Moncler S.p.A.

"Nine Months 2025 Interim Management Statement Conference Call"

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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 9M 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. The Interim Management Statement call is hosted by Luciano Santel, Chief Corporate and Supply Officer and by myself. I will start providing a brief overview of our results and then we 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 second to highlight two moments we are particularly proud of. A couple of weeks ago, we launched the Moncler campaign Warmer Together, which celebrates the values that have defined Moncler for over 70 years – love, connection, and a shared sense of warmth – beautifully embodied by the friendship of the two legendary Hollywood icons that you can see on the screen – Al Pacino and Robert De Niro. We are extremely proud of the resonance and the attention that this campaign has received, reaching the highest level of social engagement ever for the brand. And we will have the chance to talk about it in more detail during our full year results presentation in February.

The second highlight – and still linked to the same values that I have just talked about – is the opening of Casa Moncler, our new headquarters, where we moved in early September, gathering more than 700 people under the same roof. We all feel it is more than just a new space – for us it is a new home, a symbol of creativity, collaboration, and belonging. A real milestone in our journey. And I hope to welcome as many of you as possible here in Milan in the new building in the coming months.

Now, let's move to Page 3, where we will briefly comment on the Group 9M revenue development, focusing on growth at constant FX. In the first 9 months of the year, the group registered 1.84 billion Euros of revenues in line with last year, with Q3 at 616 million Euros, down -1%. The Moncler brand revenues were in line with last year in the first 9 months, and down -1% in Q3, with both the DTC and Wholesale channels slightly improving sequentially. As a reminder, Q3 remains the largest Wholesale quarter in the year, so the one with the channel mix mostly skewed towards Wholesale, which was down -4% in the quarter.

Stone Island revenues were down -1% in the first 9 months, and in line with last year in Q3, with a double-digit positive DTC channel offsetting the decline recorded in the wholesale channel.

Now, moving on to Page 4, I would like to highlight some key Moncler brand initiatives launched during the third quarter. First, when it comes to our Main Collection, the launch of the Pre-Fall 2025 collection, accompanied by a very strong campaign shot in London, starring Brooklyn and Nicola Peltz Beckham. The campaign embodied metropolitan sophistication and minimalism, with a strong focus on fabric research and easy layering options in a very versatile color palette.

Talking about Moncler Genius, we had two drops during the quarter. We launched the debut collection by iconic editor and stylist Edward Enninful, who envisioned adaptable, functional, and layerable looks designed for seamless transitions between climates. We also presented the collection by A$AP Rocky, inspired by vintage ski garments, and characterized by a bold color palette and great practicality. And the picture that you can see on the screen is a limited edition of a reimagined iconic Moncler Maya, co-designed with A$AP Rocky. Very few pieces will be available in December at selected directly operated stores.

Finally, as a testament to the importance of the online channel within our omnichannel strategy, during the quarter we unveiled our new Moncler.com website, featuring enhanced user experience and stronger product focus, leveraging Google's Generative AI to transform the website from a point of distribution into a true brand destination, where product truly takes a center stage. And I would encourage you to take a look online in case you haven't seen it yet.

Moving on to Stone Island, on Page 5, let me highlight a couple of important brand initiatives launched in Q3. First, we unveiled the next chapter of the ‘Community as a Form of Research’ project, the ongoing collaboration between Stone Island and members of the brand's community that were captured in archival icons and signature items from the new Autumn Winter collection. We're very happy about this campaign that has been further enhancing the brand's visibility globally.

Secondly, in September, we presented the next chapter of our long-term partnership with New Balance by revisiting the New Balance 574 in three monochrome colorways, inspired by the ethos of the Stone Island Ghost subcollection.

Talking about numbers, we are going to start with the Moncler Brand on Page 6 looking – first – at the performance by Geography. Starting with Asia – that as you know includes APAC, Korea, and Japan – revenues were flat year-on-year in Q3 at constant exchange rates in line with the previous quarter. China continued to outperform the rest of the region, while Japan and Korea registered a weaker performance, essentially offsetting the growth recorded in China and the rest of Asia Pacific.

In EMEA, revenues were down 4% YoY in Q3, improving sequentially compared to the -8% registered in Q2, with tourism flows remaining subdued in the region and below last year levels, albeit slightly improving compared to the previous quarter.

Finally, the Americas region was up 5% in Q3. Bear in mind that this region has been particularly penalized by the wholesale performance, which was negative in the quarter, and this has partly offset the double-digit growth registered by the DTC channel, which was driven by strong local US consumption.

Moving to Page 7, focusing on Revenues by Channel, both DTC and Wholesale showed slight sequential improvements compared to Q2. The DTC channel in the third quarter was flat YoY at constant exchange rates, slightly improving compared to the -1% registered in the second quarter, despite persistent macro headwinds and still relatively weak consumer sentiment overall.

Looking at the geographies that performed better in DTC, I can mention America and China, which outperformed in this channel and continued on a solid growth trajectory, while EMEA and Japan underperformed, still affected by weak tourism flows.

Looking at the Wholesale channel, in the third quarter, it was down 4% YoY, improving compared to Q2, although still impacted by the ongoing upgrade of the quality of our distribution through doors closures and a general network optimization.

As mentioned earlier, Q3 is still the most significant Wholesale quarter in the year, so the quarter where the share of Wholesale (as a % of total reveues) is the largest in the year. And while we talk about Wholesale, you might have noticed that in the first 9 months of the year, our Wholesale channel was down -5% at constant FX, compared to our guidance of high single digit decline for the full year.

The better-than-expected performance so far has been driven by re-orders from our partners, thanks to a good sell-out, hence we are pleased to say that also for our full year, we now expect Wholesale revenues to be down around mid-single-digit at constant FX (versus the high single digit decline indicated before).

Now, moving on to Stone Island regional trends on Page 8, you can see that Asia continued to outperform, with revenues up 9% YoY, with all the main countries in the region registering the positive performance. Among them, China, APAC and Japan were particularly strong.

EMEA revenues were down at 3% YoY, but this masked a very different performance of the two channels. DTC was on a strong double-digit growth trajectory with solid local consumption, while the Wholesale channel was negative, affecting the overall performance of the brand in the region. Americas was down 3% in Q3 YoY, but both the wholesale and the DTC channels improved sequentially compared to the second quarter.

Looking at the Trends by Channel on Page 9, you can see more clearly the different development of Wholesale vs. DTC, and the ongoing shift from one channel to the other. In Q3, DTC revenues were up 11% YoY, driven by a solid performance in Asia and EMEA. This is a very solid figure, also considering the fact that – as a reminder – this is mostly organic growth, as this year we have negligible contribution coming from space.

The Wholesale channel was down 8% in the quarter, although this was entirely due to a different timing of deliveries in Q3 vs Q4 compared with the same period last year. In fact, we expect this to reverse in the fourth quarter. We can therefore confirm that the performance of this channel in the second half of the year is expected to be less negative compared to the performance of the first half, leading to a single digit decline for the full year at constant FX.

Finally, let's briefly go through our store network, on Page 10. At the end of Q3, the Moncler DOS network reached 294 units, a net increase of 7 units compared to the end of June, with most of the openings done in September, at the start of the Fall Winter season. The most notable Retail projects that I would highlight are the opening of the store in Austin (US) and the expansion of the Shin Kong Place store in Beijing.

Looking at Stone Island, the network counts 92 stores, a net increase of one unit compared to the end of June. And among the various opening / relocation or expansion projects this quarter I would highlight in particular the relocation of the flagship store in New York City.

On Pages 11, 12, and 13, you can see some pictures of these important projects. I'm going to stop here now, and I will hand over to the operator for your questions. As usual, I kindly ask you to stick to a maximum of two questions per person to give everybody the chance to participate. Operator, feel free to open the line. 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 Melania Grippo, BNP Paribas. Please go ahead.

MELANIA GRIPPO: Good evening, everyone. This is Melania Grippo, from BNP Paribas. I have 2 questions. The first question is on China. Can you please give us an idea of how you performed, I mean, locals as well as the cluster in Q3? And you know, how do you see the environment currently in the country? And the other thing is on current trading. What have you seen in the past 3 or 4 weeks in your retail, also compared to what you delivered in Q3, in light of the tougher comp and the weaker consumer environment? Thank you.

LUCIANO SANTEL: Hi, Melania. China in Q3 performed positively, was positive, both China Mainland as a market and the Chinese cluster. So, everything, let me say, fairly good, in line with our expectations and consistent with what we believe is the strength of our Moncler brand in China. In Q4, nothing special to add. On the quarter, October started well, and the results are positive, with a good Golden Week, substantially in line with last year, when, you may remember, Golden Week was particularly strong. So overall, we are confident about how China business and business with Chinese customers are evolving. And again, notwithstanding, of course, the growth situation in China, we don't see any important sign of weakness. Again, your question was about China only, correct?

ELENA MARIANI: Yes, I guess, Melania, you wanted to know about current trading in general.

MELANIA GRIPPO: Yes, exactly.

ELENA MARIANI: …for the start of Q4, I would imagine.

LUCIANO SANTEL: In general, I mean, nothing different from what I said. Overall, October started well, and results are positive in all the different regions. So, let me say that we are prudently satisfied, prudently because we are talking about only 20 days of the quarter, the most important quarter of the year, and we still have ahead of us 2 months and a half, with December that is the most important month of this quarter, and that last year was particularly strong. So quite challenging base of comparison. Having said that, so far so good. But nothing, we, as management team, would extrapolate to predict the result for the year-end. But again, good results we are fairly happy with.

MELANIA GRIPPO: Thank you.

OPERATOR: The next question is from Chiara Battistini, JP Morgan. Please go ahead.

CHIARA BATTISTINI: Good evening. Thank you for taking my questions. The first question I have is on the US. Firstly, I was wondering if you could talk a little bit more about the strong performance you saw in DTC in the quarter, if that's driven by traffic conversion, and also to what extent you're recruiting consumers beyond the major cities. And instead in wholesale and the pressure you saw, to what extent that was self-inflicted versus a difficult channel, as we know? And on the US as well, on pricing, and how you think about the strategy for pricing in the US, given the still large differential versus Europe?

And the second question is on the wholesale for Moncler brand for next year, if you're already ready to give us an early indication on how to think about that channel into next year, please? Thank you.

LUCIANO SANTEL: Chiara, thank you for your question. About the US performance, first of all, let me clarify something. Of course, you understand very well that the performance in the US was better than what we reported simply because the wholesale channel was weak, but the DTC channel did well, I would say very well. I mean, with all the retail metrics positive, except traffic, but conversion, UPT, average selling price, all these components, and most importantly, the controllable components that are driven by the capability of our store team, that are conversion and the UPT, were positive. So, overall, we are satisfied about the US.

Talking about the price gap. Price gap with the US is in the region of 125-128, roughly, which is, you may note, a little bit higher than other peers.

We are targeting a slightly lower price gap for next year, but this is the price gap right now.

Talking about wholesale overall, not US only, this year, as Elena said at the beginning during the speech, we are doing a little bit better than what we expected and what we communicated at the beginning of the year based on the results of the selling campaign. The reason why the wholesale channel is trending mid-single-digit negative as compared to high-single-digit negative we previously expected, as Elena said, due to the reorders sell out. So that channel is performing fairly well.

For next year, difficult to predict also because we are at the very beginning of the selling campaign for the most important season of the year, that is the fall/winter '26. We believe that the result next year may be even a little better than this year. I can't anticipate flat, but in any event, we are targeting a better result. So, we may or may not be able to do it, but I think that all the work that has been done over the past 2 years to furtherly clean the distribution has been not completed, but is at a very developed stage. Moreover, of course, we reported already this year the impact of some important accounts that have been closed, sad to say, but I mean you know that some important retailers have closed their business with a material impact on our business. So next year should be better, but again too early to anticipate any specific number.

CHIARA BATTISTINI: Thank you.

LUCIANO SANTEL: You're welcome.

OPERATOR: The next question is from Chris Huang, UBS. Please go ahead.

CHRIS HUANG: Hello, thanks for taking my questions. My first one is on the cluster trends that you saw in Q3, especially the locals. If you can come back to that local trends for Moncler brand, DTC and third quarter. I am asking because¸ I am mindful of the fact that your third quarter has a big exposure to tourism. So, I would imagine that somehow makes the underlying trends more difficult to really read. So, if you can provide us a little bit more color on the European locals, Americans locals, if you can provide any numbers to that.

The other one is a follow-up on the commentary you made on current trading Q4. So, Luciano, if I heard correctly, you said that October globally, Moncler brand DTC was positive. Does that mean you're comfortable with the latest consensus I see on Visible Alpha around 2% Moncler brand retail? And connected to this, can you remind us of the cadence within the quarter last year, because I think some of your peers started to see really tougher comps in the last 6 weeks of the year after the election in the US, but given that you have a smaller exposure to the US, how did the comps look like within the quarter? Is it more a homogeneous comp development within the quarter, or is it also a lot tougher from mid-November onwards? Thank you.

LUCIANO SANTEL: Hi Chris, thank you for your questions. Starting from the last one, honestly, quite a complex question, Chris, very difficult to answer. Again, our current view is what I said, the first 20-25 days of October are good. We are still in October, so again, we are satisfied. I mean, we are happier when the trend is good than when it is not. But having said that, it's very difficult to predict what may happen in November and most importantly in December when we will face a very challenging base of comparison because last year December was very strong. Everything numeric is something I can't answer. I can't because I am not able to and also, it'd be very difficult to understand how much may depend or may have depended last year on external factors that of course are factors we look at, but much less than what we are looking at our own performances and at our own way to improve performances. So, long story short, it's difficult to answer this question.

About the local customers, overall contribution of locals and tourists is not much different than last year in Q3. Of course, different pattern in the different regions: locals are still good in Europe, but with a evident decline in tourism, mostly driven by the decline of American tourists for evident reasons you know very well, mostly associated with the depreciation of the currency. A decline in tourists in Japan as well, and increase in tourism in Korea. I mean factors that are totally dependent on the price gap between yen and renminbi that made Japan more convenient in the past, less in Q3, and between Korean won and renminbi that made Korea more convenient in Q3, and mostly the duty-free business that did well in Korea in Q3. So overall contribution of tourism and locals more or less the same as last year, but again Europe weak for the lack of Americans, Japan the same for the decline of Chinese, Korea better.

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

ANNE-LAURE BISMUTH: Good evening. I have 2 questions. So, the first one is on pricing. Was the pricing contribution around mid-single-digit in Q3 more or less in line with the price increase you implemented this year? And looking forward in 2026, can you already start to communicate the price increase you are going to implement?

And my second question is about the EBIT margin. Like-for-like, are still in negative territory in Q3. It will all depend on Q4. But where do you stand regarding consensus? Are you still comfortable with the EBIT margin around 28.3% to be precise with what you have on your website. Thank you very much.

LUCIANO SANTEL: Hi, Anne-Laure. About the first question, the pricing contribution in Q3 was in line with more or less what we said for this year. That is about mid-single-digit. Much more difficult, the question about 2026 because it is something that is much more difficult and something we are still working together with Roberto. Of course, we face an important FX impact for next year, an important depreciation of all the most important currencies. If and to what extent we will be able to offset this and deterioration of FX is something difficult to predict. But in any event, I mean, our pricing for next year, will still be in the region of low single-digit, not more than that.

LUCIANO SANTEL: EBIT margin for this year. I know that consensus reports 28.3%. 28.3% that is implied in the consensus, is fully consistent with consensus top line. Of course, I don't know what will the top line end up to be, as you know very well. Our operating margins mostly depend on the top line, on the sales density. And this is something we don't know yet. But again, the 28.3% is coherent with the consensus top line.

ANNE-LAURE BISMUTH: Thank you.

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

LUCA SOLCA: Good evening. My first question is about activations and events that you are anticipating for the fourth quarter and the first quarter of next year. And how would you say that they compare against what you did the previous year? I think it's very clear that in the case of the Genius event, we're not going to have that. But I understand you have other things up your sleeve, and I was wondering how you assess the magnitude of those initiatives relative to what you had the previous year, and if this could be a tailwind or a headwind when it comes to your organic growth progression?

The second question is about the demand that you see by price point. It was clear last year that the higher portion of your collection is doing very well indeed, Grenoble in particular. I wonder if you see this trend persisting, and how would you then assess the combined impact of mix and like-for-like price increases, and where would that leave volume in the 9 months? Thanks a million.

LUCIANO SANTEL: Luca, thank you for your question. We as management team, are normally very focused on big events that have been historically very, very impactful, very, very successful. But events are not the only way we communicate the brand. I'm saying that because something that is not to be considered an event, but is something remarkable I would like to remind you, is the recent campaign we launched that is Warmer Together, a campaign that delivered very, very strong results in terms of reach for sure, but also with a very, very high, let me say, the highest ever engagement rate. And overall, a lot appreciated by everyone around the world across all the different regions. So, I don't know if the event in Shanghai last year was more impactful than this campaign or the other way around, but I invite you to consider also that even without that event, our presence, our communication of the brand is still quite important. In the next few weeks there will be the launch of Jil Sander under the Genius pillar. And something important, very important as well, will be the campaign of Grenoble. You know how much Grenoble is important strategically for our brand. This is something you will see in a few weeks.
And at the end of January next year, an important event in Aspen for Grenoble.

Talking about demand by price point and talking about Grenoble, which implies a quite high price point, Grenoble has been doing quite well over the past years and is still doing well. It demonstrates that when the product is good, when the communication is good, and when there is a strong identity of the product and coherence with the identity of the brand, notwithstanding the price, there is a demand.

Having said that, since forever we have been working on our pricing architecture to protect the entry price of our collection, because we believe that the entry price is important for recruiting younger people. Of course, entry price for Moncler in outerwear is over €1,000. But again, it is lower than our average, of course. And so, working on entry-price products is very important. But we also believe there are huge opportunities in building step-by-step a higher and higher value collection to capture that kind of customer, high-end customer that is very close to our brand and may buy even more high-end products. So, this is the strategy. And the results are consistent with the strategy. Of course, the real problem right now, I'm not talking about October, but I'm talking about this year, and to some extent last year, is a clear slowdown in the demand for several different reasons. I think that this has nothing or a little to do with the attraction for our brand and for our product.

OPERATOR: The next question is from Daria Nasledysheva, Bank of America. Please go ahead.

DARIA NASLEDYSHEVA: Hi. Good evening. This is Daria from Bank of America, and thank you for taking my questions. Could you please share with us what space impact was this quarter, given also several store openings? Has your thinking for the annual impact of space, which you normally comment on, changed in any way?

And then my second question would be about your Fifth Avenue store that's due to open next year. When exactly is it due to open? What percentage of space there will be selling versus non-selling? Will the store come as a replacement of some other stores that you already have in New York City? I'm just curious on how to best think about the impact from this addition, given the size and momentum of your brand in the US. Thank you.

LUCIANO SANTEL: First the question, which is east to answer, about space. Space contribution overall for this year, we expectmore or less mid-single-digit. In Q3, it was not much different than what I said. So, this is a simple answer to your question. But, of course, tell me if you want to have more color.

About New York Fifth Avenue, the precise date, let me smile a little bit, because we still don't know exactly. Honestly, it's not a small store, and sometimes we make mistakes also when we open small stores. You can imagine opening a store of over 2,000 square meters. So, it is something that precisely we don't know yet. Our view right now is to open the store at the end of the first half of the year, probably around June, in order to capture fully the fall/winter season.

How much is selling? How much is not? Something, honestly, I don't know. But I can tell you that, of course, selling will be predominant. But of course, we will have a consistent space also for our stock.

Talking about other stores, we have other 3 stores in New York. One in Soho Prince Street, one is within Saks on Fifth Avenue, and the other one is in Madison, which is quite close to the store we are opening. There might be an overlap, and we might decide, but we have not yet decided, whether or not we may close that store. Something that we will be evaluating. No decision has been made yet. But for sure, that store may have an overlap in terms of customer base with the store in Fifth Avenue, even though of course the store in Fifth Avenue is expected to be more tourism. Madison Avenue, for sure, is more local. But again, something not decided yet.

DARIA NASLEDYSHEVA: Thank you very much.

LUCIANO SANTEL: You're welcome.

OPERATOR: The next question is from Ed Aubin, Morgan Stanley. Please go ahead.

ED AUBIN: Yes. Good evening, Luciano and Elena. So, 2 for me as well. Luciano, on the margin comments you made, for the year EBIT margin, you said that 28.3%, which is the consensus, would be consistent with a good top line. So, you don't have a crystal ball, but just a sensitivity analysis, assuming that you would make the consensus, which is Moncler retail about 2%-3% up in Q4. Does that qualify as good top line or not? So that would be Question #1.

And then, Question #2 just to follow up on the selling space questions you got. Could you give us a little bit of an early indication of what you have in mind for in percentage terms for 2026? Are you going to continue to grow about mid-single digit? Or, given that your like-for-like has been negative in recent quarters, would you slow down a bit the pace of expansion? So, what do you have in mind for next year? Thank you.

LUCIANO SANTEL: Hi, Ed. About the first question, you said something totally correct that we don't have the crystal ball. So, we based our view on what we know, and it's difficult to make predictions. Of course, operating margins are mostly dependent on the top line in Q4 more than in any other quarter. What I can say is that the EBIT reported in the consensus is consistent with the consensus top line. Of course, a good top line means a top line we would be happy with. Talking about numbers, I mean, very difficult and honestly quite premature. I can tell you that, again, October was good, next weeks are still to be done. What I also said is that is important to remember that December last year was very strong, and the year before was also very strong. It was very strong the year before. So, again, December will be more and more challenging. Overall, all the quarter is challenging. So again, I'm sorry if I can't help you to predict or to plan our operating margins, but I can tell you what I know.

About space contribution next year, I can tell you that we are in the region of low-mid, more towards mid-single digit, based again on what we know that are the new openings. Also, the space of some important stores like New York, we just talked about. Again, take this number as an overall preliminary indication. Of course, the number as always depends on the new openings and also on the expansions, the projects of expansion, relocation of existing stores. So, overall, this is what I can tell you now.

ED AUBIN: Okay, wonderful. Thank you.

OPERATOR: The next question is from Oriana Cardani, Intesa Sanpaolo. Please go ahead.

ORIANA CARDANI: Good evening. Thank you for taking my 2 questions. The first one is on online business. Was the third quarter similar to the first half of the year, or were there any differences?

And the second question is on the wholesale channel for Stone Island. Do you expect performance to stabilize for next year for Stone Island? Are there any comments that you can anticipate for 2026? Thank you very much.

LUCIANO SANTEL: About online, the contribution of online business on the total is something we don't look that much, not any longer since when we fully realized that online is a very important component of our omnichannel business. But of course, online I still suffering. I can tell you that right now, we are very happy about the new website. It is way better than before, we saw an increase in traffic, we see people coming to visit the store to spend much more time than before in visiting the online store. So, again, all qualitative comments just to say that online business itself is important, but much less than in the past. What is important is the online website to get new customers, to recruit new customers, and also to convert the new potential customers in the online site or in the retail store, which happens all the time.

Talking about wholesale for Stone Island, first of all, let me say that the results in Q3 have been penalized by some timing issues that will be fixed and offset by better results in Q4. Just to comment the Q3 results.

Talking about 2026, you may remember that last year we reported a high double-digit decline in the wholesale business for several reasons, including the overall decline of the wholesale industry that impacted Moncler as well, the decline of the e-tailers, but also the fact that in this specific situation we decided for Stone Island to do the same we did in the past for Moncler, and we are still doing for Moncler, that is to be even more selective with our wholesale network. This year, as you see from the numbers, we expect the wholesale channel to sill be negative, but better than last year. Next year, I don't know, but I hope this positive trend will continue. Will or will not be flat, difficult to predict.

ORIANA CARDANI: Understood. Thank you very much.

OPERATOR: The next question is from Charles-Louis Scotti, Kepler Cheuvreux. Please go ahead.

CHARLES-LOUIS SCOTTI: Good evening. Thank you for taking my questions. I have 2. Coming back on your marketing campaign featuring Robert De Niro and Al Pacino, is this the beginning of your offensive in the US market, which appears to be a focus for 2026 and beyond the openings of your Fifth Avenue store and the Moncler Grenoble show in Aspen? Could you share more details about your ambitions in the US in the coming years, and any Genius event scheduled there, maybe in H2 '26 as the last 2 were in Europe and Asia-Pacific?

And second question, do you have any data on market trends for the luxury down jacket segment, and any idea of your performance compared to the market? I'm just curious, are you seeing increasing competition in this category and as seen in other luxury categories such as jewelry? Are you noticing the emergence of local competitors? For instance, one of your Asian competitors, well, not really a competitor, but just launched a higher-end down jacket line with a well-known creative designer. So, I'm just curious about the level of competition in this segment. Thank you.

LUCIANO SANTEL: Thank you for your question. About the current campaign I talked about before, the Warmer Together featuring Al Pacino and Robert De Niro. The campaign was enormously appreciated everywhere in all the different regions from east to west. And this was the target of this campaign. Of course, we are talking about 2 icons, 2 American icons. And to your point, of course the campaign has been particularly well appreciated in the US, also with the recent event of a couple of days ago we held in Fifth Avenue in the Rockefeller Center.

Talking about the US ambitions, of course yes, this campaign for sure is very important for the US market, but again, not only. Talking about our ambitions, we have important ambitions, but we are not in a rush, because developing our ambitions and developing the opportunities, the potential we see that is very strong in the US takes time. We have to keep working very well on the brand communication, on the brand awareness because in the US, for sure, we have, differently from other regions, still a problem of brand awareness that is very good in the main cities, but not that much in the other regions of the US. And, at the same time, we have to keep working to develop a broader distribution network that right now is still behind in terms of potential all the other regions. So, US ambitions are still there. US potential is still something we see doable, something we can develop, and something we will be working on not only this year, but also next years.

About your second question, there is only one player that recently communicated a collaboration with a very high-end luxury designer. That is a Chinese brand, a very respectable brand, developing huge volumes, much, much bigger than Moncler. Whether or not that brand may be a competitor, difficult to say. I can tell you that right now I will say no, because, based on the deep knowledge we have of our customers in China, I can tell you that normally they shop Moncler, they shop other luxury brands in different categories, but I don't think they buy products of that brand. I don't know in the future, considering this recent collaboration. But right now, honestly, we don't see any visible competition in our field.

CHARLES-LOUIS SCOTTI: Thank you very much.

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

PIRAL DADHANIA: Thank you. Good evening. My first question just relates to the impact of US tariffs on your margin profile for the second half of the year. Could you just clarify for us whether the mid-single-digit price increases that are embedded in the autumn/winter 2025 collections is enough to neutralize the impact of US tariffs or whether you have or anticipate taking any additional price increases for that market, please? And I'm sorry, my line went a bit bad for your previous questions, but could I just ask around Arc'teryx in China? I don't know if that was what you were referring to before, but have you seen any potential improvement or increase in traffic as a result of the marketing misstep that Arc'teryx undertook in Tibet roughly one month ago? So, have you seen any improvement in the China performance of the business in the last month or so on the back of that? Thank you.

LUCIANO SANTEL: Rgearding your first question about pricing and tariffs in the US. Tariffs, as we probably already said, it was an up and down in terms of communication, as you know. At the end, considering the current level of duties, the impact was not particularly material, even though we increased the prices a little bit to offset the tariffs' impact. But again, this is not for sure the most important issue we face in the US. The most important issue we face, as you know very well, is the FX, is the deterioration of the US dollar. Impact that is not relevant at all for this year in 2025, but simply because thanks to our hedging policy, we have no impact at all on our margins. Of course, much more complex will be next year. And as I said before, something we are deeply and closely evaluating together, Roberto and I mostly, and our teams. Of course, we are confident to develop a balanced pricing structure to protect the demand on one side and to protect the margins on the other side. I hope I answered your question, but let me know.

Second question, honestly, I don't know. I know, of course, what happened with that brand. Difficult to quantify whether or not that event may have helped traffic in Moncler stores. Very difficult to say. I think that event may have impacted that brand, but I don't think that customers are escaping, are leaving Arc'teryx to come to Moncler. I hope they may do to some extent, because, I mean, there is some kind of overlapping between our collection with theirs, even if with a totally different price point. I think that our Grenoble collection is developing, building more and more strong technical credibilities. Grenoble is not luxury only, not luxury only as much as it was in the past. Right now, the credibility of Grenoble as a performance, a technical brand is growing day-after-day. And so, it may happen that some people looking for performance are coming more and more to our stores to buy Grenoble. But giving you an indication, any view about what may have happened after the backlash, no, difficult to say.

PIRAL DADHANIA: Thank you.

OPERATOR: The next question is from James Grzinic, Jefferies. Please go ahead.

JAMES GRZINIC: Buonasera Elena and Luciano. I'll keep it to one given the time. I think historically you talked to the need to deliver mid-single-digit like-for-like to maintain margins. So, I wonder whether you started to look at initiatives to improve the equation. I presume we could see that reduction in the rate of space expansion next year may be a starting point along that journey. We'd love to hear your thoughts on that, please.

LUCIANO SANTEL: I mean, you're correct mid-single-digit is what normally is required by our business model to protect our operating margins. Even though, of course, considering the current trend, that is something that started, let me say, last year and for sure the second quarter of this year, we started to look very closely and very deeply to our expenses in order to react to a trend that is not what it was in 2023.

About the reduction in space, honestly, I'm not sure to understand because what I said before is that space next year is in any event expected to grow. I misspoke before. Preliminarily, it may be in the region of low-mid, more towards mid single-digit, but still growing. So, I don't see any reduction in space. For sure, all the expenses within the store and the structural expenses, the G&A are under deep scrutiny, let me say, as usual, but of course now more than ever, because we are implementing projects to become more and more efficient. It's a long story, I am not going to tell you right now. But of course, it's not something we cut horizontally. It's something we tend to cut by becoming more and more efficient, and also with the help of artificial intelligence. But I mean, that is something I am not sure you're interested in right now. But in any event, for sure we are working now more than ever, and more than in the past, on cost savings. But let me understand if I answered your question or if you have any follow-up questions.

JAMES GRZINIC: My question was, I think it sounds like you had a greater focus on costs overall since Q2, by the sounds of it. But I was looking into that, whether the change in the pace of expansion, so I didn't talk about store reductions, but a reduction in store openings was part of that, but it sounds as if a lot of the cost focus is on individual store expenses, by the sound of it.

LUCIANO SANTEL: I don't see any significant impact in our retail expansion. Honestly, also because next year, something we discussed a few minutes ago, we are planning to open some stores, and one very important that from the space point of view will be the New York Fifth Avenue. So again, on that side, nothing significantly different from the past. Something very important and a little bit different from the past is our focus on expenses, on our organization in order to make it more and more efficient.

JAMES GRZINIC: Sounds great. Thank you for that, Luciano.

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

THOMAS CHAUVET: Good evening, Luciano and Elena. Thank you. I have two questions, please. One on category performance for the Moncler brand DTC. If we look at the nine months growth, so plus 1%, you said there was a 5% pricing with single-digit space contribution. That would imply roughly high single-digit percent volume decline. Could you give us a sense of how the categories are compared in the nine months of down jacket versus knitwear versus footwear or any other smaller category emerging?

And then secondly, a follow-up question on pricing. You confirmed Luciano low single-digit percent for next year, so a bit lower than the pricing trend in the last three, four years. Is that enough to cover input cost inflation, but also the potential unfavorable FX headwinds you mentioned or are you willing to absorb some of these headwinds into your gross margin next year for the benefit of supporting volume and demand? Thank you.

LUCIANO SANTEL: Yes, Thomas, thank you for your question. Your calculation is correct, of course, reporting a flat number for our DTC business, and with a positive space contribution, this implies a negative comp, and within the negative comp, assuming a mid-single-digit price mix increase, there is a decline in volumes, in which categories?. Let me tell you the good more than the bad. The good is that there are some categories, specifically knitwear, that keeps growing very nicely and better than outerwear. Outerwear is still, of course, the most important category, it's still doing very well, but of course at a pace lower than knitwear. Overall, our volumes are declining, with knitwear is doing better than the other categories. This is what I can tell you.

About pricing, your elaboration is correct. Of course, when we implement our pricing strategy, our first goal is to protect the gross margin. But the ultimate goal is to protect the operating margins. And so, something we did in the past, something we are evaluating for 2026, when I said that we will try to mitigate the price increase to low single digit, is exactly to consider, especially in some geographies like the US where the impact of FX is particularly important, the demand first and the impact on demand more than the impact on margin. It's difficult to say now whether or not we will be able to make it happen, but if we will be able to generate more revenues in the US, more traffic and more revenues, even with a slight, because we are talking about a not material impact on gross margin, this will impact positively our operating margin. So, I mean pricing is not a perfect science, of course, otherwise it will be much easier to do it with a spreadsheet, with Excel. But I mean, our belief right now is that pricing will be in the region of what I said, and in some regions, specifically in the US, may be less, of course, than the impact of currency. But this is something we believe is good for the brand, good to generate more traffic, and hopefully more revenues.

THOMAS CHAUVET: Thank you, Luciano.

LUCIANO SANTEL: Thank you.

OPERATOR: The next question is from Paola Carboni, Equita. Please go ahead.

PAOLA CARBONI: Good afternoon, everybody. I have two questions as well. The first one is about Korea and actually rather the Koreans as a cluster. If you can remind us how much does it account for Moncler and what we are seeing there in terms of trends, what was the performance in Q3 and if you are seeing any acceleration in line with what your general comments were for the brand.

And second question is instead on Stone Island, the performance in Q3 was pretty good. I was wondering if you can provide some more color in terms of the drivers, for this retail performance in terms of main KPIs, in terms of contribution of full price of primary versus secondary, so whatever you can add to understand the quality and the sustainability of this trend. Thanks.

LUCIANO SANTEL: Yes, Paola, thanks for the question. About Korea, Korea represents roughly a low double-digit percentage of sales, just to give you a number. Business in Korea is down and business with the Korean cluster is down. And why is that? I think that one reason is that in Korea, as you know, we have been growing a lot over the past 5 years, 6 years, at least from 2019, including 2020 and 2021, the years of COVID. Korea was the only region that grew in 2020. So, probably for this reason, there is some kind of anticipated slowdown happening. And overall, I mean, we are not worried about Korea, but I mean simply because the brand is very strong in Korea, business is still doing very well. Of course, we have a quite challenging base of comparison for sure. And this is one reason why we are suffering a little bit.

Second question about Stone Island. For Stone Island we reported a 11% growth rate in the DTC business in Q3, vast majority organic growth, notwithstanding a weakness in traffic, a decline in traffic that impacted Moncler, but Stone Island too. Notwithstanding the decline in traffic, the other retail metrics are significantly up. I'm talking about average selling price that is the result of a clear product strategy that you know very well because I said several times, the shift of our collection from the more entry-price categories that made the success of Stone Island in the past to the strategically most important categories that are knitwear that made the identity and the origin of Stone Island at the beginning in the early '80s. And I mean, the great work that our people are doing in the store that is conversion and UPT.

Of course, thanks to a collection that obviously customers evidently like because they come to visit the store, they see the collection and they leave the store after they buy something, and more than something because also UPT is a metric that is doing well. So, overall, good results, still very early, very early, still a long journey to develop that kind of sales density that is important to make Stone Island profitable as much as Moncler, but very, very encouraging, very, very encouraging and also very motivating. Also, October, talking about the current trend, is still in line with the results of Q3. So, again, nothing to celebrate, not yet, too early, but something to be very satisfied because there is behind a very important work that Stone Island team developed over the past years.

PAOLA CARBONI: Okay. Thank you very much.

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

ANNE-LAURE BISMUTH: Yes, thank you for taking that follow-up question. I just wanted to understand the timing of the next Genius event, just to follow-up on what you mentioned about the opening of the flagship store in New York. Does that mean that the next Genius will happen at around the same time as it was my understanding initially? Or could it come earlier than the opening? Thank you.

LUCIANO SANTEL: Anne-Laure, we don't know yet. I mean what we know for sure is what we said. Next year, we will hold in the beginning of the year a Grenoble event in Aspen. And what I said is that we will open a New York flagship store hopefully in June, and we will most likely hold a grand opening event in September. And all the rest of the marketing calendar is still something under evaluation, it's something we don't know yet.

ANNE-LAURE BISMUTH: Thank you.

OPERATOR: As a reminder, if you wish to register for a question, please press "*" and "1" on your telephone. For any further questions, please press "*" and "1" on your telephone.

ELENA MARIANI: So, we have a couple of questions on the webcast. I think the first one has been answered about the competitive environment for down jackets and outerwear in general. We have a couple more related to cash usage, dividend policy, M&A plan, so something related to that. I think this would be the last one.

LUCIANO SANTEL: M&A strategy, something that did not change, not at all. Of course, we have a significant amount of cash. And what we are proud of is that we keep generating cash. Of course, we don't know yet this year. But in any event, this has been the result of the recent years. Our strategy is to return significantly this cash to our shareholders, which implied an increase in the payout ratio. Next year, I don't know yet, but in any event, we will continue this strategy to return as much as possible cash to our investors.

M&A, again, is not in our radar screen. It's not the strategy we have. But it does not mean that we are against any potential acquisition, but if and only if we find another beautiful project, another beautiful company like Stone Island in 2020. So, right now, nothing on our desk. And honestly, nothing we are thinking of, also because something I keep saying, we want to remain very focused on Moncler and Stone Island because both brands have a huge potential, but in order to develop and to take advantage of this potential, we all, including Mr. Ruffini, need to remain very focused on these two brands.

ELENA MARIANI: I think that there are no more questions. So, I thank you very much for being with us tonight. For any follow-up questions, as usual, you can contact myself or Gaia tonight or also in the coming days. Just one thing. We have published today our 2026 financial calendar, which you can see in this last slide. And the next earnings release will be on February 19, when we will report our fiscal year 2025 results. Thank you again, and have a great evening, everyone.

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