetti	Non-Executive Director
Luciano Santel	Executive Director

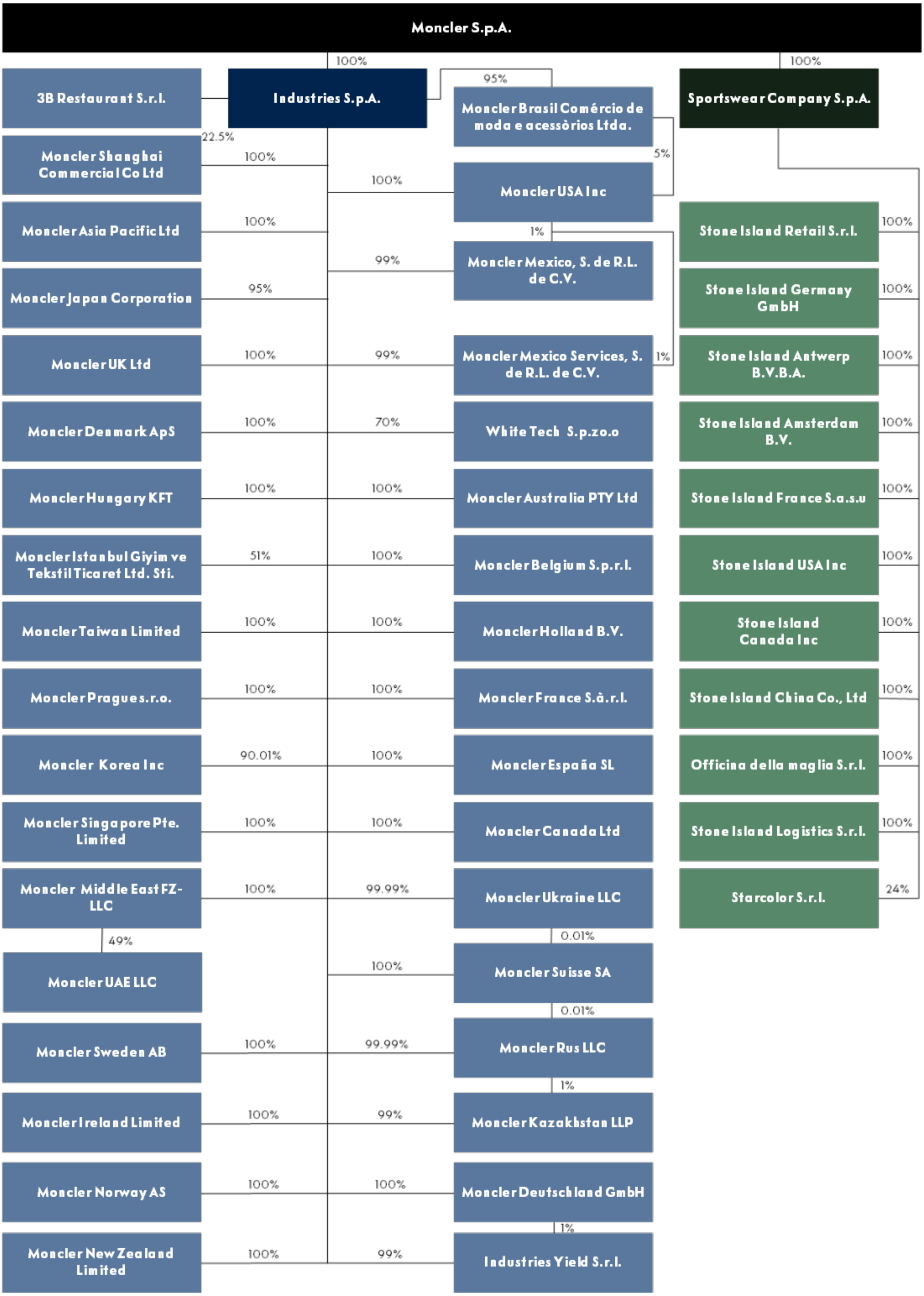
BOARD OF STATUTORY AUDITORS

Riccardo Losi	Chairman
Carolyn Dittmeier	Standing Auditor
Nadia Fontana	Standing Auditor
Federica Albizzati	Alternate Auditor
Lorenzo Mauro Banfi	Alternate Auditor

EXTERNAL AUDITORS

KPMG S.p.A.

GROUP CHART AT 31 DECEMBER 2021



GROUP STRUCTURE

The Consolidated Financial Statements of the Moncler Group at 31 December 2021 include Moncler S.p.A. (Parent Company), Industries S.p.A., Sportswear Company S.p.A., sub-holding companies directly controlled by Moncler S.p.A., and 45 consolidated subsidiaries in which the Parent Company holds indirectly a majority of the voting rights, or over which it exercises control or from which it is able to derive benefits by virtue of its power to govern both on a financial and an operating aspect.

Consolidation area

Moncler S.p.A.	Parent company which holds the Moncler and Stone Island brands
Industries S.p.A.	Sub-holding company, directly involved in the management of foreign companies and distribution channels (retail, wholesale) in Italy and licensee of the Moncler brand
Industries Yield S.r.l.	Company that manufactures apparel products
Moncler Asia Pacific Ltd	Company that manages DOS in Hong Kong SAR and in Macau SAR
Moncler Australia PTY Ltd	Company that manages DOS in Australia
Moncler Belgium S.p.r.l.	Company that manages DOS in Belgium
Moncler Brasil Comércio de moda e acessòrios Ltda.	Company that manages DOS in Brazil
Moncler Canada Ltd	Company that manages DOS in Canada
Moncler Denmark ApS	Company that manages DOS in Denmark
Moncler Deutschland GmbH	Company that manages DOS and promotes goods in Germany and Austria
Moncler España SL	Company that manages DOS in Spain
Moncler France S.à.r.l.	Company that manages DOS and distributes and promotes goods in France
Moncler Holland B.V.	Company that manages DOS in the Netherlands
Moncler Hungary KFT	Company that manages DOS in Hungary
Moncler Ireland Limited	Company that manages DOS in Ireland
Moncler Istanbul Giyim ve Tekstil Ticaret Ltd. Sti.	Company that manages DOS in Turkey
Moncler Japan Corporation	Company that manages DOS and distributes and promotes goods in Japan
Moncler Kazakhstan LLP	Company that manages DOS in Kazakhstan
Moncler Korea Inc	Company that manages DOS and distributes and promotes goods in South Korea

Moncler Mexico, S. de R.L. de C.V.	Company that manages DOS in Mexico
Moncler Mexico Services, S. de R.L. de C.V.	Company that provides services to Moncler Mexico, S. de R.L. de C.V.
Moncler Middle East FZ-LLC	Holding Company for the Middle East
Moncler New Zealand Limited	Company that will manage DOS in New Zealand
Moncler Norway AS	Company that manages DOS in Norway
Moncler Prague s.r.o.	Company that manages DOS in the Czech Republic
Moncler Rus LLC	Company that manages DOS in Russia
Moncler Shanghai Commercial Co. Ltd	Company that manages DOS in China
Moncler Singapore Pte. Limited	Company that manages DOS in Singapore
Moncler Suisse SA	Company that manages DOS in Switzerland
Moncler Sweden AB	Company that manages DOS in Sweden
Moncler Taiwan Limited	Company that manages DOS in Taiwan
Moncler UAE LLC	Company that manages DOS in the United Arab Emirates
Moncler UK Ltd	Company that manages DOS in the United Kingdom
Moncler Ukraine LLC	Company that manages DOS in Ukraine
Moncler USA Inc	Company that manages DOS and promotes and distributes goods in North America
White Tech Sp.zo.o.	Company that manages quality control of down
Sportswear Company S.p.A.	Sub-holding company that owned the Stone Island brand until 30 December 2021 (subsequently conferred to Moncler S.p.A.), and directly involved in the management of foreign companies and the wholesale distribution channel
Stone Island Amsterdam B.V.	Company that manages DOS in the Netherlands
Stone Island Antwerp B.V.B.A.	Company that manages DOS in Belgium
Stone Island Canada Inc	Company that manages DOS in Canada
Stone Island China Co., Ltd	Company that manages DOS in China
Stone Island France S.a.s.u.	Company that manages DOS in France
Stone Island Germany GmbH	Company that acts as Agent for Germany and Austria and manages DOS in Germany
Stone Island Logistics S.r.l.	Company that carries out logistics activities
Stone Island Retail S.r.l	Company that manages DOS in Italy
Stone Island USA Inc	Company that manages DOS and promotes and distributes goods in USA
Officina della Maglia Srl	Company that carries out the manufacturing of knitwear products

MONCLER GROUP

Born on 1 April 2021, Moncler Group, with its two brands – Moncler and Stone Island –, represents the expression of a new concept of luxury, which embraces the search for experientiality, inclusivity, a sense of belonging to a community and the mixing of diverse meanings and worlds including those of art, culture, music and sport. United by the "beyond fashion, beyond luxury" philosophy, these two Italian brands strengthen their ability to interpret the evolving cultural codes of the new generations.

Alongside maintaining their brands' identities highly independent and based on authenticity, on the constant search for uniqueness and on the extraordinary bond with the consumers' communities, the Group intends to bring together its entrepreneurial and managerial cultures as well as business knowledge and technical know-how of its brands to strengthen their competitiveness and enhance their important growth potential, also sharing the culture of sustainability.

MONCLER BRAND

The Moncler brand was born in 1952 in Monestier-de-Clermont, a small village in the mountains near Grenoble, with a focus on sports clothing for the mountain.

In 2003, Remo Ruffini purchased Moncler and started a process of repositioning through which the Brand took on an even more distinctive and exclusive style, evolving from a line of products used purely for sport purposes to versatile lines that clients of all gender, age, identity and culture can wear on any occasion and where outerwear, while being the Brand's identifying category, is gradually and naturally integrated with complementary products. Under his leadership, Moncler pursues a philosophy aimed at creating products that are unique, of the highest quality, versatile and constantly evolving while always remaining true to the Brand's DNA guided by the motto "born in the mountains, living in the city".

Tradition, uniqueness, quality, consistency and energy have always been the distinctive features of the Moncler brand that over the years has been able to evolve while remaining consistent with its DNA, heritage and identity, in a continuous search for an open dialogue with its many consumers in the world. It is from this constant research that in 2018 a new project was born, *Moncler Genius - One House, Different Voice*: a hub for creative minds able to reinterpret the Moncler brand, always consistent with its history and its DNA, adopting a new way of doing business.

STONE ISLAND BRAND

A culture of research, experimentation and usability are the matrixes that have always defined Stone Island; informal clothing brand founded in 1982 by Massimo Osti and Carlo Rivetti, with headquarter in Ravarino – a small town in the province of Modena – and intended to become a symbol of extreme research on fibers and fabrics, applied to an innovative design.

It is truly through the study of form and the "handling" of materials that Stone Island finds its own language, which has extreme research and maximum functionality as founding pillars. Each Stone Island piece is born from a perfect synthesis between experimentation and usability, between the study of fabrics and rationality.

An on-going and in-depth investigation on the transformation and ennobling of fibres and fabrics, and on the unique ability to intervene on the finished garment through continuous dyeing experiments have led, over years, to the discovery of materials and production techniques never previously used and to develop more than 60,000 different dye recipes.

HISTORY

MONCLER BRAND

1952, THE ORIGINS	The origins of the name lie in its very roots: Moncler is in fact the abbreviation of Monestier-de-Clermont, a mountain village near Grenoble. Here, René Ramillon and Andrè Vincent founded the Company in 1952, which would go on to produce the renowned down jacket, creating garments conceived to protect workers who wore them over their overalls and that offered high resistance and protection against the harshest climates and that were put to the test in a variety of expeditions.
1954, THE EXPEDITIONS	French mountaineer Lionel Terray first noticed Moncler products and foresaw their potential. The result was the specialist range "Moncler pour Lionel Terray". In 1954, Moncler's down jackets were chosen to equip the Italian expedition to K2, which culminated in the conquest of the world's second highest summit by Achille Compagnoni and Lino Lacedelli. In 1955, they equipped the expedition on the Makalû.
1968, THE OLYMPICS	To mark the Grenoble Winter Olympic Games, Moncler became the official supplier to the French downhill ski team.
1980, CITY ICONS	In the 80s, under the stylistic direction of Chantal Thomass, Moncler made its entrance into the city, becoming the iconic garment of a generation of youth.
2003, REMO RUFFINI ACQUIRES MONCLER	The Brand was acquired by the Italian entrepreneur Remo Ruffini, current Chairman and CEO of the Moncler Group, who began a strategy of global expansion in the luxury goods segment.
2006, HAUTE COUTURE	In 2006 with *Moncler Gamme Rouge* and in 2009 with *Moncler Gamme Bleu*, the Moncler universe was further enhanced with Haute Couture collection, ended in 2017 when Moncler launched a new project. In 2010, the *Moncler Grenoble* collections made their debut in New York that, reinterpreting the styles of the past, create technical skiing garments and après-ski wear with a contemporary take.
2013, THE LISTING	On 16 December 2013, Moncler was listed on Italian Stock Exchange of Milan. Shares were offered at EUR 10.2 and rose over 40% the first day, signaling Europe's greatest success story in recent years.
2018, MONCLER GENIUS	In 2018, Moncler launched the new project *Moncler Genius – One House, Different Voices*, an hub of eight minds that, while retaining their individuality, they reinterpret the essence of the Moncler brand.

2020, STONE ISLAND JOINS THE MONCLER GROUP	In December, Moncler announced that it had signed an agreement for the acquisition of Stone Island. This agreement was finalised on 31 March 2021, when Stone Island became part of the Moncler Group.
2021	Moncler completed the internalisation of its e-commerce (.com) and unveiled the Brand's first-ever fragrances, *Moncler Pour Femme* and *Moncler Pour Homme*.

STONE ISLAND BRAND

1982, THE ORIGINS	The first collection of Stone Island was born from the creative mind of Massimo Osti inspired by the military uniforms and realised with Tela Stella – fabric that recalls the waxed jackets corroded by the sea and by the sun – resulted from the study of a rigid, full-bodied, two-sided and two-tone truck tarpaulin which underwent a heavy stone wash procedure. To this, a "Badge" – fabric label showing the Stone Island Wind Rose – has been applied.
1983, GFT ACQUIRES 50% OF STONE ISLAND	GFT, Gruppo Finanziario Tessile – Italian company controlled by the Rivetti family – acquired the 50% of the Stone Island brand. These are the years of the foundation and consolidation of the Brand's aesthetics characterised by the extreme research on textile, treatment of the fabric, and garment dyeing techniques.
1993, THE RIVETTI FAMILY TOOK FULL CONTROL	Carlo Rivetti, together with his sister Cristina, through Sportswear Company S.p.A., took full control of the Stone Island brand. In 1996 Paul Harvey took over as the Brand's designer.
2005, THE JUNIOR COLLECTION	*Stone Island Junior* – a collection created for children and teenagers between 2 and 14 years old – was launched.
2008, THE EXPANSION	Carlo Rivetti took over the Creative Direction. The e-commerce platform stoneisland.com was launched, accessible from about 45 countries. The *Stone Island Shadow Project* was released – an exploration platform for a new generation of urban menswear that represents the continuous investigation of new aesthetic-functional codes.
2012, THE 30TH ANNIVERSARY	The 30th anniversary of the Brand was celebrated with the 'STONE ISLAND 30' exhibition in Florence aiming at telling the origin and evolution of its research and experience and with the launch of the book STONE ISLAND ARCHIVE '982 – '012', an important collection of 307 iconic garments with the task of telling the story of Stone Island.
2017, TEMASEK	Temasek, investment company based in Singapore, acquired the 30% of Sportswear Company S.p.A.

2020, STONE ISLAND JOINS THE MONCLER GROUP

In December, Stone Island announced its entry into the Moncler Group.

VALUES

MONCLER BRAND

Moncler is by its nature an ever-evolving brand, pushing towards reinvention and continuous development. Over time, its values have been taking on new meanings while always remaining true to the Brand identity.

Moncler has a very strong corporate culture and uniqueness characterised by its ability to unleash the extraordinary that is hidden in each one of us.

It is a uniqueness based on the commitment to setting increasingly challenging goals, on the willingness to celebrate everyone's talent, on the awareness that every action has an impact on society and environment, on the capacity to create warmth in every relationship and on the strive for timeless brand distinction.

PUSH FOR HIGHER PEAKS	We constantly strive for better, as individuals and as a team. Inspired by our continuous pursuit of excellence. We are always learning and committed to setting new standards. We are never done.
ONE HOUSE, ALL VOICES	We love to bring all voices in, letting everyone's talents shine. We celebrate all perspectives, leverage our multiplicity and speak to every generation by letting all voices sing. We play a beautiful harmony.
EMBRACE CRAZY	We strive for timeless brand distinction. We are unconventional and unique. We foster our inner genius and our creative edge. We bring bold dreams, crazy and apparently unreachable ideas to life, always with great rigor. We feed our energy as we believe everything truly great was often born crazy.
BE WARM	We were born to keep people warm. We are an emotional brand. We bring the warmth of human connections into everything we do, from the things we make, to the relationships we build. We celebrate everyone's achievements, big and small, with empathy and trust.
CREATE AND PROTECT TOMORROW	We believe in a positive, brighter and better tomorrow. We are agents of real and meaningful change. We rise to and act on the social and environmental challenges the world and communities are facing.

THE PURPOSE OF MONCLER IS TO UNLEASH THE EXTRAORDINARY IN EVERYBODY.

Stone Island is LAB & LIFE together. It is continuous research, identity, community. Stone Island is a transversal and authentic brand, that has its foundations in the product.

LAB LIFE CULTURE

LAB is the constant, scrutinising and boundless research into the transformation and enhancement of fibres and fabrics, which brings discoveries of new materials and production techniques that have never been previously used in the clothing industry.

LIFE is the lived experience, the identity, the perceived status of anyone who wears Stone Island. It's the strong and recognisable aesthetic that originates from the study of uniforms and work clothes, recreated with new needs in mind, to define a project where the function of the garment is never just aesthetic.

This is Stone Island culture, where everyone lives on constant and continuous research, and believes in functionality as an expression of unique and inimitable beauty.

ENDLESS PASSION FOR ENDLESS KNOW-HOW

Endless passion and endless know-how in design and in product have always been the basis of the Stone Island brand and the founding principles for all stakeholders of the Brand.

The product-centred ethos spreads through both the Stone Island collection and all those living the Brand, every day, inside and outside Company.

GROUP STRATEGY

Moncler Group has, as strategic objective, the development of its brands in an authentic way while enhancing their strong uniqueness, also through a constant contamination of diverse entrepreneurial and managerial cultures as well as business knowledge and technical know-how.

Moncler Group strategy is underpinned by four pillars.

BECOME A LEADER IN THE NEW LUXURY SEGMENT

The Moncler Group with its two brands – Moncler and Stone Island – represents the expression of a new concept of luxury, far from the traditional stereotypes, which embraces the search for experientiality, inclusivity, sense of belonging to a community and contamination of different worlds including those of art, culture, music and sport.

United by "beyond fashion, beyond luxury" philosophy, Moncler and Stone Island intend to consolidate in the new luxury segment, strengthening their ability to interpret the evolving cultural codes of the new generations.

BUILD A GLOBAL GROUP ABLE TO FULLY ENHANCE ITS BRANDS' POTENTIAL AT GLOBAL LEVEL

Under the guidance of Remo Ruffini, Moncler has followed a growth strategy inspired by two key principles: to become a global Brand and to be more direct to consumers.

The Moncler Group aims at sharing, with its brands knowledge and experience to fully capture their growth potentials globally, maintaining their unique positioning while strengthening their direct to consumers' approach.

DEVELOP ALL DISTRIBUTION CHANNELS WITH AN OMNICHANNEL APPROACH, SUPPORTED BY A STRONG DIGITAL CULTURE

Engaging directly with clients through every channel and touch point, involving them, understanding their expectations – even when unspoken – and creating unique and distinctive experiences in its stores, are the cornerstones of the relationship that the Group strives to develop with its community to never stop surprising it. The Group is pursuing a strategy of integrated development of its distribution channels knowing that thinking, defining and implementing its strategy digitally is fundamental to sustain future growth.

FOLLOW A SUSTAINABLE GROWTH PATH TO CREATE VALUE FOR ALL STAKEHOLDERS

Moncler has been progressively strengthening its commitment to long-term, sustainable and responsible growth, fully integrated into the strategy and now totally fully shared by Stone Island as well. The Group's plan is based on five strategic priorities: climate action, circular economy, fair sourcing, enhancing diversity, and giving back to local communities.

BUSINESS MODEL

Moncler Group's integrated and flexible business model is geared towards having direct control of the phases that add the greatest value, putting the pursuit of ever-increasing quality and the satisfaction of consumers at the heart of all its work.

MONCLER BRAND

MONCLER – COLLECTIONS

Moncler's success is based on a unique brand strategy aimed at developing innovative products that are strongly "anchored" to the history of the Brand. The journey, which began in 2003 when Remo Ruffini acquired the Group, has always been coherent and pursued without compromise. Heritage, uniqueness, quality, creativity and innovation are the terms used in Moncler to define the concept of "luxury".

The Moncler collections are divided into three parallel dimensions: *Moncler Collections*, *Moncler Grenoble* and *Moncler Genius*.

The *Moncler Men's*, *Women's* and *Enfant* Collections were born from the fusion of research, innovation and luxury expressing the brand's DNA: they meet the needs of different consumers, multiple uses and lifestyles.

In *Moncler Grenoble,* the Brand's DNA is even stronger and more defined. *Moncler Grenoble* has become a technology and style innovation lab for the sporty consumer with an interest in performance, design and innovation. The *Moncler Grenoble* collections are split into *High Performance*, products guaranteeing maximum performance, *Performance & Style*, for the sporty consumer who also cares about design, and *Après-Ski* for the consumer who is looking for style with a sporting edge.

Moncler Genius – One House, Different Voices collections take on a strategic relevance. They bring together different interpretations and visions of the Brand under the same "roof", generating a new synergetic creative energy, while always remaining true to the Brand's uniqueness.

The *Moncler* collections are rounded off with footwear and leather goods (bags, backpacks and accessories) lines and a sunglasses and eyeglasses line (*Moncler Lunettes*), besides the perfume for men and women, launched in October 2021.

Moncler's team of fashion designers is subdivided by collections and it works under the close supervision of Remo Ruffini, who sets design guidelines and oversees their consistent implementation across all collections and product categories. The Moncler Style Department is assisted by the Merchandising and Product Development teams, which help create the collections and "transform" the designers' creative ideas into the final product.

MONCLER – PRODUCTION

Moncler's products are designed, manufactured and distributed according to a business model featuring direct control of all phases where the greatest value is added.

Moncler directly manages the creative phase, the purchase of raw materials, as well as the development of prototypes, while the "cut-make-trim" phase of the production stage is partly managed internally and partly assigned to third party manufacturers (façon manufacturers).

The purchase of raw materials is one of the main areas of the value chain. All raw materials must comply with the highest qualitative standards in the industry, be innovative and able to offer advanced functional and aesthetic features. Moncler only buys the best white goose down from Europe, North America and Asia. While textiles and garment accessories (buttons, zips, etc.) are purchased mainly in Italy and Japan.

Moncler currently uses more than 370 suppliers of raw materials: the top 40 suppliers account for circa 80% of the value of suppliers.

DOWN

Throughout its history, down has been at the heart of Moncler outerwear, and has gradually come to be identified with the Brand itself.

A combination of lengthy experience and continuous research and development has enabled the Company to gain unique expertise in this area, both in terms of knowledge of down as a raw material and of the garment manufacturing process.

Moncler ensures that all its suppliers comply with the highest quality standards. Over the years, these standards have been – and indeed remain – a key point of product differentiation: only the best fine white goose down is used in the Brand’s garments.

Fine-down content and fill power are the main indicators of down quality. Moncler down contains at least 90% fine-down and boasts a fill power equal to or greater than 710 (cubic inches per 30 grams of down), resulting in a warm, soft, light and uniquely comfortable garment.

Each batch of down is subjected to a two-step checking procedure to assess its compliance with 11 key parameters, set in accordance with the strictest international standards and the stringent quality requirements imposed by the Company. In 2021, a total of around 1,000 tests were performed.

But for the Company, “quality” is more than this: the origin of its down and the respect for animal welfare are also fundamental for Moncler. When sourcing and purchasing raw materials, Moncler considers these aspects as important as the quality of the material itself. Since 2016, all Moncler down is certified with the DIST internal protocol.

The “cut-make-trim” phase is conducted both by third party manufacturers (façon manufacturers) and in the Moncler manufacturing plant in Romania, initially established in 2015 and then moved to its current location in 2016, that currently employs more than 1,100 people, and which will undergo in 2022 an important expansion and automation project with the aim of significantly increasing its production capacity. Investments in R&D also continue to automate some stages of outerwear production, reducing processing times.

The third-party suppliers (façon manufacturers) working for Moncler are mainly located in Eastern European countries, which are currently able to ensure quality standards that are among the highest in the world for the production of down jackets. Moncler supervises these suppliers directly by conducting audits designed to check aspects regarding product quality, brand protection and compliance with current laws, Moncler Code of Ethics (updated in 2017) and Supplier Code of Conduct (approved in 2016).

For the production, 115 suppliers are used, divided between façon and finished products manufacturers: the first 35 suppliers cover about 80% of the value of supply[2].

MONCLER – DISTRIBUTION

Moncler is present in all major markets both through the retail channel, consisting of directly operated stores (DOS[3]), the online store and the e-concessions, and through the wholesale channel, represented by multi-brand doors, shop-in-shops in luxury department stores, airport locations and online luxury multi-brand retailers (e-tailers).

Moncler's strategy is aimed at the control of the distribution channel, not only retail but also wholesale and digital, where it operates through a direct organisation.

As of 31 December 2021, Moncler's mono-brand distribution network consisted of 64 wholesale stores (shop-in-shops, SiS), an increase of one unit compared to 31 December 2020 and of 237 retail directly operated stores (DOS), an increase of 18 units compared to 31 December 2020, including the openings of the second Milanese flagship store in Galleria Vittorio Emanuele II – a new place for the community where the experience becomes immersive involving all the senses including taste – and in Chengdu Swire characterised by a new and young retail concept with spaces contaminated by other worlds such as that of art thanks to the collaboration with the emerging Chinese artist Gan Jian to create an audio-visual work of art exclusively for the store. Moreover, during the year, some of the existing retail stores were relocated in new spaces with a larger surface, including the enlargement of the iconic boutique in Rome in Piazza di Spagna and the relocation of the flagship store in Los Angeles in the prestigious shopping neighbourhood of Beverly Hills.

	31/12/2021	31/12/2020	Net Openings FY 2021
Asia	117	104	13
EMEA	84	80	4
Americas	36	35	1
RETAIL	237	219	18
WHOLESALE	64	63	1

During the year, Moncler accelerated on digital transformation and, in line with an increasingly integrated digital vision aimed at personalising the experience and strengthening the relationship with the customer, completed the gradual internalisation project of the e-commerce (.com) started in 2020 in the United States and Canada and ended in 2021 with EMEA in May, Japan in July and China in October. Furthermore, in May the new .com platform with a renewed concept was launched where the experience is at the centre of an ever more tailored customer journey inspired by the world of entertainment, guaranteeing fluid navigation with customised contents and services including product personalisation features.

[2] Based on Orders' Value.
[3] Including free standing stores, concessions, travel retail stores and factory outlets.

MONCLER – MARKETING AND COMMUNICATION

"Our purpose inspires us to keep changing, whilst always retaining the essence that makes us unique. It's our reason to be: to unleash the extraordinary in everybody." Remo Ruffini, Moncler Chairman and CEO.

Moncler is a company born in the mountains. Born to protect, to keep warm. Born to face extremes. A company whose dynamic nature makes it impossible to stand still. So when the fashion world accepted only a two-season calendar as a marketing template, Moncler had to break the mould. Since the launch of *Moncler Genius* in 2018, the Brand has created the fashion industry's most compelling answer to a post-internet world where consumer expectation is shaped at the speed of Instagram. It has pushed for higher peaks, brought other voices in, and embraced its brave nature, always with great rigour.

The marketing of Moncler has been revolutionised: monthly collections' launches by visionary designers are transmitted from the feed straight to the home with dedicated editorial plans. This approach has demanded absolute coordination between all departments and functions within marketing and in the whole Company.

2021 saw a further evolution of the *Moncler Genius* project, which for the first time connected worlwide through MONDOGENIUS: an immersive digital experience into the culture of the Brand. MONDOGENIUS took global communities of Moncler on a journey through five cities, sharing the creative visions of 11 designers, all under one show. Opening the event was, live from Milan, Moncler's global partner and 15-time GRAMMY® Award-winning singer, songwriter and producer Alicia Keys, who interacted with singer and actress Victoria Song, who was live herself from Shanghai. The show streamed via a dedicated microsite (https://mondogenius.moncler.com) as well as more than 30 platforms including social media, e-tailers, websites and media outlets, giving all audiences the possibility to access this extraordinary journey that, by uniting communities and generations from all over the world, created a reason to belong to the Moncler universe. MONDOGENIUS achieved exceptional engagement results with 510 million video views and a reach of 4.2 billion.

Moncler Genius has attracted a new community of Generation Z and Millennial customers who aspire to the alliance of innovation and heritage that Moncler uniquely offers.

But in 2021, it wasn't just MONDOGENIUS. In October the Brand also launched the "We love Winter" campaign. At Moncler, we love winter. In fact, it's been our lifeblood since 1952. From the French Alps to the world, winter is one of our driving forces. Photographed by the Australian photographer and director Chris Colls and exhibited in capital cities across the world, the Fall/Winter 2021-2022 campaign is a testament to that love embracing multiple voices whilst reuniting family and friends in the Moncler spirit of creativity and collaboration. Amongst them, the American actresses Robin Wright and daughter Dylan Penn, the French music artist Lala&ce and her mother Noëlle, the Japanese designer Mai Ikuzawa and her sons Arto and Milo, the French 'flextro' dancer Bats aka Mamadou Bathily, and the models Mao Xiaoxing and Mika Schneider.

MONCLER – DIGITAL

The digital channel has become central to Moncler by strongly supporting business results and driving new special initiatives where the client was put at the centre of every decision, in order to best respond to market needs.

The "Digital, Engagement and Transformation" function that manages and coordinates the Moncler Digital Hub – a department aimed at guiding the digital transformation and spreading its culture in the Company – is based on 5 strategic pillars: D-Commerce, D-Marketing, D-Experience, D-Intelligence and D-Strategy&Culture.

D-Commerce is responsible for achieving the online sales targets as well as detecting innovative solutions able to sustain the business growth in parallel with enhanced level of services. Thus, beyond the management of buying and merchandising, it deals with the development of special projects, new platforms and tools.

D-Marketing is responsible for expressing all the values and colorations of Moncler through tailored premium content to serve all consumer touch points.

D-Intelligence is responsible for improving performance, identifying growth opportunities through the analysis and management of qualitative and quantitative data in order to maximise knowledge of the omnichannel consumers, intercept the demand of new trends and products to enhance the customer experience with the final objective of optimising investments and therefore maximise revenues.

D-Experience is responsible for improving the exchanges with consumers, simplifying their interactions on all channels and making each of these interactions a unique experience.

The fifth and final pillar, D-Strategy&Culture, is responsible for developing digital business value and for spreading a digital culture within Moncler.

As for social media networks, Moncler is on Instagram, Facebook, Twitter, LinkedIn, TikTok and YouTube in Europe and Americas; WeChat, Weibo, Douyin, Bili Bili and RED in APAC; LINE in Japan and Kakao Talk in Korea.

In 2021, Moncler launched a new full omnichannel e-commerce platform, which in addition to being technologically advanced, also presents an innovative approach to the customer.

STONE ISLAND BRAND

STONE ISLAND – COLLECTIONS

At the forefront of the menswear, Stone Island redefines, with its point of view, the concept of man luxe, always contemporary and with a strong tendency to research and experimentation.

The Brand is characterised by its different iconic visual codes. Stone Island expresses itself not only for the use of its atypical branding, the "Badge", a removable rectangular label, that exhibits the embroidery of the Stone Island Compass; but also, for the wide exploration of colour, with unique treatments and techniques, finishes and details of the garments and for its unique design lexicon.

Alongside Stone Island men collections, the Brand offers the *Stone Island Junior* collection – declination of the Brand for children and teenagers from 2 to 14 years old.

STONE ISLAND – RESEARCH AND DEVELOPMENT

Four decades dedicated to textile research, experimentation, study of the garment's function and to innovation, often investigating worlds far from clothing, have made Stone Island a brand defined by its unique and distinctive research and as an essential point of reference for the world of apparel and design today.

Important challenges faced with the commitment of creatives who have expressed passion and enthusiasm for their work have managed to transfer their vision into the product, pushing the research on uncharted territories.

STONE ISLAND – PRODUCTION

The complete product development cycle is managed internally, at its headquarter in Ravarino (province of Modena).

Stone Island's mission has always sought product innovation through continuous deployment of know-how and all-around research on fibres, yarns, fabrics, finishes and dye whilst cultivating the ambition to offer a product that is unique in its category.

In order to achieve this mission, development has been carefully managed through an internal and integrated system in which modelling, prototypes and dyeing combine with established external partnerships in both research and execution.

The value chain is as much in the selection of accessory and component materials as in manufacture and dyeing, carried out under strict supervision of technicians of the Company at established partners that are aligned with the Company's ethical and regulatory codes.

Fabrics and yarns are supplied by the best Italian and foreign companies, with a particular focus on Japan and Korea.

Manufacturing is in Italy, in the Mediterranean basin and in the Far East, at established third-party companies trained in the know-how needed to satisfy the Brand's standards of quality and sustainability.

STONE ISLAND – DISTRIBUTION

The Stone Island brand is distributed globally both through the wholesale channel and with direct presence (retail stores). Furthermore, in some markets the Brand is managed by distribution contracts with qualified and long-standing partners, selected on the basis of their high knowledge of the fashion sector. The Brand is currently present in the most important department stores in the world, also with dedicated spaces (shop-in-shops), in the best multi-brand boutiques and in the main e-tailers, besides having developed a network of 30 directly managed mono-brand stores and the online store.

In line with the Group's strategy aimed at the integrated development of its distribution channels, Stone Island has begun a path that will lead the Brand to a greater control of distribution on international markets, through a progressive direct management of the markets currently managed by the distributor and through the expansion of the DTC channel. On 30 December 2021, Stone Island set up a joint venture in Korea – Stone Island Korea operating since 1 January 2022 – of which Stone Island holds 51%, with the aim of directly managing the Korean distribution network, which as of 31 December 2021, had 23 mono-brand stores.

At the same time, the Company is enhancing its control and doors' selection on the wholesale, a channel of strategic importance for Stone Island, with the aim of further elevating the positioning of the Brand itself.

In FY 2021, the wholesale channel accounted for 75% of revenues while the remaining 25% was generated by directly managed stores and the online channel. As of 31 December 2021, the Stone Island's mono-brand distribution network consisted of 58 wholesale mono-brand stores (shop-in-shops) and 30 retail directly operated stores (DOS). Five DOS were opened during the year, including the Paris Galeries LaFayette, New York Bloomingdale's and Shanghai iAPM stores.

	31/12/2021	30/06/2021
Asia	4	4
EMEA	20	20
Americas	6	6
RETAIL	30	30
WHOLESALE	58	56

STONE ISLAND – MARKETING, COMMUNICATION AND DIGITAL MEDIA

"The image is the product", is the absolute protagonist in every marketing activity, starting from communication.

Over the years, the Brand has created a strong and recognisable iconography entrusted to the multiculturalism expressed by the faces of the models and the direct photo shoot on a white background where the garments are perfectly legible.

The detailed description of the fabric and the treatment of each individual garment are also present in the advertising campaigns.

Stone Island's tone of voice is direct and informative. Without adjectives, it is closer to the rigour of industrial design than to the world of fashion and lifestyle: a solid brand visual identity is also expressed in the videos.

The product remains at the centre not only of marketing activities but also of installations, special projects in flagship stores and pop-ups with clients of international importance.

Both website and social media reflect the clean and industrial aesthetics of Stone Island.

The social media of reference is Instagram, flanked by the main platforms: Facebook, Twitter, Pinterest, YouTube and Vimeo, in addition to Chinese social media: WeChat, Weibo and Little Red Book.

Stone Island has a very active fan base that interacts intensely with the official account and that promotes the Brand through many spontaneous fan-based groups on social networks.

Over time Stone Island got closer to the music world, an important brand's communication tool with STONE ISLAND PRESENTS, since 2015, a project for international music events featuring high profile talents from the electronic music scene and more and with STONE ISLAND SOUND, founded in 2020, a project that supports contemporary music productions with the aim of promoting local communities while building an ideal world sound map.

STONE ISLAND – THE COLAB

The common thread that runs through the history of Stone Island's collaborations is that they take place with mutual respect between collaborators. This was the case for the *ante litteram* collaborations launched already in 2019, which the Company had with Adidas and New Balance; further strengthened with other important collaborations with Supreme from 2014 to today, Nike from 2016 to 2019, Head Porter from 2015 to 2020, Persol in 2020 and from 2021, a new long-term partnership with New Balance.

BRAND PROTECTION

The Moncler Group dedicates energy and resources to safeguarding the value, uniqueness and authenticity of its products and to defend its intellectual and industrial property rights (IP), which are key elements for customer protection.

The Intellectual Property & Brand Protection internal department oversees administrative activities to protect the distinctive trademarks of its brands in countries and in product categories of current and potential commercial interest, as well as the forms and elements characterising the products, product's and process's inventions, and copyright.

Enforcement of IP rights and the fight against counterfeiting involve a wide range of activities, such as training and coordinating customs authorities, filing the relevant applications in the various countries, monitoring and taking investigative action in the physical and online market, removing illegal content from the web, organising raids and seizures with the local authorities in many countries and taking civil, criminal and administrative actions. Although the pandemic persisted even in 2021, the Group has performed a significant number of training sessions for Italian and foreign customs officers and enforcement authorities. In particular, in 2021, 30 and 17 training sessions were carried out for the Moncler brand and the Stone Island respectively.

In 2021, the constant activity to fight against counterfeit resulted in a total of 3,200 cases of seizure for the Moncler brand and almost 500 cases for the Stone Island brand, removing from the market approximately 143,500 and nearly 84,000 finished products respectively, as well as nearly 144,600 and 23,600 counterfeit accessories/branded items (such as logos and labels intended for the production of garments and accessories in infringement of the Group's IP rights).

Increasing attention is paid to the digital channel by both companies, which monitor and undertake enforcement activities on search engines, marketplaces, websites and social networks every day. For Stone Island, nearly 21,000 online auctions of counterfeit products, around 360 sites in violation and nearly 5,100 posts, accounts and sponsored advertisements on major social networks were removed during 2021. For Moncler, in 2021, almost 61,000 auctions of counterfeit products were shut down, 440 sites were obscured, approximately 23,000 links to sites selling non-original products were delisted from main search engines and nearly 67,000 posts, ads and accounts promoting fake Moncler products through social networks were removed.

With a view to strengthening the strategy of the fight against online counterfeiting, Moncler continues its plan for the establishment of civil cases for counterfeiting in the United States against sellers who promote at an international level the sale of counterfeit products on digital platforms, thus giving a strong deterrent signal to counterfeiters.

Willing to increase customer protection even further, in 2021 Moncler enhanced its authenticity-traceability system, now actively characterised by a unique alphanumeric code and NFC (Near Field Communication) tag, allowing the end consumer to immediately receive feedback on the nature of the garment purchased by scanning the NFC with a smartphone or tablet and keeping the verification mode active on the code.moncler.com website, managed directly by Moncler. Where necessary, Moncler prepares expert reports for deceived customers attempting to recover the amount paid for a counterfeit product from their electronic payment service providers. Similarly, since Spring/Summer 2014, Stone Island has been using the Certilogo® technology and experience to provide clients with the opportunity to verify the authenticity of Stone Island and *Stone Island Shadow Project* products. Starting in Autumn/Winter 2020-2021, this technology has been also extended to *Stone Island Junior* garments, allowing – for all garments – the generation of an "anti-counterfeiting report" that can be used with payment institutions to obtain credit for the purchase of an unauthentic garment.

In addition, with the aim of raising awareness and internally training the departments most involved, the Group has formalised "Brand Protection" procedures aimed at regulating the verification methods of stylistic contents and communication in a broad sense to reduce risks, including the reputational one, by internally carrying out about ten dedicated training session.

HUMAN CAPITAL

The Moncler Group has always believed that human capital is a crucial resource for creating long-term value and has invested attention, energy and resources in selecting the best talents, in encouraging professional and personal growth and in promoting welfare within the Company. The Group has clear policies in place to provide a healthy, safe working environment, which is stimulating and rewards merit, where each person feels free to best express its abilities, potential and talent and where everyone's diversity is valued.

Welcoming everyone, always valuing diversity and free expression are integral aspects of the Group's culture and crucial to its growth and business model. Moncler thrives in a multicultural environment and engages in dialogue with all generations and cultures, aware that diversity is an essential factor for success.

Also important in this regard was the activity carried out immediately with the Stone Island's people who joined the Group since 1 April 2021 and were gradually integrated into the main human resources processes, incentive plans, training and professional development activities.

DE&I

The definition of a specific agenda for diversity, equality and inclusion was another important step taken in 2021. Governance was defined in the first half of the year. The Moncler DE&I Council, led by the Chief Corporate Strategy & Communication Officer and sponsored by the Chairman, involves the participation of some of the Group's strategic functions: the Chief Brand Officer of Moncler, the Chief People & Organisation Officer, all the regional Chairmen and the Art Director of Stone Island. The Council is in charge of laying down the vision and strategy and ensuring compliance with the Group's objectives and commitments; it also acts as a liaison with regional Councils through their Chairmen. The Council's proposals are validated by the Strategic Committee. The DE&I Operational Team, composed of representatives of the main functions and regions, is responsible for implementing the strategy, executing the action plan, setting KPIs and targets and ensuring a connection between the central and regional Councils. The Operational Team then developed the project, which consisted of three phases:

1. Assessment phase: highlighting of the clear strengths (a sense of belonging, awareness of its contribution to the success of the Company and strong interpersonal bonds) and some areas for improvement (strengthening protective mechanisms, greater opportunities for exchange and development of teambuilding and mentorship programs) through a series of 1:1 interviews, focus groups and an inclusion survey conducted within Moncler at a global level;

2. Envisioning phase: identification of the objectives the Group aims to pursue to respond to the requirements that emerged during the assessment phase;

3. Action phase: definition of a comprehensive global action plan.

The search for best talents worldwide and the ability to retain them have always been at the top of the Group's business agenda. It is the opportunity to work in an international, dynamic, multicultural and meritocratic environment, together with Moncler's strong commitment to sustainable development, that are key elements in the process of attracting talents, especially among younger generations. The Group needs their strong technical, professional and managerial skills, as well as passion, dynamism, flexibility, vision, strive for innovation and harmony with the Group's values.

To identify top talents, since many years, Moncler adopted a performance evaluation system that measures the skills demonstrated in achieving assigned objectives and is now gradually implementing this system at Stone Island as well.

Knowledge, problem-solving and impact on the business are the meta-dimensions taken into account by the evaluation model underlying the remuneration review process, providing it with a solid basis of fairness, equal opportunities, meritocracy and competitiveness with the market.

The REMUNERATION SYSTEM includes:

- short-term variable remuneration systems, such as annual MBO (Management by Objectives) for Executives, Managers and Professionals, primarily based on the achievement of measurable economic, qualitative and quantitative targets linked to activities and strategic processes of the business, according to Balanced Scorecard principles. All those involved in implementing the Sustainability Plan are assigned, in the MBO system, with social or environmental objectives related to the implementation of the Plan. Risk management indicators are also included in the schemes, with the aim of spreading a culture of risk assessment and management in decision-making;
- team and individual sales commission systems that reward excellence, quality service and business development for the employees of the distribution network;
- long-term incentive systems, such as Performance Share plans, for top management and key roles, which express a particular impact on the business, regardless of the organisational level. These systems are linked to long-term performance conditions and to ESG indicators witnessing management's commitment to sustainability issues. The long-term incentive systems are an important component of the pay mix, and even represent the predominant part of Total Compensation at top management level.

All of Moncler’s variable remuneration systems are designed to encourage the achievement of distinctive results through mechanisms that reward overperformance by increasing the value of the bonus that can be obtained, starting from a certain threshold, if the assigned objectives are exceeded.

The remuneration package offered to employees is completed by a series of benefits, which include life insurance, pension and welfare plans, and information and prevention programs. In addition, in 2021, employees in Italy requiring medical advice for pre-existing or new disorders had access to a telemedicine service launched in November 2020 with the San Raffaele Hospital in Milan. In 2021 another agreement was reached with the San Raffaele Hospital to allow access to a series of services including visits, examinations and home services (for example laboratory and X-ray tests).

In the area of international mobility – increasingly a pillar for the development of individuals and the Group's success – Moncler has adopted a Global Mobility Policy, which defines the Company's commitments to ensure a fair, competitive, supportive and consistent economic treatment of expatriates at the global level.

Investment in young people, which has always been a distinctive trait of Moncler, is also reflected in the large number of internship contracts transformed into employment contracts. In Italy, where the highest number of interns is concentrated, 35% of those concluded in 2021 led to actual employment contracts.

TRAINING plays a key role in the process of enhancement of the potential of individuals. It is fundamental to develop and consolidate individual skills to encourage the constant upskilling of key knowledge necessary to support a constantly changing business.

A training project for corporate offices took shape in 2021: MAKE, the Moncler Academy for Knowledge and Excellence, an ecosystem of learning for personal development in terms of knowledge and skills, but also of mental approach, working methods and organisational awareness.

The MAKE architecture, which is based on some basic considerations such as each person's responsibility for their own development, the importance of learning by doing and the Company's values, has three main pillars:

- Two way leadership: leadership as a key factor in the organisational relationship of leaders and followers;
- Omnilearning: recognising that learning is in all activities that I perform;
- We develop together: individual knowledge becomes a collective asset through sharing.

The main activities carried out in 2021 were:

- MONCampus: a program now in its second year, designed for talented young people and managed almost entirely by internal trainers;
- Building leadership: a management program that explores the foundational elements of leadership in a very practical and concrete way, providing useful tools for immediate application in the day-to-day;
- Makers Lab: a program where internal Company "experts" share their knowledge of specific activities, processes and tools.

Thanks to the *Adotta una Scuola* (Adopt a School) project promoted by AltaGamma, 2021 marked an important step forward in the field of technical training. The "adoption" agreement was signed for the first school, the *Istituto Professionale Caterina da Siena di Milano*. The goal is to bring the business world closer to academe, effectively preparing children for the workplace with technical and craft skills that are gradually disappearing. The project includes a specialist training course for young students in the last two years of their studies.

Persisted the commitment to complete of some mandatory training: GDPR, Italian Law 231, Health and Safety, Code of Ethics were the main courses held globally.

OHSAS 45001 health and safety certification has been also extended to the Italian Stone Island facilities since 2021. Specific training programs were promoted during the year to maintain this certification.

In 2021 Moncler further consolidated its partnership with the Italian association ValoreD by participating in courses, programs and inter-company workshops.

In the retail sector, Moncler continued to invest in projects aimed at enhancing the professionalism of the Client Advisors with initiatives ranging from product technicality training, to knowledge of the Brand and its history, up to the development of relational and managerial skills with the aim of spreading a service and a selling ceremony able to make the customer experience unique and distinctive. Stone Island is embarking on a process of retail development, also in retail excellence field, already partly started with a test in Germany (October 2021) and set to be extended in 2022 to retail stores in Korea, Italy, France, the Netherlands and North America.

In 2021, the Group provided over 118,299 hours of total training.

Moncler believes that dialogue and employees' involvement are essential to increase the motivation and satisfaction of its people creating the foundation for sound long-term relationships and strong performance. Several initiatives have been developed, including those aimed at facilitating dialogue and engagement between Stone Island and Moncler employees.

The ENGAGEMENT PLAN is also based on the results of MONVoice, the internal climate survey that aims to take a snapshot of the Company's positioning in employee engagement and enablement, while also identifying strengths and areas on which we can work to grow and improve each year.

In 2021 Stone Island was also included in MONVoice to obtain a picture of the internal climate of the entire Group, involving a total of 4,286 people.

The main areas of excellence emerged by the survey included "quality & customer focus", "the flexibility and availability of managers" and a sense of "pride of being part of the Company". Collaboration and communication across departments remain areas to be improved, along with "development opportunities" within the organisation and reward structure.

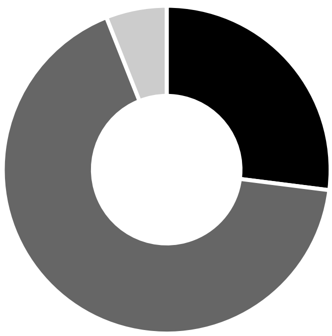
In 2021, the Moncler Group employed 4,635 average full-time equivalent (FTE) staff, 5,290 headcounts – of whom around 49% were working at its directly operated stores compared to 48% in 2020. The Moncler brand employed 4,240 FTE (4,874 headcounts) while Stone Island counted 395 FTE (416 headcounts).

At Group level, in terms of distribution by geographic area, EMEA accounted for 67% of the total FTE, followed by Asia with 27% and the Americas with 6%.

	2021	2020	2019
Asia	1,167	1,102	962
EMEA	3,115	2,682	2,707
Americas	353	307	306
TOTAL	4,635	4,091	3,975
of which Direct Retail	2,006	1,825	1,844

BREAKDOWN BY GEOGRAPHICAL AREA[4]

- 27% Asia
- 67% EMEA
- 6% Americas

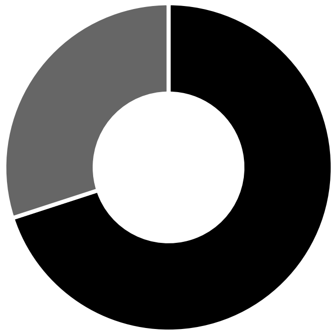


At 31 December 2021, 70% of employees were women. This percentage is in line with figures at 31 December 2020.

[4] 2021 average Full Time Equivalent.

BREAKDOWN BY GENDER[5]

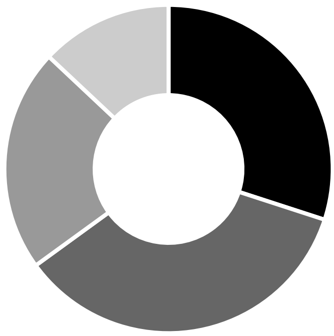
- 70% Women
- 30% Men



At 31 December 2021, employees in the age group between 31 and 40 years old represented the 35% of the total, slightly decreasing compared to 2020 (38%). Employees under the age of 30 increased (+24% compared to 2020 on an equivalent perimeter), accounting for 30% of the population. The average age is 37.3, in line with last year.

BREAKDOWN BY AGE'[6]

- 30% <30 years
- 35% 31-40 years
- 22% 41-50 years
- 13% >50 years



HEALTH EMERGENCY AND WELLBEING

Since the spread of the pandemic, the Company has remained constantly committed to protect its people, taking all necessary precautions to ensure a safe work environment. Strict anti-Covid protocols were introduced in collaboration with expert epidemiologists, alongside flexible forms of work organisation (remote working) and reorganisation of Company spaces, including reshapes of production and workstations.

In particular, circa 15,000 swabs were carried out in 2021. Swab tests are repeated on a regular basis to ensure constant monitoring. Moncler also continued to produce surgical masks, with the CE mark and approved by the Italian National Institute of Health (ISS) resulting in more than 1.8 million surgical masks used by Group employees during 2021.

[5] Headcount at 31/12/2021.
[6] Headcount at 31/12/2021.

Moncler's efforts to find and administer flu vaccines to employees on a voluntary basis continued in 2021. Thanks to continuing collaboration with San Raffaele Hospital, almost 230 employees were vaccinated in 2021.

VOLUNTEERING AND ENGAGEMENT

Convinced that corporate volunteering is not only a social responsibility tool, but also a means of creating a culture of diversity and solidarity, Moncler decided to focus on two themes in the organisation of its initiatives: environment and social partnering with several non-profit organisations since the launch of the first program in 2018. Stone Island will begin to be involved in this type of initiatives in 2022.

To ensure concrete actions, every employee at corporate offices globally can take off two days a year to dedicate to the volunteer activities proposed, choosing among various organisations, types of activities and days.

In 2021, Moncler developed a volunteer program focused on three areas in collaboration with *CISOM*, *Fondazione Francesca Rava* and *Legambiente*:

- Vaccine campaign: Moncler collaborated with volunteers and vaccine campaign organisers at the *Palazzo delle Scintille* hub in Milan;
- Remote schooling: Moncler supported vulnerable local communities by donating IT tools and participating in a digital education journey;
- Environmental protection (Park & Beach Litter): Moncler supported *Legambiente* by participating in plans to clean up parks and beaches.

Many activities were also developed locally by each region:

- The Americas region engaged in volunteering activities ranging from cleaning up parks and beaches to food banks;
- The APAC region organised volunteering activities aimed at protecting the poorest segments of society and the environment. In particular, in Hong Kong SAR, where the problem of food waste is particularly relevant, Moncler employees participated in the Food Reduce Program in collaboration with Food Angel, a non-profit association, supporting the preparation of meals from food donated to the program. Employees were also able to participate in an outdoor clean-up program with the association;
- Japan region volunteered for environmental issues, participating in beach cleaning programs.

The “Be Warm” project was also launched in December 2021 in partnership with *Officine Buone*. The project consists of participating in an internal competition and donating visual art or musical talent to Italian hospitals, first among all to *Istituto Nazionale dei Tumori di Milano*. The goal is to offer an opportunity for entertainment, while promoting beauty and creativity at hospitals.

Worldwide, 305 employees participated in these programs, for a total of over 2,600 volunteer hours.

Moncler maintains a continuous flow of communication with employees, informing and updating them on decisions, initiatives and activities. In 2021 internal communication continued to play a key role in keeping people connected in light of the ongoing health emergency: over 190 messages were sent in 2021.

The communication strategy used a variety of tools including newsletters, the Instagram channel @MonclerTogether and MONCamp, the Company intranet.

In July 2021, Remo Ruffini and Carlo Rivetti hosted an interesting and live session, open to all Group employees, during which the entry of Stone Island in the Moncler Group was discussed directly by the protagonists of the deal.

Meetings open to all employees to illustrate the Group's financial trends also continued throughout the year. These served as opportunities to explain and celebrate the Group's results and highlight its most important projects. The objective is to create awareness of what is going on within the Company and contact opportunities with the Group's top management. During meetings, employees can ask live questions about any topics that they consider relevant.

The initiative Thank Boss it's Friday! also continued. It involves informal, dedicated meetings between small groups of employees and top management representatives and is set to be expanded to Stone Island in 2022.

SUSTAINABILITY

For Moncler Group, the true value of the Company lies also in the way the Group does business, in its contribution to society as a whole and in the determination to honour its commitments.

The growing integration of social and environmental impact assessments into business decisions is what underpins the Group's ability to create long-term value for all stakeholders.

The Group firmly believes that the quality of its products goes beyond their technical characteristics. A quality product is one that is made responsibly and with respect for human rights, workers' rights, the environment and animal welfare.

In 2021, the 2020-2025 Strategic Sustainability Plan was extended also to Stone Island and integrated with new objectives confirming the commitment to sustainable development and how environmental and social responsibility is increasingly an integral part of the Group's business model. The strategy focuses on five strategic drivers: climate action, circular economy, fair sourcing, enhancing diversity, and giving back to local communities.

The Moncler Group Sustainability Plan includes environmental impact reduction goals including the recycling of fabric scraps, the use of sustainable nylon, the elimination of single-use plastics, the traceability of raw materials and the continuous improvement of social and environmental standards throughout the supply chain through close collaboration with its business partners. The Plan also encompasses dedicated internal and external awareness-raising initiatives aimed at fostering and enhancing diversity while promoting an ever more inclusive culture. The Group is further committed to supporting local communities through impactful social projects and to protecting 150,000 of the most vulnerable children and families from the cold.

In 2021, objectives related to biodiversity, the Group's water footprint, merino wool, cotton and the issues of diversity and inclusion were added, among others.

In addition, Moncler joined the Fashion Pact, a coalition of leading global fashion and textile companies, which together with suppliers and distributors, is committed to achieving shared goals focused on three main areas: contain global warming, protecting biodiversity and the oceans.

In order to increasingly integrate sustainability into its business, the Moncler Group has implemented a governance that involves the interaction of different bodies dedicated to supervising and managing social and environmental issues.The Sustainability Unit has the responsibility of proposing the sustainability strategy of the Group, identifying, promptly reporting to top management and managing, together with the relevant functions, the risks related to sustainability, including those relating to climate change and biodiversity, as well as finding areas and actions for improvement, thus contributing to the creation of long-term value. It also prepares the Consolidated Non-Financial Statement, and fosters a culture of sustainability at the Company. Lastly, the Unit promotes a dialogue with stakeholders and, together with the Investor Relations division, handles the requests of sustainability rating agencies and Socially Responsible Investors (SRI).

"Ambassadors" have been selected from each Company's department to raise awareness of social and environmental issues in the departments where they operate and to promote sustainability initiatives that are in keeping with the Group's objectives. Moreover, starting from 2017, "Sustainability data owners" have also been picked, each responsible in their area, for data and information published in the Consolidated Non-Financial Statement and for achieving the objectives in the Sustainability Plan, for areas in their responsibility.

As further evidence of the degree to which the Company's senior management supports and promotes sustainability, the Control, Risks, and Sustainability Committee was established as a committee of the Board of Directors. The Committee is composed of three non-executive and independent Directors and was entrusted by the Board of Director to supervise sustainability issues associated with the business activities of the Group and its interactions with stakeholders, to define strategic sustainability guidelines and the relevant action plan (Sustainability Plan) including issues on climate change, biodiversity and human rights, and to review the Consolidated Non-Financial Statement.

ESG RATINGS AND INDEPENDENT EVALUATIONS

In 2021, Moncler has been confirmed for the third year in a row in the Dow Jones Sustainability Indices World and Europe, obtaining the highest score (89/100) of the "Textiles, Apparel & Luxury Goods" industry according to the S&P Global[7] Corporate Sustainability Assessment 2021. Furthermore, Moncler also received the Gold Award from S&P Global.

During the year, for the first time, Moncler participated in the CDP Climate Change questionnaire. CDP is a non-profit organisation that runs the world's leading environmental disclosure platform assessing companies on their disclosure completeness, their awareness and management of environmental risks and their best practices associated with environmental leadership, such as setting ambitious and meaningful targets. The Company has achieved an A-[8] score for its environmental transparency and actions to mitigate climate risks. In addition, Moncler has also been recognised as Supplier Engagement Leader.

Again in 2021, Moncler was rated A by MSCI ESG Research[9] that provides sustainability ratings of global public and a few private companies, assessing them on the basis of exposure to industry-specific ESG risks and the ability to manage these risks relative to companies in the same sector.

In January 2022, Moncler also obtained the Industry Top-Rated Badge as well as the Regional Top Rated Badge from Sustainalytics, a leading research and ESG and Corporate Governance rating company that supports investors in the development and implementation of responsible investment strategies.

In terms of financial instruments, Moncler is testing and adopting new mechanisms linked to sustainability performance. In July 2020, the Company has signed a financial credit line that consists of a sustainability-linked revolving credit facility with a rewarding mechanism linked to the achievement of environmental impact reduction targets. In November 2020, Moncler signed an agreement for forex risk hedging which provides for a premium in terms of improvement in hedging strikes on currencies based on the recognition of high sustainability standards by an external and independent assessment body.

The Moncler Group, in compliance with article 5, paragraph 3, letter b of Legislative Decree no. 254/2016, has issued a Consolidated Non-Financial Statement, which comprises a separate report and describes the year's main environmental and social activities and also publishes the results

[7] S&P Global is one of the world's leading rating, benchmark and analysis company based on economic, social and environmental responsibility criteria.
[8] CDP rates companies on a scale from A to E.

[9] MSCI ESG Research provides in-depth research, ratings and analysis of the environmental, social and governance-related business practices providing critical insights that can help institutional investors identify risks and opportunities that traditional investment research may overlook. The rating scale ranges from AAA (leader) to CCC (laggard).

achieved in relation to Sustainability Plan objectives. The 2021 Consolidated Non-Financial Statement is prepared "in compliance" with the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) – core option – and is partially audited by KPMG S.p.A..

In order to continue to improve the transparency of the ESG (Environmental Social Governance) performance and facilitate the comparability of the data and information provided to different stakeholders, starting from 2020 Moncler has also begun to consider some indicators provided by Sustainability Accounting Standards Board (SASB) with the aim of gradually expanding disclosures in subsequent publications.

THE DIST PROTOCOL

As part of its commitment to ensuring animal welfare and the full traceability of the down, Moncler requires and ensures that all its down suppliers comply with the strict standards of the Down Integrity System & Traceability (DIST) Protocol. Applied since 2015, the DIST Protocol sets out standards for farming and animal welfare, traceability and the technical quality of down. Moncler only purchases down that is DIST-certified.

Key requirements that must be met at all levels of the supply chain include:

- down must be derived exclusively from farmed geese and as a by-product of the food chain;
- no live-plucking or force-feeding of animals is permitted.

Moncler's down supply chain is particularly vertically integrated, and includes various types of entities: geese farms, slaughterhouses, the companies responsible for washing, cleaning, sorting and processing the raw materials. Moreover, the supply chain includes façon manufacturers, which, using the down, manufacture finished products. All suppliers must comply scrupulously with the Protocol, to ensure the traceability of the raw materials, respect for animal welfare and the highest possible quality throughout the down supply chain: from the farm to the down injection into the garments.

The Protocol, defined taking into consideration the peculiarities of the supply chain structure, was the outcome of open, constructive engagement with a multi-stakeholder forum, established in 2014 that meets annually to review and reinforce the protocol. The forum considered the expectations of all the various stakeholders and ensured a scientific and comprehensive approach to the issue of animal welfare and product traceability.

Starting from 2023, the Protocol will be integrated with three specific modules on human rights, environment, and the DIST down recycling procedure.

The Protocol assesses animal welfare in an innovative way. Alongside a traditional approach that focuses on the farming environment, the DIST, following the European Union guidelines, also evaluates animal welfare through careful observation of "Animal-Based Measures" (ABM[10]).

Moncler is constantly involved in the on-site auditing process to certify compliance with the DIST Protocol. To ensure maximum audit impartiality:

- audits are commissioned and paid directly by Moncler and not by the supplier;

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[10] The "Animal-Based Measures" are indicators of the real welfare of an animal, determined through the direct observation of its capacity to adapt to specific farming environments. The measures include physiological, pathological and behavioural indicators.

- certification is conducted by a qualified third-party organisation whose auditors are trained by veterinarians and animal husbandry experts from the Department of Veterinary Medicine at the University of Milan;
- the certification body's work is in turn audited by an accredited external organisation.

The presence of certified down in Moncler garments is guaranteed by the "DIST down certified" label.

In 2021, 136 audits were conducted by third-parties along the entire supply chain.

As another important step towards a more circular economy, Moncler started recycling DIST-certified down through an innovative mechanical process that requires 70% less water compared to traditional down recycling processes.

Stone Island is also committed to ensuring that the down used in its products is obtained with respect for animal welfare. The Company purchases only certified duck down according to the Responsible Down Standard (RDS) protocol. Social and environmental pilot audits on the Stone Island supply chain will start from 2022. And starting in 2023, all suppliers of the Brand will have to be compliant with the social and environmental requirements verified through audits.

MONCLER AND THE FINANCIAL MARKETS

2021 has been another year marked by the Covid-19 pandemic, whose spread has continued to cause high uncertainties and volatility on the financial markets. However, annual performance, both for most of the global markets and for the Luxury Goods sector, was definitely positive, driven by the strong optimism regarding the recovery and by the continuation of accommodating monetary policy by central banks.

In 2021 all Western stock indices recorded double-digit increases: the global index (S&P Global Index, BMI) was up by 44%. In Europe the EuroSTOXX50 was up 21% and the FTSE MIB ended the year with one of the strongest performances of all European stock exchanges at +23%, whereas in the United States the S&P 500 registered a +27%.

On the other side, annual performances were more modest in Asia: in Japan, the NIKKEI 225 was up by 5%; in China, the Shanghai Stock Exchange index (SSE Composite) closed at break-even, while in Hong Kong SAR the Hang Seng Index (HSI) closed with the worst performance of the decade at -14%, weighed down in particular by the real-estate market crisis.

From an economic perspective, the year was marked initially by the pandemic restrictions and then by a pronounced and growing optimism driven by the good results of the vaccination campaign in many countries, which drove a sudden boom in demand for goods and services. This sharp and unexpected increase led to the emergence of tensions in the supply of raw materials and in the offer of logistics services at global level with a consequent significant price increases for many raw materials, including oil, and an inflationary pressure on global economies.

In particular, in the United States inflation rose at year-end, reaching levels never seen before in the past 40 years. In November it reached nearly 7%, the highest level since 1982, arising strong concerns of an increase in interest rates. To contain this inflationary pressure, in December the US Federal Reserve announced that it was ready to adopt a more restrictive monetary policy.

In China, the uncertainties regarding the announcement by President Xi Jinping in August that he wishes to pursue a policy of promoting "common prosperity", together with an increase in Covid-19 outbreaks, which caused some temporary business closures at the end of December, fuelled concerns of a potential slowdown of Chinese economic growth and of the demand for luxury goods products.

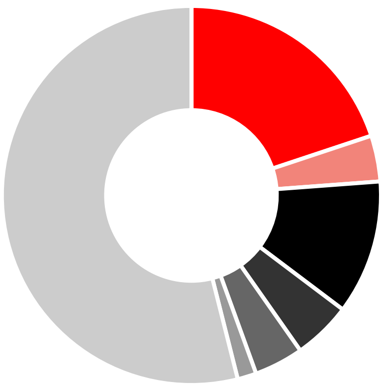
Notwithstanding the strong volatility experienced throughout 2021, also the luxury good sector recorded remarkable positive performances. In 2021, the value of the shares of companies operating in the sector increased by 39% on average. Hermès recorded the best performance at +75%, while Prada was the only company to report a negative performance (-2.5%). Moncler shares also continued to record positive performances: its price reached EUR 64.1 at the end of 2021 growing +28% in the year, +60% in the last two years and +287% in the past 5 years.

Share performance	1 year (2021)	2 years (2021-2020)	5 years (2021-2017)
Hermès International SCA	74.6%	130.6%	293.8%
TOD'S S.p.A.	73.2%	19.6%	(20.3%)
Brunello Cucinelli S.p.A.	70.0%	92.3%	198.4%
LVMH Moet Hennessy Louis Vuitton SE	42.3%	75.5%	300.8%
Salvatore Ferragamo S.p.A.	42.1%	20.2%	0.4%
Moncler S.p.A.	27.7%	59.8%	287.3%
Kering SA	18.9%	20.8%	256.3%
Burberry Group plc	1.6%	(17.6%)	21.4%
Prada S.p.A.	(2.5%)	55.0%	89.7%
Sector Average	38.6%	50.7%	158.7%
FTSE MIB Average	23.0%	16.3%	42.2%

(source: FACTSET at 31 December 2021)

Moncler's market capitalisation at 31 December 2021 was equal to EUR 17.5 billion, compared to EUR 13.0 billion at 31 December 2020 and in the year it recorded a Total Shareholders Return (TSR) of 29%. The number of shares at 31 December 2021 was equal to 273,682,790. The Company's major shareholders are indicated in the chart below.

SHAREHOLDING



- 19.9% Double R S.r.l.
- 3.9% Rivetti Family[11]

Market

- 11.5% Morgan Stanley Investment Management Co.
- 5.0% Capital Research and Management Company
- 4.2% BlackRock Inc.
- 1.6% Treasury Shares
- 53.9% Other Shareholders

Source: Consob, Moncler
Last update: 16 March 2022

During 2021, the dialogue with the financial community (portfolio managers, sell-side and buy-side analysts) continued with a constant frequency considering the volatily of the reference sector and the change in the macroeconomic scenario, which required a regular dialogue with investors and analysts. The Investor Relations team, along with the management team of the Group, participated to conferences on the luxury goods sector, roadshows in the most important financial cities, meetings and calls with fund managers, buy-side and sell-side analysts. Most of these events were held virtually, with some exceptions in a physical format, where allowed by the health measures in force.

[11] which includes Rivetex S.r.l. (Carlo Rivetti family), Mattia Rivetti Riccardi, Ginevra Alexandra Shapiro, Pietro Brando Shapiro and Alessandro Gilberti

FINANCIAL CALENDAR

The main events in 2022 related to the Moncler Group reporting timeline are provided below:

DATE	EVENT
Thursday, 24 February 2022	Board of Directors for the Approval of the Preliminary Consolidated Results at 31 December 2021[12]
Wednesday, 16 March 2022	Board of Directors for the Approval of the Draft Consolidated Results for Financial Year ended 31 December 2021
Thursday, 21 April 2022	Annual Shareholders' Meeting for Approval of the Full Year Financial Statements at 31 December 2021
Wednesday, 4 May 2022	Board of Directors for the Approval of the Interim Management Statement at 31 March 2022[12]
Wednesday, 27 July 2022	Board of Directors for the Approval of the Half-Year Financial Report at 30 June 2022[12]
Wednesday, 26 October 2022	Board of Directors for the Approval of the Interim Management Statement at 30 September 2022[12]

On 5 May 2022, Moncler Group will also organise a Capital Markets Day with the financial community to analyse the Group's future growth drivers.

[12] A conference call/meeting with institutional investors and equity research analysts will take place following the B.o.D.

SECTION TWO

INTRODUCTION

In accordance with Article 40, paragraph 2 bis of the Legislative Decree 127 of 09/04/91, the Parent Company has prepared the Directors' Report as a single document for both the separate financial statements of Moncler S.p.A. and the Group consolidated financial statements.

PERFORMANCE OF THE MONCLER GROUP

All consolidated performance and balance sheet figures reported and discussed below include the fiscal year 2021 results for the Moncler brand and the results consolidated from 1 April for the Stone Island brand, net of the impacts on the Income Statement of the acquisition of the latter. These impacts refer to the allocation of part of the excess price to the order backlog that generated in the year a EUR 20.2 million amortisation and the costs related to the acquisition equal to EUR 3.6 million.

The table below shows the details of how the price consideration, net of the acquired assets, relating to the acquisition of Stone Island (Purchase Price Allocation - PPA) was allocated.

STONE ISLAND PURCHASE PRICE ALLOCATION

(EUR/000)	
Total price	1,150,000
Net equity value acquired	(129,015)
EXCESS PRICE	1,020,985
Trademark	775,454
Order backlog	20,226
Deferred Tax assets	(221,995)
Goodwill	447,300
PURCHASE PRICE ALLOCATION	1,020,985

Below is the reconciliation statement of the adjustments to the Consolidated Income Statement for the FY 2021 due to the impact of the Purchase Price Allocation (PPA) and the other costs associated with the transaction.

(EUR/000)	Fiscal Year 2021 reported	% on revenues	PPA and transaction adj	Fiscal Year 2021 adj	% on revenues
REVENUES	2,046,103	100.0%	-	2,046,103	100.0%
YoY performance	+42%			+42%	
GROSS MARGIN	1,566,906	76.6%	-	1,566,906	76.6%
Selling expenses	(608,495)	(29.7%)	20,226	(588,269)	(28.8%)
General & Administrative expenses	(237,109)	(11.6%)	3,619	(233,490)	(11.4%)
Marketing expenses	(142,082)	(6.9%)	-	(142,082)	(6.9%)
EBIT	579,220	28.3%	23,845	603,065	29.5%
Net financial	(21,608)	(1.1%)	-	(21,608)	(1.1%)
EBT	557,612	27.3%	23,845	581,457	28.4%
Taxes	(164,059)	(8.0%)	(6,011)	(170,070)	(8.3%)
Tax Rate	29.4%			29.2%	
Non-controlling interests	(20)	(0.0%)	-	(20)	(0.0%)
NET INCOME	393,533	19.2%	17,834	411,367	20.1%

ECONOMIC RESULTS

Following is the consolidated income statement for FY 2021, FY 2020 and FY 2019.

(EUR/000)	FY 2021 adj	% on revenues	FY 2020	% on revenues	FY 2019	% on revenues
REVENUES	2,046,103	100.0%	1,440,409	100.0%	1,627,704	100.0%
YoY performance	+42%		-12%		+15%	
GROSS MARGIN	1,566,906	76.6%	1,089,634	75.6%	1,265,280	77.7%
Selling expenses	(588,269)	(28.8%)	(463,583)	(32.2%)	(488,759)	(30.0%)
General & Administrative expenses	(233,490)	(11.4%)	(173,444)	(12.0%)	(171,570)	(10.5%)
Marketing expenses	(142,082)	(6.9%)	(83,786)	(5.8%)	(113,152)	(7.0%)
EBIT	603,065	29.5%	368,821	25.6%	491,799	30.2%
Net financial	(21,608)	(1.1%)	(23,302)	(1.6%)	(21,072)	(1.3%)
EBT	581,457	28.4%	345,519	24.0%	470,727	28.9%
Taxes	(170,070)	(8.3%)	(45,153)	(3.1%)	(112,032)	(6.9%)
Tax Rate	29.2%		13.1%		23.8%	
Non-controlling interests	(20)	(0.0%)	(15)	(0.0%)	(10)	(0.0%)
NET INCOME	411,367	20.1%	300,351	20.9%	358,685	22.0%

CONSOLIDATED REVENUE

In 2021, Moncler Group reached consolidated revenue of EUR 2,046.1 million up 44% cFX compared to the same period of 2020 and +28% cFX compared to 2019. These results include Moncler brand revenue equal to EUR 1,824.2 million and Stone Island brand revenue, consolidated since 1 April, equal to EUR 221.9 million. Assuming Stone Island consolidated since 1 January 2021, Group revenue would have been equal to EUR 2,134.2 million, with a contribution from the Stone Island brand equal to EUR 310.0 million.

In the fourth quarter the Group reached revenue equal to EUR 868.9 million up 30% cFX compared to the fourth quarter of 2020 and up 40% cFX compared to 2019. This result includes Moncler brand revenues equal to EUR 803.3 million, and Stone Island brand revenue equal to EUR 65.6 million.

In order to understand the performance of the business excluding the effects of the Covid-19 pandemic, we compare in the following paragraphs 2021 revenues with pre-pandemic results (2019).

MONCLER GROUP: REVENUE BY BRAND

MONCLER GROUP	Fiscal Year 2021		Fiscal Year 2021		% vs 2020		% vs 2019
	EUR 000	%	EUR 000	%	rep FX	cFX	cFX
Moncler	1,824,166	89.2%	1,440,409	100.0%	+27%	+28%	+14%
Stone Island	221,936	10.8%	-	-	-	-	-
REVENUES	2,046,103	100.0%	1,440,409	100.0%	+42%	+44%	+28%

ANALYSIS OF MONCLER BRAND REVENUE

In 2021, Moncler brand revenues were equal to EUR 1,824.2 million, up 14% cFX growth compared to 2019. In the fourth quarter, the Brand revenue amounted to EUR 803.3 million increasing +30% cFX compared to Q4 2019. This strong and constant acceleration of the Brand throughout 2021, especially in the fourth quarter, was driven by the effective implementation of the business strategies, the success of the collections and the development of the DTC channel, in particular the online direct.

MONCLER: REVENUE BY GEOGRAPHY

MONCLER	Fiscal Year 2021		Fiscal Year 2020		% vs 2020		% vs 2019
	EUR 000	%	EUR 000	%	rep FX	cFX	cFX
Asia	894,817	49.1%	717,860	49.8%	+25%	+26%	+27%
EMEA	624,469	34.2%	501,883	34.9%	+24%	+25%	-3%
Americas	304,881	16.7%	220,666	15.3%	+38%	+43%	+20%
REVENUES	1,824,166	100.0%	1,440,409	100.0%	+27%	+28%	+14%

In 2021, revenues in Asia (which includes APAC, Japan and Korea) were EUR 894.8 million, +27% cFX growth compared to 2019. In the fourth quarter, Asia grew 39% cFX compared to 2019, accelerating thanks to the continued excellent performance of China and Korea and the growth of Japan. In particular, the Chinese mainland continued to post almost triple-digits revenue growth also in the fourth quarter. Korea continued to record strong results, outperforming the region's average, while Japan returned to record double-digit growth rates, as opposed to previous quarters, also thanks to the easing of pandemic containment measures.

In EMEA, revenues in the fourth quarter continued to accelerate, surpassing pre-pandemic levels by 16%. All channels and countries contributed to this result, and in particular the direct online channel continued to benefit from strong double-digit growth rates. Physical retail also recorded positive performance, thanks to the strong and growing demand of local customers. This performance was achieved despite the continued lack of tourists, especially those outside the region, which have historically been a very important driver for the luxury goods sector. The wholesale channel also recorded solid growth. At country level, growth was driven in particular by the German and Nordic markets, but with a marked improvement in all countries, starting from Italy, which in the year generated about a quarter of the revenues of the region. Total EMEA revenues for the year amounted to EUR 624.5 million (-3% cFX compared to 2019).

Americas registered a sharp acceleration in the fourth quarter up 31% cFX compared to the last quarter of 2019, bringing total growth for the year to +20% cFX. This result was driven in particular by the DTC channel in both US and Canada.

MONCLER: REVENUE BY CHANNEL

MONCLER	Fiscal Year 2021		Fiscal Year 2020		% vs 2020		% vs 2019
	EUR 000	%	EUR 000	%	rep FX	cFX	cFX
DTC	1,429,219	78.3%	1,089,496	75.6%	+31%	+33%	+16%
Wholesale	394,947	21.7%	350,913	24.4%	+13%	+15%	+8%
REVENUES	1,824,166	100.0%	1,440,409	100.0%	+27%	+28%	+14%

In 2021, the DTC channel achieved revenues of EUR 1,429.2 million growing +16% cFX compared to 2019. The fourth quarter registered a strong acceleration, up +31% cFX compared to the same period of 2019 with improving results in all regions.

The comparable growth for existing stores opened for at least 52 weeks at constant exchange rates (Comp Store Sales Growth, CSSG) was +23% compared to 2020 and +1% compared to 2019.

The wholesale channel revenues were EUR 394.9 million with an 8% cFX growth compared to 2019. In the fourth quarter revenues of the wholesale channel grew by 19% cFX compared to the same period of 2019, confirming the strength of the Brand and the great appreciation of the collections.

As of 31 December 2021, the network of mono-brand Moncler boutiques counted 237 directly operated stores (DOS), +4 units compared to 30 September 2021 and +18 units compared to 31 December 2020. Included amongst the most important stores opened in the fourth quarter are Zurich Globus and Auckland, in addition to some important relocations/expansions including the significant opening of the flagship in Rome Piazza di Spagna. The brand operates 64 wholesale shop-in-shops (SiS), unchanged compared to 30 September 2021.

MONCLER: MONO-BRAND DISTRIBUTION NETWORK

MONCLER	31.12.2021	30.09.2021	31.12.2020
Asia	117	115	104
EMEA	84	82	80
Americas	36	36	35
RETAIL	237	233	219
WHOLESALE	64	64	63

ANALYSIS OF STONE ISLAND BRAND REVENUE

In 2021 (1 January – 31 December), Stone Island generated EUR 310.0 million revenues, up 26% compared to the same period of 2019, of which EUR 221.9 million generated since 1 April and consolidated in Moncler Group.

In the fourth quarter, Stone Island registered revenues equal to EUR 65.6 million.

EMEA is the largest region for Stone Island, contributing to 77% of the revenues in the consolidated period. Italy is the main market in EMEA and accounts for about a third of the region's revenues, followed by the United Kingdom, Germany and the Netherlands. Asia contributed 13% of Stone Island revenues for the consolidated period and Americas the remaining 10%.

The wholesale channel represented 71% of total revenue in the consolidated period with very good performances in all markets. Significant also the development of the DTC channel, both physical and digital.

As of 31 December 2021, the network of mono-brand Stone Island stores was made up of 30 retail and 58 mono-brand wholesale stores.

MONCLER GROUP INCOME STATEMENT RESULTS

COST OF GOODS SOLD AND GROSS MARGIN

In 2021, Moncler's consolidated gross margin reached EUR 1,566.9 million, equal to 76.6% of revenues compared to 75.6% in 2020 and 77.7% in 2019. The reduction in margin compared to 2019, a year in which results were not impacted by the pandemic, is entirely attributable to the consolidation of the Stone Island brand, given its higher exposure to the wholesale channel.

OPERATING EXPENSES AND EBIT

In 2021, selling expenses were EUR 588.3 million, or 28.8% of revenues compared to 32.2% in 2020 and to 30.0% in 2019. The Group recorded a reduction in the percentage of selling expenses on revenues, even compared to 2019, thanks to a greater control over costs relating to the management of the stores, in particular in terms of rents and personnel. Selling expenses include EUR 285.6 million of rents before the application of IFRS 16 (EUR 240.2 million in 2020 and EUR 254.8 million in 2019).

General and administrative expenses were EUR 233.5 million, equal to 11.4% of revenues compared to 12.0% in 2020 and 10.5% in 2019. The higher incidence versus 2019, in line with management's expectations, is substantially linked to the increase not only in overhead costs but also in those related to the internalisation of the e-commerce.

The stock-based compensation plans, included in selling, general and administrative expenses, were equal to EUR 28.6 million compared to EUR 31.0 million in 2020 and EUR 29.4 million in 2019.

Marketing expenses were EUR 142.1 million, representing 6.9% of revenues substantially in line with the 7.0% recorded in 2019, and higher than the 5.8% in 2020, when marketing expenses were significantly reduced as a consequence of the pandemic.

Depreciation and amortisation, excluding those related to right-of-use assets, rose to EUR 88.8 million, compared to EUR 80.2 million in 2020 and EUR 70.0 million in 2019, with an incidence on revenues of 4.3%.

EBIT was equal to EUR 603.1 million, compared to EUR 368.8 million in 2020 and EUR 491.8 million in 2019, representing an EBIT margin of 29.5% (25.6% in 2020 and 30.2% in 2019).

In 2021, net financial expenses were EUR 21.6 million, compared to EUR 23.3 million in 2020 and EUR 21.1 million in 2019, including lease liabilities arising from the application of the IFRS 16 accounting principle for EUR 19.5 million in 2021 (EUR 22.0 million in 2020 and EUR 20.2 million in 2019).

The tax rate was 29.2% in 2021, compared to 13.1% in 2020 and 23.8% in 2019, two years in which non-recurring tax benefits were accounted.

Net income was EUR 411.4 million in 2021, equivalent to 20.1% of revenues, compared to EUR 300.4 million in 2020 and EUR 358.7 million in 2019.

MONCLER GROUP CONSOLIDATED BALANCE SHEET AND CASH FLOW ANALYSIS

Following is the reclassified consolidated statement of financial position as of 31 December 2021, 31 December 2020 and 31 December 2019.

(Euro/000)	31/12/2021	31/12/2020	31/12/2019
Intangible assets	1,673,491	437,890	434,972
Tangible assets	257,126	212,189	212,917
Right-of-use assets	656,196	590,798	593,623
Other non-current assets/(liabilities)	(8,564)	177,817	90,658
Total non-current assets/(liabilities)	2,578,249	1,418,694	1,332,170
Net working capital	148,842	165,011	128,166
Other current assets/(liabilities)	(223,741)	(151,457)	(160,244)
Total current assets/(liabilities)	(74,899)	13,554	(32,078)
INVESTED CAPITAL	2,503,350	1,432,248	1,300,092
Net debt/(net cash)	(729,587)	(855,275)	(662,622)
Lease liabilities	710,069	640,251	639,207
Pension and other provisions	23,774	20,135	17,139
Shareholders' equity	2,499,094	1,627,137	1,306,368
TOTAL SOURCES	2,503,350	1,432,248	1,300,092

NET WORKING CAPITAL

Net working capital increased to EUR 148.8 million, equivalent to 7.0% of revenues, improving significantly compared to 11.5% as of 31 December 2020, which includes the impacts of the pandemic, but also lower compared to 7.9% as of 31 December 2019, demonstrating the strict control exercised over the Group’s working capital.

(EUR/000)	31/12/2021	31/12/2020	31/12/2019
Payables	(348,953)	(211,903)	(248,621)
Inventory	263,521	202,770	208,868
Receivables	234,274	174,144	167,919
NET WORKING CAPITAL	148,842	165,011	128,166
% on LTM revenues	7.0%	11.5%	7.9%

NET FINANCIAL POSITION

The net financial position as of 31 December 2021 was positive and equal to EUR 729.6 million compared to EUR 855.3 million as of 31 December 2020 and EUR 662.6 million euros as of 31 December 2019.

As required by the accounting standard IFRS 16, as of 31 December 2021, the Group accounted lease liabilities of EUR 710.1 million compared to EUR 640.3 million as of 31 December 2020 and EUR 639.2 million as of 31 December 2019.

(EUR/000)	31/12/2021	31/12/2020	31/12/2019
Cash	932,718	923,498	759,073
Net financial debt (net of financial credit)	(203,131)	(68,223)	(96,451)
NET DEBT	729,587	855,275	662,622
Lease liabilities	(710,069)	(640,251)	(639,207)

Following is the reclassified consolidated statement of cash FY 2021, FY 2020 and FY 2019.

(EUR/000)	FY 2021	FY 2020	FY 2019
EBIT	603,065	368,821	491,799
D&A	88,803	80,164	69,988
Other non-current assets/(liabilities)	11,810	12,411	13,021
Change in net working capital	92,301	(36,845)	(24,959)
Change in other curr./non-curr. assets/(liabilities)	51,844	(91,895)	24,875
Capex, net	(124,681)	(90,369)	(120,848)
OPERATING CASH FLOW	723,142	242,287	453,876
Net financial result	(2,139)	(1,306)	(917)
Taxes	(170,685)	(45,436)	(112,996)
FREE CASH FLOW	550,318	195,545	339,963
Dividends paid	(120,679)	-	(101,708)
Stone Island Transaction	(551,157)	-	-
Changes in equity and other changes	(4,170)	(2,892)	(25,742)
NET CASH FLOW	(125,688)	192,653	212,513
Net Financial Position - Beginning of Period	855,275	662,622	450,109
Net Financial Position - End of Period	729,587	855,275	662,622
CHANGE IN NET FINANCIAL POSITION	(125,688)	192,653	212,513

Free cash flow in 2021 was equal to EUR 550.3 million, compared to EUR 195.5 million in 2020 and EUR 340.0 million in 2019.

NET CAPITAL EXPENDITURE

In 2021, net capital expenditure was EUR 124.7 million, increasing from EUR 90.4 million in 2020, year in which different projects have been postponed due to pandemic, and substantially in line compared to EUR 120.8 million in 2019.

(EUR/000)	31/12/2021	31/12/2020	31/12/2019
Distribution	75,976	54,913	75,295
Infrastructure	48,705	35,456	45,553
NET CAPEX	124,681	90,369	120,848
% on revenues	6.1%	6.3%	7.4%

EBITDA RECONCILIATION

(EUR/000)	FY 2021 adj	% on revenues	FY 2020	% on revenues	FY 2019	% on revenues
EBIT	603,065	29.5%	368,821	25.6%	491,799	30.2%
D&A	88,803	4.3%	80,164	5.6%	69,988	4.3%
Rights-of-use-amortisation	137,490	6.7%	120,812	8.4%	101,135	6.2%
Stock-based compensation	28,587	1.4%	31,026	2.2%	29,386	1.8%
EBITDA Adj.	857,945	41.9%	600,823	41.7%	692,308	42.5%
Rents associated to rights-of-use	(154,267)	(7.5%)	(139,427)	(9.7%)	(117,500)	(7.2%)
EBITDA Adj. pre IFRS 16	703,678	34.4%	461,396	32.0%	574,808	35.3%

PERFORMANCE OF THE PARENT COMPANY MONCLER S.P.A.

The Board of Directors also approved the 2021 preliminary financial statements of the parent company Moncler S.p.A.

Revenues rose to EUR 302.1 million in 2021, an increase of 27% compared to revenues of EUR 238.6 million in 2020, mainly including the proceeds of the licensing of the Moncler brand.

General and administrative expenses, including stock-based compensation costs, were EUR 55.0 million, equal to 18.2% on revenues (16.6% in 2020). Marketing expenses were EUR 58.6 million (EUR 40.1 million in 2020), equal to 19.4% on revenues (16.8% in 2020).

In 2021, net financial interest was equal to EUR 1.7 million compared to an income of EUR 68 thousand in 2020.

In 2021, taxes were equal to EUR 50.4 million (compared to positive EUR 14.9 million in 2020, which benefitted from the realignment of the fiscal recognition of the Moncler brand).

Net income was EUR 136.5 million, a decrease of 22% compared to EUR 173.9 million in 2020, due only to the fiscal impact.

As of 30 December 2021, following the partial demerger of Sportswear Company S.p.A. (company that owns the Stone Island brand) in favour of Moncler S.p.A., the assets of Sportswear Company S.p.A. have been assigned to the latter, represented by the Stone Island brand and all the assets and contracts that make up the Style and Marketing divisions.

Thus, Moncler S.p.A as of 31 December 2021 includes in the balance sheet a shareholders' equity of EUR 1,363.5 million (EUR 747.4 million as of 31 December 2020) and a net financial position negative and equal to EUR 370.4 million (compared to EUR 115.4 million of cash as of 31 December 2020), including the lease liabilities derived from the application of the IFRS 16 accounting principle. This change is attributable to the Stone Island transaction.

MONCLER S.P.A.: FY 2021 INCOME STATEMENT

(EUR/000)	FY 2021	% on revenues	FY 2020	% on revenues
REVENUES	302,093	100.0%	238,601	100.0%
General & Administrative expenses	(54,996)	(18.2%)	(39,637)	(16.6%)
Marketing expenses	(58,600)	(19.4%)	(40,052)	(16.8%)
EBIT	188,497	62.4%	158,912	66.6%
Net financial	(1,651)	(0.5%)	68	0.0%
EBT	186,846	61.9%	158,980	66.6%
Taxes	(50,364)	(16.7%)	14,950	6.3%
NET INCOME	136,482	45.2%	173,930	72.9%

MONCLER S.P.A.: FY 2021 STATEMENT OF FINANCIAL POSITION

(Euro/000)	31/12/2021	31/12/2020
Intangible Assets	1,001,460	225,635
Tangible Assets	6,957	1,401
Investments	924,670	312,663
Other Non-current Assets / (Liabilities)	(217,709)	161
Total non-current assets/(liabilities)	1,715,378	539,860
Net working capital	52,704	119,924
Other current assets/(liabilities)	(32,516)	(26,223)
Total current assets/(liabilities)	20,188	93,701
INVESTED CAPITAL	1,735,566	633,561
Net debt/(net cash)	370,397	(115,416)
Pension and other provisions	1,658	1,619
Shareholders' equity	1,363,511	747,358
TOTAL SOURCES	1,735,566	633,561

MAIN RISKS

The Moncler Group, through the normal business management and the development of its strategy, is exposed to different types of risks that could adversely affect the Group's operating results and financial position.

The most important business risks are monitored by the Control, Risks and Sustainability Committee and periodically reviewed by the Board of Directors, which is responsible for the development of the strategy.

RISKS RELATED TO THE COVID-19 PANDEMIC

The Covid-19 pandemic, which spread globally starting from January 2020 and continued throughout 2021, has led all the countries worldwide, including Italy, to face a complex health emergency, with social, political, economic and geopolitical implications. In this context, the Moncler Group continued to implement actions aimed at safeguarding the health and safety of its employees, while at the same time working to strengthen its managerial flexibility. However, it cannot be excluded that the uncertainly of the pandemic evolution, linked to the transmission of new variants may continue to influence the results of the next years, for example by limiting the international mobility of customers.

RISKS ASSOCIATED WITH THE CONFLICT BETWEEN RUSSIA AND UKRAINE

The conflict between Russia and Ukraine, which began on 24 February 2022, is causing significant consequences globally not only for the serious humanitarian crisis that originated, but also for the possible economic impacts on global markets, which were immediately reflected not only in increases in the costs of some raw materials such as gas and oil, but also in sharp reductions in the equity values of the major world markets.

The Moncler Group has currently suspended its commercial activities in Ukraine and Russia, closing both the direct store in Kiev and in Moscow, suspending the activity of the online channels and the shipments to the wholesale channel, for the part not yet sent, of Spring/Summer collections.

The exposure to the Russian and Ukrainian markets, including Russian tourists who buy in other markets, is less than 2% of the Group's annual revenues.

The Group has no suppliers of raw materials in Russia and Ukraine or production sites located there. However, it cannot be excluded that a worsening of the conflict could have unpredictable impacts on other neighbouring countries where the Group produces, with an impact on production capacity and procurement costs. The situation is constantly monitored in order to be able to react promptly to any worsening of the conflict.

RISKS ASSOCIATED WITH THE MARKETS IN WHICH THE GROUP OPERATES AND WITH GENERAL GEOPOLITIC AND ECONOMIC CONDITIONS

Moncler Group operates in the luxury goods sector, which is characterised by a high correlation between the demand of goods and the trend in wealth, economic growth and political stability in the markets where the demand is generated. Thus, the Group's ability to develop its business depends to a significant extent on the political stability and the economic situation of the various countries in which it operates.

Although Moncler operates in a significant number of countries around the world, thereby reducing the risk of high concentration of the business in specific geographical areas, the possible deterioration of economic, social and political conditions in one or more markets in which it operates may have a negative impact on sales and financial results.

The introduction by national or supranational bodies of restrictions on the movement of people — as a consequence, for example, of international crises or pandemics — as well as the introduction of any restrictions on exports following trade or financial sanctions could also have an impact on revenues, especially in relation to certain geographical areas in which the Group operates. In particular, the Asian region in recent years has further increased its importance both for the luxury goods sector and for the Group, representing for the Moncler brand at the end 2021 about half of its revenues; while Stone Island, having only recently begun its international expansion, particularly in Asia and America, remains more exposed to the European market (75% of the 12 months of FY 2021 revenues).

RISKS RELATED TO CYBER ATTACK AND THE PROTECTION OF PERSONAL DATA

On 22 December 2021, Moncler was victim of a sophisticated malware attack on its IT systems resulting in the temporary outage of its IT services, which were then gradually restored to maximum security and without significant impacts on the business. However, the malware attack caused the exfiltration, resulting in the loss of confidentiality, of personal information regarding employees, clients in the Company's database and some suppliers, consultants and business partners. This data breach was promptly communicated both to the competent authorities, including the Italian and foreign Data Protection Authorities, and to those directly involved. In addition, a team of cybersecurity experts was immediately activated, who also contributed with elements to the strengthening of security measures on IT infrastructures.

The Company still collaborates with the locally competent personal data protection authorities in order to provide all the information periodically requested and, to date, there is no evidence of any sanctions against the Group referring to the attack. However, it cannot be excluded at present that the Company, on one side, might be subject to financial sanctions, even of a significant amount, and, on the other side, might receive claims for damages from individual or groups of customers.

In addition, despite the process of strengthening the cybersecurity measures and the internal and external expertise, the rapid technological evolution and the increasing organisational complexity of the Group along with the growing sophistication and frequency of cyber-attacks, expose the Group to the potential risk of new cyber-attacks. Thus, Moncler is further strengthening its cyber risk management model, which includes procedural aspects, training, risk evaluation and periodic review, including those related to third parties. The ultimate goal of this model is to ensure the implementation of strong protection and business continuity tools and processes, including the adoption of the best technologies and methodologies for identifying and protecting the Group from cyber threats.

RISKS RELATED TO COST AND AVAILABILITY OF HIGH-QUALITY RAW MATERIALS, TO CONTROL OF THE SUPPLY CHAIN AND TO RELATIONSHIPS WITH SUPPLIERS

Moncler and Stone Island's products require raw materials of high quality, including, but not limited to down, nylon, cotton and wool. The price and availability of raw materials depend on a wide variety of factors largely beyond the control of the Group and difficult to predict.

Although in recent years the Group has always managed to guarantee an adequate and highly qualified sourcing of raw materials – as also demonstrated particularly during 2021, which was characterised by costs' inflation of raw materials, transport and labour costs as well as by a greater sourcing difficulty – it cannot be excluded that there could be some tension on the supply side that could lead to a shortage of supply resulting in a significant increase in costs that could have negative impacts on the financial results of the Group. In order to minimise the risks related to a potential unavailability of raw materials in the time required by production, the Moncler brand adopts a multi-sourcing strategy of diversifying suppliers and purchase plans with a medium-term time horizon. Furthermore, these raw material suppliers are contractually required to abide by clear commitments to quality and compliance with current legislation on worker protection and on local labour law regulations, animal and environmental protection and usage of hazardous chemicals.

With reference to workers' rights, the Moncler Group includes, among the suppliers' qualification criteria, the passing of social audits carried out by qualified professionals.

With regards to animal welfare, the Moncler brand created a multi-stakeholder forum, which approved and constantly monitors and integrates the DIST (*Down Integrity System and Traceability*) Protocol, focused on the down. All suppliers have to scrupulously comply with it, in order to guarantee the traceability of raw materials, animal welfare and the highest quality throughout the supply chain. With regards to hazardous chemicals, the Group requires its suppliers to operate in full compliance with the most restrictive international legislation applicable to hazardous or potentially dangerous chemicals, including the European REACH[13] regulation, the Chinese GB[14] standards, the Japanese JIS[15] standards and to abide to the Company's Product Restricted Substance List (PRSL) and Manufacturing Restricted Substances List (MRSL), which include not only legal parameters but also several voluntary standards that are even more restrictive, in line with a precautionary approach.

RISKS ASSOCIATED WITH BRANDS IMAGE, PERCEPTION AND RECOGNITION

The luxury goods sector is influenced by changes in clients' tastes and preferences, but also by different habits in the regions in which it operates. The Group's success is significantly influenced by the image, perception and recognition of its brands. The Group constantly focuses on maintaining and enhancing the strength of the Moncler brand and the Stone Island brand, paying particular attention to the quality of the products, the design, the innovation, the communication and the development of its own distribution model, by looking for selectivity, quality and sustainability, also in the choice of the partners. The Group integrates sustainability assessments, also linked to local values (religious, cultural and social) in its communication and marketing strategies, believing that the continue creation of value for its stakeholders is an essential priority to strengthen its reputation.

If the Group will not be able in the future to maintain a high brands' image, reputation and recognition, through its products and activities, revenues and financial results may be affected negatively.

RISKS ASSOCIATED WITH RELATIONSHIPS WITH THIRD PARTY MANUFACTURERS

[13] Registration, Evaluation, Authorisation and Restriction of Chemicals.
[14] National Standard of the People's Republic of China.
[15] Japanese Industrial Standards.

The Moncler Group, both with the Moncler brand and the Stone Island brand, directly manages the development of the collections as well as the purchase or the choice of raw materials, while for the production of its garments it uses both independent third-party manufacturers (façon manufacturers), who operate under the close supervision of the Group, and, for the Moncler brand, internal production.

Although the Group does not depend to a significant extent on any given façon manufacturer, there is the possibility that any interruption or termination for any reason of the relationships with these manufacturers may materially affect the Group's business with a negative impact on sales and earnings.

The Moncler Group maintains constant and continual control over its third-party manufacturers in order to ensure there is full compliance, in addition to the highest quality requirements, with labour laws, workers safety, environmental laws and with the principles of Moncler's Code of Ethics and Suppliers Code of Conduct. Moncler performs audits at these third-party manufacturers and at their sub-suppliers verifying also the compliance with dedicated health measures within the plants related to the Covid-19 pandemic. The risk cannot be excluded, however, that any one of these might not fully comply with the agreements entered into with Moncler in terms of quality, timely delivery and compliance with applicable regulations.

RISKS ASSOCIATED WITH THE RETAIL DISTRIBUTION NETWORK

The Moncler Group generates with the Moncler brand the majority of its revenues through the retail channel, consisting of directly operated mono-brand stores (DOS) and the online channel. While the Stone Island brand is more exposed to the wholesale channel (75% of FY 2021 revenues). Over the years, the Group has demonstrated the ability to open new stores in the most prestigious locations in the most important cities in the world and within high profile department stores, despite competition among key players in the luxury goods sector to secure a strong position in that sector. This is the reason why it should not be excluded that the Group might face difficulties in opening new stores, which could have a negative impact on the growth of the business.

In addition, by its nature, the retail business is characterised by a great incidence of fixed costs, mainly related to rental agreements. Although management showed the ability in the years to develop a profitable retail business, it cannot be excluded that a potential revenues slowdown could reduce the Group's capability to generate profits.

ENVIRONMENTAL RISKS

In carrying out its activities, the Group has always paid particular attention to the environment and its related risks. In this sense, in 2020, it signed the Science Based Targets (SBTi) Initiative, defining targets for the reduction of greenhouse gas emissions consistent with the commitment of the United Nations; and, starting from 2021, the Group voluntarily reports corporate risks related to climate change according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board. The potential risks analysed relate to increased severity of extreme and chronic weather events, increased cost of raw materials, the introduction of regulations aimed at containing climate change, possible regulations on the labelling of textile products and any changes in customer behaviour.

With regard to its logistics hub in Piacenza (Italy) and the peripheral hubs in America, China, Japan and Korea, where Moncler checks, stores and handles raw materials and finished products, the

Company has adopted the prevention and risk mitigation measures, in the event of a temporary disruption of operations due to external or natural events, including insurance policies covering the loss of integrity of business assets and business interruption damages and has developed related contingency plans.

RISK ASSOCIATED WITH KEY MANAGEMENT PERSONNEL

The Moncler Group's results depend also on the ability of its management team, who has had a decisive role in the development of the Group and which has a significant experience in the luxury goods sector. If the existing relationships with some of these individuals were to be interrupted without proper and timely replacement, the competitive ability of the Group and its growth prospects may be affected.

The Group believes that it has an operational and managerial structure capable of ensuring the continuity of the business, also through the definition of a succession plan and the adoption of retention plans for key professional figures, as well as talent management programs aimed at developing skills and talent retention.

RISKS RELATED TO BRANDS AND PRODUCTS COUNTERFEITING AND THE PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

The luxury goods market is known to be characterised by brands and products' counterfeiting.

The Moncler Group has made considerable investments for the adoption of innovative technologies, which allow products to be tracked along the value chain, to prevent and mitigate the effects of counterfeiting of its brands and products and to protect its intellectual property rights in the territories in which it operates. However, it cannot be excluded that the presence on the market of significant quantities of counterfeited products may adversely affect the image of the brands, with a negative impact on revenues and operating results.

RISKS RELATED TO THE EVOLUTION OF THE REGULATORY FRAMEWORK

The Moncler Group operates in a complex international environment and is subject, in the various jurisdictions in which it operates, to rules and regulations which are constantly monitored, especially for all matters relating to the health and safety of workers, environmental protection, rules around manufacturing of products and their composition, consumer protection, personal data protection, protection of intellectual and industrial property rights, competition rules, fiscal and customs rules, and, in general, all relevant regulatory provisions.

The Group operates following the legal provisions in force and has established processes that guarantee knowledge of the specific local regulations where it operates and of the regulatory amendments that gradually take place. Nevertheless, since the legislation on some matters, especially on tax issues, is characterised by a high degree of complexity and subjectivity, it cannot be excluded that a different interpretation to that of the Group could have a significant impact on the results. In this regard, the Moncler Group is engaged in a program for the definition of preventive agreements (Advance Pricing Agreements) – partly finalised – with the Tax Authorities of the main countries in which the Group operates.

In addition, the enactment of new legislation or amendments to existing laws, which may require the adoption of more stringent production standards, for example in the field of product compliance, could lead, by way of example, to compliance costs linked to the production processes or to the features of the products, or could even limit the Group's operations with a negative impact on the financial results.

EXCHANGE RATE RISKS

The Moncler Group operates in international markets using currencies other than the Euro, of which mainly Renminbi, Yen, U.S. Dollar, Korean Yuan and British pound. Therefore, it is exposed to the risk associated with fluctuations in exchange rates, equal to the transaction amount (mainly income) which are not covered by a matching transaction of the same currency. The Group has implemented a strategy to gradually hedge the risks related to exchange rate fluctuations, limiting its actions to the so called "transactional risk", and has adopted a stringent policy on currency risk that sets the minimum limit of coverage per currency at the beginning of each sales campaign at 75%, and the minimum limit of coverage per currency at the end of the sales campaign at 90%.

However, also due to the so called "translational risk", arising from the translation in Euro of financial statements of foreign companies denominated in local currency, it cannot be excluded that significant changes in exchange rates could have a positive or negative impact on the Group's results and financial position.

For more information, please refer to the specific section 9.1 of the Notes to the Financial Statements.

INTEREST RATE RISKS

The Moncler Group has no significant financial agreements active by third parties as it is fully capable of self-financing. Furthermore, the Group may make use of loans from third parties, specifically bank loans; in case it should choose to resort to such loans, it would be subject to the risk of interest rate risk revision. The Group, in order to partially hedge the risk of increased interest rate, could potentially enter into some hedging transactions. However, any significant fluctuations in interest rates could lead to an increase in borrowing costs, with a negative impact on the Group's financial results.

For more information, please refer to the specific section of the Notes to the Financial Statements 9.1.

CREDIT RISK

The Moncler Group operates in accordance with the credit control policies aimed at reducing the risks resulting from insolvency of its wholesale customers. These policies are based on preliminary in-depth analysis of the reliability of the customers and based on eventual insurance coverage and/or guaranteed forms of payment. In addition, the Group has no significant concentrations of credit.

However, it cannot be excluded that a rise in the difficulty of some clients may result in losses on receivables, with a negative impact on the Group's financial results. The Moncler Group monitors and manages with particular attention its exposure to wholesale customers with significant orders, also by requesting and obtaining bank guarantees and money deposits in advance of shipments.

For more information, please refer to the section 9.2 of the Notes to the Financial Statements.

LIQUIDITY RISK

The Group has implemented financial planning process aimed at reducing the liquidity risk, also taking into consideration the seasonality of the business, in particular for the Moncler brand. Based upon the financial requirements, where the need arises, credit lines required to meet those needs are planned with the financial institutions and are classified between short-term and long-term.

Moreover, given the risk of losing the capital, the Group follows strict rules to balance its deposits and cash liquidity in an appropriate number of highly rated bank institutions, avoiding the concentration and using only risk-free financial products.

For more information, please refer to the section 9.3 of the Notes to the Financial Statements.

RISKS RELATED TO DEVELOPMENT AND INTEGRATION WITH STONE ISLAND (SPORTSWEAR COMPANY S.P.A.)

On 31 March 2021, the acquisition of Sportswear Company S.p.A. by Moncler S.p.A. was finalised. Subsequently, with effect from December 2021, the Stone Island brand was conferred to Moncler S.p.A. through the partial demerger of Sportswear Company S.p.A.

Throughout 2021, coordination activities were carried out between the two companies. In that integration process, Moncler and Stone Island bring together their entrepreneurial and managerial cultures while fully respecting each Brand's identity and autonomy. The process is taking place under the guidance of a Strategic Committee and a Integration Committee, made up of the two Companies' senior management.

Although both parties are sensitive to the other's culture and their focus is on mutual priorities, because of the complexity and delicacy of the integration process, it cannot be excluded that delays will occur, or predetermined strategies will be adjusted along the way.

CORPORATE GOVERNANCE

The corporate governance system adopted by Moncler S.p.A. (the "**Company**", "**Moncler**", or "**Parent Company**") plays a central role in the clear and responsible conduct of the Group's operations, significantly contributing to the creation of sustainable value in the medium to long-term for both shareholders and all stakeholders, in compliance with the best principles of social responsibility applicable in all countries where the Company operates.

Moncler has adopted a traditional model of governance complying with the legislations, regulations and guidelines of the Corporate Governance Code for Italian Listed Companies approved by the Corporate Governance Committee of Borsa Italiana S.p.A., to which Moncler adheres. It is based on four pillars:

(i) the pivotal role of administrative and control bodies;

(ii) the effectiveness and transparency of managerial decisions;

(iii) the careful and diligent monitoring of related-party transactions and handling of privileged information;

(iv) the set of values defined, recognised, shared, and established in both the Code of Ethics and company policies.

Moncler implements a traditional administration and control system as per articles 2380-bis et seq. of the Italian Civil Code, within which the Board of Directors is entrusted with business management and the Board of Statutory Auditors with control and supervisory functions. This governance system of Moncler ensures continuous dialogue between management and shareholders as follows:

a) the **Shareholders' Meeting**, is an entirely deliberative body whose competences are, by law, limited to the most significant decisions in social life. In particular, in ordinary and/or extraordinary sessions, is responsible for resolutions regarding, inter alia, (i) the appointment and removal of members of the Board of Directors and Board of Statutory Auditors, as well as their remuneration;(ii) the approval of the financial statements and allocation of profits; (iii) amendments to the Bylaws; (iv) the appointment of the independent auditors, upon motivated proposal of the Board of Statutory Auditors; (v) incentive plans;

b) the **Board of Directors** is the body responsible for guiding and managing the Company and the Moncler Group ("The Group"). In addition to its powers assigned as per the law and Bylaws, the Board of Directors has exclusive competence over the most important economic and strategic decisions, and over resolutions that are instrumental in monitoring and steering the Group's business as well as on sustainability issues. In fact, the Board also plays a pivotal role in the approval process of corporate strategies with respect to environmental stewardship, including climate change, and social issues. Within the Board of Directors, three Committees have been established: the Nomination and Remuneration Committee and the Control, Risks, and Sustainability Committee, both vested with consulting and advisory functions in line with Corporate Governance code, and the Related Parties Committee in compliance with the applicable legal and regulatory provisions as well as with the related parties procedure adopted by the Company;

c) the **Board of Statutory Auditors** oversees, inter alia, (i) the compliance with the law and Bylaws, as well as observance of the principles of proper management; (ii) to the extent of its competence, the suitability of the Company's organisational structure, internal control system, and administrative accounting system, as well as the reliability of the latter in correctly representing management operations; (iii) the methods of concrete implementation of the corporate governance rules envisaged by the codes of conducts to which the Company adheres; and (iv) the effectiveness of the internal audit and risk management system, the auditing of accounts, and the autonomy of the external auditor;

d) The **Independent Auditors** carry out the statutory auditing of accounts. They are appointed by the Shareholders' Meeting upon proposal of the Board of Statutory Auditors. The external auditor operates independently and autonomously and therefore does not represent either the minority or majority of shareholders. The statutory auditing of accounts for the nine-year period 2013-2021 was entrusted to the auditing firm KPMG S.p.A. and it has been conferred on the auditing firm Deloitte & Touche S.p.A. for the financial years 2022-2030.

Moreover, besides the **Internal Control and Risk Management System (ICRMS)** adopted by Moncler, a supervisory Body was established with the task of ensuring the effectiveness and adequacy of Moncler's mechanisms and internal controls, as well as of the organisational and management model pursuant to and for the purposes of Legislative Decree 231/2001 adopted by the Company, reporting on its implementation. The supervisory Body consists of three members: 2 external (including the President) and 1 internal.

In addition to the supervisory Body, the Compliance Function (which operates as a Level II control function), the Internal Audit Function (which operates as a Level III control function), the Director in charge of the SCIGR, the Control, Risks and Sustainability Committee and the Board of Statutory Auditors play an important role within the SCIGR among others.

The Chairman and Chief Executive Officer, Remo Ruffini, is also assisted by a Strategic Committee, which has advisory functions in the definition and implementation of Group strategy ensuring consistency and the sharing of Moncler's guiding values. The areas of competence of the Strategic Committee include the review of the business plan and the sustainability plan and all strategic decisions including, by way of example, those relating to the development of the distribution network, marketing plans, investments, entry into new markets and environmental and social initiatives.

At 31 December 2021, Moncler's Board of Directors consisted of 12 members, of whom 8 were independent. With regard to the powers assigned within the Board, there were 3 Executive and 9 Non-Executive Directors (8 of whom independent). Moncler believes that a Board of Directors composed of members with diverse skills, professional experience, and cultural backgrounds as well as of different ethnicity, gender, and age, can enable the Group, operating at international level, to take the best decisions possible.

The Board of Directors and the Board of Statutory Auditors, recognising the importance of the complementarity of experiences and skills for the proper functioning of the corporate bodies, approved the Diversity Policy. It describes the characteristics considered optimal for their composition, with the aim of integrating diverse professional profiles to combine with the diversity of gender, age groups and seniority of the members of the bodies. Ahead of the renewal of the Board that will be submitted to the Shareholders' Meeting of 21 April 2022, the Board has reviewed and updated the Policy also taking into account the results of the self-assessment activity (Board Review).

RELATED-PARTY TRANSACTIONS

Information relating to related party transactions are provided in Note 10.1 to the Consolidated Financial Statements and Note 8.1 to the Separate Financial Statements.

ATYPICAL AND/OR UNUSUAL TRANSACTIONS

There are no positions or transactions deriving from atypical and/or unusual transactions that could have a significant impact on the results and financial position of the Group and the Parent Company.

TREASURY SHARES

Moncler owns 4,106,680 Company shares at 31 December 2021, equal to 1.5% of the current share capital.

SIGNIFICANT EVENTS OCCURRED DURING THE FINANCIAL YEAR 2021

INTEGRATION OF STONE ISLAND INTO MONCLER S.P.A.

In the first quarter of 2021 the activities aimed at finalising the aggregation of Sportswear Company S.p.A. ("SPW"), that holds Stone Island brand, in Moncler S.p.A., continued, as already announced to the market on 7 December 2020. More specifically, on 23 February 2021, in line with the provision of the framework agreement executed on 6 December 2020 between the Company and the SPW's shareholders referable to the Rivetti family (the "Rivetti Shareholders"), Moncler, the Rivetti Shareholders and Venezio Investments Pte Ltd (vehicle fully indirectly controlled by Temasek Holdings (Private) Limited) ("Venezio") signed the contractual documentation aimed at the purchase of the 100% of SPW's share capital by Moncler S.p.A.

On 25 March 2021 the Extraordinary Shareholders' Meeting of Moncler S.p.A. approved the proposal to increase the share capital against payment with exclusion of the pre-emptive right pursuant to Article 2441, paragraphs 5 and 6, of the Italian Civil Code, reserved for subscription to the Rivetti Shareholders and Venezio. As a result of the subscription and payment of the reserved share capital increase (a) Rivetex S.r.l. (a company referable to Carlo Rivetti) received no. 7,680,413 shares; (b) Mattia Rivetti Riccardi received no. 779,732 shares; (c) Ginevra Alexandra Shapiro received no. 779,732 shares; (d) Pietro Brando Shapiro received no. 779,732 shares; (e) Alessandro Gilberti received no. 711,507 shares; (f) Venezio received no. 4,599,050 shares. The essential information regarding the contractual documentation executed in the context of the transaction are available on Moncler' website (www.monclergroup.com, Section "Governance/Documents and procedures").

On 31 March 2021 the acquisition of the entire share capital of SPW was completed and Carlo Rivetti was appointed as member of Moncler S.p.A. Board of Directors.

AMENDMENTS TO THE BY-LAWS

The Extraordinary Shareholders' Meeting held on 25 March 2021, in addition to having approved the capital increase serving the transaction, approved the single proposal of amendments to the By-laws of Moncler S.p.A.. In particular, the Shareholders' Meeting resolved upon amending (i) Artt. 8 and 12 to delete the quorums to convene meetings and pass resolutions for the approval by the Extraordinary Shareholders' Meeting of resolutions on certain matters and application of quorums provided by applicable law; (ii) Art. 13 to replace the fixed number of directors (11 or 13), with the indication of a minimum number of 9 directors and a maximum number of 15 directors, and to increase the number of independent directors who shall be the majority of Board members.

DIVIDENDS

On 22 April 2021, the Ordinary Shareholders' Meeting approved the Moncler S.p.A Financial Statements for FY 2020 and approved the distribution of a gross dividend of EUR 0.45 per share.

COMPOSITION OF THE BOARD OF DIRECTORS

On 22 April 2021, the Ordinary Shareholders' Meeting, amending the resolution taken on 16 April 2019, which resolved to increase from 11 to 12 the number of members of the Board of Directors (which will remain in office until the date of the Shareholders' Meeting called for the approval of the financial statements at 31 December 2021) as well as to appoint Carlo Rivetti as a new Director.

On the same date, the Board of Directors of Moncler S.p.A., met following the Shareholders' Meeting, and designated Carlo Rivetti as Manager with Strategic Responsibilities of the Moncler Group.

MONCLER JAPAN CORPORATION

During the first quarter of 2021, Moncler acquired from its local partner (Yagi Tsusho Limited) the third tranche (representing 28.9% of the share capital) of its stake in Moncler Japan Corporation for a net cash outlay of EUR 44.3 million. As a result of this acquisition, Moncler Group now owns a stake representing 94.9% of Moncler Japan Corporation.

2020 PERFORMANCE SHARES PLAN

On 14 June 2021, the Board of Directors, having obtained the favourable of the Nomination and Remuneration Committee, resolved to implement a second attribution cycle of the plan called "2020 Performance Shares Plan" approved by the Shareholders' Meeting on 11 June 2020, and consequently resolved the granting of 463,425 shares to 59 beneficiaries including also the Chairman and Chief Executive Officer Remo Ruffini, the Executive Director, Roberto Eggs, and one Manager with Strategic Responsibilities.

MALWARE ATTACK

On 22 December 2021, Moncler detected an unauthorised ransomware access on its IT systems (malware). The Group's security systems ensured the immediate identification of the attack and all necessary measures were taken to stop its spread, also with the support of technical consultants and legal experts in cybersecurity. During the forensic investigation, it was found that some data referring to employees and former employees, suppliers, consultants and business partners, as well as some customers registered in its database, have been illegally exfiltrated. The criminals made a ransom demand, which has been rejected by the Company.

All the relevant authorities have been promptly informed and, with the reference to the data breach, Moncler notified the Italian Data Protection Authority and foreign ones, where necessary. To date, the IT systems have been completely restored without compromising the integrity of data. The malware attack and the consequent system outage did not have a significant impact on the Group's economic results, despite having occurred in an important period for the Moncler business. In terms of costs, over EUR 2 million of extraordinary operating costs related to the malware were accounted to date, in particular for reinforcement activities of the Group's IT protection systems.

DOW JONES SUSTAINABILITY INDICES WORLD AND EUROPE

Moncler has been confirmed for the third year in a row in the Dow Jones Sustainability Indices DJSI World and Europe, obtaining the highest score (89/100) of the 'Textiles, Apparel & Luxury Goods' industry according to the S&P Global Corporate Sustainability Assessment 2021.

MSCI

In 2021, Moncler was rated A by MSCI ESG Research that provides ratings on global public companies and a limited number of private companies on a scale of AAA (leader) to CCC, according to exposure to industry-specific ESG risks and the ability to manage those risks relative to peers.

CDP

In 2021, for the first time, Moncler disclosed its climate change impact through CDP Climate Change questionnaire, a global non-profit organisation that runs the world's leading environmental disclosure platform. The Group has achieved the leadership level with an A- score for its environmental transparency and actions to mitigate climate risks.

SIGNIFICANT EVENTS OCCURRED AFTER THE REPORTING DATE

STONE ISLAND KOREA

Starting from 1 January 2022, the distribution of the Stone Island brand in the Korean market has been internalised through the establishment of a joint venture with a local partner, in which the Group holds 51%.

SUSTAINALYTICS

In January 2022, Moncler obtained the Industry Top-Rated Badge as well as for the Regional Top-Rated Badge from Sustainalytics, a leading research and ESG and Corporate Governance rating company that supports investors in the development and implementation of responsible investment strategies.

SHARES' BUY-BACK PROGRAM

On 3 March 2022, Moncler S.p.A. announced the launch, starting from 4 March 2022, of a buy-back program up to 1,000,000 of its ordinary shares (equal to the 0.4% of its share capital), for a maximum countervalue of EUR 56 million, without a par value, in execution of the shareholders' meeting resolution dated 22 April 2021, pursuant to Arts. 2357 and 2357-ter of the Italian Civil Code.

The buy-back program's purpose is to meet obligations arising from stock-based incentives schemes or other allocations of shares to employees, members of the Board of Directors and consultants of Moncler and of its subsidiaries, within the parameters prescribed by the Market Abuse Regulation (EU) 596/2014, the Commission Delegated Regulation (EUR) 2016/1052 and Consob regulation no. 11971/1999 and in compliance with all parameters (including prices and daily volumes), terms and conditions resolved upon by Moncler Shareholders' Meeting held on 22 April 2021 and publicly available.

At the date of the approval of the Draft Consolidated Results, the program is still ongoing.

GEOPOLITICAL UPDATE

With reference to the conflict in Ukraine started on 24 February, Moncler Group's management confirms that both the store in Kiev and all commercial activities in Russia have also been temporarily closed. The Group is present in the two countries with dedicated e-commerce, and for the brand Moncler with two directly operated stores (DOS) and three wholesale mono-brand stores (SiS). Moreover, the Group has around 100 multi-brand wholesale doors.

The total exposure to the two countries in FY 2021 – including revenues generated by Russian tourists buying outside Russia – was less than 2% of the Group's revenues. Although the uncertainty regarding the development of the situation and its possible impacts on global economies remains very high, significant consequences on FY 2022 results are currently not foreseen.

With regard to its supply chain, Moncler Group specifies that it does not purchase raw materials in Ukraine or Russia, nor use third-parties producers based there. At the date of the approval of the Draft Consolidated Results, both the direct production site located in Bacau, Romania, and all third-party manufacturers based in neighboring areas are operating without any disruption due to the conflict in Ukraine. Moreover, whilst at logistics level the current situation could have an impact on the transportation systems and might lead to delays in the shipments of goods, there are currently no significant issues. Regarding the rising of the production costs, not only linked to the geopolitical situation, and to the potential increase in logistics costs, the Group confirms that at the momentMoncl it does not expect any impact on profitability for FY 2022.

In Russia and Ukraine, Moncler employs 19 people with whom it is in constant contact to ensure all necessary support is being provided. In particular, with regards to its employees in Ukraine that have decided to leave the country, the Group is providing economic and organizational aids.

The Moncler Group also supports UNHCR, the United Nations High Commissioner for Refugees which protects and assists refugees around the world, and other organizations active in the area.

BUSINESS OUTLOOK

Despite the continuing uncertainty on the geopolitical, economic and health front, the Moncler Group believes it has a portfolio of unique brands and a clear and effective strategy to continue to grow in 2022.

These are the main strategic lines of development.

STRENGTHENING OF ALL MONCLER BRAND DIMENSIONS. 2022 will be an important year for Moncler in which the development lines will be defined based on the strengthening of the three dimensions of the Brand: *Moncler Collections*, *Moncler Genius* and *Moncler Grenoble*. Moncler will also continue to consolidate its omnichannel approach supported by the digital business through many initiatives, also related to the celebration of the 70th anniversary of the Brand, aimed at strengthening the Brand's unique relationship with its customers and increasing knowledge and loyalty.

DEVELOPMENT OF THE STONE ISLAND BRAND AT INTERNATIONAL LEVEL AND IN THE DTC. During the year 2022, Stone Island will continue its path towards the internalisation of markets still managed by distributors, starting with Korea (run from 1/1/2022 by a joint venture of which Stone Island holds a majority stake), the strengthening of core markets, such as the European ones, and the penetration of less mature markets but with high potentials such as North America and China. The expansion of Stone Island in the Direct-To-Consumer (DTC) channel will also continue not only with selected DOS openings but also by researching – with a new store design, and with targeted clienteling and communication strategies –distinctive and unique languages to strengthen the unique positioning of the Brand, which has the culture of research and experimentation in its own identification and value matrix.

SUSTAINABLE AND RESPONSIBLE GROWTH. The Moncler Group believes in sustainable, responsible, long-term development, in pursuit of shared value that meets the expectations of its stakeholders. Its Sustainability Plan is built on five strategic priorities: climate action, circular economy and innovation, fair sourcing, enhancing diversity, and giving back to local communities. In 2022, Moncler is committed to reach the target communicated in the 2020-2025 plan.

PERVASIVE DIGITAL CULTURE. Developing and implementing its strategy digitally is an increasingly important goal for a Group that believes in a "Digital First" approach. Everything from the conceptualisation of collections to product development and event designing must be actioned with digital platforms as the first point of contact, before extending to other channels.

OTHER INFORMATION

RESEARCH AND DEVELOPMENT

Since the Moncler Group's success depends in part on the image, prestige and recognition of the brands, and in part on the ability to manufacture a set of collections in line with market trends, the Group conducts research and development in order to design, create and implement new products and new collections. Research and development costs are expensed in the income statement as they occur on an accrual basis.

RECONCILIATION BETWEEN NET RESULT AND SHAREHOLDERS' EQUITY OF THE PARENT COMPANY AND THE GROUP'S AMOUNTS

The reconciliation between the Group's net result and shareholders' equity at the end of the period and the parent Company Moncler's S.p.A. net result and shareholders' equity is detailed in the following table:

Reconciliation between result and new equity of the Parent and the Group	Result 2021	Net Equity 31/12/21	Result 2020	Net Equity 31/12/20
Parent Company balance	136,482	1,363,511	173,930	747,358
Inter-group dividends	(2,519)	0	(2,314)	0
Share of consolidated subsidiaries net of book value of relates equity interest	286,511	693,584	118,781	888,199
Allocation of the excess cost resulting from the acquisition of the subsidiaries and the corresponding Equity	(14,583)	605,298	(541)	157,998
Elimination of the intercompany profit and losses	(11,204)	(123,693)	10,599	(107,762)
Translation adjustments	0	869	0	(18,183)
Effects of other consolidation entries	(1,154)	(40,583)	(104)	(40,562)
TOTAL GROUP SHARES	393,533	2,498,986	300,351	1,627,048
Minority interest	20	108	15	89
TOTAL	393,553	2,499,094	300,366	1,627,137

SECONDARY OFFICES

The Company does not have any secondary offices.

CERTIFICATION PURSUANT TO ART. 2.6.2, PARAGRAPH 8 AND 9 OF THE RULES OF THE MARKETS ORGANISED AND MANAGED BY THE ITALIAN STOCK EXCHANGE

In relation to art. 15 of Consob Regulation adopted with resolution n. 20249 on 28 December 2017 as amended and integrated, concerning the conditions for the listing of companies with subsidiaries established and regulated under the laws of countries outside the European Union and of significance for the consolidated financial statements, please note that the above mentioned regulation is applicable to five companies belonging to the Group (Moncler Japan, Moncler USA, Moncler Asia Pacific, Moncler Shanghai and Moncler Korea) and that adequate procedures to ensure full compliance with said rules have been adopted and that the conditions referred to in that Article 15 were met.

CERTIFICATION PURSUANT TO ARTICLE 16, PARAGRAPH 4 OF THE MARKETS REGULATION ADOPTED BY CONSOB WITH RESOLUTION 20249 OF 28 DECEMBER 2017

Moncler S.p.A. is controlled by Remo Ruffini through Ruffini Partecipazioni Holding S.r.l. (RPH) and Double R S.r.l. (DR, formerly Ruffini Partecipazioni Sr.l.). In particular, Remo Ruffini holds the entire share capital of RPH, which controls DR, that at 31 December 2021 held 19.9% of the share capital of Moncler S.p.A.

Moncler S.p.A. is not managed or coordinated by Ruffini Partecipazioni Holding S.r.l.; for relative evaluations, reference is made to the Report on Corporate Governance and Ownership Structure, available at www.monclergroup.com, "Governance / Shareholders' Meeting" section.

MOTION TO APPROVE THE FINANCIAL STATEMENTS AND THE ALLOCATION OF THE RESULT FOR THE YEAR ENDED 31 DECEMBER 2021

Shareholders,

We invite you to approve the Moncler Group consolidated financial statements as at and for the year ended 31 December 2021 and the Moncler S.p.A.'s separate financial statements.

We recommend that you approve the distribution of a gross dividend of EUR 0.60 per ordinary share based on the net results for the year 2021 of Moncler S.p.A. equal to EUR 136,481,615.

The total amount to be distributed as a dividend, having taken into consideration the number of shares that are presently issued as of 31 December 2021 (no. 269,576,110), net of the shares which are directly owned by the Company (no. 4,106,680), is equal to Euro 161.7 million[16].

Milan, 16 March 2022

For the Board of Directors

The Chairman

Remo Ruffini

[16] Subject to change due to the possible use of treasury shares for the stock-based compensation plans and to the further treasury shares purchase.

2 CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

Consolidated income statement (Euro/000)	Notes	2021	of which related parties (note 10.1)	2020	of which related parties (note 10.1)
Revenue	4.1	2,046,103	1,391	1,440,409	1,198
Cost of sales	4.2	(479,197)	(10,640)	(350,775)	(11,849)
Gross margin		1,566,906		1,089,634	
Selling expenses	4.3	(608,495)	(2,404)	(463,583)	(1,857)
General and administrative expenses	4.4	(237,109)	(17,926)	(173,444)	(14,021)
Marketing expenses	4.5	(142,082)		(83,786)	
Operating result	4.6	579,220		368,821	
Financial income	4.7	3,061		759	
Financial expenses	4.7	(24,669)		(24,061)	
Result before taxes		557,612		345,519	
Income taxes	4.8	(164,059)		(45,153)	
Net Result including Minority		393,553		300,366	
Non-controlling interests		(20)		(15)	
Net result, Group share		393,533		300,351	
Earnings per share (unit of Euro)	5.16	1.48		1.19	
Diluited earnings per share (unit of Euro)	5.16	1.47		1.18	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income (Euro/000)	Notes	2021	2020
Net profit (loss) for the period		393,553	300,366
Gains/(Losses) on fair value of hedge derivatives	5.16	(12,087)	2,916
Gains/(Losses) on exchange differences on translating foreign operations	5.16	19,051	(15,313)
Items that are or may be reclassified to profit or loss		6,964	(12,397)
Other Gains/(Losses)	5.16	(110)	(143)
Items that will never be reclassified to profit or loss		(110)	(143)
Other comprehensive income/(loss), net of tax		6,854	(12,540)
Total Comprehensive income/(loss)		400,407	287,826
Attributable to:			
Group		400,388	287,823
Non controlling interests		19	3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position					
(Euro/000)	Notes	31 December 2021	of which related parties (note 10.1)	31 December 2020	of which related parties (note 10.1)
Brands and other intangible assets - net	5.1	1,070,074		282,308	
Goodwill	5.1	603,417		155,582	
Property, plant and equipment - net	5.3	913,322		802,987	
Investments (in associates for consolidation)		826		0	
Other non-current assets	5.9	37,082		33,523	
Deferred tax assets	5.4	179,312		150,832	
Non-current assets		2,804,033		1,425,232	
Inventories and work in progress	5.5	263,521		202,770	
Trade account receivables	5.6	234,274	12,085	174,144	11,205
Tax assets	5.12	4,963		5,089	
Other current assets	5.9	27,758		21,086	
Financial current assets	5.8	722		4,793	
Cash and cash equivalent	5.7	932,718		923,498	
Current assets		1,463,956		1,331,380	
Total assets		4,267,989		2,756,612	
Share capital	5.16	54,737		51,671	
Share premium reserve	5.16	745,309		173,374	
Other reserves	5.16	1,305,407		1,101,652	
Net result, Group share	5.16	393,533		300,351	
Equity, Group share		2,498,986		1,627,048	
Non controlling interests		108		89	
Equity		2,499,094		1,627,137	
Long-term borrowings	5.15	624,732		562,844	
Provisions non-current	5.13	11,320		12,949	
Pension funds and agents leaving indemnities	5.14	12,454		7,186	
Deferred tax liabilities	5.4	225,621		6,396	
Other non-current liabilities	5.11	163		142	
Non-current liabilities		874,290		589,517	
Short-term borrowings	5.15	289,191		150,423	
Trade account payables	5.10	348,953	13,520	211,903	15,851
Tax liabilities	5.12	131,182		93,622	
Other current liabilities	5.11	125,279	5,161	84,010	589
Current liabilities		894,605		539,958	
Total liabilities and equity		4,267,989		2,756,612	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity		Share capital	Share premium	Legal reserve	Other comprehensive income		Other reserves			Result of the period, Group share	Equity, Group share	Equity, non controlling interest	Total consolidated Net Equity
(Euro/000)	Notes				Cumulative translation adj. reserve	Other OCI items	IFRS 2 reserve	FTA reserve	Retained earnings				
Group shareholders' equity at 1 January 2020	5.16	51,596	172,272	10,300	(2,876)	(1,709)	37,224	(23,434)	704,230	358,685	1,306,288	80	1,306,368
Allocation of Last Year Result		0	0	19	0	0	0	0	358,666	(358,685)	0	0	0
Changes in consolidation area		0	0	0	0	0	0	0	0	0	0	0	0
Dividends		0	0	0	0	0	0	0	0	0	0	0	0
Share capital increase		75	1,102	0	0	0	0	0	(61)	0	1,116	0	1,116
Other movements in Equity		0	0	0	0	0	21,226	0	10,601	0	31,827	0	31,827
Other changes of comprehensive income		0	0	0	(15,307)	2,773	0	0	0	0	(12,534)	(6)	(12,540)
Result of the period		0	0	0	0	0	0	0	0	300,351	300,351	15	300,366
Group shareholders' equity at 31 December 2020	5.16	51,671	173,374	10,319	(18,183)	1,064	58,450	(23,434)	1,073,436	300,351	1,627,048	89	1,627,137
Group shareholders' equity at 1 January 2021	5.16	51,671	173,374	10,319	(18,183)	1,064	58,450	(23,434)	1,073,436	300,351	1,627,048	89	1,627,137
Allocation of Last Year Result		0	0	15	0	0	0	0	300,336	(300,351)	0	0	0
Changes in consolidation area		0	0	0	0	0	0	0	0	0	0	412	412
Dividends		0	0	0	0	0	0	0	(121,275)	0	(121,275)	0	(121,275)
Share capital increase		3,066	571,935	0	0	0	0	0	0	0	575,001	0	575,001
Other movements in Equity		0	0	0	0	0	(23,472)	1,798	39,498	0	17,824	(412)	17,412
Other changes of comprehensive income		0	0	0	19,052	(12,197)	0	0	0	0	6,855	(1)	6,854
Result of the period		0	0	0	0	0	0	0	0	393,533	393,533	20	393,553
Group shareholders' equity at 31 December 2021	5.16	54,737	745,309	10,334	869	(11,133)	34,978	(21,636)	1,291,995	393,533	2,498,986	108	2,499,094

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows	Year 2021	of which related parties	Year 2020	of which related parties
(Euro/000)				
Cash flow from operating activities				
Consolidated result	393,553		300,366	
Depreciation and amortization	246,519		200,976	
Net financial (income)/expenses	21,608		23,302	
Equity-settled share-based payment transactions	28,432		30,927	
Income tax expenses	164,059		45,153	
Changes in inventories - (Increase)/Decrease	(20,557)		2,764	
Changes in trade receivables - (Increase)/Decrease	24,657	(880)	(8,120)	4,402
Changes in trade payables - Increase/(Decrease)	105,780	(2,331)	(40,616)	(5,055)
Changes in other current assets/liabilities	46,293	4,572	(9,287)	(3,405)
Cash flow generated/(absorbed) from operating activities	1,010,344		545,465	
Interest and other bank charges paid and received	(362)		(849)	
Income tax paid	(146,715)		(136,882)	
Changes in other non-current assets/liabilities	2,047		(1,284)	
Net cash flow from operating activities (a)	865,314		406,450	
Cash flow from investing activities				
Purchase of tangible and intangible fixed assets	(131,828)		(92,561)	
Proceeds from sale of tangible and intangible fixed assets	7,147		2,192	
Acquisition of Business Unit and cash and cash equivalent acquired	(496,728)		0	
Net cash flow from investing activities (b)	(621,409)		(90,369)	
Cash flow from financing activities				
Repayment of borrowings	(32,643)		0	
Repayment of current and non-current lease liabilities	(146,301)		(136,923)	
Short-term borrowings variation	(44,836)		(15,735)	
Dividends paid to shareholders	(120,679)		0	
Share capital increase	0		1,116	
Other changes in Net Equity	(721)		0	
Net cash flow from financing activities (c)	(345,180)		(151,542)	
Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)	(101,275)		164,539	
Cash and cash equivalents at the beginning of the period	923,483		759,070	
Effect of exchange rate changes	(19,493)		(126)	
Net increase/(decrease) in cash and cash equivalents	(101,275)		164,539	
Cash and cash equivalents at the end of the period	802,715		923,483	

On behalf of the Board of Directors of Moncler S.p.A.

Remo Ruffini

Chairman and Chief Executive Officer

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION ABOUT THE GROUP

1.1. THE GROUP AND ITS CORE BUSINESS

The parent company Moncler S.p.A. is a company established and domiciled in Italy, with its registered office located at Via Stendhal 47 Milan, Italy, and registration number of 04642290961.

Moreover, the parent company Moncler S.p.A. is de-facto controlled by Remo Ruffini through Ruffini Partecipazioni Holding S.r.l. (RPH) and Double R S.r.l. (DR, formerly Ruffini Partecipazioni S.r.l.): more specifically, Remo Ruffini owns the entire share capital of RPH, a company controlling DR which, in turn, as of 31 December 2021 holds a shareholding representing 19.9% of the share capital of Moncler S.p.A.

The Consolidated Financial Statements as at and for the year ended 31 December 2021 include the Parent Company and its subsidiaries (hereafter referred to as the "Group").

To date, the Group's core businesses are the creation, production and distribution of clothing for men, women and children, shoes, leather goods and other accessories under the Moncler brand name and Stone Island brand name.

1.2. BASIS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.2.1. RELEVANT ACCOUNTING PRINCIPLES

The 2021 Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. IFRS also includes all International Accounting Standards ("IAS") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

The Consolidated Financial Statements include the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the explanatory notes to the Consolidated Financial Statements.

1.2.2. PRESENTATION OF THE FINANCIAL STATEMENTS

The Group presents its consolidated income statement by destination, the method that is considered most representative for the business at hand. This method is in fact consistent with the internal reporting and management of the business.

With reference to the consolidated statement of financial position, a basis of presentation has been chosen which makes a distinction between current and non-current assets and liabilities, in accordance with the provisions of paragraph 60 and thereafter of IAS 1.

The consolidated statement of cash flows is prepared under the indirect method.

In accordance with the provisions of IAS 24, related-party transactions with the Group and their impact, if significant, on the consolidated statement of financial position, consolidated income statement and consolidated statement of cash flows are reported below.

1.2.3. BASIS FOR MEASUREMENT

The Consolidated Financial Statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments (i.e. derivatives) as required by IFRS 9, and on a going concern basis.

The Consolidated Financial Statements are presented in thousand euros, which is the functional currency of the markets where the Group mainly operates.

1.2.4. DIRECTORS' ASSESSMENT ON THE ASSUMPTION OF BUSINESS CONTINUITY

Based on the results of the current year and forecasts for future years, the management believes that there are no factors rendering business continuity uncertain. In particular, the Group's financial strength and its cash and cash equivalents at the end of the year guarantee a high level of financial independence to support Moncler's operational needs and development programmes. For 2022, business operations are fully guaranteed, both in terms of product offerings across the various markets and distribution channels and in the ability to manage and organise business activities.

1.2.5. USE OF ESTIMATES AND VALUATIONS

The preparation of the Consolidated Financial Statements and the related explanatory notes in conformity with IFRS requires that management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date. The estimates and related assumptions are based on historical experience and other relevant factors. The actual results could differ from those estimates. The estimates and underlying assumptions are reviewed periodically and any variation is reflected in the consolidated income statement in the period in which the estimate is revised if the revision affects only that period or even in subsequent periods if the revision affects both current and future periods.

In the event that management's estimate and judgment have a significant impact on the amounts recognised in the Consolidated Financial Statements or in case that there is a risk of future adjustments on the amounts recognised for assets and liabilities in the period immediately after the reporting date, the following notes will include the relevant information.

The estimates pertain mainly to the following captions of the Consolidated Financial Statements:

- impairment of non-current assets and goodwill;
- impairment of trade receivables (bad debt provision);
- allowance for returns;
- impairment of inventories (obsolescence provision);
- recoverability of deferred tax assets;
- provision for losses and contingent liabilities;
- lease liabilities and right of use assets;
- incentive systems and variable remuneration;
- financial liabilities for the purchase of minority interests;
- IFRIC 23: uncertainty over income tax treatments.

Impairment of non-current assets and goodwill

Non-current assets include property, plant and equipment, intangible assets with indefinite useful life and goodwill, investments and other financial assets.

Management periodically reviews non-current assets for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is estimated based on the present value of future cash flows expected to derive from the asset or from the sale of the asset itself, at a suitable discount rate.

When the recoverable amount of a non-current asset is less than its carrying amount, an impairment loss is recognised immediately in profit or loss and the carrying amount is reduced to its recoverable amount determined based on value-in-use calculation or its sale's value in an arm's-length transaction, with reference to the most recent Group business plan.

Impairment of trade receivables

The bad debt provision represents management's best estimate of the probable loss for unrecoverable trade receivables. For the description of the criteria applied to estimate the bad debt provision, please refer to paragraph 2.10 Financial instruments - Trade receivables, financial assets and other current and non-current receivables.

Allowance for returns

The allowance for returns reflects management's best estimate of the asset arising from expected product returns and the associated liability for future refunds.

Impairment of inventory

The Group manufactures and sells mainly clothing goods that are subject to changing consumer needs and fashion trends. As a result, it is necessary to consider the recoverability of the cost of inventories and the related required provision. Inventory impairment represents management's best estimate for losses arising from the sales of aged products, taking into consideration their saleability through the Group's distribution channels.

Recoverability of deferred tax assets

The Group is subject to income taxes in numerous jurisdictions. Judgment is required in determining the provision for income taxes in each territory. The Group recognises deferred tax assets when it is expected that they will be realised within a period that is consistent with management estimates and business plans.

Provision for losses and contingent liabilities

The Group could be subject to legal and tax litigations arising in the countries where it operates. Litigation is inevitably subject to risk and uncertainties surrounding the events and circumstances associated with the claims and associated with local legislation and jurisdiction. In the normal course of business, management requests advice from the Group legal consultants and tax experts. The recognition of a provision is based on management's best estimate when an outflow of resources is probable to settle the obligation and the amount can be reliably estimated. In those circumstances where the outflow of resources is possible or the amount of the obligation cannot be reliably measured, the contingent liabilities are disclosed in the notes to Consolidated Financial Statements.

Lease liabilities and right of use assets

The Group recognises the right of use asset and the liability for the lease. The right of use asset is initially valued at cost, and then subsequently at cost net of accumulated depreciation and impairment losses, and adjusted to reflect the revaluation of the lease liability.

The Group values the lease liability at the present value of the payments due for unpaid leases at the effective date, discounting them using the interest rate determined taking into account the term of the lease contracts, the currency in which they are denominated, the characteristics of the economic environment in which the contract was stipulated and the credit adjustment.

The lease liability is subsequently increased by the interest accrued on this liability and decreased by the payments due for the lease made and is revalued in the event of a change in the future payments due for the lease deriving from a change in the index or rate, in the event of a change in the amount that the Group expects to pay as a guarantee on the residual value or when the Group changes its valuation with reference to the exercise or otherwise of a purchase, extension or cancellation option.

Lease contracts in which the Group acts as a lessee may provide for renewal options with effects, therefore, on the duration of the contract. Relative certainty that this option will (or won't) be exercised can influence, even significantly, the amount of lease liabilities and right of use assets.

Incentive systems and variable remuneration

For the description of the determination of the fair value of share-based incentive payments for the Moncler Group management, please see paragraph 2.13.

For an estimate of financial liabilities related to the purchase of minority interests and IFRIC 23: uncertainty over income tax treatments see paragraphs 2.20 and 2.16.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES USED IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The accounting principles set out below have been applied consistently for fiscal year 2021 and the prior year.

2.1. BASIS OF CONSOLIDATION

The Consolidated Financial Statements comprise those of the Parent Company and its subsidiaries, of which the Parent owns, directly or indirectly, a majority of the voting rights and over which it exercises control, or from which it is able to benefit by virtue of its power to govern the subsidiaries' financial and operating policies.

The financial results of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where the Group loses control of a subsidiary, the Consolidated Financial Statements include the results for the portion of the reporting period during which the Parent Company had control. In the Consolidated Financial Statements, non-controlling interests are presented separately within equity and in the statement of income. Changes in the parent's ownership interest, that do not result in a loss of control or changes that represent acquisition of non-controlling interests after the control has been obtained, are accounted for as changes in equity.

In preparing the Consolidated Financial Statements, the effects, the balances as well as the unrealised profit or loss recognised in assets resulting from intra-group transactions are fully eliminated.

Investments in associates

Investments in associates are accounted for using the equity method whereas the initial recognition is stated at acquisition cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets. On acquisition of the investment any difference between the cost of the investment and the investor's share of the net fair value of the associate's assets and liabilities is included in the carrying amount of the investment. If the investor's share of losses of the associate equals or exceeds its interest in the associate, the investor's interest is reduced to zero and additional losses are provided for and a liability is recognised to the extent that the investor has incurred a legal obligation or has the intention to make payments on behalf of the associate.

2.2. FOREIGN CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

Transactions in foreign currencies

Foreign currency transactions are recorded by applying the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are held at year-end, are translated into the functional currency at the exchange rate ruling at the reporting date. Exchange differences arising on the settlement on the translation of monetary transactions at a rate different from those at which they were translated at initial recognition are recognised in the consolidated income statement in the period in which they arise.

Translation of the results of overseas businesses

Assets and liabilities of overseas subsidiaries included in the Consolidated Financial Statements are translated into the Group's reporting currency of Euros at the exchange rate ruling at the reporting date. Income and expenses are translated at the average exchange rate for the reporting period, as it is considered to approximate at best the actual exchange rate at the transaction date. Differences arising on the adoption of this method are recognised separately in other comprehensive income and are presented in a separate component of equity as translation reserve until disposal of the foreign operation. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate ruling at the reporting date.

The main exchange rates used to convert into Euro the Consolidated Financial Statements of foreign subsidiaries as at and for the years ended 31 December 2021 and 31 December 2020 are as follows:

	Average rate		Rate at the end of the period	
	Year 2021	Year 2020	As at 31 December 2021	As at 31 December 2020
AED	4.343610	4.194720	4.159500	4.506500
AUD	1.574940	1.654920	1.561500	1.589600
BRL	6.377890	5.894260	6.310100	6.373500
CAD	1.482600	1.530000	1.439300	1.563300
CHF	1.081150	1.070520	1.033100	1.080200
CNY	7.628230	7.874700	7.194700	8.022500
CZK	25.640500	26.455100	24.858000	26.242000
DKK	7.437030	7.454210	7.436400	7.440900
GBP	0.859604	0.889704	0.840280	0.899030
HKD	9.193180	8.858700	8.833300	9.514200
HUF	358.516000	351.249000	369.190000	363.890000
JPY	129.877000	121.846000	130.380000	126.490000
KRW	1,354.060000	1,345.580000	1,346.380000	1,336.000000
KZT	504.428000	472.998000	492.750000	517.040000
MOP	9.468970	9.124460	9.098300	9.799600
MXN	23.985200	24.519400	23.143800	24.416000
NOK	10.163330	10.722790	9.988800	10.470300
NZD	1.672400	1.756100	1.657900	1.698400
PLN	4.565200	4.443000	4.596900	4.559700
RON	4.921480	4.838280	4.949000	4.868300
RUB	87.152700	82.724800	85.300400	91.467100
SEK	10.146500	10.484800	10.250300	10.034300
SGD	1.589100	1.574240	1.527900	1.621800
TRY	10.512370	8.054720	15.233500	9.113100
TWD	33.036100	33.622700	31.367100	34.480700
UAH	32.259200	30.850600	30.921900	34.768900
USD	1.182740	1.142200	1.132600	1.227100

2.3. BUSINESS COMBINATIONS

Business combinations are accounted under the acquisition method.

Under this method, the identifiable assets acquired and the liabilities assumed are measured initially at their acquisition-date fair values. The costs incurred in a business combination are accounted as expenses in the periods in which the services are rendered.

Goodwill is determined as the excess of the aggregate of the considerations transferred, of any non-controlling interests and, in a business combination achieved in stages, the fair value of previously held equity interest in the acquiree compared to the net amounts of fair value of assets transferred and liabilities assumed at the acquisition date. If the fair value of the net assets acquired is greater than the acquisition cost, the difference is recognised directly in the statement of income at the acquisition date. Non-controlling interests could be measured either at their fair value at the acquisition date or at the non-controlling interests' proportionate share of the identifiable net assets. The election of either method is done for each single business combination.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurred, the Group shall report in the financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, that shall not exceed one year from the acquisition date, the provisional amounts are retrospectively adjusted to reflect new information obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of assets and liabilities recognised at that date.

2.4. NON-CURRENT ASSETS AVAILABLE FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets available for sale and discontinued operations are classified as available for sale when their values are recoverable mainly through a probable sale transaction. In such conditions, they are valued at the lower of their carrying value or fair value, net of cost to sell if their value is mainly recoverable through a sale transaction instead of continued use.

Discontinued operations are operations that:

- include a separate line of business or a different geographical area;
- are part of a single coordinated plan for the disposal of a separate major line of business or geographical area of activity;
- consist of subsidiaries acquired exclusively for the purpose of being sold.

In the consolidated income statement, non-current assets held for sale and disposal groups that meet the requirements of IFRS 5 to be defined as "discontinued operations", are presented in a single caption that includes both gains and losses, as well as losses or gains on disposal and the related tax effect. The comparative period is subsequently restated in accordance with IFRS 5.

As far as the financial position is concerned, non-current assets held for sale and disposal groups that meet the requirements of IFRS 5 are reclassified as current assets and liabilities in the period in which such requirements arise. The comparative financial statements are not restated or reclassified.

2.5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at acquisition or manufacturing cost, not revalued net of accumulated depreciation and impairment losses ("impairment"). Cost includes original purchase price and all costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation

Depreciation of property, plant and equipment is calculated and recognised in the consolidated income statement on a straight-line basis over the estimated useful lives as reported in the following table:

Category	Depreciation period
Land	No depreciation
Buildings	From 25 to 33 years
Plant and equipment	From 8 to 12 years
Fixtures and fittings	From 5 to 10 years
Electronic machinery and equipment	From 3 to 5 years
Leasehold improvements	Lower between lease period and useful life of improvements
Rights of use	Lease period
Other fixed assets	Depending on market conditions generally within the expected utility to the entity

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will take ownership of the asset by the end of the lease term.

Depreciation methods, useful lives and residual value are reviewed at each reporting period and adjusted if appropriate.

Gain/losses on the disposal of property, plant and equipment

Gains and losses on the disposal of property, plant and equipment represent the difference between the net proceeds and net book value at the date of sale. Disposals are accounted when the relevant transaction becomes unconditional.

2.6. INTANGIBLE ASSETS

Goodwill

Goodwill arising from business combination is initially recognised at the acquisition date as described in the notes related to “Business combinations”.

Goodwill is included within intangible assets with an indefinite useful life, and therefore, is not amortised but subject to impairment test performed annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. After the initial recognition, goodwill is measured at acquisition cost less accumulated impairment.

As part of the IFRS first time adoption, the Group chose not to apply IFRS 3 “Business combinations” retrospectively regarding acquisitions made prior to the transition date (1 January 2009); consequently, goodwill resulting from acquisitions prior to the transition date to IFRS is still recorded under Italian GAAP, prior to any eventual impairment.

For further details please refer to note 2.7 "Impairment of non-financial assets".

Brands

Separately acquired brands are shown at historical cost. Brands acquired in a business combination are recognised at fair value at the acquisition date.

Brands have a indefinite useful life and are carried at cost less accumulated impairment. Brands are not amortised but subject to impairment test performed annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

For further details please refer to note 2.7 "Impairment of non-financial assets".

Intangible assets other than goodwill and brands

License rights are capitalised as intangible asset and amortised on a straight-line basis over their useful economic life. The useful economic life of license rights is determined on a case-by-case basis, in accordance with the terms of the underlying agreement.

Key money are capitalised in connection with the opening of new directly operated store ("DOS") based on the amount paid. Key money in general have a definite useful life which is generally in line with the lease period. However, in certain circumstances, key money have an indefinite useful life on the basis of legal protection or common practice that can be found in jurisdictions or markets that state that a refund could be received at the end of the lease period. In these limited cases, that need to be adequately supported, key money are not amortised but subject to impairment test at least annually in accordance with what set out in the note related to impairment of non-financial assets.

Software (including licenses and separately identifiable external development costs) is capitalised as intangible assets at purchase price, plus any directly attributable cost of preparing that asset for its intended use. Software and other intangible assets that are acquired by the Group and have definite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation of intangible assets with a definite useful life

Intangible assets with a definite useful life are amortised on a straight line basis over their estimated useful lives as described in the following table:

Category	Depreciation period
License rights	Based on market conditions within the licence period or legal limits to use the assets
Key money	Based on market conditions generally within the lease period
Software	From 3 to 5 years
Order backlog	Based on fulfillment of the order backlog indentified in PPA
Other intangible assets	Based on market conditions generally within the period of control over the asset

2.7. IMPAIRMENT OF NON-FINANCIAL ASSETS

At least once a year the Group verifies whether there is any indication that intangible assets with a definite useful life and property, plant and equipment have become impaired. If such evidence exists, the carrying amount of the assets is reduced to its recoverable amount.

Goodwill and assets with an indefinite useful life are not subject to amortisation and are tested annually or more frequently for impairment, whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

When the recoverable amount for individual asset cannot be reliably estimated, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The Group determines the value in use as the present value of future cash flows expected to be derived from the asset or from the cash-generating unit, gross of tax effects, by applying an appropriate discount rate that reflects market time value of money and the risks inherent to the asset. An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount.

With the exception of impairment losses recognised on goodwill, when the circumstances that led to the loss no longer exist, the carrying amount of the asset is increased to its recoverable amount and cannot exceed the carrying amount that would have been determined had there been no loss in value. The reversal of an impairment loss is recognised immediately in the consolidated income statement.

For impairment testing purposes, Moncler goodwill and Moncler brand are measured with respect to the group of CGUs that compose the entire Moncler business. Stone Island goodwill and Stone Island brand are measured with respect to the Stone Island CGU, which coincides with the entire Stone Island group.

As of 2019, IFRS 16 requires the recognition of a right of use asset and a liability for the obligation to pay rent in the financial statements. Any impairment of the asset for the right of use must be calculated and recognised in accordance with the provisions of IAS 36.

For the purpose of the rights-of-use impairment test related to Moncler business, the following CGUs have been defined, which coincide with the organisational units responsible for monitoring individual markets ("Regions"):

- EMEA Region;
- Americas Region;
- APAC Region;
- Japan Region;
- Korea Region.

The "rights-of-use" of each individual CGU is subject to impairment tests in the presence of triggering events (for the individual CGU) identified by a possible impairment and signalled by the following key performance indicators:

- divestment plans;
- below expectation performance indicators;
- operational losses.

The impairment test is carried out with the following methods:

- calculation of the CGU's gross value in use, excluding that related to the lease liability from cash flows;
- calculation of the CGU's recoverable amount, by deducting the carrying value of the lease liability from the gross value in use;

- comparison of the CGU's recoverable value with the carrying value, the latter calculated net of the carrying value of the lease liability.

In calculating the value in use, the discount rate used is the WACC for the geographical area to which it belongs, the aggregate value of which determines the Group WACC.

2.8. LEASED ASSETS

On 13 January 2016, the IASB published the new standard IFRS 16 Leases, which replaces IAS 17. This standard was endorsed by the European Union, with its publication on 9 November 2017. IFRS 16 is effective for financial statements commencing on or after 1 January 2019. The new standard eliminates the difference in the recognition of operating and finance leases, even despite elements that simplify its adoption, and introduces the concept of control in the definition of a lease. To determine whether a contract is a lease, IFRS 16 establishes that the contract must convey the right to control the use of an identified asset for a given period of time.

At the lease commencement date, the Group recognises the right of use asset and lease liability. The right of use asset is initially valued at cost, including the amount of the initial measurement of the lease liability, adjusted for the rent payments made on or before the commencement date, increased by the initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, net of the received lease incentives.

The right of use asset is amortised on a straight-line basis from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group at the end of the lease term. In this case, the right of use asset will be amortised over the useful life of the underlying asset, determined on the same basis as that of property and machinery. In addition, the right of use asset is regularly decreased for any impairment losses and adjusted to reflect any changes deriving from subsequent remeasurement of the lease liability.

The Group values the lease liability at the present value of the payments due for unpaid leases at the commencement date, discounting them using the interest rate implicit in the lease.

The payments due for the lease included in the measurement of the lease liability include:

– fixed payments (including substantially fixed payments);

– payments due for lease which depend on an index or rate, initially measured using an index or rate on the commencement date;

– amounts that are expected to be paid as a residual value guarantee; and

– the payments due for the lease in an optional renewal period if the Group is reasonably certain to exercise the renewal option, and early termination cancellation penalties, unless the Group is reasonably certain not to terminate the lease in advance.

The lease liability is measured at amortised cost using the effective interest criterion and remeasured in the event of a change in the future payments due for the lease deriving from a change in the index or rate, in the event of a change in the amount that the Group expects to pay as a guarantee on the residual value or when the Group changes its measurement with reference to the exercise or otherwise of a purchase, extension or cancellation option or in the event of revision of in-substance fixed payments due.

When the lease liability is remeasured, the lessee makes a corresponding change in right of use asset. If the right of use asset carrying value is reduced to zero, the lessee recognises the change in profit/(loss) for the year.

In the statement of financial position, the Group reports right of use assets that do not meet the definition of real estate investments in the item Property, plant and equipment and lease liabilities in the item Borrowings.

The Group recognises the related payments due for leases as a cost on a straight-line basis over the lease term.

For contracts signed before 1 January 2019, the Group establishes whether the agreement was or contained a lease by checking if:

– fulfilment of the agreement depended on the use of one or more specific assets; and

– the agreement transferred the right to use the asset.

Other assets subject to leases is classified as operating leases and is not recognised in the Group's statement of financial position. Payments relating to operating leases were recognised as a straight-line cost over the lease term, while incentives granted to the lessee were recognised as an integral part of the overall lease cost over the lease term.

Concessions obtained from landlords as a result of the Covid-19 pandemic ("rent concessions") are accounted for as negative variable rents and recognised through profit and loss provided they meet the following conditions:

- they refer only to reductions in payments due by 30 June 2021;
- the total of the contractual payments after the rent concession is substantially equal to or less than the payments envisaged by the original contract;
- no other substantial contractual changes have been agreed with the landlord.

2.9. INVENTORY

Raw materials and work in progress are valued at the lower of purchase or manufacturing cost calculated using the weighted average cost method and net realisable value. The weighted average cost includes directly attributable expenditures for raw material inventories and labour cost and an appropriate portion of production overhead based on normal operating capacity.

Provisions are recorded to reduce cost to net realisable value taking into consideration the age and condition of inventory, the likelihood to use raw materials in the production cycle as well as the saleability of finished products through the Group’s distribution channels (outlet and stock).

2.10. FINANCIAL INSTRUMENTS

Trade receivables and debt securities issued are recognised when they are originated. All other financial assets and liabilities are initially recognised at the trade date, i.e., when the Group becomes a contractual party to the financial instrument.

Except for trade receivables that do not comprise a significant financing component, financial assets are initially measured at fair value plus or minus, in the case of financial assets or liabilities not measured at FVTPL, the transaction costs directly attributable to the acquisition or issue of the financial asset. At the time of initial recognition, trade receivables that do not have a significant financing component are valued at their transaction price.

On initial recognition, a financial asset is classified based on its valuation: at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit/(loss) for the period (FVTPL).

Financial assets are not reclassified after initial recognition, unless the Group changes its business model for managing financial assets. In that case, all the financial assets concerned are reclassified on the first day of the first reporting period following the change in business model.

A financial asset shall be measured at amortised cost if both of the following conditions are met and if it is not designated at FVTPL:

- the financial asset is held as part of a business model whose objective is to hold the financial assets in order to collect the related contractual cash flows; and
- the contractual terms of the financial asset provide for cash flows at certain dates consisting solely of payments of principal and interest on the amount of principal to be repaid.

At the time of subsequent measurement, assets belonging to this category are valued at amortised cost, using the effective interest rate. The effects of measurement are recognised among the financial income components. These assets are also subject to the impairment model described in the paragraph Trade receivables, financial assets and other current and non-current receivables.

A financial asset shall be measured at FVOCI if both of the following conditions are met and if it is not designated at FVTPL:

- the financial asset is held as part of a business model whose objective is achieved both through the collection of the contractual cash flows and through the sale of the financial assets; and
- the contractual terms of the financial asset provide for cash flows at certain dates consisting solely of payments of principal and interest on the amount of principal to be repaid.

On initial recognition of a security not held for trading, the Group may make an irrevocable choice to present subsequent changes in fair value in the other components of the comprehensive income statement. This choice is made for each asset.

At the time of subsequent measurement, the measurement made at the time of recognition is updated and any changes in fair value are recognised in the statement of comprehensive income. As for the category above, these assets are subject to the impairment model described in the paragraph Trade receivables, financial assets and other current and non-current receivables.

All financial assets not classified as valued at amortised cost or at FVOCI, as indicated above, are valued at FVTPL. All derivative financial instruments are included. On initial recognition, the Group may irrevocably designate the financial asset as measured at fair value through profit/(loss) for the period if this eliminates or significantly reduces a misalignment in accounting that would otherwise result from measuring the financial asset at amortised cost or at FVOCI.

At the time of subsequent measurement, financial assets measured at FVTPL are valued at fair value. Gains or losses arising from changes in fair value are recognised in the consolidated income statement in the period in which they are recognised under financial income/expenses.

Financial assets are derecognised from the financial statements when the contractual rights to receive cash flows from them expire, when the contractual rights to receive cash flows from a transaction in which all the risks and rewards of ownership of the financial asset are materially transferred or when the Group neither transfers nor retains materially all the risks and rewards of ownership of the financial asset and does not retain control of the financial asset.

Financial liabilities are classified as valued at amortised cost or at FVTPL. A financial liability is classified at FVTPL when it is held for trading, it represents a derivative or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and any changes, including interest expense, are recognised in profit or loss for the period. Other financial liabilities are measured at amortised cost using the effective interest method. Interest expense and exchange rate gains/(losses) are recognised in profit/(loss) for the period, as are any gains or losses from derecognition.

The Group's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, other current and non-current assets and liabilities, investments, borrowings and derivative financial instruments.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term deposits held with banks and most liquid assets that are readily convertible into cash and that have insignificant risk of change in value. Bank overdrafts are recorded under current liabilities on the Group's consolidated statement of financial position.

Trade receivables, financial assets and other current and non-current receivables

Trade and other receivables, generated when the Group provides money, goods or services directly to a third party, are classified as current assets, except for items with maturity dates greater than twelve months after the reporting date.

Current and non-current financial assets, other current and non-current assets, trade receivables, excluding derivatives, with fixed maturity or determinable payment terms, are recognised at amortised cost calculated using the effective interest method. Notes receivable (due date greater than a year) with interest rate below that of the market rate are valued using the current market rate.

The financial assets listed above are valued based on the impairment model introduced by IFRS 9 or by adopting an expected loss model, replacing the IAS 39 framework, which is typically based on the valuation of the incurred loss.

For trade receivables, the Group adopts the so-called simplified approach, which does not require the recognition of periodic changes in credit risk, but rather the accounting of an Expected Credit Loss ("ECL") calculated over the entire life of the credit (so-called lifetime ECL).

In particular, the policy implemented by the Group provides for the stratification of trade receivables based on the days past due and an assessment of the solvency of the counterparty and applies different write-down rates that reflect the relative expectations of recovery. The Group then applies an analytical valuation of impaired receivables based on a debtor's reliability and ability to pay the due amounts.

The value of receivables is shown in the statement of financial position net of the related bad debt provision. Write-downs, made in accordance with IFRS 9, are recognised in the consolidated income statement net of any positive effects associated with reversals of impairment.

Financial liabilities, trade payables and other current and non-current payables

Trade and other payables arise when the Group acquires money, goods or services directly from a supplier. They are included within current liabilities, except for items with maturity dates greater than twelve months after the reporting date.

Financial liabilities, excluding derivatives, are recognised initially at fair value which represents the amount at which the asset was bought in a current transaction between willing parties, and subsequently measured at amortised cost using the effective interest method. Financial liabilities that are designated as hedged items are subject to the hedge accounting requirements.

Derivatives instruments

Consistent with the provisions of IFRS 9, derivative financial instruments may be accounted for using hedge accounting only when:

- the hedged items and the hedging instruments meet the eligibility requirements;
- at the beginning of the hedging relationship, there is a formal designation and documentation of the hedging relationship, of the Group's risk management objectives and the hedging strategy;
- the hedging relationship meets all of the following effectiveness requirements:
    - there is an economic relationship between the hedged item and the hedging instrument;
    - the effect of credit risk is not dominant with respect to the changes associated with the hedged risk;
    - the hedge ratio defined in the hedging relationship is met, including through rebalancing actions, and is consistent with the risk management strategy adopted by the Group.

Fair value hedge

A derivative instrument is designated as fair value hedge when it hedges the exposure to changes in fair value of a recognised asset or liability, that is attributable to a particular risk and could affect profit or loss. The gain or loss on the hedged item, attributable to the hedged risk, adjusts the carrying amount of the hedged item and is recognised in the consolidated income statement.

Cash flow hedge

When a derivative financial instrument is designated as a hedging instrument for exposure to variability in cash flows, the effective portion of changes in fair value of the derivative financial instrument is recognised among the other components of the comprehensive income statement and stated in the cash flow hedge reserve. The effective portion of changes in fair value of the derivative financial instrument that is recognised in the other components of the comprehensive income statement is limited to the cumulative change in the fair value of the hedged instrument (at present value) since the inception of the hedge. The ineffective portion of changes in fair value of the derivative financial instrument is recognised immediately in the profit/(loss) for the period.

If the hedge ceases to meet the eligibility criteria or the hedging instrument is sold, matures or is exercised, hedge accounting ceases prospectively. When hedge accounting for cash flow hedges ceases, the accrued amount in the cash flow hedge reserve remains in equity until, in the case of a hedge of a transaction that results in the recognition of a non-financial asset or non-financial liability, it is included in the cost of the non-financial asset or non-financial liability on initial recognition or, in the case of other cash flow hedges, it is reclassified in profit or loss for the period in the same period or periods in which the hedged expected future cash flows affects profit/(loss) for the period.

If no more hedged future cash flows are expected, the amount shall be reclassified immediately from the cash flow hedge reserve and the reserve for hedging costs to profit/(loss) for the period.

If hedge accounting cannot be applied, gains or losses, arising from the fair value measurement of a derivative financial instrument, are immediately recognised in income statement.

Following the hedging relationships put in place, revenues in foreign currencies are translated in the consolidated financial statements at the corresponding forward rate for the relative hedged volume.

2.11. EMPLOYEE BENEFITS

Short-term employee benefits, such as wages, salaries, social security contributions, paid leave and annual leave due within twelve months of the consolidated statement of financial position date and all other fringe benefits are recognised in the year in which the service is rendered by the employee.

Benefits granted to employees, which are payable on or after the termination of employment through defined benefit and contribution plans, are recognised over the vesting period.

Defined benefit schemes

Defined benefit schemes are retirement plans determined based on employees' remuneration and years of service.

The Group obligation to contribute to employees' benefit plans and the related current service cost are determined by using an actuarial valuation defined as the projected unit credit method. The cumulative net amount of all actuarial gains and losses are recognised in equity within other comprehensive income.

The amount recognised as a liability under the defined benefit plans is the present value of the related obligation, taking into consideration expenses to be recognised in future periods for employee service in prior periods.

Defined contribution schemes

Contribution made to a defined contribution plan is recognised as an expense in the income statement in the period in which the employees render the related service.

Up to 31 December 2006 Italian employees were eligible to defined benefit schemes referred as post-employment benefit ("TFR"). With the act n. 296 as of 27 December 2006 and subsequent decrees ("Pension Reform") issued in early 2007, the rules and the treatment of TFR scheme were changed. Starting from contribution vested on or after 1 January 2007 and not yet paid at the reporting date, referring to entities with more than 50 employees, Italian post-employment benefits is recognised as a defined contribution plan. The contribution vested up to 31 December 2006 is still recognised as a defined benefit plan and accounted for using actuarial assumptions.

2.12. PROVISION FOR RISKS AND CHARGES

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic resources will be required to settle the obligation and where the amount of the obligation can be reliably estimated.

Restructuring provision is recognised when the Group has a detailed formal restructuring plan and the plan has been implemented or the restructuring plan has been publicly announced. Identifiable future operating losses up to the date of a restructuring are not included in the provision.

Changes in estimates are recognised in the income statement in the period in which they occur.

2.13. SHARE-BASED PAYMENTS

The fair value at grant date of the incentives granted to employees in the form of share-based payments, that are equity settled, is usually included in expenses with a matching increase in equity over the period during which the employees obtain the incentives rights. The amount recognised as an expense is adjusted to reflect the actual number of incentives for which the continued service conditions are met and the achievement of non-market conditions, so that the final amount recognised as an expense, is based on the number of incentives that fulfil these conditions at the vesting date. In case the incentives granted as share-based payments whose conditions are not to be considered to maturity, the fair value at the grant date of the share-based payment is measured to reflect such conditions. With reference to the non-vesting conditions, any difference between amounts at the grant date and the actual amounts will not have any impact on the Consolidated Financial Statements.

The fair value of the amount payable to employees related to share appreciation rights, settled in cash, is recognised as an expense with a corresponding increase in liabilities over the period during which the employees unconditionally become entitled to receive the payment. The liability is measured at year-end and the settlement date based on the fair value of the share appreciation rights. Any changes in the fair value of the liability are recognised in profit or loss for the year.

2.14. REVENUE RECOGNITION

Based on the five-step model introduced by IFRS 15, the Group recognises revenues after identifying the contracts with its clients and the related services to be provided (transfer of goods and/or services), determining the consideration which it believes it is entitled to in exchange for the provision of each of these services and assessing the manner in which these services are provided (at a given time or over time).

Wholesale sales are recognised when goods are dispatched to trade customers, reflecting the transfer of risks and rewards. The provision for returns and discounts is estimated and accounted based on future expectation, taking into consideration historical return trends and is recorded as a variable component of the contractual consideration with the concurrent recognition of a liability for returns and of the corresponding asset in the statement of financial position.

Variable components of the consideration (for example, the effect of returns) are recognised in the financial statements only when it is highly probable that there will be no significant adjustment to the amount of revenue recognised in the future.

Retail sales are recognised at the date of transactions with final customers.

Royalties received from licensee are accrued as earned on the basis of the terms of the relevant royalty agreement which is typically based on sales volumes.

Upon receipt of an advance payment from a client, the Group recognises the amount of the advance payment for the obligation to transfer assets in the future under Other current liabilities and derecognises this liability by recognising the revenue when the assets are transferred.

The Group recognises the amounts paid to customers as a reduction in revenues when the costs for services cannot be reliably estimated or in costs when the costs for services can reliably be estimated.

2.15. BORROWING COSTS

Borrowing costs are recognised on an accrual basis taking into consideration interest accrued on the net carrying amount of financial assets and liabilities using the effective interest rate method.

2.16. TAXATION

Tax expense, recognised in the consolidated income statement, represents the aggregated amount related to current tax and deferred tax.

Current taxes are determined in accordance with enforced rules established by local tax authorities. Current taxes are recognised in the consolidated income statement for the period, except to the extent that the tax arises from transactions or events which are recognised directly either in equity or in other comprehensive income.

Deferred tax liabilities and assets are determined based on temporary taxable or deductible differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group Consolidated Financial Statements. Current and deferred tax assets and liabilities are offset when income taxes are levied by the same tax authority and when there is a legally enforceable right to offset the amounts.

Deferred tax liabilities and assets are determined using tax rates that have been enacted by the reporting date and are expected to be enforced when the related deferred income tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are not discounted.

Deferred tax assets recognised on tax losses and on deductible differences are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Tax liabilities include the estimate of risks associated with uncertainties on the tax treatments adopted for determining income taxes in accordance with the new IFRIC 23. These uncertainties can arise from: i) unclear or complex tax rules; ii) changes in tax regulations or clarifications by tax authorities; iii) ongoing tax audits and/or disputes; iv) public information on ongoing tax assessments and/or disputes involving other entities.

2.17. EARNINGS PER SHARE

The Group presents the basic and diluted earnings per share. The basic earnings per share is calculated by dividing the profit or loss attributable to holders of the Company shares by the weighted average of the number of shares for the financial year (defined as equal to the share capital), adjusted to consider any treasury shares held. The diluted earnings per share is calculated by adjusting the profit or loss attributable to shareholders and the weighted average of the number of company shares as defined above, to consider the effects of all potential shares with a dilution effect.

2.18. SEGMENT INFORMATION

For the purposes of IFRS 8 *Operating Segments*, the Group's business can be classified to two operating segments, relating to the Moncler and the Stone Island business, aggregated into a single segment, with similar characteristics to those required by the Standard.

2.19. FAIR VALUE

IFRS 13 is the only point of reference for the fair value measurement and related disclosures when such an assessment is required or permitted by other standards. Specifically, the principle defines fair value as the consideration received for the sale of an asset or the amount paid to settle a liability in a regular transaction between market participants at the measurement date. In addition, the new standard replaces and provides for additional disclosures required in relation to fair value measurements by other accounting standards, including IFRS 7.

IFRS 13 establishes a hierarchy that classifies within different levels the inputs used in the valuation techniques necessary to measure fair value. The levels, presented in a hierarchical order, are as follows:

- level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: it Fair values measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- level 3: Fair values measured using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

2.20. PUT & CALL AGREEMENTS WITH MINORITY SHAREHOLDERS

The Group records the financial liabilities relating to put options granted to minority shareholders at the present value of the option exercise price. On the initial recognition of the liability, this value is reclassified from equity by reducing the minority share if the terms and conditions of the put option give the Group access to the economic benefi ts associated with the share of the capital option. The Group accounts for this share as if it had already been purchased in application of the anticipated interest method. The liability is subsequently restated at each closing date in accordance with the provisions of IFRS 9.

2.21. ACCOUNTING STANDARDS AND RECENTLY PUBLISHED INTERPRETATIONS

Accounting standards, amendments and interpretations effective from 1 January 2021

DOCUMENT TITLE	ISSUED DATE	EFFECTIVE DATE	APPROVAL DATE	EU REGULATION AND DATE OF PUBBLICATION
Interest rate benchmark reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	August 2020	1 January 2021	13 January 2021	(UE) 2021/25 14 Janaury 2021
COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	March 2021	1 April 2021	30 August 2021	(UE) 2021/1421 31 August 2021
Extension of the temporary exemption from applying IFRS 9 (Amendments to IFRS 4)	June 2020	1 Januay 2021	15 December 2020	(UE) 2020/2097 16 December 2020

<u>New standards and interpretations not yet effective and not early adopted by the Group</u>

At the date when these annual financial statements were prepared, the European Union's competent authorities concluded the approval process needed for the adoption of the accounting standards and amendments described below. With reference of the applicable principles, the Group has decided not to exercise the option of the early adoption, if applicable.

DOCUMENT TITLE	ISSUED DATE	EFFECTIVE DATE	APPROVAL DATE	EU REGULATION AND DATE OF PUBBLICATION
Annual Improvements to IFRS Standards (2018–2020 Cycle) [Amendments to IFRS 1, IFRS 9, IFRS 7, IFRS 16 and IAS 41]	May 2020	1 January 2022	28 June 2021	(UE) 2021/1080 2 July 2021
Property, plant and equipment: proceeds before intended use (Amendments to IAS 16)	May 2020	1 January 2022	28 June 2021	(UE) 2021/1080 2 July 2021

Onerous contracts - Cost of fulfilling a contract (Amendments to IAS 37)	May 2020	1 January 2022	28 June 2021	(UE) 2021/1080 2 July 2021
Reference to the Conceptual Framework (Amendments to IFRS 3)	May 2020	1 January 2022	28 June 2021	(UE) 2021/1080 2 July 2021
IFRS 17 Insurance contracts (incuding amendments published on June 2020)	May 2017 June 2020	1 January 2023	19 November 2021	(UE) 2021/2036 23 November 2021

In addition, at the date of these financial statements, the competent bodies of the European Union had not yet completed their endorsement process for the following accounting standards and amendments:

DOCUMENT TITLE	ISSUE DATE BY IASB	EFFECTIVE DATE OF IASB DOCUMENT	APPROVAL DATE BY EU
Standards			
IFRS 14 Regulatory Deferral Accounts	January 2014	1 January 2016	Postponed pending the conclusion of the IASB project on "rate-regulated activities".
Amendments			
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	September 2014	Deferred until the completion of the IASB project on the equity method	Postponed pending the conclusion of IASB project on the equity method
Classification of Liabilities as Current or Non-current (Amendments to IAS 1), including subsequent amendment issued in July 2020	January 2020 July 2020	1 January 2023	TBD
Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2)	February 2021	1 January 2023	TBD
Definition of Accounting Estimates (Amendments to IAS 8)	February 2021	1 January 2023	TBD

Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)	May 2021	1 January 2023	TBD
Initial Application of IFRS 17 and IFRS 9— Comparative Information (Amendment to IFRS 17)	December 2021	1 January 2023	TBD

The Group will comply with these new standards and amendments based on their relevant effective dates when endorsed by the European Union and it will evaluate their potential impacts on the Consolidated Financial Statements.

3. SCOPE FOR CONSOLIDATION

As at 31 December 2021 the Consolidated Financial Statements of the Moncler Group include the parent company Moncler S.p.A. and 47 consolidated subsidiaries, as detailed in the following table:

Investments (in associates for consolidation)	Registered office	Share capital	Currency	% of ownership	Parent company
Moncler S.p.A.	Milan (Italy)	54,736,558	EUR		
Industries S.p.A.	Milan (Italy)	15,000,000	EUR	100.00%	Moncler S.p.A.
Moncler Deutschland GmbH	Munich (Germany)	700,000	EUR	100.00%	Industries S.p.A.
Moncler España S.L.	Madrid (Spain)	50,000	EUR	100.00%	Industries S.p.A.
Moncler Asia Pacific Ltd	Hong Kong (China)	300,000	HKD	100.00%	Industries S.p.A.
Moncler France S.à.r.l.	Paris (France)	8,000,000	EUR	100.00%	Industries S.p.A.
Moncler USA Inc	New York (USA)	1,000	USD	100.00%	Industries S.p.A.
Moncler UK Ltd	London (United Kingdom)	2,000,000	GBP	100.00%	Industries S.p.A.
Moncler Japan Corporation (*) (**)	Tokyo (Japan)	104,776,859	JPY	94.94%	Industries S.p.A.
Moncler Shanghai Commercial Co. Ltd	Shanghai (China)	82,483,914	CNY	100.00%	Industries S.p.A.
Moncler Suisse SA	Chiasso (Switzerland)	3,000,000	CHF	100.00%	Industries S.p.A.
Moncler Belgium S.p.r.l.	Bruxelles (Belgium)	1,800,000	EUR	100.00%	Industries S.p.A.
Moncler Denmark ApS	Copenhagen (Denmark)	2,465,000	DKK	100.00%	Industries S.p.A.
Moncler Holland B.V.	Amsterdam (Holland)	18,000	EUR	100.00%	Industries S.p.A.
Moncler Hungary KFT	Budapest (Hungary)	150,000,000	HUF	100.00%	Industries S.p.A.
Moncler Istanbul Giyim ve Tekstil Ticaret Ltd. Sti. (*)	Istanbul (Turkey)	1,000,000	TRY	51.00%	Industries S.p.A.
Moncler Rus LLC	Moscow (Russian Federation)	590,000,000	RUB	99,99% 0,01%	Industries S.p.A. Moncler Suisse SA
Moncler Brasil Comércio de moda e acessòrios Ltda.	Sao Paulo (Brazil)	10,000,000	BRL	95,00% 5,00%	Industries S.p.A. Moncler USA Inc
Moncler Taiwan Limited	Taipei (China)	10,000,000	TWD	100.00%	Industries S.p.A.
Moncler Canada Ltd	Vancouver (Canada)	1,000	CAD	100.00%	Industries S.p.A.
Moncler Prague s.r.o.	Prague (Czech Republic)	200,000	CZK	100.00%	Industries S.p.A.
White Tech Sp.zo.o.	Katowice (Poland)	369,000	PLN	70.00%	Industries S.p.A.
Moncler Korea Inc. (*)	Seoul (South Korea)	2,833,000,000	KRW	90.01%	Industries S.p.A.
Moncler Middle East FZ-LLC	Dubai (United Arab Emirates)	3,050,000	AED	100.00%	Industries S.p.A.
Moncler Singapore PTE, Limited	Singapore	5,000,000	SGD	100.00%	Industries S.p.A.
Industries Yield S.r.l.	Bacau (Romania)	25,897,000	RON	99,00% 1,00%	Industries S.p.A. Moncler Deutschland GmbH
Moncler UAE LLC (*)	Abu Dhabi (United Arab Emirates	1,000,000	AED	49.00%	Moncler Middle East FZ-LLC
Moncler Ireland Limited	Dublin (Ireland)	350,000	EUR	100.00%	Industries S.p.A.
Moncler Australia PTY LTD	Melbourne (Australia)	2,500,000	AUD	100.00%	Industries S.p.A.
Moncler Kazakhstan LLP	Almaty (Kazakhstan)	250,000,000	KZT	99,00% 1,00%	Industries S.p.A. Moncler Rus LLC
Moncler Sweden AB	Stockholm (Sweden)	1,000,000	SEK	100.00%	Industries S.p.A.
Moncler Norway AS	Oslo (Norway)	3,000,000	NOK	100.00%	Industries S.p.A.
Moncler Mexico, S. de R.L. de C.V.	Mexico City (Mexico)	33,000,000	MXN	99,00% 1,00%	Industries S.p.A. Moncler USA Inc
Moncler Mexico Services, S. de R.L. de C.V.	Mexico City (Mexico)	11,000,000	MXN	99,00% 1,00%	Industries S.p.A. Moncler USA Inc
Moncler Ukraine LLC	Kiev (Ukraine)	47,367,417	UAH	99,99% 0,01%	Industries S.p.A. Moncler Suisse SA
Moncler New Zealand Limited	Auckland (Nuova Zelanda)	2,000,000	NZD	100.00%	Industries S.p.A.
Sportswear Company S.p.A.	Bologna (Italia)	10,084,166	EUR	100.00%	Moncler S.p.A.
Stone Island Retail S.r.l.	Bologna (Italia)	99,000	EUR	100.00%	Sportswear Company S.p.A.
Stone Island Germany Gmbh	Monaco (Germania)	500,000	EUR	100.00%	Sportswear Company S.p.A.
Stone Island Antwerp Bvba	Anversa (Belgio)	400,000	EUR	100.00%	Sportswear Company S.p.A.
Stone Island Amsterdam BV	Amsterdam (Olanda)	25,000	EUR	100.00%	Sportswear Company S.p.A.
Stone Island Usa Inc	New York (USA)	2,500,000	USD	100.00%	Sportswear Company S.p.A.
Officina della Maglia S.r.l.	Carpi (Italia)	10,000	EUR	100.00%	Sportswear Company S.p.A.
Stone Island Canada Inc	Toronto (Canada)	500,000	CAD	100.00%	Sportswear Company S.p.A.
Stone Island Logistics Srl	Bologna (Italia)	50,000	EUR	100.00%	Sportswear Company S.p.A.
Stone Island China Co. Ltd	Shanghai (Cina)	2,500,000	EUR	100.00%	Sportswear Company S.p.A.
Stone Island France S.a.s.	Saint Priest (Francia)	50,000	EUR	100.00%	Sportswear Company S.p.A.

(*) Fully consolidated (without attribution of interest to third parties)
(**) Share capital value and % of ownership take into consideration the treasury shares held by Moncler Japan Corporation.

On 31 March 2021, Moncler S.p.A. completed its acquisition of the entire share capital of Sportswear Company S.p.A., which owns the Stone Island brand, and its subsidiaries and associates. These companies became part of the scope of consolidation as of 1 April 2021.

We highlighted that, in the first quarter of 2021, the Group, in accordance with pre-existing agreements, acquired, from the local partner, the third tranche (equal to 29% of total share capital) of the partner's stake in Moncler Japan Corporation, bringing the percentage of ownership to 94.9%.

In the fourth quarter of 2021 Sportswear Company S.p.A. acquired 24.9% of Officina della Maglia S.r.l. from the minority shareholder, thus increasing its percent ownership to 100%. The liquidation process for Moncler Sylt Gmbh was also completed.

Please note that Moncler Korea Inc., Moncler Istanbul Giyim ve Tekstil Ticaret Ltd. sti. and Moncler Japan Corporation, are fully consolidated, same as in the previous periods, without attribution of interest to third parties, following to the accounting treatment of the agreements between the partners.

3.1. STONE ISLAND ACQUISITION

On 31 March 2021, Moncler S.p.A. acquired 100% of Sportswear Company S.p.A., the company that owns the Stone Island brand. The terms of the transactions are governed by a framework agreement signed between Moncler S.p.A., on one hand, and Rivetex S.r.l., on the other, (a company referable to Carlo Rivetti, owner of a stake equal to 50.10% of Sportswear Company S.p.A.'s capital) and other shareholders of Sportswear Company S.p.A., referable to the Rivetti family, owners of a stake equal to 19.90% of Sportswear Company S.p.A.'s capital.

In the 9-month period ended 31 December 2021, the Stone Island Group generated revenue of EUR 221.9 million (EUR 310.0 million from the beginning of the year) and a profit of EUR 45,0 million (EUR 62.0 million from the beginning of the year).

If the acquisition had taken in place on 1 January 2021, Group consolidated revenues would have been equal to EUR 2,134.2 million and the consolidated profit for the year would have been equal to EUR 410.5 million. In calculating the aforementioned amounts, it was assumed that the fair value adjustments at the acquisition date would have been the same even if the acquisition had taken in place on 1 January 2021.

<u>Consideration transferred</u>

The table below shows the fair value of the components of the consideration transferred as at the acquisition date:

(Euro/000)	
Cash	574,999
Equity instruments (n. 15,330,166 ordinary shares)	575,001
Total consideration transferred	1,150,000

<u>Equity instruments issued</u>

The fair value of the ordinary shares issued is based on the company's market price as at 31 March 2021, which was EUR 37.51 per share.

<u>Acquisition-related costs</u>

In 2021 the Group incurred costs related to the acquisition and the associated share capital increase of EUR 4.3 million. They include legal and notary costs, due diligence, financial advisor, fairness opinion and tobin tax costs, of which EUR 3.6 million recognised in the caption general and administrative expenses and EUR 0.7 million recorded in shareholders' equity as they pertain to the capital increase.

Purchase Price Allocation

The amounts relating to the allocation of the excess price are summarized below.

(Euro/000)	
Total consideration transferred	1,150,000
Equity acquired	(129,015)
Excess price	1,020,985
Brand	775,454
Order Backlog	20,226
Deferred tax liabilities	(221,995)
Goodwill	447,300
Purchase Price Allocation	1,020,985

The amounts of the shareholders' equity acquired and those deriving from the Purchase Price Allocation are detailed below.

(Euro/000)	Equity acquired	Purchase Price Allocation	Total consideration transferred
Goodwil	535	447,300	447,835
Brand	0	775,454	775,454
Order Backlog	0	20,226	20,226
Other intangible assets	5,246	0	5,246
Tangible assets	21,930	0	21,930
Right of use assets	65,018		65,018
Net working capital	76,132	0	76,132
Net financial position	28,124	0	28,124
Lease liabilties	(66,272)		(66,272)
Deferred tax assets/(liabiities)	9,533	(221,995)	(212,462)
Other current/non current assets/(liabilities)	(10,819)	0	(10,819)
Third party equity	(412)	0	(412)
Total	129,015	1,020,985	1,150,000

Following the Purchase Price Allocations, in addition to the net identifiable assets of EUR 702.7 million, goodwill of EUR 447.3 million was recorded, calculated as a residual value.

Fair value measurement

The valuation methods used to determine the fair value of the main assets acquired are set out below.

Assets acquired	Evaluation method
Brand	Royalty Relief Method, on the basis of which flows are associated with the recognition of a royalty percentage applied to the amount of revenue that can be generated by the trademark The valuation is based on the assumption of an indefinite useful life of the asset.
Order Backlog	Multi excess earnings Method, which considers the present value of net cash flows that are expected from customer orders already in the portfolio at the acquisition date, excluding flows related to Contributory Assets Charges.

Deferred tax liabilities were calculated on the net identifiable assets arising from the Purchase Price Allocation (Brand and Order Backlog) considering a tax rate of 27.9%.

The Purchase Price Allocation was prepared by the company Moncler S.p.A. with the support of a leading consulting company.

On 30 December 2021, following the partial demerger of Sportswear Company S.p.A. in favour of Moncler S.p.A., the latter was assigned the assets of Sportswear Company S.p.A. represented by the Stone Island brand and the set of assets and contracts that compose the Style and Marketing divisions.

This transaction has no effect on the Group's consolidated financial and economic results.

4. COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

4.1. REVENUES

Revenues by brand

(Euro/000)	2021	%	2020	%
Total revenues	2,046,103	100.0%	1,440,409	100.0%
Moncler	1,824,166	89.2%	1,440,409	100.0%
Stone Island	221,936	10.8%	0	0.0%

In 2021, Moncler Group reached consolidated revenue of EUR 2,046.1 million up 42.1% compared to the same period of 2020. These results include Moncler brand revenue equal to EUR 1,824.2 million and Stone Island brand revenue, consolidated since 1 April, equal to EUR 221.9 million.

ANALYSIS OF MONCLER BRAND REVENUES

In 2021, Moncler brand revenues were equal to EUR 1,824.2 million, up 26.6% growth compared to 2020. This strong and constant acceleration of the Brand throughout 2021 further strengthened in the fourth quarter supported by the effectiveness of the strategies implemented, the success of the collections and the development of the DTC channel, in particular of the direct online.

Revenues by geography

Sales are broken down by geographical area as reported in the following table:

Revenues by geography						
(Euro/000)	2021	%	2020	%	Variation	% Variation
Asia	894,817	49.1%	717,860	49.8%	176,957	24.7%
EMEA	624,469	34.2%	501,883	34.9%	122,586	24.4%
Americas	304,881	16.7%	220,666	15.3%	84,215	38.2%
Total	1,824,166	100.0%	1,440,409	100.0%	383,758	26.6%

In 2021, revenues in Asia (which includes APAC, Japan and Korea) were equal to EUR 894.8 million registering a +24.7% growth compared to the same period of 2020, thanks to the continued excellent performance of China and Korea.

In EMEA, revenues increased +24.4%. All channels and countries contributed to this result, in particular the direct online channel. The wholesale channel also recorded solid growth.

The Americas posted a +38.2% growth compared to 2020, thanks mainly to the DTC channel.

Revenues by channel

Revenues by distribution channels are broken down as follows:

(Euro/000)	2021	%	2020	%
Total revenues of which:	1,824,166	100.0%	1,440,409	100.0%
- Wholesale	394,947	21.7%	350,913	24.4%
- DTC	1,429,219	78.3%	1,089,496	75.6%

Revenues are made through two main distribution channels, DTC and wholesale. The DTC channel includes stores that are directly managed by the Brand (free-standing stores, concessions, e-commerce and factory outlet), while the wholesale channel includes stores managed by third parties that sell Moncler products either in single-brand spaces (i.e. shop-in-shop) or inside multi-brand stores (both physical and online).

In 2021, the DTC channel recorded revenues of EUR 1,429.2 million growing +31.2% compared to 2020.

The wholesale channel registered revenues equal to EUR 394.9 million with a 12.5% growth compared to 2020.

ANALYSIS OF MONCLER BRAND REVENUE

In 2021 (1 January – 31 December), Stone Island generated EUR 310.0 million revenues, of which EUR 221.9 million generated since 1 April and consolidated in Moncler Group.

EMEA is the most important region for Stone Island, contributing to 77% of the revenues in the consolidated period. Asia contributed 13% of Stone Island revenues for the consolidated period and Americas the remaining 10%.

The wholesale channel represented 71% of total revenue in the consolidated period with very good performances in all markets. Significant also the development of the DTC channel, both physical and digital.

4.2. COST OF SALES

In 2021, cost of sales increased by EUR 128.4 million in absolute terms (+36.6%), going from EUR 350.8 million in 2020 to EUR 479.2 million in 2021. Cost of sales as a percentage of sales has decreased, going from 24.4% in 2020 to 23.4% in 2021.

4.3. SELLING EXPENSES

In 2021 selling expenses amounted to EUR 608.5 million (EUR 463.6 million in 2020), increasing EUR 144.9 million between 2020 and 2021.

Selling expenses in 2021 represented 29.7% of revenues compared to 32.2% in 2020. The Group recorded a reduction in the incidence of selling expenses thanks to a greater control over costs relating to the management of the stores, in particular in terms of rents and personnel.

Selling expenses mainly include rent costs excluded from the application of the IFRS 16 for EUR 143.6 million (EUR 110.7 million of total rent costs in 2020), personnel costs for EUR 136.9 million (EUR 107.3 million in 2020) costs for depreciation of the right of use for EUR 126.4 million (EUR

113.1 million in 2020) and other amortisation and depreciation for EUR 66.3 million (EUR 62.6 million in 2020).

During the year, the Group continued the negotiations with main landlords to review rents, in light of the effects of the Covid-19 pandemic. The economic benefits, equal to EUR 14.4 million (EUR 26.2 million in 2020), have been reflected in the results of the period and were recognised under this item according to the practical expedient introduced by the amendment to IFRS 16 published in 2020.

The item also includes costs related to stock-based compensation plans for EUR 5.4 million (EUR 6.1 million in 2020).

4.4. GENERAL AND ADMINISTRATIVE EXPENSES

In 2021, general and administrative expenses amounted to EUR 237.1 million, up EUR 63.7 million when compared to last year.

General and administrative expenses represented 11.6% of turnover, in respect to 12.0% in 2020.

The item also includes costs related to stock-based compensation plans for EUR 23.2 million (EUR 24.9 million in 2020).

4.5. MARKETING EXPENSES

Marketing expenses were EUR 142.1 million, representing 6.9% of revenues in respect to 5.8% recorded in 2020, when marketing expenses were significantly reduced as a consequence of the pandemic.

4.6. OPERATING RESULT

In 2021, the operating result of the Moncler Group amounted to EUR 579.2 million, compared to EUR 368.8 million in 2020, representing an EBIT margin of 28.3% (25.6% in 2020).

4.7. FINANCIAL INCOME AND EXPENSES

The caption is broken down as follows:

(Euro/000)	2021	2020
Interest income and other financial income	3,061	759
Total financial income	3,061	759
Interests expenses and other financial	(3,750)	(2,002)
Foreign currency differences - negative	(1,332)	(1,038)
Total financial expenses	(5,082)	(3,040)
Total net excluded interests on lease liabilities	(2,021)	(2,281)
Interests on lease liabilities	(19,587)	(21,021)
Total net	(21,608)	(23,302)

4.8. INCOME TAX

The income tax effect on the consolidated income statement is as follows:

(Euro/000)	2021	2020
Current income taxes	(178,961)	(130,998)
Deferred tax (income) expenses	14,902	85,845
Income taxes charged in the income statement	(164,059)	(45,153)

Deferred taxes in 2020 included the release deriving from the realignment of the Moncler trademark's tax value to the statutory value.

For the breakdown of deferred tax assets and liabilities by nature, please see paragraph 5.4.

The reconciliation between the theoretical tax burden by applying the theoretical rate of the parent company, and the effective tax burden is shown in the following table:

Reconciliation theoretic-effective tax rate (Euro/000)	Taxable Amount 2021	Tax Amount 2021	Tax rate 2021	Taxable Amount 2020	Tax Amount	Tax rate 2020
Profit before tax	557,612			345,519		
Income tax using the Company's theoretic tax rate		(133,827)	24.0%		(82,925)	24.0%
Temporary differences		(18,810)	3.4%		(20,872)	6.0%
Permanent differences		(2,193)	0.4%		(8,467)	2.5%
Other differences		(24,131)	4.3%		(18,734)	5.4%
Deferred taxes recognized in the income statement		14,902	(2.7)%		85,845	(24.8)%
Income tax at effective tax rate		(164,059)	29.4%		(45,153)	13.1%

Deferred taxes in 2020 mainly included the benefit deriving from the release of deferred tax liabilities resulting from the realignment of Moncler trademark's tax value to the statutory value.

4.9. PERSONNEL EXPENSES

The following table lists the details of the main personnel expenses by nature, compared with those of the previous year:

(Euro/000)	2021	2020
Wages and salaries and Social security costs	(216,920)	(161,874)
Accrual for employment benefits	(15,956)	(10,943)
Total	(232,876)	(172,817)

During the period, personnel expenses increased by 34.8%, from EUR 172.8 million in 2020 to EUR 232.9 million in 2021. This increase incorporates the effects of the inclusion of Stone Island in 2021, while 2020 had benefited from government contributions to support employment for the Covid-19 emergency.

The remuneration related to the members of the Board of Directors is commented separately in the related-party section (note 10.1).

The costs related to the stock based compensation plans, equal to EUR 28.6 million in 2021 (EUR 31.0 million in 2020) are separately commented in note 10.2.

The following table analyses the number of employees (full-time-equivalent) in 2021 compared to the prior year:

Average FTE by area		
FTE	2021	2020
Italy	1,395	1,027
Other European countries	1,720	1,655
Asia and Japan	1,167	1,102
Americas	353	307
Total	4,635	4,091

The actual number of employees of the Group as at 31 December 2021 was 5,290 unit (4,398 as at 31 December 2020).

4.10. DEPRECIATION AND AMORTISATION

Depreciation and amortisation are broken down as follows:

(Euro/000)	2021	2020
Depreciation of property, plant and equipment	(208,276)	(185,302)
Amortization of intangible assets	(38,243)	(15,674)
Total Depreciation and Amortization	(246,519)	(200,976)

The increase in both depreciation and amortisation was mainly due to investments made for the new store openings or the relocation/expansion of already existing stores, in IT, logistic and operation.

The amortisation related to the right of use amounted to EUR 137.5 million (EUR 120.8 million in 2020), as explained in paragraphs 5.3.

Please refer to comments made in notes 5.1 and 5.3 for additional details related to investments made during the year.

5. COMMENTS ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

5.1. GOODWILL, BRANDS AND OTHER INTANGIBLE ASSETS

Brands and other intangible assets (Euro/000)	31 December 2021			31 December 2020
	Gross value	Accumulated amortization and impairment	Net value	Net value
Brands	999,354	0	999,354	223,900
Key money	68,576	(53,557)	15,019	15,104
Software	105,728	(59,298)	46,430	37,004
Other intangible assets	31,455	(29,145)	2,310	2,147
Assets in progress	6,961	0	6,961	4,153
Goodwill	603,417	0	603,417	155,582
Total	1,815,491	(142,000)	1,673,491	437,890

Intangible assets changes are shown in the following tables:

As at 31 December 2021

Gross value Brands and other intangible assets (Euro/000)	Brands	Key money	Software	Other intangible assets	Assets in progress and advances	Goodwill	Total
1 January 2021	223,900	56,837	77,839	10,888	4,153	155,582	529,199
Acquisitions	0	0	13,734	931	6,239	0	20,904
Disposals	0	0	(121)	(587)	0	0	(708)
Changes in consolidation area	775,454	10,799	6,799	20,226	3	447,835	1,261,116
Translation adjustement	0	940	76	(19)	2	0	999
Other movements, including transfers	0	0	7,401	16	(3,436)	0	3,981
31 December 2021	999,354	68,576	105,728	31,455	6,961	603,417	1,815,491

Accumulated amortization and impairment Brands and other intangible assets (Euro/000)	Brands	Key money	Software	Other intangible assets	Assets in progress and advances	Goodwill	Total
1 January 2021	0	(41,733)	(40,835)	(8,741)	0	0	(91,309)
Amortization	0	(3,927)	(13,313)	(21,003)	0	0	(38,243)
Disposals	0	0	51	586	0	0	637
Changes in consolidation area	0	(7,211)	(5,144)	0	0	0	(12,355)
Translation adjustement	0	(686)	(57)	13	0	0	(730)
Other movements, including transfers	0	0	0	0	0	0	0
31 December 2021	0	(53,557)	(59,298)	(29,145)	0	0	(142,000)

As at 31 December 2020

Gross value Brands and other intangible assets (Euro/000)	Brands	Key money	Software	Other intangible assets	Assets in progress and advances	Goodwill	Total
1 January 2020	223,900	57,690	58,597	10,078	5,416	155,582	511,263
Acquisitions	0	0	13,960	682	3,307	0	17,949
Disposals	0	0	(295)	(34)	0	0	(329)
Translation adjustement	0	(853)	(253)	(22)	0	0	(1,128)
Other movements, including transfers	0	0	5,830	184	(4,570)	0	1,444
31 December 2020	223,900	56,837	77,839	10,888	4,153	155,582	529,199

Accumulated amortization and impairment Brands and other intangible assets (Euro/000)	Brands	Key money	Software	Other intangible assets	Assets in progress and advances	Goodwill	Total
1 January 2020	0	(37,177)	(31,193)	(7,921)	0	0	(76,291)
Depreciation	0	(4,978)	(9,831)	(865)	0	0	(15,674)
Disposals	0	0	6	32	0	0	38
Translation adjustement	0	422	183	13	0	0	618
Other movements, including transfers	0	0	0	0	0	0	0
31 December 2020	0	(41,733)	(40,835)	(8,741)	0	0	(91,309)

The increase in intangible assets reflects the acquisition of Stone Island; more specifically, the increase in the items Brands, Other intangible assets and Goodwill is due to the recognition of the Stone Island brand, the order backlog and the goodwill arising from the mentioned Purchase Price Allocation. The order backlog was fully amortised during the year.

The increase in the caption software and assets in progress and advances pertained to the investments in information technology to support the business and the corporate functions and for the e-commerce internalization project.

Please refer to the Directors' report for additional information related to investments made during the year.

5.2. IMPAIRMENT OF INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE AND GOODWILL

The captions Brands, Other intangible fixed assets with an indefinite useful life and Goodwill deriving from previous acquisitions have not been amortised, but have been tested for impairment by management.

The impairment tests on the Moncler brand and on the Stone Island brand were performed by comparing its carrying value with that derived from the discounted cash flow method applying the Royalty Relief Method, based on which the cash flows are linked to the recognition of a royalty percentage applied to revenues that the brand is able to generate.

The recoverable amount of Moncler goodwill and of Stone Island goodwill have been tested based on the "asset side" approach which compares the value in use of the cash-generating unit with the carrying amount of its net invested capital.

For the 2021 valuation, the expected cash flows and revenues are based on the 2022-2024 Business Plan approved by the Board of Directors on 24 february 2022 and for 2025-2026 on the basis of management estimates consistent with the expected development plans.

The "g" rate used was 2.5%.

The discount rate was calculated using the Weighted Average Cost of Capital (WACC), by weighting the expected rate of return on invested capital, net of hedging costs from a sample of companies within the same industry. The calculation took into account fluctuation in the market as compared to the previous year and the resulting impact on interest rates. The weighted average cost of capital (WACC) was calculated at 8%.

The results of the sensitivity analysis indicated that the carrying amount of the Moncler brand is in line with the benchmark with a "g" rate = 0% and WACC = 87.7% and the carrying amount of the Stone Island brand with a "g" rate = 0% and WACC = 8.1%

Similarly, the same sensitivity analysis applied to the group of cash-generating unit Moncler and to the cash-generating unit Stone Island shows a full recovery considering changes in parameters still higher than those indicated for the brands, confirming the wide recoverability of goodwill.

It is also underlined that the market capitalisation of the Company, based on the average price of Moncler share in 2021, showed a significant positive difference with respect to the Group net equity, confirming again the value of the goodwill.

5.3. NET PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipments	31 December 2021			31 December 2020
(Euro/000)	Gross value	Accumulated depreciation and impairment	Net value	Net value
Land and buildings	1,024,942	(349,475)	675,467	598,028
Plant and Equipment	47,437	(25,266)	22,171	21,005
Fixtures and fittings	154,740	(106,310)	48,430	43,516
Leasehold improvements	333,106	(205,286)	127,820	107,454
Other fixed assets	37,239	(27,215)	10,024	9,367
Assets in progress	29,410	0	29,410	23,617
Total	1,626,874	(713,552)	913,322	802,987

The change in property, plant and equipment is included in the following tables:

As at 31 December 2021

Gross value Property, plant and equipment (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
1 January 2021	790,863	33,273	127,187	263,157	31,079	23,617	1,269,176
Acquisitions	133,700	7,988	11,627	29,733	4,016	43,145	230,209
Disposals	(8,689)	(3,600)	(3,564)	(7,673)	(1,021)	(2,315)	(26,862)
Changes in consolidation area	86,248	9,728	7,148	15,365	1,124	2,179	121,792
Translation adjustement	23,084	(148)	4,412	9,161	596	345	37,450
Other movements, including transfers	(264)	196	7,930	23,363	1,445	(37,561)	(4,891)
31 December 2021	1,024,942	47,437	154,740	333,106	37,239	29,410	1,626,874

Accumulated depreciation and impairment PPE (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
1 January 2021	(192,835)	(12,268)	(83,671)	(155,703)	(21,712)	0	(466,189)
Depreciation	(138,992)	(5,726)	(17,037)	(41,624)	(4,897)	0	(208,276)
Disposals	5,109	214	3,233	6,730	659	0	15,945
Changes in consolidation area	(13,348)	(7,401)	(5,212)	(8,115)	(768)	0	(34,844)
Translation adjustement	(10,319)	(85)	(3,782)	(6,497)	(415)	0	(21,098)
Other movements, including transfers	910	0	159	(77)	(82)	0	910
31 December 2021	(349,475)	(25,266)	(106,310)	(205,286)	(27,215)	0	(713,552)

As at 31 December 2020

Gross value Property, plant and equipment (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
1 January 2020	699,688	22,960	119,019	246,730	26,525	19,740	1,134,662
Acquisitions	141,183	4,357	15,575	25,453	4,739	21,251	212,558
Disposals	(12,758)	(323)	(3,328)	(4,385)	(200)	(409)	(21,403)
Translation adjustement	(23,574)	(74)	(5,016)	(9,788)	(403)	(363)	(39,218)
Other movements, including transfers	(13,676)	6,353	937	5,147	418	(16,602)	(17,423)
31 December 2020	790,863	33,273	127,187	263,157	31,079	23,617	1,269,176

Accumulated depreciation and impairment PPE (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
1 January 2020	(101,758)	(8,531)	(73,555)	(126,798)	(17,480)	0	(328,122)
Depreciation	(121,643)	(3,931)	(15,925)	(39,230)	(4,573)	0	(185,302)
Disposals	6,698	167	2,179	4,297	92	0	13,433
Translation adjustement	7,889	27	3,556	6,102	249	0	17,823
Other movements, including transfers	15,979	0	74	(74)	0	0	15,979
31 December 2020	(192,835)	(12,268)	(83,671)	(155,703)	(21,712)	0	(466,189)

The changes related to the right of use assets arising from the application of the IFRS 16 are reported here below:

Right of use assets (Euro/000)	Land and buildings	Other fixed assets	Total
1 January 2021	589,507	1,291	590,798
Acquisitions	128,990	1,295	130,285
Disposals	(3,562)	(278)	(3,840)
Depreciation	(137,924)	(956)	(138,880)
Changes in consolidation area	64,947	71	65,018
Translation adjustement	12,812	3	12,815
31 December 2021	654,770	1,426	656,196

Excluding Stone Island acquisition effect, the increases in 2021 refer to new lease agreements for the opening or relocation of retail stores and the renewal of existing lease agreements, mainly in the European and Chinese markets.

In addition to the above mentioned effect arising from the application of the IFRS 16, the changes in property plant and equipment in 2021 show an increase in the items fixture and fittings, leasehold improvements and assets in progress and advances: all of these items are mainly related to the development of the distribution network, the relocation/expansion of already existing stores and the investments in logistic and operation.

Please refer to the Directors' report for an analysis of investments made during the year.

The business performance recorded in the periods under analysis and the updated forecasts of future trends are consistent with the assumptions made when testing the recoverability of the value of the rights of use during the preparation of the Annual Consolidated Financial Statements as at 31 December 2020. Therefore, no potential indicators of impairment were identified and no specific impairment tests were performed on these items.

5.4. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities are offset only when there is a law within a given tax jurisdiction that provides for such right to offset. The balances were as follows as at 31 December 2021 and 31 December 2020:

Deferred taxation (Euro/000)	31 December 2021	31 December 2020
Deferred tax assets	179,312	150,832
Deferred tax liabilities	(225,621)	(6,396)
Net amount	(46,309)	144,436

The increase in the item Deferred tax liabilities is mainly due to the recognition of deferred tax liabilities on the Brand arising from the above-mentioned Purchase Price Allocation.

In view of the nature of the net deferred tax assets and the expectation of future taxable income under the new Business Plan, no indicators have been identified regarding the non-recoverability of the deferred tax assets recognised in the financial statements.

The change in deferred tax assets and liabilities, without taking into consideration the right of offset of a given tax jurisdiction, is detailed in the following table:

Deferred tax assets (liabilities) (Euro/000)	Opening balance - 1 January 2021	Changes in consolidation area	Taxes charged to the income statement	Taxes accounted for in Equity	Effect of currency translation	Other movements	Closing balance - 31 December 2021
Tangible and intangible assets	21,041	1,499	362	0	493	22	23,417
Inventories	97,143	6,831	8,946	0	4,029	27	116,976
Trade receivables	3,235	300	(934)	0	18	0	2,619
Derivatives	384	55	5	2,332	0	0	2,776
Employee benefits	2,029	14	(346)	(12)	9	1	1,695
Provisions	15,589	348	1,034	0	(109)	1	16,863
Trade payables	4,857	0	1,321	0	23	(1)	6,200
Other temporary items	5,039	628	2,111	0	(122)	858	8,514
Tax loss carried forward	1,515	0	(1,274)	0	11	0	252
Tax assets	150,832	9,675	11,225	2,320	4,352	908	179,312
Tangible and intangible assets	(3,596)	(78)	3,478	0	(362)	(221,989)	(222,547)
Financial assets	(300)	(76)	(8)	0	0	0	(384)
Inventories	(1,065)	0	(37)	0	0	0	(1,102)
Derivatives	(879)	0	(150)	879	0	0	(150)
Provisions	0	0	0	0	0	0	0
Trade payables	7	0	(51)	0	(2)	0	(46)
Other temporary items	(568)	12	445	663	(1)	(1,943)	(1,392)
Tax loss carried forward	5	0	0	0	0	(5)	0
Tax liabilities	(6,396)	(142)	3,677	1,542	(365)	(223,937)	(225,621)
Net deferred tax assets (liabilities)	144,436	9,533	14,902	3,862	3,987	(223,029)	(46,309)

Deferred tax assets (liabilities) (Euro/000)	Opening balance - 1 January 2020	Changes in consolidation area	Taxes charged to the income statement	Taxes accounted for in Equity	Effect of currency translation	Other movements	Closing balance - 31 December 2020
Tangible and intangible assets	18,768		3,603	0	(743)	(587)	21,041
Inventories	84,787		15,758	0	(3,966)	564	97,143
Trade receivables	3,858		(538)	0	(85)	0	3,235
Derivatives	427		0	(43)	0	0	384
Employee benefits	3,105		(1,012)	25	(89)	0	2,029
Provisions	11,487		4,814	0	(712)	0	15,589
Trade payables	3,921		968	0	(32)	0	4,857
Other temporary items	2,740		2,084	0	193	22	5,039
Tax loss carried forward	41		1,471	0	3	0	1,515
Tax assets	129,134	0	27,148	(18)	(5,431)	(1)	150,832
Tangible and intangible assets	(65,640)		61,810	0	233	1	(3,596)
Financial assets	52		(352)	0	0	0	(300)
Inventories	(753)		(312)	0	0	0	(1,065)
Derivatives	(120)		0	(759)	0	0	(879)
Trade payables	3		(3)	0	7	0	7
Other temporary items	(2,252)		(2,451)	(118)	4,253	0	(568)
Tax loss carried forward	0		5	0	0	0	5
Tax liabilities	(68,710)	0	58,697	(877)	4,493	1	(6,396)
Net deferred tax assets (liabilities)	60,424	0	85,845	(895)	(938)	0	144,436

The taxable amount on which deferred tax assets have been calculated is detailed in the following table:

Deferred tax assets and liabilities (Euro/000)	Taxable Amount 2021	Closing balance - 31 December 2021	Taxable Amount 2020	Closing balance - 31 December 2020
Tangible and intangible assets	86,248	23,417	79,586	21,041
Inventories	446,472	116,976	392,633	97,143
Trade receivables	10,608	2,619	12,787	3,235
Derivatives	11,569	2,776	1,596	384
Employee benefits	6,488	1,695	8,798	2,029
Provisions	57,346	16,863	63,928	15,589
Trade payables	28,815	6,200	17,483	4,857
Other temporary items	33,749	8,514	21,761	5,039
Tax loss carried forward	982	252	5,662	1,515
Tax assets	682,277	179,312	604,234	150,832
Tangible and intangible assets	(806,583)	(222,547)	(15,654)	(3,596)
Financial assets	(965)	(384)	(1,254)	(300)
Inventories	(3,819)	(1,102)	(3,819)	(1,065)
Derivatives	625	(150)	(3,659)	(879)
Trade payables	(185)	(46)	23	7
Other temporary items	(2,197)	(1,392)	(1,740)	(515)
Tax loss carried forward	0	0	25	(48)
Tax liabilities	(813,124)	(225,621)	(26,078)	(6,396)
Net deferred tax assets (liabilities)	(130,847)	(46,309)	578,156	144,436

5.5. INVENTORY

As at 31 December 2021 Inventory amounted to EUR 263.5 million (EUR 202.8 million as at 31 December 2020) and is broken down as follows:

Inventory (Euro/000)	31 December 2021	31 December 2020
Raw materials	98,688	88,252
Work-in-progress	52,335	14,197
Finished products	342,148	284,437
Inventories, gross	493,171	386,886
Obsolescence provision	(229,650)	(184,116)
Total	263,521	202,770

Inventory (gross amount) increased by approximately EUR 106.3 million (+27.5%), mainly due to the effect of Stone Island acquisition. Excluding this effect, inventory mainly included raw materials and finished products for the forthcoming seasons.

The obsolescence provision was calculated using management's best estimate based on the season needs and the inventory balance based on passed sales trends through alternative channels and future sales volumes. This assumption is expressed differently for the Regions in which the Group operates, taking into account the characteristics of each market.

The change in the obsolescence provision is summarised in the following table:

Obsolescence provision - movements (Euro/000)	1 January 2021	Changes in consolidation area	Accrued	Used	Translation Difference	31 December 2021
Obsolescence provision	(184,116)	(17,928)	(40,834)	16,347	(3,119)	(229,650)
Total	(184,116)	(17,928)	(40,834)	16,347	(3,119)	(229,650)

Obsolescence provision - movements (Euro/000)	1 January 2020	Changes in consolidation area	Accrued	Used	Translation Difference	31 December 2020
Obsolescence provision	(139,237)	0	(61,291)	13,419	2,993	(184,116)
Total	(139,237)	0	(61,291)	13,419	2,993	(184,116)

5.6. TRADE RECEIVABLES

As at 31 December 2021 Trade receivables amounted to EUR 234.3 million (EUR 174.1 million as at 31 December 2020) and they are as follows:

Trade receivables (Euro/000)	31 December 2021	31 December 2020
Trade account receivables	248,237	185,043
Allowance for doubtful debt	(13,871)	(10,699)
Allowance for discounts	(92)	(200)
Total, net value	234,274	174,144

The increase in respect to 2020 is mainly due to Stone Island acquisition.

Trade receivables are related to the Group's wholesale business and they include balances with a collection time not greater than three months. During 2021 and 2020, there were no concentration of credit risk greater than 10% associated to individual customers. Please refer to note 9.1 for information regarding the exposure of trade receivables to currency risks.

The change in the allowance for doubtful debt and sales return is detailed in the following tables:

Doubtful debt and discounts allowance (Euro/000)	1 January 2021	Changes in consolidation area	Accrued	Used	Translation Difference	31 December 2021
Allowance for doubtful debt	(10,699)	(2,016)	(1,721)	635	(70)	(13,871)
Allowance for discounts	(200)	0	0	114	(6)	(92)
Total	(10,899)	(2,016)	(1,721)	749	(76)	(13,963)

Doubtful debt and sales returns and discounts allowance (Euro/000)	1 January 2020	Changes in consolidation area	Accrued	Used	Translation Difference	31 December 2020
Allowance for doubtful debt	(9,462)	0	(1,364)	69	58	(10,699)
Allowance for returns and discounts	(137)	0	(72)	0	9	(200)
Total	(9,599)	0	(1,436)	69	67	(10,899)

The allowance for doubtful debt was calculated in accordance with management's best estimate based on the ageing of accounts receivable as well as the solvency of the most aged accounts and also taking into consideration any balances turned over into collection proceedings. Trade receivables written down are related to specific balances that were past due and for which collection is uncertain. In addition, the bad debt provision includes an estimate of the expected loss relating to trade receivables "in bonis", increased in 2021 to take into account the changed economic context. The fund also covers any risk of revocation on trade receivables mainly related to North American customers.

5.7. CASH AND CASH EQUIVALENT

As at 31 December 2021 the caption cash and cash equivalent amounted to EUR 932,7 million (EUR 923.5 million as at 31 December 2020) and included cash and cash equivalents as well as the funds available at banks.

The amount included in the Consolidated Financial Statements represents the fair value at the date of the financial statements. The credit risk is very limited since the other parties are class A financial institutions.

The consolidated statement of cash flows includes the changes in cash and cash in bank as well as the bank overdrafts.

The following table shows the reconciliation between cash and cash in bank with those included in the consolidated statement of cash flows:

Cash and cash equivalents included in the Statement of (Euro/000)	31 December 2021	31 December 2020
Cash on hand and at banks	932,718	923,498
Bank overdraft and short-term bank loans	(130,003)	(15)
Total	802,715	923,483

5.8. FINANCIAL CURRENT ASSETS

The caption financial current assets refers to the receivables arising from the market valuation of the derivatives on exchange rates hedges.

5.9. OTHER CURRENT AND NON-CURRENT ASSETS

Other current and non-current assets (Euro/000)	31 December 2021	31 December 2020
Prepayments and accrued income - current	12,117	10,310
Other current receivables	15,641	10,776
Other current assets	27,758	21,086
Prepayments and accrued income - non-current	70	110
Security / guarantees deposits	35,989	33,036
Investments in associated companies	36	36
Other non-current receivables	987	341
Other non-current assets	37,082	33,523
Total	64,840	54,609

Other current receivables mainly comprise the receivable due from the tax authority for value added tax.

Deposits are mostly related to the amounts paid on behalf of the lessee as a guarantee to the lease agreement.

The caption investments in associated companies includes the 22.5% interest in the company 3B Restaurant S.r.l. (same % in 2020), which deals with catering.

There are no differences between the amounts included in the Consolidated Financial Statements and their fair values.

5.10. TRADE PAYABLES

As at 31 December 2021 Trade payables amounted to EUR 349.0 million (EUR 211.9 million as at 31 December 2020) and included current payables due to suppliers for goods and services. These payables pertained to amounts that are payable within the upcoming year and did not include amounts that will be paid after 12 months.

In 2021 and 2020 there were no outstanding positions associated to individual suppliers that exceed 10% of the total value.

There are no differences between the amounts included in the Consolidated Financial Statements and their respective fair values.

Please refer to note 9.1 for an analysis of trade payable denominated in foreign currencies.

5.11. OTHER CURRENT AND NON-CURRENT LIABILITIES

Other current and non-current liabilities (Euro/000)	31 December 2021	31 December 2020
Deferred income and accrued expenses - current	1,595	695
Advances and payments on account to customers	18,079	12,641
Employee and social institutions	53,018	31,603
Tax accounts payable, excluding income taxes	33,711	17,329
Other current payables	18,876	21,742
Other current liabilities	125,279	84,010
Deferred income and accrued expenses - non-current	163	142
Other non-current liabilities	163	142
Total	125,442	84,152

The caption taxes payable includes mainly value added tax (VAT) and payroll tax withholding.

5.12. TAX ASSETS AND LIABILITIES

Tax assets amounted to EUR 5.0 million as at 31 December 2021 (EUR 5.1 million as at 31 December 2020).

Tax liabilities amounted to EUR 131.2 million as at 31 December 2021 (EUR 93.6 million as at 31 December 2020). They are recognised net of current tax assets, where the offsetting relates to the same tax jurisdiction and tax system.

5.13. NON-CURRENT PROVISIONS

Provision changes are shown in the following table:

Provision for contingencies and losses (Euro/000)	1 January 2021	Changes in consolidation area	Increase	Decrease	Translation differences	Other movements	31 December 2021
Other non current contingencies	(12,949)	0	(340)	3,855	(149)	(1,737)	(11,320)
Total	(12,949)	0	(340)	3,855	(149)	(1,737)	(11,320)

Provision for contingencies and losses (Euro/000)	1 January 2020	Changes in consolidation area	Increase	Decrease	Translation differences	Other movements	31 December 2020
Other non current contingencies	(10,703)	0	(3,819)	1,334	313	(74)	(12,949)
Total	(10,703)	0	(3,819)	1,334	313	(74)	(12,949)

The caption other non current contingencies includes costs for restoring stores, costs associated with ongoing disputes and product warranty costs.

5.14. PENSION FUNDS AND AGENTS LEAVING INDEMNITIES

The changes in the funds are depicted in the following table:

Employees pension funds (Euro/000)	1 January 2021	Changes in consolidation area	Increase	Decrease	Translation differences	Other movements	31 December 2021
Pension funds	(4,628)	(1,776)	(998)	755	23	(149)	(6,773)
Agents leaving indemnities	(2,558)	(1,322)	(1,801)	0	0	0	(5,681)
Total	(7,186)	(3,098)	(2,799)	755	23	(149)	(12,454)

Employees pension funds (Euro/000)	1 January 2020	Changes in consolidation area	Increase	Decrease	Translation differences	Other movements	31 December 2020
Pension funds	(3,878)	0	(897)	279	42	(174)	(4,628)
Agents leaving indemnities	(2,558)	0	0	0	0	0	(2,558)
Total	(6,436)	0	(897)	279	42	(174)	(7,186)

The pension funds pertain mainly to the Italian entities of the Group. Following the recent welfare reform, beginning on 1 January 2007, the liability has taken the form of a defined contribution plan. Therefore, the amount of pension fund (TFR) accrued prior to the application of the reform and not yet paid to the employees as at the date of the Consolidated Financial Statements is considered as a defined benefit plan, changes in which are shown in the following table:

Employees pension funds - movements (Euro/000)	31 December 2021	31 December 2020
Net recognized liability - opening	(3,015)	(2,479)
Changes in consolidation area	(1,776)	0
Interest costs	(19)	(20)
Service costs	(689)	(425)
Payments	702	83
Actuarial Gains/(Losses)	(159)	(174)
Net recognized liability - closing	(4,956)	(3,015)

The actuarial valuation of employee termination benefits (TFR) is based on the Projected Unit Credit Cost method. Reported below are the main economic and demographic assumptions utilised for actuarial valuations.

Assumptions	
Discount rate	0.65%
Inflation rate	1.75%
Nominal rate of wage growth	1.15%
Labour turnover rate	8.66%
Probability of request of advances of TFR	2.58%
Percentage required in case of advance	74.43%
Life Table - Male	M2019 - M2017 (*)
Life Table - Female	F2019 - F2017 (*)

(*) Table ISTAT - resident population

The following table shows the effect of variations, within reasonable limits, in key actuarial assumptions on defined benefit plan obligations at year end.

Sensitivity analysis (Euro/000)	Variation
Discount rate +0,5%	(185)
Discount rate -0,5%	199
Rate of payments Increases x (+0,5%)	(22)
Rate of payments Decreases x (-0,5%)	24
Rate of Price Inflation Increases (+0,5%)	158
Rate of Price Inflation Decreases (-0,5%)	(149)
Rate of Salary Increases (+0,5%)	32
Rate of Salary Decreases (-0,5%)	(31)
Increase the retirement age (+1 year)	12
Decrease the retirement age (-1 year)	(16)
Increase longevity (+1 year)	(342)
Decrease longevity (-1 year)	(354)

5.15. FINANCIAL LIABILITIES

Financial liabilities are detailed in the following table:

Borrowings (Euro/000)	31 December 2021	31 December 2020
Bank overdraft and short-term bank loans	130,003	15
Short-term portion of long-term bank loans	11,801	0
Short-term financial lease liabilities	125,597	102,791
Other short-term loans	21,790	47,617
Short-term borrowings	289,191	150,423
Long-term portion of long-term bank loans	9,713	0
Long-term financial lease liabilities	584,679	537,506
Other long-term borrowings	30,340	25,338
Long-term borrowings	624,732	562,844
Total	913,923	713,267

Short-term borrowings include bank overdraft and short-term bank loans, the current portion of long-term bank loans, short-term financial lease liabilities arising from the application of IFRS 16 and, under other short-term loans, mainly the current portion of financial liabilities payable to non-banking third parties.

Long-term borrowings include the non-current portion of long-term bank loans, long-term financial lease liabilities arising from the application of IFRS 16 and financial liabilities payable to non-bank third parties.

Financial lease liabilities amounted to EUR 710 million (EUR 640 million in 2020) and are detailed in the following table:

Financial lease liabilities		
(Euro/000)	31 December 2021	31 December 2020
Short-term financial lease liabilities	125,597	102,791
Long-term financial lease liabilities	584,679	537,506
Total	710,276	640,297

The changes in financial lease liabilities during 2021 are reported in the following table:

(Euro/000)	IFRS 16	Ex IAS 17	Financial lease liabilities
1 January 2021	640,251	46	640,297
Acquisitions	115,445	72	115,517
Disposals	(146,148)	(153)	(146,301)
Financial expenses	19,469	6	19,475
Changes in consolidation area	66,272	236	66,508
Translation adjustement	14,780	0	14,780
31 December 2021	710,069	207	710,276

The following table show the breakdown of the long-term borrowings in accordance with their maturity date:

Ageing of the Long-term borrowings		
(Euro/000)	31 December 2021	31 December 2020
Within 2 years	139,137	101,932
From 2 to 5 years	289,848	262,618
Beyond 5 years	195,747	198,294
Total	624,732	562,844

The following tables show the breakdown of the long-term borrowings, excluded financial lease liabilities, in accordance with their maturity date:

Ageing of Long-term borrowings excluded lease liabilities		
(Euro/000)	31 December 2021	31 December 2020
Within 2 years	18,026	7,551
From 2 to 5 years	22,027	17,787
Beyond 5 years	0	0
Total	40,053	25,338

The non-discounted cash flows referring to the lease liabilities are shown below.

Ageing of the lease liabilities not discounted		
(Euro/000)	31 December 2021	31 December 2020
Within 1 year	149,378	125,094
From 1 to 5 years	432,758	352,442
Beyond 5 years	210,691	231,189
Total	792,827	708,725

Long-term bank loans include outstanding amounts to be repaid to banks relating to unsecured loans taken out by the acquired Stone Island companies.

Finally, the caption other short-term loans includes also the negative fair value, equal to EUR 19.0 million (compared to EUR 0.8 million negative as at 31 December 2020), related to the contracts to hedge the exchange rate risk. Please refer to note 9.3 for more details.

The net financial position is detailed in the following table:

Net financial position (Euro/000)	31 December 2021	31 December 2020
A. Cash	932,718	923,498
B. Cash equivalents	0	0
C. Other current financial assets	722	4,793
D. Liquidity (A)+(B)+(C)	933,440	928,291
E . Current financial DEBT	(151,793)	(47,632)
F. Current portion of non-current financial debt	(137,398)	(102,791)
G. Current financial indebtedness (E)+(F)	(289,191)	(150,423)
H. Net current financial indebtedness (G)+(D)	644,249	777,868
I. Non current financial debt	(594,392)	(537,506)
J. Debt instruments	0	0
O. Non-current trade and other payables	(30,340)	(25,338)
P. Non-current financial indebtedness (I)+(J)+(K)	(624,732)	(562,844)
Q. Total financial indebtedness (H)+(L)	19,517	215,024

Net financial position as defined by the new ESMA Guidelines of 4 March 2021 (Consob Warning notice no. 5/21 to the Consob Communication DEM/6064293 of 28 July 2006).

5.16. SHAREHOLDERS' EQUITY

Changes in shareholders' equity for 2021 and the comparative period are included in the consolidated statements of changes in equity.

As at 31 December 2021 the subscribed share capital constituted by 273,682,790 shares was fully paid and amounted to EUR 54,736,558 with a nominal value of EUR 0.20 per share.

As at 31 December 2021 4,106,680 treasury shares were held, equal to 1.5% of the share capital, for a total value of EUR 146.5 million.

The legal reserve and premium reserve pertain to the parent company Moncler S.p.A.

In 2021 the Parent Company distributed dividends to the Group Shareholders for an amount of EUR 121.3 million. In 2020 the Parent Company did not distribute dividends.

The changes in share capital and share premium reserve derive from the reserved share capital increase relating to the transaction with the shareholders of Sportswear Company S.p.A. (n. 15.330.166 ordinary shares at a value of EUR 37.51 per share).

The change in the IFRS 2 reserve is due to the accounting treatment of the performance share plans, i.e., to the recognition of the figurative cost for the period relating to these plans and the reclassification to retained earnings of the cumulative figurative cost of the plans already closed.

The change in retained earnings mainly relates to the allocation of 2020 result, the dividend distributions, the above-mentioned reclassification of the IFRS 2 reserve and the adjustment to the market value of the financial liabilities to non-banking third parties.

The caption FTA reserve includes the effects of the initial application of the IFRS 16.

The caption other reserves includes other comprehensive income comprising the exchange rate translation reserve of financial statements reported in foreign currencies, the reserve for hedging interest rate risks and exchange rates risks and the reserve for actuarial gains/losses. The translation reserve includes the exchange differences emerging from the conversion of the financial statements of the foreign consolidated companies. The hedging reserve includes the effective portion of the net differences accumulated in the fair value of the derivative hedge instruments. Changes to these reserves were as follows:

Other comprehensive income	Cumulative translation adj. reserve			Other OCI items		
(Euro/000)	Value before tax effect	Tax effect	Value after tax effect	Value before tax effect	Tax effect	Value after tax effect
Reserve as at 1 January 1 2020	(2,876)	0	(2,876)	(2,237)	528	(1,709)
Changes in the period	(15,307)	0	(15,307)	3,668	(895)	2,773
Translation differences of the period	0	0	0	0	0	0
Reversal in the income statement of the period	0	0	0	0	0	0
Reserve as at 31 December 2020	(18,183)	0	(18,183)	1,431	(367)	1,064
Reserve as at 1 January 2021	(18,183)	0	(18,183)	1,431	(367)	1,064
Changes in the period	19,052	0	19,052	(16,059)	3,862	(12,197)
Translation differences of the period	0	0	0	0	0	0
Reversal in the income statement of the period	0	0	0	0	0	0
Reserve as at 31 December 2021	869	0	869	(14,628)	3,495	(11,133)

Earning per share

Earning per share for the years ended 31 December 2021 and 31 December 2020 is included in the following table and is based on the relationship between net income attributable to the Group and the average number of shares, net of treasury shares owned.

The diluted earnings per share is in line with the basic earnings per share as at 31 December 2021 as there were no significant dilutive effects arising from stock based compensation plans.

It should be noted that, for the diluted earnings per share calculation, the treasury share method has been applied, prescribed by IAS 33 paragraph 45 for stock-based compensation plans.

Earnings per share	2021	2020
Net result of the period (Euro/000)	393,533	300,351
Average number of shares related to parent's Shareholders	265,570,691	252,674,625
Earnings attributable to Shareholders (Unit of Euro)	1.48	1.19
Diluited earnings attributable to Shareholders (Unit of Euro)	1.47	1.18

6. SEGMENT INFORMATION

For the purposes of IFRS 8 "Operating segments", the activity carried out by the Group can be identified in the operating segments referring to the Moncler business and the Stone Island business. These operating segments were aggregated into a single reportable segment, consistent with the core principle of IFRS 8, as the segments have similar economic characteristics and share common features, i.e.:

- the nature of the products;
- the nature of the production processes;
- the type of customers;
- the distribution channels.

7. COMMITMENTS AND GUARANTEES GIVEN

7.1. COMMITMENTS

The Group does not have significant commitments arising from operating lease contract or other contractual cases that do not fall within the scope of IFRS 16.

7.2. GUARANTEES GIVEN

As at 31 December 2021 the Group had given the following guarantees:

Guarantees and bails given (Euro/000)	31 December 2021	31 December 2020
Guarantees and bails given for the benefit of:		
Third parties/companies	36,403	27,230
Total guarantees and bails given	36,403	27,230

Guarantees pertain mainly to lease agreements for the new stores.

8. CONTINGENT LIABILITIES

As the Group operates globally, it is subject to legal and tax risks which may arise during the performance of its ordinary activities. Based on information available to date, the Group believes that at the date of preparation of this document there are no further potential liabilities in addition to those already recorded in the provisions accrued in the Consolidated Financial Statements.

9. INFORMATION ABOUT FINANCIAL RISKS

The Group's financial instruments include cash and cash equivalents, loans, receivables and trade payables and other current receivables and payables and non-current assets as well as derivatives.

The Group is exposed to financial risks related to its operations: market risk (mainly related to exchange rates and interest rates), credit risk (associated with both regular client relations and financing activities), liquidity risk (with particular reference to the availability of financial resources and access to the credit market and financial instruments) and capital risk.

Financial risk management is carried out by Headquarters, which ensures primarily that there are sufficient financial resources to meet the needs of business development and that resources are properly invested in income-generating activities.

The Group uses derivative instruments to hedge its exposure to specific market risks, such as the risk associated with fluctuations in exchange rates and interest rates, on the basis of the policies established by the Board of Directors.

9.1. MARKET RISK

Foreign exchange rate risk

The Group operates internationally and is exposed to foreign exchange rate risk primarily related to the U.S. Dollar, the Japanese Yen and the Chinese Renminbi and to a lesser extent to the Hong Kong Dollar, the British Pound, Korean Won, Canadian Dollars, the Swiss Franc, Taiwan Dollars, Singapor Dollars and Australian Dollars.

The Group regularly assesses its exposure to financial market risks and manages these risks through the use of derivative financial instruments, in accordance with its established risk management policies.

The Group's policy permits derivatives to be used only for managing the exposure to fluctuations in exchange rates connected with future cash flows and not for speculative purposes.

During 2021, the Group put in place a policy to hedge the exchange rates risk on transactions with reference to the major currencies to which it is exposed: USD, JPY, CNY, HKD, GBP, KRW, CAD, CHF, TWD, SGD and AUD. The decrease in volumes due to Covid-19 did not have a significant impact on hedging policies and did not lead to over-hedging.

The instruments used for these hedges are mainly Currency Forward Contracts and Currency Option Contracts.

The Group uses derivative financial instruments as cash flow hedges for the purpose of redetermining the exchange rate at which forecasted transactions denominated in foreign currencies will be accounted for.

Counterparties to these agreements are major and diverse financial institutions.

The exposure of contingent assets and liabilities denominated in currencies is detailed in the following table (the Euro amount of each currency):

Details of the balances expressed in foreign currency	31 December 2021										
(Euro/000)	Euro	JP Yen	US Dollar	CN Yuan	HK Dollar	CH Franc	GB Pound	KR Won	CA Dollar	Other	Total
Cash and cash equivalent	559,819	56,422	51,010	118,885	18,462	3,427	27,001	45,485	5,131	47,076	932,718
Financial assets	530	0	0	0	192	0	0	0	0	0	722
Trade receivable	70,589	46,456	17,319	64,433	520	(18)	7,721	19,973	2,901	4,380	234,274
Other current assets	14,929	1,993	707	5,429	165	39	1,570	162	445	2,319	27,758
Other non-current assets	4,928	10,485	2,166	7,488	6,513	598	701	723	931	2,549	37,082
Total assets	650,795	115,356	71,202	196,235	25,852	4,046	36,993	66,343	9,408	56,324	1,232,554
Trade payables	(264,236)	(23,617)	(18,900)	(23,938)	567	(469)	(5,533)	(2,070)	(1,702)	(9,055)	(348,953)
Borrowings	(578,134)	(45,096)	(122,188)	(32,917)	(39,526)	(10,079)	(23,170)	(3,622)	(9,265)	(49,926)	(913,923)
Other current payables	(69,494)	(8,380)	(19,274)	(5,948)	(1,260)	(1,065)	(8,645)	(6,076)	(1,080)	(4,057)	(125,279)
Other non-current payables	(161)	0	0	0	0	0	(2)	0	0	0	(163)
Total liabilities	(912,025)	(77,093)	(160,362)	(62,803)	(40,219)	(11,613)	(37,350)	(11,768)	(12,047)	(63,038)	(1,388,318)
Total, net foreign positions	(261,230)	38,263	(89,160)	133,432	(14,367)	(7,567)	(357)	54,575	(2,639)	(6,714)	(155,764)

Details of the balances expressed in foreign currency	31 December 2020										
(Euro/000)	Euro	JP Yen	US Dollar	CN Yuan	HK Dollar	CH Franc	GB Pound	KR Won	CA Dollar	Other	Total
Cash and cash equivalent	555,687	69,614	84,190	95,984	10,276	6,552	19,081	32,999	4,442	44,673	923,498
Financial assets	4,793	0	0	0	0	0	0	0	0	0	4,793
Trade receivable	33,222	43,356	4,125	65,248	694	245	5,554	15,364	2,824	3,512	174,144
Other current assets	9,308	2,455	1,872	697	2,036	34	1,143	65	452	3,024	21,086
Other non-current assets	4,144	9,329	3,539	5,438	6,028	507	701	727	929	2,181	33,523
Total assets	607,154	124,754	93,726	167,367	19,034	7,338	26,479	49,155	8,647	53,390	1,157,044
Trade payables	(150,364)	(24,187)	(14,494)	(13,241)	635	(1,118)	(1,744)	(1,084)	(1,551)	(4,755)	(211,903)
Borrowings	(392,544)	(44,192)	(118,139)	(15,959)	(42,708)	(11,287)	(27,563)	(4,509)	(9,747)	(46,619)	(713,267)
Other current payables	(34,319)	(8,372)	(10,931)	(11,138)	(1,005)	(482)	(5,714)	(7,356)	(1,269)	(3,424)	(84,010)
Other non-current payables	(140)	0	0	0	0	0	(2)	0	0	0	(142)
Total liabilities	(577,367)	(76,751)	(143,564)	(40,338)	(43,078)	(12,887)	(35,023)	(12,949)	(12,567)	(54,798)	(1,009,322)
Total, net foreign positions	29,787	48,003	(49,838)	127,029	(24,044)	(5,549)	(8,544)	36,206	(3,920)	(1,408)	147,722

At the reporting date, the Group had outstanding hedges for EUR 108.1 million (EUR 77.8 million as at 31 December 2020) against receivables still to be collected and outstanding hedges for EUR 477.7 million (EUR 226.6 million as at 31 December 2020) against future revenues. As far as the currency transactions are concerned, it should be noted that a + / -1% change in their exchange rates would have the following effects:

Details of the transactions expressed in foreign currency							
(Euro/000)	JP Yen	US Dollar	CN Yuan	HK Dollar	KR Won	GB Pound	Other
Effect of an exchange rate increase amounting to +1%							
Revenue	2,488	3,317	3,808	199	1,656	905	1,330
Operating profit	1,515	1,985	2,402	(15)	1,062	615	498
Effect of an exchange rate decrease amounting to -1%							
Revenue	(2,538)	(3,376)	(3,882)	(203)	(1,690)	(923)	(1,357)
Operating profit	(1,545)	(2,025)	(2,450)	15	(1,083)	(628)	(508)

With reference to the provisions of IFRS 13, it should be pointed out that the category of financial instruments measured at fair value are mainly attributable to the hedging of exchange rates risk. The valuation of these instruments is based on the discounting of future cash flows considering the exchange rates at the reporting date (level 2 as explained in the section related to principles).

Interest rate risk

The Group's exposure to interest-rate risk is mainly related to cash, cash equivalents and bank loans and it is centrally managed.

As at 31 December 2021, there was no hedging on interest rates, given the limited exposure to financial institutions.

9.2. CREDIT RISK

The Group has no significant concentrations of financial assets (trade receivables and other current assets) with a high credit risk. The Group's policies related to the management of financial assets are intended to reduce the risks arising from non solvency of wholesale customers. Sales in the retail channel are made through cash and credit cards. In addition, the amount of loans outstanding is constantly monitored, so that the Group's exposure to bad debts is not significant and the percentage of writeoffs remains low. The maximum exposure to credit risk for the Group at 31 December 2021 is represented by the carrying amount of trade receivables reported in the Consolidated Financial Statements.

As far as the credit risk arising from other financial assets other than trade receivables (including cash and short-term bank deposits) is concerned, the theoretical credit risk for the Group arises from default of the counterparty with a maximum exposure equal to the carrying amount of financial assets recorded in the Consolidated Financial Statements, as well as the nominal value of guarantees given for third parties debts or commitments indicated in note 7 of the Explanatory Notes. The Group's policies limit the amount of credit exposure in different banks.

9.3. LIQUIDITY RISK

Liquidity risk arises from the ability to obtain financial resources at a sustainable cost in order for the Group to conduct its daily business operations. The factors that influence this risk are related to the resources generated/absorbed by operating activities, by investing and financing activities and by availability of funds in the financial market.

Following the dynamic nature of the business, the Group has centralised its treasury functions in order to maintain the flexibility in finding financial sources and maintain the availability of credit lines. The procedures in place to mitigate the liquidity risk are as follows:

- centralised treasury management and financial planning. Use of a centralised control system to manage the net financial position of the Group and its subsidiaries;
- obtaining adequate credit lines to create an adequate debt structure to better use the liquidity provided by the credit system;
- continuous monitoring of future cash flows based on the Group budget.

Management believes that the financial resources available today, along with those that are generated by the current operations will enable the Group to achieve its objectives and to meet its investment needs and the repayment of its debt at the agreed upon maturity date.

It should also be noted that, with reference to the provisions of IFRS 13, financial liabilities relating to commitment to purchase minority interests are accounted for at fair value based on valuation models primarily attributable to level 3, as explained in the section related to principles.

It is reported in the following table an analysis of the contractual maturities (including interests), for financial liabilities.

Non derivative financial liabilities (Euro/000)	Total book value	Contractual cash flows				
		Total	within 1 year	1-2 years	2-5 years	more than 5 years
Bank overdraft	0	0	0	0	0	0
Self-liquidating loans	130,000	130,000	130,000	0	0	0
Financial debt to third parties	0	0	0	0	0	0
Unsecured loans	21,514	21,514	11,801	7,446	2,266	0
Financial lease liabilities	710,276	710,276	125,597	121,111	267,821	195,747

Derivative financial liabilities (Euro/000)	Total book value	Contractual cash flows				
		Total	within 1 year	1-2 years	2-5 years	more than 5 years
Interest rate swap hedging	23	23	23	0	0	0
Forward contracts on exchange rate hedging	18,215	18,215	17,057	1,159	0	0
- Outflows	18,937	18,937	17,778	1,159	0	0
- Inflows	(722)	(722)	(722)	0	0	0

9.4. OPERATING AND CAPITAL MANAGEMENT RISKS

In the management of operating risk, the Group's main objective is to manage the risks associated with the development of business in foreign markets that are subject to specific laws and regulations.

The Group has implemented guidelines in the following areas:

- appropriate level of segregation of duties;
- reconciliation and constant monitoring of significant transactions;
- documentation of controls and procedures;
- technical and professional training of employees;
- periodic assessment of corporate risks and identification of corrective actions.

As far as the capital management risk is concerned, the Group's objectives are aimed at the going concern issue in order to ensure a fair economic return to shareholders and other stakeholders while maintaining a good rating in the capital debt market. The Group manages its capital structure and makes adjustments in line with changes in general economic conditions and with the strategic objectives.

10. OTHER INFORMATION

10.1 RELATED PARTY TRANSACTIONS

Set out below are the transactions with related parties deemed relevant for the purposes of the "Related-party procedure" adopted by the Group.

The "Related-party procedure" is available on the Company's website (www.monclergroup.com, under "Governance/Corporate documents").

Transactions and balances with consolidated companies have been eliminated during consolidation and are therefore not commented here.

During 2021, related-party transactions mainly relate to trading transactions carried out on an arm's length basis with the following parties:

- Yagi Tsusho Ltd, counterparty to the transaction, which led to the establishment of Moncler Japan Ltd., acquires finished products from Moncler Group companies (EUR 97.4 million in 2021 and EUR 107.2million in 2020) and then sells them to Moncler Japan Ltd. (EUR 108.1 million in 2021 and EUR 119.0 million in 2020) pursuant to the contract agreed upon the companys' establishment.
- Gokse Tekstil Kozmetik Sanayi ic ve dis ticaret limited sirketi, company held by the minority shareholder of Moncler Istanbul Giyim ve Tekstil Ticaret Ltd. Sti, provides services to that company by virtue of the contract signed at the time of incorporation of the company. Total costs recognised for 2021 amounted to EUR 0.1 million (EUR 0.1 million in 2020).
- The company La Rotonda S.r.l., owned by a manager of the Moncler Group, acquires finished products from Industries S.p.A. and provides services to the same. Total revenues recognised for 2021 amounted to EUR 1.4 million (EUR 1.2 million in 2020) and total costs recognised amounted to EUR 0.2 million (EUR 0.2 million in 2020).
- Mr Fabrizio Ruffini, brother of the Chairman of the Board of Directors and Chief Executive Officer of Moncler S.p.A., provides consultancy services relating to research, development and quality control for Moncler branded products. Total costs recognised for 2021 amounted to EUR 0.6 million (EUR 0.6 million in 2020).

The company Industries S.p.A. adheres to the Parent Company Moncler S.p.A. fiscal consolidation.

<u>Compensation paid to directors, board of statutory auditors and executives with strategic responsibilities</u>

Compensation paid to the members of the Board of Directors in 2021 amounted to EUR 7,484 thousand (EUR 3,882 thousand in 2020).

Compensation paid to the members of the Board of Auditors in 2021 amounted to EUR 142 thousand (EUR 152 thousand in 2020).

In 2021 total compensation paid to executives with strategic responsibilities amounted to EUR 2,616 thousand (EUR 994 thousand in 2020).

In 2021 the costs relating to performance share plans (described in paragraph 10.2) referring to members of the Board of Directors and Key management personnel amounted to EUR 8,916 thousand (EUR 10,017 thousand in 2020).

The following tables summarise the afore-mentioned related-party transactions that took place during 2021 and the prior year.

(Euro/000)	Type of relationship	Note	31 December 2021	%	31 December 2020	%
Yagi Tsusho Ltd	Distribution agreement	a	97,416	(20.3)%	107,178	(30.6)%
Yagi Tsusho Ltd	Distribution agreement	a	(108,056)	22.5%	(119,027)	33.9%
GokseTekstil Kozmetik Sanayi ic ve dis ticaret limited sirketi	Service agreement	b	(109)	0.0%	(127)	0.1%
La Rotonda S.r.l.	Trade transactions	c	1,391	0.1%	1,198	0.1%
La Rotonda S.r.l.	Trade transactions	d	(155)	0.0%	(154)	0.0%
Rivetex S.r.l.	Trade transactions	d	(356)	0.0%	0	0.0%
Fabrizio Ruffini	Service agreement	b	(552)	0.2%	(552)	0.3%
Directors, board of statutory auditors and executives with strategic responsibilities	Labour services	b	(17,265)	7.3%	(13,342)	7.7%
Executives with strategic responsibilities	Labour services	d	(1,893)	0.3%	(1,703)	0.4%
Total			(29,579)		(26,529)	

a effect in % based on cost of sales
b effect in % based on general and administrative expenses
c effect in % based on revenues
d effect in % based on selling expenses

(Euro/000)	Type of relationship	Note	31 December 2021	%	31 December 2020	%
Yagi Tsusho Ltd	Trade payables	a	(13,609)	3.9%	(15,677)	7.4%
Yagi Tsusho Ltd	Trade receivables	b	12,078	5.2%	10,392	6.0%
La Rotonda S.r.l.	Trade receivables	b	7	0.0%	813	0.5%
La Rotonda S.r.l.	Trade payables	a	(37)	0.0%	(37)	0.0%
Fabrizio Ruffini	Trade payables	a	126	0.0%	(137)	0.1%
Directors, board of statutory auditors and executives with strategic responsibilities	Other current liabilities	c	(5,161)	4.1%	(589)	0.7%
Total			(6,596)		(5,235)	

a effect in % based on trade payables
b effect in % based on trade receivables
c effect in % based on other current liabilities

The following tables summarise the weight of related-party transactions on the Consolidated Financial Statements as at and for the years ended 31 December 2021 and 2020:

(Euro/000)	31 December 2021			
	Revenue	Cost of sales	Selling expenses	General and administrative expenses
Total related parties	1,391	(10,640)	(2,404)	(17,926)
Total consolidated financial statements	2,046,103	(479,197)	(608,495)	(237,109)
Weight %	0.1%	2.2%	0.4%	7.6%

(Euro/000)	31 December 2021		
	Trade receivables	Trade Payables	Other current liabilities
Total related parties	12,085	(13,520)	(5,161)
Total consolidated financial statements	234,274	(348,953)	(125,279)
Weight %	5.2%	3.9%	4.1%

(Euro/000)	31 December 2020			
	Revenue	Cost of sales	Selling expenses	General and administrative expenses
Total related parties	1,198	(11,849)	(1,857)	(14,021)
Total consolidated financial statements	1,440,409	(350,775)	(463,583)	(173,444)
Weight %	0.1%	3.4%	0.4%	8.1%

(Euro/000)	31 December 2020		
	Trade receivables	Trade Payables	Other current liabilities
Total related parties	11,205	(15,851)	(589)
Total consolidated financial statements	174,144	(211,903)	(84,010)
Weight %	6.4%	7.5%	0.7%

10.2 STOCK-BASED COMPENSATION PLANS

The Consolidated Financial Statements at 31 December 2021 reflects the values of the Performance Share Plans approved in 2018 and in 2020.

The costs related to stock-based compensation plans in 2021 are equal to EUR 28.6 million compared to EUR 31.0 million in 2020.

On 16 April 2018 the Shareholders' Meeting of Moncler approved the adoption of a Stock Grant Plan entitled "2018-2020 Performance Shares Plan" ("2018 Plan") addressed to Executive Directors and/or Key Managers, and/or employees, and/or collaborators, and/or external consultants of Moncler S.p.A. and of its subsidiaries, which have strategically relevant roles or are otherwise capable of making a significant contribution, with a view of pursuing the Group's strategic objectives.

The object of the Plan is the free granting of the Moncler shares in case certain performance targets are achieved at the end of the vesting period of 3 years.

The performance targets are expressed base on the earning per share index ("EPS") of the Group in the vesting period, adjusted by the conditions of over/under performance.

The proposed maximum number of shares serving the Plan is equal to n. 2,800,000 resulting from the allocation of treasury shares.

The Plan provides for a maximum of 3 cycles of attribution; the first attribution cycle, approved during 2018, ended with the assignment of 1,365,531 Moncler Rights. The second attribution cycle, approved during 2019, ended with the assignment of 341,514 Moncler Rights.

As regards the first allocation cycle:

- The 3-year vesting period ended with the approval of the Draft Financial Statements as at December 31, 2020.
- The performance targets were met, together with the over-performance condition.
- Therefore, No. 1,479,123 shares (including No. 246,520 shares deriving from over-performance) were assigned to the beneficiaries through the allocation of treasury shares.
- The effect on the income statement on 2021 amount to EUR 4,2 million.

As at 31 December 2021 there were still in circulation 262,152 rights related to the second cycle of attribution (the effect on the income statement in 2021 amounted to EUR 3.1 million).

On 11 June 2020, the Ordinary Shareholders' Meeting has approved, pursuant to art. 114-bis of the Consolidated Law on Finance, the adoption of a Stock Grant Plan denominated "2020 Performance Shares Plan" addressed to Executive Directors, Key Managers, employees and collaborators, therein including Moncler's external consultants and of its subsidiaries.

The object of the Plan is the free granting of the Moncler shares in case certain Performance Targets are achieved at the end of the vesting period of 3 years.

The Performance Targets are expressed base on the following index of the Group in the Vesting Period, adjusted by the conditions of over/under performance: (i) Net Income, (ii) Free Cash Flow and (iii) ESG (Environmental Social Governance).

The proposed maximum number of shares serving the Plan is equal to n. 2,000,000 resulting from capital increase and/or allocation of treasury shares.

The Plan provides for a maximum of 3 cycles of attribution; as regards the first attribution cycle, on 11 June 2020 the Board of Directors resolved the granting of 1,350,000 Moncler Rights. The second attribution cycle, approved during 2021, ended with the assignment of 463,425 Moncler Rights.

As at 31 December 2021 there are still in circulation 1,132,742 rights related to the first cycle of attribution (the effect on the income statement of 2021 amounts to EUR 15.3 million) and 459,155 rights related to the second cycle of attribution (the effect on the income statement of 2021 amount to EUR 4.5 million).

As stated by IFRS 2, these plans are defined as Equity Settled.

For information regarding the plan, please see the company's website, www.monclergroup.com, in the "Governance/Shareholders' Meeting" section.

10.3 SUBSIDIARIES AND MINORITY INTERESTS

Following are the financial information of the subsidiaries that have significant minority interests.

Summary of subsidiary's financial information	31 December 2021					
(Euro/000)	Assets	Liabilities	Net equity	Revenues	Profit/(Loss)	Profit/(Loss) attributable to minority
White Tech Sp.zo.o.	425	64	361	225	66	20

Summary of subsidiary's financial information		31 December 2020				
(Euro/000)	Assets	Liabilities	Net equity	Revenues	Profit/(Loss)	Profit/(Loss) attributable to minority
White Tech Sp.zo.o.	354	56	298	188	51	15

Cash Flow 2021 (*) (Euro/000)	White Tech Sp.zo.o.
Operating Cash Flow	84
Free Cash Flow	69
Net Cash Flow	66

Cash Flow 2020 (*) (Euro/000)	White Tech Sp.zo.o.
Operating Cash Flow	97
Free Cash Flow	106
Net Cash Flow	88

(*) Amounts showed according to the Cash Flow Statements included in the Directors' Report

10.4 SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

We point out that, on June 14, 2021, Moncler S.p.A. Board of Directors, putting into effect the resolutions adopted by the Shareholders' Meeting of June 11, 2020, resolved, with reference to the stock grant plan denominated "2020 Performance Shares Plan", the granting of 463,425 shares to 59 beneficiaries.

The description of the stock-based compensation plans and the related costs are included in note 10.2.

10.5 ATYPICAL AND/OR UNUSUAL TRANSACTIONS

It should be noted that during 2021 the Group did not enter into any atypical and/or unusual transactions.

10.6 FINANCIAL INSTRUMENTS

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(Euro/000) 31 December 2021	Current	Non-current	Fair value	Level
Financial assets measured at fair value				
Interest rate swap used for hedging	-	-	-	
Forward exchange contracts used for hedgi	722	-	722	2
Sub-total	722	-	722	
Financial assets not measured at fair value				
Trade and other receivables (*)	234,919	35,989		
Cash and cash equivalents (*)	932,718	-		
Sub-total	1,167,637	35,989	-	
Total	1,168,359	35,989	722	

(Euro/000) 31 December 2020	Current	Non-current	Fair value	Level
Financial assets measured at fair value				
Interest rate swap used for hedging	-	-	-	
Forward exchange contracts used for hedgi	4,793	-	4,793	2
Sub-total	4,793	-	4,793	
Financial assets not measured at fair value				
Trade and other receivables (*)	174,144	33,036		
Cash and cash equivalents (*)	923,498	-		
Sub-total	1,097,642	33,036	-	
Total	1,102,435	33,036	4,793	

(Euro/000) 31 December 2021	Current	Non-current	Fair value	Level
Financial liabilities measured at fair value				
Interest rate swap used for hedging	-	-	-	2
Forward exchange contracts used for hedgi	(18,959)	-	(18,959)	2
Other financial liabilities	(2,831)	(30,340)	(33,171)	3
Sub-total	(21,790)	(30,340)	(52,130)	
Financial liabilities not measured at fair value				
Trade and other payables (*)	(385,908)	-		
Bank overdrafts (*)	(3)	-		
Short-term bank loans (*)	(130,000)	-		
Bank loans (*)	(11,801)	(9,713)		
IFRS 16 financial loans (*)	(125,597)	(584,679)		
Sub-total	(653,309)	(594,392)	-	
Total	(675,099)	(624,732)	(52,130)	

(Euro/000) 31 December 2020	Current	Non-current	Fair value	Level
Financial liabilities measured at fair value				
Interest rate swap used for hedging	-	-	-	2
Forward exchange contracts used for hedgi	(765)	-	(765)	2
Other financial liabilities	(46,852)	(25,338)	(72,190)	3
Sub-total	(47,617)	(25,338)	(72,955)	
Financial liabilities not measured at fair value				
Trade and other payables (*)	(246,286)	-		
Bank overdrafts (*)	(15)	-		
Short-term bank loans (*)	-	-		
Bank loans (*)	-	-		
IFRS 16 financial loans (*)	(102,791)	(537,506)		
Sub-total	(349,092)	(537,506)	-	
Total	(396,709)	(562,844)	(72,955)	

(*) Such items refer to short-term financial assets and financial liabilities whose carrying value is a reasonable approximation of fair value, which was therefore not disclosed.

10.7 FEES PAID TO INDEPENDENT AUDITORS

Fees paid to independent auditors are summarised below:

Audit and attestation services		
(Euro)	Entity that has provided the service	Fees 2021
Audit	KPMG S.p.A.	529,119
	Network KPMG S.p.A	226,337
Attestation services	KPMG S.p.A.	126,839
	Network KPMG S.p.A	2,000
Other services	KPMG S.p.A.	221,124
	Network KPMG S.p.A	653,230
Total		1,758,649

10.8 DISCLOSURE PURSUANT TO ITALIAN LAW N. 124/2017

With regard to the requirements of Law 124/2017, it should be noted that in 2021:

- Moncler S.p.A. benefited from a research and development tax credit of EUR 512,000, an art bonus credit of EUR 13,000 and an advertising bonus of EUR 33,000;
- Industries S.p.A. benefited from a sanitisation tax credit of EUR 60,000, an inventory tax credit of EUR 512,000 and a tax credit for investments in new capital expenditures of EUR 125,000;
- Sportswear Company S.p.A. benefited from the sanitisation tax credit of EUR 34,000, the advertising bonus of EUR 82,000 and the inventory tax credit of EUR 131,000;
- Stone Island Retail S.r.l. and Stone Island Logistics S.r.l. benefited from the sanitisation tax credit for EUR 26,000 and EUR 1,000, respectively.

For the purposes of the above requirements and with regard to any other grants received falling among the cases provided for, reference is also made to the specific Italian national register, which can be consulted by the public.

11. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

STONE ISLAND KOREA

Starting from 1 January 2022, the distribution of the Stone Island brand in the Korean market has been internalised through the establishment of a joint venture with a local partner, in which the Group holds 51%.

SUSTAINALYTICS

In January 2022, Moncler obtained the Industry Top-Rated Badge as well as for the Regional Top-Rated Badge from Sustainalytics, a leading research and ESG and Corporate Governance rating company that supports investors in the development and implementation of responsible investment strategies.

SHARES' BUY-BACK PROGRAM

On 3 March 2022, Moncler S.p.A. announced the launch, starting from 4 March 2022, of a buy-back program up to 1,000,000 of its ordinary shares (equal to the 0.4% of its share capital), for a maximum countervalue of EUR 56 million, without a par value, in execution of the shareholders' meeting resolution dated 22 April 2021, pursuant to Arts. 2357 and 2357-ter of the Italian Civil Code.

The buy-back program's purpose is to meet obligations arising from stock-based incentives schemes or other allocations of shares to employees, members of the Board of Directors and consultants of Moncler and of its subsidiaries, within the parameters prescribed by the Market Abuse Regulation (EU) 596/2014, the Commission Delegated Regulation (EUR) 2016/1052 and Consob regulation no. 11971/1999 and in compliance with all parameters (including prices and daily volumes), terms and conditions resolved upon by Moncler Shareholders' Meeting held on 22 April 2021 and publicly available.

At the date of the approval of the Draft Consolidated Results, the program is still ongoing.

GEOPOLITICAL UPDATE

With reference to the conflict in Ukraine started on 24 February, Moncler Group's management confirms that both the store in Kiev and all commercial activities in Russia have also been temporarily closed. The Group is present in the two countries with dedicated e-commerce, and for the brand Moncler with two directly operated stores (DOS) and three wholesale mono-brand stores (SiS). Moreover, the Group has around 100 multi-brand wholesale doors.

The total exposure to the two countries in FY 2021 – including revenues generated by Russian tourists buying outside Russia – was less than 2% of the Group's revenues. Although the uncertainty regarding the development of the situation and its possible impacts on global economies remains very high, significant consequences on FY 2022 results are currently not foreseen.

With regard to its supply chain, Moncler Group specifies that it does not purchase raw materials in Ukraine or Russia, nor use third-parties producers based there. At the date of the approval of the Draft Consolidated Results, both the direct production site located in Bacau, Romania, and all third-party manufacturers based in neighboring areas are operating without any disruption due to the conflict in Ukraine. Moreover, whilst at logistics level the current situation could have an impact on the transportation systems and might lead to delays in the shipments of goods, there are currently no significant issues. Regarding the rising of the production costs, not only linked to the geopolitical situation, and to the potential increase in logistics costs, the Group confirms that at the momentMoncl it does not expect any impact on profitability for FY 2022.

In Russia and Ukraine, Moncler employs 19 people with whom it is in constant contact to ensure all necessary support is being provided. In particular, with regards to its employees in Ukraine that have decided to leave the country, the Group is providing economic and organizational aids.

The Moncler Group also supports UNHCR, the United Nations High Commissioner for Refugees which protects and assists refugees around the world, and other organizations active in the area.

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The Consolidated Financial Statements, comprised of the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and explanatory notes to the Consolidated Financial Statements give a true and fair view of the financial position and the results of operations and cash flows and corresponds to the accounting records of the Parent Company and the companies included in the consolidation.

On behalf of the Board of Directors of Moncler S.p.A.

Remo Ruffini

Chairman and Chief Executive Officer

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SEPARATE FINANCIAL STATEMENTS

Moncler S.p.A.
Registered office: Via Stendhal 47, MILAN – ITALY
Share capital: EUR 54,736,558.00 fully paid-in – Registration number CCIAA: MI-1763158
Tax code: 04642290961

SEPARATE FINANCIAL STATEMENTS

INCOME STATEMENT

Income statement (Euro)	Notes	2021	of which related parties (note 8.1)	2020	of which related parties (note 8.1)
Revenue	3.1	302,092,463	299,144,224	238,601,274	237,971,274
General and administrative expenses	3.2	(54,996,276)	(12,048,171)	(39,637,058)	(7,197,557)
Marketing expenses	3.3	(58,599,541)	(2,987)	(40,052,139)	0
Operating result		188,496,646		158,912,077	
Financial income	3.5	33,122	33,122	420,336	331,968
Financial expenses	3.5	(1,684,431)	(830,841)	(352,564)	(78,843)
Result before taxes		186,845,337		158,979,849	
Income taxes	3.6	(50,363,722)		14,949,883	
Net result		136,481,615		173,929,732	

COMPREHENSIVE INCOME

Statement of comprehensive income (Euro)	Note	2021	2020
Net profit (loss) for the period		136,481,615	173,929,732
Gains/(Losses) on fair value of hedge derivatives	4.15	0	0
Items that are or may be reclassified to profit or loss		0	0
Actuarial Gains/(Losses) on pension funds	4.15	(7,948)	(90,274)
Items that will never be reclassified to profit or loss		(7,948)	(90,274)
Other comprehensive income/(loss), net of tax		(7,948)	(90,274)
Total Comprehensive income/(loss)		136,473,667	173,839,458

FINANCIAL POSITION

Statement of financial position (Euro)	Notes	31 December 2021	of which related parties (note 8.1)	31 December 2020	of which related parties (note 8.1)
Brands and other intangible assets - net	4.1	1,001,460,254		225,634,820	
Property, plant and equipment - net	4.3	6,957,036		1,400,751	
Investments in subsidiaries	4.4	924,669,525		312,662,899	
Other non-current assets	4.9	126,400		1,141,900	
Deferred tax assets	4.5	2,178,482		1,429,224	
Non-current assets		1,935,391,697		542,269,594	
Trade accounts receivable	4.6	1,219,240		257,807	
Intra-group accounts receivable	4.6	83,877,769	83,877,769	135,820,122	135,820,122
Other current assets	4.9	1,387,217		1,438,114	
Other current assets intra-group	4.9	4,110,773	4,110,773	269,095	269,095
Intra-group financial receivables	4.8	1,075,337	1,075,337	54,438,695	54,438,695
Cash and cash equivalent	4.7	901,195		62,293,432	
Current assets		92,571,531		254,517,265	
Total assets		2,027,963,228		796,786,859	
Share capital	4.15	54,736,558		51,670,525	
Premium reserve	4.15	745,308,990		173,374,223	
Other reserve	4.15	426,983,425		348,383,314	
Net result	4.15	136,481,615		173,929,732	
Equity		1,363,510,588		747,357,794	
Long-term borrowings	4.13	5,685,596		993,514	
Intra-group long-term borrowings	4.13	327,000,000	327,000,000	0	
Employees pension fund	4.12	1,658,378		1,618,516	
Deferred tax liabilities	4.5	220,014,187		2,410,021	
Non-current liabilities		554,358,161		5,022,051	
Short-term borrowings	4.13	1,077,384		322,754	
Intra-group short-term borrowings	4.13	38,610,403		0	
Trade accounts payable	4.10	29,983,918		16,111,947	
Intra-group accounts payable	4.10	2,408,945	2,408,945	41,797	41,797
Tax liabilities	4.14	14,355,724		12,251,795	
Other current liabilities	4.11	12,008,839	3,630,802	6,333,653	441,845
Other current liabilities intra-group	4.11	11,649,266	11,649,266	9,345,068	9,345,068
Current liabilities		110,094,479		44,407,014	
Total liabilities and equity		2,027,963,228		796,786,859	

CHANGES IN EQUITY

Statement of changes in equity (Euro)	Notes	Share capital	Premium reserve	Legal reserve	Other comprehensive income	Other reserves IFRS 2 reserve	Revaluation reserve	FTA reserve	Retained earnings	Result of the period	Net Equity
Shareholders' equity at 1 January 2020	4.15	51,595,905	172,271,861	10,300,000	(103,178)	37,223,824	12,261	(20,638)	114,247,722	157,649,576	543,177,333
Allocation of Last Year Result		0	0	19,181	0	0	7,134	0	157,623,261	(157,649,576)	0
Share capital and reserves increase		74,620	1,102,362	0	0	0	0	0	(60,960)	0	1,116,022
Dividends		0	0	0	0	0	0	0	0	0	0
Other movements in Equity		0	0	0	(90,274)	21,227,983	0	0	7,996,998	0	29,134,707
Result of the period		0	0	0	0	0	0	0	0	173,929,732	173,929,732
Shareholders' equity at 31 December 2020	4.15	51,670,525	173,374,223	10,319,181	(193,452)	58,451,807	19,395	(20,638)	279,807,021	173,929,732	747,357,794
Shareholders' equity at 1 January 2021	4.15	51,670,525	173,374,223	10,319,181	(193,452)	58,451,807	19,395	(20,638)	279,807,021	173,929,732	747,357,794
Allocation of Last Year Result		0	0	14,924	0	0	66,568	0	173,848,240	(173,929,732)	0
Share capital and reserves increase		3,066,033	571,934,767	0	0	0	0	0	0	0	575,000,800
Dividends		0	0	0	0	0	0	0	(121,274,690)	0	(121,274,690)
Other movements in Equity		0	0	0	(7,948)	(23,472,071)	0	1,053	49,424,035	0	25,945,069
Result of the period		0	0	0	0	0	0	0	0	136,481,615	136,481,615
Shareholders' equity at 31 December 2021	4.15	54,736,558	745,308,990	10,334,105	(201,400)	34,979,736	85,963	(19,585)	381,804,606	136,481,615	1,363,510,588

CASH FLOWS

Statement of cash flow (Euro)	2021	of which related parties (note 8.1)	2020	of which related parties (note 8.1)
Cash flow from operating activities				
Net result of the period	136,481,615		173,929,732	
Depreciation and amortization	1,351,600		1,147,967	
Net financial (income)/expenses	1,651,309		(67,772)	
Equity-settled share-based payment transactions	6,507,510		7,858,405	
Income tax expenses	50,363,722		(14,949,883)	
Changes in trade receivables - (Increase)/Decrease	50,980,920	51,942,353	(75,238,156)	(75,489,832)
Changes in trade payables - Increase/(Decrease)	15,072,092	2,367,148	(3,848,195)	31,022
Changes in other current assets/liabilities	8,496,403	3,188,956	312,860	(1,765,162)
Cash flow generated/(absorbed) from operating activities	270,905,171		89,144,958	
Interest paid	(1,449,348)		(342,356)	
Interest received	33,122		336,600	
Income tax paid	(78,659,157)		(89,382,904)	
Income tax received from fiscal consolidation	17,446,765	17,446,765	53,725,682	53,725,682
VAT received from Fiscal Consolidation	11,918,361	11,918,361	(12,346,306)	(12,346,306)
Changes in other non-current assets/liabilities	55,937		348,527	
Net cash flow from operating activities (a)	220,250,851		41,484,201	
Cash flow from investing activities				
Purchase of tangible and intangible fixed assets	(1,113,719)		(830,916)	
Stone Island transaction	(578,267,579)		0	
Net cash flow from investing activities (b)	(579,381,298)		(830,916)	
Cash flow from financing activities				
Repayment of current and non-current lease liabilities	(618,547)		(448,972)	
Borrowings variation, other than bank borrowings	419,035,978	418,973,761	(35,498,470)	(35,498,470)
Dividends paid to shareholders	(120,679,237)		0	
Share Capital and reserves increase	0		1,116,022	
Net cash flow from financing activities (c)	297,738,194		(34,831,420)	
Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)	(61,392,253)		5,821,865	

Cash and cash equivalents at the beginning of the period	62,293,383		56,471,518	
Net increase/(decrease) in cash and cash equivalents	(61,392,253)		5,821,865	
Cash and cash equivalents at the end of the period	901,130		62,293,383	

On behalf of the Board of Directors

Remo Ruffini

Chairman and Chief Executive Officer

EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1.MONCLER S.P.A.

Moncler S.p.A. (the "Company" or "Moncler") is a company established and domiciled in Italy, with its registered office located at Via Stendhal 47 Milan, Italy, and registration number of 04642290961.

The Company is de facto indirectly controlled by Remo Ruffini through Ruffini Partecipazioni Holding S.r.l., a company incorporated under the Italian law, wholly owned by Remo Ruffini. Ruffini Partecipazioni Holding S.r.l. controls Ruffini Partecipazioni S.r.l., a company incorporated under the Italian law, which, as at 31 December 2021, holds 19.9% of the share capital of Moncler S.p.A.

It is the Parent Company for the Moncler Group (hereinafter referred to as the "Group") and 47 other subsidiaries.

The Company's principal activities are the study, design, production and distribution of clothing for men, women and children and related accessories under the Moncler brand name.

The Moncler Group companies run their businesses in accordance with the guidelines and the strategies set up by Moncler's Board of Directors.

The Company also prepares the Consolidated Financial Statements and the Management Report in a single document as permitted by. 40/2 bis, letter. B Legislative Decree 127/91.

1.1.1. PARTIAL DEMERGER OF SPORTSWEAR COMPAY S.P.A. IN MONCLER S.P.A.

The deed of the partial demerger of Sportswear Company S.p.A. ("SPW") to Moncler S.p.A. has been executed on 9 December 2021. This demerger is part of the broader integration between Moncler and SPW and the subsequent reorganization of the Moncler Group and will enable greater operational, functional and economic efficiency of the Moncler Group.

As a result of this demerger, the assets of SPW that will be transferred to Moncler in connection with the demerger are the Stone Island brand and the set of assets and contracts that compose the SPW' Style and Marketing business divisions.

The accounting effective date of this transaction is 30 December 2021.

A statement of demerged assets and liabilities is provided below.

(Euro/000)	Demerged assets and liabilities
Tangible assets	182
Right of use assets	4,751
Lease liabilties	(4,813)
Trade accounts payable	(941)
Other current assets/(liabilities)	(254)
Total	(1,075)

In order to allow the transferred shareholders' equity to remain unchanged at the effective date of the demerger, the total amount of the assets and liabilities transferred was financially settled.

Following the demerger, the value of the Stone Island brand (EUR 775.5 million), originally included in the value of the investment, was reclassified in the item Brands within intangible assets and the corresponding deferred tax liabilities were exposed (EUR 216.4 million).

1.2. BASIS FOR THE PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS

1.2.1. RELEVANT ACCOUNTING PRINCIPLES

The 2021 separate financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. IFRS also includes all International Accounting Standards ("IAS") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

The financial statements include the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the explanatory notes to the financial statements.

1.2.2. PRESENTATION OF THE FINANCIAL STATEMENTS

The Company presents its income statement by destination, the method that is considered most representative for the business at hand. This method is in fact consistent with the internal reporting and management of the business.

With reference to the statement of financial position, a basis of presentation has been chosen which makes a distinction between current and non-current assets and liabilities, in accordance with the provisions of paragraph 60 and thereafter of IAS 1.

The statement of cash flows is prepared under the indirect method.

1.2.3. BASIS FOR MEASUREMENT

The financial statements have been prepared on the historical cost basis except for the measurement of certain financial instruments (i.e. derivative measured at fair value in accordance with IFRS 9) and on a going concern basis.

The financial statements are presented in thousand euros, which is the functional currency of the markets where the Company mainly operates.

The explanatory notes have been prepared in thousands of Euros unless stated otherwise.

1.2.4. DIRECTORS' ASSESSMENT ON THE ASSUMPTION OF BUSINESS CONTINUITY

Based on the results of the current year and forecasts for future years, the management believes that there are no factors rendering business continuity uncertain. In particular, the Group's financial strength and its cash and cash equivalents at the end of the year guarantee a high level of financial independence to support Moncler's operational needs and development programmes. For 2021, business operations are fully guaranteed, both in terms of product offerings across the various markets and distribution channels and in the ability to manage and organise business activities.

1.2.5. USE OF ESTIMATES AND VALUATIONS

The preparation of the financial statements and the related explanatory notes in conformity with IFRS requires that management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date. The actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed periodically and any variation is reflected in the income statement in the period in which the estimate is revised if the revision affects only that period or even in subsequent periods if the revision affects both current and future periods.

In the event that management's estimate and judgment have a significant impact on the amounts recognised in the financial statements or in case that there is a risk of future adjustments on the amounts recognised for assets and liabilities in the period immediately after the reporting date, the following notes will include the relevant information.

The estimates pertain mainly to the following captions of the Consolidated Financial Statements:

- impairment of non-current assets with indefinite useful lives and investments;
- provision for losses and contingent liabilities.
- Incentive systems and variable remuneration.

Recoverable amount of non-current assets with indefinite useful lives and investments ("impairment")

Management periodically reviews non-current assets, assets held for sale and investments in subsidiaries for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is estimated based on the present value of future cash flows expected to derive from the asset or from the sale of the asset itself, at a suitable discount rate.

When the recoverable amount of a non-current asset is less than its carrying amount, an impairment loss is recognised immediately in the income statement and the carrying amount is reduced to its recoverable amount determined based on value-in-use calculation or its sale's value in an arm's length transaction, with reference to the most recent Group business plan.

Provision for losses and contingent liabilities

The Group could be subject to legal and tax litigations arising in the countries where it operates. Litigation is inevitably subject to risk and uncertainties surrounding the events and circumstances associated with the claims and associated with local legislation and jurisdiction. In the normal course of business, management requests advice from the Group legal consultants and tax experts. The recognition of a provision is based on management's best estimate when an outflow of resources is probable to settle the obligation and the amount can be reliably estimated. In those circumstances where the outflow of resources is possible or the amount of the obligation cannot be reliably measured, the contingent liabilities are disclosed in the notes to Consolidated Financial Statements.

Incentive systems and variable remuneration

For the description of the determination of the fair value of share-based incentive payments for the Moncler Group management, please see paragraph 2.9.

2. SIGNIFICANT ACCOUNTING PRINCIPLES

The accounting principles set out below have been applied consistently for fiscal year 2021 and the prior year.

2.1. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at acquisition or manufacturing cost, not revalued net of accumulated depreciation and impairment losses ("impairment"). Cost includes original purchase price and all costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation

Depreciation of property, plant and equipment is calculated and recognised in the income statement on a straight-line basis over the estimated useful lives as reported in the following table:

Category	Depreciation period
Land	No depreciation
Buildings	From 25 to 33 years
Plant and equipment	From 8 to 12 years
Fixtures and fittings	From 5 to 10 years
Electronic machinery and equipment	From 3 to 5 years
Leasehold improvements	Lower between lease period and useful life of improvements
Rights of use	Lease period
Other fixed assets	Depending on market conditions generally within the expected utility to the entity

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will take ownership of the asset by the end of the lease term.

Depreciation methods, useful lives and residual value are reviewed at each reporting period and adjusted if appropriate.

Gain/Losses on the disposal of property, plant and equipment

Gains and losses on the disposal of property, plant and equipment represent the difference between the net proceeds and net book value at the date of sale. Disposals are accounted when the relevant transaction becomes unconditional.

2.2. INTANGIBLE ASSETS

Brands

Separately acquired brands are shown at historical cost. Brands acquired in a business combination are recognised at fair value at the acquisition date.

Brands have a indefinite useful life and are carried at cost less accumulated impairment. Brands are not amortised but subject to impairment test performed annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

For further details please refer to note 2.5 "Impairment of non-financial assets".

Intangible assets with a definite useful life

Software (including licenses and separately identifiable external development costs) is capitalised as intangible asset at purchase price, plus any directly attributable cost of preparing that asset for its intended use. Software and other intangible assets that are acquired by the Group and have definite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Ammortisation of intangible assets with a definite useful life

Intangible assets with a definite useful life are amortised on a straight line basis over their estimated useful lives as described in the following table:

Category	Depreciation period
License rights	Based on market conditions within the licence period or legal limits to use the assets
Software	From 3 to 5 years
Other intangible assets	Based on market conditions generally within the period of control over the asset

2.3. NON-CURRENT ASSETS AVAILABLE FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets available for sale and discontinued operations are classified as available for sale when their values are recoverable mainly through a probable sale transaction. In such conditions, they are valued at the lower of their carrying value or fair value, net of cost to sell if their value is mainly recoverable through a sale transaction instead of continued use.

Discontinued operations are operations that:

- include a separate line of business or a different geographical area;
- are part of a single coordinated plan for the disposal of a separate major line of business or geographical area of activity;
- consist of subsidiaries acquired exclusively for the purpose of being sold.

In the income statement, non-current assets held for sale and disposal groups that meet the requirements of IFRS 5 to be defined as "discontinued operations", are presented in a single caption that includes both gains and losses, as well as losses or gains on disposal and the related tax effect. The comparative period is subsequently restated in accordance with IFRS 5.

As far as the financial position is concerned, non-current assets held for sale and disposal groups that meet the requirements of IFRS 5 are reclassified as current assets and liabilities in the period in which such requirements arise. The comparative financial statements are not restated nor reclassified.

2.4. INVESTMENTS

Investments in subsidiaries, associates and others are accounted for as follows:

- at cost, inclusive of any additional charges; or
- in accordance with IFRS 9.

The Company recognises dividends from subsidiaries, associates and others in its income statement when the right to receive such dividends has materialised.

2.5. IMPAIRMENT OF NON-FINANCIAL ASSETS

At least once a year the Company verifies whether there is any indication that intangible assets with a definite useful life, property, plant and equipment and investements have become impaired. If such evidence exists, the carrying amount of the assets is reduced to its recoverable amount.

Assets with an indefinite useful life are not subject to amortisation and are tested annually or more frequently for impairment, whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

When the recoverable amount for individual asset cannot be reliably estimated, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of an asset’s fair value less costs to sell and value-in-use. The Group determines the value in use as the present value of future cash flows expected to be derived from the asset or from the cash-generating unit, gross of tax effects, by applying an appropriate discount rate that reflects market time value of money and the risks inherent to the asset. An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount.

With the exception of impairment losses recognised on goodwill, when the circumstances that led to the loss no longer exist, the carrying amount of the asset is increased to its recoverable amount and cannot exceed the carrying amount that would have been determined had there been no loss in value. The reversal of an impairment loss is recognised immediately in the income statement.

2.6. LEASED ASSETS

On 13 January 2016, the IASB published the new standard IFRS 16 Leases, which replaces IAS 17. This standard was endorsed by the European Union, with its publication on 9 November 2017. IFRS 16 is effective for financial statements commencing on or after 1 January 2019. The new standard eliminates the difference in the recognition of operating and finance leases, even despite elements that simplify its adoption, and introduces the concept of control in the definition of a lease. To determine whether a contract is a lease, IFRS 16 establishes that the contract must convey the right to control the use of an identified asset for a given period of time.

At the lease commencement date, the Company recognises the right of use asset and lease liability. The right of use asset is initially valued at cost, including the amount of the initial measurement of the lease liability, adjusted for the rent payments made on or before the commencement date, increased by the initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, net of the received lease incentives.

The right of use asset is amortised on a straight-line basis from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company at the end of the lease term. In this case, the right of use asset will be amortised over the useful life of the underlying asset, determined on the same basis as that of property and machinery. In addition, the right of use asset is regularly decreased for any impairment losses and adjusted to reflect any changes deriving from subsequent remeasurement of the lease liability.

The Company values the lease liability at the present value of the payments due for unpaid leases at the commencement date, discounting them using the interest rate implicit in the lease.

The payments due for the lease included in the measurement of the lease liability include:

– fixed payments (including substantially fixed payments);

– payments due for lease which depend on an index or rate, initially measured using an index or rate on the commencement date;

– amounts that are expected to be paid as a residual value guarantee; and

– the payments due for the lease in an optional renewal period if the Company is reasonably certain to exercise the renewal option, and early termination cancellation penalties, unless the Company is reasonably certain not to terminate the lease in advance.

The lease liability is measured at amortised cost using the effective interest criterion and remeasured in the event of a change in the future payments due for the lease deriving from a change in the index or rate, in the event of a change in the amount that the Company expects to pay as a guarantee on the residual value or when the Company changes its measurement with reference to the exercise or otherwise of a purchase, extension or cancellation option or in the event of revision of in-substance fixed payments due.

When the lease liability is remeasured, the lessee makes a corresponding change in right of use asset. If the right of use asset carrying value is reduced to zero, the lessee recognises the change in profit/(loss) for the year.

In the statement of financial position, the Company reports right of use assets that do not meet the definition of real estate investments in the item Property, plant and equipment and lease liabilities in the item Borrowings.

The Company recognises the related payments due for leases as a cost on a straight-line basis over the lease term.

For contracts signed before 1 January 2019, the Company established whether the agreement was or contained a lease by checking if:

– fulfilment of the agreement depended on the use of one or more specific assets; and

– the agreement transferred the right to use the asset.

Other assets subject to leases are classified as operating leases and are not recognised in the Company's statement of financial position. Payments relating to operating leases are recognised as a straight-line cost over the lease term, while incentives granted to the lessee are recognised as an integral part of the overall lease cost over the lease term.

2.7. FINANCIAL INSTRUMENTS

Trade receivables and debt securities issued are recognised when they are originated. All other financial assets and liabilities are initially recognised at the trade date, i.e., when the Company becomes a contractual party to the financial instrument.

Except for trade receivables that do not comprise a significant financing component, financial assets are initially measured at fair value plus or minus, in the case of financial assets or liabilities not measured at FVTPL, the transaction costs directly attributable to the acquisition or issue of the financial asset. At the time of initial recognition, trade receivables that do not have a significant financing component are valued at their transaction price.

On initial recognition, a financial asset is classified based on its valuation: at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit/(loss) for the period (FVTPL).

Financial assets are not reclassified after initial recognition, unless the Company changes its business model for managing financial assets. In that case, all the financial assets concerned are reclassified on the first day of the first reporting period following the change in business model.

A financial asset shall be measured at amortised cost if both of the following conditions are met and if it is not designated at FVTPL:

- the financial asset is held as part of a business model whose objective is to hold the financial assets in order to collect the related contractual cash flows; and
- the contractual terms of the financial asset provide for cash flows at certain dates consisting solely of payments of principal and interest on the amount of principal to be repaid.

At the time of subsequent measurement, assets belonging to this category are valued at amortised cost, using the effective interest rate. The effects of measurement are recognised among the financial income components. These assets are also subject to the impairment model described in the paragraph Trade receivables, financial assets and other current and non-current receivables.

A financial asset shall be measured at FVOCI if both of the following conditions are met and if it is not designated at FVTPL:

- the financial asset is held as part of a business model whose objective is achieved both through the collection of the contractual cash flows and through the sale of the financial assets; and
- the contractual terms of the financial asset provide for cash flows at certain dates consisting solely of payments of principal and interest on the amount of principal to be repaid.

On initial recognition of a security not held for trading, the Company may make an irrevocable choice to present subsequent changes in fair value in the other components of the comprehensive income statement. This choice is made for each asset.

At the time of subsequent measurement, the measurement made at the time of recognition is updated and any changes in fair value are recognised in the statement of comprehensive income. As for the category above, these assets are subject to the impairment model described in the paragraph Trade receivables, financial assets and other current and non-current receivables.

All financial assets not classified as valued at amortised cost or at FVOCI, as indicated above, are valued at FVTPL. All derivative financial instruments are included. On initial recognition, the Company may irrevocably designate the financial asset as measured at fair value through profit/(loss) for the period if this eliminates or significantly reduces a misalignment in accounting that would otherwise result from measuring the financial asset at amortised cost or at FVOCI.

At the time of subsequent measurement, financial assets measured at FVTPL are valued at fair value. Gains or losses arising from changes in fair value are recognised in the consolidated income statement in the period in which they are recognised under financial income/expenses.

Financial assets are derecognised from the financial statements when the contractual rights to receive cash flows from them expire, when the contractual rights to receive cash flows from a transaction in which all the risks and rewards of ownership of the financial asset are materially transferred or when the Company neither transfers nor retains materially all the risks and rewards of ownership of the financial asset and does not retain control of the financial asset.

Financial liabilities are classified as valued at amortised cost or at FVTPL. A financial liability is classified at FVTPL when it is held for trading, it represents a derivative or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and any changes, including interest expense, are recognised in profit or loss for the period. Other financial liabilities are measured at amortised cost using the effective interest method. Interest expense and exchange rate gains/(losses) are recognised in profit or loss for the period, as are any gains or losses from derecognition.

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, other current and non-current assets and liabilities, investments, borrowings and derivative financial instruments.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term deposits held with banks and most liquid assets that are readily convertible into cash and that have insignificant risk of change in value. Bank overdrafts are recorded under current liabilities on the Company's statement of financial position.

Trade receivables and other current and non-current receivables

Trade and other receivables generated when the Company provides money, goods or services directly to a third party are classified as current assets, except for items with maturity dates greater than twelve months after the reporting date.

Receivables are valued if they have a fixed maturity, at amortised cost calculated using the effective interest method. When financial assets do not have a fixed maturity, they are valued at cost. Receivables with a maturity of over one year, which are non-interest bearing or which accrue interest below market rates, are discounted using market rates.

The financial assets listed above are valued based on the impairment model introduced by IFRS 9 or by adopting an expected loss model, replacing the IAS 39 framework, which is typically based on the valuation of the incurred loss.

For trade receivables, the Company adopts the so-called simplified approach, which does not require the recognition of periodic changes in credit risk, but rather the accounting of an Expected Credit Loss ("ECL") calculated over the entire life of the credit (so-called lifetime ECL).

In particular, the policy implemented by the Company provides for the stratification of trade receivables based on the days past due and an assessment of the solvency of the counterparty and applies different write-down rates that reflect the relative expectations of recovery. The Company then applies an analytical valuation of impaired receivables based on a debtor's reliability and ability to pay the due amounts.

The value of receivables is shown in the statement of financial position net of the related bad debt provision. Write-downs made in accordance with IFRS 9 are recognised in the consolidated income statement net of any positive effects associated with reversals of impairment.

Trade payables and other current and non-current payables

Trade and other payables arise when the Company acquires money, goods or services directly from a supplier. They are included in current liabilities, except for items with maturity dates greater than twelve months after the reporting date.

Payables are stated, at initial recognition, at fair value, which usually comprises the cost of the transaction, inclusive of transaction costs. Subsequently, they are stated at amortised cost using the effective interest method.

Financial liabilities

The classification of financial liabilities has not changed since the introduction of IFRS 9. Amounts due to banks and other lenders are initially recognised at fair value, net of directly attributable incidental costs, and are subsequently measured at amortised cost, applying the effective interest rate method. If there is a change in the expected cash flows, the value of the liabilities is recalculated to reflect this change on the basis of the present value of the new expected cash flows and the internal rate of return initially determined. Amounts due to banks and other lenders are classified as current liabilities, unless the Company has an unconditional right to defer their payment for at least 12 months after the reference date. Loans are classified as non-current when the company has an unconditional right to defer payments for at least twelve months from the reporting date.

Derivative instruments

Consistent with the provisions of IFRS 9, derivative financial instruments may be accounted for using hedge accounting only when:

- the hedged items and the hedging instruments meet the eligibility requirements;
- at the beginning of the hedging relationship, there is a formal designation and documentation of the hedging relationship, of the Company's risk management objectives and the hedging strategy;
- the hedging relationship meets all of the following effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk is not dominant with respect to the changes associated with the hedged risk;
- the hedge ratio defined in the hedging relationship is met, including through rebalancing actions, and is consistent with the risk management strategy adopted by the Company.

Fair value hedge

A derivative instrument is designated as fair value hedge when it hedges the exposure to changes in fair value of a recognised asset or liability, that is attributable to a particular risk and could affect profit or loss. The gain or loss on the hedged item, attributable to the hedged risk, adjusts the carrying amount of the hedged item and is recognised in the consolidated income statement.

Cash flow hedge

When a derivative financial instrument is designated as a hedging instrument for exposure to variability in cash flows, the effective portion of changes in fair value of the derivative financial instrument is recognised among the other components of the comprehensive income statement and stated in the cash flow hedge reserve. The effective portion of changes in fair value of the derivative financial instrument that is recognised in the other components of the comprehensive income statement is limited to the cumulative change in the fair value of the hedged instrument (at present value) since the inception of the hedge. The ineffective portion of changes in fair value of the derivative financial instrument is recognised immediately in the profit/(loss) for the period.

If the hedge ceases to meet the eligibility criteria or the hedging instrument is sold, matures or is exercised, hedge accounting ceases prospectively. When hedge accounting for cash flow hedges ceases, the accrued amount in the cash flow hedge reserve remains in equity until, in the case of a hedge of a transaction that results in the recognition of a non-financial asset or non-financial liability, it is included in the cost of the non-financial asset or non-financial liability on initial recognition or, in the case of other cash flow hedges, it is reclassified in profit or loss for the period in the same period or periods in which the hedged expected future cash flows affects profit/(loss) for the period.

If no more hedged future cash flows are expected, the amount shall be reclassified immediately from the cash flow hedge reserve and the reserve for hedging costs to profit/(loss) for the period.

If hedge accounting cannot be applied, gains or losses arising from the fair value measurement of a derivative financial instrument are immediately recognised in income statement.

2.8. EMPLOYEE BENEFITS

Short-term employee benefits, such as wages, salaries, social security contributions, paid leave and annual leave due within twelve months of the statement of financial position date and all other fringe benefits are recognised in the year in which the service is rendered by the employee.

Benefits granted to employees which are payable on or after the termination of employment through defined benefit and contribution plans are recognised over the vesting period.

Defined benefit schemes

Defined benefit schemes are retirement plans determined based on employees' remuneration and years of service.

The Company's obligation to contribute to employees' benefit plans and the related current service cost is determined by using an actuarial valuation defined as the projected unit credit method. The cumulative net amount of all actuarial gains and losses are recognised in equity within other comprehensive income.

With reference to defined benefit plans, the increase in present value of the defined benefit obligation for employee service in prior periods (past service cost) is accounted as an expense on a straight-line basis over the average period until the benefits become vested.

The amount recognised as a liability under the defined benefit plans is the present value of the related obligation, taking into consideration expenses to be recognised in future periods for employee service in prior periods.

Defined contribution schemes

Contribution made to a defined contribution plan is recognised as an expense in the income statement in the period in which the employees render the related service.

Up to 31 December 2006 Italian employees were eligible to defined benefit schemes referred as post-employment benefit ("TFR"). With the act n. 296 as of 27 December 2006 and subsequent decrees ("Pension Reform") issued in early 2007, the rules and the treatment of TFR scheme were changed. Starting from contribution vested on or after 1 January 2007 and not yet paid at the reporting date, referring to entities with more than 50 employees, Italian post-employment benefits is recognised as a defined contribution plan. The contribution vested up to 31 December 2006 is still recognised as a defined benefit plan and accounted for using actuarial assumptions.

2.9. SHARE-BASED PAYMENTS

The fair value at grant date of the incentives granted to employees in the form of share-based payments that are equity settled is usually included in expenses, with a matching increase in equity, over the period during which the employees obtain the incentives rights. The amount recognised as an expense is adjusted to reflect the actual number of incentives for which the continued service conditions are met and the achievement of non-market conditions, so that the final amount recognised as an expense is based on the number of incentives that fulfill these conditions at the vesting date. In case the incentives granted as share-based payments whose conditions are not to be considered to maturity, the fair value at the grant date of the share-based payment is measured to reflect such conditions. With reference to the non-vesting conditions, any differences between amounts at the grant date and the actual amounts will not have any impact on the financial statements.

The fair value of the amount payable to employees related to share appreciation rights, settled in cash, is recognised as an expense with a corresponding increase in liabilities over the period during which the employees unconditionally become entitled to receive the payment. The liability is measured at year-end and the settlement date based on the fair value of the share appreciation rights. Any changes in the fair value of the liability are recognised in profit or loss for the year.

2.10. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation and where the amount of the obligation can be reliably estimated.

Changes in estimates are recognised in the income statement in the period in which they occur.

2.11. REVENUE RECOGNITION

Based on the five-step model introduced by IFRS 15, the Group recognises revenues after identifying the contracts with its clients and the related services to be provided (transfer of goods and/or services), determining the consideration which it believes it is entitled to in exchange for the provision of each of these services and assessing the manner in which these services are provided (at a given time or over time). Variable components of the consideration are recognised in the financial statements only when it is highly probable that there will be no significant adjustment to the amount of revenue recognised in the future.

Royalties received from licensee are accrued as earned on the basis of the terms of the relevant royalty agreement which is typically based on sales volumes.

2.12. BORROWING COSTS

Borrowing costs are recognised on an accrual basis taking into consideration interest accrued on the net carrying amount of financial assets and liabilities using the effective interest rate method.

2.13. TAXATION

Tax expense recognised in the consolidated income statement represents the aggregate amount related to current tax and deferred tax.

Current tax is determined in accordance with enforced rules established by local tax authorities. Current taxes are recognised in the consolidated income statement for the period, except to the extent that the tax arises from transactions or events which are recognised directly either in equity or in other comprehensive income.

Deferred tax liabilities and assets are determined based on temporary taxable or deductible differences arising between the tax bases of assets and liabilities and their carrying amounts in the Company's financial statements. Current and deferred tax assets and liabilities are offset when income taxes are levied by the same tax authority and when there is a legally enforceable right to offset the amounts.

Deferred tax liabilities and assets are determined using tax rates that have been enacted by the reporting date and are expected to be enforced when the related deferred income tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are not discounted.

Deferred tax assets recognised on tax losses and on deductible differences are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Tax liabilities include the estimate of risks associated with uncertainties on the tax treatments adopted for determining income taxes in accordance with the new IFRIC 23. These uncertainties can arise from: i) unclear or complex tax rules; ii) changes in tax regulations or clarifications by tax authorities; iii) ongoing tax audits and/or disputes; iv) public information on ongoing tax assessments and/or disputes involving other entities.

2.14. FOREIGN CURRENCY

The amounts included in the financial statements of each Group company are prepared using the currency of the country in which the company conducts its business.

Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate in effect at the transaction date. The assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rate prevailing at that date. Exchange differences arising from the conversion or settlement of these items due to different rates used from the time of initial recognition are recorded in the income statement.

2.15. FAIR VALUE

IFRS 13 is the only point of reference for the fair value measurement and related disclosures when such an assessment is required or permitted by other standards. Specifically, the principle defines fair value as the consideration received for the sale of an asset or the amount paid to settle a liability in a regular transaction between market participants at the measurement date. In addition, the new standard replaces and provides for additional disclosures required in relation to fair value measurements by other accounting standards, including IFRS 7.

IFRS 13 establishes a hierarchy that classifies within different levels the inputs used in the valuation techniques necessary to measure fair value. The levels, presented in a hierarchical order, are as follows:

- level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: it Fair values measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- level 3: Fair values measured using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

2.16. ACCOUNTING STANDARDS AND RECENTLY PUBLISHED INTERPRETATIONS

<u>Accounting standards, amendments and interpretations effective from 1 January 2021</u>

DOCUMENT TITLE	ISSUED DATE	EFFECTIVE DATE	APPROVAL DATE	EU REGULATION AND DATE OF PUBBLICATION
Interest rate benchmark reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	August 2020	1 January 2021	13 January 2021	(UE) 2021/25 14 Janaury 2021
COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	March 2021	1 April 2021	30 August 2021	(UE) 2021/1421 31 August 2021
Extension of the temporary exemption from applying IFRS 9 (Amendments to IFRS 4)	June 2020	1 Januay 2021	15 December 2020	(UE) 2020/2097 16 December 2020

New standards and interpretations not yet effective and not early adopted by the Company

At the date when these annual financial statements were prepared, the European Union's competent authorities concluded the approval process needed for the adoption of the accounting standards and amendments described below. With reference of the applicable principles, the Company has decided not to exercise the option of the early adoption, if applicable.

DOCUMENT TITLE	ISSUED DATE	EFFECTIVE DATE	APPROVAL DATE	EU REGULATION AND DATE OF PUBBLICATION
Annual Improvements to IFRS Standards (2018–2020 Cycle) [Amendments to IFRS 1, IFRS 9, IFRS 7, IFRS 16 and IAS 41]	May 2020	1 January 2022	28 June 2021	(UE) 2021/1080 2 July 2021

Property, plant and equipment: proceeds before intended use (Amendments to IAS 16)	May 2020	1 January 2022	28 June 2021	(UE) 2021/1080 2 July 2021
Onerous contracts - Cost of fulfilling a contract (Amendments to IAS 37)	May 2020	1 January 2022	28 June 2021	(UE) 2021/1080 2 July 2021
Reference to the Conceptual Framework (Amendments to IFRS 3)	May 2020	1 January 2022	28 June 2021	(UE) 2021/1080 2 July 2021
IFRS 17 Insurance contracts (incuding amendments published on June 2020)	May 2017 June 2020	1 January 2023	19 November 2021	(UE) 2021/2036 23 November 2021

In addition, at the date of these financial statements, the competent bodies of the European Union had not yet completed their endorsement process for the following accounting standards and amendments:

DOCUMENT TITLE	ISSUE DATE BY IASB	EFFECTIVE DATE OF IASB DOCUMENT	APPROVAL DATE BY EU
Standards			
IFRS 14 Regulatory Deferral Accounts	January 2014	1 January 2016	Postponed pending the conclusion of the IASB project on "rate-regulated activities".
Amendments			
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	September 2014	Deferred until the completion of the IASB project on the equity	Postponed pending the conclusion of IASB project on the equity method

		method	
Classification of Liabilities as Current or Non-current (Amendments to IAS 1), including subsequent amendment issued in July 2020	January 2020 July 2020	1 January 2023	TBD
Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2)	February 2021	1 January 2023	TBD
Definition of Accounting Estimates (Amendments to IAS 8)	February 2021	1 January 2023	TBD
Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)	May 2021	1 January 2023	TBD
Initial Application of IFRS 17 and IFRS 9— Comparative Information (Amendment to IFRS 17)	December 2021	1 January 2023	TBD

The Company will comply with these new standards and amendments based on their relevant effective dates when endorsed by the European Union and it will evaluate their potential impacts on the Financial Statements.

3. COMMENTS ON THE INCOME STATEMENT

3.1. REVENUE

The company's revenues mainly include royalty income from the use of Moncler trademark and management fees.

The increase of EUR 63,491 thousand compared with the previous year is due to the increase in business volumes.

3.2. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses amounted to EUR 54,996 thousand (EUR 39,637 thousand in 2020) and primarily include designing and product development expenses in the amount of EUR 12,755 thousand (EUR 10,763 thousand in 2020), the personnel expenses of other functions in the amount of EUR 13,401 thousand (EUR 9,663 thousand in 2020), legal, financial and administrative expenses in the amount of EUR 3,327 thousand (EUR 2,250 thousand in 2020), directors' fees in the amount of EUR 6,907 thousand (EUR 2,308 thousand in 2020), auditing and attestation service, statutory auditors expenses, costs for supervisory body and internal audit in the amount of EUR 499 thousand (EUR 404 thousand in 2020).

This item also includes costs related to stock-based compensation plans for EUR 6,663 thousand (EUR 7,958 thousand in 2020).

3.3. MARKETING EXPENSES

Marketing expenses amounted to EUR 58,600 thousand (EUR 40,452 thousand in 2020) and are mostly made up of expenses related to media-plan and events.

3.4. PERSONNEL EXPENSES, DEPRECIATION AND AMORTISATION

The total personnel expenses, included under general and administrative expenses, amounted to EUR 16,533 thousand (EUR 12,463 thousand in 2020) including social security contribution and leaving indemnity expenses.

The average number of FTE (“full-time-equivalent”) in 2021 was 129 (111 in 2020).

In 2021 depreciation and amortisation amounted to EUR 1,352 thousand (EUR 1,148 thousand in 2020).

3.5. FINANCIAL INCOME AND EXPENSES

The caption is broken down as follows:

(Euro/000)	2021	2020
Interest income and other financial	33	337
Foreign currency differences - positive	0	84
Total financial income	33	421
Interests expenses and bank charges	(1,439)	(322)
Foreign currency differences - negative	(225)	0
Total financial expenses	(1,664)	(322)
Total net excluded interests on lease liabilities	(1,631)	99
Interests on lease liabilities	(20)	(31)
Total net	(1,651)	68

In 2021 the item Interest expense mainly refers to interest accrued on the loan received from the subsidiary Industries S.p.A.

In 2021 and 2020 the company did not received dividends.

3.6. INCOME TAX

The tax impact on the income statement is detailed as follows:

(Euro/000)	2021	2020
Current income taxes	(49,861)	(48,470)
Deferred tax income (expenses)	(503)	63,420
Income taxes charged in the income statement	(50,364)	14,950

Deferred taxes in 2020 included the release deriving from the realignment of the Moncler trademark's tax value to the statutory value.

The reconciliation between the theoretical tax burden by applying the theoretical rate of the Parent Company, and the effective tax burden is shown in the following table:

Reconciliation theoretic-effective tax rate (Euro/000)	Taxable Amount 2021	Tax Amount 2021	Tax rate 2021	Taxable Amount 2020	Tax Amount 2020	Tax rate 2020
Profit before tax	186,846			158,980		
Income tax using the Company's theoretic tax rate		(44,843)	24.0%		(38,155)	24.0%
Temporary differences		(173)	(0.1)%		16	(0.0)%
Permanent differences		1,879	1.0%		(755)	0.5%
Other differences		(7,227)	(3.9)%		53,844	(33.9)%
Income tax at effective tax rate		(50,364)	27.0%		14,950	(9.4)%

The caption Other differences in 2021 includes current IRAP and the tax credit related to research and development and, in 2020, this item also included the benefit deriving from the release of deferred tax liabilities resulting from the realignment of the Moncler trademark's tax value to the statutory value, net of the relative substitute tax.

4. COMMENTS ON THE STATEMENT OF FINANCIAL POSITION

4.1. BRANDS AND OTHER INTANGIBLE ASSETS

Brands and other intangible assets	2021			2020
(Euro/000)	Gross value	Accumulated depreciation and impairment	Net value	Net value
Brands	999,354	0	999,354	223,900
Software	641	(438)	203	7
Other intangible assets	8,788	(6,885)	1,903	1,728
Total	1,008,783	(7,323)	1,001,460	225,635

Intangible assets changes for the years 2021 and 2020 are shown in the following tables:

As at 31 December 2021

Gross value Brands and other intangible assets (Euro/000)	Brands	Software	Other intangible assets	Total
1 January 2021	223,900	434	7,898	232,232
SPW Incorporation	775,454	0	0	775,454
Acquisitions	0	207	874	1,081
Disposals	0	0	0	0
Impairment	0	0	0	0
Other movements, including transfers	0	0	16	16
31 December 2021	999,354	641	8,788	1,008,783

Accumulated amortization Brands and other intangible assets (Euro/000)	Brands	Software	Other intangible assets	Total
1 January 2021	0	(427)	(6,170)	(6,597)
Depreciation	0	(11)	(715)	(726)
Disposals	0	0	0	0
Other movements, including transfers	0	0	0	0
31 December 2021	0	(438)	(6,885)	(7,323)

As at 31 December 2020

Gross value Brands and other intangible assets (Euro/000)	Brands	Software	Other intangible assets	Total
1 January 2020	223,900	434	7,032	231,366
Acquisitions	0	0	682	682
Disposals	0	0	0	0
Impairment	0	0	0	0
Other movements, including transfers	0	0	184	184
31 December 2020	223,900	434	7,898	232,232

Accumulated amortization Brands and other intangible assets (Euro/000)	Brands	Software	Other intangible assets	Total
1 January 2020	0	(419)	(5,440)	(5,859)
Depreciation	0	(8)	(730)	(738)
Disposals	0	0	0	0
Other movements, including transfers	0	0	0	0
31 December 2020	0	(427)	(6,170)	(6,597)

The increase in the item Brands was due to the partial demerger of Sportswear Company S.p.A. in favour of the Company.

The increase in the caption other intangible assets mainly refer to the brand registration expenses.

4.2. IMPAIRMENT OF INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE

The caption Brands, which has an indefinite useful life, has not been amortised, but has been tested for impairment by management.

The impairment tests on the Moncler brand and on the Stone Island brand were performed by comparing its carrying value with that derived from the discounted cash flow method applying the Royalty Relief Method, based on which the cash flows are linked to the recognition of a royalty percentage applied to revenues that the brand is able to generate.

For the 2021 valuation, the expected cash flows and revenues are based on the 2022-2024 Business Plan approved by the Board of Directors on 24 february 2022 and for 2025-2026 on the basis of management estimates consistent with the expected development plans.

The "g" rate used was 2.5%.

The discount rate was calculated using the Weighted Average Cost of Capital (WACC), by weighting the expected rate of return on invested capital, net of hedging costs from a sample of companies within the same industry. The calculation took into account fluctuation in the market as compared to the previous year and the resulting impact on interest rates. The weighted average cost of capital (WACC) was calculated at 8%.

The results of the sensitivity analysis indicated that the carrying amount of the Moncler brand is in line with the benchmark with a "g" rate = 0% and WACC = 87.7% and the carrying amount of the Stone Island brand with a "g" rate = 0% and WACC = 8.1%

4.3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	2021			2020
(Euro/000)	Gross value	Accumulated depreciation and impairment	Net value	Net value
Land and buildings	7,160	(739)	6,421	1,189
Plant and Equipment	123	(110)	13	0
Fixtures and fittings	234	(146)	88	0
Leasehold improvements	106	(27)	79	2
Other fixed assets	833	(503)	330	194
Assets in progress	26	0	26	16
Total	8,482	(1,525)	6,957	1,401

The changes in property, plant and equipment from for 2021 and 2020 is included in the following tables:

As at 31 December 2021

Gross value Property, plant and equipment (Euro/000)	Land and buildings	Plant and Equipment	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
1 January 2021	1,629	5	4	459	16	2,113
SPW Incorporation	4,792	118	102	91	0	5,337
Acquisitions	1,384	0	0	288	33	1,705
Disposals	(645)	0	0	(12)	0	(657)
Other movements, including transfers	0	0	0	7	(23)	(16)
31 December 2021	7,160	123	106	833	26	8,482

Accumulated depreciation and impairment PPE (Euro/000)	Land and buildings	Plant and Equipment	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
1 January 2021	(440)	(5)	(2)	(265)	0	(712)
SPW Incorporation	(41)	(105)	(24)	(87)	0	(403)
Depreciation	(461)	0	(1)	(163)	0	(625)
Disposals	203	0	0	12	0	215
Other movements, including transfers	0	0	0	0	0	0
31 December 2021	(739)	(110)	(27)	(503)	0	(1,525)

As at 31 December 2020

Gross value Property, plant and equipment (Euro/000)	Land and buildings	Plant and Equipment	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
1 January 2020	1,710	5	4	295	108	2,122
Acquisitions	119	0	0	164	92	375
Disposals	(200)	0	0	0	0	(200)
Other movements, including transfers	0	0	0	0	(184)	(184)
31 December 2020	1,629	5	4	459	16	2,113

Accumulated depreciation and impairment PPE (Euro/000)	Land and buildings	Plant and Equipment	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
1 January 2020	(228)	(5)	(1)	(171)	0	(405)
Depreciation	(315)	0	(1)	(94)	0	(410)
Disposals	103	0	0	0	0	103
Other movements, including transfers	0	0	0	0	0	0
31 December 2020	(440)	(5)	(2)	(265)	0	(712)

The changes related to the right of use assets arising from the application of the IFRS 16 are reported here below:

Right of use assets (Euro/000)	Land and buildings	Other fixed assets	Total
1 January 2021	1,189	94	1,283
Acquisitions	1,384	288	1,672
Disposals	(442)	0	(442)
Depreciation	(461)	(123)	(584)
SPW Incorporation	4,751	0	4,751
31 December 2021	6,421	259	6,680

4.4. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are detailed in the following table:

Investments in subsidiaries		% ownership		Carrying amount	
(Euro/000)	Country	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Industries S.p.A.	Italy	100%	100%	332,772	312,663
Sportswear Company S.p.A.	Italy	100%	0%	591,898	0
Total				924,670	312,663

Financial information related to the subsidiaries are detailed in the following table:

Summary of subsidiary's financial information (Euro/000)			31 December 2021		
	Assets	Liabilities	Net equity	Revenues	Profit/(Loss)
Industries S.p.A.	1,730,773	799,962	930,811	1,081,382	92,061
Sportswear Company S.p.A.	272,964	98,256	174,708	317,951	62,703
Total	2,003,737	898,218	1,105,519	1,399,333	154,764

Summary of subsidiary's financial information (Euro/000)			31 December 2020		
	Assets	Liabilities	Net equity	Revenues	Profit/(Loss)
Industries S.p.A.	1,444,336	611,970	832,366	933,489	57,663
Total	1,444,336	611,970	832,366	933,489	57,663

The carrying amounts of the investments in Industries S.p.A. and Sportswear Company S.p.A. also include the greater value recognised upon their acquisition (2008 and 2021), allocated to the goodwill associated with the Moncler and the Stone Island businesses, respectively.

At the reporting date, management found that there were no risks of impairment of the amounts recognised, based on the performance of the Moncler and Stone Island businesses and expectations of the development plans. These considerations are also supported by the impairment tests carried out on the Moncler and Stone Island business cash generating units described in the Moncler Group's consolidated financial statements. The increase in the value of the investment in Industries S.p.A. was due to the accounting treatment of the stock option and performance share plans adopted by the Company and described in section 8.2.

Furthermore, the market capitalisation of the Company, based on the average price of Moncler share in 2021, shows a positive difference with respect to the net equity, indirectly confirming the value of the goodwill.

Please refer to the Consolidated Financial Statements for a complete list of the Group companies directly and indirectly controlled by the Company.

4.5. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities are offset only when there is a law within a given tax jurisdiction which provides for such right to offset. The balances were as follows as at 31 December 2021 and 31 December 2020:

Deferred taxation (Euro/000)	31 December 2021	31 December 2020
Deferred tax assets	2,178	1,429
Deferred tax liabilities	(220,014)	(2,410)
Net amount	(217,836)	(981)

Changes in deferred tax assets and deferred tax liabilities are detailed in the following table:

Deferred tax assets (liabilities) (Euro/000)	Opening balance - 1 January 2021	Taxes charged to the income statement	Taxes accounted for in Equity	Other movements	Closing balance - 31 December 2021
Tangible assets	4	(1)	0	(1)	2
Employee benefits	35	0	0	(1)	34
Other temporary items	1,390	751	0	1	2,142
Tax assets	1,429	750	0	(1)	2,178
Intangible assets	5	(1,253)	0	(216,351)	(217,599)
Financial assets	(2,415)	0	0	0	(2,415)
Tax liabilities	(2,410)	(1,253)	0	(216,351)	(220,014)
Net deferred tax assets (liabilities)	(981)	(503)	0	(216,352)	(217,836)

Deferred tax assets (liabilities) (Euro/000)	Opening balance - 1 January 2020	Taxes charged to the income statement	Taxes accounted for in Equity	Other movements	Closing balance - 31 December 2020
Tangible assets	12	(8)	0	0	4
Employee benefits	27	0	8	0	35
Other temporary items	418	973	0	(1)	1,390
Tax assets	457	965	8	(1)	1,429
Intangible assets	(62,450)	62,455	0	0	5
Financial assets	(2,415)	0	0	0	(2,415)
Tax liabilities	(64,865)	62,455	0	0	(2,410)
Net deferred tax assets (liabilities)	(64,408)	63,420	8	(1)	(981)

The taxable amount on which deferred tax have been calculated is detailed in the following table:

Deferred tax assets (liabilities) (Euro/000)	Taxable Amount 2021	Closing balance - 31 December 2021	Taxable Amount 2020	Closing balance - 31 December 2020
Tangible assets	5	2	13	4
Employee benefits	143	34	143	35
Other temporary items	8,928	2,142	5,798	1,390
Tax assets	9,076	2,178	5,954	1,429
Intangible assets	(779,925)	(217,599)	19	5
Financial assets	(10,064)	(2,415)	(10,064)	(2,415)
Tax liabilities	(789,989)	(220,014)	(10,045)	(2,410)
Net deferred tax assets (liabilities)	(780,913)	(217,836)	(4,091)	(981)

The caption other temporary items mainly refers to the Directors' remunerations.

4.6. TRADE RECEIVABLES

Trade receivables (Euro/000)	31 December 2021	31 December 2020
Trade receivables, third parties	1,219	258
Trade receivables, intra-group	83,878	135,820
Total, net value	85,097	136,078

Trade receivables are originated from the marketing and communication operations of the Company related to the brand development and Group operations and are mostly considered intercompany transactions.

There are no trade receivables with a due date greater than five years. There is no difference between the book value and the fair value of trade receivables.

Trade receivables from Group companies mainly relates to the receivable from the subsidiary Industries S.p.A. resulting from the royalties for the use of the Moncler trademark and management fees.

These receivables do not present collectability risks.

4.7. CASH AND CASH EQUIVALENT

As at 31 December 2021, the caption cash and cash equivalent amounted to EUR 901 thousand (EUR 62,293 thousand as at 31 December 2020) and includes funds available at banks. Please refer to the statement of cash flows for further information related to cash fluctuation.

Cash and cash equivalents included in the Statement of cash flow (Euro/000)	31 December 2021	31 December 2020
Cash in hand and at the bank	901	62,293
Total	901	62,293

4.8. INTRA-GROUP FINANCIAL RECEIVABLES

The financial receivables item, amounting to EUR 1,075 thousand, relates to the receivable for the financial settlement of the aforementioned partial demerger. In 2020 (EUR 54,439 thousand), the item refers to the cash pooling account with the subsidiary Industries S.p.A.

4.9. OTHER CURRENT AND NON-CURRENT ASSETS

Other current assets (Euro/000)	31 December 2021	31 December 2020
Advances on account to vendors	872	490
Prepaid expenses	391	577
Tax receivables excluding income taxes	114	342
Other current assets	10	29
Other current assets, intra-group	4,111	269
Total other current assets	5,498	1,707
Security / guarantees deposits	126	142
Other non current assets	0	1,000
Other non-current assets	126	1,142
Total	5,624	2,849

The caption other current taxes consists mainly of the receivable due from the tax authority related to IRES receivable for personnel expenses not deducted for IRAP purposes as well as the VAT receivable.

The caption other current assets, intra-group includes mainly amounts related to the fiscal consolidation, the same caption in 2020 included mainly amounts related to VAT consolidation.

Deposits are mostly related to the amounts paid on behalf of the lessee as a guarantee to the lease agreement.

There are no differences between the amounts included in the Consolidated Financial Statements and their fair values.

4.10. TRADE PAYABLES

As at 31 December 2021, the caption trade payables pertains mostly to marketing and communication services.

Trade payables (Euro/000)	31 December 2021	31 December 2020
Trade payables, third parties	29,984	16,112
Trade payables, intra-group	2,409	42
Total	32,393	16,154

Details of the transactions with subsidiaries are provided in the note 8.1 on related parties.

4.11. OTHER CURRENT LIABILITIES

As at 31 December 2021, the caption other current liabilities included the following:

Other current liabilities (Euro/000)	31 December 2021	31 December 2020
Directors and audit related payables	3,631	442
Amounts payable to employees and consultants	4,269	1,936
Employees taxation payables	1,399	943
Other current liabilities	2,710	3,013
Other current liabilities, intra-group	11,649	9,345
Total	23,658	15,679

As at 31 December 2021 the caption other current liabilities, intra-group mainly included the amounts related to the VAT consolidation and in 2020 it included the amounts related to fiscal consolidation. For additional information please see note 8.1.

4.12. EMPLOYEES PENSION FUND

As at 31 December 2021, the caption includes the employee pension fund as detailed in the following table:

Employees pension funds - movements (Euro/000)	31 December 2021	31 December 2020
Net recognized liability - opening	1,619	1,141
SPW Incorporation	45	0
Interest costs	5	10
Service costs	547	425
Payments	(566)	(55)
Actuarial (Gains)/Losses	8	98
Net recognized liability - closing	1,658	1,619

The actuarial valuation of employee termination benefits (TFR) is based on the Projected Unit Credit Cost method. Reported below are the main economic and demographic assumptions utilised for actuarial valuations.

Assumptions	
Discount rate	0.56%
Inflation rate	1.75%
Nominal rate of wage growth	1.25%
Labour turnover rate	17.10%
Probability of request of advances of TFR	3.80%
Percentage required in case of advance	70.00%
Life Table - Male	M2019 (*)
Life Table - Female	F2019 (*)

(*) Table ISTAT - resident population

The following table shows the effect of variations, within reasonable limits, in key actuarial assumptions on defined benefit plan obligations at year end.

Sensitivity analysis (Euro/000)	Variation
Discount rate (+0.5%)	(47)
Discount rate (-0.5%)	50
Rate of payments Increases x (+0.5%)	(4)
Rate of payments Increases x (-0.5%)	4
Rate of Price Inflation Increases (+0.5%)	37
Rate of Price Inflation Decreases (-0.5%)	(35)
Rate of Salary Increases (+0.5%)	17
Rate of Salary Decreases (-0.5%)	(16)
Increase the retirement age (+1 year)	2
Decrease the retirement age (-1 year)	(2)
Increase longevity (+1 year)	0
Decrease longevity (-1 year)	(0)

4.13. FINANCIAL LIABILITIES

Borrowings (Euro/000)	31 December 2021	31 December 2020
Short-term financial lease liabilities	1,077	323
Intra-group short-term borrowings	38,610	0
Short-term borrowings	39,687	323
Long-term financial lease liabilities	5,686	994
Intra-group long-term borrowings	327,000	0
Long-term borrowings	332,686	994
Total	372,373	1,317

Borrowings amounted to EUR 372,373 thousand (EUR 1,317 thousand in 2020) and refer to the financial debt with Industries S.p.A. and to the financial lease liabilities.

Financial lease liabilities are detailed in the following table:

Financial lease liabilities (Euro/000)	
Short-term financial lease liabilities	1,077
Long-term financial lease liabilities	5,686
Total	6,763

The changes in financial lease liabilities during 2021 are reported in the following table:

(Euro/000)	IFRS 16	Ex IAS17	Financial lease liabilities
1 January 2021	1,314	3	1,317
Acquisitions	1,232	0	1,232
Disposals	(616)	(3)	(619)
Financial expenses	20	0	20
SPW Incorporation	4,813	0	4,813
Other movements, including transfers	0	0	0
31 December 2021	6,763	0	6,763

The following table show the breakdown of the long-term borrowings in accordance with their maturity date:

Ageing of the Long-term borrowings (Euro/000)	31 December 2021	31 December 2020
Within 2 years	1,032	255
From 2 to 5 years	329,199	494
Beyond 5 years	2,455	245
Total	332,686	994

The non-discounted cash flows referring to the lease liabilities are shown below.

Ageing of the lease liabilities not discounted (Euro/000)	31 December 2021	31 December 2020
Within 1 year	1,155	343
From 1 to 5 years	3,443	798
Beyond 5 years	2,538	249
Total	7,136	1,390

4.14. TAX ASSETS AND LIABILITIES

Tax liabilities amound to EUR 14,356 thousand as at 31 December 2021, net of current tax assets (EUR 2,252 thousand as at 31 December 2020). The balance pertains to IRES and IRAP payable.

4.15. SHAREHOLDERS' EQUITY

As at 31 December 2021 the subscribed share capital constituted by 273,682,790 shares was fully paid and amounted to EUR 54,736,558 with a nominal value of EUR 0.20 per share.

Changes in shareholders' equity for 2021 and the comparative period are included in the consolidated statements of changes in equity.

As at 31 December 2021, 4,106,180, treasury shares were held, equal to 1.5% of the share capital, for a total value of EUR 146,487 thousand.

The changes in share capital and share premium reserve derive from the reserved share capital increase relating to the transaction with the shareholders of Sportswear Company S.p.A. (n. 15.330.166 ordinary shares at a value of EUR 37.51 per share).

The change in the IFRS 2 reserve is due to the accounting treatment of the performance share plans, i.e., to the recognition of the figurative cost for the period relating to these plans and the reclassification to retained earnings of the cumulative figurative cost of the plans already closed.

The change in retained earnings mainly relates mainly to the to the allocation of 2020 result, the dividend distribution and the above mentioned reclassification of the IFRS 2 reserve .

In 2021 the Parent Company distributed dividends to the Group Shareholders for an amount of EUR 121,274,490. In 2020 the Company did not distribute dividends.

The following table includes details about how the shareholders reserve should be used:

Information on reserves						
(Euro)	Amount	Possible use	Available amount	Non-available amount	Amounts used in the previous 3 years to hedge losses	Amounts used in the previous 3 years for other reason
Share capital	54,736,558	-	-	54,736,558	-	-
Reserves:						
Legal reserve	10,334,105	B	-	10,334,105	-	-
Share premium	745,308,990	A, B, C	744,695,783(*)	613,207	-	-
OCI Reserve	(201,400)	-	-	(201,400)	-	-
Revaluation reserve	85,963	A, B	85,963	-	-	-
FTA Reserve	(19,585)	A, B, C	-	(19,585)	-	-
IFRS 2 Reserve	34,979,736	A, B, C	34,979,736	-	-	-
Retained earnings	381,804,606	A, B, C	381,603,206	201,400	-	171,313,688
Total share capital and reserves	1,227,028,973		1,161,364,688	65,664,285	-	171,313,688
Non distributable amount			85,963			
Distributable remaining amount			1,161,278,725			

Explanation: A share capital increase - B hedge of losses - C distribution to the shareholders
(*) Share premium reserve entirely available after allocating to legal reserve up to 20% of the share capital

In view of the realignment of the Moncler trademark's tax value to the statutory value, as required by Law Decree 104/2020 (the so-called "August" Decree), art. 110, par. 8, the Board of Directors proposes the Shareholders' Meeting to appoint the Retained earnings reserve as deferred tax reserve for an amount equal to EUR 217,150,636.

The caption OCI ("Other Comprehensive Income") reserve includes the actuarial risks related to the employee pension fund.

Changes in that reserve is as follows:

Other comprehensive income	Employees pension fund - actuarial valuation			Fair value IRS		
(Euro/000)	Value before tax effect	Tax effect	Value after tax effect	Value before tax effect	Tax effect	Value after tax effect
Reserve as at 1 January 2020	(133)	30	(103)	0	0	0
Reclassification to Other reserves	0	0	0	0	0	0
Changes in the period	(98)	8	(90)	0	0	0
Translation differences of the period	0	0	0	0	0	0
Reversal in the income statement of the period	0	0	0	0	0	0
Reserve as at 31 December 2020	(231)	38	(193)	0	0	0
Reserve as at 1 January 2021	(231)	38	(193)	0	0	0
Reclassification to Other reserves	0	0	0	0	0	0
Changes in the period	(8)	0	(8)	0	0	0
Translation differences of the period	0	0	0	0	0	0
Reversal in the income statement of the period	0	0	0	0	0	0
Reserve as at 31 December 2021	(239)	38	(201)	0	0	0

5. COMMITMENTS AND GUARANTEES GIVEN

5.1 COMMITMENTS

he Company does not have significant commitments arising from operating lease contract or other contractual cases that do not fall within the scope of IFRS 16.

5.2 GUARANTEES GIVEN

As at the date of the financial statements, the Company had no guarantees toward the Group companies nor third parties.

6. CONTINGENT LIABILITY

The Company is subject to risks which may arise during the performance of its ordinary activities. Based on information available to date, management believes that there currently are no contingent liability that need to be accrued in the financial statements.

7. INFORMATION ABOUT FINANCIAL RISKS

The Company's financial instruments include cash and cash equivalents, loans, receivables and trade payables and other current receivables and payables and non-current assets as well as derivatives.

The Company is mostly exposed to interest rate risk, liquidity risk and capital risk.

Market risk

Exchange rate risk

The Company operated mostly with companies in euros and, as such, the exposure to exchange rate risk is limited. As at 31 December 2020, a small portion of the Company's assets and liabilities (i.e. trade receivables and payables) were denominated in a currency different from its functional currency.

Interest rate risk

The Company's exposure to interest rate risk during 2021 is connected mostly to changes in interest rates relate to outstanding loans.

As at 31 December 2021 the Company had no bank loans and therefore there were no interest rate hedges, consequently any changes in interest rates at the year-end date would not have significant effects on the result of the year.

The Company is not exposed to changes in currency interest rates.

Credit risk

The Company has no significant concentrations of credit risk with companies that are not part of the Group. The maximum exposure to credit risk is represented by the amount reported in the financial statements.

As far as the credit risk arising from other financial assets (including cash, short-term bank deposits and some financial derivative instruments) is concerned, the credit risk for the Company arises from default of the counterparty with a maximum exposure equal to the carrying amount of financial assets recorded in the financial statements.

Liquidity risk

Liquidity risk arises from the ability to obtain financial resources at a sustainable cost in order for the Group to conduct its daily business operations. The factors that influence this risk are related to the resources generated/absorbed by operating activities, by investing and financing activities and by availability of funds in the financial market.

Management believes that the financial resources available today, along with those that are generated by the current operations will enable the Company to achieve its objectives and to meet its investment needs and the repayment of its debt at the agreed upon maturity date.

Operating and capital management risks

In the management of operating risk, the Company's main objective is to manage the risks associated with the development of business in foreign markets that are subject to specific laws and regulations.

The Group has implemented guidelines in the following areas:

- appropriate level of segregation of duties;
- reconciliation and constant monitoring of significant transactions;
- documentation of controls and procedures;
- technical and professional training of employees;
- periodic assessment of corporate risks and identification of corrective actions.

As far as the capital management risk is concerned, the Company's objectives are aimed at the going concern issue in order to ensure a fair economic return to shareholders and other stakeholders while maintaining a good rating in the capital debt market. The Company manages its capital structure and makes adjustments in line with changes in general economic conditions and with the strategic objectives.

8. OTHER INFORMATION

8.1RELATED-PARTY TRANSACTIONS

Set out below are the transactions with related parties deemed relevant for the purposes of the "Related-party procedure" adopted by the Group.

The "Related-party procedure" is available on the Company's website (www.monclergroup.com, under "Governance/Corporate documents").

Transactions with subsidiaries are of a commercial nature and are conducted at market conditions similar to those conducted with third parties and are detailed as follows:

Intercompany balances (Euro/000)	31 December 2021		
	Receivables	Payables	Net value
Industries S.p.A.	87,927	(379,577)	(291,650)
Sportswear Company S.p.A.	1,075	0	1,075
Other Group companies	62	(91)	(29)
Total	89,064	(379,668)	(290,604)

Intercompany transactions (Euro/000)	2021		
	Revenues	Expenses/Other revenues net	Net value
Industries S.p.A.	299,144	(3,689)	295,455
Other Group companies	0	115	115
Total	299,144	(3,574)	295,570

Moncler S.p.A. granted to the subsidiary Industries S.p.A. a license to use the Moncler brand. Based on the license agreement, the Company is remunerated through payments of royalties.

The total amount of royalties and consulting fees for fiscal year 2021 amounted to EUR 299.1 million (EUR 238.0 million in 2020).

In addition, the Company has entered into a legal, fiscal and administrative consulting agreement with Industries S.p.A.

Please note that Moncler S.p.A. is part of the Group's fiscal and VAT consolidation and is responsible with Industries S.p.A. for taxes payable and the related interests.

Compensation paid of the members of the Board of Directors in 2021 are EUR 6,837 thousand (EUR 2,253 thousand in 2020).

Compensation paid of the members of the Board of Auditors in 2021 are EUR 142 thousand (EUR 142 in 2020).

In 2021 the costs relating to Performance Shares (described in note 8.2) referring to members of the Board of Directors amount to EUR 2,296 thousand (EUR 2,611 thousand in 2020).

There are no other related-party transaction.

The following tables summarise the afore-mentioned related-party transactions that took place during 2021 and the prior year:

(Euro/000)	Type of relationship	Note	31 December 2021	%	31 December 2020	%
Industries S.p.A.	Trade transactions	c	299,144	99.0%	237,971	99.7%
Industries S.p.A.	Trade transactions	b	(2,891)	2.5%	(2,266)	2.8%
Industries S.p.A.	Interest income	d	33	100.0%	332	79.0%
Industries S.p.A.	Interest expense	a	(831)	49.3%	(79)	22.4%
Other Group companies	Trade transactions	b	115	(0.1)%	74	(0.1)%
Directors and board of statutory	Labour services	b	(6,979)	6.1%	(2,395)	3.0%
Directors	Labour services	b	(2,296)	2.0%	(2,611)	3.3%
Total			286,295		231,026	

a- % calculated based on total financial costs
b- % calculated on operating costs
c- % calculated on revenues
d- % calculated based on total financial income

(Euro/000)	Type of relationship	Note	31 December 2021	%	31 December 2020	%
Industries S.p.A.	Trade payables	b	(2,318)	7.2%	(25)	0.2%
Industries S.p.A.	Financial debt	a	(365,610)	0.0%	0	0.0%
Industries S.p.A.	Financial receivables	f	0	0.0%	54,439	100.0%
Industries S.p.A.	Debt from fiscal consolidation	d	(11,649)	49.2%	0	0.0%
Industries S.p.A.	Credit from fiscal consolidation	e	0	0.0%	269	0.0%
Industries S.p.A.	Trade receivables	c	83,816	98.5%	135,761	99.8%
Industries S.p.A.	Credit from fiscal consolidation	e	4,111	74.8%	0	0.0%
Industries S.p.A.	Debt from fiscal consolidation	d	0	0.0%	(9,345)	0.0%
Sportswear Company S.p.A.	Financial receivables	f	1,075	100.0%	0	0.0%
Other Group companies	Trade receivables	c	62	0.1%	59	0.0%
Other Group companies	Trade payables	b	(91)	0.3%	(17)	0.1%
Directors and board of statutory auditors	Other current liabilities	d	(3,631)	15.3%	(442)	2.8%
Total			(294,235)		180,699	

a effect in % based on total financial debt
b effect in % based on trade payables
c effect in % based on trade receivables
d effect in % based on other current liabilities
e effect in % based on other current assets
f effect in % based on total financial receivables

The following tables summarise the weight of related-party transactions on the financial statements as at and for the years ended 31 December 2021 and 2020:

(Euro/000)	31 December 2021									
	Revenues	Operating expenses	Financial expenses	Financial income	Trade receivables	Other current assets	Trade payables	Other payables, current	Total financial debt	Total financial receivables
Total related parties	299,144	(12,051)	(831)	33	83,878	4,111	(2,409)	(15,280)	(365,610)	1,075
Total financial statement	302,093	(113,596)	(1,684)	33	85,097	5,498	(32,393)	(23,658)	(372,373)	1,075
Weight %	99.0%	10.6%	49.3%	100.0%	98.6%	74.8%	7.4%	64.6%	0.0%	100.0%

(Euro/000)	31 December 2020									
	Revenues	Operating expenses	Financial expenses	Financial income	Trade receivables	Other current assets	Trade payables	Other payables, current	Total financial debt	Total financial receivables
Total related parties	237,971	(7,198)	(79)	332	135,820	269	(42)	(9,787)	0	54,439
Total financial statement	238,601	(79,689)	(352)	420	136,078	1,707	(16,154)	(15,679)	(1,316)	54,439
Weight %	99.7%	9.0%	22.4%	79.0%	99.8%	15.8%	0.3%	62.4%	0.0%	100.0%

8.2 STOCK-BASED COMPENSATION PLANS

The Financial Statements at 31 December 2021 reflects the values of the Performance Shares Plan approved in 2018 and in 2020.

The costs related to stock-based compensation plans are equal to EUR 6,663 thousand in the 2021, compared with EUR 7.958 thusand in 2020.

On 16 April 2018 the Shareholders' Meeting of Moncler approved the adoption of a Stock Grant Plan entitled "2018-2020 Performance Shares Plan" ("2018 Plan") addressed to Executive Directors and/or Key Managers, and/or employees, and/or collaborators, and/or external consultants of Moncler S.p.A. and of its subsidiaries, which have strategically relevant roles or are otherwise capable of making a significant contribution, with a view of pursuing the Group's strategic objectives.

The object of the Plan is the free granting of the Moncler shares in case certain performance targets are achieved at the end of the vesting period of 3 years.

The performance targets are expressed base on the earning per share index ("EPS") of the Group in the vesting period, adjusted by the conditions of over/under performance.

The proposed maximum number of shares serving the Plan is equal to n. 2,800,000 resulting from the allocation of treasury shares.

The Plan provides for a maximum of 3 cycles of attribution; the first attribution cycle, approved during 2018, ended with the assignment of 1,365,531 Moncler Rights. The second attribution cycle, approved during 2019, ended with the assignment of 341,514 Moncler Rights.

As regards the first allocation cycle:

- The 3-year vesting period ended with the approval of the Draft Financial Statements as at 31 December 2020.
- The performance targets were met, together with the over-performance condition.
- Therefore, No. 1,479,123 shares (including No. 246,520 shares deriving from over-performance) were assigned to the beneficiaries through the allocation of treasury shares (with reference to Moncler S.p.A., No. 351,114 shares were assigned to the beneficiaries, including No. 58,519 shares deriving from over-performance).
- The effect on the income statement on the year 2021 amounted to EUR 1,008 thousand.

As at 31 December 2021 there were still in circulation 262,152 rights related to the second cycle of attribution. With reference to Moncler S.p.A., as at 31 December 2021 there were still in circulation 98,280 rights related to the second cycle of attribution.

The effect on the income statement on the year 2021 amounted to EUR 971 thousand.

On 11 June 2020, the Ordinary Shareholders' Meeting has approved, pursuant to art. 114-bis of the Consolidated Law on Finance, the adoption of a Stock Grant Plan denominated "2020 Performance Shares Plan" addressed to Executive Directors, Key Managers, employees and collaborators, therein including Moncler's external consultants and of its subsidiaries.

The object of the Plan is the free granting of the Moncler shares in case certain Performance Targets are achieved at the end of the vesting period of 3 years.

The Performance Targets are expressed base on the following index of the Group in the Vesting Period, adjusted by the conditions of over/under performance: (i) Net Income, (ii) Free Cash Flow and (iii) ESG (Environmental Social Governance).

The proposed maximum number of shares serving the Plan is equal to n. 2,000,000 resulting from capital increase and/or allocation of treasury shares.

The Plan provides for a maximum of 3 cycles of attribution; as regards the first attribution cycle, on 11 June 2020 the Board of Directors resolved the granting of 1,350,000 Moncler Rights. The second attribution cycle, approved during 2021, ended with the assignment of 463,425 Moncler Rights.

As at 31 December 2021 there are still in circulation 1,132,742 rights related to the first cycle of attribution and 459,155 rights related to the second cycle of attribution. With reference to Moncler S.p.A., as at 31 December 2021 there were still in circulation 165,273 rights related to the first cycle of attribution and 246,759 rights related to the second cycle of attribution.

The effect on the income statement on the year 2021 amounted to EUR 4,529 thousand.

As stated by IFRS 2, these plans are defined as Equity Settled.

For information regarding the plan, please see the company's website, www.monclergroup.com, in the "Governance/Shareholders' Meeting" section.

8.3 SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

We point out that, on June 14, 2021, Moncler S.p.A. Board of Directors, putting into effect the resolutions adopted by the Shareholders' Meeting of June 11, 2020, resolved, with reference to the stock grant plan denominated "2020 Performance Shares Plan", the granting of 463,425 shares to 59 beneficiaries.

The description of the stock-based compensation plans and the related costs are included in note 8.2.

On 30 December 2021, following the partial demerger of Sportswear Company S.p.A. in favour of Moncler S.p.A., the latter was assigned the assets of Sportswear Company S.p.A. represented by the Stone Island brand and the set of assets and contracts that compose the Style and Marketing divisions.

8.4 ATYPICAL AND/OR UNUSUAL TRANSACTIONS

It should be noted that during 2021 the Company did not enter into any atypical and/or unusual transactions.

8.5 FINANCIAL INSTRUMENTS

The following table shows the carrying amount and fair values of financial assets and financialliabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(Euro/000) 31 December 2021	Current	Non-current	Fair value	Level
Financial assets measured at fair value				
Interest rate swap used for hedging	-	-	-	
Forward exchange contracts used for hedging	-	-	-	2
Sub-total	-	-	-	
Financial assets not measured at fair value				
Trade and other receivables (*)	85,097	126		
Cash and cash equivalents (*)	901	-		
Financial receivables (*)	1,075			
Sub-total	87,073	126	-	
Total	87,073	126	-	

(Euro/000) 31 December 2020	Current	Non-current	Fair value	Level
Financial assets measured at fair value				
Interest rate swap used for hedging	-	-	-	
Forward exchange contracts used for hedging	-	-	-	
Sub-total	-	-	-	
Financial assets not measured at fair value				
Trade and other receivables (*)	136,078	1,142		
Cash and cash equivalents (*)	62,293	-		
Financial receivables (*)	54,439			
Sub-total	252,810	1,142	-	
Total	252,810	1,142	-	

(Euro/000) 31 December 2021	Current	Non-current	Fair value	Level
Financial liabilities measured at fair value				
Interest rate swap used for hedging	-	-	-	2
Forward exchange contracts used for hedging	-	-	-	2
Other financial liabilities	-	-	-	3
Sub-total	-	-	-	
Financial liabilities not measured at fair value				
Trade and other payables (*)	(35,103)	-		
Financial payables (*)	(38,610)	(327,000)		
Bank overdrafts (*)	-	-		
Short-term bank loans (*)	-	-		
Bank loans (*)	-	-		
IFRS 16 financial loans (*)	(1,078)	(5,686)		
Sub-total	(74,791)	(332,686)	-	
Total	(74,791)	(332,686)	-	

(Euro/000) 31 December 2020	Current	Non-current	Fair value	Level
Financial liabilities measured at fair value				
Interest rate swap used for hedging	-	-	-	2
Forward exchange contracts used for hedging	-	-	-	2
Other financial liabilities	-	-	-	3
Sub-total	-	-	-	
Financial liabilities not measured at fair value				
Trade and other payables (*)	(19,167)	-		
Financial payables (*)	-	-		
Bank overdrafts (*)	-	-		
Short-term bank loans (*)	-	-		
Bank loans (*)	-	-		
IFRS 16 financial loans (*)	(323)	(994)		
Sub-total	(19,490)	(994)	-	
Total	(19,490)	(994)	-	

(*) Such items refer to short-term financial assets and financial liabilities whose carrying value is a reasonable approximation of fair value, which was therefore not disclosed.

8.6 FEES PAID TO INDEPENDENT AUDITORS

Fees paid to independent auditors are summarised below:

Audit and attestation services (Euro)	Entity that has provided the service	Fees 2021
Audit	KPMG S.p.A.	270,104
	Network KPMG S.p.A.	0
Attestation services	KPMG S.p.A.	57,749
	Network KPMG S.p.A.	2,000
Other services	KPMG S.p.A.	221,124
	Network KPMG S.p.A.	398,900
Total		949,877

8.7 DISCLOSURE PURSUANT TO ITALIAN LAW N. 124/2017

Pursuant to the requirements of Law no. 124/2017, in 2021 the company Moncler S.p.A. benefited from EUR 512 thousand in tax credit relating to research and development for the year 2021, from EUR 13 thousand in Art Bonus contribution and EUR 33 thousand in advertising bonus.

For the purposes of the above requirements and with regard to any other grants received falling among the cases provided for, reference is also made to the specific Italian national register, which can be consulted by the public.

9. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

SUSTAINALYTICS

In January 2022, Moncler obtained the Industry Top-Rated Badge as well as for the Regional Top-Rated Badge from Sustainalytics, a leading research and ESG and Corporate Governance rating company that supports investors in the development and implementation of responsible investment strategies.

SHARES' BUY-BACK PROGRAM

On 3 March 2022, Moncler S.p.A. announced the launch, starting from 4 March 2022, of a buy-back program up to 1,000,000 of its ordinary shares (equal to the 0.4% of its share capital), for a maximum countervalue of EUR 56 million, without a par value, in execution of the shareholders' meeting resolution dated 22 April 2021, pursuant to Arts. 2357 and 2357-ter of the Italian Civil Code.

The buy-back program's purpose is to meet obligations arising from stock-based incentives schemes or other allocations of shares to employees, members of the Board of Directors and consultants of Moncler and of its subsidiaries, within the parameters prescribed by the Market Abuse Regulation (EU) 596/2014, the Commission Delegated Regulation (EUR) 2016/1052 and Consob regulation no. 11971/1999 and in compliance with all parameters (including prices and daily volumes), terms and conditions resolved upon by Moncler Shareholders' Meeting held on 22 April 2021 and publicly available.

At the date of the approval of the Draft Consolidated Results, the program is still ongoing.

GEOPOLITICAL UPDATE

With reference to the conflict in Ukraine started on 24 February, Moncler Group's management confirms that both the store in Kiev and all commercial activities in Russia have also been temporarily closed. The Group is present in the two countries with dedicated e-commerce, and for the brand Moncler with two directly operated stores (DOS) and three wholesale mono-brand stores (SiS). Moreover, the Group has around 100 multi-brand wholesale doors.

The total exposure to the two countries in FY 2021 – including revenues generated by Russian tourists buying outside Russia – was less than 2% of the Group's revenues. Although the uncertainty regarding the development of the situation and its possible impacts on global economies remains very high, significant consequences on FY 2022 results are currently not foreseen. Limited to Moncler S.p.A., a decrease in the Group's revenues would result, proportionally, in lower flows from active royalties.

The Moncler Group also supports UNHCR, the United Nations High Commissioner for Refugees which protects and assists refugees around the world, and other organizations active in the area.

10. MOTION TO APPROVE THE FINANCIAL STATEMENTS AND THE ALLOCATION OF THE RESULT FOR THE YEAR ENDED 31 DECEMBER 2021

In conclusion to these explanatory notes, we invite you to approve the Moncler S.p.A.'s separate financial statements.

We propose that you resolve to distribute a gross dividend of EUR 0.60 per ordinary share based on the 2021 profit of Moncler S.p.A., which amounts to EUR 136,481,615, and on the retained earnings reserve.

The total amount to be distributed as a dividend, taking into account the shares issued at 31 December 2021 (269,576,110), net of treasury shares directly held by the company (4,106,680), is equal to EUR 161.7 million[1].

***

The financial statements, comprised of the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and explanatory notes to the financial statements give a true and fair view of the financial position and the results of operations and cash flows and corresponds to the Company's accounting records.

On behalf of the Board of Directors

Remo Ruffini

Chairman and Chief Executive Officer

[1] Subject to change due to the possible use of treasury shares for the stock-based compensation plan and to the further treasury shares purchase.

ATTESTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 154 BIS OF LEGISLATIVE DECREE NO. 58/98

1. The undersigned, Remo Ruffini, in his capacity as the Chief Executive Officer of the Company, and Luciano Santel, as the executive officer responsible for the preparation of Moncler S.p.A.'s financial statements, pursuant to the provisions of Article 154-bis, clauses 3 and 4, of Legislative Decree no. 58 of 1998, hereby attest:

- the adequacy with respect to the Company structure
- and the effective application

of the administrative and accounting procedures applied in the preparation of the Company's consolidated financial statements at 31 December 2021.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the consolidated financial statements at 31 December 2021 was based on a process defined by Moncler S.p.A. in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework.

3. The undersigned moreover attest that:

3.1 the consolidated financial statements:

a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Council, dated 19 July 2002
b) correspond to the amounts shown in the Company's accounts, books and records; and
c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries as of 31 December 2021 and for the year then ended.

3.2 the director's report includes a reliable operating and financial review of the Company and of the Group as well as a description of the main risks and uncertainties to which they are exposed.

16 March 2022

CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

Remo Ruffini

EXECUTIVE OFFICER RESPONSIBLE FOR THE PREPARATION OF THE COMPANY'S FINANCIAL STATEMENTS

Luciano Santel

KPMG S.p.A.
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(The accompanying translated consolidated financial statements of the Moncler Group constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Moncler S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Moncler Group (the "group"), which comprise the statement of financial position as at 31 December 2021, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Moncler Group as at 31 December 2021 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Moncler S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Purchase price allocation as part of the acquisition of the Stone Island Group

Notes to the consolidated financial statement: paragraph 3.1 "Acquisition of Stone Island"

Key audit matter	Audit procedures addressing the key audit matter
On 31 March 2021 the parent acquired the entire share capital of Sportswear Company S.p.A., the owner of the Stone Island trademark. During 2021, the group completed the recognition of the fair value of the assets acquired and liabilities assumed. The statement of financial position as at 31 December 2021 reflects the purchase price allocation for the acquisition of the Stone Island Group at 1 April 2021 (€1,150 million). The fair value attributed to the assets acquired and liabilities assumed has been confirmed by the appraisal prepared by an independent expert engaged by the parent, on which basis the group recognised the following assets and liabilities: — Stone Island trademark (€775 million); — order backlog (€20 million); — deferred tax liabilities (€222 million); — goodwill (€447 million). Such purchase price allocation was prepared using methods that, by their very nature, require complex valuations of the directors about: — the identification of the assets acquired and liabilities assumed; — the expected cash flows, calculated by taking into account the general economic performance and that of the group's sector, the actual cash flows for the last few years and the projected growth rates;	Our audit procedures, which also involved our own specialists, included: — understanding the process adopted by the group management to identify the assets acquired and liabilities assumed and to allocate the consideration transferred as part of the acquisition of the Stone Island Group; — performing audit procedures on the acquisition-date consolidated financial position of the Stone Island Group; — obtaining the appraisal of the independent expert engaged by the parent assisting the group in measuring the fair value of the assets acquired and liabilities assumed as part of the acquisition of the Stone Island Group; — checking the reasonableness of the valuation methods and application parameters used to measure the fair value of the net assets acquired; — checking the consolidation entries made by the parent in connection with the purchase price allocation; — assessing the appropriateness of the disclosures provided in the notes about the acquisition of the Stone Island Group.

— the financial parameters used to calculate the discount rate. For the above reasons, we believe that the purchase price allocation is a key audit matter.	

Recoverability of goodwill, the Moncler trademark and the Stone Island trademark

Notes to the consolidated financial statements: paragraphs 5.1 "Goodwill, brands and other intangible assets" and 5.2 "Impairment of intangible assets with an indefinite useful life and goodwill"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2021 include the Moncler and Stone Island trademarks (the "trademarks") with a carrying amount of €224 million and €775 million, respectively, which are intangible assets with an indefinite useful life, and goodwill of €603 million (including €156 million allocated to the Moncler cash-generating unit and €447 million) to the Stone Island cash-generating unit). At least annually, at the reporting date, the group checks the recoverable amount of the trademarks and goodwill. It calculates the recoverable amount of the trademarks and goodwill by estimating their value in use, using a method that discounts their expected cash flows. Specifically, with reference to the trademarks, it used the royalty relief method. These methods, by their very nature, require complex valuations of the directors about: — the expected cash flows, calculated by taking into account the general economic performance and that of the group's sector, the actual cash flows for the last few years and the projected growth rates; — the financial parameters used to calculate the discount rate. For the above reasons, we believe that the recoverability of the trademarks and goodwill is a key audit matter.	Our audit procedures, which also involved our own specialists, included: — understanding the process adopted to prepare the impairment tests; — understanding the process adopted for the preparation of i) the 2022-2024 business plan (broken down by CGU) approved by the parent's board of directors on 24 February 2022 and ii) the 2025-2026 management estimates (broken down by CGU) as part of which the expected cash flows used for impairment testing have been inferred; — analysing the main assumptions used by the directors in estimating the expected cash flows, including the analysis of any discrepancies between the previous year business plans' figures and actual figures; — analysing the reasonableness of the impairment testing model and the key assumptions used by the directors to determine the recoverable amount of the trademarks and goodwill; — checking the sensitivity analyses disclosed in the notes with reference to the key assumptions used for impairment testing, including the interest and perpetual growth rates;

	— assessing the appropriateness of the disclosures provided in the notes about the trademarks, goodwill and the related impairment tests.

Measurement of inventories

Notes to the consolidated financial statements: section 5.5 "Inventories"

Key audit matter	**Audit procedures addressing the key audit matter**
The consolidated financial statements at 31 December 2021 include inventories of €264 million, net of the allowance for inventory write-down of €230 million. Determining the allowance for inventory write-down is a complex accounting estimate, entailing a high level of judgement as it is affected by many factors, including: — the characteristics of the group's business sector; — the sales' seasonality; — the price policies adopted and the distribution channels' selling ability. For the above reasons, we believe that the measurement of inventories is a key audit matter.	Our audit procedures included: — understanding the process for the measurement of inventories and the related IT environment and assessing the design and implementation of controls and procedures to assess the operating effectiveness of material controls; — checking changes in inventories during the year, considering their expected life cycle based on their age and analysing the historical sales and profitability figures by season; — analysing documents and discussing the assumptions adopted to calculate the allowance for inventory write-down with the relevant internal departments, in order to understand the assumptions underlying the expectations of how goods will be sold; — assessing the appropriateness of the disclosures provided in the notes about inventories.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 1 October 2013, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2013 to 31 December 2021.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 31 December 2021 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2021 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 31 December 2021 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16

The directors of Moncler S.p.A. are responsible for the preparation of a consolidated non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such consolidated non-financial statement. In accordance with article 8 of Legislative decree no. 16/, we attested the compliance of the consolidated non-financial statement separately.

Treviso, 30 March 2022

KPMG S.p.A.

(signed on the original)

Gianluca Zaniboni
Director of Audit

ATTESTATION OF THE SEPARATE FINANCIAL STATEMENTS PURSUANT TO ART. 154 BIS OF LEGISLATIVE DECREE NO. 58/98

1. The undersigned, Remo Ruffini, in his capacity as the Chief Executive Officer of the Company, and Luciano Santel, as the executive officer responsible for the preparation of Moncler S.p.A.'s financial statements, pursuant to the provisions of Article 154-bis, clauses 3 and 4, of Legislative Decree no. 58 of 1998, hereby attest:

- the adequacy with respect to the Company structure
- and the effective application

of the administrative and accounting procedures applied in the preparation of the Company's separate financial statements at 31 December 2021.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the separate financial statements at 31 December 2021 was based on a process defined by Moncler S.p.A. in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework.

3. The undersigned moreover attest that:

3.1 the separate financial statements:

a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Council, dated 19 July 2002
b) correspond to the amounts shown in the Company's accounts, books and records; and
c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company as of 31 December 2021 and for the year then ended.

3.2 the director's report includes a reliable operating and financial review of the Company, as well as a description of the main risks and uncertainties to which they are exposed.

16 March 2022

CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

Remo Ruffini

EXECUTIVE OFFICER RESPONSIBLE FOR THE PREPARATION OF THE COMPANY'S FINANCIAL STATEMENTS

Luciano Santel

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(The accompanying translated separate financial statements of Moncler S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Moncler S.p.A.

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Moncler S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2021, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Moncler S.p.A. as at 31 December 2021 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the separate financial statements*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the separate financial statements of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of the Moncler and Stone Island trademarks

Notes to the separate financial statements: paragraphs 4.1 "Brands and other intangible assets" and 4.2 "Impairment of intangible assets with an indefinite useful life"

Key audit matter	**Audit procedures addressing the key audit matter**
The separate financial statements at 31 December 2021 include the Moncler and Stone Island trademarks (the "trademarks") with a carrying amount of €224 million and €775 million, respectively, which are intangible assets with an indefinite useful life. At least annually, at the reporting date, the company checks the recoverable amount of the trademarks. It calculates the recoverable amount of the trademarks by estimating their value in use, using a method that discounts their expected cash flows. Specifically, it used the royalty relief method. This method, by its very nature, requires complex valuations of the directors about: — the expected cash flows, calculated by taking into account the general economic performance and that of the company's sector, the actual cash flows for the last few years and the projected growth rates; — the financial parameters used to calculate the discount rate. For the above reasons, we believe that the recoverability of the trademarks is a key audit matter.	Our audit procedures, which also involved our own specialists, included: — understanding the process adopted to prepare the impairment tests; — understanding the process adopted for the preparation of i) the 2022-2024 business plan (broken down by CGU) approved by the company's board of directors on 24 February 2022 and ii) the 2025-2026 management estimates (broken down by CGU) as part of which the expected cash flows used for impairment testing have been inferred; — analysing the main assumptions used by the directors in estimating the expected cash flows, including the analysis of any discrepancies between the previous year business plans' figures and actual figures; — analysing the reasonableness of the impairment testing model and the key assumptions used by the directors to determine the recoverable amount of the trademarks; — checking the sensitivity analyses disclosed in the notes with reference to the key assumptions used for impairment testing, including the interest and perpetual growth rates;

	— assessing the appropriateness of the disclosures provided in the notes about the trademarks and the related impairment tests.

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 1 October 2013, the company's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2013 to 31 December 2021.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The company's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the separate financial statements to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the separate financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the separate financial statements have been prepared in XHTML format in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The company's directors are responsible for the preparation of a directors' report and a report on corporate governance and ownership structure at 31 December 2021 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the company's separate financial statements at 31 December 2021 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the company's separate financial statements at 31 December 2021 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Treviso, 30 March 2022

KPMG S.p.A.

(signed on the original)

Gianluca Zaniboni
Director of Audit

MONCLER S.p.A.

Share Capital

Euro 54,736,558 fully paid

Head office at Via Stendhal 47, Milan

Companies Register of Milan registration number and Tax Identification 04642290961

Economic Administrative Index 1763158

* * *

REPORT OF THE BOARD OF STATUTORY AUDITORS

TO THE SHAREHOLDERS' MEETING

In accordance with Article 153 of Legislative Decree no. 58 of 24 February 1998

Shareholders,

This report, which was prepared in accordance with Article 153 of Legislative Decree 58/1998 (the "Finance Consolidation Act" or "TUF") relates to the activities of the Board of Statutory Auditors (the "Board") of Moncler S.p.A. (hereinafter "Moncler" and also the "Company") for the year ending 31 December 2021.

During the 2021 financial year the Board of Statutory Auditors performed its duties in accordance with the Italian Civil Code, Legislative Decree 58/1998 (TUF), the guidelines issued by Consob in its communication no. 1025564 of 6 April 2001 as amended, Legislative Decree 39/2010 (the decree enacting Directive 2006/43/EC on the legal auditing of annual and consolidated financial reports, as amended by Directive 2014/56/EU) as amended, the statutory provisions and the provisions issued by the Supervisory Authorities. It also took into account the rules of conduct laid down by the Italian National Council of Accountants and Tax Consultants.

The Board of Statutory Auditors also complied with the regulations applicable to entities of public interest (Art. 16 of Legislative Decree no. 39/2010) such as Moncler as a publicly-listed company, in its capacity as the "Committee for Internal Control and Accounts Auditing" by performing additional specific control and monitoring duties with regard to financial reporting and legal auditing, as provided for in Article 19 of Legislative Decree 39/2010 as amended by Legislative Decree 135/2016, and with regard to non-financial reporting pursuant to Legislative Decree 254/2016 as amended.

The Board of Statutory Auditors now reports on its activities in 2021. The relevant information is provided below in accordance with the applicable provisions.

1. **Activities of the Board of Statutory Auditors during the year ending 31 December 2021** *(point 10 of Consob Communication no. 1025564/01)*

The Board of Statutory Auditors performed its activities by holding 17 meetings during the 2021 financial year.

The Board also attended 12 meetings of the Board of Directors, and was present, either through all of its members or through its chairman and/or another auditor:

– at 4 meetings of the Control, Risks and Sustainability Committee;
– 6 meetings of the Nomination and Remuneration Committee;
– at 3 meetings of the Related Parties Committee.

As part of its control activity the Board, among other things:

– oversaw compliance with laws, the company bylaws and industry regulations, also with reference to obligations concerning regulated or insider information, or information requested by the regulatory authorities;
– oversaw compliance with the principles of sound administration, and the functioning and adequacy of the Company's organisational structure and of its internal control, accounting and administration systems, by collecting data and information from the heads of the company departments, from the Financial Reporting Officer and from KPMG S.p.A. ("KPMG"), the firm engaged for the legal auditing of the accounts;
– in accordance with Article 149 para. 1 c-bis of the TUF, it oversaw the methods used to implement the Code of Corporate Governance for listed companies (published by Borsa Italiana S.p.A.), adopted by the Company;
– checked that the criteria and verification procedures used by the Board to assess the independence requirements for directors have been properly applied;
– carried out a self-assessment of the requirements for the exercise of the role of Statutory Auditor;
– checked that the Board of Directors' policy on related-party transactions conformed to the principles of Consob resolution no. 17221 of 12 March 2010 as amended, and oversaw compliance with the policy;
– met with the Supervisory Body set up in accordance with Legislative Decree 231/2001, for the purposes of exchanging information;
– held meetings and exchanged information with the supervisory bodies of the

main subsidiaries;

– oversaw the adoption of remuneration policies that are subject to approval by the shareholders' meeting;
– held meetings and obtained information – also by attending the meetings of the Control, Risks and Sustainability Committee – from the Designated Manager for the Preparation of the Corporate Accounting Documents, and from the Head of Internal Audit and the heads of other company departments involved from time to time in the Board's supervisory activities;
– in the context of the relations between the supervisory body and auditor (Art. 150 third para. TUF) and in the light of the Board of Statutory Auditors' powers as the Internal Control and Accounts Auditing Committee (Art. 19 Legislative Decree 39/2010), held periodic meetings with the appointed auditors, KPMG, to exchange information and data relevant to their respective duties.

2. Operations with greater financial significance. Other notable events *(point 1 of Consob Communication no. 1025564/01)*

2.1. Activities of the Board

The Board of Statutory Auditors oversaw the Company's compliance with the law, the company bylaws and the principles of sound administration, with particular reference to operations that were significant in terms of profit or loss, financial aspects or equity, by regularly attending the meetings of the Board of Directors and by examining the documents provided.

In this regard, the Board of Statutory Auditors obtained from the CEOs and from the Board of Directors information about the activities performed and about the major financial and equity operations carried out by the Company, also through its direct or indirect subsidiaries; that information is represented in detail in the Directors' Report, to which please refer.

On the basis of the information made available to the Board, it can reasonably be considered that these operations were carried out in accordance with the law and the company bylaws, and that they were not manifestly imprudent, reckless nor did they conflict with the resolutions passed by the shareholders' meeting, nor would they compromise the integrity of the Company's assets.

2.2 Significant events

Information about the significant events involving the Company and the Group in 2021 and in the first part of 2022 is contained in the Annual Report and Consolidated Financial Statements for 2021. These events include, in particular:

- during the first quarter of 2021, Moncler acquired a further stake in Moncler Japan Corporation, of 28.9% of the share capital, from the local partner Yagi Tsusho Limited with an outlay of €44.3 million. Following that operation, Moncler now holds a shareholding of 94.9% of the share capital in Moncler Japan Corporation.
- 31 March 2021 saw the completion of the acquisition of Sportswear Company S.p.A. (which owns the Stone Island brand) ("SPW") by Moncler S.p.A. During that operation, on 22 April 2021 the ordinary shareholders meeting resolved to increase the number of Board members to 12 (from 11) and to appoint the new director Carlo Rivetti, who also holds the role of CEO of Sportswear Company S.p.A.
- On 18 May 2021, with the aim of concentrating into a single entity the strategic functions of styling and marketing for the Stone Island brand and the legal and financial ownership of it, by creating the Stone Island division within Moncler, the Board of Directors of Moncler and its subsidiary SPW approved the plan for the partial demerger of SPW in favour of Moncler. The beneficiary company Moncler, which is already the IP company for the Moncler brand, also manages the business line related to the Stone Island brand, whereas SPW and its direct subsidiaries deal with all the other activities that were previously carried out.

The effect of the operation was subject to the favourable outcome of the application made to the financial administration under Article 10a of Law 212/2000.

The favourable reply was received on 11 October 2021.

- On 22 December 2021, Moncler was the victim of a sophisticated malware attack on its information systems. This caused the temporary suspension of its IT services which were then gradually reinstated under full security. The temporary suspension of the logistics processes and client services, and the hack of the company database and that of certain suppliers, advisors and commercial partners did not have any significant effect on the business. More detailed information about the cyber attack will be provided below.

3. Related-party and intragroup transactions. Atypical and/or unusual operations *(points 2 and 3 of Consob Communication No. 1025564/01)*

As required by Consob Regulation 17221/2010 as amended and by Art. 2391a of the civil code, the Company has a "*Related Parties Procedure*", which was last updated on 14 June 2021 to take into account the changes made to Consob Regulation 17221/2010 by Consob Deliberation no. 21624 of 10 December 2020 (effective from 1 July 2021).

The Board of Statutory Auditors considers that the procedure meets the requirements of Consob Regulation 17221/2010 in its current form: during the year the Board oversaw the Company's compliance with these procedures.
The Annual Report, which includes the Directors' Report, the Consolidated Financial Statements and the 2021 Separate Financial Statements of Moncler, contains information about the income-related and equity effects of related-party transactions and also describes the main relationships.

In 2021, one operation that was classified as "major" under the Related Parties Procedure and one "minor" operation were brought to the attention of the Related Parties Committee. The Board monitored the procedures used to define these operations by attending the related meetings, and oversaw the compliance by the Board of Directors and by the Related Parties Committee with the provisions of Consob Regulation 17221/2010 and with the Related Parties Procedure.
No related-party transactions were executed on an urgent basis.

The Board judged as adequate the information given by the Board of Directors in the 2021 Annual Report of the Company in relation to intragroup and related party transactions.

As far as we are aware, during the financial year 2021 no atypical and/or unusual operations were carried out.

4. Organisational structure of the Company and Group *(points 12 and 15 of Consob Communication No. 1025564/01)*

The organisational structure of the Company and of the Group, and the related developments have been described in detail in the Report on Corporate Governance and Ownership.

The Company's organisational structure includes the duties and responsibilities of the Company's functions, the hierarchical and functional relations between them, and the coordination arrangements.
The Board of Statutory Auditors oversaw the overall adequacy of the organisational structure of the Company and of the Group and also monitored the process for the setting and granting of authorities.

The Board oversaw the adequacy of the instructions given by the Company to its subsidiaries pursuant to Article 114 paragraph 2 TUIF, in order to duly obtain the information required to fulfil the disclosure obligations provided for by law and by Regulation (EU) No. 596/2014.

The Board of Statutory Auditors met the Supervisory Body, which was set up pursuant to Legislative Decree 231/2001 and whose task is to oversee the functioning and observance of the 231 Model adopted in accordance with Legislative Decree 39/2010 and of the Code of Ethics. It also obtained information about the organisational and procedural activities carried out pursuant to Legislative Decree 231/2001.
The Supervisory Body did not report any critical issues following its activity. In particular, the SB pointed out that no whistleblowing reports have been received.

On 24 March 2022, the Board of Statutory Auditors obtained the report provided by the Board of the subsidiary Industries S.p.A.. On 25 March 2022, it obtained the report prepared by the Board of the subsidiary SPW, which did not reveal any issue that would require a mention in this report.
The board of statutory auditors also met with the representatives of the supervisory bodies of the subsidiaries Industries S.p.A. and SPW, as required by Article 151 T.U.F.

5. Internal control and risk management system (ICRMS); monitoring of the financial and non-financial reporting process (points 13 and 14 of Consob Communication No. 1025564/01)

5.1 Internal control and risk management system (ICRMS)

The Report on Corporate Governance and Ownership Structure describes the main characteristics of the system for internal control and risk management.

The ICRMS is the set of rules, procedures and organisational structures, which operates in order to allow the effective functioning of the Company and of the Group and in order to identify, manage and monitor the main risks to which they are exposed. The ICRMS is an integrated system that involves the whole of the organisational structure; the bodies of the Company and its departments, including the control functions, are required to make a coordinated and interdependent contribution to the functioning of this system.

The Board of Statutory Auditors oversaw the adequacy of the ICRMS adopted by the Company and the Group and checked that it functioned correctly. In particular, the Board of Statutory Auditors:

(i) noted the adequacy rating given by the Board of Directors in relation to the ICRMS, after consulting the control, Risks And Sustainability Committee; in this regard, refer to the Report on Corporate Governance and Ownership Structure;

(ii) examined the semi-annual report of the Control, Risks And Sustainability Committee provided to assist the Board of Directors;

(iii) examined the documents summarising the assessment of the adequacy and efficacy of the ICRMS, prepared by the Internal Audit Function;

(iv) attended all the meetings of the Control, Risks and Sustainability Committee, obtaining information about any project the Committee considered appropriate to arrange or request in response to specific issues;

(v) obtained knowledge of the trend in the organisational structures and activities performed by the Internal Audit and Compliance Functions;

(vi) examined the reports on the work done by the Internal Audit and Compliance Functions which were brought to the attention of the Control, Risks and Sustainability Committee and of the Board of Directors;

(vii) verified the autonomy, independence and functionality of the Internal Audit Function, and maintained and implemented adequate, regular connections with that function;

(viii) examined the Audit Plan prepared by Internal Audit and approved by the Board of Directors, observed the compliance with the Plan and received information on the results of the audits and on the effective implementation of any mitigating or corrective actions;

(ix) obtained information about the changes to the set of Group procedures.

(x) examined the updated audit plan and compliance plan during the financial year, in view of the continuation of the pandemic and also considering the risk assessment carried out with respect to the associated risk profiles;

(xi) obtained information about the updated Covid-19 protocols and guidelines adopted by Moncler for the safe management of operations at the corporate offices and in all Group stores.

In the context of the ICRMS's supervisory activities with specific regard to IT and cyber security, the Board acknowledged the actions outlined by the Company to control these aspects and monitored the implementation. In October 2021 the cybersecurity framework of Moncler and of the Group was reviewed with the assistance of external consultants also in view of the acquisition of control of SPW in order to identify any reinforcement actions.

The malware attack on the Moncler Group's ICT systems, which caused a breach of employee and customer data, occurred at the end of December and led to the need to accelerate the ICT reinforcement process.

With specific regard to the malware attack, the Board noted that the Company immediately took action to address the incident, as illustrated during the meeting requested by Consob on 11 January 2021. In particular, the competent authorities were promptly informed, including the data protection authority. On the other hand the company also informed the persons directly affected by the data breach, according to the procedures in force in each jurisdiction. External cyber security consultants were also contacted, and they provided additional guidance on strengthening the IT infrastructure.

Moncler is currently working with the external consultants in order to further strengthen its cybersecurity management model, and this includes procedural aspects, training initiatives and periodic risk assessments and reviews. The objective of this model is to assure the implementation of solid protective and business continuity tools and processes, including the use of the best technologies and methods to identify and protect the group against cyber threats. In addition to specific training on security awareness, there will be a rollout of new cyber security tools including backups (a system which has ensured that Moncler did not suffer a total disruption of its business). There will also be further strengthening of the incident management process and risk mapping procedure, as well as a review of the outsourcing model.

In light of the above, apart from the points for attention mentioned above, taking into account the changes in the ICRMS, our analysis and the information we have obtained, nothing has emerged that would lead this Board to consider that the Company's overall system of internal controls and risk management is inadequate.

5.2 Administration and accounting system, and the financial reporting process

With regard to the accounting and administration system and the financial reporting process, the Board of Statutory Auditors, among its other activities, monitored the work done by the Company in continuously assessing the adequacy and concrete functioning of the system in practice.
The Report on Corporate Governance and Ownership Structure describes the main characteristics of the system.

Discussions with the managers of the external auditing firm to exchange information relevant to the performance of their respective duties pursuant to Article 150 paragraph 3 TUIF, did not reveal any issue that would require a mention in this report.

At the meeting on 16 March 2022, the Board of Statutory Auditors examined the draft supplementary report prepared by the external auditing firm KPMG under Art. 11 of Regulation EU 537/2014 and issued on 30 March 2022, and found that the report did not reveal any significant deficiencies in the internal control system with regard to the financial reporting process. The content of that report was then discussed and investigated further during the periodic exchanges of information between the Board of Statutory Auditors and the external auditing firm.

5.3 Non-financial reporting process

The Board of Statutory Auditors would like to remind the shareholders that under Legislative Decree 254/2016 as amended and the related enacting regulation issued by CONSOB in its deliberation no. 20267 of 18 January 2018, the Company is required to prepare and publish a consolidated Non-Financial Report ("NFR").

Under Art. 4 of Legislative Decree 254/2016, the NFR provides non-financial information about the Company and its subsidiaries "*to the extent necessary to ensure a clear understanding of the Group's activities, its performance, its results and the impact thereof*".

As provided for in Article 3 paragraph 7 of Legislative Decree 254/2016, the Board of Statutory Auditors, in performing its legal functions, oversaw the compliance with the regulations requiring the preparation and publication of the NFR.

The Board of Directors approved the NFR on 16 March 2022; it was prepared in accordance with Legislative Decree 254/2016, and took into consideration the GRI-*Global Reporting Initiative* standards.

The Board also noted that on 30 March 2022, the external auditing firm issued the Report required under Article 3 paragraph 10 of Legislative Decree 254/2016.
In that report, KPMG attested that on the basis of its work, nothing had come to its attention that would lead it to consider that the NFR had not been drafted, in all its material aspects, in accordance with the requirements of Articles 3 and 4 of Legislative Decree 254/2016 or with the Group reporting standards.

The Board of Statutory Auditors observed, in turn, that on the basis of its activities it had not received any indications of any elements of non-conformity of the NFR compared to the regulatory provisions governing its preparation and publication.

6. Legal auditing of the accounts *(points 4, 7, 8 and 16 of Consob Communication no. 1025564/01)*

6.1 Activities of the Board of Statutory Auditors in the 2021 financial year

The mandate for the legal audit of the Company's financial statements and of the Group's consolidated financial report was granted to the external auditing firm KPMG on 1 October 2013, for the nine-year period 2013-2021; during 2021 the same auditing firm also checked that the company accounts had been duly kept, and that the management events had been correctly reported in the accounting records.

In accordance with Article 19 of Legislative Decree 39/2010, the Board of Statutory Auditors in its capacity as the "Internal Control and Accounts Auditing

Committee” performed the required oversight of the work of the External Auditing Firm, within the limits required by the applicable regulations.
During the year, the Board held meetings with the managers of the external auditing firm as required by Article 150 paragraph 3 TUF. In the context of its supervisory role (Article 19 of Legislative Decree 39/2010) the Board of statutory auditors acquired information from KPMG with reference to the planning and execution of the audit activity. During the meetings, appropriate exchanges of data and information relevant to the performance of their respective duties were carried out, and no issue which requires a mention in this report was raised.

On 30 March 2022 the auditing firm issued reports pursuant to articles 14 and 16 of legislative decree 39/2010, for the separate financial statements and for the consolidated financial report to 31 December 2021.
In particular, the external auditing firm, in its reports:

- gave an opinion which indicates that the Separate and the Consolidated Financial Statements of Moncler provide a true and accurate representation of the financial and equity situation of Moncler and of the Group to 31 December 2021, and of the profit and loss result and the cash flow for the year ending on the same date, in accordance with the International Financial Reporting Standards adopted by the European Union and with the provisions issued in implementation of Article 9 of Legislative Decree 38/05;
- issued a declaration of consistency, which shows that the Board of Directors’ Report accompanying the Separate and the Consolidated Financial Statements as of 31 December 2021 and some of the specific information in the “Report on Corporate Governance and Ownership” indicated in Article 123a para. 4 TUF, for which the Company’s directors are responsible, was prepared in accordance with the provisions of law;
- issued an opinion on the conformity of the separate and consolidated financial statements with the provisions of Regulation EU 2019/815 (“ESEF Regulation”).
- declared that they had nothing to report, in terms of any significant errors in the Board of Directors’ Report, on the basis of their knowledge and understanding of the business and its context acquired during the course of the audit activity;
- verified the directors’ approval of the Non-Financial Report.

After attending the meetings of the Control, Risks and Sustainability Committee, which were attended by the Financial Reporting Officer and the managers of the independent auditors, the Board of Statutory Auditors has no observations to make as to the proper use of the accounting standards or their consistent use in the preparation of the consolidated financial report.

On 30 March 2022, the External Auditing Firm also gave the Board of Statutory Auditors a supplementary report as required by Article 11 of Regulation (EU) No. 537/2014. In an annex to that report, the external audit firm also gave the Board of Statutory Auditors a declaration on independence, as required by Article 6 of Regulation (EU) No. 537/2014, which did not reveal any situation that could compromise independence. In accordance with the provisions of Article 19 paragraph 1 a) of Legislative Decree 39/2010, the Board duly sent the supplementary report to the Board of Directors, without making any observations.

In accordance with Article 19 paragraph 1e) of Legislative Decree 39/2010, the Board of Statutory Auditors – again in its role as “Internal Control and Accounts Auditing Committee” – verified and monitored the independence of the auditing firm. In conducting these audits, no situations were found that would compromise the independence of the auditing firm, nor were there any causes of incompatibility, within the meaning of the applicable regulations. This has also been confirmed by the declaration given by EY under Article 6 paragraph 2a) of Regulation (EU) No. 537/2014.

6.2 Activities of the Board of Statutory Auditors with reference to non-audit services

With reference to non-audit services, at the request and with the support of the Board, in June 2021 the Company adopted a specific procedure governing the awarding of mandates to auditing firms and their networks, in relation to non-audit services (“Internal Procedure for the awarding of mandates for non-audit services to the auditors of the Group and companies in its network”).

During 2021, in accordance with the provisions of Article 19 paragraph 1e) of Legislative Decree 39 2010 and Article 5 paragraph 4 of Regulation EU 537/2014, the Board of Statutory Auditors, in its role as the Internal Control and Accounts Auditing Committee, pre-reviewed the proposals submitted for its attention regarding the conferral of non-audit services to the Auditing Firm or to companies in its network.

In its assessment, the Board of Statutory Auditors verified that these services were compatible with the prohibitions imposed in Article 5 of Regulation EU 537/2014, and also the absence of potential risks to the auditors' independence deriving from the provision of non-audit services, in view of the provisions of Legislative Decree 39/2010 (Articles 10 et seq) in the Issuers' Regulation (Art. 149a et seq) and Auditing Standard no. 100.

Where the legal requirements were met, the Board approved the conferral of the services to KPMG or to other companies in its network.

The fees paid for the non-audit services provided to the Company and its subsidiaries in 2021, by the External Auditing Firm or by other companies in its network, have been itemised, with details of audit services, attestation and other services, in paragraph 8.6 of the Notes to the consolidated accounts, to which please refer. During the course of the year the Board of Statutory Auditors, in its capacity as the Internal Control and Accounts Auditing Committee, also supervised the trend in the payment of fees in light of the limits of Article 4 of Regulation EU 537/2014.

6.3 Activities of the Board of Statutory Auditors relative to awarding of the mandate for the legal auditing of accounts for the nine-year period 2022-2031

The legal accounts auditing mandate granted to KPMG will expire upon approval of the financial statements to 31 December 2021.

The procedure for selecting the new auditor was started by the Board of Statutory Auditors in December 2020 its capacity as the Internal Control and Accounts Auditing Committee, supported by the competent company offices. The procedure ended with the resolution by the Shareholders' Meeting of 22 April 2021, which approved the awarding of the auditing mandate for the 2022-2031 period to Deloitte&Touche S.p.A. That decision was taken on the basis of the Recommendation prepared by the Board of Statutory Auditors in accordance with Article 16 paragraph 2 of Regulation EU No. 537/2014 and approved by the supervisory body at the meeting on 3 March 2021.

The board found that during 2021, the incoming auditor Deloitte&Touche S.p.A. had not been awarded any non-audit services covered by the cooling-in obligation under Article 5 paragraph 1 of Regulation EU 537/2014.

7. Adoption of the Corporate Governance Code, Composition of the Board of Directors and Remuneration. Board Self Assessment *(point 17 of Consob Communication No. 1025564/01)*

Moncler adopted the Corporate Governance Code published by the Corporate Governance Committee in January 2020. The Code became applicable on 1 January 2021.

The Board of Statutory Auditors has assessed the way in which Moncler has implemented the Corporate Governance Code, in the terms illustrated in the Report on Corporate Governance and Ownership Structure, and has no observations to make in that regard.

The Board of Statutory Auditors notes that the Board of Directors has assessed the function, size and composition of the Board and of its Committees in accordance with Article 4 of the Code of Corporate Governance. The Board self-assessment process is described in the Report on Corporate Governance and Ownership Structure, to which please refer.

The process and results of the Board's self-assessment for the 2021 financial year were presented, discussed and agreed by the Board of Directors with the assistance of the external advisor Spencer Stuart, at the Board meeting on 24 February 2022 which was attended by the Board of Statutory Auditors.

The Board of Statutory Auditors has verified the correct application of the criteria and procedure used by the Board of Directors to evaluate the independence of the directors qualified as "independent".

Early in 2022 and in line with the recommendations of Standard Q.1.1 of the Rules of Conduct for the Boards of Statutory Auditors of Listed Companies prepared by CNDCEC, the Board of Statutory Auditors also conducted its own self-assessment with regard to its functioning and composition. It also issued declarations about the compliance with independence, probity and integrity criteria required by the applicable regulatory and legal framework, and discussed and shared the results of the meeting held on 3 March 2022.

In the corporate governance and ownership report (to which please refer) Ms. Fontana extensive notification, in accordance with the principles underlying the Code of Corporate Governance, of having: (i) exercised the right of withdrawal, on 31 December 2021 (effective on 24 February 2022) from the network entity to which the incoming auditor belongs, and (ii) applied specific safeguarding measures up until the date of approval of the corporate governance and ownership report that would neutralise any potential threats to independence even if only apparent).

Through the participation of the Chairman and/or a delegate auditor at all the meetings of the Nomination and Remuneration Committee and the Control, Risks and Sustainability Committee, the Board of Statutory Auditors has verified the corporate procedures that led to the definition of the Company's remuneration policies, with particular reference to the criteria for the remuneration and bonuses of the heads of the Control Functions, and of the Officer Responsible for the Preparation of the Company's Financial Statements.

8. Opinions given by the Board of Statutory Auditors during the year *(point 9 of Consob Communication no. 1025564/01)*

On 18 February 2021 the Board of statutory auditors expressed its approval of the audit plan for 2021.

The board of statutory auditors also gave a favourable opinion of the changes to the structure of the remuneration plan for an Executive Director, and revision of the remuneration package for another executive director.

Finally, on 23 February 2022, in accordance with the code of corporate governance (Article 6, Recommendation 33, paragraph c.), the Board gave a favourable opinion about the audit plan for 2022 which was approved by the board of directors on 24 February 2022.

9. Complaints pursuant to Article 2408 of the Italian Civil Code. Any omissions, reprehensible facts or irregularities found *(points 5, 6 and 18 of Consob Communication No. 1025564/01)*

The Board of statutory auditors did not receive any complaints under article 2408 of the civil code during the 2021 financial year nor during the first months of 2022. During the course of the activities performed, and on the basis of the information obtained, no omissions, reprehensible events, irregularities or any other significant circumstances have emerged that would require a mention in this report.

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Referring to all the considerations made in this Report, the Board of Statutory Auditors, taking into account the specific duties of the External Auditing Firm with regard to the control of accounting and verification of the reliability of the financial statements, has no observations to make to the Shareholders' Meeting pursuant to Article 153 TUF regarding approval of the Financial Statements for the year ended 31 December 2021, accompanied by the Board of Directors' Report, or on the proposed allocation of profits for the year and the distribution of dividends as made by the Board.

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30 March 2022

BOARD OF STATUTORY AUDITORS

Riccardo Losi

Carolyn Dittmeier

Nadia Fontana