Moncler S.p.A

"Q1 2025 Interim Management Statement Conference Call"

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MODERATORS: LUCIANO SANTEL, GROUP CHIEF CORPORATE AND SUPPLY OFFICER

ELENA MARIANI, GROUP STRATEGIC PLANNING AND INVESTOR RELATIONS DIRECTOR

OPERATOR: Good evening. This is the Chorus Call conference operator. Welcome and thank you for joining the Moncler Group's First Quarter 2025 Interim Management Statement Conference Call. As a reminder, all participants are in listen-only mode. After the presentation, there will be an opportunity to ask questions. Should anyone need assistance during the conference call, they may signal an operator by pressing "*" and "0" on their telephone.

At this time, I would like to turn the conference over to Ms. Elena Mariani, Group Strategic Planning and Investor Relations Director. Please go ahead, madam.

ELENA MARIANI: Thank you, operator, and thank you all for joining our call tonight. I'll host this interim management statement call together with Luciano Santel, Chief Corporate and Supply Officer. I will start providing a brief overview of our results and then Luciano and I will be happy to take your questions.

Before starting, I need to remind you that this presentation may contain certain statements that are neither reported financial results, nor other historical information. Any forward-looking statements are based on Group current expectations and projections about future events. By their nature, forward-looking statements are subject to risks, uncertainties and other factors that could cause results to differ even materially from those expressed in or implied by these statements, many of which are beyond the ability of the Group to control or estimate.

Let me also highlight that given the nature of our business, interim results can be influenced by seasonal effects and therefore cannot be taken as a proxy for full year trends or results.

Finally, I remind you that the press has been invited to participate to this conference in a listen-only mode.

Before diving into the presentation, I'd like to take a moment to talk about the context in which we are currently operating. The macro and geopolitical landscape has remained highly volatile and increasingly unpredictable – a trend that has only intensified in recent weeks.
In this environment, our focus as a Group is very clear: to continue executing our long-term, brand-first strategy across both Moncler and Stone Island, staying true to our commitment to creativity, innovation and customer centricity.
At the same time, it is equally important to maintain very strong operational discipline and financial rigour.
Flexibility and responsiveness have always been part of our DNA – and today, they are more essential than ever as we navigate this period of uncertainty.

Now moving on to our Q1 results, I'm delighted to announce that as a group, we achieved revenues of €829 million up 1% at constant FX, with Moncler at plus 2% and Stone Island at minus 5%. Both brands registered solid growth in our core DTC channel, Moncler at plus 4%, Stone Island at plus 12%, despite an exceptionally demanding comparable base from Q1 last year.

Now, moving on to our Moncler brand's remarks, let me say that there is no better way to start than commenting the extraordinary Moncler Grenoble experience we brought to life in March. This year, Moncler Grenoble landed in Courchevel — a powerful moment that took the brand's core identity to new altitudes. Over the course of a full weekend, we immersed the Moncler Grenoble community (including ambassadors, celebrities, or friends of the brand) in the world of Grenoble — a universe

combining high performance with high style. It was an experience designed not just to showcase a collection, but to express the full dimension of the brand.
I am sure you probably caught a glimpse of this on social media, but the highlight of the weekend was a spectacular show at the Courchevel altiport — more than 2,000 meters above sea level — where we unveiled the Fall/Winter 2025 collection in a truly unforgettable setting.
The event has been instrumental in further authenticating this distinctive brand dimension in the performance luxury space. And just to share a few stats, the event had a very strong media impact – over 3 billion in potential reach globally, over 300 million in global engagement, over 2,000 press articles and over 1,000 social press articles – making it the most impactful Moncler Grenoble event up until now.

But it wasn't just about Courchevel. Still talking about the three brand dimensions, and Grenoble in particular, if you move to Page 5, you can see that in Q1, we continued our all-year-round journey, launching our third Spring/Summer Moncler Grenoble campaign, introducing a collection of lightweight layers designed to adapt to outdoor activities, such as trekking or hiking.

Talking about Moncler Genius, following on from the line-up presented at the City of Genius event in Shanghai in October last year, in the quarter we launched the collection in partnership with FRGMT by Hiroshi Fujiwara. Hiroshi, who is a Moncler Genius friend and longtime collaborator, reimagined functionality and technical expertise on everyday wardrobe pieces.
Finally, when it comes to our Main Collection, I just wanted to flag in particular the strong plan behind the launch of the Men's Spring Summer 2025 Collection, with a very powerful campaign featuring world-renowned actor Penn Badgley, which has been extremely well received

globally, and a new footwear capsule designed by the very talented Salehe Bembury.

Moving on to Stone Island’s key initiatives in Q1.

First, I would like to highlight the opening of the new Stone Island showroom in Milan — a key milestone in the brand’s journey, which is enabling Stone to better present its collections and special projects to international audiences.

On the distribution front, in January we celebrated the opening of Stone Island’s relocated store on Rue Saint-Honoré in Paris – a very important brand statement, spanning a total area of 200 square meters, with a design fully aligned with our recently developed global retail concept. A store that – thanks to a higher visibility and a better positioning – has already been delivering much better results compared to the older store.

In terms of marketing, Stone unveiled the next chapter of its ‘Community as a Form of Research’ project, showcasing its Spring/Summer 2025 collection. This next group of community members featured in the campaign was led by Spike Lee, a long-time Stone Island enthusiast.

Finally, in terms of product, I would like to highlight the revisiting of one of Stone’s cornerstone fabrics, Raso Gommato, which was first launched in 1984. In fact, we introduced a performance version of this fabric, showcasing Stone Island’s continued strong focus on materials innovation, Research and development.

Now, talking about numbers, we're going to start with the Moncler brand on Page 7. We're happy to say that in the first quarter of the year, the brand grew by 2% at constant currencies. And looking first at the performance by geography, Asia was up 6%, thanks to the positive growth that the brand continued to register in the Chinese Mainland, despite, I have to say, an extremely demanding base of comparison, and the ongoing shift of Chinese consumption abroad.

Japan accelerated compared to Q4, mainly supported by tourist spending, while Korea showed softer trends compared to the previous quarter. EMEA was down 1%, impacted by the negative performance of wholesale. The DTC channel held steady versus the strong Q1 last year, and both local and tourist consumption remained positive in the quarter. The online channel instead was soft and continued to penalize the DTC performance of the region. Q1 revenues in Americas were down 2%, mainly impacted by the negative trend in the wholesale channel, while the DTC channel held up year-on-year.

Looking at Moncler revenues by channel on Page 8, we're pleased to say that in Q1, the DTC channel recorded good growth, up 4% at constant currencies. This performance is especially noteworthy considering the market volatility we've been navigating since the start of the year, as well as the exceptionally high comparable base the brand was facing across all regions, which last year all grew at a double-digit pace.

Wholesale revenues, instead, were down 5%, in line with management expectations, mainly due to the ongoing efforts to upgrade the quality of our distribution through further network optimization. In fact, the share of wholesale revenues in the first quarter is now below the 15% mark, versus a DTC share of almost 90%.

Let me take this chance to reiterate that we expect this channel mix evolution to continue, and we therefore expect wholesale to remain negative through the course of the year, and to end 2025 with wholesale revenues down approximately high single-digit, not different from the performance registered in fiscal year 2024. Exactly what we said during the last conference call.

Moving now to Stone Island on Page 9, revenues for the brand were down 5% at constant currencies, with a continued solid double-digit growth in the DTC channel, partially offsetting the decline in the wholesale channel in its largest quarter of the year.

Looking at trends by region, Asia grew 15%, mainly driven by a strong performance of Japan and of the Chinese Mainland. Korea improved compared to Q4, although it underperformed the rest of the region. EMEA revenues were down 11% as the positive performance of the DTC channel was not enough to affect the decline in wholesale. And finally, Americas saw a decline of 18% in the quarter, mainly due to the double-digit negative performance in the wholesale channel. The DTC channel instead recorded positive growth and further improved compared to Q4.

Looking more specifically at Stone Island trends by channel on Page 10, the DTC channel continued to perform well and grew by a solid 12% in Q1, thanks to a positive contribution from all regions, particularly Asia. Wholesale revenues instead were down 19%. This is a higher decline compared to our full year indication due to a different timing of deliveries in Q1 versus Q2 compared to the timing of last year. In the second quarter, we will see a reversal of this – so you can expect wholesale for Stone to be positive in Q2.

When looking at full year 2025, we reiterate the indication we gave upon full year results pointing to a wholesale channel for Stone that will continue to decline, but to a lesser extent than what we saw in 2024. And remember that you can expect a more negative performance in the first half of the year compared to the second half of the year, something we already mentioned last time we spoke.

Last but not least, let's briefly look at our store network on Page 11. At the end of March, Moncler counted 284 directly operated stores, while Stone Island counted 90. Over the course of Q1, Moncler saw one new store opening, Shanghai Grand Gateway, and 3 closures, including Shanghai The Reel, which we closed given the opening of the Plaza 66 flagship nearby. San Francisco Bloomingdale's, given the closure of the department store in the city, and Seoul Incheon Airport Terminal 2, as we will keep a store in Terminal 1. The Stone Island DOS network was unchanged in the quarter.

And finally, as usual, on Page 12 and 13, we have two wonderful examples of recent store network initiatives. For Moncler, we have the opening of Shanghai Grand Gateway, which I've just mentioned. And for Stone, we have the relocation of the Paris flagship, which I described earlier on in the Stone Q1 highlights.

We reached the end of the presentation, so I will now hand it over to the operator for your questions. I kindly ask you to stick to a maximum of 2 questions per person to give all participants the opportunity to ask a question. Operator, you can now open the Q&A session. Thank you.

Q&A

OPERATOR: Thank you. This is the Chorus Call conference operator. We will now begin the question and answer session. Anyone who wishes to ask a question may press "*" and "1" on their touchtone telephone. To remove yourself from the question queue, please press "*" and "2." Please pick up the receiver when asking questions. Anyone who has a question may press "*" and "1" at this time.

The first question is from Edouard Aubin, Morgan Stanley. Please go ahead.

EDOUARD AUBIN: Yes, good evening, Elena and Luciano. So, 2 questions for me. First of all, I think at the beginning of the year you had in mind about DTC performance sales to be flattish. So, what k came in better than expected versus your initial expectation, and related to that, if you maybe could comment by the trend by nationality, that would be helpful? So, that's Question #1.

And then Question #2, Elena, in your prepared remarks, you mentioned the volatility, which has obviously increased quite dramatically in recent weeks. I know it's very early days, and you don't really like to comment about trading over the past 3, 4 weeks, but to what extent this volatility around the world and in the US is impacting some of the customers' shopping patterns? That would be helpful. Thank you so much.

LUCIANO SANTEL: Hi, Edouard. Thank you for your questions. Actually, you're right. Our expectations for the first quarter, considering the, let me say, amazing results of last year, were more cautious than what we ended up making. Let me first of all give you the shape of our business in the first quarter. The first quarter started very well in January. January was good, honestly. Also, thanks to the different timing of the Chinese New Year. February, for the same reason, was softer and much, much softer. But overall, I mean, the quarter was positive, and, honestly, we are very happy about this result. Again, needless to remind you, but last year we reported 26% in the DTC channel growth rate, and the year before, you may not remember, but we reported 34%. Two years in a row with a very strong double-digit growth rate, and so this year our 4% is something we are honestly very, very satisfied about.

Talking about volatility of current weeks, I mean, of course, we are talking about a few weeks. Honestly, I don't find anything special to highlight. I don't see any particular change in our customer behavior, and so even if out there the situation is quite, let me say, turbulent, in our business I can't tell you anything special I want to highlight that can be a meaningful sign for the future. Of course, the future to come is something we are, to some extent, concerned, but of course, we maintain our focus on our business, on our brand. So business as usual. Thank you.

EDOUARD AUBIN: Understood. On my first question, Luciano, versus your expectation, which nationality kind of explained the beat, is that you know, the demand from Chinese was more resilient than expected? Would that be the main explanation?

LUCIANO SANTEL: Nationalities – Chinese, talking about the cluster, Americans and the Europeans were positive. Koreans, unfortunately, negative, and Japanese flat. And this was not much different from what we saw and we reported in Q4. With the only difference of Koreans, as the trend has deteriorated. Koreans were more or less flat in Q4 and now in Q1 were negative. This is what we saw in the first quarter.

EDOUARD AUBIN: Thank you.

OPERATOR: The next question is from Thomas Chauvet, Citi. Please go ahead.

THOMAS CHAUVET: Good evening, Luciano and Elena. A couple of questions, please. The first one on pricing. I trust that the Spring/Summer '25 prices are set. Have you been thinking already about the level of pricing you might need to adjust for the Autumn/Winter collection, particularly if tariffs of 10% or 20% are maintained for EU imports into the US?

Secondly, on manufacturing and supply chain more broadly, is there any opportunity to manufacture any of your products in the US? I assume the answer is no, but I just wanted to check. And when you think, Luciano, of your global supply chain, are Hungary and Romania still the preferred location for manufacturing given the high level of expertise there, given the volume your partners can produce at a pretty good quality and cost? Thank you.

LUCIANO SANTEL: Thomas, thank you for your questions. About the first question, any pricing strategy consequent to the introduction of tariffs. The Spring/Summer collection has already been shipped out to the US. So, no impact in this season. For Fall/Winter, nothing we have decided yet, honestly, because the situation, as you know, is still very, very, let me say, unclear. So, for Fall/Winter, it will totally depend on whether or not the current US administration will confirm or not the 20%. In any event for this year, the impact, gross of any potential translation to prices, is not expected to be material. Of course, for 2026 still to be seen. It may be more material, but we don't have information.

About manufacturing in the US. First, a broader highlight is that we are more worried about the current and the future stage of health of the American economy and of the consumer confidence, much more than the tariffs themselves. The production in the US is something we are not evaluating right now. Also because, you already gave a very, very clear answer to your question, we make production where there is a very strong know-how, in Romania and Italy. And so, we are not planning to move production from these two areas, because these are the two regions where we can deliver high-end quality with a very high know-how. US is something that I think is premature for sure, but honestly I think is very complex to evaluate any manufacturing facility in the US.

THOMAS CHAUVET: Thank you, Luciano. And just on your concerns about the US economy. Have you and Roberto and Mr. Ruffini started to maybe reassess your short-medium term investment plan there for the rest of the year, but also you've got this big flagship store coming early next year. Is that Fifth Avenue store already locked in? Have you signed the lease? Is it completely fixed term now or are you potentially reconsidering some of your investments? I know Elena mentioned rightly this is a long-term investment in the brand, particularly in the US and China, but obviously the next 12 months or maybe the next 3.5 years of Mr. Trump's mandate will be maybe highly uncertain. But have you recalibrated perhaps your investment plans for particularly the US market?

LUCIANO SANTEL: Thomas, Elena was totally right. I mean, our strategy remains totally unchanged, because we strongly believe in the potential of the US as a country and as a market and a great potential for Moncler because, as you know very well, our business is under-penetrated there. So, I mean, we may decide eventually, not now, to slow down the pace of the implementation of the strategy, but not to change the strategy. And as you correctly highlighted, the most important investment, the most important pillar of our strategy for the next future is the opening of the flagship store in Fifth Avenue that is fortunately, let me say fortunately, already locked in. So, the store will open early 2026 and will be a very important strategic step for our future growth in the US.

THOMAS CHAUVET: Thank you.

OPERATOR: The next question is from Louise Singlehurst, Goldman Sachs. Please go ahead.

LOUISE SINGLEHURST: Good evening Luciano and Elena. Thanks for taking my questions. Many congratulations on a great start to the year. I know really a very tough environment. We'll wait to see what comes ahead, but obviously a great start. I wondered if you could just help us think about that space contribution in Q1. I know you don't break it down, but just assuming if that was around the mid-single-digit or whether that was more in Q1. I know seasonally it's a little bit higher in obviously the larger quarters. And thinking forward, I know you just talked about the space expansion for the US, but more broadly, are you thinking about any other changes from the original plans as you look out to 2025 given the current volatility in recent weeks and whether we should take a little bit of a haircut to that mid-single-digit space expansion plan for 2025.

And then my second question was just on Mainland China. Obviously, a very solid result in the period. Is there anything that you're seeing in China, any changes? Obviously, we can talk about the performance during the quarter. Is there anything that you would call out to get some signs of life for the underlying consumer sentiment and what you can tell us there? Thank you.

LUCIANO SANTEL: Yes, thank you for your question. About the space contribution, you know, we do not disclose on a quarterly basis the space contribution, but not because we don't want, but because in a quarter it's totally meaningless. But I confirm that our indication for the year-end is a space contribution in the region of single-digit. In the past you may remember that it was mid-to-high-single digit, now, it's more mid than mid-to-high single digit. In each single quarter honestly is not meaningful.

About China. China did well not only as a market but also as a cluster, because we did significant and growing business with the Chinese customers in other regions, specifically Japan and Europe. In both regions business with the Chinese customers was up as compared to last year. And the interesting thing to say is that in Europe, I mean our benchmark is still

2019 of course, we are still behind 2019 as contribution of Chinese business on the total business in Europe, but it is growing year-after-year. As well as in Japan, business with the Chinese was up in the first quarter compared to the first quarter of last year.

I answered your second question, not the first one, but you will forgive me.

LOUISE SINGLEHURST: That's great, thank you.

OPERATOR: The next question is from Anne-Laure Bismuth, HSBC. Please go ahead.

ANNE-LAURE BISMUTH: Yes, hi, good evening. I have 2 questions, please. The first one is about the performance by nationality. I wanted to come back on the performance of the Chinese cluster that was double-digit in Q4. Will it be possible to clarify how much the cluster was up in Q1, please? Was it in the high-single-digits or still in the low-double-digits?

And my second question is about the split of the growth for the Moncler brand between price mix and volume in Q1. Thank you very much.

LUCIANO SANTEL: Okay, about the Chinese cluster. Sorry, but we don't report specific precise numbers and not on a quarterly basis. So, Chinese cluster was up. Of course, again, we are very happy about the strength of the brand in China and with the Chinese customers. So this is something we keep saying and we are very, very happy and proud of. But we don't report any specific number, but it was positive.

The other question was about price/mix/volume. The reading of first quarter is not so easy because first quarter is at the intersection between the end of the Fall/Winter season and the beginning of the pre-summer season. So, depending also on the weather, a little bit more cold or warm, we may sell more Fall/Winter that has a slightly higher price point. So, long story short, most of the growth was price and price mix. Volumes were much, much lower.

ELENA MARIANI: Anne-Laure, if I can help you a little bit on the nationalities, because I know the type of exercise you're trying to do. In Q4, our Chinese cluster was up low double-digit, it wasn't a very strong double-digit. And then we had other nationalities, positive the Americans and the Europeans. And if you might recall, we had the Korean cluster that was flattish and the Japanese cluster that was negative. In the first quarter, we still had Chinese and Americans growing nicely. They were the 2 fastest growing nationalities. The Europeans were also positive, a little bit less than these two. So yes, not exactly the same figure as Q4, they were all a little bit moderating, but not materially. And then we had basically the Koreans that were turning negative and then the Japanese turning flattish. So, they sort of swapped these two. These were the key moving parts.

ANNE-LAURE BISMUTH: Thank you very much.

OPERATOR: The next question is from Antoine Belge, BNP Paribas. Please go ahead.

ANTOINE BELGE: Good evening. It's Antoine. I've got two questions. So, first of all, a bit of a technical question. So sorry about that. But coming back on the tariffs and especially to what they are going to be applied. So I think you have an agreement, I think the so-called first cost program by which you're allowed to use the production cost rather than the transfer price. So, basically, for a product that is maybe going to be sold at $100 in the US, what was the taxable base, I don't know, is it 1/3 of the retail price that would be a good proxy for calculation? In other words, if there is a 20% increase in tariffs, what sort of price increase in the US you will need to offset that, taking into account no price elasticity.

My second question is more about the comps, because you know, of course when you did plus 26 % in Q1, of course it was a very high comp base. So from a mathematical standpoint, you know, then the comps get much easier, I think it's 8% in Q2, then zero, then plus 9%. So, you know, mathematically speaking, it should be quite easy for you to have double-digit growth in each of the 3 remaining quarters. This is the math of course and comps, sometimes they work, sometimes they don't. But you know, is there, especially regarding Q2, something that would prevent you to grow double-digit on a much easier base?

LUCIANO SANTEL: Antoine, about the first question, you're right. In our industry, we have this benefit, the so-called first cost that allows companies to pay duty on the industrial cost under some specific and technical conditions that you probably know. Of course, our current calculations, just to make it clear what I said before, I mean the potential impact this year, and eventually next year is based on the current situation that provides the first cost technicality. First cost, of course, the industrial cost, is much lower than the retail price and it is about 50% of the transfer price. So, of course, it's a significant benefit.

Second question, comp was good last year in Q1 and needless to say, even if we don't report it, with the 26% growth rate, of course a great part of it was organic. Second quarter was weaker. This honestly does not have any meaning for now. I mean, we are looking at the opportunities of our business in this second quarter that is becoming more and more important considering the importance of the Spring/Summer season. But any extrapolation of the opportunity to take advantage of a lower comp of last year is something that I can't give you a response on.

ELENA MARIANI: Also because, Antoine, when we were commenting on Q1, we were always looking a little bit at the past couple of years that we're growing plus 30% and plus 30%. It's true that last year Q2 was slower, but the year before it was the fastest growing quarter. If I remember well, it was up 45%. So not an easy comp in the second quarter and particularly given the current environment. I mean, we wouldn't really give you any indication on what to expect, you know, we obviously feel prudent at this point given the situation.

ANTOINE BELGE: Look, on the comment it was plus 40 something, I recall that, but it was also at a time when you were really pushing the new strategy, you know, the sort of greater focus that was presented at the Capital Market Day about pushing a bit the non-winter products too. So maybe it was not a pure base of comparison. But I leave it there. I understand the message. Thank you.

OPERATOR: The next question is from Susy Tibaldi, UBS. Please go ahead.

SUSY TIBALDI: Hi, thanks for taking my questions. So, I was just wondering, how are you planning overall your DTC business for this year given the volatile environment, because I remember you always say you plan for a mid-single-digit like-for-like, last year ended up being a bit below that with 3%. This year, the outlook probably not that much better. And is there any difference on how you plan your Spring/Summer versus your Fall/Winter, because we see that over the past year or so, actually, your Spring/Summer is becoming a bit smaller in the context of your full year.

And then secondly, I know it's a Sales Call, but can you just remind us of some of the costs that you will have in H1 versus H2? If I remember correctly, your marketing phasing is going to be more H1 weighted because of the events that you highlighted earlier. Is there also any other costs that we should consider the timing of which could either benefit or impact your H1 profitability? Thank you.

LUCIANO SANTEL: Okay, Susy. First question about how we plan our DTC business. You're totally right. This is what we usually did in the past. This year, we are even more prudent for evident reasons. But just to remind you that we planned mid-single-digit in 2023, and we ended up with 19% comp. And we planned 5% last year, and we ended up with a 3% comp. And this is because even if we plan the mid-single-digit, you may know that we maintain roughly 10% production, we may decide or not to launch in season. So this was the case in 2023, in 2024, of course, less. And this year, of course, we don't know yet. But in any event, to answer your question, the mid-single-digit this year is even a little bit less, but still with the same potential to take advantage of the flexibility of our supply chain that is estimated around 10%. So with the 10%, we can fulfill a potential and hopeful additional demand coming from the market.

I mean, the way we plan this business has not changed significantly, but just to give you some more color this year, of course, is a little bit more prudent. Talking about the shape of our profit and loss and profitability in the first half, you're right. First of all, we expect a higher marketing spending in the first half of this year than last year, even more than what we reported two years ago when we held the Genius event in London. So the marketing contribution will be higher, of course, still with the 7% that is our usual golden rule for the year end.

Another item to highlight, I'm sure you remember, but just important to reiterate is that last year, in the first half, we reported that the benefit of the insurance payment for the €7.5 million that, of course, this year will not be in our results, that element. For the rest, noting special we know now I can tell you.

ELENA MARIANI: And maybe the only thing to remember on top is that obviously these are the key moving parts then the profitability will depend on the top line evolution, which is still the most important factor. So that's what you need to take into account.

SUSY TIBALDI: Clear. Thanks.

OPERATOR: The next question is from Luca Solca, Bernstein. Please go ahead.

LUCA SOLCA: Hello, Luca from Bernstein. Buonasera Luciano, Elena. The first question about channel dynamics at Stone Island. Optically, the numbers in total look not so good. But actually, when we look at the trends for retail, they look good, they look good enough. I was wondering, if you could help us dissect the effect of new space here, and if there was, in fact, a positive like-for-like developments? And how we need to understand the combined first quarter and second quarter in wholesale? You're writing that there was a shift in deliveries between the first quarter and the second quarter, and also the effect of moving to a higher quality wholesale setup. I wonder if in total, when you look at the combined first two quarters, you expect wholesale to be up in total, considering also the fact that I understood that Stone Island is probably going to rely more on wholesale than retail at least for a while.

Second question is also focused on channels, and maybe an attempt to understand how the Moncler brand at this time is now organized in the

US. You moved from wholesale to concessions with quite a significant number of key accounts in America. I wonder if the split is now approaching the total Group split between retail and wholesale, and I doubt it, but I, you know, I would be grateful if you could give us a sense of how this has been moving, and where we stand in terms of wholesale and retail for Moncler in the US. Thanks very much.

LUCIANO SANTEL: Hi, Luca. Starting from Stone Island, and starting from your second question, the wholesale. The wholesale is not expected to be positive in the first half of the year and not in the fiscal year. Our, let me say, expectation and what we already said to the market is that we expect still a negative number in wholesale for Stone Island this year, but a single-digit, let me say, maybe mid, maybe high-single-digit, but in any event, a negative number. And this will be the case in first half, even if the second quarter, as I have said before, is expected to be positive for the different timing in deliveries that made the first quarter particularly bad. The 19% decline is driven in part by this timing in deliveries, but delivery in the second quarter will not be enough to make the number for the first half positive, which in any event will be negative single-digit. And what I can tell you is that we expect the second quarter to be better. So both single-digit negative, but second half, hopefully better than first half. I hope I was clear enough.

Talking about DTC, I mean, space is not something we disclose, but in any event, you're right. There is a space contribution, but there is also a significant organic growth contribution. So overall, the DTC channel is doing fairly well. Let me say that all the retail metrics inside the store are very good. Notwithstanding, some pressure coming from traffic, not only for Stone Island, but, I mean, traffic is a more complex variable. But overall, I think that we are doing, I mean, the Stone Island team is doing a great job in developing that kind of retail culture we keep talking about.

Something important about the space, yes, not for the quarter, but for the year is that you may remember for this year, we don't expect a significant space contribution because this year we are not planning to open many stores. We are implementing, and we already implemented some specific relocation projects like the opening of the new store in Paris that Elena mentioned before. Of course, much more powerful, also bigger, but not many new openings because we want at this stage of the development of the brand to maximize the potential of the organic growth.

Talking about Moncler, and talking about specifically the US, US wholesale represents now about 20% of the total. It is still an important 20%, let me say, because, I mean, it's the 20% we do with department stores that are for our industry, not for Moncler only, very important in that country. Of course, we continue to implement our strategy together with our partners department stores to implement as much as we can a strategy to convert wholesale business into hybrid models or concession models as we did in the recent past with the Saks, the store of Fifth Avenue, Saks.com, Nordstrom or with Bloomingdale's. This is something that is still in the agenda, in the conversations we have with the new bigger player that is Saks after the merger. So, again, the number is what I told you before is 20%. Of course, overall, as you know, right now, the contribution of wholesale is lower, is about 13%. So in the US, it's still a little bit higher, but not that much.

ELENA MARIANI: And Luca, just to make you understand the progression, if you just go back a couple of years to, let's say, 2022, wholesale was about 35% of sales in the US. So we moved from 35% to 20% just in a couple of years, not to mention obviously 10 years ago when the business was more like 50:50.

LUCA SOLCA: Understood. Thank you very much indeed. Thank you both.

OPERATOR: The next question is from Piral Dadhania, RBC. Please go ahead.

PIRAL DADHANIA: Thank you. Good evening. So my first question just relates to the approach towards costs and any projects you have from an OPEX perspective. Given the increased macro volatility in the market. Are you planning to postpone or reduce your OPEX spending as you progress through 2025?

And then my second question just relates to Grenoble. Obviously, a very successful and high profile event at Courchevel and you've been talking for a number of quarters now about the intention to increase the technical outerwear component within the product range. Could you just help us understand whether the mix of Grenoble through the Autumn/Winter 2024, 2025 period has increased, and the contribution to growth that that may have had on the back of the event that you've hosted earlier this year? Thank you.

LUCIANO SANTEL: Thank you for your question. About our current plans to reduce our expenses, this is something that is constantly in our agenda because this company, this organization is, let me say, quite good cost efficient organization. Cost efficiency is part of our culture. Of course, in this kind of situation, we are even more focused on reducing expenses. Let me say that all expenses, all projects in our budget are important, but, of course, some of them are still important, but less urgent. Those that are important and urgent, we tend to give a priority to this kind of projects, to this kind of expenses, and to not cancel, but maybe delay some projects or to delay some expenses in order to reduce the cost impact in this year. I mean, the company has been quite flexible, really reactive on this side. Also, there is something important to reiterate that you probably know, but the structure of our expenses is roughly 60% fixed and 40% variable. That, of course, is something important to protect the profitability in this kind of situation. Of course, on the other side, it's something that decreases the operating leverage when business is doing very well. Let me say that is more safe, but good in this situation.

About Grenoble, Grenoble is almost touching 10% of our business. It is growing faster than the rest of the business. So I mean, of course, we have a great expectation for Grenoble. Of course, it will take time, but it keeps growing not at a very fast pace, but, honestly, very, very nice. And, again, we have a great expectation not only for what Grenoble is and must become even more in winter and in winter sports, but to position Grenoble also like as the most authentic luxury brand for outdoors independently on the season.

And so also for the summer season, our effort is becoming more and more visible with a very, let me say, nice collection that is doing quite well. So great expectation for Grenoble, and results are good. Of course, we are never in a hurry when we want to implement a long lasting strategic project. And so, don't expect great results overnight, but step-by-step, we are very confident about the potential of Grenoble.

PIRAL DADHANIA: Great. Thank you.

OPERATOR: The next question is from Liwei Hou, CICC. Please go ahead.

LIWEI HOU: Thank you, Luciano and Elena, and good evening, and congrats on these resilient results. So I have 2 questions, both on tariff. The first one is, is it possible to give us a breakdown of in-house production and third-party production at the moment? I understand they're mostly in Europe, but I just want to get a sense of our direct control on production, you know, to counter with the tariff?

And then the second question is more of a thinking exercise. So in the case that US consumers spend more in Europe, should we hike price in the US, will that be margin accretive or margin dilutive theoretically, because when we look at 2024, when Chinese spend more in Japan, it looks like it was more margin dilutive for the industry, but China and Japan had different cost base in terms of rental. So I wonder when US consumers purchase more in Europe, will that also be margin dilutive or is it more insignificant impact? Thank you very much.

LUCIANO SANTEL: Okay. Thank you for your question. Our in-house production by the end of this year should be in the region of 30%. We have our production facility with the two new buildings in Romania. We keep buying some small facilities in Romania, so I don't want to bore you. But in any way, what is important to highlight is that with the opening of a facility in Italy for knitwear only in September of last year, all considered, we expect about 30% of our production to be internalized this year.

Talking about dilutive or accretive business, if customers move from one region to the other. Honestly, this is not something particularly relevant for us. You mentioned Japan. Honestly, our profitability in Japan is not much different from China. And talking about your current example of American customers that may come to Europe to buy, let me say that, first of all, the price gap with the US at the current exchange rate is much, much lower than in the past. So this makes Europe more convenient, but not significantly more convenient.

Also, I mean, any dollar and euro people spend in Europe or in America on a retail business that is mostly fixed rent is additional margin. So the main difference talking of eventual dilution of accretion is the structure of our lease contracts. In some regions, like in Asia, is mostly variable in

Europe and in America, it's mostly fixed. So when rents are fixed, an additional euro of business is an important contribution to margin. So again, I follow your thought, but not honestly something we see and we look at as a relevant issue.

LIWEI HOU: Thank you very much. This is very helpful.

OPERATOR: The last question is from Rogerio Fujimori, Stifel. Please go ahead.

ROGERIO FUJIMORI: Hi, Luciano and Elena. I have just one quick follow-up on China. I was just wondering if you could elaborate on what you were experiencing in terms of shopping mall traffic in China in March post Chinese New Year. Thank you.

LUCIANO SANTEL: I mean, the post Chinese New Year, of course, was softer than expected. I'm not sure I understand the question, but I mean, before the Chinese New Year, business was very good and better than last year. After the Chinese New Year, of course, traffic was down, but this was something totally expected. Honestly, we don't see any other component in traffic that we can consider relevant about the customer behavior in China, except what I said. But tell me if this was the question or I misunderstood the question.

ROGERIO FUJIMORI: That's clear. Thanks, Luciano.

LUCIANO SANTEL: You're welcome.

OPERATOR: Gentlemen, there are no more questions registered at this time. I turn the conference back to the management for any closing remarks.

ELENA MARIANI: Thank you. Thank you, everyone, for participating in this call. For any follow-up questions, as usual, you can contact myself or the rest of the IR team. As a reminder, our H1 2025 interim management statement will be released on July 23rd after market close, and our quiet period will start on June 24th. Thank you again and have a great rest of the evening.

OPERATOR: Ladies and gentlemen, thank you for joining. The conference is now over and you may disconnect your telephones.