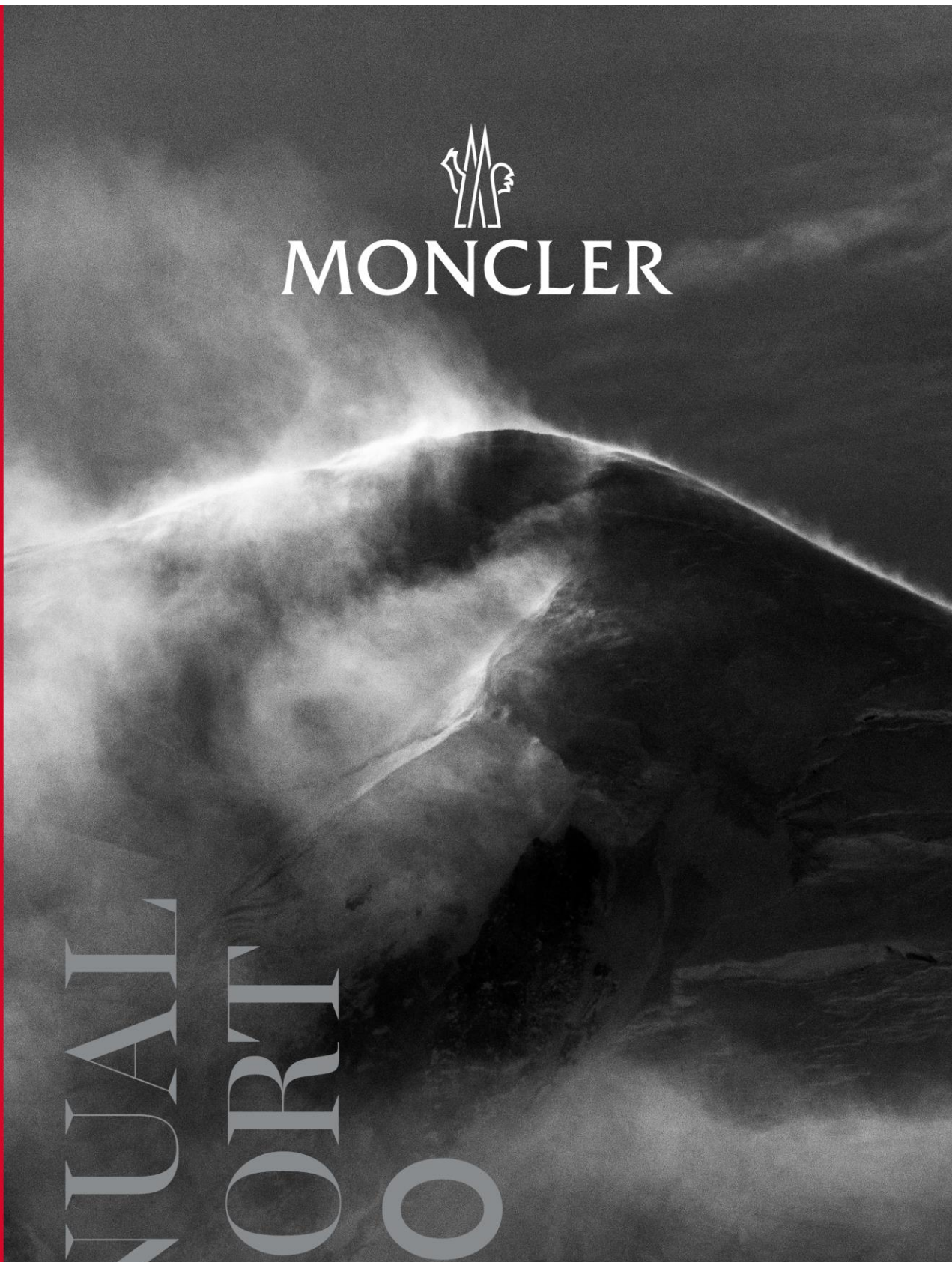




MONCLER

ANNUAL
REPORT
2020



ANNUAL REPORT 2020

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ANNUAL REPORT

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**ATTESTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 154 BIS OF
LEGISLATIVE DECREE 58/98**

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

**ATTESTATION OF THE SEPARATE FINANCIAL STATEMENTS PURSUANT TO ART. 154 BIS OF
LEGISLATIVE DECREE 58/98**

INDEPENDENT AUDITORS' REPORT ON THE SEPARATE FINANCIAL STATEMENTS

REPORT OF THE BOARD OF STATUTORY AUDITOR

1

BOARD OF DIRECTORS' REPORT

SECTION ONE

SECTION TWO

SECTION ONE

CHAIRMAN'S LETTER

Dear Shareholders,

2020 was a year for the history books, and a year that will always be remembered at Moncler.

A virus, all by itself, managed to erode our certainties. It forced us to rethink our priorities and decide who we really are as individuals, and even more so as a community and as a company. I like to bring up the concept of energy, the Aristotle's *energeia*, because I believe it encompasses the essence of vitality, the ability to transform ourselves by acting with determination. I believe this is the essence of an organization and what determines its success. In these past few months, I sometimes feared my people's energy might run dry. But with their actions and their responsiveness, they always reassured me, demonstrating, as they so often have done, the strength, the uniqueness, and above all, the energy of this Group.

Despite the many months of lockdown in most major countries we serve, and the dramatic decline in tourists who are always vital to our industry, today we are proud to present what I think are exceptional results, even though our plans were inevitably interrupted. In a year when the luxury goods industry is expected¹ to have shrunk by more than 20%, Moncler substantially limited the decline in sales. In 2020, revenues decreased 11% to 1,440 million euros, with an acceleration in the second part of the year and in particular, in the fourth quarter, which grew 8%. EBIT was 369 million euros with a margin on sales of 26% while net cash surpassed 850 million euros. We took immediate action to focus on projects essential to the business, with speed and determination. I am proud that even in a complicated year like 2020, we managed to start insourcing our online business, which is increasingly important to our future. We also inaugurated our flagship in Paris on the Champs-Élysées at more than 1,000 square meters, it's the largest store in our network and epitomizes our Brand strategy. We confirmed all of our social and environmental commitments by launching the new strategic sustainability plan, *Moncler Born to Protect*, which will guide us through the next five years with the conviction that we must all work together for a brighter future.

And that's not all. In December we announced that Stone Island will be joining the Moncler family. Two brands, two companies, two innovators and two similar visions, yet each with its own identity, positioning, and brand uniqueness. This union strengthens our presence in the growing "new luxury" segment. A concept far from traditional stereotypes, it is about experientiality, inclusivity, a sense of belonging to a community and combining diverse meanings and worlds including those of art, culture, music and sport. I am also very proud that this union was forged at a difficult time for Italy and the world, confirming the resilience of our country and of our people.

¹ Altagamma Bain, November 2020

BOARD OF DIRECTORS' REPORT

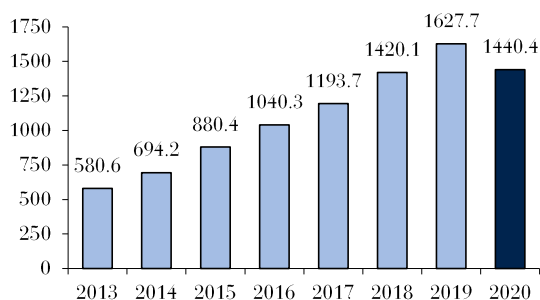
Finally, I thank once again my people, the directors, our shareholders, and all of Moncler's stakeholders, who even in this crucial year continued to advise us, support us, and forge this path with us – a path that has grown even more challenging, but also more exciting and rewarding by the day.

Thank you.

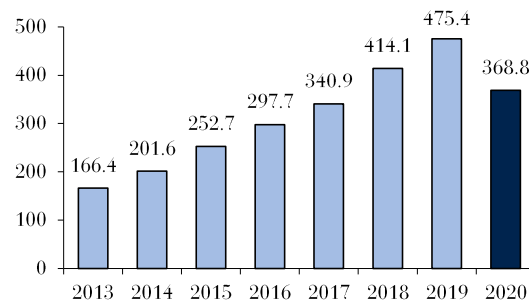
REMO RUFFINI
CHAIRMAN AND CEO

FINANCIAL HIGHLIGHTS²

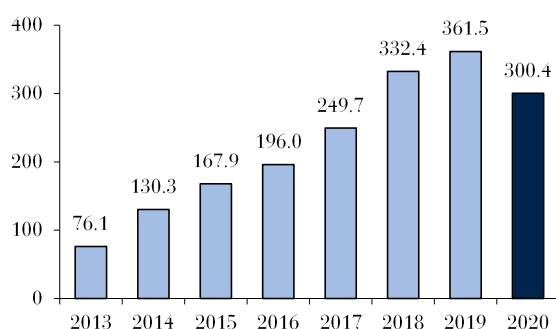
Revenues (million euros)



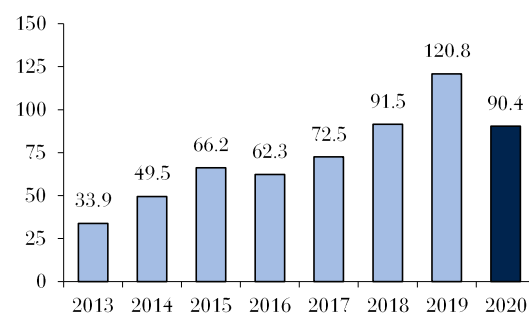
EBIT (million euros)



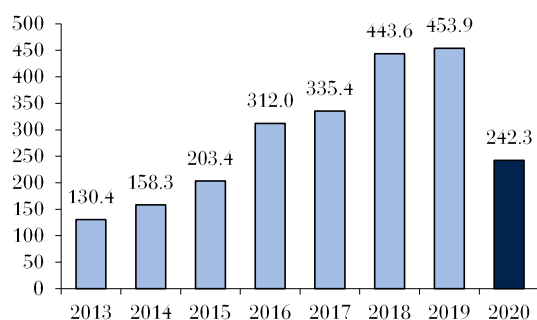
Net Income (million euros)



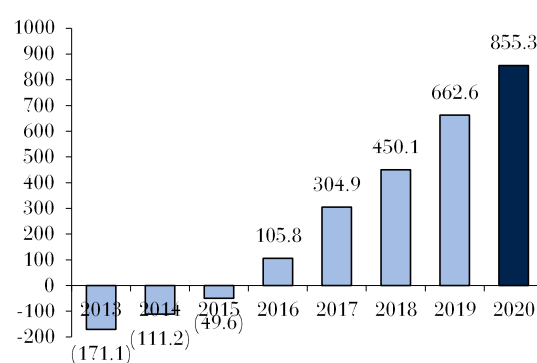
Capital Expenditure³ (million euros)



Free Cash Flow (million euros)



Net Financial Position (million euros)



² This note applies to all pages: all data including IFRS 16 impacts, if not otherwise stated. The net financial position excludes lease liabilities. Rounded figures to the first decimal place.

³ Net of assets disposal.

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	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
Luciano Santel	Executive Director

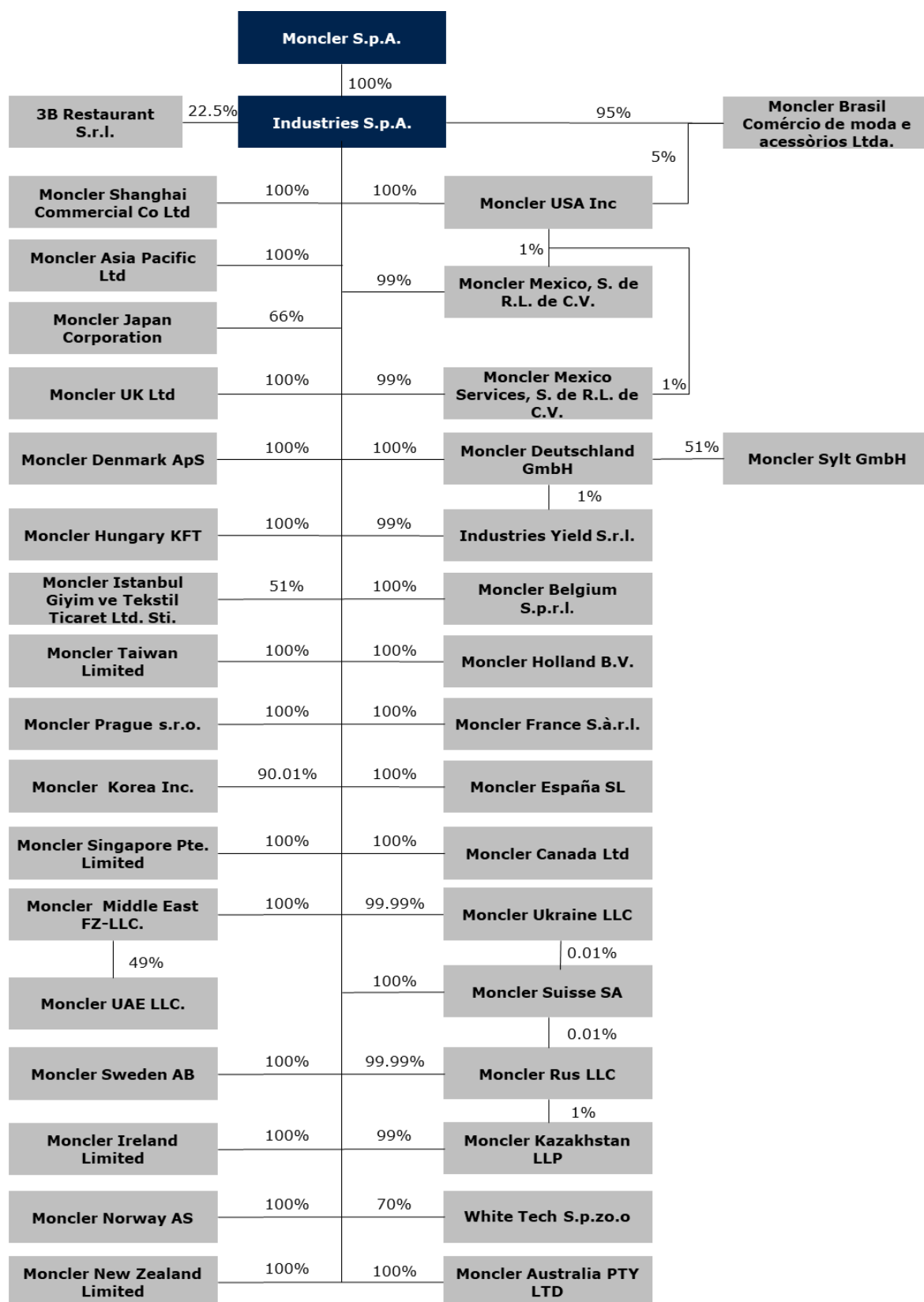
BOARD OF STATUTORY AUDITORS

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 AS AT 31 DECEMBER 2020



GROUP STRUCTURE

The Consolidated Financial Statements of the Moncler Group as at 31 December 2020 include Moncler S.p.A. (Parent Company), Industries S.p.A., a sub-holding company directly controlled by Moncler S.p.A., and 35 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 aspects.

Moncler S.p.A.	Parent company which owns the Moncler brand
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
White Tech Sp.zo.o.	Company that manages quality control of down
Moncler Belgium S.p.r.l.	Company that manages DOS in Belgium
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 Kazakhstan LLP	Company that manages DOS in Kazakhstan
Moncler Middle East FZ-LLC	Holding Company for the Middle East
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 Suisse SA	Company that manages DOS in Switzerland

BOARD OF DIRECTORS' REPORT

Moncler Sylt GmbH	Company in liquidation (Germany)
Moncler Sweden AB	Company that manages DOS in Sweden
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 Brasil Comércio de moda e acessórios Ltda.	Company that manages DOS in Brazil
Moncler Canada Ltd	Company that manages DOS in Canada
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 USA Inc	Company that promotes and distributes goods in North America
Moncler Asia Pacific Ltd	Company that manages DOS in Hong Kong SAR and in Macau
Moncler Australia PTY LTD	Company that manages DOS in Australia
Moncler Japan Corporation	Company that manages DOS and distributes and promotes goods in Japan
Moncler Korea Inc.	Company that manages DOS and distributes and promotes goods in South Korea
Moncler New Zealand	Company that will manage DOS in New Zealand
Moncler Shanghai Commercial Co. Ltd	Company that manages DOS in China
Moncler Singapore Pte. Limited	Company that manages DOS in Singapore
Moncler Taiwan Limited	Company that manages DOS in Taiwan

KEY EVENTS IN MONCLER'S HISTORY

1952

René Ramillon and André Vincent found the Moncler brand in the mountains near Grenoble.

1954

Moncler makes its first nylon down jacket and supplies products for the Italian expedition to K2. One year later, it also sponsors the French expedition to Makalù.

1968

Moncler becomes official supplier of the French Alpine skiing team at the Winter Olympics in Grenoble.

'80

Moncler products start to become popular in towns and cities, becoming a true fashion phenomenon.

2003

Remo Ruffini becomes a shareholder of the Group.

2006

Moncler launches its *Moncler Gamme Rouge* women's collection.

2007

Moncler opens in Paris – on the central Rue du Faubourg Saint-Honoré – its first urban store.

2009

Moncler launches its *Moncler Gamme Bleu* men's collection.

2010

Moncler's *Grenoble* men and women collections debut in New York.

BOARD OF DIRECTORS' REPORT

2013

Moncler lists on the Italian Stock Exchange at an initial price of 10.20 euros per share.

2015

Moncler establishes a joint-venture in Korea controlled by Moncler with Shinsegae International.

2016

Moncler's revenues surpass one billion euros. Moncler finalises the establishment of its production site in Romania, aiming at creating an industrial-technological research and development centre on down jackets and verticalizing part of the production.

2018

Moncler launches the new creative project *Moncler Genius - One House, Different Voices*, an hub of creative minds that, working together while retaining their individuality, they reinterpret the essence of the Moncler brand.

2019

Moncler enters the indices Dow Jones Sustainability World & Europe, as Industry Leader in the Textile, Apparel & Luxury Goods sectors.

2020

Stone Island joins Moncler. With this transaction, united by their "beyond fashion, beyond luxury" philosophy, these two Italian brands strengthen their positioning within the "new luxury" segment, a concept that 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. The agreement provides that the acquisition of the shareholding will take place on the basis of an equity value defined by the parties in 1,150 million euros calculated on 100% of the capital. The deal will be completed during the first half of 2021.

THE MONCLER BRAND

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

In 1954, Moncler made the first ever nylon down jacket. In the same year, Moncler products were chosen by the Italian expedition to K2 and in 1955 by the French expedition to Makalù.

In 1968, the Brand gained additional visibility as Moncler became the official supplier of the French Alpine skiing team at the Winter Olympics in Grenoble.

In the 80s, Moncler products started to be used on a daily basis also in the cities and became a true fashion phenomenon among younger clients.

Beginning in 2003, when Remo Ruffini invested in the Group, a process of repositioning of the Brand was initiated through which Moncler products take on an ever more distinctive and exclusive style. Under the leadership of Remo Ruffini, Moncler has pursued a clear but simple philosophy: to create unique products of the highest quality, versatile and constantly evolving while always remaining true to the Brand's DNA.

The motto "born in the mountains, living in the city" shows how the Moncler brand has evolved 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 that are always consistent with the DNA and the uniqueness of the Brand.

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 heritage, in a continuous search for a constant 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.

VALUES AND PURPOSE

Moncler is by its nature an ever-changing Company, pushing towards reinvention and continuous development. Over time, its values have been taken on new meanings while always remaining true to themselves.

Moncler has a very strong corporate culture and uniqueness emerged, characterised by the ability to discover the extraordinary that is hidden in each one of us and expressed in each of our “ordinary” actions.

What's unique is the commitment to setting ourselves increasingly challenging goals. A uniqueness enriched by a natural sense of freedom and independence from stereotypes and conventions, by the awareness that every action has an impact on society and environment and that it is everyone's duty to minimise the negative and maximise the positive, by the energy that the warmth of the relationships we build injects in us, by the madness – always rigorous – of pursuing ideas and projects that are out of the ordinary.

MONCLER'S 5 VALUES

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.

BRING OTHER VOICES IN

We are one house, different voices, and we let everyone's talents shine. We celebrate all perspectives, leverage our multiplicity and speak to every generation. By letting many voices sing, we play a beautiful harmony.

EMBRACE CRAZY

We are unconventional and unique. We foster our inner genius, 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.

BOARD OF DIRECTORS' REPORT

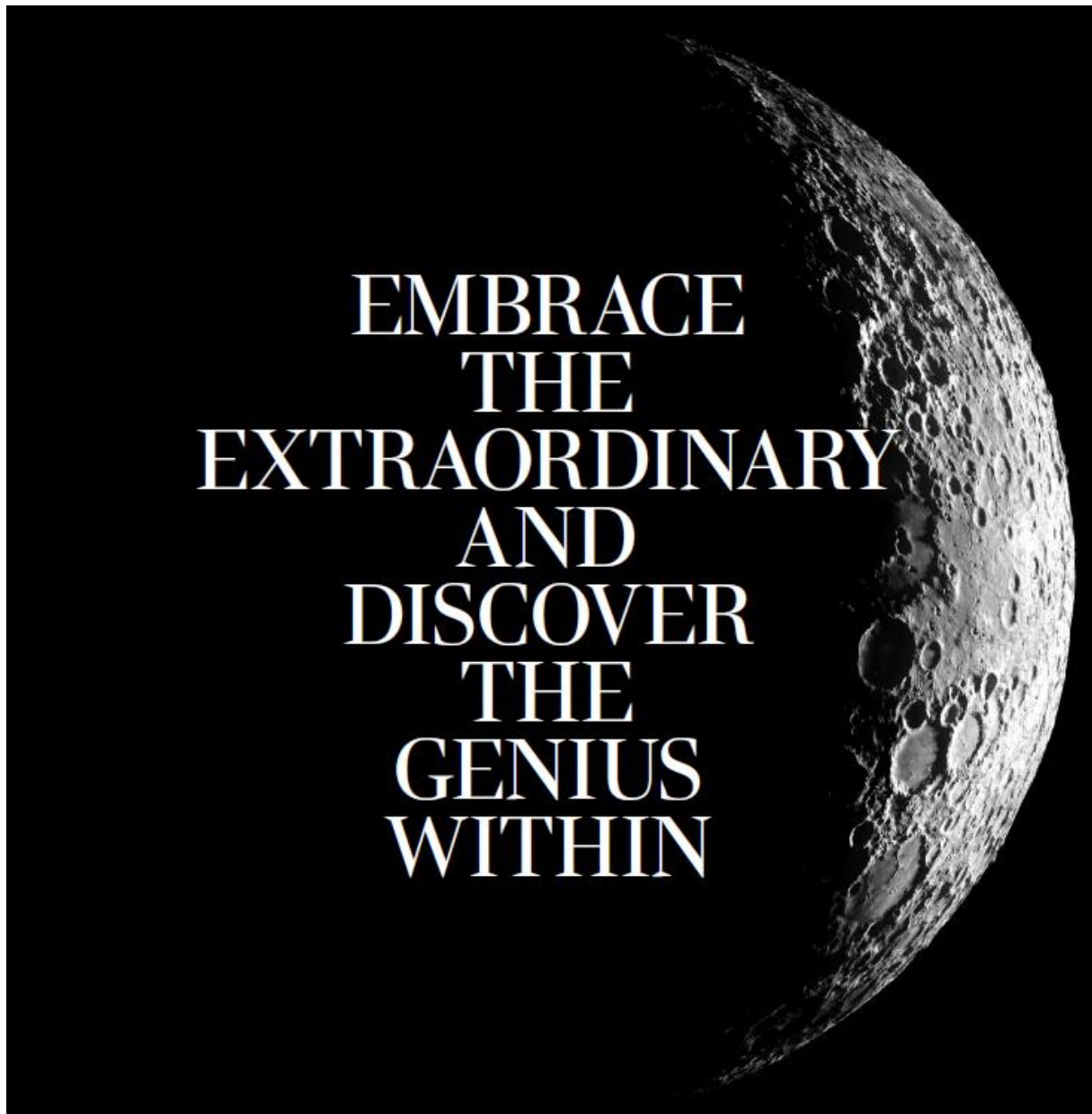
KEEP WARM

We were born to keep people warm. We bring the warmth of human connection into everything we do, from the things we make, to the relationships we build. We celebrate people's achievements big and small, with empathy and trust.

PLAN BEYOND TOMORROW

We plan every day for a bolder and brighter tomorrow. We take a long term view designing a future that goes beyond convention. We rise to and act on the social and environmental challenges the world is facing.

MONCLER'S PURPOSE



STRATEGY

Genius, rigour, multiplicity, capability to innovate while remaining true to itself and urge to seek for the extraordinary in the “ordinary” have always been the creed of the Group. Moncler leverages change to grow stronger as it continues to explore both known and new avenues, seeking constant dialogue with an ever-broader client base, and has in its flexibility the capacity to pursue its goals in an ever-changing environment.

And that's exactly its continuous desire to evolve, also seeking for new challenges, the desire to dialogue with new consumers, the desire to change even when everything goes well, which led to the acquisition of Stone Island, a casual menswear brand, established in 1982, which has become a symbol of extreme research on fibres and textiles, through the continuous experimentation of dyes and treatments on the finished garment. A new journey has begun for Stone Island, which will lead the Brand to reach its full potential, while maintaining its strong brand identity.

Moncler group strategy is underpinned by five pillars.

STRENGTHEN, TOGETHER WITH STONE ISLAND, THE NEW VISION OF LUXURY

United by "beyond fashion, beyond luxury" philosophy, Moncler, together with Stone Island, will strengthen its ability to interpret the evolving cultural codes of the new generations offering them a new concept of luxury, far from the traditional stereotypes. A concept that embraces the search for experientiality, inclusivity, a sense of belonging to a community and the cross-fertilisation of meanings and worlds including those of art, culture, music and sport. The union will strengthen the competitiveness of the two Brands while fully respecting their identity and autonomy and accelerating their development process.

BUILD A GLOBAL GROUP ABLE TO CONTINUOUSLY EVOLVE WHILE KEEPING ITS UNIQUE POSITIONING

Under the guidance of Remo Ruffini, Moncler has followed a growth strategy inspired by two key principles: to become a global Brand with no filters with the market and to continuously evolve while remaining true to itself.

With the acquisition of Stone Island, Moncler will share its knowledge and experience to fully capture the important growth potential in particular of the Americas and Asian markets, maintaining and strengthening the unique positioning of Stone Island, which has its identification matrix in the culture of research and experimentation.

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 Group's strategy to meet stakeholder expectations

BOARD OF DIRECTORS' REPORT

and create shared value. The new sustainability plan of the Group focuses on five strategic pillars: act on climate change, think circular, be fair, nurture genius and giving back.

SUPPORT THE DEVELOPMENT OF DISTRIBUTION CHANNELS WITH AN OMNICHANNEL APPROACH

Engaging directly with clients through every channel and touch point, involving them, understanding their expectations – even when unspoken – and creating the human warmth that has always characterised the Brand in its physical and virtual stores, are the cornerstones of the relationship that Moncler strives to develop with its clients to never stop surprising them. Today Moncler is pursuing a strategy of integrated development of its distribution channels, both physical and digital.

Stone Island is starting a journey that will lead the Brand to gain greater control over all markets, especially through the expansion of the DTC channel (direct to consumer).

STRENGTHEN THE DIGITAL CULTURE

Think digital while defining and implementing the Group's strategy is an increasingly fundamental goal for Moncler who believes in the importance of the cross-fertilisation across divisions and in particular, we believe that digital is not only an important tool to generate revenues but, above all, is the way we are going to implement our present and future strategy.

BUSINESS MODEL

Moncler'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 COLLECTIONS

Moncler's success is based on a unique and consistent brand strategy, which also depends on the ability to develop 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 Man* and *Moncler Woman* collections are at the core of the Brand, responding to the needs of different consumers and to multiple uses. The "Archive" is made up of products inspired by Brand's first collections that follow two different developments: one more focused on the development of models that reflect the iconic styles ("DNA Archive"), the other with a more creative approach that has the goal of acquiring a younger and more trend-driven clientele ("Creative Archive"). The "Sport Chic/Edit" line is intended at a more sophisticated client, less concerned with fashion trends. The "Matt Black" line is inspired by a cosmopolitan consumer looking for a more contemporary style.

Moncler also has collections for boys and girls, "Moncler Enfant", set for young consumers (0-14 years) divided into Baby (0-3 years) and Kid (4-14 years).

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 Man*, *Moncler Woman* and *Moncler Genius* collections are completed by *Moncler Grenoble*, representing the brand's DNA even more strongly. *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.

The Moncler collections are rounded off with footwear and leather goods (bags, backpacks and accessories) lines and a sunglasses and eyeglasses line (*Moncler Lunettes*).

Moncler's team of fashion designers is subdivided by collection and 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.

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 2020, a total of around 1,100 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.

ANIMAL WELFARE AND TRACEABILITY: 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 by the Group 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 material, 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 DIST Protocol, defined taking into consideration the peculiarities of the supply chain structure, was the outcome of open, constructive engagement with a multi-stakeholder forum,

BOARD OF DIRECTORS' REPORT

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.

The Protocol assesses animal welfare in an innovative way. Alongside a traditional approach that focuses on the farming environment, the DIST, following the latest European Union guidelines, also evaluates animal welfare through careful observation of “Animal-Based Measures” (ABM⁴).

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;
- 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 2020, 159 audits were conducted by third-parties along the entire supply chain.

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

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, not only down but also textiles and garments, must comply with the highest qualitative standards in the industry, be innovative and able to offer advanced functional and aesthetic features. Textiles and garment accessories (buttons, zips, etc.) are purchased from countries able to meet those standards, mainly Italy and Japan. Down is purchased from Europe, North America and Asia.

⁴ 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.

BOARD OF DIRECTORS' REPORT

The “cut-make-trim” phase is conducted both by third party manufacturers (façon manufacturers) and in the Moncler manufacturing plant, established in 2016 in Romania, that currently employs more than 1,100 people.

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).

Moncler currently uses more than 450 suppliers, divided into four categories: raw materials, façon manufacturers, finished products and services. Moncler’s top 60 suppliers account for 70% of the value of all supplies⁵.

DISTRIBUTION

Moncler is present in all major markets both through the retail channel, consisting of directly operated stores (DOS⁶) and the online store, 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 2020, Moncler’s mono-brand distribution network consisted of 219 retail directly operated stores (DOS), an increase of ten units compared to 31 December 2019 of which two opened in Q4; and of 63 wholesale stores (shop-in-shops, SiS), a decrease of one unit compared to 31 December 2019, considering five conversions from wholesale to retail.

	31/12/2020	31/12/2019	Net Openings FY 2020
Retail mono-brand stores	219	209	10
Asia	104	104	-
EMEA (excl. Italy)	61	56	5
Italy	19	19	-
Americas	35	30	5
Wholesale mono-brand stores	63	64	(1)

⁵ Based on Orders' Value.

⁶ Including free standing stores, concessions, travel retail stores and factory outlets.

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During 2020 the Company opened 10 directly operated stores (DOS), in the most renowned luxury streets and malls, including:

- the biggest flagship of the Group in Paris (France) on the Champs Elysées, famous luxury street in the heart of the city;
- the first directly operated store in Spain (Barcelona) and in Ukraine (Kiev);
- some selected openings in the United States and in Europe, including the Canadian and German conversions from wholesale to retail in the stores in Holt Renfrew Calgary, Vancouver and Kadewe Berlin and a new resort in Capri island (Italy).

Moreover, during the year, some of the existing retail stores were relocated in new spaces with a larger surface, including the enlargement of the flagship store in London (United Kingdom).

During the course of 2020, Moncler accelerated on digital transformation and, in line with an increasingly integrated digital vision, internalized the online site (.com) in North America, the second e-commerce site directly managed by Moncler after the Korean one.

Moncler's ability to distribute its products to such a large number of destinations is based on the careful attention it pays to the way in which logistics activities are managed. In this sphere too Moncler is attentive to optimising processes and containing both environmental effects and costs. Since years, Moncler has adjusted the packaging it uses for shipping finished goods, thereby reducing the total volume consumed and optimising the space taken up on the means of transport employed. The Group is introducing a policy to incentivise shipping by sea, which offers a further way to reduce its environmental footprint.

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 embrace the extraordinary and discover the genius within.” Remo Ruffini, Moncler Chairman and CEO.

Moncler is a company born in the mountains. Born to protect. Born to face extremes. A company whose nature makes it impossible to stand still. So when the fashion world accepted 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 crazy nature.

The world of marketing in Moncler has been revolutionized. Bi-annual collections are yesterday's news. Moncler has met this reality head-on, creating a buzz machine of content that makes the Brand relevant each and every day of the year. Monthly collections by visionary designers are transmitted from the feed straight to the home. But revolutionizing a fashion industry standard hasn't been simple; it has demanded change at every level. At Moncler multiple timelines are tackled at once. With every release, teams organize the realization of a multitude of creative materials including close-up shots, editorial videos and video lookbooks, building daily editorial calendars to disseminate the content over limited periods of time. Multi-channel, multi-window

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communications rollouts are tailored to each collection, allowing them all their period of focus. The diverse voices of each designer live on their own, but come together under the one umbrella of Moncler which joins the dots that make up the multiplicity of the Brand's DNA. Each collection is amplified by live events, either real life and digital, at venues ranging from underground warehouse spaces to global art fairs. The result: *Moncler Genius* has attracted a new community of Generation Z and Millennial customers that make up 40 percent of Moncler's overall consumer base, and more for Genius projects. The Brand is empowered by a new community of youth who aspire to the alliance of innovation and heritage that Moncler uniquely offers.

The arrival of the Covid-19 pandemic forced the marketing team to prove their resilience by reacting with flexibility, sensibility and speed. Since February 2020 a series of activations were launched, some of which are still in place to this day.

The #WarmlyMoncler campaign showcased a heart-warming retrospective of some of the Brand's most loved campaigns. The #MonclerVoices series was born as a production of shot-at-home social media initiatives curated by Moncler's creative family and friends as they gave their personal perspective on what Moncler means to them. Stories of heritage and evolution were told in the Moncler Icons campaign which reminded the audience how some of Moncler's beloved originals have developed through the years to become the must-haves they are today. A dedicated Instagram channel for employees, @MonclerTogether, connected the people of Moncler while they were working together from afar, and entertained them with a schedule of activities for the mind, body and soul, ranging from a book club, to a yoga class, to live dance music performances. At the end of the year Moncler launched its inaugural TikTok challenge, #MonclerBubbleUp, partnering with the platform's superstar creators to reach the rising generation, achieving over 7 billion impressions and communicating with youth worldwide.

A final chapter of 2020 saw Moncler acquire Stone Island, celebrated with a social media, print and out-of-home marketing campaign. Creative visuals announced the acquisition with the tagline "Great minds think alike", talking to the synergies of the two Italian brands as they go beyond fashion, beyond luxury. The companies strengthened their ability to interpret the evolving cultural codes of the new generations, reinforcing their positioning within the new luxury segment.

ADVERTISING CAMPAIGNS

Advertising campaigns have been used with industry-defining innovation to convey Moncler's heritage and transmit the dreams that the Brand embodies. When Remo Ruffini relaunched the brand in 2003, he used campaigns to establish the Brand's heritage, and since then has worked with creatives such as Bruce Weber and Annie Leibowitz to develop the intangible ideals that empower Moncler. The *Moncler Beyond* campaign marked a new step of aspirational marketing, bringing together a group of celebrated partners from different paths of life, age, ethnicity and origin. They transferred the values of the Brand through their personal experiences and became voices of individual strength, culminating in a unified message of freedom and willpower. 2018 was the start of a new chapter for Moncler with the launch of the *Moncler Genius* project presented with the motto *One House, Different Voices*. It made up a creative symposium that

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brought other voices in to reinterpret Moncler's DNA through their own unique lens. In 2019 the concept developed and began to grow roots beyond the Genius project and throughout the whole Brand. The *Genius is Born Crazy* campaign starred international icon Will Smith in his first ever fashion campaign and was shot by Tim Walker. Through the actor and musician, Moncler explored the concept of the Genius who manifests ideas which feel unimaginable. The message of the campaign relates to the spark of Genius that creates unlimited possibilities, unparalleled creativity, and allows imagination to thrive in the unknown. The campaign marked a permeation of the Genius concept throughout the Brand as a central principle that empowers Moncler.

In 2020, as a reaction to the Covid-19 pandemic, Moncler concentrated its energies on a series of curated and intimate campaigns to respond to the situation with sensitivity and warmth. Instead of a traditional brand campaign, the marketing team focused on activations based around interaction and engagement with our community. These campaigns, including #WarmlyMoncler and #MonclerVoices, were crafted to create a more personal and caring tone, and bring the spirit of community into Moncler's activations during the unheralded time.

EVENTS AND FASHION SHOWS

All Moncler events leave a mark. Some leave a legacy. Whether it's store events for valued clients or city takeovers injecting culture into the local ecosystem, Moncler has always strived to ensure its events having an impact in the hearts and minds of attendees. In 2020, the full spectrum of events evolved and took on new dimensions and all shared one language, Moncler's language: *One House, Different Voices*. The year opened with the revealing of the new chapter of the *Moncler Genius* program. In its third edition, *Moncler Genius* kept on evolving and exploring new horizons. The house entered a new phase, going beyond the product and embracing the world of experience while empowering personal communication and bringing connections and emotions from the digital domain to real life. The house of different voices broke its own boundaries by exploring beyond fashion, and giving voice to personal creativity. *Moncler Genius* joined forces with the iconic luggage brand RIMOWA to unveil a bold new travel concept, Moncler RIMOWA "Reflection", showcasing novel innovations in technology and communication in the digital age. The event took place in a vast industrial warehouse on Milan's Via Molise with rooms housing each collection. JW Anderson arrived to the ever-evolving cast with his arrestingly clever vision of gender-defying fashion. He joined the house alongside Sergio Zambon, Veronica Leoni, Sandro Mandrino, Simone Rocha, Craig Green, Matthew Williams of 1017 ALYX 9SM, Fragment Hiroshi Fujiwara, Richard Quinn and Poldo Dog Couture.

The *Moncler House of Genius* could not open in 2020 due to Covid-19, so events and marketing activities evolved to take new "phygital" and social forms. A live flower workshop with Simone Rocha was broadcast online to celebrate the launch of the 4 Moncler Simone Rocha collection, nodding to the themes of dreamy horticulture referenced in the collection. And the #GirlUpChallenge was launched in association with 2 Moncler 1952 Woman, raising awareness of the Girl Up charity who empower girls through education.

And as *Moncler Genius* has opened the door to a new world of clients, so Customer Relationship Management (CRM) has seized the opportunity to develop. The new approach is highly targeted

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and highly personalised. Contact with clients is always specific, never generic, ensuring the right people hear about launches and events that matter to them. Finally, a new layer of luxury has been added to customer experience, with Very Important Clients being offered money-can't-buy trips that always adheres to the Moncler's hallmark quality. A uniquely authentic way for clients to connect with Moncler's DNA.

DIGITAL

2020 has been a challenging year under all aspects. 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.

In 2020 Moncler has accelerated its digital transformation defining a new corporate organisation and announcing the direct management of its e-commerce, that has started with a successful migration in the United States and Canada in October 2020, with the rest of the implementation that will be progressively done and completed in 2021. The internalization is in line with an increasingly digitally integrated vision aimed at personalizing the experience and strengthening the relationship with the customer across all brand touchpoints. In addition, Moncler will launch a fully integrated omnichannel e-commerce platform in 2021 which, in addition to being technologically advanced, will take an innovative approach towards the client.

To support the evolution of Moncler's strategic vision and amplify digital opportunities, the Company has created in July 2020 a new "Digital, Engagement and Transformation" function, with the mission of implementing brand strategy across all digital channels, thus giving life to innovative client services and experiences, accelerating the presence in all forms of digital commerce, digital native content and diffusing a digital culture across the whole organisation.

The Digital Hub, the Company's internal department aimed at guiding the digital transformation and spreading its culture, has maintained its organisation divided in 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 remarkable 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. After the launch of the Korean market last year, on 6 October 2020 the internalization of moncler.com has concretely started with the two stores of the United States and Canada, for both site and commerce app. It has been a success with an average of +70% of orders placed YoY, further supported by introducing payment and delivery methods brand-new to the customers. Among the other omnichannel services already in place, the Exchange feature is now available online and in-store.

D-Marketing is responsible for expressing all the values and colorations of Moncler through tailored premium content to serve all consumer touch points. In 2020, to face the global pandemic circumstances, the Digital Marketing strategy has been adapted to promptly support online business and omnichannel services, keeping always the focus on ONE project at 360° level and guaranteeing a smooth transition without registering any traffic drop, in particular through

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Search Engine Optimisation (SEO). During the year, it has been increased the reach in terms of new prospects thanks to social paid activations and e-tailers campaigns; existing clients have been reactivated through CRM targeted campaigns on social and search. The conversion has been maximized activating bid strategies on search engine, boosting the return on the investment. Good performance has been achieved also on direct marketing activations, thanks to a combined strategy on lead generation and communication frequency increase, keeping a consistent level of interest. Finally, special collaborations and partnerships with e-tailers have been conducted at a global level and integrated within the *D-Marketing* strategy.

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. In 2020, the *Big Data* project has been further developed, through the integration of all the key company's internal data sources, aiming at creating a unique, complete and accurate view of the brand and customers. The team built the single client's vision, a strategic project that will be fundamental for all functions. It will be strengthened with the creations of different levels of personas that are impacting Moncler's environment and will connect them to socio-cultural communities and tribes. Thanks to this visionary and cutting-edge approach, Moncler aims at upgrading the 360° customer journey, introduce advanced personalized functionalities, acquire new segments of clients and reach new audiences in key markets.

D-Experience is responsible for improving the exchanges with consumers, simplify their interactions on all channels and make each of these interactions a pleasurable experience. In 2020, the team worked on optimizing moncler.com and implementing special customer-centric omnichannel features that helped the Company best respond to market needs. Finally, several augmented reality experiences were tested at app and website level and mini-websites were created to grow organic traffic from search engines.

The fifth and final pillar, *D-Strategy & Culture*, is responsible for developing digital business value and for spreading a digital culture within Moncler. 2020 has been a year of great change, and this pillar has contributed at putting the basis for a new digital transformation accompanied by a solid long-term strategy.

As for social media networks, Moncler is on Instagram, Facebook, Twitter, LinkedIn, TikTok and YouTube (in 2020 with 3.5 million, 2.9 million, 1.1 million, 213 thousand, 195 thousand and 27 thousand followers respectively); WeChat, Weibo, Douyin and RED in APAC (respectively with 496 thousand, 431 thousand, 32 thousand and 27 thousand followers); LINE in Japan (with 424K followers) and Kakao Talk in Korea (with 108 thousand followers).

WINDOWS DISPLAY

Windows displays in boutiques have always been a key part of the Brand's marketing strategy, exploring the interrelationships between art and creativity, interpreted as an expression of

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Moncler's identity. The ethos is one of boundless creativity while remaining true to the Company's heritage. The maturation of *Moncler Genius* has allowed the creative boundaries of the windows to expand to previously unexplored territories. As the content relates to the artistic eccentricities of the *Moncler Genius* partners, so the windows have been pushed in new directions, employing new technologies, whilst living coherently in the Moncler family. The result? Progressively distinct, strikingly dynamic windows that capture the eye of a new consumer whilst maintaining true to Moncler's DNA.

BRAND PROTECTION

Moncler 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 (BP) internal department oversees administrative activities to protect Moncler's distinctive and commercial trademarks in countries and in goods' categories of current and potential commercial interest, as well as the forms and elements characterising the products, product&process inventions, and copyright. In particular, 2020 saw an important implementation of the model portfolio following the license agreement signed with Interparfums (with launch expected in 2022) and the consequent entry into the perfume business. In fact, it was decided to deposit the design of the fragrance bottles in over 40 countries.

The enforcement of intellectual property rights and the fight against counterfeit include activities such as training, liaising with customs authorities and applying for relative customs intervention in numerous countries, monitoring and investigating the physical and online market, taking down counterfeit content online, coordinating the organisation of raids and seizures with local authorities in numerous countries and taking civil, criminal and administrative actions.

The pandemic that hit the entire globe in 2020 impacted the training sessions to the enforcement authorities held during the year, which were fewer compared to the trend that normally characterises the department's work. However, the latter managed to carry out 39 training sessions for customs officers and Italian and foreign enforcement authorities, with the tools that technology currently allows, maintaining a dialogue with them, aimed at increasing brand awareness.

In 2020, the constant activity to fight against counterfeit trade resulted in more than 110,100 fake products and over 277,200 fake accessories being seized, including logos, labels, buttons, zips, etc.

Enforcement of Moncler's IP rights online, which aims in particular at the removal of offers for the sale of counterfeit products, shutting down unauthorised online sites and removing links and/or advertising from social networks, brought to important results, also through the extension of the activity to new sales platforms compared to those monitored up to 2019, for a total of 116. As for numerical data, in 2020 over 82,600 auctions of counterfeit products were shut down, almost 425 sites were obscured, approximately 17,000 links to sites selling non-

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original products were delisted from main search engines and more than 45,100 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 has prepared a 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, an anti-counterfeiting label has been adopted for all Moncler products, featuring the best technologies available on the market, in constant evolution. It consists of a unique alphanumeric code, a QRcode and NFC (Near Field Communication) tag. End-users can check their products on the website code.moncler.com. 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.

In addition, with the aim of raising awareness and internally training the departments most involved, Moncler 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 ones, by internally carrying out about ten dedicated training sessions.

The Group's commitment to industry associations saw Moncler involved in numerous activities in 2020, organised by leading national and international organisations involved in the fight against counterfeit and protecting IP, in particular INDICAM, UNIFAB, ECCK, QBPC, BPG.

HUMAN CAPITAL

Moncler 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 talent, 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 their abilities, potential and talent and where everyone's diversity is valued.

This objective was pursued also during 2020, a year in which the health emergency linked to the Covid-19 pandemic required a further effort, also at personnel management level, not only to ensure the safety of all employees of the Group but also to support their motivation, energy and cohesion.

Moncler seeks to identify and attract people who, besides their strong technical, professional, and management skills, demonstrate accordance with the values of the Group as well as the ability to work with dynamism, flexibility and striving for innovation in an ever-changing international environment.

The recruitment process is increasingly focussed on people with an international and heterogenous profile with a broad and diverse educational background and business culture, as well as on expertise and experience that are in line with the Group's future challenges.

Identifying and retaining the best talent is of crucial importance to Moncler. To this end, the Group has a performance assessment system in place that measures the skills people use to achieve their set targets.

Knowledge, problem solving and business impact are the meta-dimensions taken into consideration in the assessment system. Their integration with the corporate values, of which each employee must be an ambassador and promoter, make the system functional to the personnel and business development, placing itself at the basis of the remuneration review process and providing a solid base of fairness, equal opportunities, meritocracy and competitiveness on the market. The annual remuneration reviews process is based also on these criteria.

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 process of the business, according to Balanced Scorecard principles;
- 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

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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.

In light of the change in the global economic scenario and the evolution of the Covid-19 pandemic, the Chairman and CEO has publicly committed himself to devote his fixed remuneration to charitable initiatives of organisations and institutions involved in the Covid-19 emergency and to renounce, as well as the other Executive Directors, to any variable compensation for 2020. In addition, the value of all the Company's MBOs was reduced by 30%. Furthermore, in 2020 the usual structure of the indicators underlying the MBO system was modified in order to give maximum weight to the financial objectives and to maintain, albeit with revised weight, the qualitative ones linked to strategic and operational activities and projects.

The system aimed at encouraging the achievement of distinctive results has also been modified through mechanisms that reward over performance, increasing the value of the reward that can be obtained when exceeding the assigned objectives, starting from a certain threshold.

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.

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, 26% of those concluded in 2020 led to actual employment contracts. This percentage slightly decreased compared to 2019 (30%) also due to the particular situation spread following the Covid-19 health emergency.

Moncler's focus on talent is also reflected in training.

The Company is starting a real academy project: MAKE, *Moncler Academy for Knowledge and Excellence*. MAKE is a learning ecosystem for the development of people in terms of knowledge and skills, but also in terms of mental approach and way of working. MAKE's goal is to enable people to successfully face the changes that growth, technology and globalisation constantly create, to maintain Moncler's level of competitiveness and fuel the innovative spirit that has always distinguished it.

The project, born in 2019, began to materialise some major chapters in 2020:

- launch, in November, of the learning platform, "MAKEPlatform". The platform, which has identified "Learning is everywhere" as the pay-off, is a place open to all employees filled with training content, e-learning courses, articles, webinars and discussion communities;
- development of the "Makers Lab" program: one of the central programs of the MAKE project is the "MakersLab". The Subject Matter Expert (Makers) of the Company share, in dedicated training session, their knowledge on specific activities, processes and tools;
- Cultural Awareness Program: the program, developed as part of the Diversity & Inclusion initiatives, was designed in order to promote the understanding and the mutual respect of the

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cultures in the Moncler network, and to address proper and effective behaviours and ways to communicate with colleagues and partners from different cultures.

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. Noteworthy, a specific online course on Covid-19 was designed and delivered to all employees with the aim of ensuring an informed and conscious return in office in terms of rules and risks.

In order to maintain OHSAS 18001 Health and Safety certification, Moncler continued to promote training programs during 2020, aimed at reinforcing and spreading the culture of human health and safety, creating awareness of risks in the workplace and providing the necessary information for their correct identification and management, as well as promoting responsible behaviour by all employees.

During 2020, Moncler further consolidated its partnership with the Italian association ValoreD, participating in inter-company courses, programs and workshops.

In 2020, the Group provided over 121,795 hours of total training.

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 (raw materials, manufacturing process of shoes, bags and eyewear), 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. The *Moncler Genius* project training activity continued also with specific e-learning modules “Genius pills” for each collection launch. The training activities for the staff of the main mono-brand stores in the wholesale channel were also carried on.

The fourth and renewed edition of MONVoice – the employees satisfaction survey aimed at identifying the positioning of the Company along two macro-areas: the engagement and the enablement of employees – was launched at the end of 2020. Three new dimensions were analysed:

- the first one is linked to the Covid-19 pandemic to understand how people feel about the decision taken by the Company in this particular period of time;
- the second dimension deals with diversity and inclusion with the objective to collect the point of view and suggestions of employees on these important theme, on which the Company is committed to take concrete actions;
- the third dimension concerns the corporate values and, in particular, seeks to investigate in which values people identify the most themselves, in which they recognise their manager and the top management.

In 2020, Moncler employed 4,091 average full-time equivalent (FTE) staff, 4,398 headcounts – of whom around 48% were working at its directly operated stores – slightly decreasing compared to 2019 (4,569 headcounts). The decrease is linked to the effects of the Covid-19 pandemic, which led to a reduction in the recruitment of employees in the corporate headquarters. During the year, the state of emergency forced the closure of several stores causing less traffic, especially

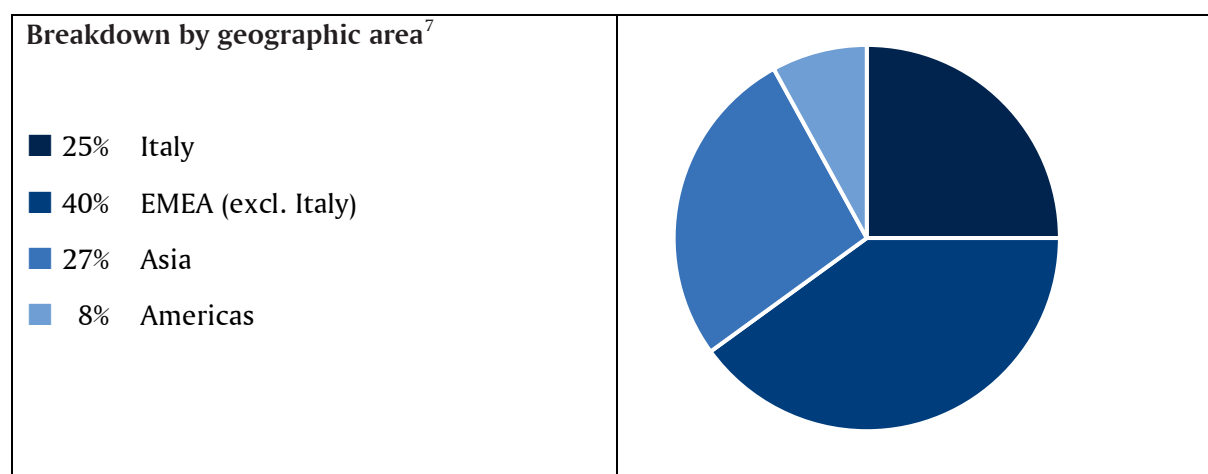
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from tourists, in Moncler's stores penalising the recruitment of people with fixed-term contracts in the distribution network and encouraging the reallocation of existing employees in other stores as needed.

All countries in which the Company operates experienced a reduction in the workforce, except Canada, which shows the highest growth trend (+83% compared to 2019) followed by Germany and Romania with a +6% and +2% respectively. This growth, in particular in Canada and Germany, derives from the conversion of several stores from wholesale to retail.

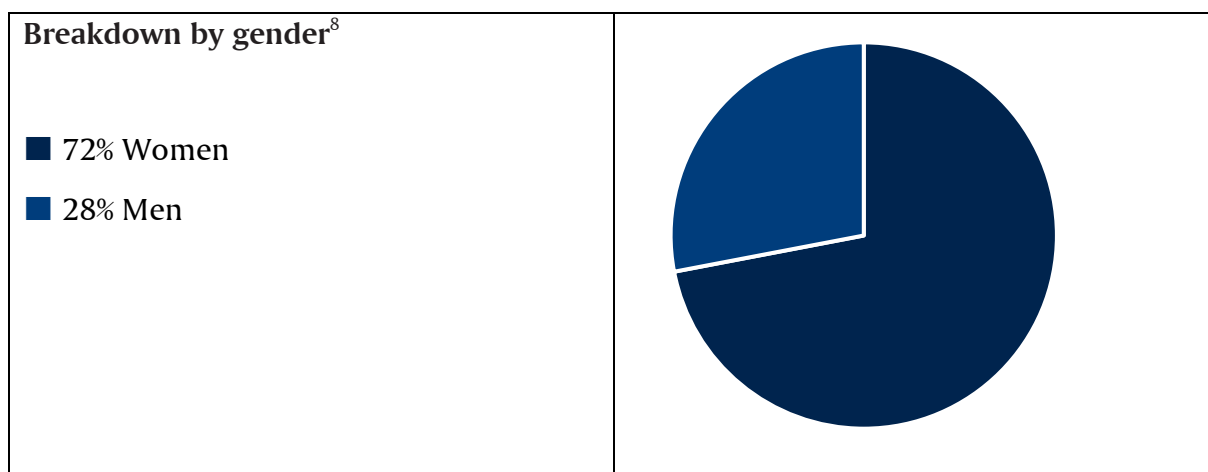
In terms of distribution by geographic area, substantially in line with 2019, EMEA (including Italy) accounted for 65% of the total FTE, followed by Asia with 27% and the Americas with 8%.

	2020	2019
Italy	1,027	962
EMEA (escl. Italy)	1,655	1,631
Asia	1,102	1,076
Americas	307	306
Total	4,091	3,975
of which Direct Retail	1,825	1,844

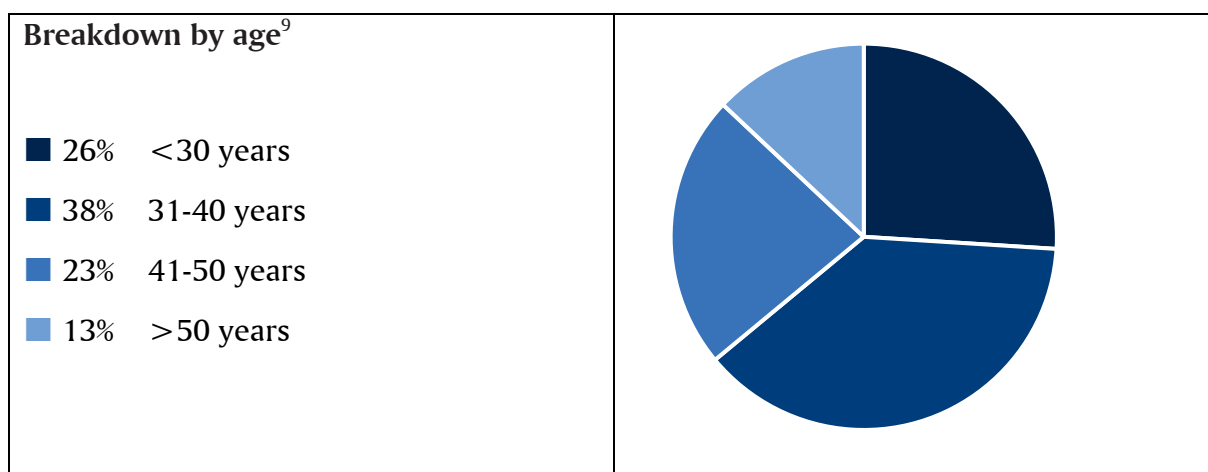


At 31 December 2020, 72% of employees were women. This percentage is in line with figures at 31 December 2019.

⁷ 2020 average Full Time Equivalent



At 31 December 2020, employees in the age group between 31 and 40 years old represented the 38% of the total, slightly increasing compared to 2019 (37%). The employees over 50 increased by 14% compared to 2019, representing 13% of total and reflecting the consolidated and long-lasting relationship with the Company. The average age is 37.8 years old, in line with last year.



HEALTH EMERGENCY AND PEOPLE'S WELLBEING

2020 depicted the health emergency caused by the spread of Covid-19. To deal with this situation, the ensuing lockdown and the fact that much of the workforce switched to remote working, the Company implemented a series of actions to ensure the health of its employees and to keep in touch with its collaborators, staying in close contact despite the inevitable distance.

⁸ Headcount at 31/12/2020

⁹ Headcount at 31/12/2020

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MEASURES TO ENSURE EMPLOYEES' HEALTH AND SAFETY

Right from the start of the pandemic, Moncler adopted stringent measures to minimise the risk of spreading the virus and to ensure a safe working environment. We adopted safety procedures overseen by epidemiological experts and implemented remote working for both corporate office and store employees, ensuring compliance at all times with government guidelines in each country.

Workspaces are cleaned several times a day and regularly sanitised. Surgical masks and sanitising kits were also provided.

Employees had regular serological tests and swabs. Since May, over 9,500 serological tests, rapid swabs and PCR tests were carried out in Italy and Europe to help detect any positive cases. In other regions, tests were managed through the public health systems. For ongoing monitoring, swab tests are done each month.

Moncler has produced over a million surgical masks, registered with the CE mark and approved by the Italian National Institute of Health (ISS). After providing them to all employees, the surgical masks were donated to schools and local communities where Moncler operates.

To minimise the use of public transport, employees at the Milan offices have been given use of bicycles, making travel safer and healthier. Thanks to our collaboration with San Raffaele Hospital in Milan, we were also able to offer the flu vaccine to nearly 200 participating employees in Milan, as well as their families.

Given the progression of Covid-19 and the importance of helping people with underlying conditions or who need medical advice to be able to access medical services, in November we signed an agreement with the San Donato Group – San Raffaele Hospital – to provide a remote consultation service for employees and their families issuing a legally valid medical report that could also be used as a prescription.

INTERNAL COMMUNICATIONS AND ENGAGEMENT

Since the beginning of the Covid-19 pandemic, Moncler set up a regular flow of communications with employees keeping them informed and up to date on Company's decisions, initiatives and activities.

Over 100 institutional, organisational, training and engagement communications have been sent since February, maintaining much appreciated direct and regular contact with Moncler's people.

The internal communications campaign also included a specific plan for raising awareness of anti-Covid policy to help people stay safe.

A private Instagram channel (@MonclerTogether) was set up for all Italian employees in the early stages of the pandemic. The constant stream of varied content, with daily posts on topical issues, kept engagement levels high. The topics covered include health issues – with contributions from doctors and epidemiologists – as well as nutrition, preventive health, sports, wellbeing, culture and current affairs.

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The Instagram channel was subsequently rolled out across Moncler's global population, with the creation of specific local channels.

SUSTAINABILITY

For Moncler, 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 Company 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.

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.

With the new Sustainability Plan *Moncler Born to protect*, Moncler presents a wide-reaching plan that further integrates social and environmental responsibility into its business model, focusing on five strategic drivers: climate action, circular economy, fair sourcing, enhancing diversity, and giving back to local communities. Moncler was born to protect from the cold. The new Sustainability Plan extends this founding purpose of protection to people and to our planet, tackling some of the most pressing challenges facing the world.

The Moncler Sustainability Plan introduces precise goals for the Company to meet. These include reducing its environmental impact by becoming carbon neutral, the recycling of fabric scraps and the use of sustainable nylon as well as the elimination of single-use plastics. In another important step towards a more circular economy, Moncler will start recycling DIST-certified down through an innovative mechanical process that requires 70% less water compared to traditional down recycling processes. The Sustainability Plan also targets the traceability of raw materials and the continuous improvement of social and environmental standards throughout the supply chain through close collaboration with our business partners. Moreover, the plan encompasses dedicated internal and external awareness-raising initiatives aimed at fostering and enhancing diversity while promoting an ever more inclusive culture. Moncler is further committed to supporting local communities through impactful social projects and to protecting 100,000 of the most vulnerable children and families from the cold.

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: combating global warming, restoring biodiversity, and protecting the oceans.

The integration of the sustainability strategy is overseen by solid governance, which involves the interaction of different bodies.

The Sustainability Unit is responsible for identifying and, together with the relevant functions, managing risks related to sustainability, finding areas and actions for improvement, proposing the sustainability strategy and drawing up the annual Sustainability Plan, preparing the

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Consolidated Non-Financial Statement, and fostering 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 the needs of Socially Responsible Investors (SRIs).

“Ambassadors” have been selected from each Company’s department, to raise awareness of social and environmental issues in the areas where they operate and to promote sustainability initiatives that are in keeping with the Group’s objectives. “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 Objectives, 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 tasked with: supervising sustainability issues associated with the business activities of the Company and its interactions with stakeholders; defining strategic sustainability guidelines and the relevant action plan; and reviewing the Consolidated Non-Financial Statement.

In 2020, for the second year in a row Moncler ranks as Industry Leader of the Textile, Apparel & Luxury Goods sector in the Dow Jones Sustainability Indices World and Europe. In addition, the Company received the Gold Award from S&P Global. The Group is also included in the ECPI indices: ECPI EMU Ethical Equity, ECPI Euro ESG Equity and ECPI Global ESG Equity.

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 with Intesa San Paolo S.p.A. 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 with Intesa Sanpaolo 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.

Moncler, 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 and also publishes the results achieved in relation to Sustainability Plan objectives. The 2020 Consolidated Non-Financial Statement, prepared “in compliance” with the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) – core option – and partially audited by KPMG S.p.A., is available on the Group’s website.

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 this year 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.

MONCLER AND THE FINANCIAL MARKETS

2020 will be remembered as the year of the Covid-19 pandemic also in the financial markets. It was a year of uncertainty and high volatility tied to news about the pandemic, but also influenced by the trade war between the United States and China, the US presidential election, and the Brexit deal in Europe.

The year began with the first news of a novel virus in China. The first cases of infections with the new coronavirus (Covid-19) were reported in January in the city of Wuhan, in China's Hubei region. At the end of that month, initial restrictive measures were issued, and the first lockdowns have been introduced. The virus then spread exponentially around the globe, leading the World Health Organization to declare the pandemic status on 11 March 2020 when world indices and luxury goods stocks hit their lowest levels in the year (S&P Global -19%, the luxury goods sector¹⁰ -33%).

As the pandemic spread, several governments worldwide imposed total or partial lockdowns with significant effects on global economies, which fell 4.4% in 2020. Italy in particular – and the Euro area as a whole – recorded the deepest recessions ever recorded, with falls in GDP of 10.6% and 8.3%, respectively. This weakness pushed inflation to an all-time low in the Euro area, hitting the minimum of -0.3% from September to December. The unemployment rate in the United States reached unprecedented levels, peaking at 14.8% in April, while GDP fell by 4.3%.

Despite the difficult economic situation, the coordinated and decisive actions of government authorities on the fiscal policy – and of central banks on the monetary policy – resulted in a massive injection of liquidity to financial and global markets. As a result, world stock indexes recovered as early as the summer.

November saw Joe Biden defeat Donald J. Trump in the US presidential elections and the arrival of the first positive news on vaccine development. This boosted investor sentiment and led to a strong recovery in stock indexes in the fourth quarter, recovering all or part of the losses registered in the first part of the year and even leading some indexes to perform better than 2019.

In 2020, the global index (*S&P Global Index, BMI*) saw a rise of 20%, the S&P500 and the Nikkei 225 were up 16%. However, Europe's EuroSTOXX50 saw a fall of 5% that was almost matched by Hong Kong's Hang Seng, which dropped 3%. On the other hand, the Shanghai Composite, which monitors the Chinese market, registered phenomenal growth of 102% at the end of the year.

Luxury stocks also dropped sharply in March but gradually recovered over the year, with most achieving positive double-digit growth. Prada was the best performer with +59%, followed by Hermes with +32% and in third place Moncler with +25%. Moncler also achieved a Total Shareholders Return (TSR) of 25% while Ferragamo, Burberry and Tod's registered negative performances.

¹⁰The luxury goods sector includes Burberry, Brunello Cucinelli, Hermes, Kering, LVMH, Salvatore Ferragamo, and Tod's Group.

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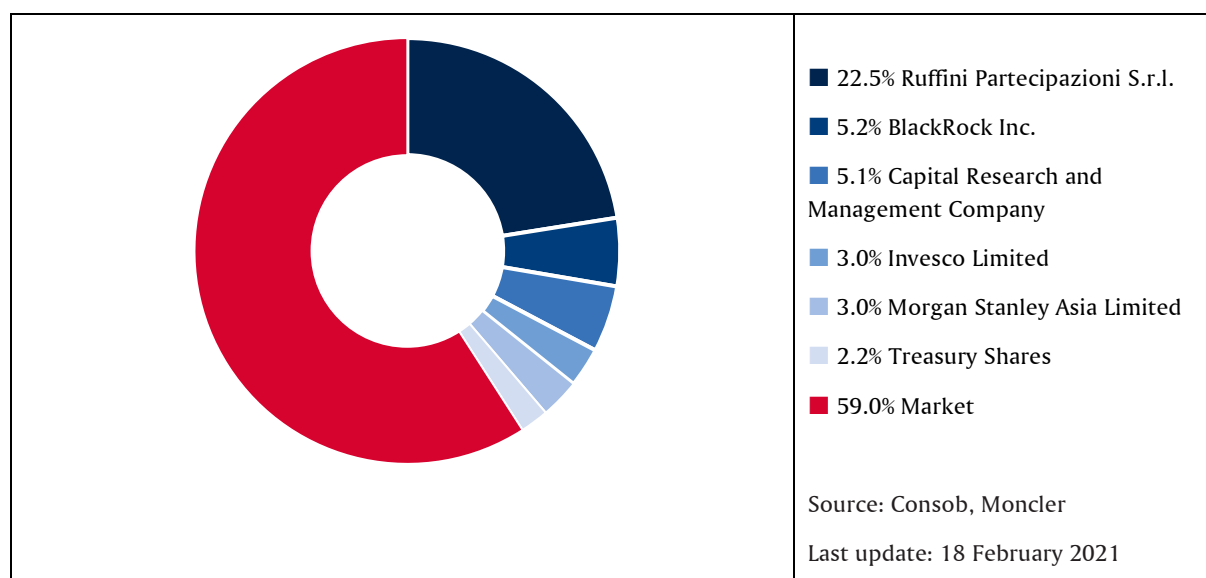
	2020
Prada S.p.A.	59.0%
Hermes International SCA	32.0%
Moncler SpA	25.1%
LVMH Moet Hennessy Louis Vuitton SE	23.3%
Brunello Cucinelli S.p.A.	13.1%
Kering SA	1.6%
Salvatore Ferragamo S.p.A.	(15.4%)
Burberry Group plc	(18.8%)
TOD'S S.p.A.	(31.0%)
Sector Average	9.9%
FTSE MIB Average	(5.4%)

(source: FACTSET from 1 January to 31 December 2020)

Moncler's market capitalisation at 31 December 2020 was equal to 13.0 billion euros, compared to 10.3 billion euros at 31 December 2019.

The number of shares at 31 December 2020 was equal to 258,352,624. The Company's major shareholders are indicated in the chart below.

SHAREHOLDING



During 2020, the dialogue with the financial community (portfolio managers, sell-side and buy-side analysts) continued even more frequently than in the previous years given the uncertainty of the moment, which required a constant and regular dialogue with investors and analysts. The IR team, along with the management team of the Group, participated at conferences on the

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luxury goods sectors, roadshows in the most important financial cities, meetings and calls with fund managers, buy-side and sell-side analysts. Starting from March 2020, all the events were held virtually, via videoconferences.

FINANCIAL CALENDAR

The main events in 2021 related to the Moncler reporting timeline are provided below:

Date	Event
Thursday, 18 February 2021	Board of Directors for the Approval of the Draft Consolidated Results for Financial Year ended 31 December 2020 ^(*)
Thursday, 22 April 2021	Annual Shareholders' Meeting for Approval of the Full Year Financial Statements at 31 December 2020 Board of Directors for the Approval of the Interim Management Statement at 31 March 2021 ^(*)
Tuesday, 27 July 2021	Board of Directors for the Approval of the Half-Year Financial Report at 30 June 2021 ^(*)
Thursday, 28 October 2021	Board of Directors for the Approval of the Interim Management Statement at 30 September 2021 ^(*)

(*) A conference call with institutional investors and equity research analysts will take place following the Board of Directors' meeting.

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

FINANCIAL RESULTS

FY 2020 Consolidated Income Statements

(Euro/000)	FY 2020	% on revenues	FY 2019	% on revenues
Revenues	1,440,409	100.0%	1,627,704	100.0%
<i>YoY performance</i>	<i>-12%</i>		<i>+15%</i>	
Gross margin	1,089,634	75.6%	1,265,280	77.7%
Selling expenses	(463,583)	(32.2%)	(488,759)	(30.0%)
General & Administrative expenses	(173,444)	(12.0%)	(171,570)	(10.5%)
Marketing expenses	(83,786)	(5.8%)	(113,152)	(7.0%)
EBIT	368,821	25.6%	491,799	30.2%
Net financial	(23,302)	(1.6%)	(21,072)	(1.3%)
EBT	345,519	24.0%	470,727	28.9%
Taxes	(45,153)	(3.1%)	(112,032)	(6.9%)
<i>Tax Rate</i>	<i>13.1%</i>		<i>23.8%</i>	
Net income	300,351	20.9%	358,685	22.0%
<i>YoY performance</i>	<i>-16%</i>		<i>+8%</i>	

CONSOLIDATED REVENUES ANALYSIS

In 2020 Moncler recorded revenues of 1,440.4 million euros, compared to revenues of 1,627.7 million euros in 2019, a decrease of 11% at constant exchange rates and of 12% at current exchange rates. In the fourth quarter, despite the persistence of the negative effects of the measures undertaken to contain the pandemic, the Group generated revenues of 675.3 million euros, up 8% at constant exchange rates and 7% at current exchange rates, mainly driven by the strong expansion of the Chinese market, the growth of Korea and Japan and the excellent performance of the online channel.

Revenues by Region

	Fiscal Year 2020		Fiscal Year 2019		YoY growth %	
	(Euro/000)	%	(Euro/000)	%	At current exchange rates	At constant exchange rates
Asia	717,860	49.8%	715,244	43.9%	+0%	+2%
EMEA (excl.Italy)	379,538	26.3%	463,530	28.5%	-18%	-18%
Italy	122,345	8.6%	184,989	11.4%	-34%	-34%
Americas	220,666	15.3%	263,942	16.2%	-16%	-15%
Total Revenues	1,440,409	100.0%	1,627,704	100.0%	-12%	-11%

Asia registered a positive performance in 2020 with 2% growth at constant exchange rates, and +26% in the fourth quarter. Mainland China led the performance of the Region with strong double-digit growth in the year with an acceleration in the last quarter, which was followed by Korea and Japan, both also improving in the last months of the year.

In EMEA (excl. Italy), revenues decreased by 18% at constant and current exchange rates, with a slightly improved performance in the fourth quarter (-13%). This was supported by good local demand which partially offset the lack of tourists despite the temporary closure of some stores. Germany, Scandinavia and Russia recorded the strongest performance in the year and also in the fourth quarter, with excellent results in both channels.

Italy recorded a 34% revenue decline in the year, and in the fourth quarter. The performance was significantly impacted by the stringent measures implemented to contain the Covid-19 pandemic, which not only limited the inflow of tourists but also led to the prolonged closure of stores. These impacts continued in the last months of the year when the main Italian stores were closed for several days during November and December, which are important months for Moncler's business.

In the Americas, revenues saw a decline of 15% at constant exchange rates and 16% at current exchange rates, recovering in the fourth quarter (+5% at constant exchange rates) with positive performance in both channels.

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Revenues by Distribution Channel

	Fiscal Year 2020		Fiscal Year 2019		YoY growth %	
	(Euro/000)	%	(Euro/000)	%	At current exchange rates	At constant exchange rates
Retail	1,089,496	75.6%	1,256,918	77.2%	-13%	-12%
Wholesale	350,913	24.4%	370,787	22.8%	-5%	-5%
Total Revenues	1,440,409	100.0%	1,627,704	100.0%	-12%	-11%

In 2020, revenues from the retail distribution channel amounted to 1,089.5 million euros compared to 1,256.9 million euros in 2019, representing a decrease of 12% at constant exchange rates, due to the measures aimed at reducing store traffic imposed by governments worldwide in 2020 to limit the spread of the virus and the subsequent repeated closure of stores. Fourth quarter results marked a strong improvement (+5% at constant exchange rates) led by Asia, in particular the Chinese market and e-commerce, which reported double-digit growth with a sharp acceleration in the last quarter.

Revenues of DOS opened by at least 12 months (*Comparable Store Sales Growth - CSSG*) decreased by 18%, due to the repeated lockdowns and the pandemic's negative effects on stores' traffic. In the second half the CSSG was equal to -9%.

The wholesale channel recorded revenues of 350.9 million euros compared to 370.8 million euros in 2019, a decrease of 5% at constant and current exchange rates, with double-digit growth in the fourth quarter (+31% at constant exchange rates). The progressive improvement of the results in the second part of the year, and in particular in Q4, was driven by important product reorders, a different timing in the shipments of the Fall/Winter collections and by the excellent performance of e-tailers.

ANALYSIS OF CONSOLIDATED OPERATING AND NET RESULTS

Cost of Goods Sold and Gross Margin

In 2020 Moncler's consolidated gross margin reached 1,089.6 million euros, equal to 75.6% of revenues compared to 77.7% in 2019. In the second half of the year, the gross margin was 78.1%, substantially in line with the 78.3% in H2 2019. During the first half of 2020, the gross margin was negatively impacted by the pandemic's effects on revenues which caused significant inventory write-downs of the Spring/Summer 2020 collections.

Selling Expenses and EBIT

In 2020, selling expenses were 463.6 million euros, or 32.2% of revenues compared to 30.0% in 2019. During the second half of the year, Moncler recorded an important improvement in the incidence of selling expenses thanks to the recovery of revenues and a greater control on costs

BOARD OF DIRECTORS' REPORT

related to the stores' management, in particular in terms of rents and personnel. Selling expenses include 240.2 million euros of rents before the application of the IFRS 16 (254.8 million euros in 2019).

General and administrative expenses were 173.4 million euros, equal to 12.0% of revenues compared to 10.5% in 2019, also in this case with an improved performance in the second part of the year.

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

Marketing expenses were 83.8 million euros, representing 5.8% of revenues which is lower than the 7.0% recorded in 2019, also due to the selection and focus of all marketing projects decided after the Covid-19 outbreak.

Depreciation and amortisation, excluding those related to right-of-use assets, rose to 80.2 million euros, increasing by 15% compared to 70.0 million euros in the previous year, representing 5.6% of revenues compared to 4.3% in 2019.

EBIT was 368.8 million euros, a decrease of 25% compared to 491.8 million euros in 2019, representing an EBIT margin of 25.6% compared to 30.2% in 2019. In the second half of the year, EBIT was equal to 404.3 million euros, with a margin of 39.0% compared to 36.8% in the second half of 2019. This result confirms the quality of the actions promptly implemented to mitigate the pandemic impacts and the ability to focus on consolidating the Brand's strength and the Group's long-term development.

Net financial result

In 2020, the net financial result was negative and equal to 23.3 million euros, compared to 21.1 million euros in the corresponding period of 2019 including lease liabilities arising from the application of the IFRS 16 accounting principle for 22.0 million euros (20.2 million euros in 2019).

The tax rate was 13.1% in 2020, compared to 23.8% in 2019. In 2020, the Group recorded a lower tax rate, due to extraordinary tax benefit deriving from the Moncler trademark fiscal recognition pursuant to the article 110 of the Legislative Decree no. 104/2020, "August Decree". This tax benefit expires in 2020 and therefore the Group will return to a normalized tax rate from 2021.

Net result was 300.4 million euros, equivalent to 20.9% of revenues, a decrease of 16%, compared to 358.7 million euros in 2019.

CONSOLIDATED BALANCE SHEET AND CASH FLOW ANALYSIS

FY 2020 Reclassified Consolidated Statements of Financial Position

(Euro/000)	31/12/2020	31/12/2019
Intangible assets	437,890	434,972
Tangible assets	212,189	212,917
Right-of-use assets	590,798	593,623
Other non-current assets/(liabilities)	177,817	90,658
Total non-current assets/(liabilities)	1,418,694	1,332,170
Net working capital	165,011	128,166
Other current assets/(liabilities)	(151,457)	(160,244)
Total current assets/(liabilities)	13,554	(32,078)
Invested capital	1,432,248	1,300,092
Net debt/(net cash)	(855,275)	(662,622)
Lease liabilities	640,251	639,207
Pension and other provisions	20,135	17,139
Shareholders' equity	1,627,137	1,306,368
Total sources	1,432,248	1,300,092

Net working capital

Net working capital increased to 165.0 million euros compared to 128.2 million euros as of 31 December 2019, equivalent to 11.5% of revenues, compared to 7.9% as of 31 December 2019; this increase is mainly due to higher inventories generated by the pandemic effects.

(Euro/000)	31/12/2020	31/12/2019
Payables	(211,903)	(248,621)
Inventory	202,770	208,868
Receivables	174,144	167,919
Net Working Capital	165,011	128,166
<i>% on revenues</i>	<i>11.5%</i>	<i>7.9%</i>

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Net financial position

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

Net Financial Position is broken down in the following table:

(Euro/000)	31/12/2020	31/12/2019
Cash	923,498	759,073
Short term debt ¹¹	(42,885)	(18,248)
Long term debt	(25,338)	(78,203)
Net Debt	855,275	662,622
Lease liabilities	(640,251)	(639,207)

¹¹ Net of financial credit

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FY 2020 Reclassified Consolidate Statement of Cash Flow

(Euro/000)	FY 2020	FY 2019
EBIT	368,821	491,799
D&A	80,164	69,988
Other non-current assets/(liabilities)	12,411	13,021
Change in net working capital	(36,845)	(24,959)
Change in other curr./non-curr. assets/(liabilities)	(91,895)	24,875
Capex, net	(90,369)	(120,848)
Operating cash flow	242,287	453,876
Net financial result	(1,306)	(917)
Taxes	(45,436)	(112,996)
Free cash flow	195,545	339,963
Dividends paid	-	(101,708)
Changes in equity and other changes	(2,892)	(25,742)
Net cash flow	192,653	212,513
Net Financial Position - Beginning of Period	662,622	450,109
Net Financial Position - End of Period	855,275	662,622
Change in Net Financial Position	192,653	212,513

Free cash flow in 2020 was equal to 195.5 million euros, compared to 340.0 million euros in 2019.

Net capital expenditure

Net capital expenditure decreased to 90.4 million euros in 2020, compared to 120.8 million euros in 2019 following Moncler's decision to postpone some corporate and commercial projects due to the Covid-19 pandemic.

The following table shows the breakdown of capex by category:

(Euro/000)	31/12/2020	31/12/2019
Distribution	54,913	75,295
Infrastructure	35,456	45,553
Net capex	90,369	120,848
<i>% on LTM revenues</i>	6.3%	7.4%

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EBITDA RECONCILIATION

	FY 2020	% on revenues	FY 2019	% on revenues
EBIT	368,821	25.6%	491,799	30.2%
D&A	80,164	5.6%	69,988	4.3%
Rights-of-use amortisation	120,812	8.4%	101,135	6.2%
Stock-based compensation	31,026	2.2%	29,386	1.8%
EBITDA	600,823	41.7%	692,308	42.5%
Rents associated to rights-of-use	(139,427)	(9.7%)	(117,500)	(7.2%)
EBITDA pre IFRS 16	461,396	32.0%	574,808	35.3%

PERFORMANCE OF THE PARENT COMPANY MONCLER S.p.A.
FY 2020 Income Statements of the Parent Company

(Euro/000)	FY 2020	% on revenues	FY 2019	% on revenues
Revenues	238,601	100.0%	273,340	100.0%
General & Administrative expenses	(39,637)	(16.6%)	(37,503)	(13.7%)
Marketing expenses	(40,052)	(16.8%)	(45,383)	(16.6%)
EBIT	158,912	66.6%	190,454	69.7%
Net financial result	68	0.0%	(403)	(0.1%)
EBT	158,980	66.6%	190,051	69.5%
Taxes	14,950	6.3%	(32,401)	(11.9%)
Net Income	173,930	72.9%	157,650	57.7%

Moncler S.p.A. revenues rose to 238.6 million euros in 2020, a decrease of 13% compared to revenues of 273.3 million euros in 2019, mainly arising from proceeds of the licensing of the Moncler brand. The revenue decrease reflects the performance of the Brand's business due to the effects of the Covid-19 pandemic.

General and administrative expenses, including stock-based compensation costs, were 39.6 million euros, equal to 16.6% on revenues (13.7% in 2019). Marketing expenses were 40.1 million euros (45.4 million euros in 2019), equal to 16.8% on revenues in line with 2019.

In 2020, net financial income was equal to 68 thousand euros compared to a cost of 403 thousand euros in 2019.

In 2020 taxes were positive and equal to 14.9 million euros (compared to negative 32.4 million euros in 2019), as a result of the benefit derived from the realignment of the fiscal recognition of the Moncler brand pursuant to the article 110 of the Legislative Decree no. 104/2020, "August Decree".

Net income was 173.9 million euros, an increase of 10% compared to 157.7 million euros in 2019.

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FY 2020 Statement of Financial Position of the Parent Company

(Euro/000)	31/12/2020	31/12/2019
Intangible assets	225,635	225,507
Tangible assets	1,401	1,717
Investments	312,663	291,296
Other non-current assets/(Liabilities)	161	(64,335)
Total non-current Assets	539,860	454,185
Net working capital	119,924	41,838
Other current assets/(liabilities)	(26,223)	(25,511)
Total current assets	93,701	16,327
Invested capital	633,561	470,512
Net debt/(net cash)	(115,416)	(73,806)
Pension and other provisions	1,619	1,141
Shareholders' equity	747,358	543,177
Total sources	633,561	470,512

Moncler S.p.A balance sheet includes shareholders' equity of 747.7 million euros as of 31 December 2020, compared to 543.2 million euros as of 31 December 2019, and a positive net financial position of 115.4 million euros, compared to 73.8 million euros as of 31 December 2019 including the lease liabilities derived from the application of the IFRS 16 accounting principle.

MAIN RISKS

Moncler, 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 spread of the coronavirus is a complex and unprecedented global emergency in the modern world, with health, social, political, economic and geopolitical implications. Moncler's task force, set up to face the emergency, supported the Group's senior management in defining a strategy aimed primarily at safeguarding the health of its employees, protecting the business and focusing on strategic objectives, also through the update of its three-year strategic plan. Among these, the strengthening of the digitisation process and the implementation of a full omnicanality are fundamental. However, it cannot be excluded that the persistence of the emergency situation, together with the uncertainty of its evolution, may negatively affect the results of the future years.

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

Moncler 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. In addition, the Group's ability to develop its business depends to a significant extent on the economic situation of the various countries in which it operates.

Although the Group 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 of the Group. The introduction by national or supranational bodies of restrictions on the movement of people between different countries – as a consequence, for example, of international crises or pandemics – can have an impact on revenues, especially in relation to certain geographical areas in which Moncler operates.

In particular, important international consulting firms estimate that over a third of the world's luxury goods consumers are Chinese, representing the most important consumer cluster for the sector today; therefore, it cannot be excluded that a significant slowdown in the Chinese economy or travel restriction from China could have negative effects on the performance of Moncler.

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RISKS ASSOCIATED WITH BRAND IMAGE, PERCEPTION AND RECOGNITION

The luxury goods sector in which Moncler operates is influenced by changes in clients' tastes and preferences, but also by different habits in the regions in which it operates. In addition, the Group's success is significantly influenced by the image, perception and recognition of the Moncler brand. The Group constantly focuses on maintaining and enhancing the strength of the Moncler 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. Moncler integrates sustainability assessments, while all values (religious, cultural and social), in its communication and marketing decisions, since the Company believes that the continue creation of value for its stakeholders is an essential priority for its reputation.

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

RISK ASSOCIATED WITH KEY MANAGEMENT PERSONNEL

Moncler's results and success depend significantly on the ability of its executive directors and other members of the management team, which have had a decisive role in the development of the Group and which have a significant experience in the luxury goods sector.

Even though Moncler believes that it has an operational and managerial structure capable of ensuring the continuity of the business, if the existing relationship 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, with a resulting negative impact on the economic and financial position of the Group.

This risk is mitigated through the definition of a succession plan and the adoption of retention plans for key professional figures.

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

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

Although in recent years Moncler has not encountered any particular difficulties in the purchasing of high quality raw materials to the extent appropriate, it cannot be excluded that there could be some tension on the supply side that could lead to a shortage of supply resulting in an increase in costs that could have a negative impact 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, Moncler adopts a multi-sourcing strategy of diversifying suppliers and

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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, Moncler includes, among the suppliers' qualification criteria, the passing of social audits carried out by qualified professionals. With regards to animal welfare, Moncler 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, Moncler requires its suppliers to operate in full compliance with the most restrictive international legislation applicable to hazardous or potentially dangerous chemicals, including the European REACH¹² regulation, the Chinese GB¹³ standards, the Japanese JIS¹⁴ standards.

RISKS ASSOCIATED WITH RELATIONSHIPS WITH THIRD PARTY MANUFACTURERS

Moncler directly manages the development of the collections and the purchase of raw materials, while for the production of its garments it uses independent third-party manufacturers (façon manufacturers), who operate under the close supervision of the Group, and internal production.

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

Moncler 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 and environmental laws and with the principles of Moncler's Code of Ethics and Code of Conduct for Suppliers. Moncler performs audits at these third-party manufacturers and at their sub-suppliers verifying also the compliance with dedicated health measures within the plants given 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 DISTRIBUTION NETWORK

Moncler generates an increasing portion of its revenues through the retail channel, consisting of directly operated mono-brand stores (DOS). The Group has over the years demonstrated the

¹² Registration, Evaluation, Authorisation and restriction of Chemicals.

¹³ National Standard of the People's Republic of China.

¹⁴ Japanese Industrial Standards.

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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 the fact that the Group might face difficulties in opening new stores, which could have a negative impact on the growth of the business, should not be excluded.

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

In the Covid-19 span, Moncler has negotiated temporary store rents reductions with the main landlords with which it has business relationships.

RISKS RELATED TO BRAND AND PRODUCT COUNTERFEITING AND THE PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

The luxury goods market is known to be characterised by brand's and product's counterfeiting.

Moncler has made considerable investments in 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 brand 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 counterfeit products may adversely affect the image of the Brand, with a negative impact on sales and operating results.

RISKS RELATED TO THE EVOLUTION OF THE REGULATORY FRAMEWORK

Moncler 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, the 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, Moncler is engaged in a program for the definition of preventive agreements (Advance Pricing Agreements) with the Tax Authorities of the main countries in which the Group operates.

The enactment of new legislation or amendments to existing laws which may require, by way of example the adoption of more stringent production standards, could lead to costs of compliance

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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

Moncler operates in international markets using currencies other than the Euro, of which mainly Yen, U.S. Dollar, Renminbi, Hong Kong 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 75%.

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 Group has no significant financial agreements active by third parties as it is fully capable of self-financing. However, 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 interest rate risk, has entered 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

Moncler 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 form of payment. In addition, the Group has no significant concentrations of credit.

However, it cannot be excluded that the difficulty of some clients may result in losses on receivables, with a negative impact on the Group's financial results. Moncler monitors and

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manages with particular attention its exposure with 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. Based upon the financial requirements, 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.

CYBER RISKS

The sector's rapid technological evolution and the growing organisational and technological complexity of the Group's activities expose the Company to the potential risk of cyber-attacks.

In relation to this, Moncler has adopted a governance structure and cyber risk management model based on international standards, which includes procedures, training, assessment and periodic risk reviews. These have led to the adoption of the best technology available, to the co-working with the best partners to strengthen the protection of the Company perimeter, to the control of third parties that interact with Moncler systems, also with new contractual provisions, in order to guarantee solid business continuity tools and processes. In addition, a penetration test plan is in place, supported by specialised technicians, which identifies any necessary improvements of corporate IT security.

RISKS RELATED TO DEVELOPMENT AND INTEGRATION WITH STONE ISLAND (Sportswear Company S.p.A.)

In December 2020 Moncler S.p.A. and Sportswear Company S.p.A. (owner of the Stone Island brand) signed an agreement under which Stone Island will join Moncler.

While awaiting the deal to be closed within the first half of 2021, the two Companies have begun to coordinate operations. 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

Moncler S.p.A. (the “**Company**” or “**Parent Company**”) has adopted a traditional model of governance complying with the principles set forth in the Corporate Governance Code for Italian Listed Companies issued by Borsa Italiana and adopted by Moncler, and with the regulatory provisions governing Italian listed companies. It is based on four pillars:

- (i) the pivotal role of administrative and control bodies;
- (ii) the careful and diligent monitoring of related-party transactions and handling of privileged information;
- (iii) the effectiveness and transparency of management decisions;
- (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 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 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. Three Committees have been established to support the Board of Directors: the Nomination and Remuneration Committee and Control, Risks, and Sustainability Committee, both vested with consulting and advisory functions, and the Related Parties Committee in compliance with the applicable legal and regulatory provisions as well as with the procedure adopted by the Company;
- c) the **Board of Statutory Auditors** oversees, inter alia, (i) 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 and accuracy of the latter in representing management operations; (iii) the procedures

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adopted by the Company to effectively implement the corporate governance rules set out in the codes of conduct that it has publicly claimed to adopt; 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 and in accordance with the Bylaws, upon proposal of the Board of Statutory Auditors. Pursuant to the Civil Code, the external auditor operates independently and autonomously and therefore does not represent either the minority or majority of shareholders.

Moreover, the **Internal Control and Risk Management System (ICRMS)** adopted by Moncler is supported by a supervisory Body, *i.e.* with the task of ensuring the effectiveness and adequacy of Moncler's mechanisms and internal controls, as well as the Legislative Degree 231 adopted by the Company, reporting on its implementation. The supervisory Body consists of three members, 2 external (including the President) and 1 internal.

Chairman and Chief Executive Officer, Remo Ruffini, is also assisted in the definition and implementation of Group strategy by a Strategic Committee, which has advisory functions and bridges the main areas of the Group, ensuring consistency and the sharing of Moncler's guiding values.

At 31 December 2020, Moncler's Board of Directors, including the Chairman, consisted of 11 members, of whom 7 were independent. With regard to the powers assigned within the Board, there were 3 Executive and 8 Non-Executive Directors (7 of whom independent). Moncler believes that a Board of Directors composed of members of different ethnicity, gender, and age, and with diverse skills, professional experience, and cultural backgrounds, can enable an international company such as the Group to make 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 (the "**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.

The Policy was previously submitted to the review of the Nomination and Remuneration Committee, together with the Board of Statutory Auditors, at its meeting on 4 October 2018 and was subsequently approved by the Board of Directors at its meeting on 18 December 2018.

This Diversity Policy pursues the Company's objective, which is in line with the stakeholders' expectations and in compliance with the cornerstones on which the corporate governance system and the values of Moncler's Code of Ethics are based, of creating the necessary conditions for its management and supervisory bodies to exercise their duties in the most effective and lawful manner, through decision-making processes that express a majority of qualified and diverse contributions.

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 5,585,803 Company shares at 18 February 2021, equal to 2.2% of the current share capital.

SIGNIFICANT EVENTS OCCURRED DURING THE FINANCIAL YEAR 2020

COVID-19 PANDEMIC

At the end of 2019, the novel coronavirus Covid-19 was first reported in Wuhan, the capital of Hubei province in China. In February 2020, the virus infected more than 105 million people worldwide and caused around 2.3 million fatalities. In order to contain the pandemic and protect the population, several governments imposed stringent containment and social distancing measures, including the temporary closure of all non-essential activities, which have impacted various areas of Moncler's business.

Since the initial news regarding the spread of Covid-19, the Company promptly appointed an internal Task Force dedicated to the management of this emergency, and immediately implemented important actions and clear procedures aimed at safeguarding the health of its employees and protecting the business.

This situation has generated significant impacts on the financial results of 2020, both in terms of revenues and margins, as already commented in this document.

MONCLER KOREA

On 31 March 2020, Moncler acquired a 39.01% stake in the Korean subsidiary Moncler Shinsegae Inc. from its Korean partner (Shinsegae International Inc.) for a net cash outlay of 15.7 million euros. As a result of this acquisition, Moncler now controls 90.01% of Moncler Shinsegae Inc.

DIVIDENDS

On 11 June 2020, the Annual Shareholders Meeting approved the Moncler S.p.A. Financial Statements as of 31 December 2019 and resolved to carry forward the profit for the year as proposed with the resolution of 22 April 2020 by the Board of Directors, taking into consideration the change in the global economic scenario and the evolution of the regulatory framework after the board meeting of 10 February 2020.

2020 PERFORMANCE SHARES PLAN

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 and/or Key Managers, and/or employees and/or collaborators, therein including Moncler's external consultants and of its subsidiaries.

The information document related to the Plan prepared pursuant to Article 84-bis and Appendix 3A of the Issuers' Regulation no. 11971/1999 is available on the Company's website www.monclergroup.com, in the "Governance/Shareholders' Meeting" Section.

The Extraordinary Shareholders' Meeting has also approved to delegate the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, for a period of five years from the date of the resolution, with the power to increase the share capital free of charge in tranches, pursuant to Article 2349 of the Italian Civil Code, for an amount not exceeding 400,000 euros by issuing not more than 2,000,000 ordinary shares at a value equal to the par value of the Moncler shares on the date of the execution of the capital increase, to be assigned to the employees of Moncler and of its subsidiaries which are beneficiaries of the "2020 Performance Shares Plan".

The Board of Directors held at the end of the Ordinary and Extraordinary Shareholders' Meeting resolved to implement the Stock Grant Plan and, consequently, approved the plan's implementation regulation and resolved the granting of 1,350,000 shares to 106 beneficiaries, including also Executive Directors and Key Managers of the Group.

NEW EXCLUSIVE LICENSE AGREEMENT WITH INTERPARFUMS SA

On 11 June 2020, the Board of Directors of Moncler approved the management's proposal to sign a worldwide exclusive license agreement with Interparfums SA, the renowned French company of prestige perfumes and cosmetics, for the creation, production and distribution of perfumes and fragrance-related products. Under this agreement, Interparfums SA will create and

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produce perfumes and fragrance-related products and will distribute them in Moncler mono-brand stores as well as selected department stores, specialty stores and duty-free shops. The agreement will last until 31 December 2026, with a potential 5-year extension and the launch of the first fragrance line is expected within the first quarter of 2022.

SIGNED A SUSTAINABILITY-LINKED REVOLVING CREDIT FACILITY FOR A MAXIMUM AMOUNT OF 400 MILLION EUROS

On 3 July 2020, Moncler S.p.A. signed a financing credit line with Intesa Sanpaolo S.p.A. for a maximum amount of 400 million euros. This consists of a sustainability-linked revolving credit facility granted to Moncler, with a rewarding mechanism linked to the achievement of two sustainable targets related to the carbon neutrality and to the use of renewable energy. This committed credit line expires in 2023 and can be renewed for a further two years.

RENEWAL OF THE WORLDWIDE LICENSE AGREEMENT WITH MARCOLIN GROUP

On 6 July 2020, Moncler S.p.A. renewed the worldwide exclusive licensing agreement with Marcolin Group for the design, production and distribution of sunglasses, eyeglasses and ski masks under the branding of *Moncler Lunettes*. The partnership, which started in 2015, has been extended for an additional five years through 31 December 2025.

TERMINATION OF THE AGREEMENT WITH YOOX NET-A-PORTER GROUP

On 27 July 2020, the Board of Directors of Moncler S.p.A. approved the management's proposal to internalize the online business. This process will take place gradually starting from October 2020 and will end in 2021.

DOW JONES SUSTAINABILITY WORLD AND EUROPE INDICES

For the second consecutive year, Moncler ranked first as Industry Leader in the "Textiles, Apparel & Luxury Goods" sector in the Dow Jones Sustainability World and Europe indices and also renewed its commitment to sustainable development by presenting its Sustainability *Moncler Born to Protect*.

SIGNED THE ACQUISITION AGREEMENT OF SPORTSWEAR COMPANY S.P.A.

On 6 December 2020, the Board of Directors of Moncler S.p.A. approved unanimously the project of integration of Sportswear Company S.p.A. ("SPW"), owner of the Stone Island brand. The agreement provides that the acquisition will take place on the basis of an equity value defined by the parties in total 1,150 million euros calculated on 100% of the capital. This value corresponds to a multiple of 16.6x 2020A EBITDA. The consideration for the purchase of the

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shares is expected to be paid in cash by Moncler, it being understood that at closing, the SPW Shareholders have undertaken to subscribe, for an amount equal to 50% of the consideration, 10.7 million of newly issued Moncler shares valued, on the basis of the agreements reached between the parties, at 37.51 euros per share (which corresponds to the average price of the last three months). It is also expected that, following the execution of the transaction, Carlo Rivetti will join Moncler's Board of Directors. Since Moncler's objective is to acquire the entire share capital of SPW at the closing date, the framework agreement also defines a path to allow that, pursuant to and in execution of the agreements between SPW Shareholders and its by-laws, also Temasek Holdings (Private) Limited, the international investment company based in Singapore ("Temasek") which, through an investment vehicle, holds the remaining 30% of SPW's share capital, participates in the transaction. As of today, all the parties involved in the transaction are working to close the deal by 31 March 2021 in order to proceed with SPW's consolidation in Moncler starting from 1 April 2021.

SELECTIVE WHOLESALE DISTRIBUTION

Starting from November 2020, Moncler has implemented a selective distribution system aimed at ensuring, among others, the strengthening of the criteria identified in the evaluation of its partners in line with the prestige of the Brand.

SIGNIFICANT EVENTS OCCURRED AFTER THE REPORTING DATE

No significant events occurred after the reporting date.

BUSINESS OUTLOOK

2021 will be the year in which Stone Island joins Moncler, an important moment in the history and for the strategy of the Group. 2021 will be also the second year of the Covid-19 pandemic, a year in which the virus will probably continue to affect global economies and demand for luxury goods. Indeed, it is likely, also given the uncertainty for the vaccination timeline, that the measures to limit the spread of the virus could remain in place for a good part of the year with possible negative impacts both on local traffic and, above all, on tourists flows.

In 2021 the Group will continue to work to maintain an agile, flexible and reactive organisational structure, pursuing the implementation of the following strategic lines and with a great focus on the integration of Stone Island in Moncler .

Consolidation in the “new luxury” sector. With Stone Island, the Group strengthens its ability to interpret the evolving cultural codes of younger generations to continue to develop in the “new luxury” segment, a concept characterised by experientiality, inclusivity, sense of belonging to a community and cross-fertilisation as well as the mixing of diverse meanings and worlds including those of art, culture, music and sport. United by their "beyond fashion, beyond luxury" philosophy, the two Brands bring together their entrepreneurial, managerial and creative cultures, their technical product and sustainability know-how fully respecting their identity and autonomy.

Over the next few months, the Group will begin to implement the guidelines of the integration plan of Sportswear Company (company that owns the Stone Island brand) in Moncler.

Strengthening of the digital culture. Think, define and implement our strategy in a digital world is an increasingly fundamental goal for Moncler who believes in the importance of the contamination across divisions and in particular, we believe that digital is not only an important tool to generate revenues but, above all, is the way we are going to implement our present and future strategy. During 2021, Moncler will conclude the important e-commerce internalization project in all the countries where it operates and will launch a new website with a completely renewed experience.

International development, consolidation and direct control of “core” markets. Over the years, Moncler has followed a clear strategy of international growth, while always keeping strong control of the business. With the Moncler brand, the Group wants to continue selectively developing the international markets while consolidating presence in its “core” markets through the reinforcement of its retail mono-brand stores network, the controlled expansion of its stores' average selling surface and the strengthening of its digital channel. At the same time, the Group will begin to work with the Stone Island brand to increase control in its main markets and start an international development to strengthen the business especially in Asia and the Americas.

Sustainable business development. Moncler has always followed a strategy of sustainable and responsible business development, in line with stakeholders' expectations and coherent with its long-term strategy. An approach based not only on the commitment to set ever tougher challenges, but also on the knowledge that every action has an impact on the society and the environment where we operate. During 2021, Moncler will continue to implement the actions and projects necessary to pursue the objectives included in the Sustainability Plan *Moncler Born to Protect* focusing on 5 pillars:

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climate change, circular economy, responsible sourcing, enhancing diversity and giving back to local communities.

OTHER INFORMATION

RESEARCH AND DEVELOPMENT

Since the Moncler Group's success depends in part on the image, prestige and recognition of the Brand, and in part on the ability to manufacture a set of collections in line with market trends, the Company 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	Net Equity	Result	Net Equity
	2020	31/12/20	2019	31/12/19
Parent Company balance	173,930	747,358	157,650	543,177
Inter-group dividends	(2,314)	0	(37,214)	0
Share of consolidated subsidiaries net of book value of relates equity interest	118,781	888,199	272,055	766,269
Allocation of the excess cost resulting from the acquisition of the subsidiaries and the corresponding Equity	(541)	157,998	(236)	158,539
Elimination of the intercompany profit and losses	10,599	(107,762)	(33,154)	(118,361)
Translation adjustments	0	(18,183)	0	(2,878)
Effects of other consolidation entries	(104)	(40,562)	(416)	(40,458)
Total Group shares	300,351	1,627,048	358,685	1,306,288
Minority interest	15	89	10	80
Total	300,366	1,627,137	358,695	1,306,368

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 indirectly controlled by Remo Ruffini through Ruffini Partecipazioni Holding S.r.l., a company incorporated under the laws of Italy, held 100% by Remo Ruffini. Ruffini Partecipazioni Holding S.r.l. controls Ruffini Partecipazioni S.r.l., a company incorporated under the laws of Italy, that at 31 December 2020 held 22.5% 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 2020

Shareholders,

We invite you to approve the Moncler Group consolidated financial statements as at and for the year ended 31 December 2020 and the Moncler S.p.A.'s separate financial statements.

We recommend that you approve the distribution of a gross dividend of Euro 0.45 per ordinary share.

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 2020 (no. 252,766,821), net of the shares which are directly owned by the Company (no. 5,585,803), is equal to Euro 113.7 million¹⁵.

It must be noted that the above-mentioned amounts are subject to changes due to the potential issue of new shares, following the exercise of stock option rights.

Milan, 18 February 2021

For the Board of Directors

The Chairman

Remo Ruffini

¹⁵ Subject to change due to the possible use of treasury shares for the stock based compensation and for any capital increase related to the deal with Sportswear Company S.p.A.

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CONSOLIDATED INCOME STATEMENT

Consolidated income statement					
(Euro/000)	Notes	2020	of which related parties (note 10.1)	2019	of which related parties (note 10.1)
Revenue	4.1	1,440,409	1,198	1,627,704	1,252
Cost of sales	4.2	(350,775)	(11,849)	(362,424)	(17,935)
Gross margin		1,089,634		1,265,280	
Selling expenses (*)	4.3	(463,583)	(1,857)	(488,759)	(1,985)
General and administrative expenses (*)	4.4	(173,444)	(14,021)	(171,570)	(18,048)
Marketing expenses	4.5	(83,786)		(113,152)	
Operating result	4.6	368,821		491,799	
Financial income	4.7	759		1,238	
Financial expenses	4.7	(24,061)		(22,310)	
Result before taxes		345,519		470,727	
Income taxes	4.8	(45,153)		(112,032)	
Net Result including Minority		300,366		358,695	
Non-controlling interests		(15)		(10)	
Net result, Group share		300,351		358,685	
Earnings per share (unit of Euro)	5.16	1.19		1.42	
Diluted earnings per share (unit of Euro)	5.16	1.18		1.42	

(*) Include stock-based compensation. For further details, please refer to the relative notes.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income (Euro/000)	Notes	2020	2019
Net profit (loss) for the period		300,366	358,695
Gains/(Losses) on fair value of hedge derivatives	5.16	2,916	1,651
Gains/(Losses) on exchange differences on translating foreign operations	5.16	(15,313)	3,196
Items that are or may be reclassified to profit or loss		(12,397)	4,847
Other Gains/(Losses)	5.16	(143)	(121)
Items that will never be reclassified to profit or loss		(143)	(121)
Other comprehensive income/(loss), net of tax		(12,540)	4,726
Total Comprehensive income/(loss)		287,826	363,421
Attributable to:			
Group		287,817	363,410
Non controlling interests		9	11

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position					
(Euro/000)	Notes	31 December 2020	of which related parties (note 10.1)	31 December 2019	of which related parties (note 10.1)
Brands and other intangible assets - net	5.1	282,308		279,390	
Goodwill	5.1	155,582		155,582	
Property, plant and equipment - net	5.3	802,987		806,540	
Other non-current assets	5.9	33,523		30,457	
Deferred tax assets	5.4	150,832		129,134	
Non-current assets		1,425,232		1,401,103	
Inventory	5.5	202,770		208,868	
Trade account receivables	5.6	174,144	11,205	167,919	15,607
Tax assets	5.12	5,089		1,582	
Other current assets	5.9	21,086		23,758	
Financial current assets	5.8	4,793		3,120	
Cash and cash equivalent	5.7	923,498		759,073	
Current assets		1,331,380		1,164,320	
Total assets		2,756,612		2,565,423	
Share capital	5.16	51,671		51,596	
Share premium reserve	5.16	173,374		172,272	
Other reserves	5.16	1,101,652		723,735	
Net result, Group share	5.16	300,351		358,685	
Equity, Group share		1,627,048		1,306,288	
Non controlling interests		89		80	
Equity		1,627,137		1,306,368	
Long-term borrowings	5.15	562,844		611,997	
Provisions non-current	5.13	12,949		10,703	
Pension funds and agents leaving indemnities	5.14	7,186		6,436	
Deferred tax liabilities	5.4	6,396		68,710	
Other non-current liabilities	5.11	142		223	
Non-current liabilities		589,517		698,069	
Short-term borrowings	5.15	150,423		126,781	
Trade account payables	5.10	211,903	15,851	248,621	20,906
Tax liabilities	5.12	93,622		98,450	
Other current liabilities	5.11	84,010	589	87,134	3,994
Current liabilities		539,958		560,986	
Total liabilities and equity		2,756,612		2,565,423	

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity (Euro/000)	Notes	Share capital	Share premium	Legal reserve	Other comprehensive		Other reserves			Result of the period, Group share	Equity, Group share	Equity, non controlling interest	Total consolidated Net Equity
					Cumulative translation adj. reserve	Other OCI items	IFRS 2 reserve	FTA reserve	Retained earnings				
Group shareholders' equity at 1 January 2019	5.16	51,164	171,594	10,300	(6,071)	(3,239)	77,227	(23,434)	435,437	332,395	1,045,373	69	1,045,442
Allocation of Last Year Result		0	0	0	0	0	0	0	332,395	(332,395)	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	(101,708)	0	(101,708)	0	(101,708)
Share capital increase		432	678	0	0	0	0	0	(424)	0	686	0	686
Other movements in Equity		0	0	0	0	0	(40,003)	0	38,530	0	(1,473)	0	(1,473)
Other changes of comprehensive income		0	0	0	3,195	1,530	0	0	0	0	4,725	1	4,726
Result of the period		0	0	0	0	0	0	0	0	358,685	358,685	10	358,695
Group shareholders' equity at 31 December 2019	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
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

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows	Year 2020	of which related parties	Year 2019	of which related parties
<i>(Euro,000)</i>				
Cash flow from operating activities				
Consolidated result	300,366		358,695	
Depreciation and amortization	200,976		171,123	
Net financial (income)/expenses	23,302		21,072	
Equity-settled share-based payment transactions	30,927		29,147	
Income tax expenses	45,153		112,032	
Changes in inventories - (Increase)/Decrease	2,764		(36,335)	
Changes in trade receivables - (Increase)/Decrease	(8,120)	4,402	(1,112)	(2,954)
Changes in trade payables - Increase/(Decrease)	(40,616)	(5,055)	23,657	3,368
Changes in other current assets/liabilities	(9,287)	(3,405)	(8,438)	(20)
Cash flow generated/(absorbed) from operating activities	545,465		669,841	
Interest and other bank charges paid and received	(849)		71	
Income tax paid	(136,882)		(86,852)	
Changes in other non-current assets/liabilities	(1,284)		5,495	
Net cash flow from operating activities (a)	406,450		588,555	
Cash flow from investing activities				
Purchase of tangible and intangible fixed assets	(92,561)		(123,660)	
Proceeds from sale of tangible and intangible fixed assets	2,192		2,812	
Net cash flow from investing activities (b)	(90,369)		(120,848)	
Cash flow from financing activities				
Repayment of current and non-current lease liabilities	(136,923)		(116,803)	
Short-term borrowings variation	(15,735)		(10,898)	
Dividends paid to shareholders	0		(100,850)	
Dividends paid to non-controlling interests	0		(858)	
Share capital increase	1,116		686	
Treasury Shares variation	0		(15,102)	
Other changes in Net Equity	0		24	
Net cash flow from financing activities (c)	(151,542)		(243,801)	
Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)	164,539		223,906	
Cash and cash equivalents at the beginning of the period	759,070		546,268	
Effect of exchange rate changes	(126)		(11,104)	
Net increase/(decrease) in cash and cash equivalents	164,539		223,906	
Cash and cash equivalents at the end of the period	923,483		759,070	

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 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 2020, holds 22.5% of the share capital of Moncler S.p.A.

The Consolidated Financial Statements as at and for the year ended 31 December 2020 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.

1.2. Basis for the preparation of the Consolidated Financial Statements

1.2.1. Relevant accounting principles

The 2020 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.

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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 measured at fair value in accordance with 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 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 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.

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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

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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 2020 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.

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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 2020 and 31 December 2019 are as follows:

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	Average rate		Rate at the end of the period	
	Year 2020	Year 2019	As at 31 December 2020	As at 31 December 2019
AED	4.194720	4.111270	4.506500	4.125700
AUD	1.654920	1.610880	1.589600	1.599500
BRL	5.894260	4.413430	6.373500	4.515700
CAD	1.530000	1.485500	1.563300	1.459800
CHF	1.070520	1.112450	1.080200	1.085400
CNY	7.874700	7.735490	8.022500	7.820500
CZK	26.455100	25.670500	26.242000	25.408000
DKK	7.454210	7.466060	7.440900	7.471500
GBP	0.889704	0.877771	0.899030	0.850800
HKD	8.858700	8.771500	9.514200	8.747300
HUF	351.249000	325.297000	363.890000	330.530000
JPY	121.846000	122.006000	126.490000	121.940000
KRW	1,345.580000	1,305.320000	1,336.000000	1,296.280000
KZT	472.998000	428.789000	517.040000	429.510000
MOP	9.124460	9.034420	9.799600	9.009700
MXN	24.519400	21.556500	24.416000	21.220200
NOK	10.722790	9.851090	10.470300	9.863800
PLN	4.443000	4.297600	4.559700	4.256800
RON	4.838280	4.745350	4.868300	4.783000
RUB	82.724800	72.455300	91.467100	69.956300
SEK	10.484800	10.589100	10.034300	10.446800
SGD	1.574240	1.527280	1.621800	1.511100
TRY	8.054720	6.357770	9.113100	6.684300
TWD	33.622700	34.605700	34.480700	33.715600
UAH	30.850600	28.922000	34.768900	26.719500
USD	1.142200	1.119470	1.227100	1.123400

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

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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:

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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.

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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
Other intangible assets	Based on market conditions generally within the period of control over the asset

2.7. Impairment of non-financial assets

On an annual basis, the Group tests for impairment property, plant and equipment and intangible assets with a definite useful life. Whenever events or changes in circumstance indicate that the carrying amount may not be recoverable, an impairment loss is recognised for the amount by which the carrying amount exceeds 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.

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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.

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, 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.

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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

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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).

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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.

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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.

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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:

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- 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.

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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

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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

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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

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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 purposes of IFRS 8 Operating segments, the Group's business is conducted as a single operating segment known as the Moncler business.

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:

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- 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 benefits 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 2020

Document title	Issue date	Effective from	Approval date	EU regulation and date of publication
Amendments to references to Conceptual Framework in IFRS standards	March 2018	1 January 2020	29 November 2019	(UE) 2019/2075 6 December 2019
Definition of material (Amendments to IAS 1 and IAS 8)	October 2018	1 January 2020	29 November 2019	(UE) 2019/2104 10 December 2019
Reform of the reference indices for the determination of interest rates (Amendments to IFRS 9, IAS 39 and IFRS 7)	September 2019	1 January 2020	15 January 2020	(UE) 2020/34 16 January 2020
Definition of business (Amendments to IFRS 3)	October 2018	1 January 2020	21 April 2020	(UE) 2020/551

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				22 April 2020
Covid-19-related rent concessions (Amendments to IFRS 16)	May 2020	1 June 2020	9 October 2020	(UE) 2020/1434 12 October 2020

With regard to rent concessions obtained from landlords, the Group has adopted the practical expedient brought in by the amendment to IFRS 16 published by the IASB on 28 May 2020 and ratify on 12 October 2020.

New standards and interpretations not yet effective and not early adopted by the Group

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	Issue date	Effective from	Approval date	EU regulation and date of publication
Extension of the temporary extension from the application of IFRS 9 (Amendments to IFRS 4)	June 2020	1 January 2021	15 December 2020	(UE) 2020/2097 16 December 2020
Reform of the reference indices for the determination of interest rates – Fase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	August 2020	1 January 2021	13 January 2021	(EU) 2021/25 14 January 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:

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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”.
IFRS 17 Insurance Contracts, including subsequent amendments issued in June 2020	May 2017 June 2020	1 January 2023	TBD
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 the IASB project on the equity method
Reference to the Conceptual Framework (Amendments to IFRS 3)	May 2020	1 January 2022	TBD
Property, plant and equipment: proceeds before intended use (Amendments to IAS 16)	May 2020	1 January 2022	TBD
Onerous contracts—Cost of fulfilling a contract (Amendments to IAS 37)	May 2020	1 January 2022	TBD
Annual improvements to IFRS Standards (Cycle 2018–2020)	May 2020	1 January 2022	TBD
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	TDB

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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.

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3. SCOPE FOR CONSOLIDATION

As at 31 December 2020 the Consolidated Financial Statements of the Moncler Group include the parent company Moncler S.p.A. and 36 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)	51,670,525	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)	150,788,654	JPY	65.97%	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 Sylt GmbH (*)	Hamm (Germany)	100,000	EUR	51.00%	Moncler Deutschland GmbH
Moncler Rus LLC	Moscow (Russian Federation)	590,000,000	RUB	99.99%	Industries S.p.A.
				0.01%	Moncler Suisse SA
Moncler Brasil Comércio de moda e acessórios Ltda.	Sao Paulo (Brazil)	10,000,000	BRL	95.00%	Industries S.p.A.
				5.00%	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%	Industries S.p.A.
				1.00%	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%	Industries S.p.A.
				1.00%	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%	Industries S.p.A.
				1.00%	Moncler USA Inc
Moncler Mexico Services, S. de R.L. de C.V.	Mexico City (Mexico)	11,000,000	MXN	99.00%	Industries S.p.A.
				1.00%	Moncler USA Inc
Moncler Ukraine LLC	Kiev (Ukraine)	47,367,417	UAH	99.99%	Industries S.p.A.
				0.01%	Moncler Suisse SA
Moncler New Zealand Limited	Auckland (New Zealand)	2,000,000	NZD	100.00%	Industries 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.

(***) Company previously named Moncler Shinsegae Inc.

As far as the scope of consolidation is concerned, the following changes occurred during the year 2020 compared to 31 December 2019:

- in the first quarter of 2020 the company Moncler USA Retail LLC has been merged in the company Moncler USA Inc.;
- the company Moncler New Zealand Limited was established in the second quarter of 2020 and it was included in the consolidation scope starting from the date of its establishment.

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We highlighted that, in the first quarter of 2020, the Group acquired, from the local partner, the first tranche (equal to 39.01% of total share capital) of the partner's stake in Moncler Shinsegae Inc., bringing the percentage of ownership to 90.01%.

Please note that Moncler Shinsegae 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.

4. COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

4.1. Revenues

The breakdown of the main revenues categories from customers by distribution channel and geographical area is provided below.

Revenues by distribution channel

Revenues by distribution channels are broken down as follows:

(Euro/000)	2020	%	2019	%
Total revenues	1,440,409	100.0%	1,627,704	100.0%
of which:				
Wholesale	350,913	24.4%	370,787	22.8%
Retail	1,089,496	75.6%	1,256,917	77.2%

Sales are made through two main distribution channels, retail and wholesale. The retail channel includes stores that are directly managed by the Group (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 2020, revenues from the retail distribution channel amounted to 1,089.5 million euros compared to 1,256.9 million euros in 2019, representing a decrease of 13.3%, due to the measures aimed at reducing store traffic imposed by governments worldwide in 2020 to limit the spread of the virus and the subsequent repeated closure of stores. Results of the second part of the year marked a strong improvement led by Asia, in particular the Chinese market, and e-commerce.

The wholesale channel recorded revenues of 350.9 million euros compared to 370.8 million euros in 2019, a decrease of 5.4%. The progressive improvement of the results in the second part of the year was driven by important product reorders, a different timing in the shipments of the Fall/Winter collections and by the excellent performance of e-tailers.

Revenues by geographical area

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

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Revenues by region						
(Euro/000)	2020	%	2019	%	Variation	% Variation
Italy	122,345	8.5%	184,988	11.4%	(62,643)	(33.9)%
EMEA, Italy excluded	379,538	26.3%	463,530	28.5%	(83,992)	(18.1)%
Asia and rest of world	717,860	49.8%	715,244	43.9%	2,616	0.4%
Americas	220,666	15.3%	263,942	16.2%	(43,276)	(16.4)%
Total	1,440,409	100.0%	1,627,704	100.0%	(187,295)	(11.5)%

Asia registered a positive performance in 2020. Mainland China led the performance of the Region with strong double-digit growth in the year with an acceleration in the last months of the year, which was followed by Korea and Japan, both also improving in the last months of the year.

In EMEA (Italy excluded), revenues decreased by 18.1%, with a improved performance in the second part of the year. This was supported by good local demand which partially offset the lack of tourists despite the temporary closure of some stores. Germany, Scandinavia and Russia recorded the strongest performance in the year, with excellent results in both channels.

Italy recorded a 33.9% revenue decline in the year, and in the fourth quarter. The performance was significantly impacted by the stringent measures implemented to contain the Covid-19 pandemic, which not only limited the inflow of tourists but also led to the prolonged closure of stores. These impacts continued in the last months of the year when the main Italian stores were closed for several days during November and December, which are important months for Moncler's business.

In the Americas, revenues saw a decline of 16.4%, with positive performance in both channels.

4.2. Cost of sales

In 2020, cost of sales decreased by 11.6 million euros in absolute terms (-3.2%), going from 362.4 million euros in 2019 to 350.8 million euros in 2020. Cost of sales as a percentage of sales has increased, going from 22.3% in 2019 to 24.4% in 2020, mainly due to the significant inventory write-downs of Spring/Summer 2020 products made in the first half of the year due to the Covid-19 pandemic.

4.3. Selling expenses

In 2020 selling expenses amounted to 463.6 million euros (488.8 million euros in 2019), decreasing 25.2 million euros between 2019 and 2020.

As a percentage of revenues, selling expenses, although increased from 30.0% in 2019 to 32.2% in 2020, during the second half of the year, recorded an important improvement thanks to the recovery of revenues and a greater control on costs related to the stores' management, in particular in terms of rents and personnel.

In fact, selling expenses mainly include rent costs excluded from the application of the IFRS 16 for 110.7 million euros (144.9 million euros of total rent costs in 2019), personnel costs for 107.3 million euros (119.1 million euros in 2019) costs for depreciation of the right of use for

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113.1 million euros (94.6 million euros in 2019) and other amortisation and depreciation for 62.6 million euros (56.6 million euros in 2019).

During the year, the Group initiated important negotiations with main landlords to review rents, in light of the effects of the Covid-19 pandemic. The economic benefits have been reflected in the results of the period and were recognised under this item because they were considered as reductions in rents rather than changes in lease agreements. As indicated in note 2.21, the accounting treatment used is consistent with the practical expedient introduced by the amendment to IFRS 16 published by the IASB on 28 May 2020 and ratified on 12 October 2020.

The item also includes costs related to stock-based compensation plans for 6.1 million euros (5.5 million euros in 2019).

4.4. General and administrative expenses

In 2020, general and administrative expenses amounted to 173.4 million euros, up 1.9 million euros when compared to last year.

General and administrative expenses represented 12.0% of turnover; in 2019 the percentage was 10,5%, also in this case with an improved performance in the second part of the year.

The item also includes costs related to stock-based compensation plans for 24.9 million euros (23.9 million euros in 2019).

4.5. Marketing expenses

Marketing expenses were 83.8 million euros, representing 5.8% of revenues which is lower than the 7.0% recorded in 2019, also due to the selection and focus of all marketing projects decided after the Covid-19 outbreak.

4.6. Operating result

In 2020, the operating result of the Moncler Group amounted to 368.8 million euros, compared to 491.8 million euros in 2019.

The operating margin was 25.6%, compared to 30.2% in 2019, with a significant improvement in the second half of the year.

4.7. Financial income and expenses

The caption is broken down as follows:

(Euro/000)	2020	2019
Interest income and other financial income	759	1,238
Foreign currency differences - positive	0	0
Total financial income	759	1,238
Interests expenses and other financial	(2,002)	(1,591)
Foreign currency differences - negative	(1,038)	(564)
Total financial expenses	(3,040)	(2,155)
Total net excluded interests on lease liabilities	(2,281)	(917)
Interests on lease liabilities	(21,021)	(20,155)
Total net	(23,302)	(21,072)

4.8. Income tax

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

(Euro/000)	2020	2019
Current income taxes	(130,998)	(140,911)
Deferred tax income (expenses)	85,845	28,879
Income taxes charged in the income statement	(45,153)	(112,032)

Deferred taxes in 2020 include 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	Taxable Amount 2020	Tax Amount 2020	Tax rate 2020	Taxable Amount 2019	Tax Amount 2019	Tax rate 2019
(Euro/000)						
Profit before tax	345,519			470,727		
Income tax using the Company's theoretic tax rate		(82,925)	24.0%		(112,974)	24.0%
Temporary differences		(20,872)	6.0%		(33,410)	7.1%
Permanent differences		(8,467)	2.5%		(2,068)	0.4%
Other differences		(18,734)	5.4%		7,541	(1.6)%
Deferred taxes recognized in the income statement		85,845	(24.8)%		28,879	(6.1)%
Income tax at effective tax rate		(45,153)	13.1%		(112,032)	23.8%

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Deferred taxes in 2020 mainly includes 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)	2020	2019
Wages and salaries and Social security costs	(161,874)	(172,100)
Accrual for employment benefits	(10,943)	(11,814)
Total	(172,817)	(183,914)

Personnel costs fell by 6% in the period, with a slight increase in term of percentage on revenues, from 11.3% in 2019 to 12% in 2020, due to the effect of the pandemic on revenues and the company's decision to maintain employees' basic salaries unchanged for the greater part of the year, net of government contributions to support employment in light of 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 31.0 million euros in 2020 (29.4 million euros in 2019) are separately commented in note 10.2.

The following table analyses the number of employees (full-time-equivalent) in 2020 compared to the prior year:

Average FTE by area	2020	2019
FTE		
Italy	1,027	962
Other European countries	1,655	1,631
Asia and Japan	1,102	1,076
Americas	308	306
Total	4,092	3,975

The actual number of employees of the Group as at 31 December 2020 was 4,398 unit (4,569 as at 31 December 2019).

4.10. Depreciation and amortisation

Depreciation and amortisation are broken down as follows:

(Euro/000)	2020	2019
Depreciation of property, plant and equipment	(185,302)	(157,532)
Amortization of intangible assets	(15,674)	(13,591)
Total Depreciation and Amortization	(200,976)	(171,123)

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 and for the expansion/automation of the Italian logistic hub.

The amortisation related to the right of use amounted to 120.8 million euros (101.1 million euros in 2019), 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.

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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 2020			31 December 2019
	Gross value	Accumulated amortization and impairment	Net value	Net value
Brands	223,900	0	223,900	223,900
Key money	56,837	(41,733)	15,104	20,513
Software	77,839	(40,835)	37,004	27,404
Other intangible assets	10,888	(8,741)	2,147	2,157
Assets in progress	4,153	0	4,153	5,416
Goodwill	155,582	0	155,582	155,582
Total	529,199	(91,309)	437,890	434,972

Intangible assets changes are shown in the following tables:

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 adjustment	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)
Amortization	0	(4,978)	(9,831)	(865)	0	0	(15,674)
Disposals	0	0	6	32	0	0	38
Translation adjustment	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)

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As at 31 December 2019

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 2019	223,900	56,866	39,611	9,282	1,461	155,582	486,702
Acquisitions	0	0	17,459	857	5,293	0	23,609
Disposals	0	(59)	(14)	(29)	0	0	(102)
Translation adjustment	0	883	71	(32)	0	0	922
Other movements, including transfers	0	0	1,470	0	(1,338)	0	132
31 December 2019	223,900	57,690	58,597	10,078	5,416	155,582	511,263

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 2019	0	(31,210)	(24,359)	(6,731)	0	0	(62,300)
Depreciation	0	(5,551)	(6,790)	(1,250)	0	0	(13,591)
Disposals	0	12	12	43	0	0	67
Translation adjustment	0	(428)	(56)	17	0	0	(467)
Other movements, including transfers	0	0	0	0	0	0	0
31 December 2019	0	(37,177)	(31,193)	(7,921)	0	0	(76,291)

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 test on the brand was 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 goodwill has 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 2020 valuation, the expected cash flows and revenues for 2021 are based on the Budget approved by the Board of Directors on 28 January 2021, for 2022, on the 2020-2022 Business Plan approved by the Board of Directors on 11 June 2020 and for 2023 to 2025, on the basis of management estimates consistent with the expected development plans and assessments of independent external consultants.

The "g" rate used was 2.9%.

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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 7.8%.

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 = 69.8%.

Similarly, the same sensitivity analysis applied to the entire cash-generating unit shows a full recovery considering changes in parameters still higher than those indicated for the brand, 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 2020, 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 (Euro/000)	31 December 2020		31 December 2019	
	Gross value	Accumulated depreciation and impairment	Net value	Net value
Land and buildings	790,863	(192,835)	598,028	597,930
Plant and Equipment	33,273	(12,268)	21,005	14,429
Fixtures and fittings	127,187	(83,671)	43,516	45,464
Leasehold improvements	263,157	(155,703)	107,454	119,932
Other fixed assets	31,079	(21,712)	9,367	9,045
Assets in progress	23,617	0	23,617	19,740
Total	1,269,176	(466,189)	802,987	806,540

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

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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)
First time adoption IFRS16	0	0	0	0	0	0	0
Translation adjustment	(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 adjustment	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)

As at 31 December 2019

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 2019	6,339	14,400	108,088	187,319	18,730	18,530	353,406
Acquisitions	219,198	8,723	16,621	51,913	6,563	8,976	311,994
Disposals	(1,643)	(171)	(3,545)	(6,617)	(285)	0	(12,261)
First time adoption IFRS 16	469,165	0	0	0	1,407	0	470,572
Translation adjustment	6,629	(56)	1,833	3,067	73	124	11,670
Other movements, including transfers	0	64	(3,978)	11,048	37	(7,890)	(719)
31 December 2019	699,688	22,960	119,019	246,730	26,525	19,740	1,134,662

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 2019	(863)	(6,152)	(59,198)	(96,855)	(13,368)	0	(176,436)
Depreciation	(100,854)	(2,484)	(15,531)	(34,373)	(4,290)	0	(157,532)
Disposals	202	96	1,927	5,582	216	0	8,023
Translation adjustment	(243)	9	(950)	(1,542)	(38)	0	(2,764)
Other movements, including transfers	0	0	197	390	0	0	587
31 December 2019	(101,758)	(8,531)	(73,555)	(126,798)	(17,480)	0	(328,122)

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 2020	592,408	1,215	593,623
Acquisitions	139,923	850	140,773
Disposals	(6,061)	(8)	(6,069)
Depreciation	(121,117)	(767)	(121,884)
Translation adjustment	(15,646)	1	(15,645)
31 December 2020	589,507	1,291	590,798

In addition to the above mentioned effect arising from the application of the IFRS 16, the changes in property plant and equipment in 2020 showed an increase in the captions plant and equipment, fixture and fittings, leasehold improvements and assets in progress and advances: all of these captions are mainly related to the development of the retail network, the

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relocation/expansion of some important stores and the expansion/automation of the Italian logistic hub.

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

In light of the significance of the actual and possible future impacts of the Covid-19 pandemic, the Group has performed an impairment test as described in paragraph 2.7.

For each Cash Generating Unit (CGU), the recoverable value was verified with an asset side approach by comparing the value in use of the relevant Cash Generating Unit with the carrying amount of its net invested capital.

For the 2020 valuation, the expected cash flows and revenues for 2021 are based on the Budget approved by the Board of Directors on 28 January 2021, for 2022, on the 2020-2022 Business Plan approved by the Board of Directors on 11 June 2020 and for 2023 to 2025, on the basis of management estimates consistent with the expected development plans, the average duration of rental contracts and the assessments of independent external consultants.

The discount rate used for discounting cash flows is equal to the Group WACC (7.8%) disaggregated for each CGU, while the Group G rate is equal to 2.90% maintained for each CGU, as shown below:

	EMEA	APAC	AMERICAS	JAPAN	KOREA	GROUP
WACC	7.20%	9.00%	7.70%	7.60%	7.80%	7.80%
g rate	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%

The results of the sensitivity analysis showed that recoverable values were significantly higher than carrying values, even in the presence of large variations in the parameters.

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 2020 and 31 December 2019:

Deferred taxation		
(Euro/000)	31 December 2020	31 December 2019
Deferred tax assets	150,832	129,134
Deferred tax liabilities	(6,396)	(68,710)
Net amount	144,436	60,424

The decrease in deferred tax liabilities derives from the release resulting from the realignment of the Moncler trademark's tax value to the statutory value.

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:

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Deferred tax assets (liabilities) (Euro/000)	Opening balance - 1 January 2020	Taxes charged to the income statement	Taxes accounted for in Equity	Effect of currency translation	First time adoption IFRS16	Other movements	Closing balance - 31 December 2020
Tangible and intangible assets	18,768	3,603	0	(743)	0	(587)	21,041
Inventories	84,787	15,758	0	(3,966)	0	564	97,143
Trade receivables	3,858	(538)	0	(85)	0	0	3,235
Derivatives	427	0	(43)	0	0	0	384
Employee benefits	3,105	(1,012)	25	(89)	0	0	2,029
Provisions	11,487	4,814	0	(712)	0	0	15,589
Trade payables	3,921	968	0	(32)	0	0	4,857
Other temporary items	2,740	2,084	0	193	0	22	5,039
Tax loss carried forward	41	1,471	0	3	0	0	1,515
Tax assets	129,134	27,148	(18)	(5,431)	0	(1)	150,832
Tangible and intangible assets	(65,640)	61,810	0	233	0	1	(3,596)
Financial assets	52	(352)	0	0	0	0	(300)
Inventories	(753)	(312)	0	0	0	0	(1,065)
Derivatives	(120)	0	(759)	0	0	0	(879)
Trade payables	3	(3)	0	7	0	0	7
Other temporary items	(2,252)	(2,451)	(118)	4,306	0	0	(515)
Tax loss carried forward	0	5	0	(53)	0	0	(48)
Tax liabilities	(68,710)	58,697	(877)	4,493	0	1	(6,396)
Net deferred tax assets (liabilities)	60,424	85,845	(895)	(938)	0	0	144,436

Deferred tax assets (liabilities) (Euro/000)	Opening balance - 1 January 2019	Taxes charged to the income statement	Taxes accounted for in Equity	Effect of currency translation	First time adoption IFRS16	Other movements	Closing balance - 31 December 2019
Tangible and intangible assets	6,910	2,904	0	167	8,622	165	18,768
Inventories	66,902	20,463	0	1,389	0	(3,967)	84,787
Trade receivables	3,930	(49)	0	(22)	0	(1)	3,858
Derivatives	478	0	(52)	0	0	1	427
Employee benefits	3,354	(324)	46	50	0	(21)	3,105
Provisions	4,785	2,552	0	80	0	4,070	11,487
Trade payables	2,869	1,132	0	14	0	(94)	3,921
Other temporary items	2,680	36	0	20	0	4	2,740
Tax loss carried forward	(10)	89	0	0	0	(38)	41
Tax assets	91,898	26,803	(6)	1,698	8,622	119	129,134
Tangible and intangible assets	(67,117)	1,570	0	(99)	0	6	(65,640)
Financial assets	51	0	0	0	0	1	52
Inventories	(555)	(198)	0	0	0	0	(753)
Derivatives	350	0	(470)	0	0	0	(120)
Trade payables	0	11	0	0	0	(8)	3
Other temporary items	(2,835)	693	0	0	0	(110)	(2,252)
Tax liabilities	(70,106)	2,076	(470)	(99)	0	(111)	(68,710)
Net deferred tax assets (liabilities)	21,792	28,879	(476)	1,599	8,622	8	60,424

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

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Deferred tax assets and liabilities				
(Euro/000)	Taxable Amount 2020	Closing balance - 31 December 2020	Taxable Amount 2019	Closing balance - 31 December 2019
Tangible and intangible assets	79,586	21,041	69,778	18,768
Inventories	392,633	97,143	349,296	84,787
Trade receivables	12,787	3,235	16,594	3,858
Derivatives	1,596	384	1,778	427
Employee benefits	8,798	2,029	11,648	3,105
Provisions	63,928	15,589	39,125	11,487
Trade payables	17,483	4,857	13,938	3,921
Other temporary items	21,761	5,039	11,650	2,740
Tax loss carried forward	5,662	1,515	183	41
Tax assets	604,234	150,832	513,990	129,134
Tangible and intangible assets	(15,654)	(3,596)	(236,978)	(65,640)
Financial assets	(1,254)	(300)	213	52
Inventories	(3,819)	(1,065)	(2,699)	(753)
Derivatives	(3,659)	(879)	(500)	(120)
Trade payables	23	7	13	3
Other temporary items	(1,740)	(515)	(8,950)	(2,252)
Tax loss carried forward	25	(48)	0	0
Tax liabilities	(26,078)	(6,396)	(248,901)	(68,710)
Net deferred tax assets (liabilities)	578,156	144,436	265,089	60,424

5.5. Inventory

As at 31 December 2020 Inventory amounted to 202.8 million euros (208.9 million euros as at 31 December 2019) and is broken down as follows:

Inventory (Euro/000)	31 December 2020	31 December 2019
Raw materials	88,252	82,158
Work-in-progress	14,197	26,111
Finished products	284,437	239,836
Inventory, gross	386,886	348,105
Obsolescence provision	(184,116)	(139,237)
Total	202,770	208,868

Inventory (gross amount) increased by approximately 38.8 million euros (+11.1%) and largely 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:

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

Obsolescence provision - movements (Euro/000)	1 January 2019	Accrued	Used	Translation Difference	31 December 2019
Obsolescence provision	(103,648)	(36,981)	2,038	(646)	(139,237)
Total	(103,648)	(36,981)	2,038	(646)	(139,237)

5.6. Trade receivables

As at 31 December 2020 Trade receivables amounted to 174.1 million euros (167.9 million euros as at 31 December 2019) and they are as follows:

Trade receivables (Euro/000)	31 December 2020	31 December 2019
Trade account receivables	185,043	177,518
Allowance for doubtful debt	(10,699)	(9,462)
Allowance for discounts	(200)	(137)
Total, net value	174,144	167,919

Trade receivables are related to the Group's wholesale business and they include balances with a collection time not greater than three months. During 2020 and 2019, 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 2020	Other movements	Accrued	Used	Translation Difference	31 December 2020
Allowance for doubtful debt	(9,462)	0	(1,364)	69	58	(10,699)
Allowance for discounts	(137)	0	(72)	0	9	(200)
Total	(9,599)	0	(1,436)	69	67	(10,899)

Doubtful debt and sales returns and discounts (Euro/000)	1 January 2019	Other movements	Accrued	Used	Translation Difference	31 December 2019
Allowance for doubtful debt	(8,290)	0	(1,495)	329	(6)	(9,462)
Allowance for returns and discounts	(388)	(40)	0	299	(8)	(137)
Total	(8,678)	(40)	(1,495)	628	(14)	(9,599)

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 2020 to take

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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 2020 the caption cash and cash equivalent amounted to 923.5 million euros (759.1 million euros as at 31 December 2019) 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 cash flows		
(Euro/000)	31 December 2020	31 December 2019
Cash on hand and at banks	923,498	759,073
Bank overdraft	(15)	(3)
Total	923,483	759,070

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 2020	31 December 2019
Prepayments and accrued income - current	10,310	8,521
Other current receivables	10,776	15,237
Other current assets	21,086	23,758
Prepayments and accrued income - non-current	110	0
Security / guarantees deposits	33,036	30,113
Investments in associated companies	36	23
Other non-current receivables	341	321
Other non-current assets	33,523	30,457
Total	54,609	54,215

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 2019), 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 2020 Trade payables amounted to 211.9 million euros (248.6 million euros as at 31 December 2019) 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 2020 and 2019 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.

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5.11. Other current and non-current liabilities

Other current and non-current liabilities		
(Euro/000)	31 December 2020	31 December 2019
Deferred income and accrued expenses - current	695	365
Advances and payments on account to customers	12,641	10,192
Employee and social institutions	31,603	39,933
Tax accounts payable, excluding income taxes	17,329	16,881
Other current payables	21,742	19,763
Other current liabilities	84,010	87,134
Deferred income and accrued expenses - non-current	142	223
Other non-current liabilities	142	223
Total	84,152	87,357

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

5.12. Tax assets and liabilities

Tax assets amounted to 5.1 million euros as at 31 December 2020 (1.6 million euros as at 31 December 2019).

Tax liabilities amounted to 93.6 million euros as at 31 December 2020 (98.5 million euros as at 31 December 2019). 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 2020	Increase	Decrease	Translation differences	Other movements	31 December 2020
Other non current contingencies	(10,703)	(3,819)	1,334	313	(74)	(12,949)
Total	(10,703)	(3,819)	1,334	313	(74)	(12,949)

Provision for contingencies and losses						
(Euro/000)	1 January 2019	Increase	Decrease	Translation differences	Other movements	31 December 2019
Other non current contingencies	(7,477)	(2,342)	2,740	(96)	(3,528)	(10,703)
Total	(7,477)	(2,342)	2,740	(96)	(3,528)	(10,703)

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 2020	Increase	Decrease	Translation differences	Other movements	31 December 2020
Pension funds	(3,878)	(897)	279	42	(174)	(4,628)
Agents leaving indemnities	(2,558)	0	0	0	0	(2,558)
Total	(6,436)	(897)	279	42	(174)	(7,186)

Employees pension funds						
(Euro/000)	1 January 2019	Increase	Decrease	Translation differences	Other movements	31 December 2019
Pension funds	(3,404)	(640)	320	12	(166)	(3,878)
Agents leaving indemnities	(2,558)	0	0	0	0	(2,558)
Total	(5,962)	(640)	320	12	(166)	(6,436)

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 2020	31 December 2019
Net recognized liability - opening	(2,479)	(2,341)
Discontinued operations		
Interest costs	(20)	(37)
Service costs	(425)	(337)
Payments	83	320
Actuarial Gains/(Losses)	(174)	(84)
Net recognized liability - closing	(3,015)	(2,479)

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	0.34%
Inflation rate	1.00%
Nominal rate of wage growth	1.00%
Labour turnover rate	7.78%
Probability of request of advances of TFR	2.22%
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.

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Sensitivity analysis	
(Euro/000)	Variation
Discount rate +0,5%	(140)
Discount rate -0,5%	151
Rate of payments Increases x (+0,5%)	(13)
Rate of payments Decreases x (-0,5%)	14
Rate of Price Inflation Increases (+0,5%)	100
Rate of Price Inflation Decreases (-0,5%)	(94)
Rate of Salary Increases (+0,5%)	22
Rate of Salary Decreases (-0,5%)	(21)
Increase the retirement age (+1 year)	13
Decrease the retirement age (-1 year)	(13)
Increase longevity (+1 year)	0
Decrease longevity (-1 year)	(0)

5.15. Financial liabilities

Financial liabilities are detailed in the following table:

Borrowings		
(Euro/000)	31 December 2020	31 December 2019
Bank overdraft and short-term bank loans	15	3
Short-term financial lease liabilities	102,791	105,523
Other short-term loans	47,617	21,255
Short-term borrowings	150,423	126,781
Long-term financial lease liabilities	537,506	533,794
Other long-term borrowings	25,338	78,203
Long-term borrowings	562,844	611,997
Total	713,267	738,778

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

Long-term borrowings include 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 640 million euros (639 million euros in 2019) and are detailed in the following table:

Financial lease liabilities		
(Euro/000)	31 December 2020	31 December 2019
Short-term financial lease liabilities	102,791	105,523
Long-term financial lease liabilities	537,506	533,794
Total	640,297	639,317

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The changes in financial lease liabilities during 2020 are reported in the following table:

(Euro/000)	IFRS 16	Ex IAS 17	Financial lease liabilities
1 January 2020	639,207	110	639,317
Acquisitions	131,877	0	131,877
Disposals	(136,853)	(70)	(136,923)
Financial expenses	21,996	6	22,002
Translation adjustment	(15,976)	0	(15,976)
31 December 2020	640,251	46	640,297

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 2020	31 December 2019
Within 2 years	101,932	138,829
From 2 to 5 years	262,618	241,878
Beyond 5 years	198,294	231,290
Total	562,844	611,997

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 2020	31 December 2019
Within 2 years	7,551	52,722
From 2 to 5 years	17,787	25,481
Beyond 5 years	0	0
Total	25,338	78,203

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

Ageing of the lease liabilities not discounted		
(Euro/000)	31 December 2020	31 December 2019
Within 1 year	125,094	125,109
From 1 to 5 years	352,442	354,193
Beyond 5 years	231,189	255,990
Total	708,725	735,292

No new medium/long-term loans were taken out during 2020.

Finally, the caption other short-term loans includes also the negative fair value, equal to 0.8 million euros (compared to 3.0 million euros negative as at 31 December 2019), related to the contracts to hedge the exchange rate risk. Please refer to note 9.3 for more details.

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The net financial position is detailed in the following table:

Net financial position (Euro/000)	31 December 2020	31 December 2019
A. Cash in hand	1,452	1,747
B. Cash at banks and cash equivalents	922,046	757,326
C. Available for sale securities	0	0
D. Liquidity (A)+(B)+(C)	923,498	759,073
E. Current financial assets	4,793	3,120
F. Payable to banks, current	(15)	(3)
G. Current portion of long-term debt	0	0
H. Short-term financial lease liabilities	(102,791)	(105,523)
I. Other current financial debt	(47,617)	(21,255)
J. Current financial debt (F)+(G)+(H)+(I)	(150,423)	(126,781)
K. Net current financial debt (E)+(D)+(J)	777,868	635,412
L. Payable to bank, non-current	0	0
M. Bonds issued	0	0
N. Long-term financial lease liabilities	(537,506)	(533,794)
O. Other non-current payables	(25,338)	(78,203)
P. Non-current financial debt (L)+(M)+(N)+(O)	(562,844)	(611,997)
Q. Net financial debt (K)+(P)	215,024	23,415

Net financial position as defined by the CESR Recommendation of 10 February 2005 (referred to by the Consob Communication of 28 July 2006).

5.16. Shareholders' equity

Changes in shareholders' equity for 2020 and the comparative period are included in the consolidated statements of changes in equity.

As at 31 December 2020 the subscribed share capital constituted by 258,352,624 shares was fully paid and amounted to 51,670,524.80 euros with a nominal value of 0.20 euros per share.

As at 31 December 2020 5,585,803 treasury shares were held, equal to 2.2% of the share capital, for a total value of 184.7 million euros.

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

In 2020 the Parent Company didn't distribute dividends to the Group Shareholders (100.8 million euros in 2019).

The increase of the share capital and the share premium reserve arised from the exercise of n. 68,300 vested options (for the same number of shares) in relation to the Stock Option Plan approved by the Shareholders Meeting of Moncler S.p.A. dated 23 April 2015 at the exercise price of 16.34 euros per share and the free capital increase in execution of the Performance Shares Plan approved in 2016 (No. 304,800 shares).

The change in the IFRS 2 reserve is due to the accounting treatment of the stock option and 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.

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The change in retained earnings mainly relates to the allocation of 2019 result, 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 (Euro/000)	Cumulative translation adj. reserve			Other OCI items		
	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 2019	(6,071)	0	(6,071)	(4,243)	1,004	(3,239)
Changes in the period	3,195	0	3,195	2,006	(476)	1,530
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 1 December 2019	(2,876)	0	(2,876)	(2,237)	528	(1,709)
Reserve as at 1 January 2019	(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

Earning per share

Earning per share for the years ended 31 December 2020 and 31 December 2019 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 2020 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	2020	2019
Net result of the period (Euro/000)	300,351	358,685
Average number of shares related to parent's Shareholders	252,674,625	251,723,961
Earnings attributable to Shareholders (Unit of Euro)	1.19	1.42
Diluted earnings attributable to Shareholders (Unit of Euro)	1.18	1.42

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6. SEGMENT INFORMATION

For the purposes of IFRS 8 Operating Segments, the Group's activity is part of a single operating segment referred to Moncler business.

7. COMMITMENTS AND GUARANTEES GIVEN

7.1. Commitments

The Group's commitments pertain mostly to lease agreements related to temporary stores and pop-up stores with a term of less than one year, which therefore do not fall within the scope of application of IFRS 16.

As at 31 December 2020, the amount due for these contracts was equal to 68 thousand euros (221 thousand euros in 2019).

7.2. Guarantees given

As at 31 December 2020 the Group had given the following guarantees:

Guarantees and bails given		
(Euro/000)	31 December 2020	31 December 2019
Guarantees and bails given for the benefit of:		
Third parties/companies	27,230	26,859
Total guarantees and bails given	27,230	26,859

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

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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 and Singapore 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 2020, 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 and SGD. 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):

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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

Details of the balances expressed in foreign currency											
31 December 2019											
(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	504,999	50,839	53,622	31,584	16,705	5,582	15,266	28,648	4,882	46,946	759,073
Financial assets	3,120	0	0	0	0	0	0	0	0	0	3,120
Trade receivable	36,096	49,401	15,300	43,704	849	91	4,383	12,031	1,770	4,294	167,919
Other current assets	11,651	3,980	655	1,169	201	21	1,659	84	101	4,237	23,758
Other non-current assets	3,911	9,192	1,688	3,688	6,854	503	509	750	618	2,744	30,457
Total assets	559,777	113,412	71,265	80,145	24,609	6,197	21,817	41,513	7,371	58,221	984,327
Trade payables	(171,836)	(39,954)	(13,729)	(9,234)	(2,545)	(489)	(2,245)	(1,782)	(1,202)	(5,605)	(248,621)
Borrowings	(400,662)	(49,473)	(117,782)	(21,242)	(40,846)	(9,106)	(27,237)	(5,451)	(9,570)	(57,409)	(738,778)
Other current payables	(46,952)	(4,178)	(9,763)	(4,217)	(1,211)	(872)	(4,223)	(11,418)	(732)	(3,568)	(87,134)
Other non-current payables	(70)	0	30	0	0	4	(2)	0	(185)	0	(223)
Total liabilities	(619,520)	(93,605)	(141,244)	(34,693)	(44,602)	(10,463)	(33,707)	(18,651)	(11,689)	(66,582)	(1,074,756)
Total, net foreign positions	(59,743)	19,807	(69,979)	45,452	(19,993)	(4,266)	(11,890)	22,862	(4,318)	(8,361)	(90,429)

At the reporting date, the Group had outstanding hedges for 77.8 million euros (91.0 million euros as at 31 December 2019) against receivables still to be collected and outstanding hedges for 226.6 million euros (317.6 million euros as at 31 December 2019) 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	2,267	2,244	2,807	195	1,179	664	285
Operating profit	1,195	1,106	1,874	(33)	701	464	58
Effect of an exchange rate decrease amounting to -1%							
Revenue	(2,313)	(2,289)	(2,864)	(199)	(1,203)	(678)	(291)
Operating profit	(1,219)	(1,129)	(1,912)	34	(715)	(473)	(59)

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.

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As at 31 December 2020, 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 2020 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

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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	0	0	0	0	0	0
Financial debt to third parties	0	0	0	0	0	0
Unsecured loans	0	0	0	0	0	0
Financial lease liabilities	640,297	640,297	102,791	94,381	244,831	198,294

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	0	0	0	0	0	0
Forward contracts on exchange rate hedging	(4,029)	(4,029)	(4,029)	0	0	0
- Outflows	764	764	764	0	0	0
- Inflows	(4,793)	(4,793)	(4,793)	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 2020, 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 (107.2 million euros in 2020 and 128.0 million euros in 2019) and then sells them to Moncler Japan Ltd. (119.0 million euros in 2020 and 145.9 million euros in 2019) pursuant to the contract agreed upon the companies’ 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 2020 amounted to 0.1 million euros (0.1 million euros in 2019).
- 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 2020 amounted to 1.2 million euros (1.3 million euros in 2019) and total costs recognised amounted to 0.2 million euros (0.2 million euros in 2019).
- 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 2020 amounted to 0.6 million euros (0.6 million euros in 2019).

The company Industries S.p.A. adheres to the Parent Company Moncler S.p.A. fiscal consolidation.

Compensation paid to directors, board of statutory auditors and executives with strategic responsibilities

Compensation paid to the members of the Board of Directors in 2020 amounted to 3,882 thousand euros (6,610 thousand euros in 2019).

Compensation paid to the members of the Board of Auditors in 2020 amounted to 152 thousand euros (164 thousand euros in 2019).

In 2020 total compensation paid to executives with strategic responsibilities amounted to 994 thousand euros (1,455 thousand euros in 2019).

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In 2020 the costs relating to stock option plans (described in paragraph 10.2) referring to members of the Board of Directors and Key management personnel amounted to 10,017 thousand euros (10,958 thousand euros in 2019).

The following tables summarise the afore-mentioned related-party transactions that took place during 2020 and the prior year.

(Euro/000)	Type of relationship	Note	31 December 2020	%	31 December 2019	%
Yagi Tsusho Ltd	Distribution agreement	a	107,178	(30.6)%	128,002	(35.3)%
Yagi Tsusho Ltd	Distribution agreement	a	(119,027)	33.9%	(145,937)	40.3%
GokseTekstil Kozmetik Sanayi ic ve dis ticaret limited sirketi	Service agreement	b	(127)	0.1%	(132)	0.1%
La Rotonda S.r.l.	Trade transactions	c	1,198	0.1%	1,252	0.1%
La Rotonda S.r.l.	Trade transactions	d	(154)	0.0%	(160)	0.0%
Fabrizio Ruffini	Service agreement	b	(552)	0.3%	(553)	0.3%
Directors, board of statutory auditors and executives with strategic responsibilities	Labour services	b	(13,342)	7.7%	(17,363)	10.1%
Executives with strategic responsibilities	Labour services	d	(1,703)	0.4%	(1,825)	0.4%
Total			(26,529)		(36,716)	

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 2020	%	31 December 2019	%
Yagi Tsusho Ltd	Trade payables	a	(15,677)	7.4%	(20,728)	8.3%
Yagi Tsusho Ltd	Trade receivables	b	10,392	6.0%	14,699	8.8%
La Rotonda S.r.l.	Trade receivables	b	813	0.5%	908	0.5%
La Rotonda S.r.l.	Trade payables	a	(37)	0.0%	(40)	0.0%
Fabrizio Ruffini	Trade payables	a	(137)	0.7%	(138)	4.6%
Directors, board of statutory auditors and executives with strategic responsibilities	Other current liabilities	c	(589)	0.7%	(3,994)	4.6%
Total			(5,235)		(9,293)	

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 2020 and 2019:

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(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%	

(Euro/000)		31 December 2019			
	Revenue	Cost of sales	Selling expenses	General and administrative expenses	
Total related parties	1,252	(17,935)	(1,985)	(18,048)	
Total consolidated financial statements	1,627,704	(362,424)	(488,759)	(171,570)	
Weight %	0.1%	4.9%	0.4%	10.5%	

(Euro/000)		31 December 2019		
	Trade receivables	Trade Payables	Other current liabilities	
Total related parties	15,607	(20,906)	(3,994)	
Total consolidated financial statements	167,919	(248,621)	(87,134)	
Weight %	9.3%	8.4%	4.6%	

10.2 Stock-based compensation plans

The Consolidated Financial Statements at 31 December 2020 reflects the values of the Stock Option Plan approved in 2015 and of the Performance Shares Plans approved in 2016, in 2018 and in 2020.

The costs related to stock-based compensation plans in 2020 are equal to 31.0 million euros compared to 29.4 million euros in 2019.

With regard to **Stock Option Plan approved in 2015**, please note that:

- The 2015 Plan provided for a vesting period ended with the approval of the Consolidated Financial Statements as at 31 December 2017. The exercise of the options granted was on condition that the specific performance goals related to Group's consolidated EBITDA were achieved. Please note that these performance goals have been achieved;
- The options could be exercised within 30 June 2020 at the latest;
- The exercise price of the options was equal to 16.34 euros and allowed for the subscription of shares in the ratio of one ordinary share for every option exercised;
- The fair value of 2015 Plan was estimated at the grant date using the Black-Scholes method, based on the following assumptions:

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- share price at the grant date of the options 16.34 euros;
 - estimated life of options equal to the period from the grant date to the following estimated exercise: 31 May 2019;
 - dividend yield 1%;
 - fair value per tranches 3.2877 euros.
- There were no effect on the income statement of 2020, while the increase of the net equity for the exercise of the vested options of the Plan amounted to 1,116 thousand euros.
 - As at 31 December 2020 there aren't options still in circulation.

On 20 April 2016, the Shareholders' Meeting of Moncler approved the adoption of a Stock Grant Plan entitled "2016-2018 Performance Shares Plan" ("2016 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 to pursuing 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 No. 3,800,000 resulting from a capital increase and/or from the allocation of treasury shares.

The Plan provides for a maximum of 3 cycles of attribution; the first attribution cycle, approved during 2016, ended with the assignment of 2,856,000 Moncler Rights, the second attribution cycle approved on 29 June 2017 assigned 365,500 Moncler Rights.

As regards the first allocation cycle, the plan ended in 2019; for further information please refer to 2019 Annual Report.

As regards the second allocation cycle:

- The 3-year vesting period ended with the approval of the Draft Financial Statements as at 31 December 2019.
- The performance targets were met, together with the over-performance condition.
- Therefore, No. 388,800 shares (including No. 64,800 shares deriving from over-performance) were assigned to the beneficiaries through a share capital increase (No. 304,800 shares) and the allocation of treasury shares (No. 84,000 shares).

As at 31 December 2020 there aren't options still in circulation. The effect on the income statement in 2020 amounted to 0.7 million euros.

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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 at 31 December 2020 there were still in circulation 1,232,638 rights related to the first cycle of attribution (the effect on the income statement in 2020 amounted to 18.1 million euros) and 295,404 rights related to the second cycle of attribution (the effect on the income statement in 2020 amounted to 3.6 million euros).

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.

As at 31 December 2020 there are still in circulation 1,252,977 rights related to the first cycle of attribution (the effect on the income statement of 2020 amounts to 7.1 million euros).

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.

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10.3 Subsidiaries and minority interests

Following are the financial information of the subsidiaries that have significant minority interests.

Summary of subsidiary's financial		31 December 2020					Profit/(Loss) attributable to minority
(Euro/000)	Assets	Liabilities	Net equity	Revenues	Profit/(Loss)		
White Tech Sp.zo.o.	354	56	298	188	51	15	

Summary of subsidiary's financial		31 December 2019					Profit/(Loss) attributable to minority
(Euro/000)	Assets	Liabilities	Net equity	Revenues	Profit/(Loss)		
White Tech Sp.zo.o.	310	44	266	183	34	10	

Profit/(Loss) attributable to minority differs from consolidated Profit/(Loss) attributable to minority since the data are presented gross of intercompany eliminations.

Cash Flow 2020 (*)	White Tech Sp.zo.o.
(Euro/000)	
Operating Cash Flow	97
Free Cash Flow	106
Net Cash Flow	88

Cash Flow 2019 (*)	White Tech Sp.zo.o.
(Euro/000)	
Operating Cash Flow	16
Free Cash Flow	6
Net Cash Flow	9

(*) Amounts showed according to the Cash Flow Statements included in the Directors' Report

10.4 Significant non-recurring events and transactions

In addition to the extraordinary impact on the Group's financial data generated by the Covid-19 pandemic, already commented per single item of this consolidated annual report, we point out that, 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 Board of Directors held at the end of the Ordinary and Extraordinary Shareholders' Meeting resolved to implement the Stock Grant Plan and, consequently, approved the plan's implementation regulation and resolved the granting of 1,350,000 shares to 106 beneficiaries.

The description of the stock based compensation plans and the related costs are included in note 10.2.

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The Board of Directors of Moncler S.p.A., on 6 December 2020, approved unanimously the project of integration of Sportswear Company S.p.A., owner of the Stone Island brand, into Moncler. 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. This transaction will be finalized in 2021.

10.5 Atypical and/or unusual transactions

It should be noted that during 2020 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 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	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 2019	Current	Non-current	Fair value	Level
Financial assets measured at fair value				
Interest rate swap used for hedging	-	-	-	
Forward exchange contracts used for hedging	3,120	-	3,120	2
Sub-total	3,120	-	3,120	
Financial assets not measured at fair value				
Trade and other receivables (*)	167,919	30,113		
Cash and cash equivalents (*)	759,073	-		
Sub-total	926,992	30,113		
Total	930,112	30,113	3,120	

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(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	(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)	

(Euro/000)				
31 December 2019	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	(3,020)	-	(3,020)	2
Other financial liabilities	(18,235)	(78,203)	(96,438)	3
Sub-total	(21,255)	(78,203)	(99,458)	
Financial liabilities not measured at fair value				
Trade and other payables (*)	(278,576)	-		
Bank overdrafts (*)	(3)	-		
Short-term bank loans (*)	-	-		
Bank loans (*)	-	-		
IFRS 16 financial loans (*)	(105,523)	(533,794)		
Sub-total	(384,102)	(533,794)	-	
Total	(405,357)	(611,997)	(99,458)	

(*) 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 2020
Audit	KPMG S.p.A.	405,983
	Network KPMG S.p.A.	204,761
Attestation services	KPMG S.p.A.	120,260
	Network KPMG S.p.A.	2,000
Other services	KPMG S.p.A.	32,543
	Network KPMG S.p.A.	513,934
Total		1,279,481

10.8 Disclosure pursuant to Italian law n. 124/2017

Pursuant to the requirements of Law no. 124/2017, in 2020 the company Moncler S.p.A. benefited from 2,349 thousand euros in tax credit relating to research and development for the year 2019, from 28 thousand euros in tax credit relating to sanitization and PPE and from 39 thousand euros in Art Bonus contribution, while the company Industries S.p.A. benefited from 28 thousand euros in tax credit relating to sanitization and PPE, from 319 thousand euros in tax credit on rents and received employee training grants of 45 thousand euros from Fondimpresa.

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.

10.9 Covid-19 impacts

At the end of 2019, the novel coronavirus Covid-19 was first reported in Wuhan, the capital of Hubei province in China. In February 2020, the virus infected more than 105 million people worldwide and caused around 2.3 million fatalities. In order to contain the pandemic and protect the population, several governments imposed stringent containment and social distancing measures, including the temporary closure of all non-essential activities, which have impacted various areas of Moncler's business.

Since the initial news regarding the spread of Covid-19, the Company promptly appointed an internal Task Force dedicated to the management of this emergency, and immediately implemented important actions and clear procedures aimed at safeguarding the health of its employees and protecting the business.

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However, the ongoing nature of the pandemic during the year had significant negative effects on 2020 results, both in terms of revenues and margins, also impacted by extraordinary write-downs of approximately 30 million euros due to the unpredictable surplus of inventories of Spring/Summer 2020 products.

To support the Milanese community during the pandemic, the Group also decided to allocate approximately 10 million euros to support social initiatives including the creation of a home healthcare programme and the digitization of primary and secondary schools.

Following the first closures of Moncler stores imposed by various governments around the world, the Group entered into discussions with the main landlord to renegotiate rents in light of the changed scenario. The resulting benefits, amounting to approximately 25 million euros, were reflected in the 2020 results.

Finally, Moncler also signed up, where possible, for employment support measures made available by local governments following the Covid-19 emergency, mostly adding to the government's contribution.

In this context, it is extremely important to emphasise that the Group's financial strength guarantees high financial independence in support of Moncler's operational needs and development programmes, therefore it is believed that business continuity is fully guaranteed.

11. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

There are no significant events that took place after the close of the year.

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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Motion to approve the financial statements and the allocation of the result for the year ended 31 December 2020

Moncler S.p.A.

Registered office: Via Stendhal 47, MILAN – ITALY

Share capital: 51,670,524.80 euros fully paid-in – Registration number CCIAA: MI-1763158

Tax code: 04642290961

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INCOME STATEMENT

Income statement (Euro)	Notes	2020	of which related parties (note 8.1)	2019	of which related parties (note 8.1)
Revenue	3.1	238,601,274	237,971,274	273,339,505	272,386,074
General and administrative expenses (*)	3.2	(39,637,058)	(7,197,557)	(37,502,517)	(9,963,598)
Marketing expenses	3.3	(40,052,139)	0	(45,382,911)	(1,500)
Operating result		158,912,077		190,454,077	
Financial income	3.5	420,336	331,968	161,435	156,198
Financial expenses	3.5	(352,564)	(78,843)	(564,653)	(413,049)
Result before taxes		158,979,849		190,050,859	
Income taxes	3.6	14,949,883		(32,401,283)	
Net result		173,929,732		157,649,576	

(*) Includes stock-based compensation. For further details, please refer to the relative note.

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COMPREHENSIVE INCOME

Statement of comprehensive income (Euro)	Note	2020	2019
Net profit (loss) for the period		173,929,732	157,649,576
Gains/(Losses) on fair value of hedge derivatives	4.15	1	0
Items that are or may be reclassified to profit or loss		1	0
Actuarial Gains/(Losses) on pension funds	4.15	(90,275)	4,897
Items that will never be reclassified to profit or loss		(90,275)	4,897
Other comprehensive income/(loss), net of tax		(90,274)	4,897
Total Comprehensive income/(loss)		173,839,458	157,654,473

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FINANCIAL POSITION

Statement of financial position					
(Euro)	Notes	31 December 2020	of which related parties (note 8.1)	31 December 2019	of which related parties (note 8.1)
Brands and other intangible assets - net	4.1	225,634,820		225,507,083	
Property, plant and equipment - net	4.3	1,400,751		1,716,504	
Investments in subsidiaries	4.4	312,662,899		291,296,323	
Other non-current assets	4.9	1,141,900		73,150	
Deferred tax assets	4.5	1,429,224		456,837	
Non-current assets		542,269,594		519,049,897	
Trade accounts receivable	4.6	257,807		509,483	
Intra-group accounts receivable	4.6	135,820,122	135,820,122	60,330,290	60,330,290
Other current assets	4.9	1,438,114		2,149,563	
Other current assets intra-group	4.9	269,095	269,095	20,304,540	20,304,540
Intra-group financial receivables	4.8	54,438,695	54,438,695	18,940,225	18,940,225
Cash and cash equivalent	4.7	62,293,432		56,471,518	
Current assets		254,517,265		158,705,619	
Total assets		796,786,859		677,755,516	
Share capital	4.15	51,670,525		51,595,905	
Premium reserve	4.15	173,374,223		172,271,861	
Other reserve	4.15	348,383,314		161,659,991	
Net result	4.15	173,929,732		157,649,576	
Equity		747,357,794		543,177,333	
Long-term borrowings	4.13	993,514		1,221,055	
Employees pension fund	4.12	1,618,516		1,141,015	
Deferred tax liabilities	4.5	2,410,021		64,865,248	
Non-current liabilities		5,022,051		67,227,318	
Short-term borrowings	4.13	322,754		384,251	
Trade accounts payable	4.10	16,111,947		18,991,164	
Intra-group accounts payable	4.10	41,797	41,797	10,775	10,775
Tax liabilities	4.14	12,251,795		29,088,408	
Other current liabilities	4.11	6,333,653	441,845	6,799,056	2,207,007
Other current liabilities intra-group	4.11	9,345,068	9,345,068	12,077,211	12,077,211
Current liabilities		44,407,014		67,350,865	
Total liabilities and equity		796,786,859		677,755,516	

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CHANGES IN EQUITY

Statement of changes in equity		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
(Euro)	Notes										
Shareholders' equity at 1 January 2019	4.15	51,164,025	171,593,981	10,300,000	(108,075)	79,102,013	0	(20,638)	25,078,791	138,742,201	475,852,298
Allocation of Last Year Result		0	0	0	0	0	12,261	0	138,729,940	(138,742,201)	0
Share capital and reserves increase		431,880	677,880	0	0	0	0	0	(423,480)	0	686,280
Reclassification		0	0	0	0	0	0	0	0	0	0
Dividends		0	0	0	0	0	0	0	(100,849,568)	0	(100,849,568)
Other movements in Equity		0	0	0	4,897	(41,878,189)	0	0	51,712,039	0	9,838,747
Result of the period		0	0	0	0	0	0	0	0	157,649,576	157,649,576
Shareholders' equity at 31 December 2019	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
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
Reclassification		0	0	0	0	0	0	0	0	0	0
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

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CASH FLOWS

Statement of cash flow (Euro)	2020	of which related parties (note 8.1)	2019	of which related parties (note 8.1)
Cash flow from operating activities				
Net result of the period	173,929,732		157,649,576	
Depreciation and amortization	1,147,967		1,364,532	
Net financial (income)/expenses	(67,772)		403,218	
	7,858,405		6,163,059	
Equity-settled share-based payment transactions				
Income tax expenses	(14,949,883)		32,401,283	
Changes in trade receivables - (Increase)/Decrease	(75,238,156)	(75,489,832)	(6,029,034)	(6,030,520)
Changes in trade payables - Increase/(Decrease)	(3,848,195)	31,022	(698,048)	(2,277,079)
Changes in other current assets/liabilities	312,860	(1,765,162)	450,808	51,503
Cash flow generated/(absorbed) from operating activities	89,144,958		191,705,394	
Interest paid	(342,356)		(400,539)	
Interest received	336,600		161,435	
Income tax paid	(89,382,904)		(42,197,669)	
Income tax received from fiscal consolidation	53,725,682		19,352,211	
VAT received from Fiscal Consolidation	(12,346,306)		12,077,211	
Changes in other non-current assets/liabilities	348,527		113,790	
Net cash flow from operating activities (a)	41,484,201		180,811,833	
Cash flow from investing activities				
Purchase of tangible and intangible fixed assets	(830,916)		(904,106)	
Net cash flow from investing activities (b)	(830,916)		(904,106)	
Cash flow from financing activities				
Repayment of current and non-current lease liabilities	(448,972)		(328,291)	
Short-term borrowings variation, other than bank borrowings	(35,498,470)	(35,498,470)	(9,142,510)	(9,142,510)
Transaction related to equity	0		(15,101,841)	
Dividends paid to shareholders	0		(100,849,568)	
Share Capital and reserves increase	1,116,022		686,280	
Net cash flow from financing activities (c)	(34,831,420)		(124,735,930)	
Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)	5,821,865		55,171,797	
Cash and cash equivalents at the beginning of the period	56,471,518		1,299,721	
Net increase/(decrease) in cash and cash equivalents	5,821,865		55,171,797	
Cash and cash equivalents at the end of the period	62,293,383		56,471,518	

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 2020, holds 22.5% of the share capital of Moncler S.p.A.

It is the Parent Company for the Moncler Group (hereinafter referred to as the “Group”) comprising Industries S.p.A., the Italian subsidiary, and 35 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.

1.2. Basis for the preparation of the separate financial statements

1.2.1. Relevant accounting principles

The 2020 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.

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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

SEPARATE FINANCIAL STATEMENTS

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.

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2. SIGNIFICANT ACCOUNTING PRINCIPLES

The accounting principles set out below have been applied consistently for fiscal year 2020 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.

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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.

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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

On an annual basis, the Company tests for impairment property, plant and equipment and intangible assets with a definite useful life. Whenever events or changes in circumstance indicate that the carrying amount may not be recoverable, an impairment loss is recognised for the amount by which the carrying amount exceeds 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.

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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

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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);

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- 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

Accounting standards, amendments and interpretations effective from 1 January 2020

Document title	Issue date	Effective from	Approval date	EU regulation and date of publication
Amendments to references to Conceptual Framework in IFRS standards	March 2018	1 January 2020	29 November 2019	(UE) 2019/2075 6 December 2019
Definition of material (Amendments to IAS 1 and IAS 8)	October 2018	1 January 2020	29 November 2019	(UE) 2019/2104 10 December 2019
Reform of the reference indices for the determination of interest rates (Amendments to IFRS 9, IAS 39 and IFRS 7)	September 2019	1 January 2020	15 January 2020	(UE) 2020/34 16 January 2020
Definition of business (Amendments to IFRS 3)	October 2018	1 January 2020	21 April 2020	(UE) 2020/551 22 April 2020
Covid-19-related rent concessions (Amendments to IFRS 16)	May 2020	1 June 2020	9 October 2020	(UE) 2020/1434 12 October 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	Issue date	Effective from	Approval date	EU regulation and date of publication
Extension of the	June 2020	1 January	15 December	(UE) 2020/2097

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temporary extension from the application of IFRS 9 (Amendments to IFRS 4)		2021	2020	16 December 2020
Reform of the reference indices for the determination of interest rates - Fase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	August 2020	1 January 2021	13 January 2021	(EU) 2020/25 14 January 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”.
IFRS 17 Insurance Contracts, including subsequent amendments issued in June 2020	May 2017 June 2020	1 January 2023	TBD
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 the IASB project on the equity method
Reference to the Conceptual	May 2020	1 January 2022	TBD

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Framework (Amendments to IFRS 3)			
Property, plant and equipment: proceeds before intended use (Amendments to IAS 16)	May 2020	1 January 2022	TBD
Onerous contracts—Cost of fulfilling a contract (Amendments to IAS 37)	May 2020	1 January 2022	TBD
Annual improvements to IFRS Standards (Cycle 2018–2020)	May 2020	1 January 2022	TBD
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	TDB

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 decrease of 34,738 thousand euros when compared to the prior year is due to the reduction of business volume, due to the effects of Covid-19 pandemic.

3.2. General and administrative expenses

General and administrative expenses amounted to 39,637 thousand euros (37,503 thousand euros in 2019) and primarily include designing and product development expenses in the amount of 10,763 thousand euros (10,157 thousand euros in 2019), the personnel expenses of other functions in the amount of 9,663 thousand euros (7,555 thousand euros in 2019), legal, financial and administrative expenses in the amount of 2,250 thousand euros (1,870 thousand euros in 2019), directors' fees in the amount of 2,308 thousand euros (4,002 thousand euros in 2019), auditing and attestation service, statutory auditors expenses, costs for supervisory body and internal audit in the amount of 404 thousand euros (429 thousand euros in 2019).

This item also includes costs related to stock-based compensation plans for 7.958 thousand euros (6.402 thousand euros in 2019).

3.3. Marketing expenses

Marketing expenses amounted to 40,452 thousand euros (45,383 thousand euros in 2019) and are mostly made up of expenses related to media-plan and events. The decrease of the item in respect to last year is also due to the selection and focus of all marketing projects decided after the Covid-19 outbreak.

To support the Milanese community during the pandemic, the Company also decided to allocate approximately 10 million euros to support social initiatives including the creation of a home healthcare programme and the digitization of primary and secondary schools.

3.4. Personnel expenses, depreciation and amortisation

The total personnel expenses, included under general and administrative expenses, amounted to 12,463 thousand euros (9,755 thousand euros in 2019) including social security contribution and leaving indemnity expenses.

The average number of FTE ("full-time-equivalent") in 2020 was 111 (88 in 2019).

In 2020 depreciation and amortisation amounted to 1,148 thousand euros (1,364 thousand euros in 2019).

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3.5. Financial income and expenses

The caption is broken down as follows:

(Euro/000)	2020	2019
Interest income and other financial income	337	161
Foreign currency differences - positive	84	0
Total financial income	421	161
Interests expenses and bank charges	(322)	(407)
Foreign currency differences - negative	0	(147)
Total financial expenses	(322)	(554)
Total net excluded interests on lease liabilities	99	(393)
Interests on lease liabilities	(31)	(10)
Total net	68	(403)

The caption interest expenses and bank charges mainly refers to the interests accrued on the correspondent account with the subsidiary Industries S.p.A.

In 2020 and 2019 the company had not received dividends.

3.6. Income tax

The tax impact on the income statement is detailed as follows:

(Euro/000)	2020	2019
Current income taxes	(48,470)	(32,379)
Deferred tax income (expenses)	63,420	(22)
Income taxes charged in the income statement	14,950	(32,401)

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

Current taxes in 2019 were affected by the registration of the tax credit relating to the tax relief of the Patent Box for 2019 and to research and development for 2018.

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:

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Reconciliation theoretic-effective tax rate (Euro/000)	Taxable Amount 2020	Tax Amount 2020	Tax rate 2020	Taxable Amount 2019	Tax Amount 2019	Tax rate 2019
Profit before tax	158,980			190,051		
Income tax using the Company's theoretic tax rate		(38,155)	24.0%		(45,612)	24.0%
Temporary differences		16	0.0%		1	(0.0)%
Permanent differences		(755)	(0.5)%		(395)	0.2%
Other differences		53,844	33.9%		13,605	(7.2)%
Income tax at effective tax rate		14,950	-9.4%		(32,401)	17.0%

The caption Other differences in 2020 mainly includes 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. This item also includes current IRAP and the tax credit relating to research and development.

The caption Other differences in 2019 mainly referred to the recognition of the above mentioned tax credit relative to the Patent Box tax relief and to the current IRAP and for the tax credit related to the research and development.

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4. COMMENTS ON THE STATEMENT OF FINANCIAL POSITION

4.1. Brands and other intangible assets

Brands and other intangible assets (Euro/000)	2020			2019
	Gross value	Accumulated depreciation and impairment	Net value	Net value
Brands	223,900	0	223,900	223,900
Software	434	(427)	7	15
Other intangible assets	7,898	(6,170)	1,728	1,592
Total	232,232	(6,597)	225,635	225,507

Intangible assets changes for the years 2020 and 2019 are shown in the following tables:

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)

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As at 31 December 2019

Gross value Brands and other intangible assets (Euro/000)	Brands	Software	Other intangible assets	Total
1 January 2019	223,900	434	6,175	230,509
Acquisitions	0	0	796	796
Disposals	0	0	0	0
Impairment	0	0	0	0
Other movements, including transfers	0	0	61	61
31 December 2019	223,900	434	7,032	231,366

Accumulated amortization Brands and other intangible assets (Euro/000)	Brands	Software	Other intangible assets	Total
1 January 2019	0	(405)	(4,388)	(4,793)
Depreciation	0	(14)	(1,052)	(1,066)
Disposals	0	0	0	0
Other movements, including transfers	0	0	0	0
31 December 2019	0	(419)	(5,440)	(5,859)

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 Moncler brand, which has an indefinite useful life, has not been amortised, but has been tested for impairment by management.

The impairment test on the brand was 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 the revenues that the brand is able to generate.

For the 2020 valuation, the expected cash flows and revenues for 2021 are based on the Budget approved by the Board of Directors on 28 January 2021, for 2022, on the 2020-2022 Business Plan approved by the Board of Directors on 11 June 2020 and for 2023 to 2025, on the basis of management estimates consistent with the expected development plans and the assessments of independent external consultants.

The "g" rate used was 2.9%.

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 cost of capital (WACC) was calculated at 7.8%.

The results of the sensitivity analysis indicate that the carrying amount of the Moncler brand is in line with the benchmark with a "g" rate = 0% and WACC = 69.8%.

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4.3. Property, plant and equipment

Property, plant and equipment (Euro/000)	2020			2019
	Gross value	Accumulated depreciation and impairment	Net value	Net value
Land and buildings	1,629	(440)	1,189	1,482
Plant and Equipment	5	(5)	0	0
Leasehold improvements	4	(2)	2	3
Other fixed assets	459	(265)	194	124
Assets in progress	16	0	16	108
Total	2,113	(712)	1,401	1,717

The changes in property, plant and equipment from for 2020 and 2019 is included in the following tables:

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)

As at 31 December 2019

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 2019	0	5	4	201	61	271
Acquisitions	1,116	0	0	20	108	1,244
Disposals	0	0	0	(25)	0	(25)
First time adoption IFRS16	594	0	0	99	0	693
Other movements, including transfers	0	0	0	0	(61)	(61)
31 December 2019	1,710	5	4	295	108	2,122

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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 2019	0	(5)	0	(109)	0	(114)
Depreciation	(228)	0	(1)	(69)	0	(298)
Disposals	0	0	0	7	0	7
Other movements, including transfers	0	0	0	0	0	0
31 December 2019	(228)	(5)	(1)	(171)	0	(405)

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 2020	1,482	55	1,537
Acquisitions	119	107	226
Disposals	(97)	0	(97)
Depreciation	(315)	(68)	(383)
31 December 2020	1,189	94	1,283

4.4. Investments in subsidiaries

Investments in subsidiaries are detailed in the following table:

Investments in subsidiaries (Euro/000)	Country	% ownership		Carrying amount	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Industries S.p.A.	Italia	100%	100%	312,663	291,296
Total				312,663	291,296

Financial information related to the subsidiaries are detailed in the following table:

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

Summary of subsidiary's financial information (Euro/000)	31 December 2019				
	Assets	Liabilities	Net equity	Revenues	Profit/(Loss)
Industries S.p.A.	1,284,607	528,658	755,949	1,060,821	173,097
Total	1,284,607	528,658	755,949	1,060,821	173,097

With reference to Industries S.p.A., it should be noted that the investment carrying value includes also the higher value recognised during its acquisition and attributable to the goodwill entirely allocated to Moncler business. At the reporting date, management found that there was no risk of impairment of the carrying amount, however lower than the net equity of the subsidiary, is fully recoverable given the positive performance of Moncler business and the current outlook; these assumptions are also supported by the impairment test performed on the consolidated cash generating unit of the Moncler business described in the Consolidated

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Financial Statements of the Moncler Group. The increase of the carrying value of the investment arises from the accounting treatment of the stock option plans and performance shares adopted by the Company and described in note 8.2.

Furthermore, the market capitalisation of the Company, based on the average price of Moncler share in 2020, shows a positive difference with respect to the net equity, indirectly confirming the value of the goodwill attributable to the Moncler business.

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 2020 and 31 December 2019:

Deferred taxation (Euro/000)	31 December 2020	31 December 2019
Deferred tax assets	1,429	457
Deferred tax liabilities	(2,410)	(64,865)
Net amount	(981)	(64,408)

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 2020	Taxes charged to the income statement	Taxes accounted for in Equity	First time adoption IFRS16	Other movements	Closing balance - 31 December 2020
Tangible assets	12	(8)	0	0	0	4
Employee benefits	27	0	8	0	0	35
Other temporary items	418	973	0	0	(1)	1,390
Tax assets	457	965	8	0	(1)	1,429
Intangible assets	(62,450)	62,455	0	0	0	5
Financial assets	(2,415)	0	0	0	0	(2,415)
Tax liabilities	(64,865)	62,455	0	0	0	(2,410)
Net deferred tax assets (liabilities)	(64,408)	63,420	8	0	(1)	(981)

Deferred tax assets (liabilities) (Euro/000)	Opening balance - 1 January 2019	Taxes charged to the income statement	Taxes accounted for in Equity	First time adoption IFRS16	Other movements	Closing balance - 31 December 2019
Tangible assets	0	4	0	8	0	12
Employee benefits	20	0	7	0	0	27
Other temporary items	440	(21)	0	0	(1)	418
Tax assets	460	(17)	7	0	(1)	457
Intangible assets	(62,447)	(5)	0	0	2	(62,450)
Financial assets	(2,414)	0	0	0	(1)	(2,415)
Tax liabilities	(64,861)	(5)	0	0	1	(64,865)
Net deferred tax assets (liabilities)	(64,401)	(22)	7	0	0	(64,408)

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

Deferred tax assets (liabilities) (Euro/000)	Taxable Amount 2020	Closing balance - 31 December 2020	Taxable Amount 2019	Closing balance - 31 December 2019
Tangible assets	13	4	42	12
Employee benefits	143	35	111	27
Other temporary items	5,798	1,390	1,744	418
Tax assets	5,954	1,429	1,897	457
Intangible assets	19	5	(223,835)	(62,450)
Financial assets	(10,064)	(2,415)	(10,064)	(2,415)
Tax liabilities	(10,045)	(2,410)	(233,899)	(64,865)
Net deferred tax assets (liabilities)	(4,091)	(981)	(232,002)	(64,408)

The caption other temporary items mainly refers to the Directors' remunerations.

4.6. Trade receivables

Trade receivables (Euro/000)	31 December 2020	31 December 2019
Trade receivables, third parties	258	509
Trade receivables, intra-group	135,820	60,330
Total, net value	136,078	60,839

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 2020, the caption cash and cash equivalent amounted to 62,293 thousand euros (56,472 thousand euros as at 31 December 2019) 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 2020	31 December 2019
Cash in hand and at the bank	62,293	56,472
Total	62,293	56,472

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4.8. Intra-group financial receivables

The item intra-group financial receivables, equal to 54,439 thousand euros (18,940 thousand euros as at 31 December 2019), refers to the correspondent account with the subsidiary Industries S.p.A.

4.9. Other current and non-current assets

Other current assets		
(Euro/000)	31 December 2020	31 December 2019
Advances on account to vendors	490	940
Prepaid expenses	577	505
Tax receivables excluding income taxes	342	704
Other current assets	29	0
Other current assets, intra-group	269	20,305
Total other current assets	1,707	22,454
Security / guarantees deposits	142	73
Other non current assets	1,000	0
Other non-current assets	1,142	73
Total	2,849	22,527

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 VAT consolidation, the same caption in 2019 included mainly amounts related to fiscal 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 2020, the caption trade payables pertains mostly to marketing and communication services.

Trade payables		
(Euro/000)	31 December 2020	31 December 2019
Trade payables, third parties	16,112	18,991
Trade payables, intra-group	42	11
Total	16,154	19,002

SEPARATE FINANCIAL STATEMENTS

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 2020, the caption other current liabilities included the following:

Other current liabilities		
(Euro/000)	31 December 2020	31 December 2019
Directors and audit related payables	442	2,207
Amounts payable to employees and consultants	1,936	2,342
Employees taxation payables	943	1,399
Other current liabilities	3,013	851
Other current liabilities, intra-group	9,345	12,077
Total	15,679	18,876

As at 31 December 2020 the caption other current liabilities, intra-group mainly included the amounts related to the fiscal consolidation and in 2019 it included the amounts related to VAT consolidation. For additional information please see note 8.1.

4.12. Employees pension fund

As at 31 December 2020, the caption includes the employee pension fund as detailed in the following table:

Employees pension funds - movements		
(Euro/000)	31 December 2020	31 December 2019
Net recognized liability - opening	1,141	995
Interest costs	10	16
Service costs	425	336
Payments	(55)	(208)
Actuarial (Gains)/Losses	98	2
Net recognized liability - closing	1,619	1,141

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	0.34%
Inflation rate	1.00%
Nominal rate of wage growth	1.00%
Labour turnover rate	12.60%
Probability of request of advances of TFR	0.70%
Percentage required in case of advance	70.00%
Life Table - Male	M2019 (*)
Life Table - Female	F2019 (*)

(*) Table ISTAT - resident population

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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%)	(59)
Discount rate (-0.5%)	63
Rate of payments Increases x (+0.5%)	(5)
Rate of payments Increases x (-0.5%)	5
Rate of Price Inflation Increases (+0.5%)	47
Rate of Price Inflation Decreases (-0.5%)	(44)
Rate of Salary Increases (+0.5%)	22
Rate of Salary Decreases (-0.5%)	(21)
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 2020	31 December 2019
Short-term financial lease liabilities	323	384
Short-term borrowings	323	384
Long-term financial lease liabilities	994	1,221
Long-term borrowings	994	1,221
Total	1,317	1,605

Borrowings amounted to 1,317 thousand euros (1,605 thousand euros in 2019) and refer only to financial lease liabilities. They are detailed in the following table:

Financial lease liabilities (Euro/000)	
Short-term financial lease liabilities	323
Long-term financial lease liabilities	994
Total	1,317

The changes in financial lease liabilities during 2020 are reported in the following table:

(Euro/000)	IFRS 16	Ex IAS17	Financial lease liabilities
1 January 2020	1,566	39	1,605
Acquisitions	129	0	129
Disposals	(408)	(41)	(449)
Financial expenses	27	5	32
Other movements, including transfers	0	0	0
31 December 2020	1,314	3	1,317

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

Ageing of the Long-term borrowings	31 December 2020	31 December 2019
(Euro/000)		
Within 2 years	255	308
From 2 to 5 years	494	523
Beyond 5 years	245	390
Total	994	1,221

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

Ageing of the lease liabilities not discounted	31 December 2020	31 December 2019
(Euro/000)		
Within 1 year	343	373
From 1 to 5 years	798	895
Beyond 5 years	249	401
Total	1,390	1,669

4.14. Tax assets and liabilities

Tax liabilities amount to 12,252 thousand euros as at 31 December 2020, net of current tax assets (29,088 thousand euros as at 31 December 2019). The balance pertains to IRES and IRAP payable.

4.15. Shareholders' equity

As at 31 December 2020 the subscribed share capital constituted by 258,352,624 shares was fully paid and amounted to 51,670,524.80 euros with a nominal value of 0.20 euros per share.

Changes in shareholders' equity for 2020 and the comparative period are included in the consolidated statements of changes in equity.

As at 31 December 2020, 5,585,803, treasury shares were held, equal to 2.2% of the share capital, for a total value of 184,731 thousand euros.

The increase of the share capital and the share premium reserve arised from the exercise of n. 68,300 vested options (for the same number of shares) in relation to the Stock Option Plan approved by the Shareholders Meeting of Moncler S.p.A. dated 23 April 2015 at the exercise price of 16.34 euros per share and the free capital increase in execution of the Performance Share Plan approved in 2016 (No. 304,800 shares).

The change in the IFRS 2 reserve is due to the accounting treatment of the Stock Option and 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.

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The change in retained earnings mainly relates mainly to the to the allocation of 2019 result, and the above mentioned reclassification of the IFRS 2 reserve .

In 2020 the Company didn't distribute dividends to the shareholders (100,850 thousand euros in 2019).

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	51,670,525	-	-	51,670,525	-	-	
<i>Reserves:</i>							
Legal reserve	10,319,181	B	-	10,319,181	-	-	
Share premium	173,374,223	A, B, C	173,359,299 ^(*)	14,924	-	-	
OCI Reserve	(193,452)	-	-	(193,452)	-	-	
Revaluation reserve	19,395	A, B	19,395	-	-	-	
FTA Reserve	(20,638)	A, B, C	-	(20,638)	-	-	
IFRS 2 Reserve	58,451,807	A, B, C	58,451,807	-	-	-	
Retained earnings	279,807,021	A, B, C	279,613,569	193,452	-	216,804,303	
Total share capital and reserves	573,428,062		511,444,070	61,983,992	-	216,804,303	
Non distributable amount			85,963				
Distributable remaining amount			511,358,107				

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 217,150,636 euros.

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 (Euro/000)	Employees pension fund - actuarial valuation			Fair value IRS		
	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 2019	(131)	23	(108)	0	0	0
Reclassification to Other reserves	0	0	0	0	0	0
Changes in the period	(2)	7	5	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 2019	(133)	30	(103)	0	0	0
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

5. COMMITMENTS AND GUARANTEES GIVEN

5.1 Commitments

The Company has no significant commitments deriving from operating lease contracts that do not fall within the scope of application 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.

7.1 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 2019, 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 2020 is connected mostly to changes in interest rates relate to outstanding loans.

As at 31 December 2020 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.

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7.2 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.

7.3 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.

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.

7.4 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

8.1 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 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 2020		Net value
	Receivables	Payables	
Industries S.p.A.	190,469	(9,370)	181,099
Other Group companies	59	(17)	42
Total	190,528	(9,387)	181,141

Intercompany transactions (Euro/000)	2020		Net value
	Revenues	Expenses/Other revenues net	
Industries S.p.A.	237,971	(2,013)	235,958
Other Group companies	0	74	74
Total	237,971	(1,939)	236,032

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 2020 amounted to 238.0 million euros (272.4 million euros in 2019).

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 2020 are 2,253 thousand euros (3,977 thousand euros in 2019).

Compensation paid of the members of the Board of Auditors in 2020 are 142 thousand euros (same amount in 2019).

In 2020 the costs relating to Stock Option Plans and Performance Shares (described in note 8.2) referring to members of the Board of Directors amount to 2,611 thousand euros (3,672 thousand euros in 2019).

There are no other related-party transaction.

The following tables summarise the afore-mentioned related-party transactions that took place during 2020 and the prior year:

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(Euro/000)	Type of relationship	Note	31 December 2020	%	31 December 2019	%
Industries S.p.A.	Trade transactions	c	237,971	99.7%	272,386	99.7%
Industries S.p.A.	Trade transactions	b	(2,266)	2.8%	(2,175)	2.6%
Industries S.p.A.	Interest income on correspondence current account	d	332	79.0%	156	96.3%
Industries S.p.A.	Interest expense on financing agreement	a	(79)	22.4%	(413)	73.1%
Other Group companies	Trade transactions	b	74	(0.1)%	2	(0.0)%
Directors and board of statutory auditors	Labour services	b	(2,395)	3.0%	(4,120)	5.0%
Directors	Labour services	b	(2,611)	3.3%	(3,672)	4.4%
Total			231,026		262,164	

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 2020	%	31 December 2019	%
Industries S.p.A.	Trade payables	b	(25)	0.2%	(9)	0.0%
Industries S.p.A.	Financial receivables	f	54,439	100.0%	18,940	100.0%
Industries S.p.A.	Debt from fiscal consolidation	d	0	0.0%	(12,077)	64.0%
Industries S.p.A.	Credit from fiscal consolidation	e	269	15.8%	0	0.0%
Industries S.p.A.	Trade receivables	c	135,761	99.8%	60,327	99.2%
Industries S.p.A.	Credit from fiscal consolidation	e	0	0.0%	20,305	90.4%
Industries S.p.A.	Debt from fiscal consolidation	d	(9,345)	59.6%	0	0.0%
Other Group companies	Trade receivables	c	59	0.0%	3	0.0%
Other Group companies	Trade payables	b	(17)	0.1%	(2)	0.0%
Directors and board of statutory auditors	Other current liabilities	d	(442)	2.8%	(2,207)	11.7%
Total			180,699		85,280	

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 2020 and 2019:

(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%
(Euro/000)	31 December 2019									
	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	272,386	(9,965)	(413)	156	60,330	20,305	(11)	(14,284)	0	18,940
Total financial statement	273,340	(82,886)	(565)	162	60,840	22,454	(19,002)	(18,876)	(1,605)	18,940
Weight %	99.7%	12.0%	73.1%	96.3%	99.2%	90.4%	0.1%	75.7%	0.0%	100.0%

8.2 Stock-based compensation plans

The Financial Statements at 31 December 2020 reflects the values of the Stock Option Plans approved in 2015, the Performance Shares Plan approved in 2016, in 2018 and in 2020.

The costs related to stock-based compensation plans are equal to 7.959 thousand euros in the 2020, compared with 6.402 thousand euros in 2019.

With regard to **Stock Option Plan approved in 2015**, please note that:

- The 2015 Plan provided for a vesting period which ended with the approval of the Consolidated Financial Statements as at 31 December 2017. The exercise of the options granted was on condition that the specific performance goals related to Group's consolidated EBITDA were achieved. Please note that these performance goals have been achieved;
- The options could be exercised within 30 June 2020 at the latest;
- The exercise price of the options was equal to 16.34 euros and allows for the subscription of shares in the ratio of one ordinary share for every option exercised;
- The fair value of 2015 Plan was estimated at the grant date using the Black-Scholes method, based on the following assumptions:
 - share price at the grant date of the options 16.34 euros;
 - estimated life of options equal to the period from the grant date to the following estimated exercise: 31 May 2019;
 - dividend yield 1%;
 - fair value per tranches 3.2877 euros.
- There are no effect on the income statement of 2020, while the increase of the net equity for the exercise of the vested options of the Plan amounted to 1,116 thousand euros.
- As at 31 December 2020 there aren't options still in circulation.

On 20 April 2016, the Shareholders' Meeting of Moncler approved the adoption of a Stock Grant Plan entitled "**2016-2018 Performance Shares Plan**" ("2016 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 to pursuing 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 No. 3,800,000 resulting from a capital increase and/or from the allocation of treasury shares.

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The Plan provides for a maximum of 3 cycles of attribution; the first attribution cycle, approved during 2016, ended with the assignment of 2,856,000 Moncler Rights, the second attribution cycle approved on 29 June 2017 assigned 365,500 Moncler Rights.

As regards the first allocation cycle, the plan ended in 2019; for further information please refer to 2019 Annual Report.

As regards the second allocation cycle:

- The 3-year vesting period ended with the approval of the Draft Financial Statements as at 31 December 2019.
- The performance targets were met, together with the over-performance condition.
- Therefore, No. 388,800 shares (including No. 64,800 shares deriving from over-performance) were assigned to the beneficiaries through a share capital increase (No. 304,800 shares) and the allocation of treasury shares (No. 84,000 shares).

As at 31 December 2020 there aren't rights still in circulation.

The effect on the income statement on the year 2020 amounted to 191 thousand euros.

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 at 31 December 2020 there were still in circulation 1,232,638 rights related to the first cycle of attribution and 295,504 rights related to the second cycle of attribution. With reference to Moncler S.p.A., as at 31 December 2020 there were still in circulation 292,595 rights related to the first cycle of attribution and 114,906 rights related to the second cycle of attribution.

The effect on the income statement on the year 2020 amounted to 6,566 thousand euros.

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.

SEPARATE FINANCIAL STATEMENTS

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.

As at 31 December 2020 there were still in circulation 1,252,977 rights related to the first cycle of attribution. With reference to Moncler S.p.A., as at 31 December 2020 there were still in circulation 207,126 rights.

The effect on the income statement on the year 2020 amounted to 1,102 thousand euros.

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

In addition to the extraordinary impact on the Group's financial data generated by the Covid-19 pandemic, already commented per single item of this consolidated annual report, we point out that, 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 Board of Directors held at the end of the Ordinary and Extraordinary Shareholders' Meeting resolved to implement the Stock Grant Plan and, consequently, approved the plan's implementation regulation and resolved the granting of 1,350,000 shares to 106 beneficiaries.

The description of the incentive loyalty plans and the related costs are included in note 8.2.

The Board of Directors of Moncler S.p.A., on 6 December 2020, approved unanimously the project of integration of Sportswear Company S.p.A., owner of the Stone Island brand, into Moncler. 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. This transaction will be finalized in 2021.

SEPARATE FINANCIAL STATEMENTS

8.4 Atypical and/or unusual transactions

It should be noted that during 2020 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 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 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	-	-	-	2
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 2019	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 (*)	60,840	73		
Cash and cash equivalents (*)	56,472	-		
Financial receivables (*)	18,940			
Sub-total	136,252	73		
Total	136,252	73		

SEPARATE FINANCIAL STATEMENTS

(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)	-		
Bank overdrafts (*)	-	-		
Short-term bank loans (*)	-	-		
Bank loans (*)	-	-		
IFRS 16 financial loans (*)	(323)	(994)		
Sub-total	(19,490)	(994)	-	
Total	(19,490)	(994)	-	

(Euro/000)				
31 December 2019	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 (*)	(19,853)	-		
Bank overdrafts (*)	-	-		
Short-term bank loans (*)	-	-		
Bank loans (*)	-	-		
IFRS 16 financial loans (*)	(384)	(1,221)		
Sub-total	(20,237)	(1,221)	-	
Total	(20,237)	(1,221)	-	

(*) 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.

SEPARATE FINANCIAL STATEMENTS

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 2020
Audit	KPMG S.p.A.	156,721
	Network KPMG S.p.A.	-
Attestation services	KPMG S.p.A.	50,170
	Network KPMG S.p.A.	2,000
Other services	KPMG S.p.A.	32,543
	Network KPMG S.p.A.	237,100
Total		478,534

8.7 Disclosure pursuant to Italian law n. 124/2017

Pursuant to the requirements of Law no. 124/2017, in 2019 the company Moncler S.p.A. benefited from 2,349 thousand euros in tax credit relating to research and development for the year 2019, from 28 thousand euros in tax credit relating to sanitization and PPE and from 39 thousand euros in Art Bonus contribution.

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

There are no significant events that took place after the close of the year.

10. MOTION TO APPROVE THE FINANCIAL STATEMENTS AND THE ALLOCATION OF THE RESULT FOR THE YEAR ENDED 31 DECEMBER 2020

In conclusion to these explanatory notes, we invite you to approve the Moncler S.p.A.'s separate financial statements.

We propose to approve the distribution of a gross unit dividend of 0.45 euros per ordinary share, based on the 2020 profit of Moncler S.p.A., which amounts to 173,929,732 euros.

The total amount to be distributed as a dividend, taking into account the shares issued at 31 December 2020 (252,766,821), net of treasury shares directly held by the company (5,585,803), is equal to 113.7 million euros¹.

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 and for any capital increase related to the deal with Sportswear Company S.p.A.

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 2020.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the consolidated financial statements at 31 December 2020 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 2020 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.

18 February 2021

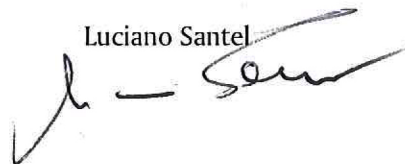
CHAIRMAN OF THE BOARD OF
DIRECTORS AND CHIEF EXECUTIVE
OFFICER

Remo Ruffini



EXECUTIVE OFFICER RESPONSIBLE
FOR THE PREPARATION OF THE
COMPANY'S FINANCIAL STATEMENTS

Luciano Santel





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(Translation from the Italian original which remains the definitive version)

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 2020, the income statement and the statements of other 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 2020 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.

Recoverability of goodwill and the Moncler 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
<p>The consolidated financial statements at 31 December 2020 include the Moncler trademark (the "trademark") with a carrying amount of €224 million, which is an intangible asset with an indefinite useful life, and goodwill of €156 million.</p> <p>At least annually, at the reporting date, the group checks the recoverable amount of the trademark and goodwill. It calculates the recoverable amount of the trademark and goodwill by estimating its value in use, using a method that discounts its expected cash flows. Specifically, with reference to the trademark, it used the royalty relief method.</p> <p>These methods, by their very nature, require a high level of directors' judgement about:</p> <ul style="list-style-type: none"> — 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. <p>For the above reasons, we believe that the recoverability of the trademark and goodwill is a key audit matter.</p>	<p>Our audit procedures, which also involved our own specialists, included:</p> <ul style="list-style-type: none"> — understanding the process adopted to prepare the impairment test; — understanding the process adopted for the preparation of i) the 2020-2022 business plan approved by the parent's board of directors on 11 June 2020, ii) the 2021 budget approved by the parent's board of directors on 28 January 2021, iii) the 2023-2025 management estimates, 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 trademark and goodwill; — checking the sensitivity analyses presented 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 trademark, goodwill and the related impairment tests.
-

Measurement of inventories

Notes to the consolidated financial statements: paragraph 5.5 "Inventory"

Key audit matter	Audit procedures addressing the key audit matter
<p>The consolidated financial statements at 31 December 2020 include inventories of €203 million, net of the allowance for inventory write-down of €184 million.</p> <p>Determining the allowance for goods write-down is a complex accounting estimate, entailing a high level of judgement as it is affected by many factors, including:</p> <ul style="list-style-type: none"> — the characteristics of the group's business segment; — the sales' seasonality; — the price policies adopted and the distribution channels' selling ability. <p>For the above reasons, we believe that the measurement of inventories is a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — 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;



Moncler Group
Independent auditors' report
31 December 2020

— 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.



Moncler Group
Independent auditors' report
31 December 2020

Report on other legal and regulatory requirements

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 2020 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 2020 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 2020 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 3.10 of Legislative decree no. 254/16, we attested the compliance of the non-financial statement separately.

Treviso, 10 March 2021

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 2020.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the separate financial statements at 31 December 2020 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:

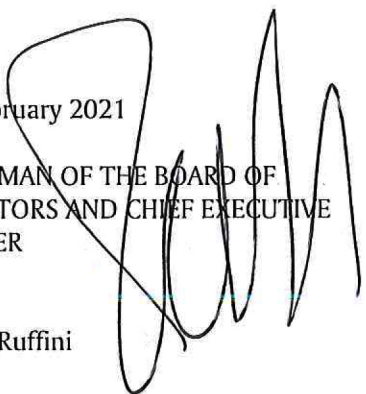
- a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Council, dated 19 July 2002
- b) correspond to the amounts shown in the Company's accounts, books and records; and
- c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company as of 31 December 2020 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.

18 February 2021

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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(Translation from the Italian original which remains the definitive version)

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 2020, 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 2020 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 trademark

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
<p>The separate financial statements at 31 December 2020 include the Moncler trademark (the “trademark”) with a carrying amount of €224 million, which is an intangible asset with an indefinite useful life.</p> <p>At least annually, at the reporting date, the company checks the recoverable amount of the trademark.</p> <p>It calculates the recoverable amount of the trademark by estimating its value in use, using a method that discounts its expected cash flows. Specifically, it used the royalty relief method.</p> <p>This method requires a high level of directors’ judgement about:</p> <ul style="list-style-type: none"> — 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. <p>For the above reasons, we believe that the recoverability of the trademark is a key audit matter.</p>	<p>Our audit procedures, which also involved our own specialists, included:</p> <ul style="list-style-type: none"> — understanding the process adopted to prepare the impairment test; — understanding the process adopted for the preparation of i) the 2020-2022 business plan approved by the parent’s board of directors on 11 June 2020, ii) the 2021 budget approved by the parent’s board of directors on 28 January 2021, iii) the 2023-2025 management estimates, 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 trademark; — checking the sensitivity analyses presented 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 trademark and the related impairment test.
-

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.



Moncler S.p.A.
Independent auditors' report
31 December 2020

Report on other legal and regulatory requirements

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 the a directors' report and a report on corporate governance and ownership structure at 31 December 2020 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 2020 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 2020 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, 10 March 2021

KPMG S.p.A.

(signed on the original)

Gianluca Zaniboni
Director of Audit

MONCLER S.p.A.

Share Capital

Euro 51,670,524.80 fully paid

Head office at Via Stendhal 47, Milan

Companies Register of Milan registration number and Tax Identification 04642290961

Economic Administrative Index 1763158

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**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 2020. The Board of Statutory Auditors was elected by the Shareholders' Meeting held on 11 June 2020 with the following members: Riccardo Losi, Chairman, Carolyn Dittmeier, standing auditor, Nadia Fontana, standing auditor.

During the 2020 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, the statutory provisions and the provisions issued by the Authorities performing supervision and control, and 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 public bodies, in its capacity as the “Audit Committee for Internal Control and Accounts”, performing additional specific control and monitoring duties with regard to financial reporting and legal auditing as provided for in Article 19 of the above-mentioned 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.

On 9 July 2020 the Board of Statutory Auditors gave a positive assessment for each member, following the process of self-assessment of the criteria for exercising the position of statutory auditor, on the basis of the principles laid down in Article 148 TUF and Regulation 162/2000 of the Ministry for the Economy and Finance with regard to integrity and professionalism; Art. 144-novies, para. 1-ter of the Issuers' Regulation with regard to independence; Art. 148-bis TUF and Articles 144-duodecies to 144-

quinquedecies of the Issuers' Regulation with regard to the limits on the number of corporate offices held.

The outcome of the assessment performed for each member of the Board also confirmed compliance with the requirements as set out in the Bylaws and the Code of Self-governance (from 1 January 2021, the Code of Corporate Governance), which the company has adopted.

The Board of Statutory Auditors now reports on its activities in 2020. The relevant information is provided below in accordance with the applicable provisions.

1. Supervision of compliance with laws, regulations and statutory provisions

During the year, the Board performed its activities by holding 15 meetings of which 3 were held by the Board of Statutory Auditors previously in office, and 12 were held by the Board currently in office.

The current Board also attended 14 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;
- at 7 meetings of the Nomination and Remuneration Committee ;
- at 6 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 involved, from the Officer Responsible for the Preparation of the Company's Financial Statements and from KPMG, the firm engaged for the legal auditing of the accounts;
- oversaw the adequacy of the Company's control functions, and their independence;
- in accordance with Article 149, para. 1 c-bis of Legislative Decree 58/1998, it oversaw the methods used in practice to implement the Code of Corporate Governance for listed companies, which the Company has adopted;
- checked that the criteria and verification procedures used by the Board to assess the various requirements for directors and statutory auditors have been properly applied;
- conducted its supervision of the internal control system, relying also on the activity of the Head of Internal Audit who attended some of the Board meetings ;
- oversaw the conformity of the regulation approved by the Board of Directors concerning related party transactions with the principles contained in Consob resolution no. 17221 of 12 March 2010 as amended, and oversaw compliance with said Regulation;
- met with the Supervisory Body set up in accordance with Legislative Decree 231/2001;

- met the Board of Statutory Auditors of the Group company Industries S.p.A., discussing, among other things, procedures for properly exchanging information about their activities;
- 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 Director in charge of the Internal Control and Risk Management System, also in his role as Officer Responsible for the Preparation of the Financial Statements, and from the CFO and heads of other company departments who were involved from time to time in the Board's supervisory activities.

With regard to the provisions of Article 2408 of the civil code, the Board of Statutory Auditors hereby informs the Shareholders' Meeting that no complaints were received from shareholders in 2020, concerning reportable events.

During the year, as far as the Board is aware there was no case of breach of the directors' duties as provided for in Articles 2406 and 2409 of the civil code.

2. Respect for the principles of sound administration and relations with related parties

The Board of Statutory Auditors oversaw the Company's compliance with laws and with the company bylaws and the principles of sound administration, with particular reference to operations which 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 CEO 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 Board of 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.

In particular the Board was informed about any operations in which the directors declared an interest either on their own account or on behalf of a third party, and they have no observations to make regarding the legal compliance of the related decisions.

2.1 Significant events

Information about the significant events involving the Company and the Group in 2020 and in the first part of 2021 is contained in the Annual Report and Consolidated Financial Statements for 2020. These events include, in particular:

-When initial reports were received about the spread of Covid-19, the Company promptly appointed an internal Task Force dedicated to managing the public health emergency, and immediately implemented

important actions and clear procedures to safeguard the health of its employees and protect the business. The Covid-19 pandemic has had a very significant impact on the results for 2020, both in terms of revenues and margins, as clearly illustrated in the Annual Report.

- On 31 March 2020, Moncler acquired from its Korean shareholder (Shinsegae International Inc.) a part of its shareholding in Moncler Shinsegae Inc., equal to 39.01% of the share capital, at a price of Euro 15.7 million. Following this acquisition, Moncler controls 90.01% of Moncler Shinsegae Inc.
- On 11 June 2020, the Ordinary Shareholders' Meeting approved, pursuant to Art. 114a TUF, the adoption of the "2020 Performance Shares Plan" for the Executive Directors, Key Managers, employees and contractors, including several external advisors whose services are key to the business of Moncler and its subsidiaries.
- On the same date, the Extraordinary Shareholders' Meeting also approved the granting of an authority to the Board of Directors pursuant to Article 2443 of the civil code, for a five-year period from the date of granting, in order to increase the share capital on a free, separable basis in several instalments pursuant to Article 2349 of the civil code, up to a maximum of EUR 400,000 by issuing a maximum of 2,000,000 ordinary shares to be allocated to the recipients of the "2020 Performance Shares Plan".
- On 11 June 2020, the Board of Directors of Moncler S.p.A. approved an exclusive global licence agreement with Interparfums SA, a French manufacturer of luxury fragrances and cosmetics, for the creation, production and distribution of fragrances and related products.
- On 6 July 2020, Moncler S.p.A. renewed, in advance, until 31 December 2025, the exclusive global licence agreement with the Marcolin Group for the design, production and distribution of sunglasses, frames and men's and women's ski goggles under the Moncler Lunettes brand.
- On 3 July 2020, Moncler S.p.A. signed a loan agreement with a leading bank for a total of EUR 400 million. The financing involves the granting of a sustainability-linked revolving credit facility to Moncler, based on a reward scheme linked to the attainment of specific carbon neutrality objectives, and the use of renewable energies.
- On 27 July 2020, the Board of Directors of Moncler S.p.A. approved the project to insource the online business. That process is expected to be completed in 2021.
- On 6 December 2020, the plan for the merger of Sportswear Company S.p.A. ("SPW") the company which owns the Stone Island brand, was approved. Under the agreement, Moncler will acquire the shareholding on the basis of a countervalue defined by the parties at EUR 1,150 million calculated on 100% of the capital.

The price for the share purchase will be paid in cash by Moncler, on condition that on the closing date the SPW shareholders have committed to subscribe to 10.7 million newly-issued Moncler shares with a countervalue equal to 50% of the price; the newly-issued shares will be valued, on the basis of the agreements reached, at the price of EUR 37.51 per share.

As Moncler's objective is to acquire the whole of SPW's share capital as of the operation's closing date, the Framework Agreement has also mapped out a route that will allow, in accordance with SPW's

bylaws and with the existing agreements between the SPW shareholders, the participation in the operation of Temasek Holdings (Private) Limited, an international investment firm based in Singapore which, through its own investment vehicle, holds 30% of SPW's share capital.

The operation is expected to close by 31 March 2021 in order to allow the consolidation of Stone Island into Moncler from 1 April 2021.

2.2 Related-party and intragroup transactions. Atypical and/or unusual transactions

The Company has a “*Procedure regulating operations with related parties*” (“Related Parties Procedure”), which was last updated on 9 May 2019, and which was adopted in accordance with Consob Regulation 17221/2010 as amended and with Article 2391a of the civil code. It also applies to operations carried out through the subsidiaries.

The Board of Statutory Auditors considers that these procedures respects the requirements of the above-mentioned Consob Regulation 17221/2010 as amended: during the past year the Board oversaw the Company’s compliance with these procedures.

The 2020 Annual Report, which includes the Board of Directors’ Report, the Consolidated Financial Statements and the Separate Financial Statements for 2020 of Moncler SpA, contains information about the income-related and equity effects of related-party transactions and also describes the main relationships.

In 2020, one operation that was classified as “major” under the Related Parties Procedure and two “minor” operations were brought to the attention of the Related Party Transactions Committee. The Board monitored the procedures used to define these operations, also 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 2020 Annual Report of the Company in relation to infragroup and related party transactions.

As far as we are aware, during the financial year 2020 no atypical and/or unusual operations were carried out.

3. Oversight of the adequacy of organisational structure

The organisational structure of the Company and of the Group, and the developments in that structure 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 and of the Code of Ethics. It also obtained information about the performance of its activities from the half-yearly reports issued by the Supervisory Body (SB) itself on 24 July 2020 and on 16 February 2021. It appears that the SB has overseen the efficiency, efficacy and adequacy of the Organisational Model in terms of preventing and combating the crimes governed by Legislative Decree 231/2001; on the recipients' observance of the requirements of the Model; on the updating of the Model, by making proposals to the Company Bodies and by implementing the staff training programme. The Supervisory Body did not report any critical issues following its activity.

The Board of Statutory Auditors met its counterpart from the subsidiary Industries SpA, and on 10 March 2021 it obtained the report provided by that Board, which did not reveal any issue that would require a mention in this report.

4.Oversight of the adequacy of the internal control and risk management system, and of the administration and accounting system; monitoring of the financial and non-financial reporting process

4.1 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) noted the semi-annual assessment of adequacy given for the ICRMS of the Internal Audit Function, and obtained information from the Director in charge of the Internal Control and Risk Management System and the managers of the company departments involved in that system;
- x) noted the developments in the Group's regulatory system;
- xi) examined the updates made to the Audit Plan and the Compliance Plan during the course of the year in consideration of the Covid-19 emergency, also in the wake of the outcome of the Covid-19 risk assessment;
- xii) obtained information about the setting-up of the Task Force, with the involvement of the Compliance Function which was appointed by the Company to manage the emergency, and to draft and update the "Anti Covid-19 Protocols" and guidelines adopted by Moncler for the safe management of operations at the corporate offices and in all the stores of the Group.

In light of the above, nothing has emerged that would lead this Board to consider that the Company's overall system of internal controls and risk management is inadequate.

4.2 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 of the managers responsible, also pursuant to law 262/2005, and the work of the Internal Audit Function with the aim of 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.

The exchange, with the managers of the auditing firm, of information which is relevant in the performance of their respective duties pursuant to Article 150 paragraph 3 TUIF, did not reveal any issue which requires a mention in this report.

At the meeting on 5 March 2021, 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, later issued on 10th March 2021, and found that it 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 independent auditing firm.

4.3 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 decision 20267 of 18 January 2018, the Company is required to prepare and publish a consolidated Non-Financial Report (“NFR”). In accordance with Legislative Decree no. 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 a non-financial report.

The Board of Directors approved the NFR on 18 February 2021; 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 10 March 2021, 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.

5. Oversight of the legal auditing of accounts

5.1 Legal auditing of the accounts

In accordance with the provisions of Article 19 of Legislative Decree 39/2010, the Board of Statutory Auditors which is identified in that Article as the “Audit Committee for Internal Control and Accounts” performed the required oversight of the work of the External Auditing Firm.

The Board of Statutory Auditors met the External Auditing Firm KPMG S.p.A. on several occasions,

also pursuant to Article 150 TUF, in order to exchange information about that firm's activity. At the meetings, the External Auditing Firm did not highlight anything that could be considered open to criticism, nor any irregularity that would require a mention pursuant to Article 155 paragraph 2 TUF.

On 10 March 2021 the Auditing Firm, pursuant to Article 14 of Legislative Decree 39/2010, issued the Independent Auditor's Report on the Separate Financial Statements and the Consolidated Financial Statements for the year ending 31 December 2020. With regard to the opinions and certifications, in its independent auditing report, the External Auditing Firm:

- 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 2020, 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 2020 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;
- 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, in the presence of the Officer Responsible for the Preparation of the Company's Financial Statements, acting also in his capacity as the Director in charge of the Internal Control and Risk Management System, and of the managers of the External Auditing Firm, 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 10 March 2021, the External Auditing Firm also gave the Board of Statutory Auditors a supplementary report as provided for in Article 11 of Regulation (EU) No. 537/2014. In an annex to that report, the auditing 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.

The Annual Report, which includes the Board of Directors' Report, the Consolidated Financial Statements and the Separate Financial Statements, illustrates the business performance and the growth of the Group. It also contains the appropriate information about Covid-19.

5.2 Activities of the Board of Statutory Auditors with reference to non-audit services

During 2020, 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 Audit Committee for Internal Control and Accounts, 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 the compatibility of these services 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 (Article 10 et seq) in the Issuers' Regulation (1498 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 non-audit services provided to the Company and its subsidiaries in 2020 by the External Auditing Firm or by other companies in its network, are itemised, with details of audit services, attestation and other services, in paragraph 10.7 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 Audit Committee for Internal Control and Accounts, also supervised the trend in the payment of fees in light of the limits of Article 4 of Regulation EU 537/2014.

5.3 Activities of the Board of Statutory Auditors in view of conferral of the mandate for the legal auditing of accounts for the nine-year period 2022-2031

In December 2020 the Board of Statutory Auditors, in its capacity as the Audit Committee for Internal Control and Accounts, supported by the competent company offices, commenced a procedure to identify the new auditing firm to whom the mandate for the 2022-2031 period would be given. The decision to start this procedure early, ahead of the expiry of KPMG's mandate (on the approval of the financial statements to 31 December 2021) was dictated mainly by the need to assure compliance with the independence criteria for auditing firms as laid down in Regulation EU 537/2014, by which the Company is bound in its capacity as a "public interest entity" (PIE). Art. 5 of Regulation EU 537/2014 identifies specific services that the auditor and companies in its network cannot provide to the entity in question or to its subsidiaries, also in the "cooling-in period", which is the year immediately prior to the first year of the auditing mandate (in the case of Moncler, in the 2021 financial year). Secondly, the appointment of the new auditor ahead of the expiry of the auditing firm currently under mandate,

facilitates the handover between the incoming and outgoing auditors. This allows the incoming auditor to deal more efficiently with its naturally less extensive knowledge of the PIE and its group, with a view to improving the quality of the legal audit. In accordance with the requirements of Article 16 of Regulation EU 537/2014, the procedure for the selection of the new auditor was conducted in a fully transparent, traceable manner and on the basis of clear, non-discriminatory evaluation criteria. The Board of Statutory Auditors has agreed with the Company and with the controlling body of the subsidiary Industries S.p.A., that the award to a single entity of the mandate to audit the accounts of the whole Group allows for greater efficiency and quality in the performance of the audit activities. The single-auditor approach also meets the need for greater consistency in the application of rules regarding auditors' independence. In accordance with the applicable laws, auditing firms with experience and competence in auditing the accounts of publicly-listed companies, and with suitable knowledge and offices to perform the auditing mandate within an international group operating in the insurance sector, were invited to take part in the procedure. The Board of Statutory Auditors examined the candidates' proposals in detail, and met with their representatives, assisted by the competent company offices. At the end of the tender procedure, at a meeting on 3 March 2021, the Board of Statutory Auditors approved the recommendation required pursuant to Article 16 paragraph 2 of Regulation EU 537/2014, which was made available to the Company's shareholders ahead of the meeting to approve the financial statements to 31 December 2020, which was called to authorise the granting of the auditing mandate. In the Recommendation, in accordance with the provisions of Article 16 of Regulation EU 537/2014, the Board of Statutory Auditors indicated two possible alternatives and expressed a duly justified preference for one of the two candidates. The Recommendation also contained a detailed illustration of the phases of the selection procedure, the selection criteria that were applied, and the outcome of the assessments made by the Board of Statutory Auditors.

6. Adoption of the Corporate Governance Code, Composition of the Board of Directors and Remuneration

As indicated in the Report on Corporate Governance and Ownership Structure, until the end of the 2020 financial year, Moncler adopted the Code of Self-governance for listed companies approved in July 2018 by the Corporate Governance Committee. Moncler then adopted the Corporate Governance Code which became applicable on 1 January 2021.

The Board of Statutory Auditors has assessed the way in which the Corporate Governance Code, promoted by Borsa Italiana (Corporate Governance Code of Self-Governance until 31 December 2020) and adopted by Moncler in the terms illustrated in the Report on Corporate Governance and Ownership Structure was implemented, and has no observations to make in this regard.

The Board of Statutory Auditors has noted that the Board of Directors has assessed the function, size and composition of the Board and of its board Committees in accordance with Article 4 of the Code of

Corporate Governance. The process of Board evaluation is described in the Report on Corporate Governance and Ownership Structure.

The process and results of the self-assessment of the Board of Directors carried out for the 2020 financial year were presented, discussed and agreed by the Board of Directors with the assistance of the external advisor Morrow Sodali, at the Board meeting on 18 February 2021 which was attended by the Board of Statutory Auditors.

The Board of Statutory Auditors 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”. Likewise it verified the existence of the criteria for its own independence, and sent the results to the Board of Directors.

On 26 January 2021 the Board of Statutory Auditors performed a self-assessment of its composition and functioning, and discussed and agreed the overall results.

On the same day, the Board of Statutory Auditors again gave a positive assessment for each member following the process of self-assessment of the criteria for exercising the position of statutory auditor, which had already been verified immediately after the positions were accepted on 11 July 2020.

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 .

7. Omissions or reprehensible facts, opinions rendered and initiatives taken

During the year, the Board did not receive any complaints or reports of irregularities pursuant to Article 2408 of the civil code.

During the year the Board gave opinions in accordance with the requirements of the Corporate Governance Code of Self-governance (criteria 7.C.1. and 7.C.2.) in relation to the following activities within the remit of the Board of Directors, having positively verified compliance with the requirements for the operation or activity in question:

- approval of the audit plan prepared by the Head of Internal Audit;
- determination of the variable remuneration for the Head of Internal Audit, in line with company policies ;

A positive opinion was also given in relation to the determination of the remuneration of a director with specific duties (Article 2389 paragraph 3 civil code), and the cohesion of this proposal with the Company’s remuneration policy was also verified.

Finally, on 18 February 2021, with regard to the approval of the Audit Plan for 2021, the Board expressed a favourable opinion and recommended a review of the resources given to the Internal Audit Function upon completion of the Stone Island acquisition, taking into account the fact that Stone Island

does not have its own internal audit function.

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.

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 2020, 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.

Rome, 12 March 2021

Board of Statutory Auditors

Riccardo Losi, Chairman

Carolyn Dittmeier

Nadia Fontana