Interim Management Report

September 30, 2016

CONTENTS

COMPANY INFORMATION

REGISTERED OFFICE OF THE GROUP HOLDING COMPANY

Moleskine S.p.A.
Viale Stelvio 66 – 20159
Milan

LEGAL INFORMATION OF THE GROUP HOLDING COMPANY

Approved share capital Euro 2.126.522,05
Subscribed and fully paid-up share capital Euro 2.126.522,05

Milan Company Register no. 07234480965
Milan Economic and Administrative Index (REA) no. 1945400
Tax code and VAT no. 07234480965
Company website www.moleskine.com

BOARDS OF DIRECTORS AND AUDITORS*

Board of Directors	Axel Miller	Chairman
	Arrigo Berni	Chief Executive Officer
	Arnaud Laviolette	Director
	Nicolas Saillez	Director
	Amelie Coens	Director
	Fabio Brunelli	Independent Director
	Roberto Spada	Independent Director
	Maria Ceriani Sebregondi	Director
	Orna Ben Naftali	Director
Control and Risk Committee	Fabio Brunelli	Chairman
	Roberto Spada	
	Arnaud Laviolette	
Remuneration Committee	Roberto Spada	Chairman
	Fabio Brunelli	
	Axel Miller	
Board of Statutory Auditors	Paola Maiorana	Chairman
	Rocco Santoro	Statutory Auditor
	Cristiano Proserpio	Statutory Auditor
	Sabrina Pugliese	Alternate Auditor
	Antonio Zecca	Alternate Auditor
Independent Auditors	PricewaterhouseCoopers SpA	
Executive Officer in charge of the financial reports	Alessandro Poletto	

(*) Boards of Directors and Auditors duly appointed by the Shareholders' Meeting of Moleskine S.p.A. held on April 14, 2016 and modified by the Board of Directors of Moleskine S.p.A. at the meeting held on October 6, 2016.

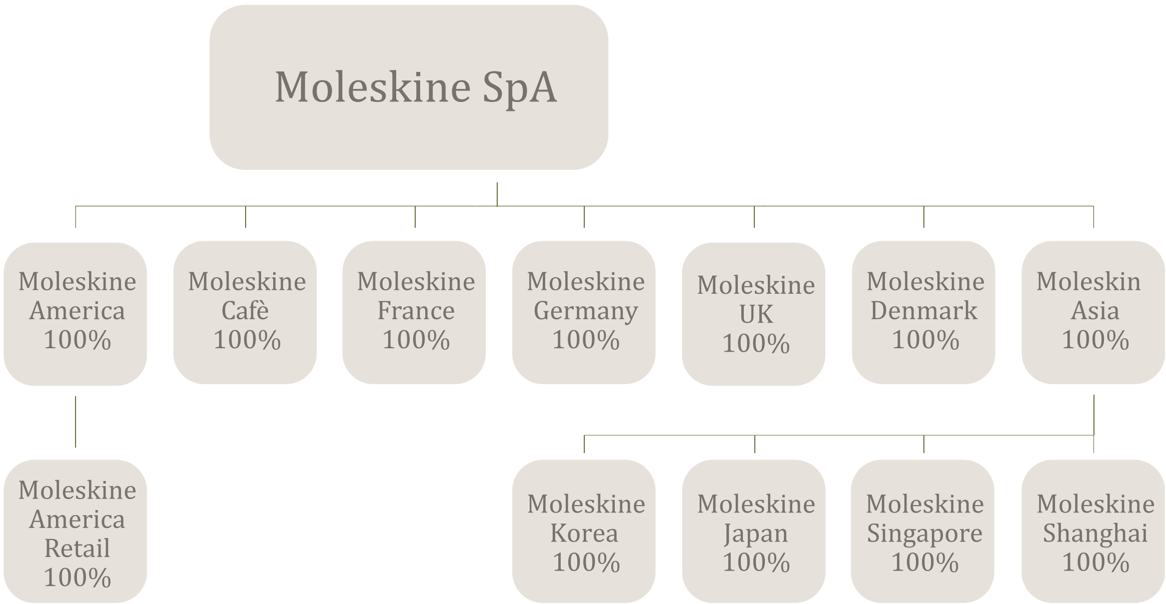
GROUP STRUCTURE

The Group includes the Holding Company Moleskine S.p.A. ("**Moleskine**" or the "**Company**"), Moleskine America Inc. ("**Moleskine America**"), a wholly-owned direct subsidiary headquartered in New York at 210 Eleventh Avenue, Suite 1004, and Moleskine America Retail LLC ("**Moleskine America Retail**"), organized in accordance with the laws of the State of Delaware, and a wholly-owned subsidiary of Moleskine America; it also includes Moleskine Asia Ltd ("**Moleskine Asia**"), headquartered in Hong Kong at 22/F, East Exchange Tower 38 Leighton Road Causeway Bay, wholly owned by the Company, Moleskine Trade and Commerce Shanghai Co. Ltd, with registered offices in Shanghai at Unit 3506, Tower 2, Grand Gateway Center, No. 3, Hong Qiao Road, Xuhui District ("**Moleskine Shanghai**"), Moleskine Singapore Pte Ltd ("**Moleskine Singapore**"), headquartered in Singapore at 6001 Beach Road HEX 13-04 Golden Mile Tower, Moleskine Japan K. K. ("**Moleskine Japan**"), headquartered in Tokyo at 5-4-35-1301 Minami Aoyama, Minato-ku and Moleskine Korea Co. Ltd ("**Moleskine Korea**"), established in March 2016 with registered offices in Seoul at 10 Bongeunsa-ro 54-gil. These last four companies are wholly owned by Moleskine Asia.

Companies also included within the Group are Moleskine France S.à.r.l ("**Moleskine France**"), headquartered in Paris at 39, rue Beauregard, Moleskine Germany Gmbh ("**Moleskine Germany**"), based in Cologne at Spichernstrasse 73, Moleskine UK Ltd ("**Moleskine UK**"), with registered offices in London on the second floor, Cardiff House, Tilling Road, and Moleskine Denmark ApS ("**Moleskine Denmark**"), with registered offices in Copenhagen, Øster Allé 42, 4, all of which are wholly owned by the Holding Company, Moleskine.

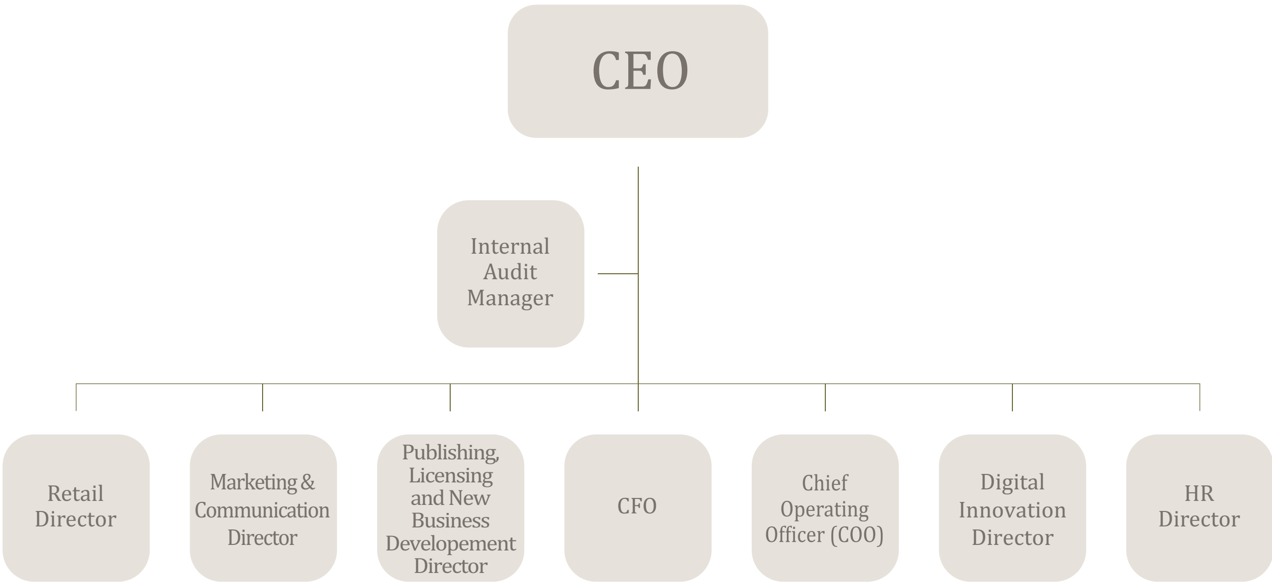
Finally, in April 2016, the company Moleskine Cafè s.r.l. ("**Moleskine Cafè**"), with registered offices at Viale Stelvio 66 in Milan, 100% controlled directly by the Holding Company and subject to management and coordination activity by the latter.

The following chart shows the structure of the Group and Moleskine's subsidiaries along with the percentages held.



GROUP ORGANIZATION CHART

The Group organization chart as of September 30, 2016, is shown below.



DISTRIBUTION NETWORK

The Group markets its products through various distribution channels. From the perspective of the consumer, the Group is present on the market through:

- the retail distribution channel, i.e. the direct distribution channel (retail) in which the Group relies on stores managed either by third-parties or directly, the latter of which are referred to as Directly Operated Stores (DOSs);
- the wholesale channel, i.e. the channel which makes use of intermediaries to sell to consumers, in which case the Group's customers are these intermediaries;
- the B2B channel, aimed at the direct sale of customized Moleskine products to businesses, institutions and a variety of organizations by way of a combined direct and indirect model;
- the e-Commerce channel, i.e. online product sales through Moleskine's own websites. This channel also includes the sales of products under the *Moleskine+* line, such as software applications with integrated functions for mobile devices, collections with strategic significance in the positioning of the Moleskine brand in the analogue/digital continuum.

Interim Management Report at September 30, 2016

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GROUP OPERATIONS

INTRODUCTION

With reference to the nine months ended September 30, 2016, the figures given in this report, together with the associated remarks, are meant to give an overview of Group's financial performance and standing, the changes that occurred during the period under review, and any significant events that affected these results.

OPERATING CONDITIONS AND BUSINESS DEVELOPMENT

Moleskine is the brand through which the Group develops, distributes and sells a family of products for the modern-day nomad: notebooks, journals, diaries, bags, writing instruments and reading accessories inspired by the mobile individual, products that embody personal flair and sophistication in both the real and the digital worlds.

The Group sells three lines of products and services:

i) paper collections ("**Paper Collections**") namely products on paper, such as notebooks, diaries, other home-office products, and gifts.
ii) writing, travel and reading accessories ("**WTR Collections**"), which include items for writing, travel and reading, such as pens, pencils, bags, eyewear and reading lights.
iii) Moleskine+ collection ("**M+ Collections**"), that is analogue/digital products and services destined to be placed in the continuum between the analogue and digital spheres. Some examples include: the Smart Writing Set, an innovative tool recently added to the ecosystem of Moleskine products, that makes it possible to write with traditional instruments (paper and pen) and digitalise notes to be able to edit, save and share them quickly and easily on smartphones and laptops; the Smart Notebook line developed together with Evernote, a notebook designed to be used with Livescribe smart pens; and the notebook developed in partnership with Adobe, the leader in digital marketing and digital-media solutions. The recent launch of the calendar application for iOS *Timepage*, also falls under this product category.

The Group distributes its products to 115 countries:

i) indirectly through a network of 83 distributors (i.e. the wholesale channel), which serve bookshops, department stores, speciality stores, stationers and museums (i.e. retailers); and
ii) through a mixed direct and indirect model for the custom editions designed for our business customers (i.e. B2B); b) through our e-Commerce site; and c) through our retail network of 70 single-brand stores, 19 in China, 3 in Singapore, 8 in Hong Kong, 2 in Korea, 12 in Italy, 5 in the U.K., 6 in France, 5 in Germany and 10 in the U.S.

ACTIVITIES CARRIED OUT BY THE GROUP TO INCREASE BRAND AWARENESS

- Limited editions and special cult editions. It should be noted that the launch of the S***hanghai Tang Limited Edition Collection***, is aimed at celebrating the Year of the Monkey, through collaboration with Shanghai Tang, the leader in Asian elegance, to create notebooks and diaries inspired by the ancient proverb of the three wise monkeys: “see no evil, hear no evil, speak no evil”.

Particularly worth mentioning was the activity that accompanied the launch of the **Toy Story Limited Edition**, on the occasion of which the great Pixar artist, Ralph Eggelston, affirmed the importance of freehand drawing in the first stages of the process of creating a character. A video made by independent video makers describes the mood of the collection and a Creativity Challenge among Moleskine fans invited people to share photos, drawings or paintings of their favourite toy.

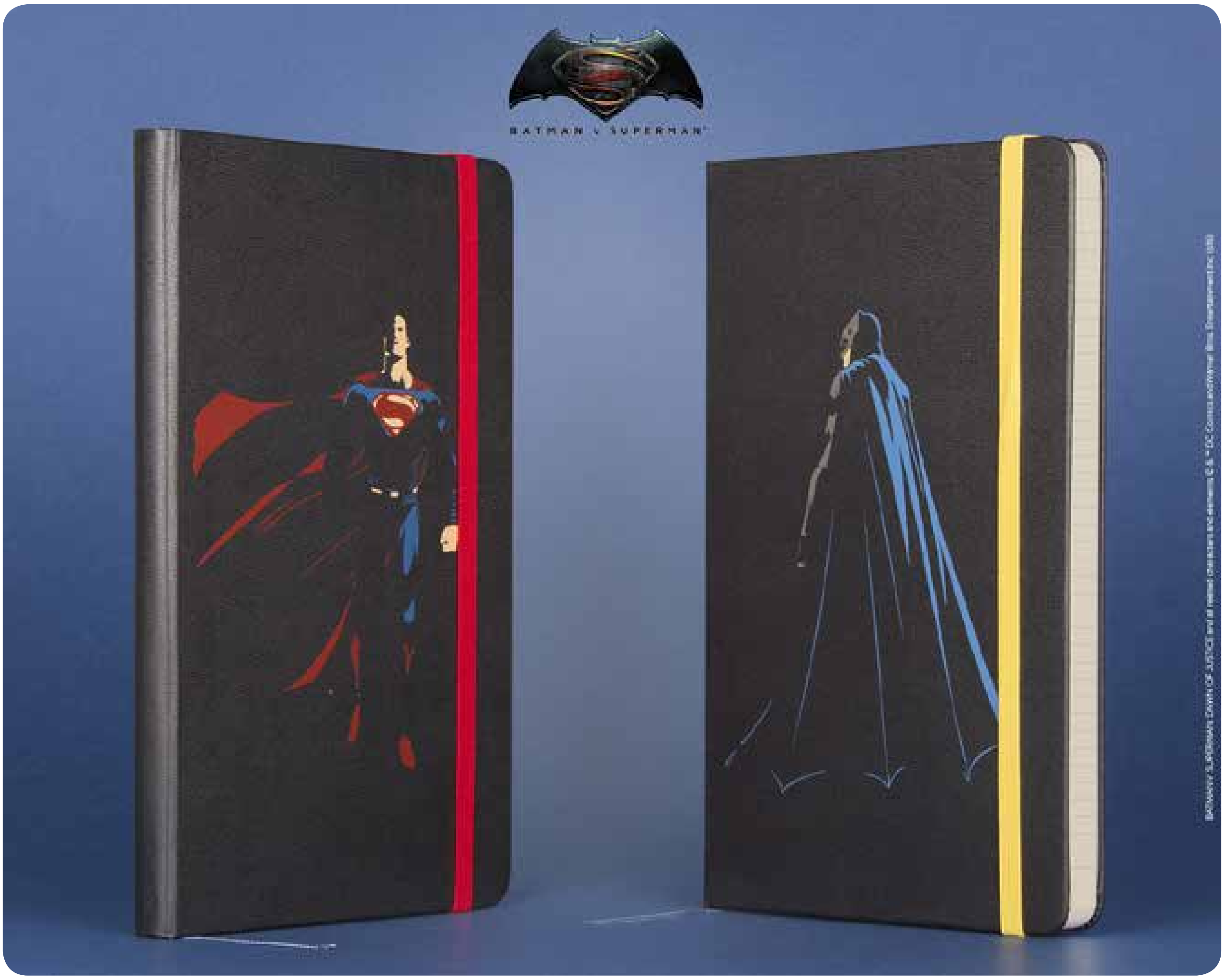
Toy Story limited edition

On the occasion of the launch of the ***Game of Thrones*** limited edition, Dadomani, the Milanese production studio specialised in animation, made a video celebrating the collection that Business Insider published on its Website and on its Facebook page. The new collection and the video were also covered by Nylon in Singapore, Artribune in Italy and AV Club in the United States.

Among the most significant PR actions aimed at supporting the launches of limited and special cult editions, we can note the one related to the limited-edition Collection ***The Beatles***, which, with its psychedelic effects, celebrates the pioneering animation techniques of the musical film Yellow Submarine, paying homage to the Beatles’ influence on music and culture.

Besides this, it is worth mentioning ***A notebook to celebrate Spike Lee***, in which the celebrated director and Moleskine collaborated on the creation of a special limited-edition notebook, available exclusively in 3,000 copies, to celebrate the 30th anniversary of the release of Spike Lee's first film, "Lola Darling", which consecrated Lee as one of the most creative directors of his generation. The notebooks were all numbered and were sold exclusively in the United States (in the shops and on Moleskine.com).

Lastly, we can note the limited-edition collection ***Batman v Superman***, presented on Moleskine's social and web channels, featuring two notebooks on the theme, created in collaboration with Warner Bros. Consumer Products, on behalf of DC Entertainment, celebrate the superheroes film Batman v Superman: Dawn of Justice, based on the characters of the Justice League DC Comics, Batman and Superman; the image on the cover, with exclusive drawings inspired by the main characters of the film, Batman and Superman, emanates a dark and retro atmosphere.



Batman v Superman Limited edition

- **Events**. The partnership format normally envisages the following activities: logo placement, supply of special edition notebooks, pens and bags to a selected “influencer” public, combined with providing content such as displays, exhibitions, workshops, talks, videos, and interaction on social media.

The objective is to establish long-term relationships with selected trend setters and opinion leaders in the world of the creative professions, business and technology innovations, creating a platform to present old and new collections to the selected guests of partner events, and opportunities for B2B business meetings.

Among the most significant events during the nine months, we can note:

- **Handwriting Day**, held on January 23, a day celebrating the power and magic of hand-written words. The format was launched by Moleskine in 2013, enjoying great success among handwriting fans all around the world. A number of famous personalities once again came together at Moleskine to post hand-written messages on various social networks, with the event attracting major media attention;
- the partnership with **TED** (Technology, Entertainment and Design), an international leader in events exploring technology, creativity and innovation; during the 2016 TED conference, focusing on the intriguing subject of dreams, Moleskine created a gift pack containing a special edition pen and notebook.
- the **Milan Design Week**, from April 12 to 17, in which Moleskine was a protagonist with a series of workshops, storytelling activities and experiences associated with the launch of the Smart Writing Set. In the heart of the Tortona district, the Smart Writing Centre hosted a series of workshops and exhibitions. Through mini-conferences and workshops held by designers and creative professionals it was possible to discover how to make the most of notation systems. In addition, during the Design Week, the Moleskine Stores in Milan hosted a Smart Writing Corner and visitors were able to try the Smart Writing Set admiring some of the content created with these instruments during the Design Week..

- **Media campaigns to support the launch of new products**. During the first nine months of 2016 several new collections were launched to the public. A brief summary of the main ones is presented below.

- the ***Lineage Collection***, a premium range of leather bags and wallets featuring a distinctive design;

- the launch of the ***Moleskine/Driade capsule collection*** comprising objects created by Philippe Nigro captured the attention of the Italian and international media;

- the international launch of the ***Smart Writing Set***, which took place in New York on April 7, 2016, with an event behind closed doors for selected influencers and media, with a round table on the subject “The Art of Productivity” and a demo of the new product. Among the media present were Bloomberg Businessweek, Huffington Post, Cool Hunting, and PSFK. The Smart Writing Set was also advertised on the occasion of the Seoul Design Week Exhibition to introduce the Moleskine design elements and highlight the brand;

- ***Moleskine Two-Go,*** a notebook presented with a special campaign on the official Moleskine channels and dedicated windows in all the Moleskine Stores, capable of multiplying the possibilities of taking notes, drawing and creating thanks to the two opposite pages, one blank and one lined. The lined pages in general are best suited to notes taken with the rational part of the brain, such as lists and charts, while the blank pages are perfect for fixing ideas in a more creative and spontaneous way, for example through mental maps, brainstorming and sketches.

Moleskine Two-Go

Moleskine Café

Worthy of a separate section is the communication in support of the ***Moleskine Café***, which opened in Milan, at Corso Garibaldi 65, in the heart of the Brera Design District. This is an original format which mixes various elements typical of the literary café, the art gallery, the shop and the bookshop, reinterpreting the idea of the classic *café littéraire* and representing at the same time an oasis of peace for a pause of relaxation and reflection.

Moleskine Cafè Milan

A programme of conferences, morning training sessions and exhibitions animates the Moleskine Café all year, while thanks to the sales corner, with a display floor in boutique style, customers can touch and feel the objects of the Moleskine collections. Thanks to the close partnership with Sevengrams, a Milanese coffee-roasting company, the bar proposes carefully selected mixtures for espresso and single-origin very fine filtered coffee.

The inauguration of the Moleskine Café received great attention at the local and national level from the media of the marketing, design and fashion sectors.

Moleskine Cafè Milan

EXPANSION OF BRAND DISTRIBUTION

In line with the strategy for augmenting brand distribution, the Group has increased the number of points of sale served by the wholesale channel and has also intensified its presence and visibility within the Top Retailers, while continuing to invest in trade marketing and visual merchandising using new branded structures such as ateliers and other displays.

The new installations during the first nine months of 2016 included:
- in EMEA, the atelier at Rinascente, Milan, which represents a new concept, similar to the Retail shops, the new Atelier at Stelling in Copenhagen; at Kaufhof Marienplatz and Kaufhof Stachus in Munich; and at Fnac Chiado and Fnac Colombo Shopping Centre in Lisbon;
- in America at Indigo Orchard Park, Canada and at Boulder, at the bookstore of the University of Colorado;

- in the APAC area at Galerie Lafayette in Jakarta, Indonesia, Ishimaru Bunko-Do Honten in Nagasaki, Japan, in Shanghai at Joinbuy Citiplaza and in Australia at the David Jones Department Stores of Melbourne, Sydney and Perth.

The Group pressed on with its growth strategy, with the opening of direct single-brand stores under the retail sales channel. During the first nine months of 2016 20 new openings were recorded, of which 13 in EMEA divided as follows:
- Italy, in Milan in Corso Buenos Aires and at the Central Station, in Florence in Via degli Speziali and in Turin, at the Porta Nuova Railway Station;
- In Germany, at Hamburg airport, Cologne station and the airports of Frankfurt and Düsseldorf;
- In England, at Gatwick airport, in London in Oxford Street and at Birmingham Station;
- In France, in Paris, at the Forum des Halles shopping centre and at St. André des Arts.

5 new openings were also recorded in the APAC area, of which 3 in Hong Kong (at Hong Kong L'Avenue, Eslite City Plaza and Hong Kong Landmark,) and 2 in Korea at Seoul Parnas and Seoul Hongdae. Finally, there were two new openings in America, at New York Fulton Street and the WTC.

In the first nine months of 2016, 8 sales points were closed, of which 3 contracts that had reached their natural expiry, that is Milan Porta Garibaldi, Bologna Central Station and Gatwick.

Birmingham Central Station

Dusserdolf Airport

Milan Central Station

New York WTC

EXPANSION OF THE PRODUCT LINE

Moleskine has renewed its colour palette in the collection of the famous notebooks, four new colours added to the classic black and red. The classic notebook with the black cover has extended the options available to include an XL size, with a hard cover, and a dotted layout.

Notebooks' new colours

During the first nine months numerous new products were introduced in the world of Limited Editions including: ***Toy Story and Game of Thrones***, launched during the first half of 2016, and the introduction of collections linked to very successful titles namely ***The Beatles***, ***The Avengers*** and ***Batman vs. Superman***, which occurred in the third quarter of 2016.

With the Limited Edition dedicated to ***The Beatles***, Moleskine celebrates the pioneering animation techniques and the pop art works used to make Yellow Submarine with a series of 4 notebooks with covers characterised by clear psychedelic effects, while the limited-edition collection dedicated to the ***Avengers*** presents illustrations inspired by some of the strongest heroes in the world: Capitan America, Iron Man, Thor, The Incredible Hulk and, on the cover of the notebook of the collection, Spiderman.

Similarly to previous years, the diary range introduces new eighteen-month **academic planners** (from July 2016 to December 2017), available in both the classic and limited versions in three different collections: ***Batman, Petit Prince and Peanuts***.

18 months Planners – Peanuts

18 months Planners – Colored Planners

Moleskine continues to work with ***LINE Friends***, the Japanese firm that holds the Line Friends messaging application utilized by 170 million users throughout the world, with the introduction of a limited edition *LINE Friends True love* notebook, paying tribute to pop Asian culture.

Moleskine enriches the offer of the Paper collection also through the launch of the innovative notebook **Two-go**, a totally new concept that multiplies the possibilities of taking notes, drawing sketches and creating: each double page is blank on one side and lined on the other, and new products are recorded also in the world of Journals with the introduction of the new XXL size in the line of **Cahiers** and the new **Coloring Cover Cahier**, the first notebook with a cover to be coloured-in and decorated with the evocative illustrations by Carlo Stanga taken from the colouring book "The Wondering City".

The WTR Offer was also augmented during the first nine months of 2016 with a new collection: the ***Lineage Collection***, a premium range of leather bags and wallets featuring a distinctive design.

Lineage Collection

Another interesting addition are the new ***Travel Lights*** that extend the current range of reading lights, by introducing a multi-functional item that is perfect for travelling or as a gift, with its hi-tech design, 360° swivel and with 4 different lighting options, it can serve as a book light, bag light, desk light or bike light.

Travel Light

The collection of **coloured pens** is also growing for a perfect and increasingly exciting match with the Moleskine notebooks

The ***Moleskine+*** category launched a special notebook, an intelligent pen and an app that combined together make it possible to digitalise notes and sketches created on paper transforming them into texts and digital images, ready to be edited and instantaneously shared using smartphones, tablets or laptops. The new ***Smart Writing Set*** is a system made up of three elements that functions without intermediate stages of photos, uploads or scans:
- the ***Paper Tablet***, a paper notebook designed by Giulio Iacchetti, with rounded edges to make it look like a tablet;
- the ***Pen+***, a aluminium pen, relatively thin compared to other smartpens, fitted with a microcamera which traces and digitalises writing;
- the Moleskine ***Notes App*** on which to save notes and sketches, share them, export them, modify them and search for them.

GROUP RESULT AT SEPTEMBER 30, 2016

The following tables show i) the condensed consolidated income statement and the consolidated income statement as of September 30, 2016, compared to the same period of the previous year, ii) the sources and uses of funds statement as of September 30, 2016, compared to December 31, 2015 and to September 30, 2015, and iii) the figure for investments during the nine months ended September 30, 2016, compared to the same figure for September 30, 2015.

In addition to the conventional financial statements and indicators required under IFRS, this document also presents some reclassified statements and alternative performance indicators. In order to better assess the Group's financial performance. Nonetheless, these statements and indicators should not be considered replacements for the conventional ones required by the IFRSs.

It is worth noting that the Group's operations are influenced in terms of the different distribution channels used over various months in the year, by the flow of revenues and costs; in particular, we note that based on historic data, the proportion of revenue for the first nine months out of the entire year's revenues comes in at between 65% and 67%. For this reason, an analysis of financial standing and performance for the period under review should not be considered a fully proportionate share of the entire year.

CONSOLIDATED INCOME STATEMENT

	Period ended September 30				Changes	
In thousands of Euro and percentage of revenues	2016		2015		2016 Vs 2015	
		%		%		%
Revenues	95,987	100.0%	86,411	100.0%	9,576	11.1%
Other operating income	671	0.7%	3,110	3.6%	(2,439)	(78.4%)
Finished products, raw materials and consumables	(18,379)	(19.1%)	(18,379)	(21.3%)	-	0.0%
Service costs	(34,350)	(35.8%)	(29,323)	(33.9%)	(5,027)	17.1%
Personnel costs	(17,817)	(18.6%)	(14,417)	(16.7%)	(3,400)	23.6%
Other operating expenses	(2,507)	(2.6%)	(2,472)	(2.9%)	(35)	1.4%
Depreciation, amortization and impairment	(3,567)	(3.7%)	(3,641)	(4.2%)	74	(2.0%)
Operating profit (loss)	**20,038**	**20.9%**	**21,289**	**24.6%**	**(1,251)**	**(5.9%)**
Financial expenses	(1,049)	(1.1%)	(779)	(0.9%)	(270)	34.7%
Financial income	180	0.2%	620	0.7%	(440)	(71.0%)
Profit (loss) before income tax	**19,169**	**20.0%**	**21,130**	**24.5%**	**(1,961)**	**(9.3%)**
Income tax expense	(5,885)	(6.1%)	(6,973)	(8.1%)	1,088	(15.6%)
Net profit (loss)	**13,284**	**13.8%**	**14,157**	**16.4%**	**(873)**	**(6.2%)**

CONDENSED CONSOLIDATED INCOME STATEMENT

In thousands of Euro and percentage of revenues	Period ended September 30				Changes	
	2016		2015		2016 Vs 2015	
		%		%		%
Revenues	95,987	100.0%	86,411	100.0%	9,576	11.1%
EBITDA [1]	23,605	24.6%	24,930	28.9%	(1,325)	(5.3%)
Operating profit (loss)	20,038	20.9%	21,289	24.6%	(1,251)	(5.9%)
Net profit (loss)	13,284	13.8%	14,157	16.4%	(873)	(6.2%)
Adjusted revenues [2]	95,897	100.0%	86,374	100.0%	9,523	11.0%
Adjusted EBITDA [3]	25,314	26.4%	26,403	30.6%	(1,089)	(4.1%)
Adjusted operating profit (loss) [3]	21,747	22.7%	22,762	26.4%	(1,015)	(4.5%)
Adjusted net profit (loss) [3]	14,478	15.1%	15,201	17.6%	(723)	(4.8%)

(1) The Group defines EBITDA as operating profit (loss) (EBIT) before depreciation, amortization and impairment of non-current assets. EBITDA is not recognized as a measure of financial performance or liquidity under IFRS; therefore, it should not be considered an alternative measure for assessing the performance of Group operating profit (loss). Since the method for calculating EBITDA is not governed by reference accounting standards, the method applied by the Group may not be the same as that adopted by others and therefore may not be comparable.

(2) Adjusted revenues represent revenues from the income statement net of revenues generated by the sale of displays and other income.

(3) Adjusted EBITDA, adjusted EBIT, the adjusted operating profit (loss) and adjusted net profit (loss) refer to figures not including non-recurring transactions and special items.

STATEMENT OF THE SOURCES AND USES OF RESOURCES

In thousands of Euro	As of September 30 2016	As of December 31 2015
Sources and Uses		
Uses		
Net working capital	20,662	17,734
Non-current assets	94,075	89,956
Non-current liabilities, net deferred taxes and current provisions for risks and charges	(9,233)	(12,122)
Net invested capital	**105,504**	**95,568**
Sources		
Net financial indebtedness	(446)	(13,964)
Equity	105,950	109,532
Total sources of financing	**105,504**	**95,568**

OTHER INFORMATION

	As of	
In thousands of Euro	**September 30, 2016**	**September 30, 2015**
Investments (4)	7,461	3,860

(4) Capital expenditures refer to gross investments in property, plant and equipment and in intangible assets, net of the decreases for the period.

* * *

The tables below show how certain adjusted indicators used to represent the Group's operating performance are calculated, net of non-recurring income and expenses and special items identified by Management. These standardise the information used to analyse the Group's performance over the relevant periods.

The Group has calculated adjusted revenues as follows:

	Period ended September 30	
In thousands of Euro	**2016**	**2015**
Revenues	**95,987**	**86,411**
Revenues from displays	(87)	(83)
Other income	(3)	46
Adjusted revenues	**95,897**	**86,374**

Adjusted EBITDA is the net profit gross of amortization of intangible assets, depreciation of property, plant and equipment, impairments, financial income and expense and income tax, gross of non-recurring and extraordinary income and expenses including, but not limited to:

i) severance costs and other costs related to company reorganizations;
ii) legal fees and other costs related to extraordinary transactions (e.g. changes in distribution models, the termination of agreements with distributors/suppliers, lump-sum and other types of costs paid in settlements with third parties, etc.);
iii) costs related to fiscal disputes;
iv) other one-off costs not associated with ordinary operations (e.g. costs related to recalls, costs for adaptations to applicable domestic and/or international laws and regulations, etc.);
v) extraordinary and non-recurring income (e.g. insurance settlements in the event of a natural disaster or warehouse fire).

The Group has calculated adjusted EBITDA as follows:

	Period ended September 30	
In thousands of Euro	**2016**	**2015**
EBITDA	**23,605**	**24,930**
Management incentive plan (Stock Option)	1,538	293
Change in the distribution model	93	621
Other consulting fees	36	-
Other income and expenses	8	(22)
Incentives for employees	34	581
Total non-recurring expenses and special items	**1,709**	**1,473**
Adjusted EBITDA	**25,314**	**26,403**

Reference is made to the comments under "Operating profit (loss)" regarding the item "Management incentive plan".

The Group has calculated adjusted EBIT as follows:

	Period ended September 30	
In thousands of Euro	**2016**	**2015**
Operating profit (loss) (EBIT)	**20,038**	**21,289**
Total non-recurring expenses and special items (5)	1,709	1,473
Adjusted Operating profit (loss) (EBIT)	**21,747**	**22,762**

(5) See the reconciliation of adjusted EBITDA.

The Group has calculated adjusted net profit (loss) as follows:

	Period ended September 30	
In thousands of Euro	**2016**	**2015**
Net profit (loss)	**13,284**	**14,157**
Total non-recurring expenses and special items	1,709	1,473
Income tax effect	(515)	(429)
Adjusted net profit (loss) (6)	**14,478**	**15,201**

(6) Adjusted net income is therefore calculated net of the effect of non-recurring expenses and income and special items and of the relative tax effect.

SEASONAL NATURE OF SALES

During the course of the year, the Group's business is marked by the seasonal nature of its sales, which are highly concentrated over the last quarter of each period.

Based on this, it follows that the Group's interim results do not contribute evenly to making up the financial results for each period.

Specifically, with reference to the seasonal effects on the 2016 period, the Group believes that the increase in sales expected during the last quarter will make it possible to reach the profitability targets expected for the year-end, thanks also to the greater absorption of structure costs; reference in this regard is made to the section "Business outlook".

ANALYSIS OF REVENUES

Revenues increased from Euro 86,411 thousand in the first nine months of 2015, to Euro 95,987 thousand in the first nine months of 2016, recording an 11.1% increase of Euro 9,576 thousand. Adjusted revenues went from Euro 86,374 thousand in the first nine months of 2015 to Euro 95,897 thousand in the first nine months of 2016, for an increase of 11.0%: at constant exchange rates, this increase compared with the same period last year would have been 12.2%.

A positive effect was also seen in sales from the change in certain business models, namely in Italy, Canada and Scandinavia in relation to the Wholesale channel, where a different mainly direct and partly indirect based distribution structure was introduced, and from the effect of the so-called. Large Orders on the direct B2B channel, both in the EMEA area and in the Americas area.

This period recorded a positive trend in all geographic areas, more especially in the Americas and APAC, whereas an analysis according to sales channels shows the strong acceleration in the Retail channel (+57.5%), due to the new store openings as well as the increase in sales on a comparable basis.

For a better representation of the data by product line it was decided to separately show the flow of revenues related to the family of M+ products, reclassifying also the comparative data for September 30, 2015. In addition, again at September 30, 2015, the portion of revenues, related to certain product lines were reclassified. They were included in the WTR Collection and M+ instead of in Paper were they were previously recognised.

Finally at September 30, 2015 the portion of revenues related to a customer was reclassified from the Wholesale channel to the e-Commerce channel.

REVENUES BY GEOGRAPHICAL AREA

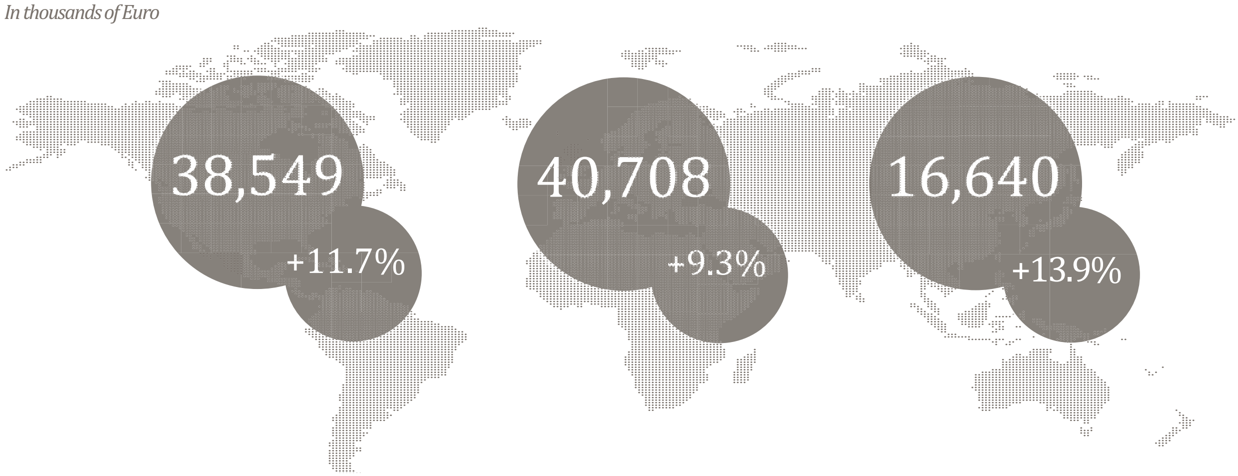
The following tables show the breakdown by geographical area of revenues and adjusted revenues for the nine months ended September 30, 2016 and 2015:

In thousands of Euro	Period ended September 30				Changes	
Revenues by geographical area	**2016**	**%**	**2015**	**%**	**2016 Vs 2015**	**%**
EMEA (Europe, Middle East, Africa)	40,764	42.4%	37,277	43.2%	3,487	9.4%
Americas (USA, Canada, Latin America)	38,548	40.2%	34,520	39.9%	4,028	11.7%
APAC (Asia Pacific)	16,675	17.4%	14,614	16.9%	2,061	14.1%
Total Revenues	**95,987**	**100.0%**	**86,411**	**100.0%**	**9,576**	**11.1%**

ADJUSTED REVENUES BY GEOGRAPHICAL AREA

AMERICAS 40.2% | EMEA 42.4% | APAC 17.4%

In thousands of Euro



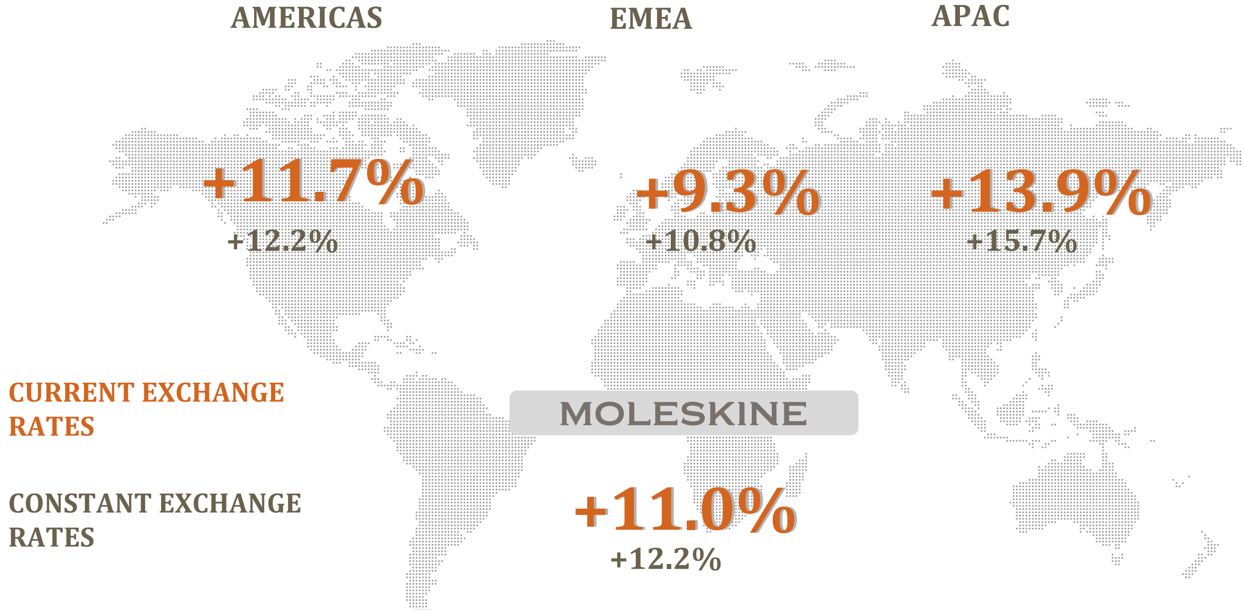
In thousands of Euro	Period ended September 30				Changes	
Adjusted revenues by geographical area	**2016**	**%**	**2015**	**%**	**2016 Vs 2015**	**%**
EMEA (Europe, Middle East, Africa)	40,708	42.4%	37,249	43.1%	3,459	9.3%
Americas (USA, Canada, Latin America)	38,549	40.2%	34,520	40.0%	4,029	11.7%
APAC (Asia Pacific)	16,640	17.4%	14,605	16.9%	2,035	13.9%
Total Adjusted Revenues	**95,897**	**100.0%**	**86,374**	**100.0%**	**9,523**	**11.0%**

Revenues in the EMEA area came to Euro 40,764 thousand in the first nine months of 2016 (Euro 37,277 thousand in the first nine months of 2015), up Euro 3,487 thousand (+9.4%) compared to the same period of the previous year, whereas net of special items, the growth in revenues would have been 9.3%. This increase was driven by all the main countries, in particular Italy and France, with the exception of the United Kingdom, where with sales volume being equal in local currency, the depreciation in the British sterling subsequent to Brexit has had a negative impact on its corresponding value in Euro, with reference to the channels the best-performing were the direct channels that is Retail, following new openings, the positive results recorded by existing shops and e-Commerce with an increase in traffic on the Web which benefited also from the launch of the Smart Writing Set.

Sales in the Americas area increased by Euro 4,028 thousand (+11.7%) compared to the previous year. This growth involved all channels and it was mainly driven by the United States and Latin America; with reference to the United States the increase in revenues mainly reflects the benefits arising from the change in the sales model in relation to the indirect key account of the B2B channel, whereas in the American Wholesale channel, the turnover performance was positively impacted by the consumer electronics world, thanks also to the introduction of the Smart Writing Set.

The APAC area posted an increase of Euro 2,061 thousand (+14.1%) which, net of special items, would have been 13.9%. This growth was driven by the excellent performance of the direct channels, and the Wholesale channel on all markets with the exception of Japan, while the trend of the B2B channel was in line overall with that of the corresponding period of the previous year.

The following is a breakdown of the growth in revenues at current and constant exchange rates by geographical area.



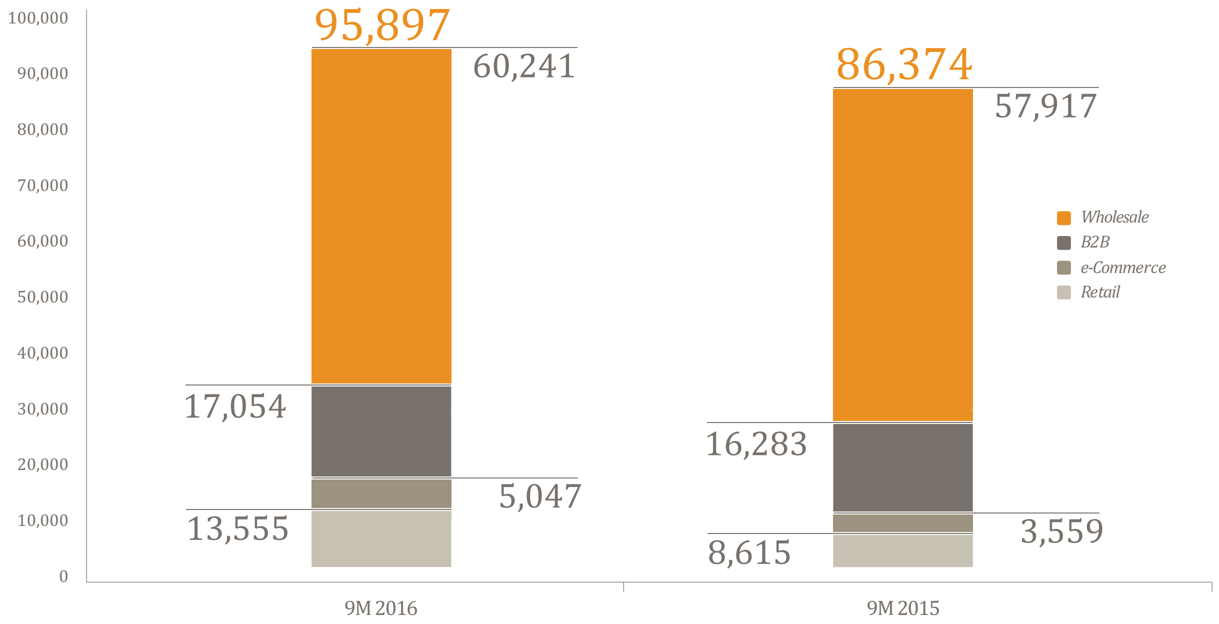
REVENUES BY DISTRIBUTION CHANNEL

The following tables show the breakdown by distribution channel of revenues and adjusted revenues for the nine months ended September 30, 2016 and 2015:

In thousands of Euro	Period ended September 30				Changes	
Revenues by distribution channel	**2016**	**%**	**2015**	**%**	**2016 Vs 2015**	**%**
Wholesale	60,326	62.8%	57,979	67.1%	2,347	4.0%
B2B	17,061	17.8%	16,283	18.8%	778	4.8%
e-Commerce	5,046	5.3%	3,544	4.1%	1,502	42.4%
Retail	13,554	14.1%	8,605	10.0%	4,949	57.5%
Total Revenues	**95,987**	**100%**	**86,411**	**100%**	**9,576**	**11.1%**

In thousands of Euro	Period ended September 30				Changes	
Adjusted Revenues by distribution channel	**2016**	**%**	**2015**	**%**	**2016 Vs 2015**	**%**
Wholesale	60,241	62.8%	57,917	67.1%	2,324	4.0%
B2B	17,054	17.8%	16,283	18.9%	771	4.7%
e-Commerce	5,047	5.3%	3,559	4.1%	1,488	41.8%
Retail	13,555	14.1%	8,615	10.0%	4,940	57.3%
Total Adjusted Revenues	**95,897**	**100.0%**	**86,374**	**100.0%**	**9,523**	**11.0%**

ADJUSTED REVENUES BY DISTRIBUTION CHANNEL



Wholesale

Revenues and Adjusted revenues through the Wholesale channel increased by 4% compared to the first nine months of 2015. This result, recorded in all geographical areas, was driven primarily by the EMEA area and the Americas area. The overall growth of the channel was partly due to the EMEA area - and this despite the fall in the British pound after Brexit - driven by the Italian, German and Scandinavian markets, and is also linked to the change in certain business models and the new channels that were set up (including the electronics channel) and to the launch of new products including the Smart Writing Set, accelerated also by the Trade Marketing projects on the Key Retailers.

With reference to the Americas area, the performance of the United States and Latin America were successful, thanks also to programmes aimed at some Top Retailers.

B2B

Revenues through the B2B channel increased by Euro 778 thousand, from Euro 16,283 thousand in the first nine months of 2015 to Euro 17,061 thousand in the first nine months of 2016 (+4.8%), whereas the increase in adjusted revenues for the B2B channel came in at 4.7%. This growth is driven by the American market, in which are reflected the positive results related both to the above change in the sales model in relation to the indirect key account of the B2B channel, which counterbalanced the less positive trends in the EMEA area referring to the United Kingdom and Germany.

e-Commerce

Revenues for the e-Commerce channel grew from Euro 3,544 thousand in the first nine months of 2015 to Euro 5,046 thousand in the first nine months of 2016, recording an increase of 42.4%, whereas Adjusted revenues increased by 41.8%. The growth, recorded in all geographical areas, derived both from the increase in on-line traffic, thanks to the expansion of volumes in China and to the development of the Flash Sales promotional campaigns in EMEA, and from the favourable price mix that benefits from the success of the launch of the Smart Writing Set.

Retail

During the period, the Group continued to pursue its strategy in the Retail channel of opening DOSs, where all categories of Moleskine products are distributed directly to end consumers. Opening these points of direct sale corresponds with the Group strategy of providing the end consumer with a wide range and variety, while at the same time, promoting brand and product awareness, by bringing these within reach of the end consumer. Revenues generated through the retail channel in the first nine months of 2016 stood at Euro 13,554 thousand, up by Euro 4,949 thousand from the previous year (+57.5%). Positive results were recorded in all geographic areas, especially in America, as well as EMEA and China, closing off the period with 70 DOSs, confirming the solid strategy of further developing the stores network. This positive trend was also confirmed when analysing the "comparable basis" channel, in other words with an equal number of stores at September 30, 2015.

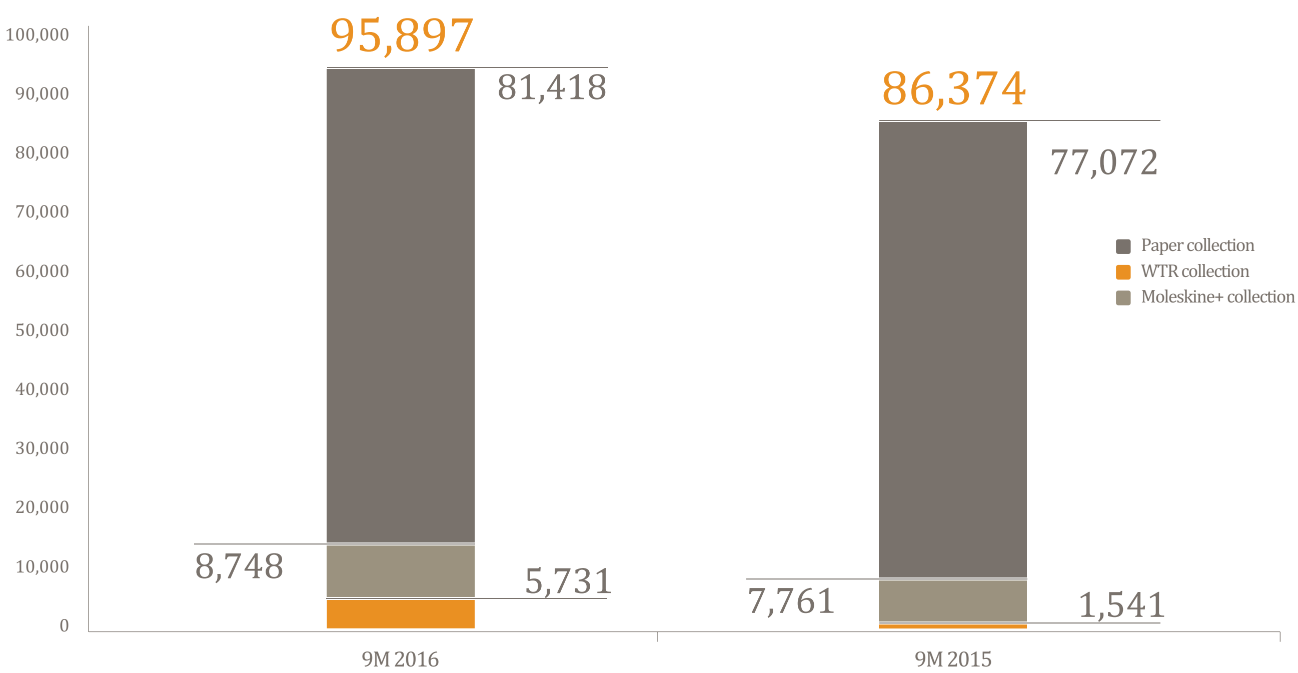
REVENUES BY PRODUCT LINE

The following tables show the breakdown of revenues and adjusted revenues by product line for the nine months ended September 30, 2016 and 2015:

In thousands of Euro	Period ended September 30				Changes	
Revenues by product line	**2016**	**%**	**2015**	**%**	**2016 Vs 2015**	**%**
Paper collection	81,494	84.9%	77,105	89.2%	4,389	5.7%
WTR collection	8,756	9.1%	7,764	9.0%	992	12.8%
M+ collection	5,736	6.0%	1,542	1.8%	4,195	272.1%
Total Revenues	**95,987**	**100.0%**	**86,411**	**100.0%**	**9,576**	**11.1%**

In thousands of Euro	Period ended September 30				Changes	
Adjusted Revenues by product line	**2016**	**%**	**2015**	**%**	**2016 Vs 2015**	**%**
Paper collection	81,418	84.9%	77,072	89.2%	4,346	5.6%
WTR collection	8,748	9.1%	7,761	9.0%	987	12.7%
M+ collection	5,731	6.0%	1,541	1.8%	4,190	271.9%
Total Adjusted Revenues	**95,897**	**100.0%**	**86,374**	**100.0%**	**9,523**	**11.0%**

ADJUSTED REVENUES BY PRODUCT LINE



PAPER COLLECTION

With reference to the range of products offered in the Paper Collection and, in particular, the new Chapters Collection, the revenues generated by this product line grew by 5.7%, whereas the growth net of the special items would have been 5.6%. During the first nine months of 2016, the Group continued developing its offering with the launch of new products and expanded product ranges, with reference made to the items above in this regard.

WTR COLLECTION

With regard to the WTR collection, the focus at September 30, 2016 was on expanding the collection of bags with the introduction of the Lineage and Travel Light collections. Revenues generated by the WTR Collections increased by 12.8%, while net of the special items, the increase in revenues was 12.7%. In the first nine months of 2016, the Writing, Travelling and Reading Collection contributed 9.1% to the Group's total revenues, in line with the corresponding period of the previous year.

M+ COLLECTION

With reference to the M+ collection, we can highlight that during the first nine months of 2016 the launch on the market of the innovative tool Smart Writing Set, expanding the range of this product family, helping to accelerate its growth compared to the corresponding period of the previous year (+272.1%).

OTHER OPERATING INCOME

Other operating income, equal to Euro 671 thousand at September 30, 2016, includes mainly realized and unrealized foreign currency gains for Euro 592 thousand resulting from fluctuations in exchange rates that impact on the Group's Balance Sheet.

In order to correctly interpret the impact from such foreign currency fluctuations on the Group's Income Statement at September 30, 2016, we need to consider that the positive effect from the foreign currency gains is more than offset by exchange-rate losses, stated under Other operating expenses for Euro 1,247 thousand. The "net" negative effect of the exchange rate fluctuations therefore reflected on the Group's operating profit (loss) in the Income Statement for Euro 655 thousand.

The table below shows the breakdown of these items, highlighting the net impact of realized and non-realized exchange-rate gains and losses, contained in them, from which it can be seen that the first nine months of 2015 benefited from an important strengthening of the dollar and of the currencies related to it against the Euro, a trend not seen during the corresponding period of 2016.

In thousands of Euro	**Period ended September 30**	
	2016	**2015**
Other revenues from exchange-rate gains	**592**	**2,933**
-realised	404	2.010
-non-realised	188	923
Other operating income	79	177
Total other operating income	**671**	**3,110**
Exchange-rate losses	**1,247**	**923**
-realised	899	883
-non-realised	348	40
Gifts and donations	588	390
Miscellaneous operating expenses - general expenses	336	538
Charitable donations	118	140
Impairment of current receivables	218	67
Net provisions for risks and charges	-	414
Total other operating expenses	**2,507**	**2,472**
Net effect exchange-rate gains/losses	**(655)**	**2,010**

OPERATING PROFIT (LOSS)

The following table provides a breakdown of the operational profitability indicators EBITDA and operating profit (loss) and their respective adjusted figures:

	Period ended September 30	
In thousands of Euro and percentage of revenues	**2016**	**2015**
Operating profit (loss) (EBIT)	20,038	21,289
+ Depreciation, amortization and impairment	3,567	3,641
EBITDA (*)	**23,605**	**24,930**
+ Non-recurring expenses and special items	1,709	1,473
Adjusted EBITDA	**25,314**	**26,403**
as % of adjusted revenues	26.4%	30.6%
Adjusted Operating profit (loss) (EBIT)	**21,747**	**22,762**
as % of adjusted revenues	22.7%	26.4%

* The Group defines EBITDA as operating profit (loss) (EBIT) before depreciation, amortization and impairment of non-current assets. EBITDA is not recognized as a measure of financial performance or liquidity under IFRS; therefore, it should not be considered an alternative measure for assessing the performance of Group operating profit (loss). Since the method for calculating EBITDA is not governed by reference accounting standards, the method applied by the Group may not be the same as that adopted by others and therefore may not be comparable.

EBITDA came down by 5.3%, from Euro 24,930 thousand in the first nine months of 2015 to Euro 23,605 thousand in the first nine months of 2016.

Adjusted EBITDA achieved in the first nine months of 2016 was Euro 25,314 thousand, equivalent to 26.4% of Adjusted Revenues, down compared to the figure of Euro 26,403 thousand (equivalent to 30.6% of Adjusted Revenues) recorded in the corresponding period of 2015. We can note that Adjusted EBITDA includes, as a special item, the non-monetary cost of Euro 1,538 thousand (Euro 293 thousand at September 30, 2015) related to the exercising in advance of the options allocated to employees with the 2013-2017 and 2016-2020 Stock Option Plans which, as established in the related Regulations, the beneficiaries will have the right to exercise before the maturity of the Plans and in advance with respect to the conclusion of the vesting period of the same, as a consequence of the change that has occurred in the shareholding structure and the change in control over Moleskine SpA as illustrated among the 'significant events after the reporting period' to which you are referred.

The above trends seen in EBITDA are impacted significantly, on a comparative basis with the results of the corresponding period the previous year, by the trend in the Euro/US dollar and related currencies exchange rates, which in the first nine months of 2015 recorded a strong appreciation in the US dollar against the Euro (unlike an oscillating but substantially stable trend recorded during 2016) and consequently a corresponding increase in the value translated into Euro in the Holding Company's equity items in respect of subsidiaries denominated in dollars, with a consequent positive impact on the operating results generated by the foreign currency effect.

The following comparative table is provided for a clearer understanding of the effective trend in Adjusted EBITDA:

	Period ended September 30	
In thousands of Euro	**2016**	**2015**
(+) Adjusted EBITDA	25,314	26,403
as % of adjusted revenues	*26.4%*	*30.6%*
(-) Unrealized exchange gains*	(188)	(923)
(+) Unrealized exchange-rate losses**	348	40
(+) Adjusted EBITDA without effects of unrealized exchanges	25,474	25,520
% of Adjusted revenues without effects of unrealized exchanges	26.6%	29.5%

* Included in the Income Statement item Other operating income.
** Included in the Income Statement item Other operating expenses.

Examining the table shown above, we can note that by clearing the economic indicators from the unrealised effects associated with the measurement of equity items, the Adjusted EBITDA, thus normalised, was substantially stable compared to the corresponding period of the previous year, while the trend in margins was ascribable to the greater weight of the direct channels, and in particular of Retail.

If we were to also take into consideration the realised exchange effects, the "net" negative effect of the fluctuations in exchange rates reflected on the Adjusted EBITDA at September 30, 2016 would be Euro 655 thousand, compared to a "net" positive impact of Euro 2,010 thousand at September 30, 2015; therefore, clearing the Adjusted EBITDA of the exchange effects referred to above, Adjusted EBITDA would be Euro 25,969 thousand at September 30, 2016 compared to Euro 24,393 thousand at September 30, 2015, up by 6.5%.

Operating profit, which was also influenced by the aforementioned trends, came down from Euro 21,289 thousand in the first nine months of 2015 to Euro 20,038 thousand in the first nine months of 2016. Net of special items, the Adjusted operating profit came out at Euro 21,747 thousand (Euro 22,762 thousand in the first nine months of 2015).

Below is a combined analysis of costs for finished products, raw materials and consumables and the external processing costs for the first nine months of 2016 and 2015, compared to revenues. This approach is used for a better understanding of the trends of these costs.

In thousands of Euro and percentage of revenues	Period ended September 30				Changes	
	2016	**%**	**2015**	**%**	**2016 Vs 2015**	**%**
Revenues	**95,987**	**100.0%**	**86,411**	**100.0%**	**9,576**	**11.1%**
Finished products, raw materials and consumables	(18,379)	(19.1%)	(18,379)	(21.3%)	-	-
Processing costs (7)	(807)	(0.8%)	(1,010)	(1.2%)	203	(20.1%)
Total purchases of finished products, raw materials, consumables and processing costs	**(19,186)**	**(20.0%)**	**(19,389)**	**(22.4%)**	**203**	**(1.0%)**

(7) Included in the Income Statement item Service costs.

Considering the trend of the two cost items together, we note that their impact on Revenues decreased by 2.4 per cent (22.4% in the first nine months of 2015 and 20.0% in the first nine months of 2016). This impact benefits from the positive effect on the channel mix, resulting from the increased weighting of the direct channels, and the change in the distribution models in the Italian and Canadian Wholesale channel; these effects more than proportionally offset the negative foreign currency effects recorded on the cost of sales, which was heavily impacted in the first nine months of 2016.

NET PROFIT (LOSS)

The net profit (loss) was negatively affected by the exchange rate effects both of an operating nature (described above in the comment on Operating profit (loss)) and of a financial nature (that is those recognised among financial expenses and income, for which we can note in the first nine months of 2016 gains of Euro 37 thousand and losses of Euro 626 thousand compared to Euro 531 thousand of exchange-rate gains and Euro 154 thousand of exchange-rate losses recorded in the same period of 2015).

ANALYSIS OF FINANCIAL POSITION

NET WORKING CAPITAL

The breakdown of the Group's net working capital as of September 30, 2016, December 31, 2015, and September 30, 2015, is provided below:

In thousands of Euro	As of September 30 2016	As of December 31 2015	As of September 30 2015
Uses			
Inventories	27,283	20,622	24,015
Trade receivables	28,534	24,714	28,079
Trade payables	(26,055)	(18,862)	(18,587)
Net Commercial Working Capital (A)	**29,762**	**26,474**	**33,507**
Other current assets	2,973	2,266	2,043
Income tax payables	(6,391)	(5,829)	(7,089)
Other current liabilities	(5,682)	(5,177)	(5,160)
Other items of Net Working Capital (B)	**(9,100)**	**(8,740)**	**(10,206)**
Net Working Capital (A + B)	**20,662**	**17,734**	**23,301**

The impact of individual items on sales in the past 12 months should also be considered in an analysis of trade working capital trends as shown below:

In thousands of Euro and percentage of revenues	As of September 30 2016	%	As of September 30 2015	%
Uses				
Inventories	27,283	19.8%	24,015	20.0%
Trade receivables	28,534	20.7%	28,079	23.4%
Trade payables	(26,055)	(18.9%)	(18,587)	(15.5%)
Net Commercial Working Capital (A)	**29,762**	**21.6%**	**33,507**	**27.9%**
Adjusted revenues LTM	**137,656**		**120,023**	

The table illustrates that, at September 30, 2016 the impact of commercial working capital on total sales of the last twelve months improved by 6.3 percentage points compared to September 30, 2015, resulting from the combined effect of the trend in the items it comprises, as shown below:

1) inventories at September 30, 2016 increased compared to September 30, 2015 (Euro +3,268 thousand or +13.6%). This increase was due to several reasons, the most important of which are the following:

- the increase in stock mainly associated with managing stocks of the Smart Writing Set resulting from the different phasing-in of sales planned over the last quarter of 2016;
- supply chain strategy undertaken with increased vertical integration of the logistics network, both for the Retail channel with the network of DOSs, and the Wholesale channel;
- expansion of the range of products offered with these directed increasingly at the introduction of new innovations, limited edition collections that in turn imply more materials managed at stock level to manage the higher rate of product innovation;

2) trade receivables remained substantially stable (recording a slight increase of Euro 455 thousand or 1.6%) although in the presence of turnover up by more than 10%; this is also due to the reduction in Days Sales Outstanding (DSO) largely associated with the greater significance of the direct channels;
3) the value of trade payables increased by Euro 7,468 thousand from September 30, 2016 to September 30, 2016. This trend reflects in part the increase in the volume of business and in part the effects of the revision of the payment times of a number of main suppliers.

CAPITAL EXPENDITURES

Net capital expenditures during the first nine months of 2016 totalled Euro 7,461 thousand (Euro 3,860 thousand in the first nine months of 2015).

Net capital expenditures on property, plant and equipment for the first nine months of 2016, of Euro 5,226 thousand, relate primarily to investments in the Retail channel for furniture, furnishings and improvements to premises for new points of sale that opened during the period, investments in displays/ateliers in support of trade marketing initiatives and investments in moulds for the WTR collections.

Capital expenditures on intangible assets for the first nine months of 2016, of Euro 2,235 thousand, refer mainly to projects to implement the new ERP (SAP ECC), which is more functional and better meets the Group's management requirements, to a new Customer Relationship Management (CRM) software, as well as the continuation of the project relating to the Datawarehouse and Business Intelligence.

NET FINANCIAL POSITION

The following table shows a breakdown of net financial indebtedness at September 30, 2016 and December 31, 2015, calculated in accordance with CONSOB Regulation no. 6064293 of July 28, 2006, and the ESMA/2013/319 Recommendations, and as it relates to the Group's net financial indebtedness:

In thousands of Euro

Net financial indebtedness	**As of September 30 2016**	**As of December 31 2015**
A. Cash on hand	31,160	47,382
B. Other Cash Equivalents	6	915
C. Trading securities	-	-
D. Liquidity (A) + (B) + (C)	**31,166**	**48,297**
E. Current financial receivables	**979**	**-**
F. Short-term loans from banks	-	-
G. Current portion of long-term debt	(10,125)	(7,609)
H. Other current financial liabilities	(120)	(126)
I. Current financial liabilities (F) + (G) + (H)	**(10,245)**	**(7,735)**
J. Net current financial indebtedness (I) + (E) + (D)	**21,900**	**40,562**
K. Long-term loans from banks	(26,546)	(31,602)
L. Bonds issued	-	-
M. Other non-current payables	-	-
N. Non-current financial indebtedness (K) + (L) + (M)	**(26,546)**	**(31,602)**
O. Net Financial Indebtedness (J) + (N)	**(4,646)**	**8,960**
Relationship with Group's net financial position:		
Non-current financial receivables	5,092	5,004
Non-current financial assets	**5,092**	**5,004**
Net financial position	**446**	**13,964**

Net financial indebtedness means Gross Financial Indebtedness net of cash, bank deposits, other cash equivalents in general including Government securities and other listed securities that can easily be liquidated, and other current and non-current financial receivables.

Gross financial debt is intended as any monetary obligation, even if not yet due and payable and only possible, relating to:

i) the return of capital obtained by way of funding (including discounting and factoring, advances subject to collection and bank receipts), irrespective of the technical format under which these were undertaken and irrespective of the qualification of the relationship assumed by the Parties, including the payment of interest and commissions;
ii) the capital and interest on bonds and similar securities;
iii) the debt resulting from financial leasing (calculated according to IAS 17).

“Other cash equivalents” recognises the amount of Euro 6 thousand deposited on the liquidity account held with Exane S.A., a company that is part of BNP Paribas Securities Services, based on an agreement signed on July 2, 2015, referred to as the Liquidity Agreement, pertaining to the liquidity support provided to the ordinary treasury shares in compliance with the provisions under practice no. 1 of Consob Resolution no. 16839 of March 19, 2009.

We note further that once again on the basis of the above agreement, Current financial receivables include Euro 979 thousand by way of an investment in the liquidity provision aimed at temporarily incorporating the cash surplus relating to the sale of treasury shares.

The Net Financial Position at September 30, 2016, which came out at Euro 446 thousand is impacted by the distribution of dividends, which occurred in April 2016, for Euro 9,972 thousand and the activation of an own share purchase plan, resolved by the Shareholders' Meeting of April 14, 2016 for all purposes permitted by the legislation on the subject, including support for liquidity and share-based management incentive plans. The launch of this purchase plan entailed at September 30, 2016 an outlay of Euro 8,494 thousand.

In order to present the actual cash generation of the first nine months of 2016 the table below therefore shows a reconciliation between the net financial position at December 31, 2015 and that at September 30, 2016, compared with the corresponding period of the previous year, normalising it of events not related to the ordinary business that occurred in the period.

NFP at December 31 2015	As of September 30 2016	Delta NFP first nine months of 2016	Distribution of dividends	Purchase of treasury shares	Exercise of options	Delta NFP first nine months of 2016, normalised
(13,964)	(446)	(13,518)	9,972	8,494	(402)	4,546
NFP at December 31 2014	**As of September 30 2015**	**Delta NFP first nine months of 2015**	**Distribution of dividends**	**Purchase of treasury shares**	**Exercise of options**	**Delta NFP first nine months of 2015, normalised**
4,619	4,099	520	7,000	n.a.	n.a.	7,520

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

We can note that on October 6, 2016 agreements were finalised with which the Belgian company D'Ieteren S.A. (through the vehicle DM Invest SRL), after receiving the necessary antitrust authorisation, purchased from the core shareholders Appunti SaRL (Syntegra Capital) and Pentavest SaRL (Index Ventures) the controlling packet of Moleskine SpA, representing 41% of the share capital, at a price of Euro 2.4 per share.

On the same date, as a result of the change in the shareholding structure, the Chairperson of the Board of Directors of Moleskine SpA and three directors elected by the previous shareholders resigned and were replaced by new directors appointed by cooptation under the terms of Art. 2386 of the Italian Civil Code.

At the same time as this corporate operation, DM Invest SRL launched an unconditional mandatory takeover bid for the remaining Moleskine SpA shares under the terms of Article 106, paragraph 1 of the CLF. If at the end of the bid the necessary equity interest thresholds are reached, DM Invest Srl will proceed to revoke the Moleskine shares from listing on the STAR segment of the Electronic Stock Market (Mercato Telematico Azionario).

Finally as confirmation of the growth trend in the Retail channel, we note that subsequent to the close in the period, four stores were opened, of which two in Italy (in Milan and Fidenza) and two in China (in Shanghai and Guanzhou). At the date this document was published, the Retail channel consisted of 74 stores (70 stores at September 30, 2016).

BUSINESS OUTLOOK

Based on the results achieved at September 30, 2016, and on current market trends, the forecasts for 2016 revenues and EBITDA are positioned in the lower end of the guidance range.

Specifically during 2016, we expect to post revenues of between Euro 148 and 153 million based on constant exchange rates compared to 2015 and adjusted EBITDA of between Euro 46 and 48 million.

PRINCIPLES APPLIED IN PREPARING THE INTERIM REPORT

The Group's interim management report as of September 30, 2016 was prepared in accordance with Article 154- ter, paragraph 5, of the Consolidated Law on Finance ("CLF"), introduced by Italian Legislative Decree no. 195/2007 in the implementation of Directive 2004/109/EC. This interim management report was approved by the Moleskine S.p.A. Board of Directors on November 7, 2016, and on the same date the Board also approved its publication.

The Group's interim management report as of September 30, 2016 has not been submitted for an independent audit.

ACCOUNTING STANDARDS AND CONSOLIDATION PRINCIPLES

The accounting standards followed in preparing the financial statements for the period ended September 30, 2016 include the International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS), and related interpretations as issued by the IASB and endorsed by the European Union as of the reporting date of this document.

The accounting standards and consolidation principles adopted for the purpose of preparing the interim management report as of September 30, 2016 are the same as those adopted for the consolidated financial statements as of December 31, 2015, which should be referred to for complete information, with the exception of:

1) income tax expense, which is recognized based on the best estimate of the weighted-average rate expected for the entire year;
2) the elements noted in the standards and amendments indicated below, which are applicable as of January 1, 2016, as they became compulsory following completion of the endorsement procedures by the competent authorities.

These standards have been adopted solely in preparing the financial statements as of September 30, 2016, and not applied in their entirety to the disclosures required under these standards.

The preparation of this interim report requires that management make certain estimates and assumptions that have an impact on revenues and costs, assets and liabilities, and on the disclosures related to contingent assets and liabilities as of the date of this interim report. Although based on the best knowledge available to management, should these estimates and assumptions prove to differ in the future from the actual circumstances, they will be appropriately adjusted in the period in which such circumstances arise.

Accounting standards, amendments and interpretations applied as of January 1, 2016

The new and/or revised standards of the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which must be applied beginning from financial year 2016 are indicated below.

Description	Endorsed as of the date of this document	Effective date stated in the standard
Amendment to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets', on depreciation and amortization	*Yes*	*Financial years as from January 1, 2016*
Amendment to IAS 16, 'Property, plant and equipment', and IAS 41, 'Agriculture', regarding bearer plants	*Yes*	*Financial years as from January 1, 2016*
Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation	*Yes*	*Financial years as from January 1, 2016*
Annual improvements 2012-2014	*Yes*	*Financial years as from January 1, 2016*
Amendments to IAS 27, 'Separate financial statements' on the equity method	*Yes*	*Financial years as from January 1, 2016*
Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative	*Yes*	*Financial years as from January 1, 2016*
IFRS 14 'Regulatory deferral accounts'	*No*	*Financial years as from January 1, 2016*
Amendment to IFRS 10 and IAS 28 on investment entities applying the consolidation exception	*No*	*Financial years as from January 1, 2016*

The adoption of the accounting standards, amendments and interpretations referred to in the table above did not impact significantly on the Group's financial position or results.

New accounting standards, interpretations and amendments not yet applicable or not yet adopted by the Group.

The table below shows the international accounting standards, interpretations, amendments to existing accounting standards and interpretations, or specific provisions included in standards or interpretations of the IASB, with an indication of those which have and have not been adopted for use in Europe at the date of these financial statements:

Description	Endorsed as of the date of this document	Effective date stated in the standard
Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures'	*No*	*Effect deferred to the completion of the IASB project on the equity method*
IFRS 15 'Revenue from contracts with customers'	*No*	*Financial years as from January 1, 2018*
IFRS 9 'Financial Instruments'	*No*	*Financial years as from January 1, 2018*
IAS Amendment to IAS 7, Statement of cash flow on disclosure initiative	*No*	*Financial years as from January 1, 2017*
Amendment to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealized losses	*No*	*Financial years as from January 1, 2017*
Amendments to IFRS 2, 'Share based payments', on clarifying how to account for certain types of share-based payment transactions	*No*	*Financial years as from January 1, 2018*
IFRS 16 'Leases'	*No*	*Financial years that begin starting from January 1, 2019, with early adoption permitted if together with the adoption of IFRS 15 'Revenue from contracts with customers'*

The Group did not adopt in advance any accounting standards and/or interpretations for which application is obligatory for periods commencing subsequent to September 30, 2016.

The Group is assessing the effects of the application of the new standards and amendments above, which are currently not considered to be material.

RELATED-PARTY TRANSACTIONS

As of September 30, 2016, there were no other transactions with related parties that were atypical in terms of their characteristics or significant in terms of their amount, other than those that are of a recurring nature.

Financial Statements

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As of September 30		As of December 31	
In thousands of Euro	**2016**	*of which with related parties*	**2015**	*of which with related parties*
Property, plant and equipment	9,226		6,831	
Goodwill and trademarks	76,757		76,801	
Other intangible assets	5,332		3,961	
Non-current receivables	2,760		2,363	
Deferred tax assets	8,862		6,211	
Non-current financial assets	5,092		5,004	
Total non current assets	**108,029**		**101,171**	
Inventories	27,283		20,622	
Trade receivables	28,534		24,714	
Other current assets	2,973		2,266	
Current financial assets	979		-	
Cash and cash equivalents	31,166		48,297	
Total current assets	**90,935**		**95,899**	
TOTAL ASSETS	**198,964**		**197,070**	
Share Capital	2,124		2,122	
Other reserves	90,542		80,286	
Net income	13,284		27,124	
TOTAL NET EQUITY	**105,950**		**109,532**	
Non-current financial liabilities	26,546	21	31,602	34
Other non-current payables	667		748	
Deferred tax liabilities	14,379		14,415	
Post-employment and other employee benefits	1,977	157	1,721	217
Non-current provisions for risks and charges	62		62	
Total non current liabilities	**43,631**		**48,548**	
Trade payables	26,055	96	18,862	5
Income tax payables	6,391		5,829	
Current financial liabilities	10,245	20	7,735	30
Current provisions for risks and charges	1,010		1,387	
Other current liabilities	5,682	279	5,177	174
Total current liabilities	**48,383**		**38,990**	
TOTAL LIABILITIES	**93,014**		**87,538**	
TOTAL LIABILITIES AND EQUITY	**198,964**		**197,070**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Period ended September 30			
In thousands of Euro	**2016**	*of which with related parties*	**2015**	*of which with related parties*
Revenues	95,987		86,411	
Other operating income	671		3,110	
Finished products, raw materials and consumables	(18,379)		(18,379)	
Service costs	(34,350)	(110)	(29,323)	(162)
Personnel costs	(17,817)	(2,784)	(14,417)	(2,019)
Other operating expenses	(2,507)	(105)	(2,472)	(113)
Depreciation, amortization and impairment	(3,567)		(3,641)	
Operating profit (loss)	**20,038**		**21,289**	
Financial expenses	(1,049)	(23)	(779)	(55)
Financial income	180		620	
Net profit/(loss) before income tax	**19,169**		**21,130**	
Income tax expense	(5,885)		(6,973)	
Net profit (loss)	**13,284**		**14,157**	
NET PROFIT/(LOSS) PER SHARE				
Basic (euro)	0.063		0.067	
Diluted (euro) (**)	0.061		0.066	
Other comprehensive income				
- items that may be reclassified subsequently to profit or loss:				
Exchange-rate differences from the translation of financial statements in currencies other than Euro	(481)		316	
Total items that may be reclassified subsequently to profit or loss	**(481)**		**316**	
- items that will not be reclassified to profit or loss:				
Actuarial gains/losses on post-employment and other employee benefits	(185)		111	
Actuarial gains/(losses) on post-employment and other employee benefits-tax effect	52		(35)	
Total items that will not be reclassified to profit or loss	**(133)**		**76**	
Total other comprehensive income	**(614)**		**392**	
Total comprehensive profit (loss) for the period	**12,670**		**14,549**	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Period ended September 30	
In thousands of Euro	**2016**	**2015**
Cash flow from operating activities before changes in working capital	**27,249**	**24,879**
Cash flow from operating activities	**13,110**	**11,613**
Cash flow used in investing activities	**(8,440)**	**(3,860)**
Cash flow used in financing activities	**(20,900)**	**4,953**
Net cash flow for the period	**(16,230)**	**12,706**
Cash and cash equivalents at the beginning of the period	48,297	23,353
Exchange-rate differences in cash and cash equivalents	(901)	526
Cash and cash equivalents at the end of the period	31,166	36,584

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In thousands of Euro	Share Capital	Share premium reserves	Currency Translation Reserve	Other reserves	Profit/ (loss) for the period	TOTAL NET EQUITY
As of December 31, 2014	**2,122**	**90,406**	**338**	**(20,331)**	**16,525**	**89,060**
Net income for the period					14,157	14,157
Changes in the currency translation reserve			316			316
Recognition of actuarial gains/(losses)				76		76
Comprehensive income for the period	**-**	**-**	**(316)**	**76**	**14,157**	**14,549**
Allocation of net profit 2014				16,525	(16,525)	-
Treasury shares				(252)		(252)
Incentives for Management				189		189
Distribution of dividends					(7,000)	(7,000)
As of September 30, 2015	**2,122**	**90,406**	**654**	**(3,793)**	**7,157**	**96,546**

In thousands of Euro	Share Capital	Share premium reserves	Currency Translation Reserve	Other reserves	Profit/ (loss) for the period	TOTAL NET EQUITY
As of December 31, 2015	**2,122**	**90,406**	**503**	**(10,623)**	**27,124**	**109,532**
Net income for the period					13,284	13,284
Changes in the currency translation reserve			(481)			(481)
Recognition of actuarial gains/(losses)				(133)		(133)
Comprehensive income for the period	**-**	**-**	**(481)**	**(133)**	**13,284**	**12,670**
Allocation of net profit 2015				17,152	(17,152)	-
Capital increase	2	400				402
Treasury shares				(8,425)		(8,425)
Incentives for Management				1,743		1,743
Distribution of dividends					(9,972)	(9,972)
As of September 30, 2016	**2,124**	**90,806**	**22**	**(286)**	**13,284**	**105,950**

STATEMENT PURSUANT TO ARTICLE 154 (2)-BIS OF THE TUF

In accordance with Article 154-bis, paragraph 2, of the Consolidated Law on Finance (“TUF”), the Executive Officer in charge of the financial reports hereby declares that the financial information provided herein corresponds to the underlying accounting entries and records.

Alessandro Poletto

Executive Officer in charge of the financial reports