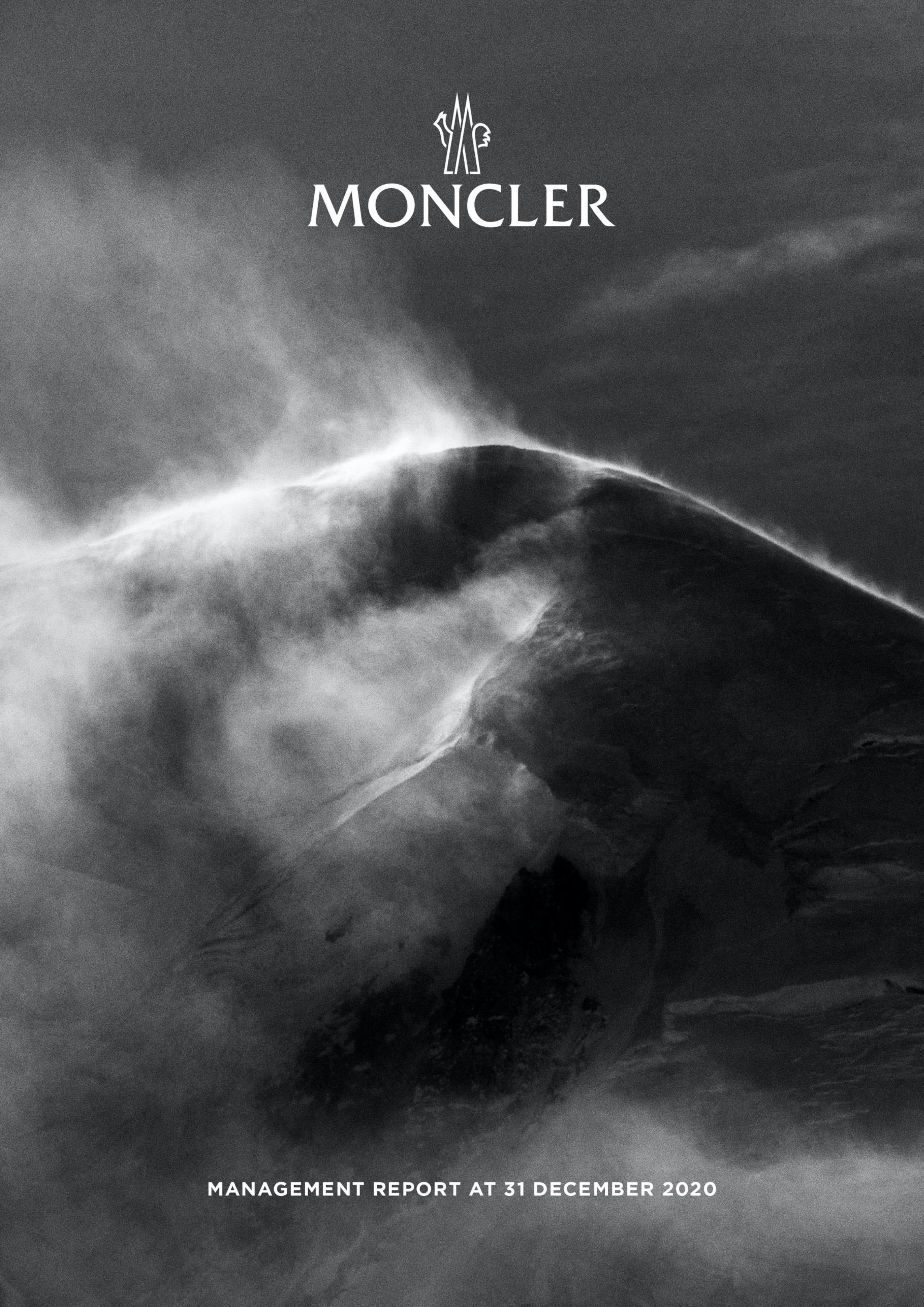


MONCLER

MANAGEMENT REPORT AT 31 DECEMBER 2020

CHAIRMAN'S LETTER

Dear Shareholders,

2020 was a year for the history books, and in some ways, even more so for the history of 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 a business. I often speak of energy because I believe everything is enclosed in that vital nucleus. It's the *energheia* of Aristotle, the ability to transform ourselves by acting with determination. I believe this is the essence of an organization and what determines its success. During these months of pandemic, I sometimes feared my people's energy might run dry. But with their actions and their responsiveness, they always calmed my fears, demonstrating as they so often have the strength and uniqueness, and above all, the energy of this group.

Despite the many months of lockdown in all the 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 expected[1] 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 equal to 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 perseverance. 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 inaugurated our flagship Paris store 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 all have to work together for a brighter future.

And that's not all. In December we announced that Stone Island will be joining our family. Stone Island and Moncler are 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. It's a concept far removed from standard conventions: experiential and inclusive, it's about fostering community spirit and embracing the influence of different worlds like art, culture, music, and sports.

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

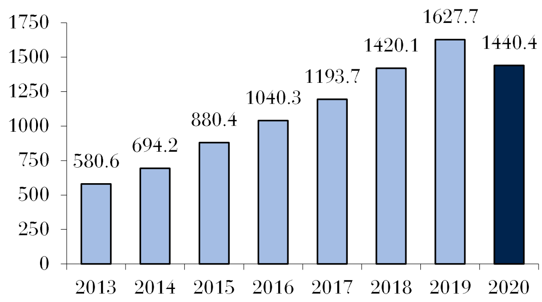
[1] Altagamma Bain, November 2020

Thank you.

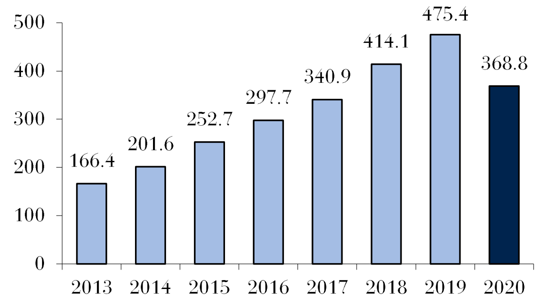
REMO RUFFINI
CHAIRMAN AND CEO

FINANCIAL HIGHLIGHTS[2]

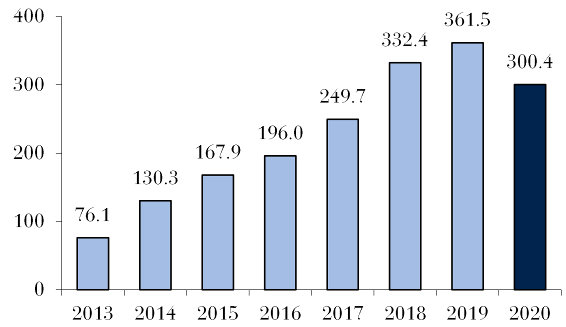
Revenues (million euros)



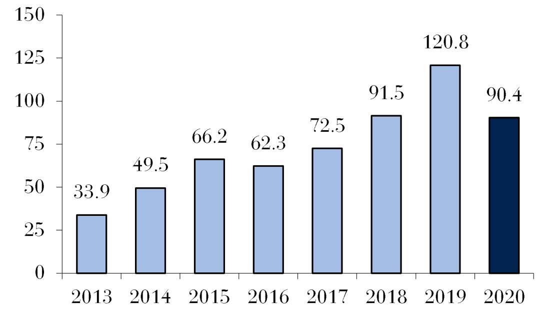
EBIT (million euros)



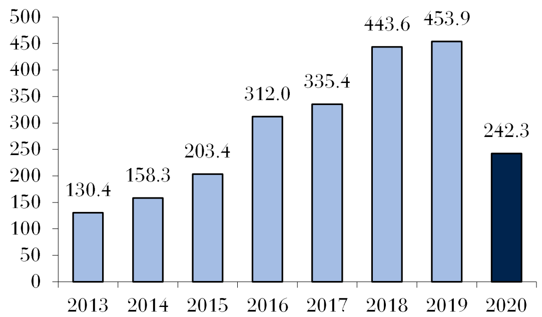
Net Income (million euros)



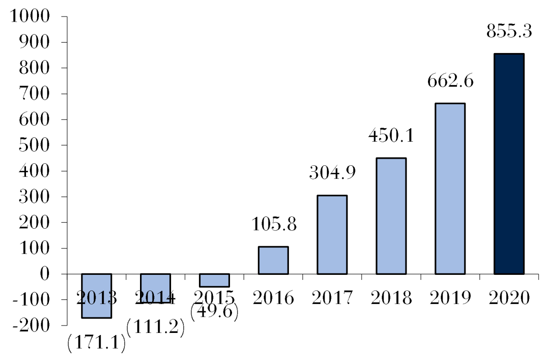
Capital Expenditure[3] (million euros)



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

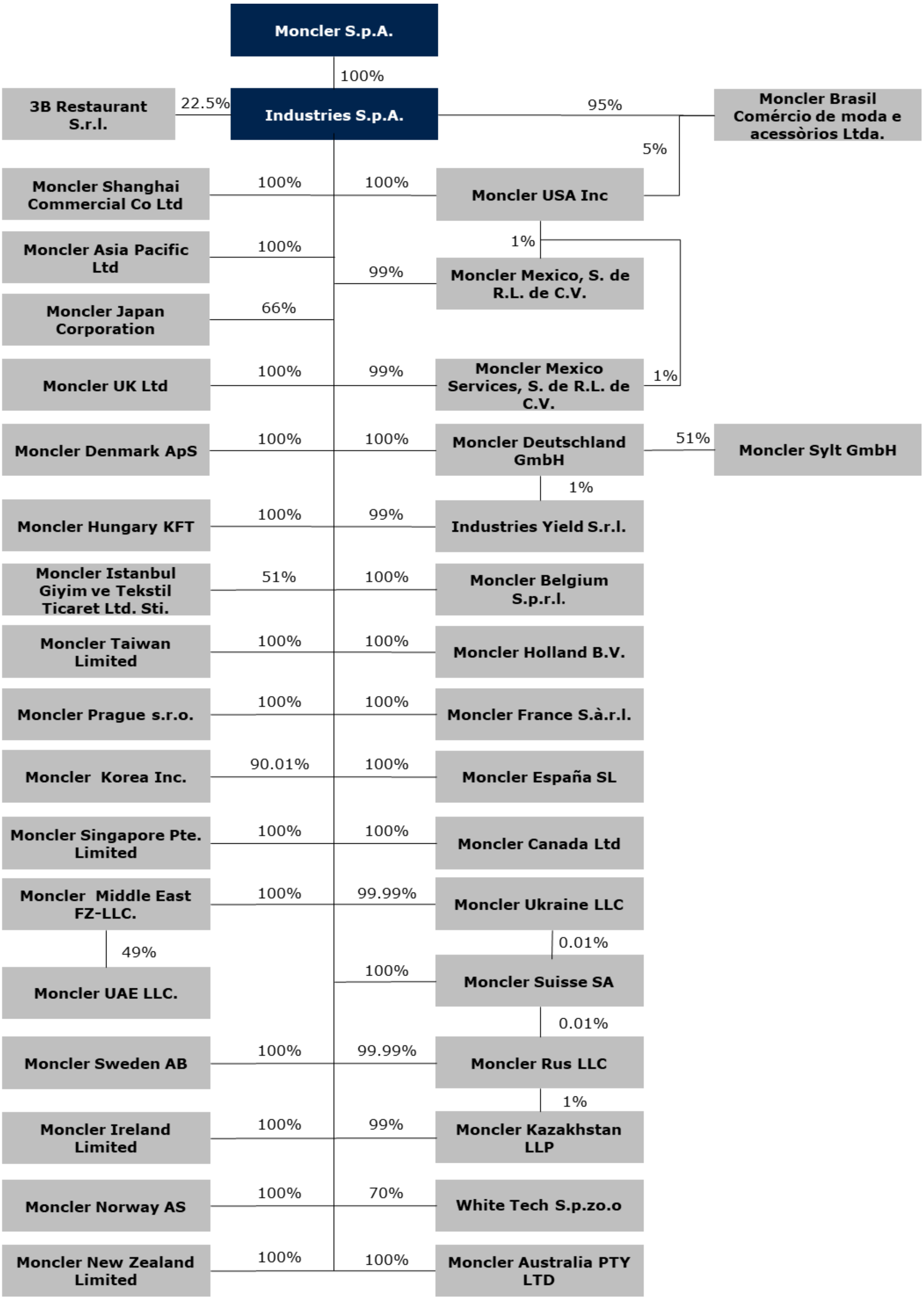
BOARD OF STATUTORY AUDITORS

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

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 acessòrios 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 which promotes and distributes goods in North America
Moncler Asia Pacific Ltd	Company that manages DOS in Hong Kong 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.

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 Voices*: 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

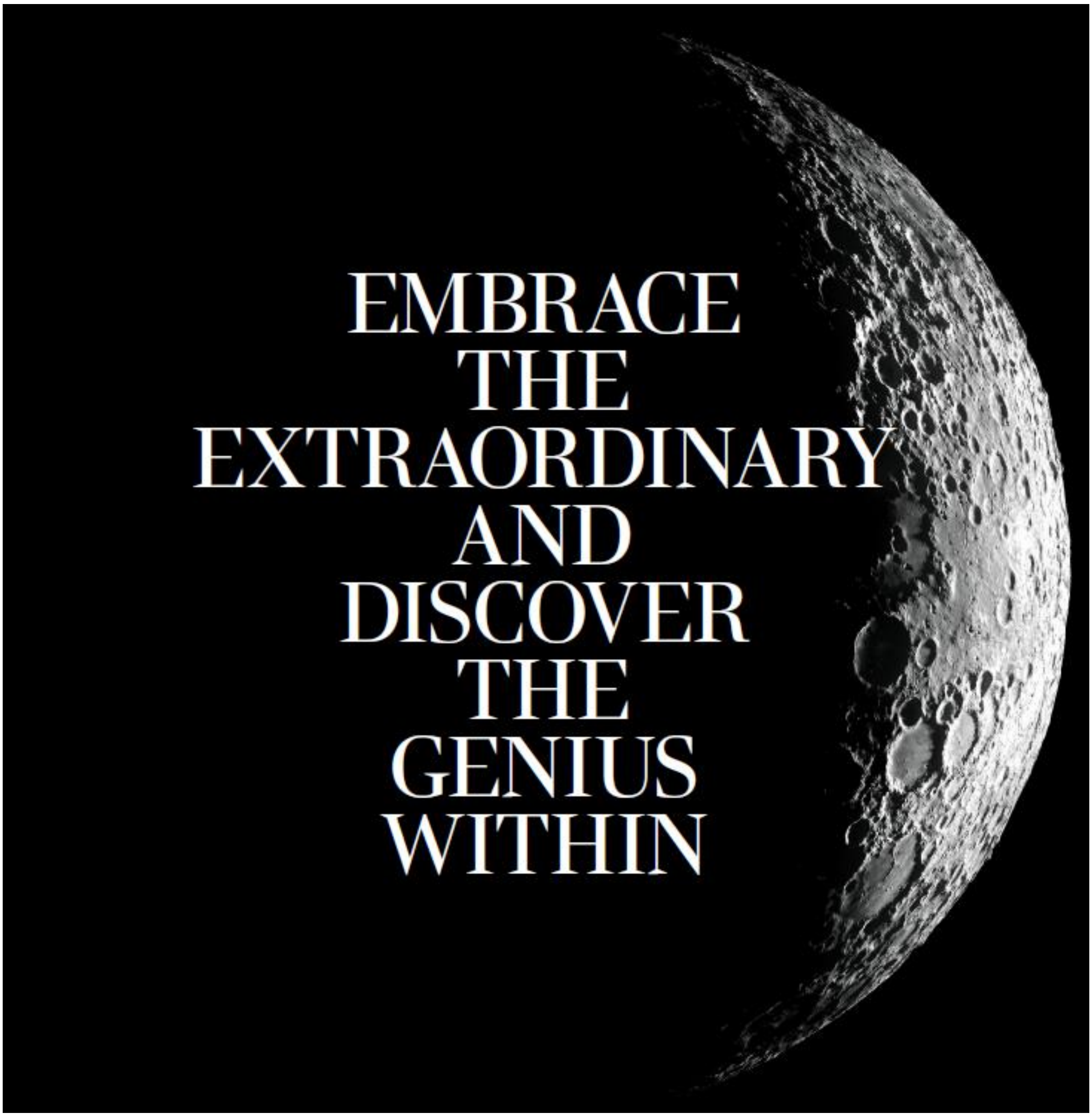
We are unconventional and unique. We foster our inner genius, our creative edge. We bring bold dreams, crazy and apparently unreachable ideas to life always with great rigor. We feed our energy, as we believe everything truly great was often born crazy.

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.


EMBRACE
THE
EXTRAORDINARY
AND
DISCOVER
THE
GENIUS
WITHIN

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 with Moncler leading the Brand to reach its full potential, while maintaining its strong brand identity.

Moncler group strategy is underpinned by five pillars.

STRENGHTEN, TOGETHER WITH STONE ISLAND, THE VISION OF THE NEX LUXURY SEGMENT

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 BRAND 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 the Brand, 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 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, define and implement our strategy in a digital key 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 *façonists*, 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, 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" (ABM[4]).

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 (*façonists*).

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.

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

The third-party suppliers (*façonists*) 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*, finished products and services. Moncler's top 60 suppliers account for 70% of the value of all supplies[5].

DISTRIBUTION

Moncler is present in all major markets both through the retail channel, consisting of directly operated stores (DOS[6]) 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.

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 Unites 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 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 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 and highly personalized. 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 organization 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 organization.

The Digital Hub, the Company's internal department aimed at guiding the digital transformation and spreading its culture, has maintained its organization 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 October 6th 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

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

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 nonoriginal products were delisted from main search engines and more then 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 session.

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 criterias.

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 EGS indicators witnessing management's commitment to sustainability issues. The long-term incentive systems are an important component of the pay mix, and even represent the predominant part of Total Compensation at Top Management level.

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 organizations 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 materialize 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 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. Noteworthily, 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-area: 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 recognize their manager and the top management.

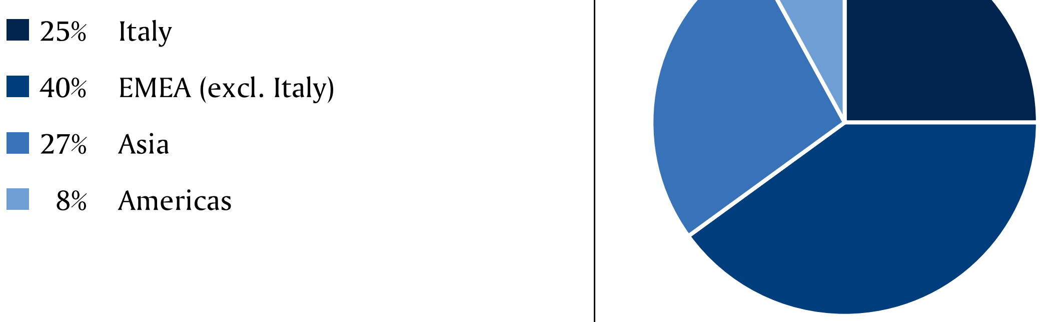
In 2020, Moncler employed 4,091 average full-time equivalent (FTE) staff, 4,398 headcounts – of whom around 48% were working at its directly operated stores – slightly decreasing compared to 2019 (4,569 headcounts). The decrease is linked to the effects of the Covid-19 pandemic, which led to a reduction 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 from tourists, in Moncler's stores penalizing 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

Breakdown by geographic area[7]

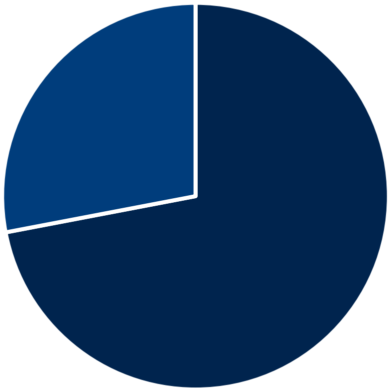


At 31 December 2020, 72% of employees were women. This percentage is in line with figures at 31 December 2019.

[7] 2020 average Full Time Equivalent

Breakdown by gender[8]

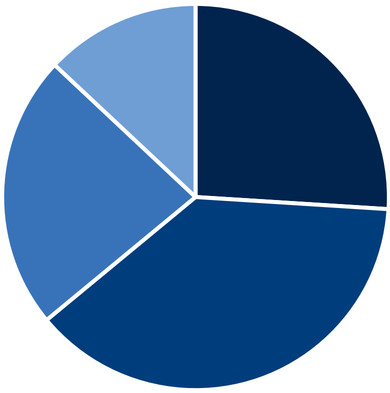
- 72% Women
- 28% Men



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.

Breakdown by age[9]

- 26% <30 years
- 38% 31-40 years
- 23% 41-50 years
- 13% >50 years



HEALTH EMERGENCY AND PEOPLE'S WELLBEING

2020 depicted the health emergency caused by the spread of Covid-19 was the defining feature of 2020. 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

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.

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 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 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, Moncler 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.

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 huge uncertainty and high volatility tied to news about the pandemic, influenced also 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 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. World indices and luxury goods stocks hit to their lowest levels in the year to date. The S&P Global felt by 19% and the luxury goods sector marked a decrease of 33% on average.[10]

As the pandemic spread, several governments worldwide imposed total or partial lockdowns with significant effects on global economic growth, 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%. Ferragamo, Burberry and Tod's, however, registered a negative performance.

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

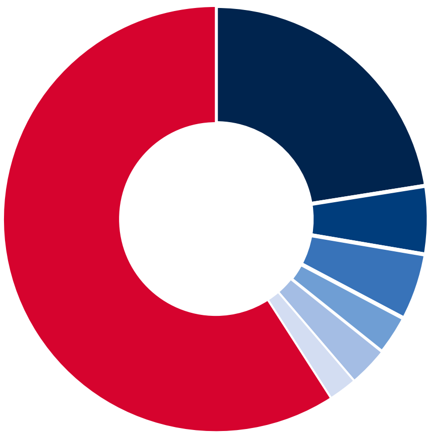
	2020
Prada S.p.A.	59.0%
Hermes International SCA	32.0%
Moncler SpA	**25.1%**
LVMH Moet Hennessy Louis Vuitton SE	23.3%
Brunello Cucinelli S.p.A.	13.1%
Kering SA	1.6%
Salvatore Ferragamo S.p.A.	(15.4%)
Burberry Group plc	(18.8%)
TOD'S S.p.A.	(31.0%)
Sector Average	9.9%
FTSE MIB Average	(5.4%)

(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



22.5% Ruffini Partecipazioni S.r.l.

5.2% BlackRock Inc.

5.1% Capital Research and Management Company

3.0% Invesco Limited

3.0% Morgan Stanley Asia Limited

2.2% Treasury Shares

59.0% Market

Source: Consob, Moncler

Last update: 18 February 2021

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 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.

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%***
YoY performance	*-12%*		*+15%*	
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%)*
Tax Rate	*13.1%*		*23.8%*	
Net income	**300,351**	***20.9%***	**358,685**	***22.0%***
YoY performance	*-16%*		*+8%*	

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.

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 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**
% on revenues	*11.5%*	*7.9%*

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

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**
% on LTM revenues	*6.3%*	*7.4%*

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.

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. The Moncler's Task Force set up to face the emergency supported the Group in defining a strategy aimed primarily at safeguarding the health of its employees, protecting the business and margins and focusing the Group on strategic objectives, also through the update of the 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 next 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.

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 minimize 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 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 REACH[12] regulation, the Chinese GB[13] standards, the Japanese JIS[14] 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 (*façonists*), 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.

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 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.

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.

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 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.

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.

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 Coordination and 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 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.

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 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 by Moncler of the shareholding 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 (equal to 68 million euros, 28% margin). The consideration for the purchase of the 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 organizational 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 Sportwear 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: 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 2020	Net Equity 31/12/20	Result 2019	Net Equity 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 six companies belonging to the Group (Moncler Japan, Moncler USA, Moncler USA Retail, Moncler Asia Pacific, Moncler Shanghai and Moncler Shinsegae) 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.

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

Consolidated income statement (Euro/000)	2020	of which related parties	2019	of which related parties
Revenue	1,440,409	1,198	1,627,704	1,252
Cost of sales	(350,775)	(11,849)	(362,424)	(17,935)
Gross margin	**1,089,634**		**1,265,280**	
Selling expenses (*)	(463,583)	(1,857)	(488,759)	(1,985)
General and administrative expenses (*)	(173,444)	(14,021)	(171,570)	(18,048)
Marketing expenses	(83,786)		(113,152)	
Operating result	**368,821**		**491,799**	
Financial income	759		1,238	
Financial expenses	(24,061)		(22,310)	
Result before taxes	**345,519**		**470,727**	
Income taxes	(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)	**1.19**		**1.42**	
Diluited earnings per share (unit of Euro)	**1.18**		**1.42**	

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income (Euro/000)	2020	2019
Net profit (loss) for the period	**300,366**	**358,695**
Gains/(Losses) on fair value of hedge derivatives	2,916	1,651
Gains/(Losses) on exchange differences on translating foreign operations	(15,313)	3,196
Items that are or may be reclassified to profit or loss	**(12,397)**	**4,847**
Other Gains/(Losses)	(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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity				Other comprehensive income		Other reserves						
(Euro/000)	Share capital	Share premium	Legal reserve	Cumulative translation adj. reserve	Other OCI items	IFRS 2 reserve	FTA reserve	Retained earnings	Result of the period, Group share	Equity, Group share	Equity, non controlling interest	Total consolidated Net Equity
Group shareholders' equity at 1 January 2019	**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	**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	**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	**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 STATEMENT OF CASH FLOWS

Consolidated statement of cash flows (Euro/000)	Year 2020	of which related parties	Year 2019	of which related parties
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**	

COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

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:

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.

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.

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 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. 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).

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).

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.

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.

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)**

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 "Deferred tax assets and deferred tax liabilities".

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

Reconciliation theoretic-effective tax rate **(Euro/000)**	**Taxable Amount 2020**	**Tax Amount 2020**	**Tax rate 2020**	**Taxable Amount 2019**	**Tax Amount 2019**	**Tax rate 2019**
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%**

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.

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.

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 paragraph "Stock-based compensation plans".

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

Average FTE by area FTE	**2020**	**2019**
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).

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 paragraph "Net property, plant and equipment".

Please refer to comments made in paragraphs “Goodwill, brands and other intangible assets” and “Net property, plant and equipment” for additional details related to investments made during the year.

COMMENTS ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Goodwill, brands and other intangible assets

Brands and other intangible assets	31 December 2020			31 December 2019
(Euro/000)	Gross value	Accumulated amortization and impairment	Net value	Net value
Brands	223,900	0	223,900	223,900
Licence rights	0	0	0	0
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 adjustement	0	(853)	(253)	(22)	0	0	(1,128)
Other movements, including transfers	0	0	5,830	184	(4,570)	0	1,444
31 December 2020	**223,900**	**56,837**	**77,839**	**10,888**	**4,153**	**155,582**	**529,199**

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

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 adjustement	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 adjustement	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.

No indicators were identified suggesting impairment of the residual carrying amounts.

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%.

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.

Net property, plant and equipment

Property, plant and equipments	**31 December 2020**			**31 December 2019**
(Euro/000)	**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:

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 adjustement	(23,574)	(74)	(5,016)	(9,788)	(403)	(363)	(39,218)
Other movements, including transfers	(13,676)	6,353	937	5,147	418	(16,602)	(17,423)
31 December 2020	**790,863**	**33,273**	**127,187**	**263,157**	**31,079**	**23,617**	**1,269,176**

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

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)
Translation adjustement	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 adjustement	(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 adjustement	(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 relocation/expansion of some important stores and the expansion/automation of the italian logistic hub.

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

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.

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:

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	Other movements	Closing balance - 31 December 2020
Tangible and intangible assets	18,768	3,603	0	(743)	(587)	21,041
Inventories	84,787	15,758	0	(3,966)	564	97,143
Trade receivables	3,858	(538)	0	(85)	0	3,235
Derivatives	427	0	(43)	0	0	384
Employee benefits	3,105	(1,012)	25	(89)	0	2,029
Provisions	11,487	4,814	0	(712)	0	15,589
Trade payables	3,921	968	0	(32)	0	4,857
Other temporary items	2,740	2,084	0	193	22	5,039
Tax loss carried forward	41	1,471	0	3	0	1,515
Tax assets	**129,134**	**27,148**	**(18)**	**(5,431)**	**(1)**	**150,832**
Tangible and intangible assets	(65,640)	61,810	0	233	1	(3,596)
Financial assets	52	(352)	0	0	0	(300)
Inventories	(753)	(312)	0	0	0	(1,065)
Derivatives	(120)	0	(759)	0	0	(879)
Trade payables	3	(3)	0	7	0	7
Other temporary items	(2,252)	(2,451)	(118)	4,306	0	(515)
Tax loss carried forward	0	5	0	(53)	0	(48)
Tax liabilities	**(68,710)**	**58,697**	**(877)**	**4,493**	**1**	**(6,396)**
Net deferred tax assets (liabilities)	**60,424**	**85,845**	**(895)**	**(938)**	**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	Other movements	Closing balance - 31 December 2019
Tangible and intangible assets	6,910	2,904	0	167	165	18,768
Inventories	66,902	20,463	0	1,389	(3,967)	84,787
Trade receivables	3,930	(49)	0	(22)	(1)	3,858
Derivatives	478	0	(52)	0	1	427
Employee benefits	3,354	(324)	46	50	(21)	3,105
Provisions	4,785	2,552	0	80	4,070	11,487
Trade payables	2,869	1,132	0	14	(94)	3,921
Other temporary items	2,680	36	0	20	4	2,740
Tax loss carried forward	(10)	89	0	0	(38)	41
Tax assets	**91,898**	**26,803**	**(6)**	**1,698**	**119**	**129,134**
Tangible and intangible assets	(67,117)	1,570	0	(99)	6	(65,640)
Financial assets	51	0	0	0	1	52
Inventories	(555)	(198)	0	0	0	(753)
Derivatives	350	0	(470)	0	0	(120)
Trade payables	0	11	0	0	(8)	3
Other temporary items	(2,835)	693	0	0	(110)	(2,252)
Tax liabilities	**(70,106)**	**2,076**	**(470)**	**(99)**	**(111)**	**(68,710)**
Net deferred tax assets (liabilities)	**21,792**	**28,879**	**(476)**	**1,599**	**8**	**60,424**

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

Deferred tax assets and liabilities				
(Euro/000)	Taxable Amount 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**

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:

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)**

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 paragraph "Market risk" 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 discoun	(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 into account the changed economic context. The fund also covers any risk of revocation on trade receivables mainly related to North American customers.

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**

Financial current assets

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

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.

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 paragraph "Market risk" for an analysis of trade payable denominated in foreign currencies.

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.

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.

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.

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.

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)

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**

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 adjustement	(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 paragraph "Liquidity risk" for more details.

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).

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.

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	Cumulative translation adj. reserve			Other OCI items		
(Euro/000)	Value before tax effect	Tax effect	Value after tax effect	Value before tax effect	Tax effect	Value after tax effect
Reserve as at 1 January 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**
Diluited earnings attributable to Shareholders (Unit of Euro)	**1.18**	**1.42**

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.

COMMITMENTS AND GUARANTEES GIVEN

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).

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.

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.

INFORMATION ABOUT FINANCIAL RISKS

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

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

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

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

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 Singapor 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):

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.

As at 31 December 2020, there was no hedging on interest rates, given the limited exposure to financial institutions.

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 paragraph "Commitments and guarantees given". The Group’s policies limit the amount of credit exposure in different banks.

Liquidity risk

Liquidity risk arises from the ability to obtain financial resources at a sustainable cost in order for the Group to conduct its daily business operations. The factors that influence this risk are related to the resources generated/absorbed by operating activities, by investing and financing activities and by availability of funds in the financial market.

Following the dynamic nature of the business, the Group has centralised its treasury functions in order to maintain the flexibility in finding financial sources and maintain the availability of credit lines. The procedures in place to mitigate the liquidity risk are as follows:

- centralised treasury management and financial planning. Use of a centralised control system to manage the net financial position of the Group and its subsidiaries;
- obtaining adequate credit lines to create an adequate debt structure to better use the liquidity provided by the credit system;
- continuous monitoring of future cash flows based on the Group budget.

Management believes that the financial resources available today, along with those that are generated by the current operations will enable the Group to achieve its objectives and to meet its investment needs and the repayment of its debt at the agreed upon maturity date.

It should also be noted that, with reference to the provisions of IFRS 13, financial liabilities relating to commitment to purchase minority interests are accounted for at fair value based on valuation models primarily attributable to level 3, as explained in the section related to principles.

It is reported in the following table an analysis of the contractual maturities (including interests), for financial liabilities.

Non derivative financial liabilities (Euro/000)	Total book value	Contractual cash flows				
		Total	within 1 year	1-2 years	2-5 years	more than 5 years
Bank overdraft	0	0	0	0	0	0
Self-liquidating loans	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

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.

OTHER INFORMATION

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 companys' establishment.
- Gokse Tekstil Kozmetik Sanayi ic ve dis ticaret limited sirketi, company held by the minority shareholder of Moncler Istanbul Giyim ve Tekstil Ticaret Ltd. Sti, provides services to that company by virtue of the contract signed at the time of incorporation of the company. Total costs recognised for 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).

In 2020 the costs relating to stock option plans (described in paragraph "Stock-based compensation plans") 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
e effect in % based on non recurring 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:

(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%**

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.

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:
    - 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 optins still in circulation. The effect on the income statement in 2020 amounted to 0.7 million 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 (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).

Ai sensi dell'IFRS 2, i piani sopra descritti sono definiti come Equity Settled.

Per informazioni sui documenti informativi relativi ai Piani, si rinvia al sito internet della Società, www.monclergroup.com, nella Sezione "Governance/Assemblea degli azionisti".

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.

Subsidiaries and minority interests

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

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

Summary of subsidiary's financial (Euro/000)	31 December 2019					
	Assets	Liabilities	Net equity	Revenues	Profit/(Loss)	Profit/(Loss) attributable to minority
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 (*) **(Euro/000)**	**White Tech Sp.zo.o.**
Operating Cash Flow	**97**
Free Cash Flow	**106**
Net Cash Flow	**88**

Cash Flow 2019 (*) **(Euro/000)**	**White Tech Sp.zo.o.**
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

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 document, 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 paragraph "Stock-based compensation plans”.

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.

Atypical and/or unusual transactions

It should be noted that during 2020 the Group did not enter into any atypical and/or unusual transactions.

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**	

(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.

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.	270,260
	Network KPMG S.p.A.	2,000
Other services	KPMG S.p.A.	32,543
	Network KPMG S.p.A.	363,934
Total		**1,279,481**

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.

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.

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 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.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

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

CONTACTS

www.monclergroup.com
www.moncler.com

INVESTOR RELATIONS
investor.relations@moncler.com

SUSTAINABILITY
sustainability@moncler.com

PRESS OFFICE
monclerpress@moncler.com