



MONCLER

ANNUAL REPORT 2016

ANNUAL REPORT

at December 31, 2016

ANNUAL REPORT

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CORPORATE INFORMATION

Registered Office

Moncler S.p.A.
Via Enrico Stendhal, 47
20144 Milan – Italy

Administrative Office

Via Venezia, 1
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Phone: +39 049 9323111
Fax: +39 049 9323339

Legal Information

Authorized and issued share capital 50.046,395.20 euros
VAT, Tax Code and Chamber of Commerce enrollment No.: 04642290961
R.E.A. Reg. Milan No. 1763158

Offices and Showrooms

Milan, Via Solari, 33
Milan, Via Stendhal, 47
Paris, Rue du Faubourg St. Honoré, 7
New York, 508 Broadway Suite 306
Tokyo, 5-4-46 Minami-Aoyama Omotesando Minato-Ku

BOARD OF DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2016

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Section One

CHAIRMAN'S LETTER

Dear Shareholders,

The year 2016 marked another important milestone in the success story of Moncler. The Group's revenues this year exceeded one billion euros, which is a major achievement for all of us – and we did it while remaining true to our core values.

In 2003 I acquired a brand that had a unique history and heritage. I was absolutely convinced that it could become something special, so my team and I worked hard together to drive forward this innovative project.

The idea I had in mind was simple – and it is that simplicity and authenticity which I believe are the key to Moncler's success. We wanted a brand that was firmly anchored to its origins but at the same time contemporary and innovative, always able to pioneer new ways of blending form and function. We were looking for a top-quality product that exists beyond “fashion”, because the real luxury is in things that last, that are always contemporary regardless of what happens to be in vogue.

We wanted Moncler to become a modern clothing icon and to achieve this we needed to convey our uniqueness in a new way. I believe that over the years we really have pushed back the frontiers. We have embraced global growth, while always maintaining firm control and focus. “To develop a global brand without filters with the market, while remaining true to ourselves” – that has always been my motto.

When we started working on this project, Moncler was essentially an Italian brand with an exclusively wholesale distribution network and revenues in the tens of millions. Now, in 2016, Moncler has posted revenues of 1.040 billion euros, EBITDA of 355 million euros (34% of revenues) and net profit of 196 million euros – all while paying off every last cent of debt. At the end of the year we recorded a net cash position of 106 million euros. The Group is now present in over 70 countries, 86% of revenues are generated outside Italy, and our retail network includes as many as 190 stores, which contribute 73% of consolidated revenues. But the most important goal for me is not the numbers, which are of course fundamental, but a direct consequence of our strategic decisions. My overriding objective, and the greatest source of pride for me today, has always been the strength of the Moncler brand, loved by consumers all around the world and seen as a synonym for quality, innovation and reliability.

Now, as always, new challenges await us: ever higher mountains that we must be ready to climb!

The coming years will be very important for our Group. Plenty of projects are in the pipeline. We are developing a technological hub to continue to guarantee the premium quality and constant innovation that consumers expect of Moncler. And we are designing innovative new

collections, not only in the jacket segment but in other segments complementary to our core business. The ability to convey all our values to consumers, satisfy their expectations and anticipate their needs. Consumers have always been our number one stakeholder and all our decisions are guided by the desire to put them at the heart of what we do.

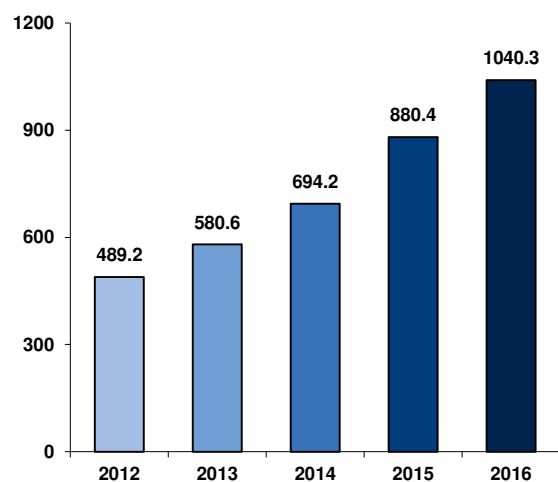
I believe that today what is increasingly important for companies and business owners is not just achieving results, but how those results are achieved. At Moncler we intend to continue doing business responsibly and with a view to creating shared and sustainable value.

Recent years have been marked by a background of uncertainty and volatility, which I expect to persist in the near term. This is why I believe it is essential, now more than ever, for a company to be flexible and streamlined in its decision-making processes. I am convinced that Moncler can be confident about its future, but we must remain alert. In particular, we need to continue to attract talent – human capital is fundamental. Over the years we have built an excellent, tight-knit team of determined, enthusiastic people at Moncler. We would not be announcing these results today if it were not for the 3200 employees who make up our Group. It is also thanks to them, to their extraordinary ability, continuing hard work and great passion, that I believe Moncler will continue to grow in 2017 and create value for all of you, who put your trust in our project every day.

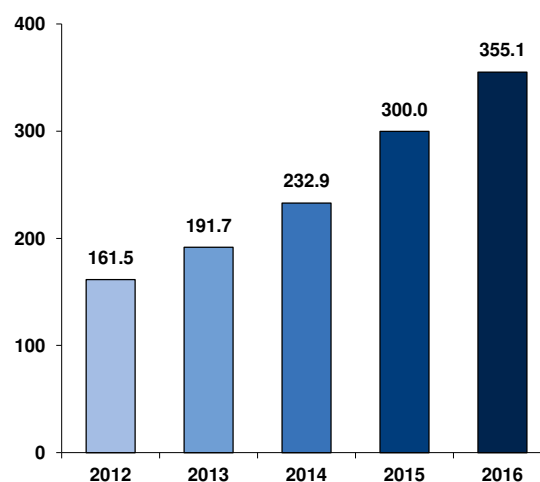
The Chairman and Chief Executive Officer

Remo Ruffini

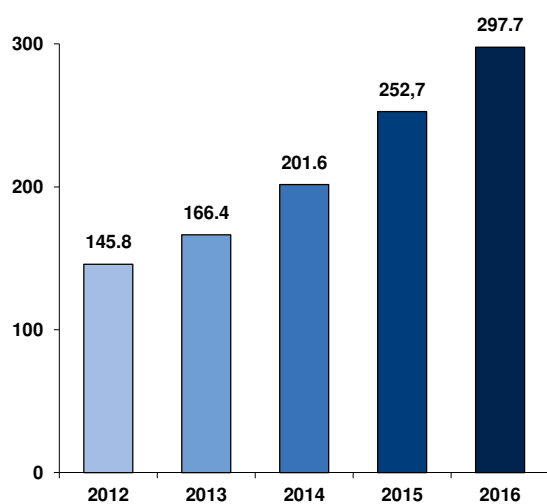
FINANCIAL HIGHLIGHTS

Revenues

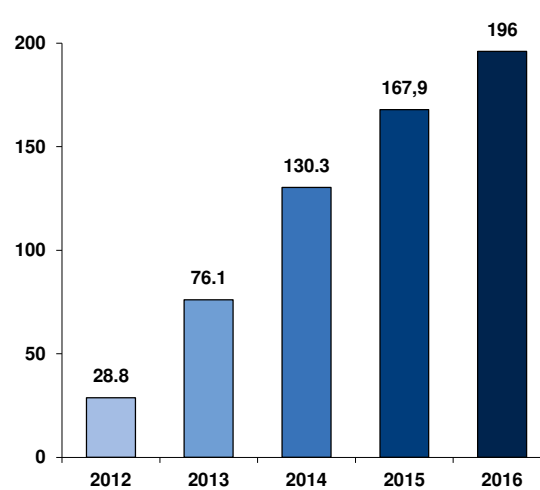
Million euros

EBITDA¹

Million euros

EBIT

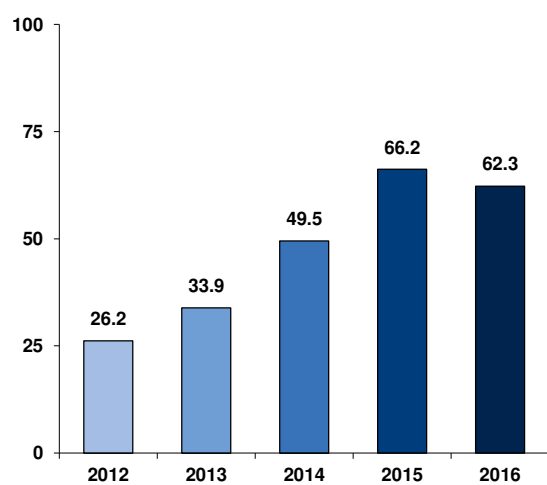
Million euros

Net Income

Million euros

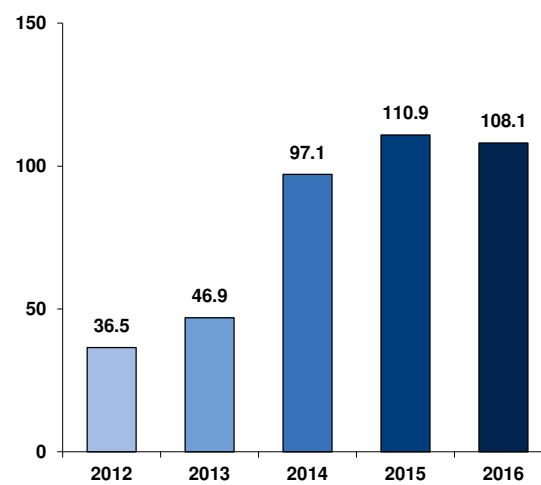
¹ EBITDA *Adjusted*: operating income before amortization and non-recurring costs.

Capital Expenditure²



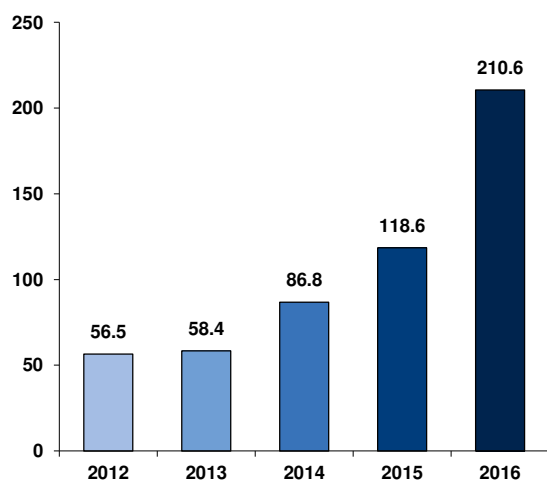
Million euros

Net Working Capital



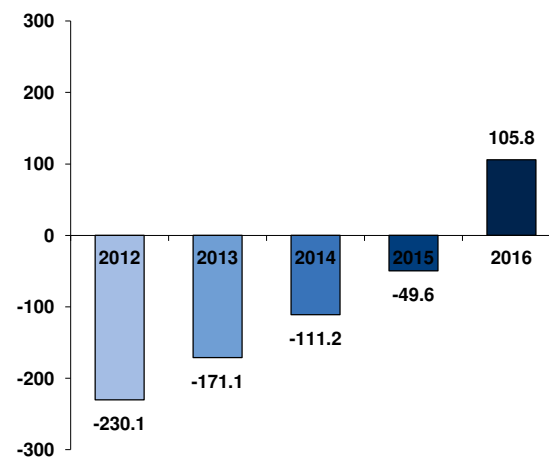
Million euros

Free Cash Flow



Million euros

Net Financial Position



Million euros

² Net of asset disposal.

CORPORATE BODIES

Board of Directors

Remo Ruffini	President and CEO
Virginie Sarah Sandrine Morgon	Nomination and Remuneration Committee
Nerio Alessandri	Independent Director
Juan Carlos Torres Garretero	Board Member
Sergio Buongiovanni	Executive Director
Marco De Benedetti	Nomination and Remuneration Committee Control, Risk and Sustainability Committee Lead Independent Director
Gabriele Galateri di Genola	Related Parties Committee Independent Director Control, Risk and Sustainability Committee
Diva Moriani	Independent Director Nomination and Remuneration Committee Related Parties Committee
Stephanie Phair	Independent Director
Guido Pianaroli	Independent Director Control, Risk and Sustainability Committee Related Parties Committee
Luciano Santel	Executive Director

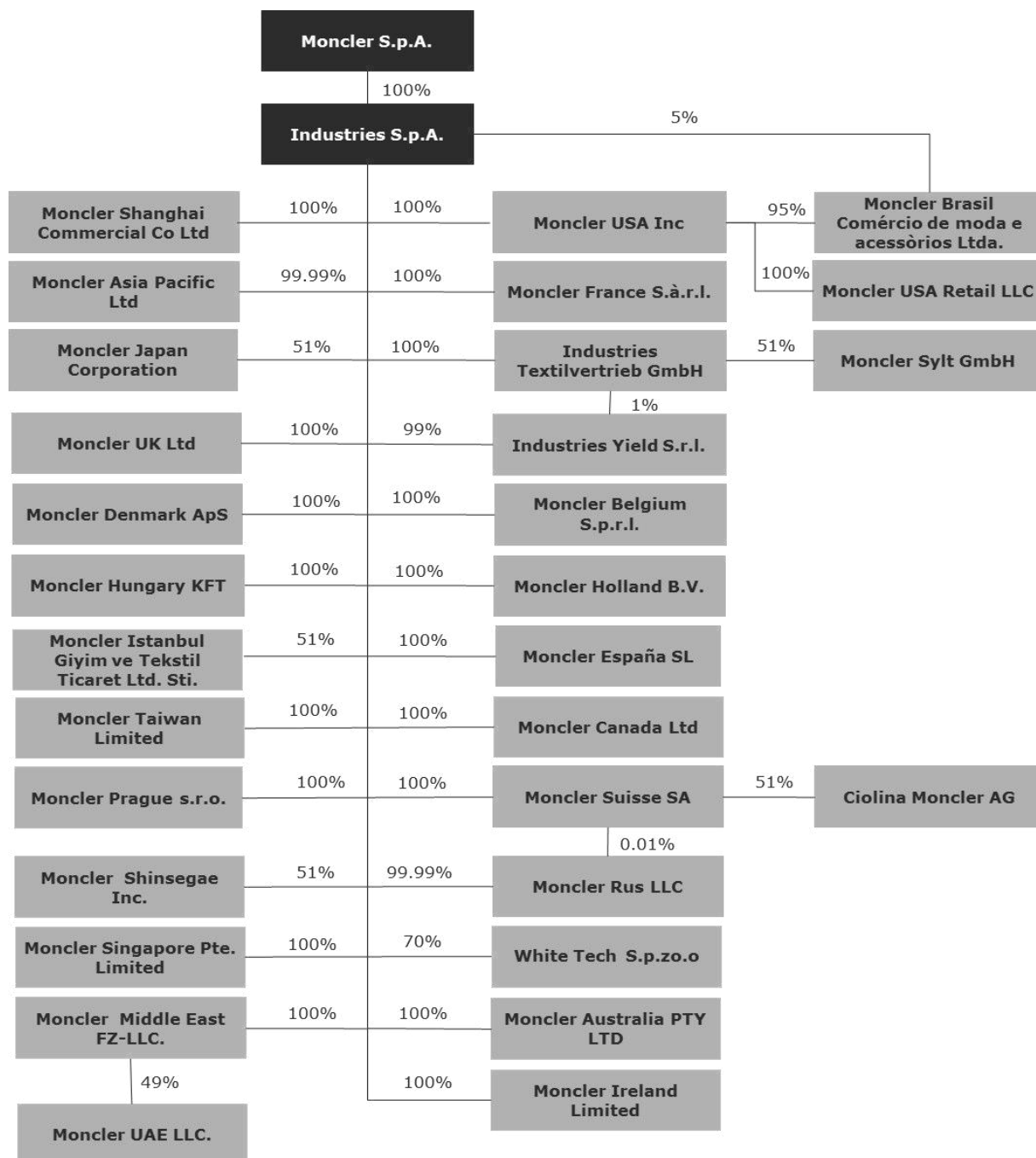
Board of Statutory Auditors

Mario Valenti	Chairman
Antonella Suffriti	Regular Auditor
Raoul Francesco Vitulo	Regular Auditor
Lorenzo Mauro Banfi	Alternate Auditor
Stefania Bettoni	Alternate Auditor

External Auditors

KPMG S.p.A.

ORGANISATIONAL CHART AS AT 31 DECEMBER 2016



GROUP STRUCTURE

The Consolidated Financial Statements of the Moncler Group as at December 31, 2016 include Moncler S.p.A. (Parent Company), Industries S.p.A., a sub-holding company directly controlled by Moncler S.p.A., and 30* consolidated subsidiaries in which the Parent Company holds indirectly a majority of the voting rights, or over which it exercises control or from which it is able to derive benefits by virtue of its power to govern both on a financial and an operating aspects.

Moncler S.p.A.	Parent company which holds the Moncler brand
Industries S.p.A.	Sub-holding company, directly involved in the management of foreign companies and distribution channels (DOS, Showroom) in Italy and licensee of the Moncler brand
Industries Yield S.r.l.	Company that manufactures apparel products
White Tech Sp.zo.o.	Company that manages quality control of down
Industries Textilvertrieb GmbH	Company that manages DOS in Germany and Austria
Moncler Belgium S.p.r.l.	Company that manages DOS in Belgium
Moncler Denmark ApS	Company that manages DOS in Denmark
Moncler España SL	Company that manages DOS in Spain
Moncler France S.à.r.l.	Company that manages DOS and distributes and promotes goods in France
Moncler Istanbul Giyimve Tekstil Ticaret Ltd. Şti.	Company that manages DOS in Turkey
Moncler Holland B.V.	Company that manages DOS in the Netherlands
Moncler Hungary KFT	Company that manages DOS in Hungary
Moncler Prague s.r.o.	Company that manages DOS in the Czech Republic
Moncler Rus LLC	Company that manages DOS in Russia
Moncler Suisse SA	Company that manages DOS in Switzerland
Ciolina Moncler AG	Company that manages one DOS in Gstaad (Switzerland)
Moncler Sylt GmbH	Company that manages one DOS in Sylt (Germany)
Moncler UK Ltd	Company that manages DOS in the United Kingdom
Moncler Ireland Limited	Company that will manage DOS in Ireland

BOARD OF DIRECTORS REPORT

Moncler Middle East FZ-LLC	Holding Company for the Middle East
Moncler UAE LLC	Company that will manage DOS in the United Arab Emirates
Moncler Brasil Comércio de moda e acessórios Ltda.	Company that manages DOS in Brazil
Moncler Canada Ltd	Company that manages DOS in Canada
Moncler USA Inc	Company that promotes and distributes goods in North America
Moncler USA Retail LLC	Company that manages DOS in North America
Moncler Asia Pacific Ltd	Company that manages DOS in Hong Kong and in Macau
Moncler Japan Corporation	Company that manages DOS and distributes and promotes goods in Japan
Moncler Shanghai Commercial Co. Ltd	Company that manages DOS in China
Moncler Shinsegae Inc.	Company that manages DOS and distributes and promotes goods in South Korea
Moncler Singapore Pte. Limited	Company that manages DOS in Singapore
Moncler Taiwan Limited	Company that manages DOS in Taiwan
Moncler Australia PTY LTD	Company that will manage DOS in Australia

(*) The companies Moncler Enfant S.r.l., Moncler Lunettes S.r.l. and Moncler GZ S.r.o. have been liquidated during financial year 2016.

THE MONCLER BRAND

The Moncler brand was created in 1952 in Monestier-de-Clermont, a small village in the mountains near Grenoble, with a focus on sports clothing for the mountain. In 1954, Moncler made the first ever nylon down jacket. In the same year, the Moncler products were chosen by the Italian expedition to K2 and in 1955 by the French expedition to Makalu. In 1968, the brand gained additional visibility as Moncler became the official supplier of the French Alpine skiing team at the Winter Olympics in Grenoble.

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

Beginning in 2003, when Remo Ruffini invested in the Group, a process of repositioning of the brand was initiated through which Moncler products take on an ever more distinctive and exclusive aspect.

Under the leadership of Remo Ruffini, Moncler has pursued a clear but simple philosophy: to create unique products of the highest quality, “timeless”, versatile and innovative. The motto “born in the mountains, living in the city” shows how the Moncler brand has evolved from a line of products used purely for sport purposes to versatile lines that consumers of all gender, age, identity and culture can wear on any occasion.

The range of Moncler brand products has expanded over the years and now spans the following areas: high fashion, with the *Gamme Rouge* and *Gamme Bleu* collections, characterized by the exclusivity of the products and the limited distribution to the most prestigious boutiques in the world, the *Grenoble* collections, where the technical and innovative aspect is greater, the Special Projects, consisting of experimental labs, the result of ad hoc collaborations with cutting-edge designers, and the products of the Main collection that combine high quality for various uses.

The selection also offers a line dedicated to accessories (shoes “*A marcher*” and bags “*A porter*”), a line of eyewear and sunglasses (“*Moncler Lunettes*”) and the line *Enfant* dedicated to the child segment (0-14 years).

In 2013, Moncler listed on the Italian Stock Exchange on the MTA segment at 10.20 euros per share.

In 2015, the Group obtained direct control on all the markets where it operates, establishing a joint venture in South Korea controlled by Moncler with Shinsegae International, formerly a distributor for the Group.

In the same year, a strategy of further reinforcement of the proprietary know-how was implemented, through the acquisition of a first production unit in Romania with the aims of creating an industrial-technological research and development hub for down jackets and to verticalize a portion of the production. This project was finalized in 2016, through the recruitment of about 600 additional employees.

In 2016, Moncler's turnover exceeded one billion euros.

Key events in Moncler's history

1952

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

1954

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

1968

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

1980s

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

2003

Remo Ruffini becomes a shareholder in the Group

2006

Moncler launches its *Gamme Rouge* women's collection

2007

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

2009

Moncler launches its *Gamme Bleu* men's collection

2010

Moncler's *Grenoble* collection debuts in New York

2013

Moncler lists on the Italian Stock Exchange

2014

Moncler provides the technical equipment for the “K2 – 60 Years Later” expedition team

2015

Moncler produces its first Sustainability Report and Sustainability Plan.

A joint-venture controlled by Moncler is established in Korea, allowing the Company to obtain direct control on all the markets where it operates.

Moncler finalises the acquisition of a production site in Romania, as it aims to create a technological R&D hub for down jackets and vertically integrate a portion of its production.

2016

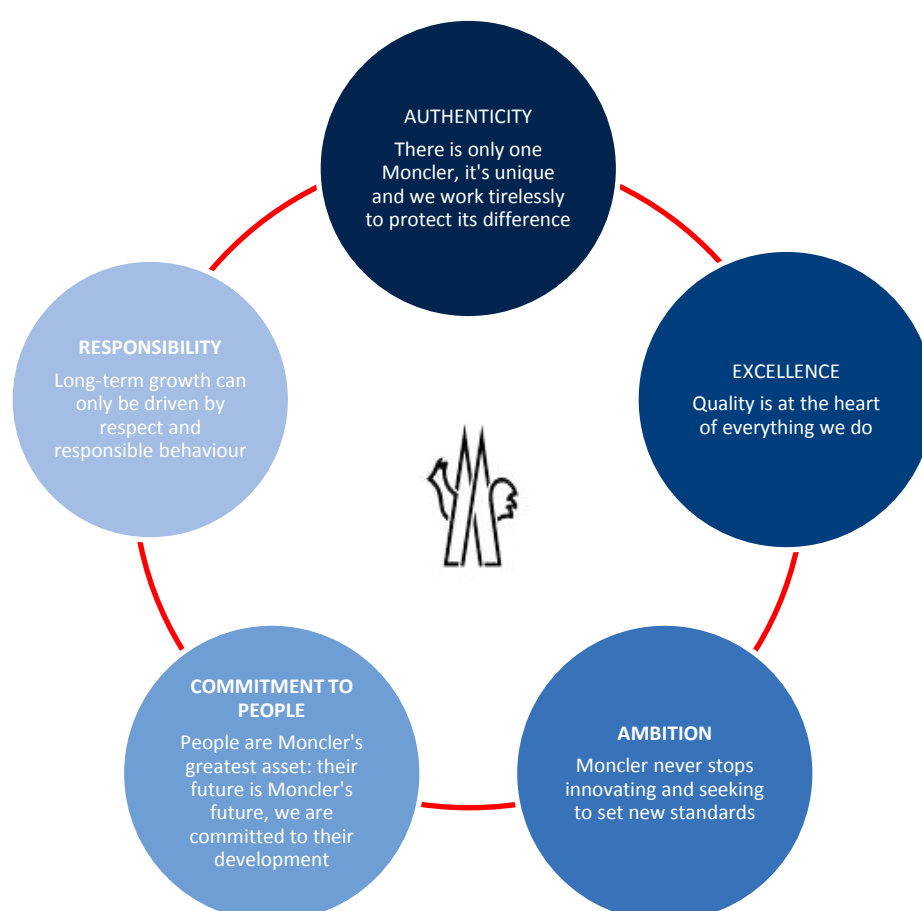
In April, Moncler finalizes the establishment of the production site in Romania, through the recruitment of about 600 additional employees, who have later been integrated in the hub that was previously acquired and that is today operating with about 900 employees.

The Group's turnover exceeds one billion euros.

PHILOSOPHY AND VALUES

Moncler has always stood for authenticity, excellence and talent, for seeking challenges, and for pursuing shared and sustainable goals. These are the values at the heart of our Group.

In everything it does, Moncler is driven by the desire to innovate while remaining true to ourselves and our heritage, to strive for continuous and uncompromising quality and to pursue challenging new goals. The consumer is the cornerstone of Moncler's business and the central focus of all decisions, while the talent of people is the most important asset. Nurturing that talent has always been fundamental to the Group and people are absolutely crucial to Moncler. They are the architects of the Brand's past success and the key to its future growth, so the Company is always mindful that to create long-term value, it needs to act responsibly and inclusively.



The philosophy of the Moncler brand is intrinsically tied to its unique history. Over the years the brand has been involved in ambitious climbing expeditions and pioneering initiatives. Long associated with the world of sport, the mountains, active life and nature in its truest forms, Moncler has constantly and faithfully founded its philosophy and values on simple, solid principles, summed up in the words of its Chairman and Chief Executive Officer, Remo Ruffini.

“There is no present or future without a past. Moncler products are synonymous with an excellence in quality that does not change with fashion”

Moncler has a unique heritage and positioning. With over 60 years of history, the brand injects its DNA into innovative, versatile products that withstand the tides of fashion, making them “timeless”. Products that draw inspiration from values tied to the love of sport and nature, renowned for their elegance and excellent quality. Moncler has a business model integrated and focused on quality control. Its value chain manages and coordinates directly the phases with higher value added. Promoting responsibility in the supply chain is part of this process.

“The consumer is our main stakeholder”

Moncler has always put the consumer at the heart of all strategic decisions – even more so since the launch of the “retail excellence” project in 2016. Moncler stores have always been the face of the brand, reflecting its uniqueness. Moncler brand values and philosophy are clearly expressed through its physical presence: the Brand is in leading multibrand shops and luxury department stores, retail stores are located in the most prestigious shopping streets and holiday resorts, and Moncler’s distinctive store concept embodies the Brand DNA yet never stands still.

“Moncler is a *globophonic* company: it has a global vision with a domestic strategy”

Moncler has a policy of directly overseeing operations in the regions where the brand is present, with local management and organizations that act in strict coordination with the Parent Company. Moncler operates through headquarters and five regional organizations (*Regions*): Europe, Asia Pacific, Japan, Korea and the Americas. Moncler firmly believes in the importance of strengthening and consolidating its presence in each of these areas and has long promoted the hiring of local managers and people able to understand and analyse trends in each single market.

“In order to communicate a unique product, you must have a unique communication strategy”

Moncler’s communication strategy is innovative and never banal. It always conveys the uniqueness of the product and the values of the brand in a distinctive and unequivocally identifying way.

“There can be no growth without responsibility and respect”

We judge the value of our results also by the way we achieve them. There can be no long-term growth without responsibility and respect. Some years ago Moncler has taken the decision to integrate sustainability issues into its business model and into its business decisions.

“I want to be amazed by the talent of others”

For Moncler, people have always been a strategic asset. Motivation, determination and innovation are qualities that the Company supports and nurtures constantly. Helping people to grow and develop is a fundamental part of the Group’s philosophy. Moreover, it is a clear objective for senior management, led by Remo Ruffini, who has built a cohesive, highly experienced and motivated team with a proven track record of delivering significant results.

STRATEGY

Moncler's goal is to pursue a sustainable and responsible development of its brand in the global luxury goods sector, in harmony and in line with the uniqueness of its heritage.

Moncler strategy is strictly related to the Group's philosophy and values and is based on six pillars.

Identity and unique positioning

The Moncler brand has a unique heritage which is its main asset and the entire strategy permeates through it. Heritage, quality, uniqueness and consistency define and characterise every Moncler product, a brand that withstands the tides of fashion, because real luxury today is having a high quality product that lasts.

A global brand without filters with the market

In recent years Moncler has pursued a strategy of growth underpinned by two fundamental principles, clearly outlined and firmly embraced by its Chairman and CEO, Remo Ruffini: to become a global brand and have no filters with the market. Today, 86% of Moncler's turnover is generated outside Italy. This has been achieved by keeping a firm control on business and by reaching out directly to customers, wholesale, retail and digital.

Selective expansion of the product range

Thanks to its strong tradition and the credibility it has built over the years, Moncler has consolidated its position as worldwide leader in the premium down jacket segment. The Group is now selectively expanding outside its core business into complementary market segments – segments where it has, or is able to achieve, instant recognition and in-depth know-how. “Creating special garments with a specialist's approach” is the *motto* that drives Moncler and will continue to steer it in the future.

Pursuit of direct relationships, to keep customers amazed

Dealing directly with customers, engaging them and understanding their expectations, even when latent and unexpressed, are the keystones of the relationship that Moncler seeks to build with its consumers, never failing to amaze them.

Development of the digital channel

Moncler believes that the digital channel is a fundamental and essential tool for brand communication and global business growth.

Sustainable growth that creates value for all stakeholders

The Brand has progressively strengthened its commitment to long-term sustainable growth, with a view to meeting stakeholders' expectations and creating shared value.

BUSINESS MODEL

Moncler's integrated and flexible business model is geared towards having direct control of the phases of production that add the greatest value, putting the pursuit of ever increasing quality at the heart of all its work.

Moncler Collections

Moncler's success is based on a unique and consistent brand strategy, which also depends on the ability to develop innovative products that are strongly "anchored" to the history of the brand. Heritage, uniqueness, quality and innovation are the terms used in Moncler to define the concept of "luxury".

The journey, which began in 2003 when Remo Ruffini invested in the Group, has always been coherent and pursued "without compromise".

The heart of Moncler and the source of its originality is the "Archive", from which the first collections of the brand were inspired and today continue to be a central and important part of the Moncler collections.

All products inspired by the Archive have always had and continue to have the classic Moncler logo. But the Moncler collections include also many "no-logo" and "less visible logo" products. The logo, in fact, has always been integrated with Moncler's strategy.

Over the years, the Moncler collections have been enriched by the energy of a number of designers, both in Special Projects and, above all, in the *Gammes*.

In 2006 the Moncler *Gamme Rouge* was launched, which is tied to the Haute Couture tradition and currently designed by Giambattista Valli. In 2009 the Moncler *Gamme Bleu* was introduced, designed by Thom Browne, representing a perfect combination of a tailored approach and the sporting aspect of the brand.

Finally in 2010 the *Grenoble* collection was created inspired by few ski products, in order to reiterate even more strongly the link between Moncler and its roots.

Moncler's team of designers is subdivided by collection and works under the close supervision of Remo Ruffini, who sets design guidelines and ensures that they are implemented uniformly across all collections and product categories. The design department is assisted and supported by the merchandising and product development teams, who support the creation of the collections and generate creative ideas.

Down

Throughout its history, down has been at the heart of Moncler outerwear, and has gradually come to be identified with the brand itself. A combination of lengthy experience and continuous

research and development has enabled the company to gain unique expertise in this area, both in terms of knowledge of down as a raw material and of the garment manufacturing process.

Moncler ensures that all its suppliers comply with the highest quality standards. Over the years, these standards have been – and indeed remain – a key point of product differentiation: only the best fine white goose down is used in the brand's garments.

Fine down content and “fill power” are the main indicators of down quality. Moncler down contains at least 90% fine down and boasts a fill power equal to or greater than 710 (cubic inches per 30 grams of down), resulting in a warm, soft, light and uniquely comfortable garment. Each batch of down is subjected to a two-step checking procedure to assess its compliance with 11 key parameters, set in accordance with the strictest international standards and the stringent quality requirements imposed by the company. In 2016, a total of around 800 tests were performed. But for the company, “quality” is more than this: the origin of its down and the respect for animal welfare are also fundamental for Moncler. When sourcing and purchasing raw materials, Moncler considers these aspects as important as the quality of the material itself.

Animal welfare and traceability: the DIST Protocol

As part of its commitment to ensuring animal welfare, Moncler requires and ensures that all its down suppliers comply with the strict standards of the Down Integrity System & Traceability (DIST) Protocol. Applied by the Group since 2015, the DIST Protocol sets out standards for farming and animal welfare, traceability and the technical quality of down. Moncler only purchases down that is DIST-certified.

Key requirements that must be met at all levels of the supply chain include:

- down must be derived exclusively from farmed geese and as a by-product of the food chain;
- no live-plucking or force-feeding of animals is permitted.

Moncler's down supply chain is reasonably vertically integrated, and includes various types of entities: geese farms, slaughterhouses where the animals are slaughtered for meat production and from which the down is subsequently taken, and the companies responsible for washing, cleaning, sorting and processing the raw material. All suppliers must comply scrupulously with the Protocol, to ensure the traceability of the raw material, respect for animal welfare and the highest possible quality throughout the supply chain.

The DIST Protocol was the outcome of open, constructive engagement with a multi-stakeholder forum established in 2014. The forum considered the expectations of all the various stakeholders and ensured a comprehensive approach to the issue of animal welfare and product traceability.

The Protocol assesses animal welfare in an innovative way. Alongside a traditional approach that focuses on the farming environment and follows the latest European Union guidelines, the DIST also evaluates animal welfare through careful observation of “Animal-Based Measures” (ABMs)³, making for a more reliable assessment.

Moncler is constantly involved in the on-site auditing process to certify compliance with the DIST Protocol. To ensure maximum audit impartiality:

- audits are commissioned directly by Moncler and not by the supplier;
- certification is conducted by a qualified third-party organisation whose auditors are trained by veterinarians and animal husbandry experts from the Department of Veterinary Medicine at the University of Milan;
- the certification body’s work is in turn audited by an accredited external organisation.

The second year of the audits has helped Moncler to know even more about its supply chain and farming practices. The energy and resources invested in this process have delivered results that are all the more remarkable, considering that down is a by-product of the food chain. Indeed, meat production is the main source of profit; down is a secondary product.

In 2016, a total of 119 independent audits were conducted.

Production

Moncler’s products are designed, manufactured and distributed according to a business model featuring direct control of all phases where the greatest value is added.

Moncler directly manages the creative phase, the purchase of raw materials, as well as the development of prototypes, while the “cut-make-trim” phase (*façon*) of the production stage is partly assigned to third party manufacturers and partly managed internally.

The purchase of raw materials is one of the main areas of the value chain. In fact, in light of its market position and its values, Moncler focuses both on the quality of the down used in its garments, which must comply with the highest standards in the industry, and the use of fabrics that must not only be of extremely high quality but also able to offer advanced functional and aesthetic features. Textiles and garment accessories (buttons, zips, etc.) are purchased from countries able to meet the highest quality standards, principally Italy and Japan. Down is purchased from Europe and Asia.

³ The “Animal-Based Measures” are indicators of the real welfare of an animal, determined through the direct observation of its capacity to adapt to specific farming environments. The measures include physiological, pathological and behavioural indicators.

The “cut-make-trim” phase (*façon*) is conducted both by third party manufacturers and in the Moncler manufacturing plant, recently established in Romania.

The third-party suppliers working for Moncler are mainly located in Eastern European countries, which are currently able to ensure quality standards that are among the highest in the world for the production of down jackets. Moncler supervises these suppliers directly by conducting audits designed to check aspects regarding product quality, brand protection and compliance with current laws and Moncler Code of Ethics and Supplier Code of Conduct (approved in November 2016).

Moncler currently uses around 460 suppliers, divided into four categories: raw materials, *façon*, finished products and services. Moncler's top 50 suppliers account for 72% of the value of all supplies⁴.

The high-end lines, *Gamme Rouge* and *Gamme Bleu*, are produced in Italy as they require different production techniques and are inspired by French and Italian *haute couture*.

Distribution

Moncler is present in all major markets both through the retail channel, consisting of directly operated stores (DOS)⁵ and the online store, and through the wholesale channel, represented by multi-brand doors and shop-in-shops in department stores.

Moncler's strategy is aimed at the control of the distribution channel, not only retail but also wholesale, where it operates through a direct organization.

In recent years, the business has grown mainly through the development of the retail channel, which in 2016 accounted for 73% of consolidated revenues. The online store moncler.com, now active in all the Group's main markets, is also becoming more and more important.

The wholesale channel remains strategically fundamental for Moncler. Over the years the Group has introduced a highly selective distribution policy, gradually reducing the number of doors and tightly controlling customer order quantities, so that the brand is now only present in the leading luxury multi-brand shops and department stores around the world.

As at December 31, 2016, Moncler brand products were distributed through 190 directly operated stores (DOS) and 42 wholesale mono-brand shop-in-shop stores, 11 of which are dedicated to the *Enfant* product lines.

⁴ Order value.

⁵ Including free standing stores, concessions, travel retail stores and outlets.

	31/12/2016	31/12/2015	Net Openings 2016
Retail Mono-brand	190	173	17
Italy	19	19	-
EMEA (excl. Italy)	55	53	2
Asia and Rest of the World	93	82	11
Americas	23	19	4
Wholesale Mono-brand	42	34	8

During 2016 the company opened 17 directly operated stores (DOS), in the most prestigious international locations, including:

- the opening of flagship stores in London on Bond Street and in New York on Madison Avenue;
- the relocation to Cheongdam-dong, Seoul's most prestigious shopping destination, of Moncler free-standing store in South Korea;
- the reinforcement of the Group's presence in North America, with the opening of a second store in Hawaii and of two stores in San Francisco and Washington.

In addition, 8 wholesale mono-brand stores were opened in 2016 (net of the conversion into a retail store of Berlin's Ka.De.We.) in major luxury department stores, among which were inaugurated the Moncler Women mono-brand store in Saks Fifth Avenue and the Moncler Men mono-brand store in Bergdorf Goodman.

Moncler's ability to distribute its products to such a large number of destinations is based on the careful attention it pays to the way in which logistics activities are managed. In this sphere too Moncler is attentive to optimizing processes and this has enabled it to contain both environmental effects and costs. More specifically, since 2015, Moncler has made changes to the packaging it uses for shipping finished goods, thereby reducing the total volume consumed and optimizing the space taken up on the means of transport employed. In this regards, wherever possible, the Group is introducing a policy to incentivise shipping by sea, which offers a further way to reduce its environmental footprint.

Marketing and Communication

"Every day brings a fresh challenge to be overcome," says Remo Ruffini, Moncler Chairman and CEO.

Freezing cold. Glaciers as big as skyscrapers. The excitement of setting off and the calm of the build-up. When adventure meets nature and for the challenges of everyday life. To face these extremes, Moncler designs clothes that strike a balance between two worlds, each time pushing the boundaries to make down jackets that respond to increasingly diverse global demands.

Moncler has been at the cutting edge for more than 60 years, strongly anchored by its unique heritage. But having a unique background also means that it has to be different in how it tells its story. It is this uniqueness that Moncler has always pursued. Rooted in this ethos, the brand's marketing and communications aim to reinforce its values and transfer their implications through a clear strategy, which has contributed to establishing Moncler as an internationally renowned luxury brand. All Moncler's marketing initiatives seek to ensure consistency between the company's values, the product and the target customers, with the aim of maintaining a high brand reputation. These principles guide every phase of the value chain: from presentation of new collections to retail and wholesale sales activities. All this is distilled into advertising communications in the specialist press, leading domestic and international newspapers – both print and online – and into social media, as well as shows, promotions, sponsorships and events in boutiques.

Window displays

Window displays in boutiques form a key part of the brand's marketing strategy, enabling it to extend its ongoing exploration into the infinite possible interrelationships between art and creativity, interpreted as a free expression of Moncler's identity. The ethos is one of boundless creativity – the fruit of a true passion and capacity for innovation – while always remaining true to the company's heritage. The window displays in Moncler boutiques have always been highly recognisable and distinctive, telling original stories each time.

Advertising Campaigns

As part of its innovative approach, Moncler also seeks to make its advertising campaigns stand out as a hallmark of the brand. During the company's relaunch led by Remo Ruffini, early advertising campaigns were focused on the product and on Moncler's background, in an effort to establish its heritage. Since then they have become more and more brand-focused, shot by top photographers such as Bruce Weber and Annie Leibovitz with each image reflecting Moncler's intrinsic values and underlining the interplay between photography and nature as culture. Since 2014, Moncler has worked with Annie Leibovitz for its institutional campaigns, always using innovative and fresh visual styles: from the pictures about the global uses of

Moncler's outerwear, suited to anywhere in the world, at any latitude and in any season (Autumn/Winter 2014), to the totally unexpected Spring/Summer 2017 advertising campaign. Following the fairy-tale atmosphere and literary vision of previous Moncler campaigns, the Spring/Summer 2017 campaign plays out along a surreal imaginary thread, which involves the Chinese artist Liu Bolin as the main character pictured by Annie Leibovitz.

Digital

Digital communications play a strategic role for Moncler. Brand initiatives in 2016 were delivered across a comprehensive range of digital platforms, with major resources and investments dedicated to the web, social media and mobile. The e-commerce site moncler.com is the Group's Digital Flagship and fully reflects the Brand's "physical" retail policies – both in terms of product range and commercial strategies. Moncler improved user experience in a number of ways in 2016, raising customer service levels to new heights, also thanks to the launch of the *Shop by Look* section.

In Digital Marketing, new technologies have been adopted during 2016 to improve the efficiency of all Digital Advertising investments and for the analysis and monitoring of *Big Data* (interrelated data sets built from a range of different sources, including structured databases and unstructured sources such as images, emails, GPS data, and information extracted from social networks). Moncler also increased the media budget for online campaign planning in 2016. Finally, Moncler has strengthened the Brand presence on global social media through initiatives such as the mobile-oriented *Line* campaign in Japan, achieving significant growth in engagement.

Events and Fashion Shows

Moncler has always stood out for its unique and original approach to communications, pioneering innovative new modes of expression in brand events around the world. In 2016 Moncler held over 126 events, including corporate events, fashion shows, new store openings and CRM events. Exclusive in their approach, the events feature live performances often directly inspired by contemporary art and always deliver what has now become known as Moncler's signature style.

In 2016, the events for the opening of flagship stores in London, Seoul and New York were of particular significance.

In early October Moncler opened its new London flagship store at Bond Street, marking the occasion with the launch of Moncler Freeze for Frieze. This charity art project continues Moncler's commitment to supporting young creative talent – a key point of the brand's distinctive philosophy – and is developed in partnership with the prestigious cultural and education institution the Royal College of Art.

At the end of October Moncler moved into a new location in Seoul for its first Korean flagship store. The opening of the new 400 square-metre space in Cheongdam-dong, one of the city's prime shopping destinations, was celebrated with an event featuring live music and a DJ set.

In November Moncler opened its first American flagship store in the heart of New York City, with a 600 square-metre space on prestigious Madison Avenue. The US launch was marked by a tribute to the Big Apple, with the brand's iconic down jackets used in an art installation conceived by Thom Browne and a striking short musical film by celebrated New York director Spike Lee.

As ever, the Brand's corporate events featured presentations for the Moncler *Gamme Bleu*, Moncler *Gamme Rouge* and Moncler *Grenoble* collections. The company holds fashion shows during the Milan, Paris and New York fashion weeks, with a total of five each year (two in Paris for Moncler *Gamme Rouge*, two in Milan for Moncler *Gamme Bleu* and one in New York for Moncler *Grenoble*). All events featured ground-breaking shows conveying the originality and uniqueness of the Moncler brand, helping to strengthen relationships with international media and major multi-brand wholesale clients, while also reaching key opinion leaders and stakeholders.

Brand Protection

Moncler spends a great deal of energy and resources to protect the value and authenticity of its products and to safeguard its intellectual property rights.

Through its specialist internal Intellectual Property and Brand Protection Department, the Group continues to be highly active in the fight against counterfeiting, acting at various levels that range from coordination with international customs authorities, to private investigations in the most critical areas, and civil and criminal law suits to enforce its rights. In 2016 this rigorous programme led to the seizure of over 38,000 counterfeit finished products and over 440,000 counterfeit accessories worldwide. The company is also heavily engaged in online enforcement, working to close down unauthorised websites, remove links or adverts on social media, and more. In 2016 around 53,000 online auctions of counterfeit Moncler products were closed down and as many as 1,100 websites selling counterfeit Moncler products were blocked.

Moncler provides customers with direct assistance in relation to counterfeiting, through its customer care service and a dedicated section on its website (<http://code.moncler.com>). In addition, as part of the drive for continuous improvement, a complex new anti-counterfeiting system was introduced with the Spring-Summer 2016 collection, using the most sophisticated technologies currently on the market.

In 2016 the Moncler Brand Protection team was nominated "Fashion, Cosmetics & Luxury Goods Team of the Year" by the international magazine World Trademark Review.

HUMAN CAPITAL

For Moncler, people and talent are fundamentally important, as are training, motivation and incentivisation.

Developing, supporting and enhancing the company's human capital is one of the Group's five core values.

Quality people, professionalism and share of company values are key to the Group's growth and the achievement of its objectives. Over the years, Moncler has developed an internal performance review system based on the appraisal of leadership, organisational and professional skills.

The annual performance review enables the Group to identify talent and key professional skills. It also allows us to build clear and recognisable career paths, making sure we have the right people to form the backbone of Moncler's future management team. In 2016, the review system was expanded to include the appraisal of potential of each employee.

Indeed, Moncler places great emphasis on attracting and growing human capital. Every year, investment is earmarked for compensation policies which are based on the assessment of performance and potential, and act as an engine for growth and staff retention.

Moncler has therefore implemented tools for measurement, remuneration and incentivisation for short- and long-term results, such as:

- annual MBO plans in place for managers, based on meeting earnings targets and measurable qualitative objectives, connected with strategic performance and company projects;
- individual sales commissions for the top-performing Client Advisors at each store, on top of the existing team sales commissions;
- long-term incentives to all management personnel and not just senior figures. These include stock options and performance shares, all of which are tied to performance as a way to focus attention on results and their quality.

In the retail sphere, the *Retail Excellence* project laid the groundwork for the reorganisation and revaluing of the roles and activities of store personnel. The project identified clear areas of responsibility for each person, in an effort to continuously improve the Moncler shopping experience and long-term customer relationships. The project also saw the introduction of the new role of *Manager in Training*: this in-store position has been created for high-potential young staff with a solid academic background who are prepared to move globally, enabling them to acquire significant retail experience with the objective of having managerial positions in the retail stores.

Moncler continues to invest in young people and this is also reflected in Moncler's track record of converting a high number of internships into regular employment. In Italy, where the

majority of internships are concentrated. In 2016 the conversion rate from internship into regular employment reached 36%.

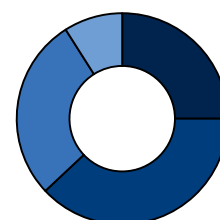
Moncler also continuously invests in training programmes through in-depth seminars, some of which feature high-profile speakers. This keeps our people engaged with developments in the outside world regarding innovation, health and welfare, and helps to grow a culture of sustainability.

In 2016, the Group delivered a total of 38 thousand hours of training, involving about 2.9 thousand employees. Programmes focused primarily on health and safety (47%) and professional and vocational training (44%).

In 2016 Moncler had 2,700 FTE employees⁶ (equivalent to an average headcount of 3,016 and 3,216 employees as at 31 December), of which around 50% were employed in directly-operated stores. Higher staff numbers compared to 2015 (+902 FTE) were driven by growth in the network of directly-operated stores and by the expansion of the operations in Romania.

In terms of distribution by geographic area, the EMEA area (including Italy) accounted for 63% of the total FTE⁶ figure, followed by Asia with 28% and the Americas with 9%. In 2016, the proportion of the workforce employed in Europe grew significantly, driven by investment in Moncler's production facility in Romania.

	31/12/2016	31/12/2015
■ Italy	665	598
■ EMEA (excl. Italy)	1025	390
■ Asia and Rest of the World	771	651
■ Americas	239	159
Total	2,700	1,798
Of which Direct Retail	1,315	1,086

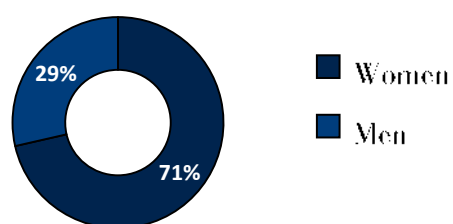


Full Time Equivalent (average)

At 31 December, 71% of employees were women. This marked an increase, compared to the percentage of women at 31 December 2016 (68%).

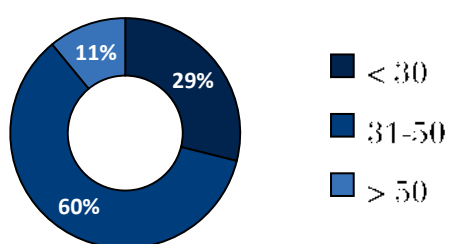
⁶ Full Time Equivalent (average)

BOARD OF DIRECTORS REPORT



At 31/12/2016

Moncler places special emphasis on youth employment as shown by an analysis of personnel by age, in which employees under 30 represent 29% of the total.



At 31/12/2016

SUSTAINABILITY

For Moncler, the true value of the company lies in the way the Group does business, in its contribution to society as a whole and in the determination to honour its commitments. The growing integration of social and environmental impact assessments into business decisions is what underpins the Group's ability to create long-term value for all stakeholders.

Quality, responsibility, respect, traceability and transparency: these are the key words that guide Moncler in the day-to-day business. The Group firmly believes that the quality of its products goes beyond their technical characteristics; a quality product is one that is made responsibly, with a focus on health and safety, and with respect for human rights, workers' rights, the environment and animal welfare.

For the above-mentioned reasons, since 2015 Moncler has strengthened its commitment to integrated sustainability management by establishing a sophisticated governance system, which provides for interaction between the different bodies.

The **Sustainability Unit** was created, which is responsible for identifying and, together with the relevant functions, managing risks related to sustainability, identifying areas and actions for improvement, proposing the sustainability strategy and drawing up the Sustainability Plan, preparing the Sustainability Report, and fostering a culture of sustainability at the company.

The Sustainability Unit also consults with a **Technical Sustainability Committee**. This Committee, comprising the heads of the relevant functions of the Group, performs a consultative role, assesses the proposals of the Sustainability Unit, supervises sustainability guidelines and objectives, and analyses the extent to which targets are achieved.

Within each department, a number of "**Ambassadors**" have been identified who are responsible for raising awareness of social and environmental issues within their own areas. They are also responsible for meeting the objectives set out in the Sustainability Plan in their areas of competence and for supporting the Sustainability Unit in drawing up the Sustainability Report.

In a further sign that the company's top management supports and promotes sustainability, a Control, Risks and Sustainability Committee is present at Board of Directors level. The Board of Directors has given the Committee the task of supervising sustainability issues connected to the activities of the company and its interactions with stakeholders, defining strategic sustainability guidelines and the associated action plan (Sustainability Plan), as well as reviewing the Sustainability Report.

To provide a transparent account of its sustainability performance, in 2016 the Company published a **Sustainability Report**, for the second consecutive year. The report describes the main environmental, social and business initiatives and also publishes the results achieved in

relation to **Sustainability Plan** objectives. This annual plan is prepared by the Group as part of its commitment to continuous improvement and sets out its future goals. It reflects Moncler's desire to grow and develop while also taking into account the interests of all the various stakeholders.

MONCLER AND THE FINANCIAL MARKETS

In 2016 there was considerable volatility in global financial markets and in the luxury goods sector.

Against this background, thanks to results that exceeded the expectations of the financial community and continuous engagement with investors and financial analysts, Moncler was the best performer in the Italian and international luxury goods sector after Kering Group, beating all other comparable stocks.

In 2016, Moncler stock also achieved a better result compared to the average performance of the top 40 shares listed on the Italian stock exchange (FTSE MIB), which posted a negative average Total Shareholders Return of -6.5% for the year.

The Total Shareholders Return (TSR) for 2016 of the main players in the European luxury goods sector is shown below.

	2016
Moncler	29.2%
Kering	38.8%
Burberry	29.1%
LVMH	28.0%
Hermes	26.4%
Brunello Cucinelli	25.6%
Sector Average *	20.4%
Prada	13.1%
Ferragamo	5.6%
Tod's	-12.3%
<i>* Sector Average, Moncler excluded</i>	

Source: ThomsonOne

During 2016 Moncler took part in numerous conferences for the luxury goods sector and organised some 20 roadshows. The company met investors in major financial centres around the world and invited leading investment funds to visit Moncler offices and flagship stores.

On 28 July, Ruffini Partecipazioni S.r.l. ("Ruffini Partecipazioni") announced an agreement with two strategic partners: Temasek, a major investment fund based in Singapore, and Juan Carlos Torres, shareholder and chairman of Dufry, a leading travel retail group. Under the agreement, Temasek and Juan Carlos Torres acquired 24.4% of Ruffini Partecipazioni, with a view to strengthening Moncler's position in the global luxury goods sector. At the same time the

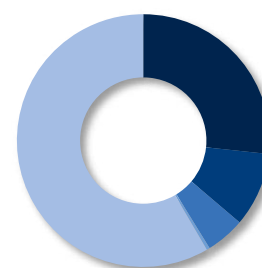
BOARD OF DIRECTORS REPORT

agreement was made, Clubsette S.r.l. (a company controlled by Tamburi Investment Partners) announced it intended to relinquish its 14% equity interest in Ruffini Partecipazioni, which was reimbursed and liquidated with a direct 5.1% interest in Moncler. As a result of the deal, Ruffini Partecipazioni's equity interest in Moncler dropped to 26.7%.

On 23 September, Eurazco, a private equity fund, sold a 6.0% equity interest held in Moncler through ECIP M S.A., bringing its overall interest in the company down from 15.5% to 9.5%. The shares were sold through an accelerated bookbuild on international markets for a total of 230 million euros.

Shareholding

■	26.7%	Ruffini Partecipazioni S.r.l.
■	9.5%	ECIP M S.A.
■	5.0%	T. Rowe Price Associates, Inc.
<hr/>		
■	0.4%	Treasury Shares
■	58.4%	Market



As at February 2017

Financial Calendar

The main events in 2017 related to the Moncler reporting timeline are provided below:

Date	Event
Tuesday 28 February 2017	Board of Directors: Approval of the Draft Consolidated Results for Financial Year ended 31 December 2016 (*)
Thursday 20 April 2017	Annual Shareholders' Meeting for Approval of the Full Year Financial Statements at 31 December 2016
Thursday 4 May 2017	Board of Directors: Approval of the <i>Interim Management Statement</i> at 31 March 2017 (*)
Wednesday 26 July 2017	Board of Directors: Approval of the Half-Year Financial Report at 30 June 2017 (*)
Tuesday 24 October 2017	Board of Directors: Approval of the <i>Interim Management Statement</i> at 30 September 2017 (*)

(*) A conference call with institutional investors and equity research analysts will take place following the Board of directors' meeting; details will be announced in due course.

Section Two

INTRODUCTION

In accordance with Article 40, paragraph 2 bis of the Legislative Decree 127 of 09/04/91, the Parent Company has prepared the Directors' Report as a single document for both the separate financial statements of Moncler S.p.A. and the Group consolidated financial statements.

PERFORMANCE OF THE MONCLER GROUP

Financial Results

Following are the consolidated income statements for financial years 2016 and 2015.

Consolidated income statement				
(Euro/000)	Fiscal Year 2016 % on Revenues		Fiscal Year 2015 % on Revenues	
Revenues	1,040,311	100.0%	880,393	100.0%
YoY growth	+18%		+27%	
Cost of sales	(252,303)	(24.3%)	(225,495)	(25.6%)
Gross margin	788,008	75.7%	654,898	74.4%
Selling expenses	(312,353)	(30.0%)	(253,448)	(28.8%)
General & Administrative expenses	(94,093)	(9.0%)	(79,535)	(9.0%)
Advertising & Promotion	(68,143)	(6.6%)	(57,847)	(6.6%)
EBIT Adjusted	313,419	30.1%	264,068	30.0%
YoY growth	+19%		+28%	
Non-recurring items ^a	(15,738)	(1.5%)	(11,389)	(1.3%)
EBIT	297,681	28.6%	252,679	28.7%
YoY growth	+18%		+25%	
Net financial result ^a	(4,592)	(0.4%)	(1,708)	(0.2%)
EBT	293,089	28.2%	250,971	28.5%
Taxes	(96,767)	(9.3%)	(83,061)	(9.4%)
Tax Rate	33.0%		33.1%	
Net Income, including Non-controlling interests	196,322	18.9%	167,910	19.1%
Non-controlling interests	(279)	(0.0%)	(47)	(0.0%)
Net Income, Group share	196,043	18.8%	167,863	19.1%
YoY growth	+17%		+29%	
<hr/>				
EBITDA Adjusted	355,054	34.1%	300,027	34.1%
YoY growth	+18%		+29%	

^a Including non-cash costs related to the stock based compensation plans and, in financial year 2015, costs associated with the "Other Brands Division" sale.

^b Fiscal Year 2016: FX Gain/(Losses) (1,851) thousand euros;
Other financial items (2,741) thousand euros.
Fiscal Year 2015: FX Gain/(Losses) 3,983 thousand euros;
Other financial items (5,691) thousand euros.

EBITDA is not a recognized measure of financial performance under IFRS, but it is a measure commonly used by both management and investors when evaluating the operating performance of the Group. EBITDA is defined as EBIT (Operating income) plus depreciation and amortization and it can be calculated from the consolidated income statement data, which have been prepared in accordance with the IFRS, integrated with the Explanatory Notes.

Consolidated Revenues

In 2016 Moncler recorded **revenues of 1,040.3 million euros**, an **increase of 18% at constant and current exchange rates** compared to revenues of 880.4 million euros in 2015: the revenue trend accelerated in the fourth quarter (+25% at constant exchange rates).

Revenues by Region

	Fiscal Year 2016		Fiscal Year 2015		YoY growth %	
	Eur/000	%	Eur/000	%	At current exchange rates	At constant exchange rates
Italy	143,186	13.8%	136,997	15.5%	+5%	+5%
EMEA (excl. Italy)	303,344	29.2%	268,468	30.5%	+13%	+15%
Asia & Rest of the World	418,524	40.2%	333,501	37.9%	+25%	+23%
Americas	175,257	16.8%	141,427	16.1%	+24%	+23%
Total Revenues	1,040,311	100.0%	880,393	100.0%	+18%	+18%

In **Asia** and the **Rest of the World**, turnover rose 23% at constant exchange rates, with a positive contribution from all markets. In China continued growth was mainly driven by the strong performance from existing stores. South Korea also delivered very good results. In this region, Moncler is boosting its brand awareness as well as its presence in the retail channel (including travel retail). Japan performed well with double-digit growth in 2016.

In the **Americas**, turnover grew 23% at constant exchange rates, with good performance in both the retail and the wholesale distribution channels. The US retail channel benefited from new openings and a consistently improving trend in the fourth quarter. The Canadian market also saw significant growth in the wholesale and retail channels.

In **EMEA**, turnover rose 15% at constant exchange rates, largely due to the strong retail channel performance and the contribution from some important openings during the period, particularly the new London Bond Street flagship store. By market, growth was driven by a strong performance in the United Kingdom, thanks to local customers and tourists, while growth in Germany and France stemmed from a very good result in both distribution channels, which accelerated in the fourth quarter.

In **Italy**, turnover increased 5%, driven by the network of directly operated stores as well as organic growth in the wholesale channel.

Revenues by Distribution Channel

	Fiscal Year 2016		Fiscal Year 2015		YoY growth %	
	Eur/000	%	Eur/000	%	At current exchange rates	At constant exchange rates
Retail	764,173	73.5%	619,680	70.4%	+23%	+23%
Wholesale	276,138	26.5%	260,713	29.6%	+6%	+6%
Total Revenues	1,040,311	100.0%	880,393	100.0%	+18%	+18%

In 2016, revenues from the **retail distribution channel** were 764.2 million euros compared to 619.7 million euros in 2015, representing an increase of 23% at constant exchange rates, thanks to good organic growth and the continued development of our network of mono-brand retail stores (Directly Operated Stores, DOS).

In 2016, the Group achieved *Comparable Store Sales Growth*⁹ of 7%.

The **wholesale channel** recorded revenues of 276.1 million euros compared to 260.7 million euros in 2015, an increase of 6% at constant exchange rates, supported by a good performance in the European and North American markets.

*Analysis of Consolidated Operating and Net Results*Cost of Sales and Gross Margin

In 2016, Moncler's consolidated **gross margin** reached **788.0 million euros**, equivalent to 75.7% of revenues compared to 74.4% in 2015. The improvement of gross margin is mainly attributable to the greater development of the retail channel compared to the wholesale channel.

The increase in the cost of sales has been mainly driven by volume growth, given that the price evolution of raw materials and of its other constituents was in line with the previous year.

⁹ *Comparable Store Sales Growth* is based on sales growth in DOS (excluding outlets) which have been opened for at least 52 weeks and in the online store; stores that have been extended and/or relocated are excluded from the calculation.

Operating Expenses and EBIT

Selling expenses were **312.4 million euros**, equivalent to 30.0% of revenues compared to 28.8% in 2015; this increase was largely related to the expansion of the retail channel.

General and administrative expenses were **94.1 million euros**, equivalent to 9.0% of revenues, the same as in 2015.

Advertising expenses were **68.1 million euros**, representing 6.6% of revenues, the same as in 2015.

Adjusted EBITDA¹⁰ rose to **355.1 million euros**, an increase of 18% compared to 300.0 million euros in 2015, resulting in an EBITDA margin of 34.1% (the same as in 2015).

Adjusted EBIT¹⁰ was **313.4 million euros**, an increase of 19% compared to 264.1 million euros in 2015, resulting in an EBIT margin of 30.1% (30.0% in 2015). Including non-recurring costs, EBIT was 297.7 million euros, representing an EBIT margin of 28.6% compared to 28.7% in 2015.

Non-recurring costs include non-cash costs related to the Moncler stock based incentive plans, equal to 15.7 million euros. In 2015, non-recurring costs of 11.4 million euros also included the effect of a revised valuation of receivables related to the sale of the “Other Brands Division” equal to 3 million euros.

Net Income

The financial result was negative and equal to 4.6 million euros in 2016, penalized by foreign currency losses of 1.9 million euros; in 2015, the financial result was negative and equal to 1.7 million euros, which benefited from foreign currency gains of 4.0 million euros. Excluding FX Gain/(Losses), financial expense was equal to 2.7 million euros in 2016, compared to 5.7 million euros in 2015.

Taxes amounted to 96.8 million euros, with a 33.0% tax rate.

Net Income, Group share was **196.0 million euros**, equivalent to 18.8% of revenues, compared to 167.9 million euros in 2015, an increase of 17%.

¹⁰ Before non-recurring costs related to stock based incentive plans and, in 2015, the effect of a write-down of receivables related to the “Other Brands Division” sale.

Consolidated Statement of Financial Position

Following are the reclassified consolidated statements of financial position for financial years 2016 and 2015.

Reclassified consolidated statement of financial position		
(Euro/000)	31/12/2016	31/12/2015
Intangible Assets	422,464	423,596
Tangible Assets	123,925	102,234
Other Non-current Assets/(Liabilities)	16,377	13,671
Total Non-current Assets	562,766	539,501
Net Working Capital	108,127	110,876
Other Current Assets/(Liabilities)	(55,980)	(43,683)
Total Current Assets	52,147	67,193
Invested Capital	614,913	606,694
Net Debt	(105,796)	49,595
Pension and Other Provisions	17,138	10,292
Shareholders' Equity	703,571	546,807
Total Sources	614,913	606,694

Net Working Capital

Net working capital was **108.1 million euros**, compared to **110.9 million euros** at 31 December 2015, equivalent to 10.4% of last-twelve-months revenues, compared to 12.6% as at 31 December 2015. This improvement has been largely driven by better management of receivables and inventory, and the latter benefited also from good sell-through.

Net working capital		
(Euro/000)	31/12/2016	31/12/2015
Accounts receivables	104,864	89,782
Inventory	135,849	134,063
Accounts payables	(132,586)	(112,969)
Net working capital	108,127	110,876
<i>% on Last Twelve Months Revenues</i>	<i>10.4%</i>	<i>12.6%</i>

Net Financial Position

Net financial position at 31 December 2016 was positive at **105.8 million euros** compared to net debt of 49.6 million euros at 31 December 2015, with a net cash generation of 155.4 million euros.

Net Financial Position is broken down in the following table:

Net financial position		
(Euro/000)	31/12/2016	31/12/2015
Cash and cash equivalents	243,389	148,603
Long-term borrowings, net	(75,835)	(127,016)
Short-term borrowings, net*	(61,758)	(71,182)
Net financial position	105,796	(49,595)
(*) net of Financial current assets		

Following is the reclassified consolidated statement of cash flow for financial years 2016 and 2015:

Reclassified consolidated statement of cash flow		
(Euro/000)	Fiscal Year 2016	Fiscal Year 2015
EBITDA Adjusted	355,054	300,027
Change in NWC	2,749	(13,785)
Change in other curr./non-curr. assets/(liabilities)	16,437	(16,665)
Capex, net	(62,290)	(66,187)
Operating Cash Flow	311,950	203,390
Net financial result	(4,592)	(1,708)
Taxes	(96,767)	(83,061)
Free Cash Flow	210,591	118,621
Dividends paid	(35,404)	(30,484)
Changes in equity and other changes	(19,796)	(26,577)
Net Cash Flow	155,391	61,560
Net Financial Position - Beginning of Period	(49,595)	(111,155)
Net Financial Position - End of Period	105,796	(49,595)
Change in Net Financial Position	155,391	61,560

Free Cash Flow in 2016 was equal to **210.6 million euros**, compared to 118.6 million euros in 2015.

Net Capital Expenditure

Net Capital Expenditure was **62.3 million euros** in 2016, compared to 66.2 million euros in 2015, mainly due to investments made in the retail channel, particularly relating to the opening of important flagship stores in London, New York and Seoul.

The following table shows the breakdown of capex by category:

Capex (Euro/000)	Fiscal Year 2016	Fiscal Year 2015
Retail	47,496	48,999
Wholesale	4,101	1,503
Corporate	10,693	15,685
Capex	62,290	66,187
<i>% on Revenues</i>	<i>6.0%</i>	<i>7.5%</i>

PERFORMANCE OF THE PARENT COMPANY MONCLER S.P.A.

Following is the income statement of the Parent Company.

Moncler S.p.A. Income Statement				
(Euro/000)	Fiscal Year 2016 % on Revenues		Fiscal Year 2015 % on Revenues	
Revenues	173,766	100.0%	147,114	100.0%
General & Administrative expenses	(18,019)	(10.4%)	(14,123)	(9.6%)
Advertising & Promotion	(31,044)	(17.9%)	(27,439)	(18.7%)
Non-recurring items	(4,866)	(2.8%)	(2,490)	(1.7%)
EBIT	119,837	69.0%	103,062	70.1%
Net financial result	(575)	(0.3%)	(1,880)	(1.3%)
EBT	119,262	68.6%	101,182	68.8%
Taxes	(37,717)	(21.7%)	(24,280)	(16.5%)
Net Income	81,545	46.9%	76,902	52.3%

The Board of Directors has also approved the financial statements of the parent company Moncler S.p.A.

Moncler S.p.A. revenues rose to 173.8 million euros in 2016, an increase of 18% compared to revenues of 147.1 million euros in 2015, mainly arising from proceeds received from subsidiaries for the use of the Moncler brand. The revenue growth is in line with the improvement of the business linked to the Moncler brand development.

General and administrative expenses were 18.0 million euros, equal to 10.4% on revenues (9.6% in 2015). Advertising and Promotion expenses totalled 31.0 million euros (27.4 million euros in 2015). Non-recurring costs in 2016 were 4.9 million euros (2.5 million euros in 2015), mainly related to stock based compensation plans for the Parent Company's employees, managers and consultants.

Net financial costs were 0.6 million euros, compared to 1.9 million euros in 2015.

Net income amounted to 81.5 million euros, an increase of 6% compared to 76.9 million euros in 2015.

The Parent Company's statement of financial position is given below.

Moncler S.p.A. Reclassified statement of financial position		
(Euro/000)	31/12/2016	31/12/2015
Intangible Assets	226,220	226,545
Tangible Assets	3	831
Investments	233,116	222,534
Other Non-current Assets/(Liabilities)	(62,522)	(61,671)
Total Non-current Assets	396,817	388,239
Net Working Capital	35,161	33,471
Other Current Assets/(Liabilities)	(24,710)	(27,831)
Total Current Assets	10,451	5,640
Invested Capital	407,268	393,879
Net Debt	32,884	69,925
Pension and Other Provisions	658	442
Shareholders' Equity	373,726	323,512
Total Sources	407,268	393,879

Moncler S.p.A.'s statement of financial position shows shareholders' equity of 373.7 million euros, compared to 323.5 million euros at 31 December 2015, and net financial debt of 32.9 million euros, compared to 69.9 million euros at 31 December 2015.

MAIN RISKS

Moncler, through the normal business management and the development of its strategy, is exposed to different types of risks that could adversely affect the Group's operating results and financial position.

The most important business risks are constantly monitored by the Control, Risks and Sustainability Committee and periodically reviewed by the Board of Directors, which is responsible for the development of the strategy.

Risks associated with the market in which the Group operates and with general economic conditions

Moncler operates in the luxury goods sector which is characterized by a high correlation between the demand of goods and the wealth, economic growth and stability in the markets where the demand is generated. In addition, the Group's ability to develop its business depends to a significant extent on the economic situation of the various countries in which it operates.

Although the Group operates in a significant number of countries around the world, thereby reducing the risk of high concentration, the possible deterioration of economic conditions in one or more markets in which it operates may have a negative impact on sales and financial results of the Group.

Risks associated with image and brand recognition

The luxury goods sector in which Moncler operates is influenced by changes in consumers' tastes and preferences, but also by different habits in the regions in which it operates. In addition, the Group's success is significantly influenced by the image, perception and recognition of the Moncler brand. The Group strives to maintain and enhance the strength of the Moncler brand, paying particular attention to the quality of the products, the design, the innovation, the communication and the development of its own distribution model, by looking for selectivity, quality and sustainability. Moncler is committed to integrating sustainability assessments in its actions and decisions, since the company believes that the continue creation of value for its stakeholders is an essential priority for its reputation.

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

Risk associated with key management personnel

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

Even though Moncler believes that it has an operational and managerial structure capable of ensuring the continuity of the business, if the existing relationship with some of these individuals were to be interrupted without proper and timely replacement, the competitive ability of the Group and its growth prospects may be affected, with a resulting negative impact on the economic and financial position of the Group.

Risks associated with relationships with third party manufacturers

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

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

Moncler maintains constant and continual control over its group of third-party manufacturers in order to ensure there is full compliance, among other things, with labour laws and environmental laws and with the principles of Moncler's Code of Ethics and Code of Conduct for Suppliers. Moncler performs audits at these third-party manufacturers and at their sub-suppliers. The risk cannot be excluded, however, that any one of these might not fully comply with the agreements entered into with Moncler.

Risks related to the cost and availability of high quality raw materials, to the control of the supply chain and to the relationships with suppliers

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

Although in recent years Moncler has not encountered any particular difficulties in the purchasing of high quality raw materials to the extent appropriate, it cannot be excluded that there could be some tension on the supply side that could lead to a shortage of supply resulting in an increase in costs that could have a negative impact on the financial results of the Group.

Moncler adopts a stringent policy with all its raw material suppliers, who are required to abide by clear commitments to quality and compliance with current legislation on worker protection, animal protection and environmental protection. With regards to animal welfare, Moncler created a multi-stakeholder forum, which approved the DIST (Down Integrity System and Traceability) Protocol, focused on the down. All suppliers have to scrupulously comply with it, in order to guarantee the traceability of raw materials, animal welfare and the highest quality standards for all the supply chain.

Risks associated with the distribution network

Moncler generates an increasing portion of its revenues through the retail channel, consisting of directly operated mono-brand stores (DOS). The Group has over the years demonstrated the ability to open new stores in the most prestigious locations in the most important cities in the world and within high profile department stores, despite competition among key players in the luxury goods sector to secure a strong position in that sector. This is the reason why the fact that the Group might face difficulties in opening new stores, which could have a negative impact on the growth of the business, should not be excluded.

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

Risks related to brand and product counterfeiting and the protection of intellectual property rights

The luxury goods market is known to be prone to brand and product counterfeiting.

Moncler has made considerable investments in the adoption of innovative technologies which allow products to be tracked along the value chain, to prevent and mitigate the effects of counterfeiting of its brands and products and to protect its intellectual property rights in the territories in which it operates. However, it cannot be excluded that the presence on the market of significant quantities of counterfeit products may adversely affect the image of the brand, with a negative impact on sales and operating results.

Risks related to the evolution of the regulatory framework

Moncler operates in a complex international environment and is subject, in the various jurisdictions in which it operates, to rules and regulations which are constantly monitored, especially for all matters relating to the health and safety of workers, environmental protection, rules around manufacturing of products and their composition, consumer protection, the protection of intellectual and industrial property rights, competition rules, fiscal rules, and, in general, all relevant regulatory provisions.

The Group operates following the legal provisions in force. Nevertheless, since the legislation on some matters, especially on tax issues, is characterized by a high degree of complexity and subjectivity, it cannot be excluded that a different interpretation to that of the Group could have a significant impact on the results.

The enactment of new legislation or amendments to existing laws which may require the adoption of more stringent standards could lead, by way of example, to costs of compliance linked to the production process or the features of the products, or could even limit the Group's operations with a negative impact on the financial results.

Exchange rate risks

Moncler operates in international markets using currencies other than the Euro, of which mainly Yen, U.S. Dollar, Renminbi and Hong Kong Dollar. Therefore it is exposed to the risk associated with fluctuations in exchange rates, equal to the transaction amount (mainly income) which are not covered by a matching transaction of the same currency. In 2014, the Group initiated a strategy to gradually hedge the risks associated with exchange rates fluctuations limiting its actions to the so called "transactional risk".

However, also due to the so called "translational risk", arising from the translation in Euro of financial statements of foreign companies denominated in local currency, it cannot be excluded that significant changes in exchange rates could have an positive or negative impact on the Group's results and financial position.

For more information, please refer to the specific section 9.1 of the Notes to the Financial Statements.

Interest rate risks

The Net Financial Position of the Group consists of cash and bank loans denominated primarily in Euros and is subject to interest rate risk. The Group, in order to partially hedge the interest rate risk, has entered into some hedging transactions.

However, any significant fluctuations in interest rates could lead to an increase in borrowing costs, with a negative impact on the Group's financial results.

For more information, please refer to the specific section of the Notes to the Financial Statements 9.1.

Credit risk

Moncler operates in accordance with the credit control policies aimed at reducing the risks resulting from insolvency of its wholesale customers. These policies are based on preliminary in-depth analysis of the reliability of the customers and based on eventual insurance coverage and / or guaranteed form of payment. In addition, the Group has no significant concentrations of credit.

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

For more information, please refer to the section 9.2 of the Notes to the Financial Statements.

Liquidity risk

The Group has implemented financial planning process aimed at reducing the liquidity risk, also taking into consideration the seasonality of the business. Based upon the financial requirements, credit lines required to meet those needs are planned with the financial institutions and are classified between short-term and long-term.

For more information, please refer to the section 9.3 of the Notes to the Financial Statements.

CORPORATE GOVERNANCE

Moncler S.p.A. ("Parent Company") has adopted a traditional model of governance, which is structured as follows:

- the **Board of Directors** is the pivotal element of the corporate governance system, overseeing all company business and providing guidelines for the Group, with the objective of maximising value for shareholders;
- the **Board of Statutory Auditors**, in accordance with regulations applicable to listed companies, monitors: (i) compliance with law and with the By Laws, the application of the principles of good business administration and the adequacy of the instructions provided by the Parent Company to subsidiaries; (ii) within the scope of its capacities, the adequacy of the company's organisational structure, the internal control system and the administrative accounting system, as well as the reliability of the latter in reporting operations accurately; (iii) the practical application of the corporate governance rules provided by the codes of conduct endorsed by the company; (iv) the effectiveness of the internal auditing and risk management system, the auditing of accounts and the independence of the audit firm; and (v) the financial reporting process;
- the **Shareholders' Meeting**, which is convened in ordinary and/or extraordinary session, is responsible for decisions concerning: (i) the appointment and dismissal of members of the Board of Directors and the Board of Statutory Auditors, and setting their fees; (ii) the approval of financial statements and the allocation of profit; (iii) amendments to the By Laws; (iv) the appointment of the audit firm, upon reasoned proposal by the Board of Statutory Auditors; and (v) incentive plans;
- the **audit firm** is responsible for the statutory auditing of accounts. The audit firm is appointed by the Shareholders' Meeting in accordance with the By Laws. The Civil Code requires the audit firm to conduct its activities in complete independence and autonomy, and as such does not represent the controlling shareholders or minority interests.

KPMG S.p.A. was appointed by the Shareholders' Meeting as the audit firm for the separate and consolidated financial statements for the years 2013 to 2021.

For more information on corporate governance, including information on Board of Directors committees, the supervisory body appointed in accordance with Legislative Decree 231/2001 and the manager in charge of financial reporting, see the Governance section of the website www.monclergroup.com. The Corporate Governance and Ownership Report (prepared in accordance with Article 123-bis of Legislative Decree 58/1998) is published on the website together with other corporate documents.

On 28 March 2014, the Board of Directors approved an "**Organisation, Management and Control Model**" (the "Model") in accordance with Legislative Decree 231 of 8 June 2001 governing "the administrative liability of legal entities, companies and associations with or without legal personality, pursuant to Article 11 of Law 300 of 29 September, 2000". The

Model identifies the principles and tools for controlling activities considered potentially at risk and forms an integrated part of the internal control system, together with the **Code of Ethics** adopted by Moncler. The Code of Ethics expresses the ethical commitments and responsibilities undertaken by the company in conducting its business. All addressees of the Code of Ethics, including those that do not belong to the company (in particular suppliers, contractors, consultants, collaborators and partners) are required to comply with the Code in their work and business.

RELATED-PARTY TRANSACTIONS

Information relating to related party transactions are provided in Note 10.1 to the Consolidated Financial Statements and Note 8.1 to the Separate Financial Statements.

ATYPICAL AND/OR UNUSUAL TRANSACTIONS

There are no positions or transactions deriving from atypical and / or unusual transactions that could have a significant impact on the results and financial position of the Group and the Parent Company.

TREASURY SHARES

Moncler owns 1,000,000 Company shares, equal to 0.4% of the current share capital.

SIGNIFICANT EVENTS OCCURRED DURING FISCAL YEAR 2016

SHARE BUY-BACK PLAN

On February 2, 2016, Moncler launched a share buy-back plan in implementation of the shareholders' meeting resolution of April 23, 2015, pursuant to arts. 2357 and 2357-ter of the Italian Civil Code. The treasury shares acquired in implementation of this resolution shall be used to establish a "stock of shares" that may be used to meet obligations deriving from possible programs for the distribution, against payment or free of charge, of the Company's stock options or shares to directors, employees and collaborators of the Company or its subsidiaries.

Under the aforementioned share purchases plan completed on February 12, 2016 Moncler bought 1,000,000 Company shares, equal to 0.4% of the current share capital, for a total amount of 12.8 million euros.

PRODUCTION UNIT IN ROMANIA

On March 24, 2016 Moncler, through its Romanian subsidiary Industries Yield Srl, finalised the process of establishing a manufacturing unit in Romania by hiring approximately 600 employees.

This follows the Group's purchase of another manufacturing unit in 2015 and is part of a wider industrial project which aims to further consolidate Moncler's significant know-how in down jackets and to expand its direct production capacity.

DIVIDENDS

On April 20, 2016 the Annual General Meeting of Shareholders approved the Moncler S.p.A financial statements as at 31 December 2015 and approved a dividend distribution of 0.14 euros per share, with an ex-dividend date of May 23, 2016. On May 25, 2016 dividends were paid for a total amount of 34,882,539.02 euros.

2016 – 2018 PERFORMANCE SHARES PLAN

Based on the favourable opinion of the Nomination and Remuneration Committee and putting into effect the resolutions adopted by the Shareholders' Meeting of April 20, 2016, at its meeting held on May 10 and June 27, 2016, the Board of Directors resolved to implement the stock grant plan denominated "2016-2018 Performance Shares Plan" and, as a consequence, resolved also to grant 2,856,000 shares to 94 beneficiaries.

"OTHER BRANDS" DIVISION

With regard to disputes relating to the disposal of the "Other Brands" division (which took place in November 2013) and the disagreements relating to the interpretation and execution of the terms of the sale agreement, which resulted in an application to the London Court of Arbitration, in April 2016 the parties resolved all the disputes by mutual consent based on an agreement which settled all existing receivables and payables, including those arising from the "*Supply and Service Agreement*". The outcome of this settlement did not have any effect on the result of the period.

TAX AUDITS

Within the scope of the ordinary course of tax audits of significant taxpayers, the subsidiary Industries S.p.A. was subject to a tax audit conducted by the Italian tax police (*Guardia di Finanza*) for the years 2011 to 2014. The audit began on October 29, 2015 and ended on June 28, 2016, with the delivery of the tax audit report. The tax audit report is an interim document subject to review by the Italian tax authority. Accordingly, it does not constitute a formal claim

according to which the company has to pay any specific amount or against which the company could file an appeal. To date, the tax audit report has not been followed yet with any formal claim by the Italian tax authority.

The objections set forth in the tax audit report mainly relate to transfer pricing matters connected with the transfer of goods and provision of services to foreign affiliates, all of which operate in countries with ordinary tax regimes that have a convention to avoid double taxation with the Republic of Italy. The transactions being challenged were taxed in full in the countries from which the foreign affiliates operate. The calculation of the transfer prices, as all evaluation activities, is marked by a high degree of subjectivity. Therefore, it is not possible to exclude beforehand that a new calculation by the Italian tax authority, even if performed in compliance with the applicable legislation and principles, may lead to a different result from that adopted by the Company.

With the purpose of demonstrating the correctness of its transfer pricing policy, the Company immediately engaged with the tax authority to discuss the objections raised in the tax audit report. The Company's expectation is that the interaction with the Italian tax authority, which is still ongoing, will prevent controversy or will lead to a non-judicial settlement. If no satisfactory settlement can be reached with the Italian tax authority, the Company may submit requests for Mutual Agreement Procedures (MAP) among the competent tax authorities as provided under double tax treaties in place with all affected countries, or it could appeal in court any formal claim issued by the Italian tax authority.

In consideration of the complexity of the various legal systems involved, of the unavoidable uncertainty governing transfer pricing matters and of the costs, including penalties, arising in the context of the prevention and solution of tax disputes, the Company has prudentially decided to recognize a provision on the basis of a preliminary estimate.

RUFFINI PARTECIPAZIONI

On July 28th, Ruffini Partecipazioni S.r.l. ("Ruffini Partecipazioni") announced that it entered into an agreement with two strategic long-term oriented investors: Singapore investment company Temasek and Mr. Juan Carlos Torres, investor and Chairman of the leading travel retail group Dufry. Thanks to this agreement, Temasek and Mr. Juan Carlos Torres acquired a combined 24.4% equity stake in Ruffini Partecipazioni, with the aim to support the development of Moncler as one of the world's leading luxury groups. Concurrent to the execution of this agreement, Clubsette S.r.l. (an investment vehicle controlled by Tamburi Investment Partners) announced that it would exit from Ruffini Partecipazioni, of which it owned a participation equal to 14% of the corporate capital, and receive a 5.1% direct equity holding in Moncler as reimbursement and liquidation of its original investment. Following the exit of Clubsette and the contribution in kind, Ruffini Partecipazioni holds a 26.7% stake in Moncler.

SIGNIFICANT EVENTS OCCURRED AFTER THE REPORTING DATE

No significant events occurred after the reporting date.

BUSINESS OUTLOOK

For financial year 2017, Moncler management is forecasting a scenario of further growth, based on clear strategic guidelines, consistently defined with the aim of strengthening the unique heritage of the Brand.

Consolidation of key markets. Moncler wants to consolidate its presence in the domestic market as well as in the main international markets, also through the reinforcement of its retail mono-brand stores (DOS) network, the controlled expansion of its stores' average selling surface, the development of wholesale mono-brand stores (SiS), and the strengthening of its digital channel.

International development. Over the years, Moncler has followed a strategy of international growth, while always keeping strong control of the business and a direct dialogue with its customers, both in the wholesale and in the retail channel.

Selective expansion of product categories. The Group is working on a selective expansion in product categories that are complementary to its core business and where it has, or can achieve, high brand awareness and strong know-how.

Focus on customers. Developing a direct relationship with its customers, being able to engage them and anticipate their needs are the keystones of the relationship that Moncler plans to develop with its customers, especially with its local customers, a fundamental asset for the Group's future growth.

Sustainable business development. The brand is reinforcing its commitment to sustainable and responsible long-term development, meeting stakeholders' expectations with a view to shared value creation.

OTHER INFORMATION

Research and Development

Since the Moncler Group's success depends in part on the look, prestige and brand recognition, and in part on the ability to manufacture a set of collections in line with market trends, the company conducts research and development in order to design, create and implement new products and new collections. Research and development costs are expensed in the income statement as they occur on an accrual basis.

Reconciliation between net result and shareholders' equity of the parent company and the Group's amounts

The reconciliation between the Group's net result and shareholders' equity at the end of the period and the parent Company Moncler's S.p.A. net result and shareholders' equity is detailed in the following table:

Reconciliation between result and net equity of the Parent company and the Group (Euro/000)	Result 2016	Net Equity 31/12/16	Result 2015	Net Equity 31/12/15
Parent company balances	81,544	373,726	76,902	323,512
Inter-group dividends	(25,924)	0	(18,795)	0
Share of consolidated subsidiaries net of book value of related equity interests	150,020	277,654	126,944	163,119
Allocation of the excess cost resulting from the acquisition of the subsidiaries and the corresponding Equity	0	159,011	0	159,011
Elimination of the intercompany profit and losses	(8,604)	(72,718)	(14,306)	(64,113)
Translation adjustments	0	5,273	0	3,581
Effects of other consolidation entries	(993)	(39,494)	(2,882)	(38,952)
Total Group shares	196,043	703,452	167,863	546,158
Share attributable to non-controlling interests	279	119	47	649
Total	196,322	703,571	167,910	546,807

Secondary Offices

The Company does not have any secondary offices.

Certification pursuant to art. 2.6.2, paragraph 8 and 9 of the Rules of the Markets organized and managed by the Italian Stock Exchange

In relation to art. 36 of Consob Regulation 16191 of 29/10/2007 as amended and integrated, concerning the conditions for the listing of companies with subsidiaries established and regulated under the laws of countries outside the European Union and of significance for the consolidated financial statements, please note that the above mentioned regulation is applicable to six companies belonging to the Group (Moncler Japan, Moncler USA, Moncler USA Retail, Moncler Asia Pacific, Moncler Shanghai and Moncler Shinsegae) and that adequate procedures to ensure full compliance with said rules have been adopted and that the conditions referred to in that Article 36 were met.

MOTION TO APPROVE THE FINANCIAL STATEMENTS AND THE ALLOCATION OF THE RESULT FOR THE YEAR ENDED DECEMBER 31, 2016

Shareholders,

We invite you to approve the Moncler Group consolidated financial statements as at and for the year ended 31 December 2016 and the Moncler S.p.A.'s separate financial statements.

We recommend that you approve the distribution of a gross dividend of 0.18 euros per ordinary share, payable out of the net income of the financial year 2016 totalling 81,544,489 euros.

The total amount to be distributed as a dividend, having taken into consideration the number of shares that are presently issued (250,231,976), net of the shares which are directly owned by the Company (1,000,000) on the date of the present report, is equal to 44,861,756 euros.

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

Milan, 28 February 2017

For the Board of Directors

The Chairman

Remo Ruffini

CONSOLIDATED FINANCIAL STATEMENTS

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MONCLER GROUP CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

Consolidated income statement					
(Euro/000)	Notes	2016	of which related parties (note 10.1)	2015	of which related parties (note 10.1)
Revenue	4.1	1,040,311	590	880,393	413
Cost of sales	4.2	(252,303)	(7,910)	(225,495)	(8,932)
Gross margin		788,008		654,898	
Selling expenses	4.3	(312,353)	(954)	(253,448)	(1,085)
General and administrative expenses	4.4	(94,093)	(7,355)	(79,535)	(6,501)
Advertising and promotion expenses	4.5	(68,143)		(57,847)	
Non recurring income/(expenses)	4.6	(15,738)	(7,380)	(11,389)	(3,059)
Operating result	4.7	297,681		252,679	
Financial income	4.8	492		4,267	
Financial expenses	4.8	(5,084)		(5,975)	
Income before taxes		293,089		250,971	
Income taxes	4.9	(96,767)		(83,061)	
Net Income, including Minority		196,322		167,910	
Non-controlling interests		(279)		(47)	
Net income, Group share		196,043		167,863	
Earnings per share (unit of Euro)	5.16	0.79		0.67	
Diluted earnings per share (unit of Euro)	5.16	0.78		0.67	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income			
(Euro/000)	Notes	2016	2015
Net profit (loss) for the period		196,322	167,910
Gains/(Losses) on fair value of hedge derivatives	5.16	154	801
Gains/(Losses) on exchange differences on translating foreign operations	5.16	1,693	4,219
Items that are or may be reclassified to profit or loss		1,847	5,020
Other Gains/(Losses)	5.16	(309)	134
Items that will never be reclassified to profit or loss		(309)	134
Other comprehensive income/(loss), net of tax		1,538	5,154
Total Comprehensive income/(loss)		197,860	173,064
Attributable to:			
Group		197,580	173,016
Non controlling interests		280	48

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position					
(Euro/000)	Notes	December 31, 2016	of which related parties (note 10.1)	December 31, 2015	of which related parties (note 10.1)
Brands and other intangible assets - net	5.1	266,882		268,014	
Goodwill	5.1	155,582		155,582	
Property, plant and equipment - net	5.3	123,925		102,234	
Other non-current assets	5.9	24,691		22,676	
Deferred tax assets	5.4	74,682		65,970	
Non-current assets		645,762		614,476	
Inventories and work in progress	5.5	135,849		134,063	
Trade account receivables	5.6	104,864	7,523	89,782	7,013
Income taxes	5.12	5,560		4,155	
Other current assets	5.9	13,356		20,985	
Financial current assets	5.8	3,019		0	
Cash and cash equivalent	5.7	243,389		148,603	
Current assets		506,037		397,588	
Total assets		1,151,799		1,012,064	
Share capital	5.16	50,043		50,025	
Share premium reserve	5.16	109,187		108,284	
Other reserves	5.16	348,179		219,986	
Net result, Group share	5.16	196,043		167,863	
Equity, Group share		703,452		546,158	
Non controlling interests		119		649	
Equity		703,571		546,807	
Long-term borrowings	5.15	75,835		127,016	
Provisions non-current	5.13	11,880		5,688	
Pension funds and agents leaving indemnities	5.14	5,258		4,604	
Deferred tax liabilities	5.4	70,953		68,753	
Other non-current liabilities	5.11	12,043		6,222	
Non-current liabilities		175,969		212,283	
Short-term borrowings	5.15	64,777		71,182	
Trade account payables	5.10	132,586	8,131	112,969	8,445
Income taxes	5.12	24,577		36,613	
Other current liabilities	5.11	50,319	3,788	32,210	2,696
Current liabilities		272,259		252,974	
Total liabilities and equity		1,151,799		1,012,064	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity (Euro/000)	Notes	Share capital	Share premium	Legal reserve	Other comprehensive income		Other reserves			Result of the period, Group share	Equity, Group share	Equity, non controlling interest	Total consolidated Net Equity
					Cumulative translation adj. reserve	Other OCI items	IFRS 2 reserve	FTA reserve	Retained earnings				
Group shareholders' equity at January 1, 2015	5.16	50,000	107,040	10,000	(637)	(975)	4,522	1,242	117,973	130,338	419,503	1,071	420,574
Allocation of Last Year Result		0	0	0	0	0	0	0	130,338	(130,338)	0	0	0
Changes in consolidation area		0	0	0	0	0	0	0	0	0	0	0	0
Dividends		0	0	0	0	0	0	0	(30,014)	0	(30,014)	(470)	(30,484)
Share capital increase		25	1,244	0	0	0	0	0	0	0	1,269	0	1,269
Other movements in Equity		0	0	0	0	0	6,607	(1,242)	(22,981)	0	(17,616)	0	(17,616)
Other changes of comprehensive income		0	0	0	4,218	935	0	0	0	0	5,153	1	5,154
Result of the period		0	0	0	0	0	0	0	0	167,863	167,863	47	167,910
Group shareholders' equity at December 31, 2015	5.16	50,025	108,284	10,000	3,581	(40)	11,129	0	195,316	167,863	546,158	649	546,807
Group shareholders' equity at January 1, 2016	5.16	50,025	108,284	10,000	3,581	(40)	11,129	0	195,316	167,863	546,158	649	546,807
Allocation of Last Year Result		0	0	300	0	0	0	0	167,563	(167,863)	0	0	0
Changes in consolidation area		0	0	0	0	0	0	0	0	0	0	(289)	(289)
Dividends		0	0	0	0	0	0	0	(34,883)	0	(34,883)	(521)	(35,404)
Share capital increase		18	903	0	0	0	0	0	0	0	921	0	921
Other movements in Equity		0	0	0	0	0	15,530	0	(21,854)	0	(6,324)	0	(6,324)
Other changes of comprehensive income		0	0	0	1,692	(155)	0	0	0	0	1,537	1	1,538
Result of the period		0	0	0	0	0	0	0	0	196,043	196,043	279	196,322
Group shareholders' equity at December 31, 2016	5.16	50,043	109,187	10,300	5,273	(195)	26,659	0	306,142	196,043	703,452	119	703,571

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows	Year 2016	of which related parties	Year 2015	of which related parties
(Euro/000)				
Cash flow from operating activities				
Consolidated result	196,322		167,910	
Depreciation and amortization	41,635		35,959	
Net financial (income)/expenses	4,592		1,708	
Other non cash (income)/expenses	15,530		6,607	
Income tax expenses	96,767		83,061	
Changes in inventories - (Increase)/Decrease	(1,188)		(14,859)	
Changes in trade receivables - (Increase)/Decrease	(14,877)	(510)	10,596	(5,883)
Changes in trade payables - Increase/(Decrease)	17,892	(415)	(2,931)	1,282
Changes in other current assets/liabilities	26,991	1,092	11,778	800
Cash flow generated/(absorbed) from operating activities	383,664		299,829	
Interest and other bank charges paid	(1,854)		(4,108)	
Interest received	448		284	
Income tax paid	(107,917)		(114,432)	
Changes in other non-current assets/liabilities	3,110		314	
Net cash flow from operating activities (a)	277,451		181,887	
Cash flow from investing activities				
Purchase of tangible and intangible fixed assets	(63,301)		(67,657)	
Proceeds from sale of tangible and intangible fixed assets	1,011		1,470	
Net cash flow from investing activities (b)	(62,290)		(66,187)	
Cash flow from financing activities				
Repayment of borrowings	(68,592)		(69,653)	
Proceeds from borrowings	0		37,781	
Short term borrowings variation	(3)		(29,365)	
Dividends paid to shareholders	(34,883)		(30,014)	
Dividends paid to non-controlling interests	(521)		(470)	
Share capital increase	921		1,269	
Treasury Shares variation	(12,801)		0	
Other changes in Net Equity	(1,901)		2,223	
Net cash flow from financing activities (c)	(117,780)		(88,229)	
Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)	97,381		27,471	
Cash and cash equivalents at the beginning of the period	146,081		122,400	
Effect of exchange rate changes	(77)		(3,790)	
Net increase/(decrease) in cash and cash equivalents	97,381		27,471	
Cash and cash equivalents at the end of the period	243,385		146,081	

On behalf of the Board of Directors of Moncler S.p.A.

The Chairman

Remo Ruffini

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION ABOUT THE GROUP

1.1. The Group and its core business

The parent company Moncler S.p.A. is a company established and domiciled in Italy, with its registered office located at Via Stendhal 47 Milan, Italy, and registration number of 04642290961.

The consolidated financial statements as at and for the year ended December 31, 2016 include the parent company and its subsidiaries (hereafter referred to as the "Group").

To date, the Group's core businesses are the creation, production and distribution of clothing for men, women and children, shoes, leather goods and other accessories under the Moncler brand name.

1.2. Basis for the preparation of the consolidated financial statements

1.2.1. *Relevant accounting principles*

The 2016 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. IFRS also includes all International Accounting Standards ("IAS") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

The consolidated financial statements include the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the explanatory notes to the consolidated financial statements.

1.2.2. *Presentation of the financial statements*

The Group presents its consolidated income statement by destination, the method that is considered most representative for the business at hand. This method is in fact consistent with the internal reporting and management of the business.

With reference to the consolidated statement of financial position, a basis of presentation has been chosen which makes a distinction between current and non-current assets and liabilities, in accordance with the provisions of paragraph 60 and thereafter of IAS 1.

The consolidated statement of cash flows is prepared under the indirect method.

In accordance with the provisions of IAS 24, related-party transactions with the Group and their impact, if significant, on the consolidated statement of financial position, consolidated income statement and consolidated statement of cash flows are reported below.

1.2.3. Basis for measurement

The consolidated financial statements have been prepared on the historical cost basis except for the measurement of certain financial instruments (i.e. derivatives measured at fair value in accordance with IAS 39) and on a going concern basis.

The consolidated financial statements are presented in Euro thousand, which is the functional currency of the markets where the Group mainly operates.

1.2.4. Use of estimates

The preparation of the consolidated financial statements and the related explanatory notes in conformity with IFRS requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date. The estimates and related assumptions are based on historical experience and other relevant factors. The actual results could differ from those estimates. The estimates and underlying assumptions are reviewed periodically and any variations are reflected in the consolidated income statement in the period in which the estimate is revised if the revision affects only that period or even in subsequent periods if the revision affects both current and future periods.

In the event that management's estimate and judgment had a significant impact on the amounts recognized in the consolidated financial statements or in case that there is a risk of future adjustments on the amounts recognized for assets and liabilities in the period immediately after the reporting date, the following notes will include the relevant information.

The estimates pertain mainly to the following captions of the consolidated financial statements:

- impairment of non-current assets and goodwill;
- impairment of trade receivables (bad debt provision);
- impairment of inventories (obsolescence provision);
- recoverability of deferred tax assets;
- provision for losses and contingent liabilities.

Impairment of non-current assets and goodwill

Non-current assets include property, plant and equipment, intangible assets with indefinite useful life and goodwill, investments and other financial assets.

Management periodically reviews non-current assets for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is estimated based on the present value of future cash flows expect to derive from the asset or from the sale of the asset itself, at a suitable discount rate.

When the recoverable amount of a non-current asset is less than its carrying amount, an impairment loss is recognized immediately in profit or loss and the carrying amount is reduced to its recoverable amount determined based on value-in-use calculation or its sale's value in an arm's-length transaction, with reference to the most recent Group business plan.

Impairment of trade receivables

The bad debt provision represents management's best estimate of the probable loss for unrecoverable trade receivables. A provision for impairment is determined based on probable losses arising from doubtful debt taking into consideration the original credit terms, the economic environment and the company's historical trend together with the monitoring controls in place.

Impairment of inventory

The Group manufactures and sells mainly clothing goods that are subject to changing consumer needs and fashion trends. As a result, it is necessary to consider the recoverability of the cost of inventories and the related required provision. Inventory impairment represents management's best estimate for losses arising from the sales of aged products, taking into consideration their saleability through the Group's distribution channels.

Recoverability of deferred tax assets

The Group is subject to income taxes in numerous jurisdictions. Judgment is required in determining the provision for income taxes in each territory. The Group recognizes deferred tax assets when it is expected that they will be realised within a period that is consistent with management estimates and business plans.

Provision for losses and contingent liabilities

The Group could be subject to legal and tax litigations arising in the countries where it operates. Litigation is inevitably subject to risk and uncertainties surrounding the events and circumstances associated with the claims and associated with local legislation and jurisdiction. In the normal course of business, management requests advice from the Group legal consultants and tax experts. The recognition of a provision is based on management's best estimate when an outflow of resources is probable to settle the obligation and the amount can be reliably estimated. In those circumstances where the outflow of resources is possible or the amount of

the obligation cannot be reliably measured, the contingent liabilities are disclosed in the notes to consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES USED IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The accounting principles set out below have been applied consistently for fiscal year 2016 and the prior year.

2.1. Basis of consolidation

The consolidated financial statements comprise those of the Parent Company and its subsidiaries, of which the Parent owns, directly or indirectly, a majority of the voting rights and over which it exercises control, or from which it is able to benefit by virtue of its power to govern the subsidiaries' financial and operating policies.

The financial results of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where the Group loses control of a subsidiary, the consolidated financial statements include the results for the portion of the reporting period during which the parent company had control. In the consolidated financial statements, non-controlling interests are presented separately within equity and in the statement of income. Changes in the parent's ownership interest, that do not result in a loss of control or changes that represent acquisition of non-controlling interests after the control has been obtained, are accounted for as changes in equity.

In preparing the consolidated financial statements the effects, the balances as well as the unrealized profit or loss recognized in assets resulting from intra-group transactions are fully eliminated.

Investments in associates

Investments in associates are accounted for using the equity method whereas the initial recognition is stated at acquisition cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets. On acquisition of the investment any difference between the cost of the investment and the investor's share of the net fair value of the associate's assets and liabilities is included in the carrying amount of the investment. If the investor's share of losses of the associate equals or exceeds its interest in the associate, the investor's interest is reduced to zero and additional losses are provided for and a liability is recognized to the extent that the investor has incurred a legal obligation or has the intention to make payments on behalf of the associate.

2.2. Foreign currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

Transactions in foreign currencies

Foreign currency transactions are recorded by applying the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are held at year-end, are translated into the functional currency at the exchange rate ruling at the reporting date. Exchange differences arising on the settlement on the translation of monetary transactions at a rate different from those at which they were translated at initial recognition are recognized in the consolidated income statement in the period in which they arise.

Translation of the results of overseas businesses

Assets and liabilities of overseas subsidiaries included in the consolidated financial statements are translated into the Group's reporting currency of Euros at the exchange rate ruling at the reporting date. Income and expenses are translated at the average exchange rate for the reporting period, as it is considered to approximate at best the actual exchange rate at the transaction date. Differences arising on the adoption of this method are recognized separately in other comprehensive income and are presented in a separate component of equity as translation reserve until disposal of the foreign operation. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate ruling at the reporting date.

The main exchange rates used to convert into Euro the consolidated financial statements of foreign subsidiaries as at and for the years ended December 31, 2016 and December 31, 2015 are as follows:

	Average rate		Rate at the end of the period	
	2016	2015	As at 31 December 2016	As at 31 December 2015
AED	4.063440	4.073340	3.869601	3.996618
AUD	1.464320	n/a	1.459600	n/a
BRL	3.856140	3.700440	3.430500	4.311700
CAD	1.465900	1.418560	1.418800	1.511600
CHF	1.090160	1.067860	1.073900	1.083500
CNY	7.352220	6.973330	7.320200	7.060800
CZK	27.034300	27.279200	27.021000	27.023000
DKK	7.445190	7.458700	7.434400	7.462600
GBP	0.819483	0.725850	0.856180	0.733950
HKD	8.592190	8.601410	8.175100	8.437600
HUF	311.438000	309.996000	309.830000	315.980000
JPY	120.197000	134.314000	123.400000	131.070000
KRW	1,284.180000	1,256.540000	1,269.360000	1,280.780000
MOP	8.851500	8.859870	8.420120	8.691862
PLN	4.363200	4.184120	4.410300	4.263900
RON	4.490430	4.448760	4.539000	4.524000
RUB	74.144600	68.072000	64.300000	80.673600
SGD	1.527540	1.525490	1.523400	1.541700
TRY	3.343250	3.025460	3.707200	3.176500
TWD	35.689200	35.250100	33.999500	35.790800
USD	1.106900	1.109510	1.054100	1.088700

2.3. Business combinations

Business combinations are accounted under the acquisition method.

Under this method, the identifiable assets acquired and the liabilities assumed are measured initially at their acquisition-date fair values. The costs incurred in a business combination are accounted for as expenses in the periods in which the services are rendered.

Goodwill is determined as the excess of the aggregate of the considerations transferred, of any non-controlling interests and, in a business combination achieved in stages, the fair value of previously held equity interest in the acquiree compared to the net amounts of fair value of assets transferred and liabilities assumed at the acquisition date. If the fair value of the net assets acquired is greater than the acquisition cost, the difference is recognized directly in the statement of income at the acquisition date. Non-controlling interests could be measured either at their fair value at the acquisition date or at the non-controlling interests' proportionate share of the identifiable net assets. The election of either method is done for each single business combination.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurred, the Group shall report in the financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, that shall not exceed one year from the acquisition date, the provisional amounts are retrospectively adjusted to reflect new information obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of assets and liabilities recognized at that date.

2.4. Non-current assets available for sale and discontinued operations

Non-current assets available for sale and discontinued operations are classified as available for sale when their values are recoverable mainly through a probable sale transaction. In such conditions, they are valued at the lower of their carrying value or fair value, net of cost to sell if their value is mainly recoverable through a sale transaction instead of continued use.

Discontinued operations are operations that:

- include a separate line of business or a different geographical area;
- are part of a single coordinated plan for the disposal of a separate major line of business or geographical area of activity;
- consist of subsidiaries acquired exclusively for the purpose of being sold.

In the consolidated income statement, non-current assets held for sale and disposal groups that meet the requirements of IFRS 5 to be defined as "discontinued operations", are presented in a single caption that includes both gains and losses, as well as losses or gains on disposal and the related tax effect. The comparative period is subsequently restated in accordance with IFRS 5.

As far as the financial position is concerned, non-current assets held for sale and disposal groups that meet the requirements of IFRS 5 are reclassified as current assets and liabilities in the period in which such requirements arise. The comparative financial statements are not restated or reclassified.

2.5. Property, plant and equipment

Property, plant and equipment are stated at acquisition or manufacturing cost, not revalued net of accumulated depreciation and impairment losses ("impairment"). Cost includes original purchase price and all costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation

Depreciation of property, plant and equipment is calculated and recognized in the consolidated income statement on a straight-line basis over the estimated useful lives as reported in the following table:

Category	Depreciation period
Land	No depreciation
Buildings	From 25 to 33 years
Plant and equipment	From 8 to 12 years
Fixtures and fittings	From 5 to 10 years
Electronic machinery and equipment	From 3 to 5 years
Leasehold improvements	Lower between lease period and useful life of improvements
Other fixed assets	Depending on market conditions generally within the expected utility to the entity

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will take ownership of the asset by the end of the lease term.

Depreciation methods, useful lives and residual value are reviewed at each reporting period and adjusted if appropriate.

Gain/losses on the disposal of property, plant and equipment

Gains and losses on the disposal of property, plant and equipment represent the difference between the net proceeds and net book value at the date of sale. Disposals are accounted for when the relevant transaction becomes unconditional.

2.6. Intangible assets

Goodwill

Goodwill arising from business combination is initially recognized at the acquisition date as described in the notes related to "Business combinations".

Goodwill is included within intangible assets with an indefinite useful life, and therefore, is not amortized but subject to impairment test performed annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. After the initial recognition, goodwill is measured at acquisition cost less accumulated impairment.

As part of the IFRS first time adoption, the Group chose not to apply IFRS 3 “Business Combinations” retrospectively regarding acquisitions made prior to the transition date (January 1, 2009); consequently, goodwill resulting from acquisitions prior to the transition date to IFRS is still recorded under Italian GAAP, prior to any eventual impairment.

For further details please refer to note 2.7 “Impairment of non-financial assets.”

Brands

Separately acquired brands are shown at historical cost. Brands acquired in a business combination are recognized at fair value at the acquisition date.

Brands have a indefinite useful life and are carried at cost less accumulated impairment. Brands are not amortized but subject to impairment test performed annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

For further details please refer to note 2.7 “Impairment of non-financial assets.”

Intangible assets other than goodwill and brands

License rights are capitalized as intangible asset and amortized on a straight-line basis over their useful economic life. The useful economic life of license rights is determined on a case-by-case basis, in accordance with the terms of the underlying agreement.

Key money are capitalized in connection with the opening of new directly operated shop (“DOS”) based on the amount paid. Key money in general have a definite useful life which is generally in line with the lease period. However, in certain circumstances, Key money have an indefinite useful life on the basis of legal protection or common practice that can be found in jurisdictions or markets that state that a refund could be received at the end of the lease period. In these limited cases, that need to be adequately supported, Key money are not amortized but subject to impairment test at least annually in accordance with what set out in the note related to impairment of non-financial assets.

Software (including licenses and separately identifiable external development costs) is capitalized as intangible assets at purchase price, plus any directly attributable cost of preparing that asset for its intended use. Software and other intangible assets that are acquired by the Group and have definite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization of intangible assets with a definite useful life

Intangible assets with a definite useful life are amortized on a straight line basis over their estimated useful lives as described in the following table:

Category	Depreciation period
License rights	Based on market conditions within the licence period or legal limits to use the assets
Key money	Based on market conditions generally within the lease period
Software	From 3 to 5 years
Other intangible assets	Based on market conditions generally within the period of control over the asset

2.7. Impairment of non-financial assets

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

Goodwill and assets with an indefinite useful life are not subject to amortization and are tested annually or more frequently for impairment, whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

When the recoverable amount for individual asset cannot be reliably estimated, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The Group determines the value in use as the present value of future cash flows expected to be derived from the asset or from the cash-generating unit, gross of tax effects, by applying an appropriate discount rate that reflects market time value of money and the risks inherent to the asset. An impairment loss is recognized for the amount by which the carrying amount exceeds its recoverable amount.

With the exception of impairment losses recognized on goodwill, when the circumstances that led to the loss no longer exist, the carrying amount of the asset is increased to its recoverable amount and cannot exceed the carrying amount that would have been determined had there been no loss in value. The reversal of an impairment loss is recognized immediately in the consolidated income statement.

2.8. Leased assets*Financial lease*

Leases for which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at the amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Operating lease

Assets under a lease contracts (i.e. rent agreements) other than finance leases are not recognized in the Group's consolidated statement of financial position. The Group lessees property and gross rent expenses related to these operating leases are recognized on a straight line basis over the period of the leases. Certain rental expenses are determined on the basis of revenue achieved in specific retail locations and are accrued for on that basis.

2.9. Inventory

Raw materials and work in progress are valued at the lower of purchase or manufacturing cost calculated using the weighted average cost method and net realizable value. The weighted average cost includes directly attributable expenditures for raw material inventories and labour cost and an appropriate portion of production overhead based on normal operating capacity.

Provisions are recorded to reduce cost to net realizable value taking into consideration the age and condition of inventory, the likelihood to use raw materials in the production cycle as well as the saleability of finished products through the Group's distribution channels (outlet and stock).

2.10. Financial instruments

Financial instruments are initially recognized at fair value when the entity becomes a party to a contractual obligation of the financial instruments.

The Group's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, other current and non-current assets and liabilities, investments, borrowings and derivative financial instruments.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term deposits held with banks and most liquid assets that are readily convertible into cash and that have insignificant risk of change in value. Bank overdrafts are recorded under current liabilities on the Group's consolidated statement of financial position.

Financial assets, trade receivables and other current and non-current receivables

Trade and other receivables generated when the Group provides money, goods or services directly to a third party are classified as current assets, except for items with maturity dates greater than twelve months after the reporting date.

Current and non-current financial assets, other current and non-current assets, trade receivables, excluding derivatives, with fixed maturity or determinable payment terms, are recognized at amortized cost calculated using the effective interest method. Notes receivable

(due date greater than a year) with interest rate below that of the market rate are valued using the current market rate.

At the end of each reporting period the Group assesses whether there is any objective evidence that the financial asset or a group of financial assets is impaired. If any such evidence exists, an impairment loss is recognized immediately in the current period consolidated income statement.

Financial liabilities, trade payables and other current and non-current payables

Trade and other payables arise when the Group acquires money, goods or services directly from a supplier. They are included within current liabilities, except for items with maturity dates greater than twelve months after the reporting date.

Financial liabilities, excluding derivatives, are recognized initially at fair value which represents the amount at which the asset was bought in a current transaction between willing parties, and subsequently measured at amortized cost using the effective interest method. Financial liabilities that are designated as hedged items are subject to the hedge accounting requirements.

Derivatives instruments

In accordance with IAS 39, derivative instruments qualify for hedge accounting only if at the inception there is a formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective and the effectiveness of the hedge can be reliably measured throughout the financial reporting periods for which the hedge was designated.

Fair value hedge

A derivative instrument is designated as fair value hedge when it hedges the exposure to changes in fair value of a recognized asset or liability, that is attributable to a particular risk and could affect profit or loss. The gain or loss on the hedged item, attributable to the hedged risk, adjusts the carrying amount of the hedged item and is recognized in the consolidated income statement.

Cash flow hedge

A derivative instrument is designated as cash flow hedge when it hedges the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could affect profit or loss. The portion of gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in equity within other comprehensive income. The cumulative gain or loss is reclassified from equity to profit or loss in the same period in which the asset acquired or liability assumed affects profit or loss. Any gain or loss on the hedging instrument that is not an effective hedge is recognized immediately in the consolidated income statement. In the event that the hedge expires or is terminated or no longer meets the criteria for hedge accounting but the forecast transaction has not yet occurred, the cumulative gain or loss recognised in other

comprehensive income from the period when the hedge was effective remains separately in equity and is recognised in the consolidated income statement in the same period during which the hedged forecast transaction affects profit or loss.

When the forecast transaction is no longer expected to occur, the cumulative gain or loss recognised in other comprehensive income from the period when the hedge was effective is reclassified immediately in the income statement.

2.11. Employee benefits

Short-term employee benefits, such as wages, salaries, social security contributions, paid leave and annual leave due within twelve months of the consolidated statement of financial position date and all other fringe benefits are recognised in the year in which the service is rendered by the employee.

Benefits granted to employees which are payable on or after the termination of employment through defined benefit and contribution plans are recognised over the vesting period.

Defined benefit schemes

Defined benefit schemes are retirement plans determined based on employees' remuneration and years of service.

The Group obligation to contribute to employees' benefit plans and the related current service cost is determined by using an actuarial valuation defined as the projected unit credit method. The cumulative net amount of all actuarial gains and losses are recognised in equity within other comprehensive income.

The amount recognised as a liability under the defined benefit plans is the present value of the related obligation, taking into consideration expenses to be recognised in future periods for employee service in prior periods.

Defined contribution schemes

Contribution made to a defined contribution plan is recognised as an expense in the income statement in the period in which the employees render the related service.

Up to December 31, 2006 Italian employees were eligible to defined benefit schemes referred as post-employment benefit ("TFR"). With the act n. 296 as of December 27, 2006 and subsequent decrees ("Pension Reform") issued in early 2007, the rules and the treatment of TFR scheme were changed. Starting from contribution vested on or after January 1, 2007 and not yet paid at the reporting date, referring to entities with more than 50 employees, Italian post-employment benefits is recognised as a defined contribution plan. The contribution vested

up to December 31, 2006 is still recognised as a defined benefit plan and accounted for using actuarial assumptions.

2.12. Provision for risks and charges

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic resources will be required to settle the obligation and where the amount of the obligation can be reliably estimated.

Restructuring provision is recognised when the Group has a detailed formal restructuring plan and the plan has been implemented or the restructuring plan has been publicly announced. Identifiable future operating losses up to the date of a restructuring are not included in the provision.

Changes in estimates are recognised in the income statement in the period in which they occur.

2.13. Share-based payments

The fair value at grant date of the incentives granted to employees in the form of share-based payments that are equity settled is usually included in expenses, with a matching increase in equity, over the period during which the employees obtain the incentives rights. The amount recognized as an expense is adjusted to reflect the actual number of incentives for which the continued service conditions are met and the achievement of non-market conditions, so that the final amount recognized as an expense is based on the number of incentives that fulfil these conditions at the vesting date. In case the incentives granted as share-based payments whose conditions are not to be considered to maturity, the fair value at the grant date of the share-based payment is measured to reflect such conditions. With reference to the non-vesting conditions, any differences between amounts at the grant date and the actual amounts will not have any impact on the consolidated financial statements.

The fair value of the amount payable to employees related to share appreciation rights, settled in cash, is recognized as an expense with a corresponding increase in liabilities over the period during which the employees unconditionally become entitled to receive the payment. The liability is measured at year-end and the settlement date based on the fair value of the share appreciation rights. Any changes in the fair value of the liability are recognized in profit or loss for the year.

2.14. Revenue recognition

Revenues are recognised when it is probable that the economic benefits associated with the transactions will flow to the Group and the amount can be reliably measured. Revenue, which is stated excluding value added tax and other sales related taxes, is the amount receivable for goods supplied less returns, trade discounts and allowances.

Wholesale sales are recognised when goods are dispatched to trade customers, reflecting the transfer of risks and rewards. The provision for returns and discounts is estimated and accounted for based on future expectation, taking into consideration historical return trends.

Retail sales are recognised at the date of transactions with final customers.

Royalties received from licensee are accrued as earned on the basis of the terms of the relevant royalty agreement which is typically based on sales volumes.

2.15. Borrowing costs

Borrowing costs are recognized on an accrual basis taking into consideration interest accrued on the net carrying amount of financial assets and liabilities using the effective interest rate method.

2.16. Taxation

Tax expense recognised in the consolidated income statement represents the aggregate amount related to current tax and deferred tax.

Current taxes are determined in accordance with enforced rules established by local tax authorities. Current taxes are recognised in the consolidated income statement for the period, except to the extent that the tax arises from transactions or events which are recognised directly either in equity or in other comprehensive income.

Deferred tax liabilities and assets are determined based on temporary taxable or deductible differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group consolidated financial statements. Current and deferred tax assets and liabilities are offset when income taxes are levied by the same tax authority and when there is a legally enforceable right to offset the amounts.

Deferred tax liabilities and assets are determined using tax rates that have been enacted by the reporting date and are expected to be enforced when the related deferred income tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are not discounted.

Deferred tax assets recognised on tax losses and on deductible differences are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

2.17. Earnings per share

The Group presents the basic and diluted earnings per share. The basic earnings per share is calculated by dividing the profit or loss attributable to holders of the Company shares by the weighted average of the number of shares for the financial year (defined as equal to the share capital), adjusted to consider any treasury shares held. The diluted earnings per share is calculated by adjusting the profit or loss attributable to shareholders, and the weighted average of the number of company shares as defined above, to consider the effects of all potential shares with a dilution effect.

2.18. Segment information

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

2.19. Fair value

IFRS 13 is the only point of reference for the fair value measurement and related disclosures when such an assessment is required or permitted by other standards. Specifically, the principle defines fair value as the consideration received for the sale of an asset or the amount paid to settle a liability in a regular transaction between market participants at the measurement date. In addition, the new standard replaces and provides for additional disclosures required in relation to fair value measurements by other accounting standards, including IFRS 7.

IFRS 13 establishes a hierarchy that classifies within different levels the inputs used in the valuation techniques necessary to measure fair value. The levels, presented in a hierarchical order, are as follows:

- level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: it Fair values measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- level 3: Fair values measured using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

2.20. Accounting standards and recently published interpretations

Accounting standards, amendments and interpretations effective from January 1, 2016

Improvements to IFRS (2010-2012 cycle)

This document introduces amendments to IFRS 2 – Share-based Payment (new definitions of a vesting condition and a market condition and additional definitions of a performance condition and a service condition), IFRS 3 – Business Combinations (clarifications of certain aspects regarding the classification and measurement of contingent consideration, with the resulting amendments to IAS 39 and IAS 37), IFRS 8 – Operating Segments (new disclosure requirements are introduced for segment aggregation and clarifications are provided on the reconciliation of total segment assets), IFRS 13 – Fair Value Measurement (clarifications on short-term receivables and payables with no stated interest rates), IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets (a clarification that if the revaluation model is used, adjustments to accumulated depreciation or amortisation are not always proportional to the adjustment of the gross carrying amount) and IAS 24 – Related Party Disclosures (clarifications on management entities and the relevant disclosures required).

Defined Benefit Plans: Employee Contributions (amendments to IAS 19)

The aim of this amendment to IAS 19 is to enable entities to simplify their accounting for defined benefit plans if the contributions made by employees or third parties satisfy specific requirements.

Accounting for acquisitions of interests in joint operations (amendments to IFRS 11)

In May 2014, the IASB issued amendments to IFRS 11 - Joint arrangements: Accounting for acquisitions of interests in joint operations which clarifies the accounting for acquisitions of an interest in a joint operation that constitutes a business.

Agriculture: bearer plants (amendments to IAS 16 and IAS 41)

This amendment introduces the possibility of accounting for bearer plants under IAS 16 rather than under IAS 41.

Clarification on acceptable methods of depreciation (amendments to IAS 16 and to IAS 38)

In May 2014, the IASB issued an amendment to IAS 16 - Property, Plant and Equipment and to IAS 38 – Intangible Assets. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

Improvements to IFRS (2012-2014 cycle)

In September 2014 the IASB issued the Annual Improvements to IFRSs 2012-2014 cycle, a series of amendments to IFRSs in response to issues raised mainly on IFRS 5 - Non-current assets held for sale and discontinued operations, on the changes of method of disposal, on IFRS 7 - Financial Instruments: Disclosures on the servicing contracts, on the IAS 19 - Employee Benefits, on the discount rate determination.

Disclosure initiative (amendments to IAS 1)

In December 2014 the IASB issued amendments to IAS 1- Presentation of Financial Statements as part of its major initiative to improve presentation and disclosure in financial reports. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

Equity method in the separate financial statements (amendments to IAS 27 (2011))

This document introduces the option of using the equity method even in the separate financial statements.

The adoption of the interpretations and standards did not have significant impact on the consolidated financial statements of the Group.

*New standards and interpretations not yet effective and not early adopted by the Group**IFRS 15 Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Group currently plans to apply IFRS 9 initially on January 1, 2018.

In addition, at the date of these financial statements the competent bodies of the European Union had not yet completed their endorsement process for the following accounting standards and amendments:

Document title	Issue date by IASB	Effective from
Standards		
IFRS 14 Regulatory Deferral Accounts	January 2014	Not defined
IFRS 16 Leases	January 2016	January 1, 2019
Interpretations		
IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration	December 2016	January 1, 2018
Amendments		
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 2014	Not defined
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	January 2016	January 1, 2017
Amendments to IAS 7: Disclosure Initiative	January 2016	January 1, 2017
Clarifications to IFRS 15 Revenue from Contracts with Customers	April 2016	January 1, 2018
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	June 2016	January 1, 2018
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	September 2016	January 1, 2018
Annual Improvements to IFRS Standards (2014-2016 Cycle)	December 2016	January 1, 2017 January 1, 2018
Transfers of Investment Property (Amendments to IAS 40)	December 2016	January 1, 2018

The Group will comply with these new standards and amendments based on their relevant effective dates when endorsed by the European Union and it will evaluate their potential impacts on the consolidated financial statements.

3. SCOPE FOR CONSOLIDATION

As at December 31, 2016 the consolidated financial statements of the Moncler Group include the parent company Moncler S.p.A. and 34 consolidated subsidiaries as detailed in the following table:

Investments (in associates for consolidation)	Registered office	Share capital	Currency	% of ownership	Parent company
Moncler S.p.A.	Milan (Italy)	50,042,945	EUR		
Industries S.p.A.	Milan (Italy)	15,000,000	EUR	100.00%	Moncler S.p.A.
Industries Textilvertrieb GmbH	Munich (Germany)	700,000	EUR	100.00%	Industries S.p.A.
Moncler España S.L.	Madrid (Spain)	50,000	EUR	100.00%	Industries S.p.A.
Moncler Asia Pacific Ltd	Hong Kong (China)	300,000	HKD	99.99%	Industries S.p.A.
Moncler France S.à.r.l.	Paris (France)	8,000,000	EUR	100.00%	Industries S.p.A.
Moncler USA Inc	New York (USA)	1,000	USD	100.00%	Industries S.p.A.
Moncler UK Ltd	London (United Kingdom)	2,000,000	GBP	100.00%	Industries S.p.A.
Moncler Japan Corporation (*)	Tokyo (Japan)	195,050,000	JPY	51.00%	Industries S.p.A.
Moncler Shanghai Commercial Co. Ltd	Shanghai (China)	82,483,914	CNY	100.00%	Industries S.p.A.
Moncler Suisse SA	Chiasso (Switzerland)	3,000,000	CHF	100.00%	Industries S.p.A.
Ciolina Moncler SA	Berna (Switzerland)	100,000	CHF	51.00%	Moncler Suisse SA
Moncler Belgium S.p.r.l.	Bruxelles (Belgium)	500,000	EUR	100.00%	Industries S.p.A.
Moncler Denmark ApS	Copenhagen (Denmark)	2,465,000	DKK	100.00%	Industries S.p.A.
Moncler Holland B.V.	Amsterdam (Holland)	18,000	EUR	100.00%	Industries S.p.A.
Moncler Hungary KFT	Budapest (Hungary)	150,000,000	HUF	100.00%	Industries S.p.A.
Moncler Istanbul Giyim ve Tekstil Ticaret Ltd. Sti. (*)	Istanbul (Turkey)	50,000	TRY	51.00%	Industries S.p.A.
Moncler Sylt GmbH (*)	Hamm (Germany)	100,000	EUR	51.00%	Industries Textilvertrieb GmbH
Moncler Rus LLC	Moscow (Russian Federation)	220,000,000	RUB	99.99%	Industries S.p.A.
				0,01%	Moncler Suisse SA
Moncler Brasil Comércio de moda e acessórios Ltda.	Sao Paulo (Brazil)	6,280,000	BRL	95,00%	Moncler USA Inc
				5,00%	Industries S.p.A.
Moncler Taiwan Limited	Taipei (China)	10,000,000	TWD	100.00%	Industries S.p.A.
Moncler Canada Ltd	Vancouver (Canada)	1,000	CAD	100.00%	Industries S.p.A.
Moncler Prague s.r.o.	Praga (Czech Republic)	200,000	CZK	100.00%	Industries S.p.A.
White Tech Sp.zo.o.	Katowice (Poland)	369,000	PLD	70.00%	Industries S.p.A.
Moncler Shinsegae Inc. (*)	Seoul (South Korea)	5,000,000,000	KRW	51.00%	Industries S.p.A.
Moncler Middle East FZ-LLC	Dubai (United Arab Emirates)	50,000	AED	100.00%	Industries S.p.A.
Moncler USA Retail LLC	New York (USA)	15,000,000	USD	100.00%	Moncler USA Inc
Moncler Singapore PTE, Limited	Singapore	650,000	SGD	100.00%	Industries S.p.A.
				99,00%	Industries S.p.A.
Industries Yield S.r.l.	Bacau (Romania)	7,536,000	RON	1,00%	Industries Textilvertrieb GmbH
Moncler UAE LLC (*)	Abu Dhabi (United Arab Emirates)	1,000,000	AED	49.00%	Moncler Middle East FZ-LLC
Moncler Ireland Limited	Dublin (Ireland)	1	EUR	100.00%	Industries S.p.A.
Moncler Australia PTY LTD	Melbourne (Australia)	2,500,000	AUD	100.00%	Industries S.p.A.
Moncler CZ S.r.o. in liquidation (**)	Praga (Czech Republic)	0	CZK	0.00%	Industries S.p.A.
Moncler Lunettes S.r.l. in liquidation (**)	Milan (Italy)	0	EUR	0.00%	Moncler S.p.A.
Moncler Enfant S.r.l. in liquidation (**)	Milano (Italy)	0	EUR	0.00%	Industries S.p.A.

(*) Fully consolidated (without attribution of interest to third parties)

(**) Company liquidated during the period

As far as the scope of consolidation is concerned, the following changes occurred during fiscal year 2016 when compared to the prior year:

- Moncler UAE LLC was established in the first quarter of 2016 and it was included in the consolidation scope starting from the date of its establishment;
- Moncler Australia PTY LTD was established in the third quarter of 2016 and it was included in the consolidation scope starting from the date of its establishment;
- Moncler Ireland was established in the fourth quarter of 2016 and it was included in the consolidation scope starting from the date of its establishment.

Furthermore, during fiscal year 2016 the companies Moncler Lunettes S.r.l., Moncler Enfant S.r.l. and Moncler CZ S.r.o. have been liquidated.

4. COMMENTS ON THE CONSOLIDATED STATEMENT OF INCOME

4.1. Revenues

Revenues by distribution channel

Revenue by distribution channels are broken down as follows:

(Euro/000)	2016	%	2015	%
Total revenues	1,040,311	100.0%	880,393	100.0%
of which:				
Wholesale	276,138	26.5%	260,713	29.6%
Retail	764,173	73.5%	619,680	70.4%

Sales are made through two main distribution channels, wholesale and retail. The retail channel pertains to stores that are directly managed by the Group (free-standing stores, concessions, e-commerce and outlets), while the wholesale channel pertains to stores managed by third parties that sell Moncler products either in single-brand spaces (i.e. shop-in-shop) or inside multi-brand stores.

Revenues from the retail distribution channel rose to Euro 764.2 million in 2016 compared to Euro 619.7 million in 2015, representing an increase of 23%, due to good organic growth and the continued development of our network of mono-brand retail stores (Directly Operated Stores, DOS).

The wholesale channel recorded revenues of Euro 276.1 million compared to Euro 260.7 million in 2015, an increase of 6%, supported by a good performance in the European and North American markets.

Revenues by geographical area

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

Revenues by region						
(Euro/000)	2016	%	2015	%	Variation	% Variation
Italy	143,186	13.8%	136,997	15.6%	6,189	4.5%
EMEA, Italy excluded	303,344	29.2%	268,468	30.5%	34,876	13.0%
Asia and rest of world	418,524	40.2%	333,501	37.9%	85,023	25.5%
Americas	175,257	16.8%	141,427	16.1%	33,830	23.9%
Total	1,040,311	100.0%	880,393	100.0%	159,918	18.2%

In Asia and the Rest of the World, turnover rose 25.5%, with a positive contribution of all markets. In China continued growth was mainly driven by the strong performance from existing stores. South Korea also delivered very good results. In this region, Moncler is boosting its brand awareness as well as its presence in the retail channel (including travel retail). Japan performed well with double-digit growth in 2016.

In the Americas, turnover grew 23.9%, with good performance in both the retail and the wholesale distribution channels. The US retail channel benefited from new openings and a consistently improving trend in the fourth quarter. The Canadian market also saw significant growth in the wholesale and retail channels.

In EMEA, turnover rose 13.0%, largely due to the strong retail channel performance and the contribution from some important openings during the period, particularly the new London Old Bond Street flagship store. By market, growth was driven by a strong performance in the United Kingdom, thanks to local customers and tourists, while growth in Germany and France stemmed from a very good result in both distribution channels which accelerated in the fourth quarter.

In Italy, turnover increased 4.5%, driven by the network of directly operated stores as well as organic growth in the wholesale channel.

For further detailed analysis on revenues, also with reference to foreign exchange rates trends, please refer to comments included in the Directors' Report.

4.2. Cost of sales

In 2016, cost of sales grew by Euro 26.8 million (+11.9%) in absolute terms, going from Euro 225.5 million in 2015 to Euro 252.3 million in 2016. This overall growth is due to increased sales volumes and the growth of the retail channel. Cost of sales as a percentage of sales has decreased, going from 25.6% in 2015 to 24.3% in 2016. This decrease is due to the fact that the retail channel has increased its importance in the total sales going from 70.4% in 2015 to 73.5% in 2016, on total sales.

4.3. Selling expenses

Selling expenses grew both in absolute terms, with an increase of Euro 58.9 million between 2015 and 2016, and as a percentage of turnover, going from 28.8% in 2015 to 30.0% in 2016 due to the development of the retail business. Selling expenses mainly include rent costs for Euro 155.5 million (Euro 123.3 million in 2015), personnel costs for Euro 77.7 million (Euro 60.3 million in 2015) and costs for depreciation and amortization for Euro 36.2 million (Euro 31.3 million in 2015).

4.4. General and administrative expenses

In 2016, general and administrative expenses amount to Euro 94.1 million, up Euro 14.6 million when compared to last year. General and administrative expenses represent 9.0% of turnover, in line with the previous year.

4.5. Advertising expenses

Also during 2016, the Group continued to invest in marketing and advertising in order to support and spread awareness and the prestige of the Moncler brand. The weight of advertising expenses on turnover is equal to 6.6% in 2016 (like in 2015), while in absolute value, advertising expenses go from Euro 57.8 million in 2015 to Euro 68.1 million in 2016, with an absolute change of Euro 10.3 million (+17.8%).

4.6. Non recurring income and expenses

The item non recurring income and expenses for 2016 includes for the total amount, equal to Euro 15.7 million, the costs related to the stock based compensation plans approved by the Shareholder' Meeting of Moncler on February 28, 2014, on April 23, 2015 and on April 20, 2016 (Euro 6.8 million in 2015).

The item in 2015 included, in addition of the costs related to the above-mentioned plans, the effect of a revised valuation of receivables related to the sale of the "Other Brands Division", for the residual amount. Please refer to the Directors' Report for more information about the resolution of all the disputes relating to the disposal of the "Other Brands" division.

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

4.7. Operating results (EBITDA)

In 2016, the operating results of the Moncler Group amounted to Euro 297.7 million (Euro 252.7 million in 2015) and as a percentage of revenue amounted to 28.6% (28.7% in 2015).

Operating results, net of non-recurring income and costs, amounted to Euro 313.4 million (Euro 264.1 million in 2015), and 30.1% as a percentage of revenue (30.0% in 2015), up in absolute value by Euro 49.3 million.

Management believes that EBITDA is an important indicator for the valuation of the Group's performance, insofar as it is not influenced by the methods for determining tax or amortisation/depreciation. However, EBITDA is not an indicator defined by the reference accounting standards applied by the Group and, therefore, it may be that the methods by which EBITDA is calculated are not comparable with those used by other companies.

EBITDA is calculated as follows:

(Euro/000)	2016	2015	2016 vs 2015	%
Operating result	297,681	252,679	45,002	17.8%
Non recurring income and expenses	15,738	11,389	4,349	38.2%
Operating result net of non recurring income and expenses	313,419	264,068	49,351	18.7%
Amortization, depreciation and	41,635	35,959	5,676	15.8%
EBITDA	355,054	300,027	55,027	18.3%

In 2016, EBITDA increased by Euro 55.1 million (+18.3%), going from Euro 300.0 million (34.1% of revenue) in 2015 to Euro 355.1 million (34.1% of revenue) in 2016. This increase mainly derives from the margin contribution of the retail channel and the control of the fixed cost.

Amortisation and depreciation in 2016 amounted to Euro 41.6 million (Euro 36.0 million in 2015) and increased by Euro 5.7 million, in line with the increase of tangible and intangible assets due to the growth of the retail channel.

4.8. Financial income and expenses

The caption is broken down as follows:

(Euro/000)	2016	2015
Interest income and other financial income	492	284
Foreign currency differences - positive	0	3,983
Total financial income	492	4,267
Interests expenses and other financial charges	(3,233)	(5,975)
Foreign currency differences - negative	(1,851)	0
Total financial expenses	(5,084)	(5,975)
Total net	(4,592)	(1,708)

4.9. Income tax

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

(Euro/000)	2016	2015
Current income taxes	(101,797)	(107,860)
Deferred tax (income) expenses	5,030	24,799
Income taxes charged in the income statement	(96,767)	(83,061)

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

Reconciliation theoretic-effective tax rate	Taxable Amount 2016	Tax Amount 2016	Tax rate 2016	Taxable Amount 2015	Tax Amount	Tax rate 2015
(Euro/000)						
Profit before tax	293,089			250,971		
Income tax using the Company's theoretic tax rate		(80,599)	27.5%		(69,017)	27.5%
Temporary differences		(8,333)	2.8%		(21,682)	8.6%
Permanent differences		1,914	(0.7%)		(1,300)	0.5%
Other differences		(14,780)	5.0%		(15,862)	6.3%
Deferred taxes recognized in the income statement		5,030	(1.7%)		24,799	(9.9%)
Income tax at effective tax rate		(96,767)	33.0%		(83,061)	33.1%

The caption other differences mainly includes IRAP (current) and the other taxes different from IRES.

4.10. Personnel expenses

The following table lists the detail of the main personnel expenses by nature, compared with those of the previous year:

(Euro/000)	2016	2015
Wages and salaries	(94,146)	(69,632)
Social security costs	(16,342)	(13,134)
Accrual for employment benefits	(5,735)	(4,772)
Total	(116,223)	(87,538)

Personnel expenses increased by 32.8% when compared to prior year, from Euro 87.5 million in 2015 to Euro 116.2 million in 2016. This increase is mainly due the growth in directly operated stores, the overall growth of the structure and the acquisition of the production site in Romania.

The remuneration related to the members of the Board of Directors is commented separately in the related-party section (note 10.1)

The costs relating to the stock based compensation plans, equal to Euro 15.7 million (Euro 6.8 million in 2015) are separately commented in note 10.2.

The following table depicts the number of employees (full-time-equivalent) in 2016 compared to the prior year:

Average FTE by area		
Number	2016	2015
Italy	665	598
Other European countries	1,025	390
Asia and Japan	771	651
Americas	239	159
Total	2,700	1,798

The actual number of employees of the Group as at December 31, 2016 is 3,216 (2,424 as at December 31, 2015).

The total number of employees increased principally as a result of the growth in directly operated stores, as well as the acquisition of the production site in Romania and the overall growth of the structure.

4.11. Depreciation and amortization

Depreciation and amortization are broken down as follows:

(Euro/000)	2016	2015
Depreciation of property, plant and equipment	(32,756)	(27,762)
Amortization of intangible assets	(8,879)	(8,197)
Total Depreciation and Amortization	(41,635)	(35,959)

The increase in both depreciation and amortization is mainly due to investments made in connection with the new store openings. Please refer to comments made in notes 5.1 and 5.3 for additional details related to investments made during the year.

5. COMMENTS ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

5.1. Goodwill, brands and other intangible assets

Brands and other intangible (Euro/000)	December 31, 2016			December 31, 2015
	Gross value	Accumulated amortization and impairment	Net value	Net value
Brands	223,900	0	223,900	223,900
Key money	48,468	(22,509)	25,959	23,346
Software	26,703	(15,719)	10,984	9,275
Other intangible assets	8,109	(4,497)	3,612	3,318
Assets in progress	2,427	0	2,427	8,175
Goodwill	155,582	0	155,582	155,582
Total	465,189	(42,725)	422,464	423,596

Intangible assets changes are shown in the following tables:

As at December 31, 2016

Gross value Brands and other intangible assets	Brands	Licence rights	Key money and leasehold rights	Software	Other intangible assets	Assets in progress and advances	Goodwill	Total
(Euro/000)								
January 1, 2016	223,900	0	41,511	21,790	6,795	8,175	155,582	457,753
Acquisitions	0	0	0	4,868	1,569	2,427	0	8,864
Disposals	0	0	0	(50)	(4)	0	0	(54)
Translation adjustment	0	0	(51)	95	(3)	(1,167)	0	(1,126)
Other movements, including transfers	0	0	7,008	0	(248)	(7,008)	0	(248)
December 31, 2016	223,900	0	48,468	26,703	8,109	2,427	155,582	465,189
Accumulated amortization and impairment Brands and other intangible assets	Brands	Licence rights	Key money and leasehold rights	Software	Other intangible assets	Assets in progress and advances	Goodwill	Total
(Euro/000)								
January 1, 2016	0	0	(18,165)	(12,515)	(3,477)	0	0	(34,157)
Amortization	0	0	(4,392)	(3,212)	(1,275)	0	0	(8,879)
Disposals	0	0	0	37	3	0	0	40
Translation adjustment	0	0	48	(29)	4	0	0	23
Other movements, including transfers	0	0	0	0	248	0	0	248
December 31, 2016	0	0	(22,509)	(15,719)	(4,497)	0	0	(42,725)

As at December 31, 2015

Gross value Brands and other intangible assets	Brands	Licence rights	Key money and leasehold rights	Software	Other intangible assets	Assets in progress and advances	Goodwill	Total
(Euro/000)								
January 1, 2015	223,900	0	38,448	17,032	4,645	942	155,582	440,549
Acquisitions	0	0	2,386	4,256	2,626	7,702	0	16,970
Disposals	0	0	(119)	(104)	(20)	(25)	0	(268)
Translation adjustment	0	0	796	141	55	38	0	1,030
Other movements, including transfers	0	0	0	465	(511)	(482)	0	(528)
December 31, 2015	223,900	0	41,511	21,790	6,795	8,175	155,582	457,753
Accumulated amortization and impairment Brands and other intangible assets	Brands	Licence rights	Key money and leasehold rights	Software	Other intangible assets	Assets in progress and advances	Goodwill	Total
(Euro/000)								
January 1, 2015	0	0	(13,871)	(9,716)	(2,609)	0	0	(26,196)
Depreciation	0	0	(4,083)	(2,826)	(1,288)	0	0	(8,197)
Disposals	0	0	119	51	8	0	0	178
Translation adjustment	0	0	(330)	(22)	(28)	0	0	(380)
Other movements, including transfers	0	0	0	(2)	440	0	0	438
December 31, 2015	0	0	(18,165)	(12,515)	(3,477)	0	0	(34,157)

The increase in the caption software pertains to the investments in information technology to support the business and the corporate functions.

The assets in progress mainly refer to a key money of a boutique in Europe. Other movements refer to the reclassification of the amounts paid last year for new stores became operating during the year.

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

Please refer to the Directors' report for additional information related to investments made during the year.

5.2. Impairment of intangible fixed assets with an indefinite useful life and goodwill

The captions Brands, Other intangible fixed assets with an indefinite useful life and Goodwill deriving from previous acquisitions have not been amortised, but have been tested for impairment by management.

The impairment test on the brand was performed by comparing its carrying value with that derived from the discounted cash flow method applying the Royalty Relief Method, based on which the cash flows are linked to the recognition of a royalty percentage applied to revenues that the brand is able to generate.

The recoverable amount of goodwill has been tested based on the "asset side" approach which compares the value in use of the cash-generating unit with the carrying amount of its net invested capital.

For the 2016 valuation, the expected cash flows and revenues were derived from the Business Plan 2016-2018 approved by the Board of Directors on December 16, 2015, from the Budget 2017 approved by the Board of Directors on December 15, 2016 and from the projection on year 2019 of the main assumptions underlying the aforementioned Business Plan.

The "g" rate used was 2%.

The discount rate was calculated using the Weighted Average Cost of Capital (WACC), by weighting the expected rate of return on invested capital, net of hedging costs from a sample of companies within the same industry. The calculation took into account fluctuation in the market as compared to the previous year and the resulting impact on interest rates. The weighted average cost of capital (WACC) was calculated at 8.30%.

The results of the sensitivity analysis indicate that the carrying amount of the Moncler brand is in line with the benchmark with a "g" rate = 0% and WACC = 18.43%.

Similarly, the same sensitivity analysis applied to the entire cash-generating unit shows a full recovery considering changes in parameters still higher than those indicated for the brand, showing the wide recoverability of goodwill.

It also shows that the market capitalization of the company, based on the average price of Moncler share in 2016, shows a significant positive difference with respect to the Group net equity, confirming again the value of the goodwill.

5.3. Net property, plant and equipment

Property, plant and equipments (Euro/000)	December 31, 2016		December 31, 2015	
	Gross value	Accumulated depreciation and impairment	Net value	Net value
Land and buildings	2,586	(283)	2,303	3,284
Plant and Equipment	10,519	(6,936)	3,583	2,151
Fixtures and fittings	77,737	(40,774)	36,963	29,234
Leasehold improvements	135,498	(62,402)	73,096	55,827
Other fixed assets	14,823	(10,130)	4,693	3,669
Assets in progress	3,287	0	3,287	8,069
Total	244,450	(120,525)	123,925	102,234

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

As at December 31, 2016

Gross value Property, plant and equipment (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
January 1, 2016	5,922	8,327	62,001	101,633	12,316	8,069	198,268
Acquisitions	24	1,100	18,779	29,384	2,816	2,597	54,700
Disposals	(3,358)	(239)	(2,729)	(3,447)	(310)	(245)	(10,328)
Translation adjustment	(2)	1	324	1,543	31	(106)	1,791
Other movements, including transfers	0	1,330	(638)	6,385	(30)	(7,028)	19
December 31, 2016	2,586	10,519	77,737	135,498	14,823	3,287	244,450

Accumulated depreciation and impairment PPE (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
January 1, 2016	(2,638)	(6,176)	(32,767)	(45,806)	(8,647)	0	(96,034)
Depreciation	(260)	(709)	(10,923)	(19,143)	(1,721)	0	(32,756)
Disposals	2,615	215	2,500	3,734	267	0	9,331
Translation adjustment	0	(1)	(175)	(595)	(13)	0	(784)
Other movements, including transfers	0	(265)	591	(592)	(16)	0	(282)
December 31, 2016	(283)	(6,936)	(40,774)	(62,402)	(10,130)	0	(120,525)

As at December 31, 2015

Gross value Property, plant and equipment (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
January 1, 2015	3,358	7,132	47,435	74,046	10,903	2,385	145,259
Acquisitions	2,564	1,227	13,548	23,845	1,684	7,819	50,687
Disposals	0	(51)	(1,819)	(1,378)	(548)	(219)	(4,015)
Translation adjustment	0	15	2,263	3,332	107	92	5,809
Other movements, including transfers	0	4	574	1,788	170	(2,008)	528
December 31, 2015	5,922	8,327	62,001	101,633	12,316	8,069	198,268

Accumulated depreciation and impairment PPE (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
January 1, 2015	(2,433)	(5,635)	(22,613)	(29,899)	(7,425)	0	(68,005)
Depreciation	(205)	(545)	(10,656)	(14,702)	(1,654)	0	(27,762)
Disposals	0	15	1,355	785	480	0	2,635
Translation adjustment	0	(11)	(891)	(1,513)	(49)	0	(2,464)
Impairment	0	0	0	0	0	0	0
Other movements, including transfers	0	0	38	(477)	1	0	(438)
December 31, 2015	(2,638)	(6,176)	(32,767)	(45,806)	(8,647)	0	(96,034)

The change in property plant and equipment in 2016 shows an increase in the captions fixtures and fittings, leasehold improvements and assets in progress and advances: all of these captions are mainly related to the development of the retail network.

During the year, no indicators were found requiring impairment testing to be performed on tangible assets.

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

5.4. Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are offset only when there is a law within a given tax jurisdiction that provides for such right to offset. The balances were as follows as at December 31, 2016 and December 31, 2015:

Deferred taxation	December 31, 2016	December 31, 2015
(Euro/000)		
Deferred tax assets	74,682	65,970
Deferred tax liabilities	(70,953)	(68,753)
Net amount	3,729	(2,783)

Deferred tax liabilities resulting from temporary differences associated with intangible assets are related to fiscal year 2008 in connection with the allocation of the brand name Moncler resulting from the excess price paid during acquisition.

The change in deferred tax assets and liabilities, without taking into consideration the right of offset of a given tax jurisdiction, is detailed in the following table:

Deferred tax assets (liabilities) (Euro/000)	Opening balance - January 1, 2016	Taxes charged to the income statement	Effect of currency translation	Other movements	Closing balance - December 31, 2016
Tangible and intangible assets	4,578	831	68	(636)	4,841
Financial assets	0	0	0	0	0
Inventories	48,666	7,171	572	108	56,517
Trade receivables	2,157	557	25	0	2,739
Derivatives	0	0	0	0	0
Employee benefits	1,456	35	18	124	1,681
Provisions	4,579	922	199	(132)	5,568
Trade payables	237	(122)	2	2	119
Other temporary items	4,104	(885)	28	(31)	3,216
Tax loss carried forward	193	(37)	0	(155)	1
Tax assets	65,970	8,472	912	(720)	74,682
Tangible and intangible assets	(65,898)	(3,284)	(233)	527	(68,888)
Financial assets	0	0	0	52	52
Inventories	(474)	(138)	1	1	(610)
Trade receivables	0	0	0	0	0
Derivatives	0	0	0	0	(29)
Employee benefits	(117)	0	0	0	(117)
Provisions	0	0	0	0	0
Trade payables	0	0	0	(2)	(2)
Other temporary items	(2,264)	(20)	0	(77)	(1,359)
Tax liabilities	(68,753)	(3,442)	(232)	501	(70,953)
Net deferred tax assets (liabilities)	(2,783)	5,030	680	(219)	3,729

Deferred tax assets (liabilities) (Euro/000)	Opening balance - January 1, 2015	Taxes charged to the income statement	Effect of currency translation	Other movements	Closing balance - December 31, 2015
Tangible and intangible assets	2,933	1,692	(158)	111	4,578
Financial assets	0	0	0	0	0
Inventories	33,422	12,204	3,020	20	48,666
Trade receivables	278	1,892	(10)	(3)	2,157
Derivatives	1,077	0	0	(890)	0
Employee benefits	1,621	123	80	(319)	1,456
Provisions	2,469	1,894	195	21	4,579
Trade payables	64	163	10	0	237
Other temporary items	3,583	23	81	417	4,104
Tax loss carried forward	521	(340)	12	0	193
Tax assets	45,968	17,651	3,230	(643)	65,970
Tangible and intangible assets	(72,254)	6,509	(126)	(27)	(65,898)
Financial assets	0	0	0	0	0
Inventories	(478)	21	(17)	0	(474)
Trade receivables	0	0	0	0	0
Derivatives	0	0	0	0	0
Employee benefits	(4)	0	0	4	(117)
Provisions	0	0	0	0	0
Trade payables	0	0	0	0	0
Other temporary items	(1,700)	618	0	1	(2,264)
Tax liabilities	(74,436)	7,148	(143)	(22)	(68,753)
Net deferred tax assets (liabilities)	(28,468)	24,799	3,087	(665)	(2,783)

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

Deferred tax assets	Taxable	Closing	Taxable	Closing
(Euro/000)	Amount 2016	balance - December 31, 2016	Amount 2015	balance - December 31, 2015
Tangible and intangible assets	16,347	4,841	15,530	4,578
Financial assets	0	0	0	0
Inventories	215,251	56,517	178,526	48,666
Trade receivables	11,315	2,739	11,125	2,157
Derivatives	0	0	0	0
Employee benefits	5,925	1,681	4,806	1,456
Provisions	16,491	5,568	16,273	4,579
Trade payables	340	119	678	237
Other temporary items	11,531	3,216	11,642	4,104
Tax loss carried forward	0	1	565	193
Tax assets	277,200	74,682	239,145	65,970
Tangible and intangible assets	(243,508)	(68,888)	(234,789)	(65,898)
Financial assets	217	52	0	0
Inventories	(2,203)	(610)	(1,691)	(474)
Trade receivables	0	0	0	0
Derivatives	(610)	(29)	0	0
Employee benefits	0	(117)	(427)	(117)
Provisions	0	0	0	0
Trade payables	(7)	(2)	0	0
Other temporary items	(5,175)	(1,359)	(8,962)	(2,264)
Tax loss carried forward	0	0	0	0
Tax liabilities	(251,286)	(70,953)	(245,869)	(68,753)
Net deferred tax assets (liabilities)	25,914	3,729	(6,724)	(2,783)

5.5. Inventory

Inventory is broken down as follows:

Inventory		
(Euro/000)	December 31, 2016	December 31, 2015
Raw materials	54,219	49,891
Work-in-progress	12,163	9,244
Finished products	145,498	130,687
Inventories, gross	211,880	189,822
Obsolescence provision	(76,031)	(55,759)
Total	135,849	134,063

The inventories of raw materials increased by approximately Euro 4.3 million principally as a result of volume increases. The inventories of finished products increased by approximately Euro 14.8 million mainly due to the growth of the retail business.

The obsolescence provision is calculated using management's best estimate based on the season needs and the inventory balance based on passed sales trends through alternative channels and future sales volumes.

The change in the obsolescence provision is summarized in the following table:

Obsolescence provision - movements	January 1, 2016	Accrued	Used	Translation Difference	December 31, 2016
(Euro/000)					
Obsolescence provision	(55,759)	(30,044)	10,205	(433)	(76,031)
Total	(55,759)	(30,044)	10,205	(433)	(76,031)

Obsolescence provision - movements	January 1, 2015	Accrued	Used	Translation Difference	December 31, 2015
(Euro/000)					
Obsolescence provision	(39,602)	(25,193)	9,214	(178)	(55,759)
Total	(39,602)	(25,193)	9,214	(178)	(55,759)

5.6. Trade receivables

Trade receivables are as follows:

Trade receivables (Euro/000)	December 31, 2016	December 31, 2015
Trade account receivables	113,931	98,328
Allowance for doubtful debt	(5,408)	(5,947)
Allowance for returns and discounts	(3,659)	(2,599)
Total, net value	104,864	89,782

Trade receivables are related to the Group's wholesale business and they include balances with a collection time not greater than three months. During 2016 and 2015, there were no concentration of credit risk greater than 10% associated to individual customers. Please refer to note 9.1 for information regarding the exposure of trade receivables to currency risks.

The change in the allowance for doubtful debt and sales return is detailed in the following tables:

Doubtful debt and sales returns allowance (Euro/000)	January 1, 2016	Accrued	Used	Translation Difference	December 31, 2016
Allowance for doubtful debt	(5,947)	(1,495)	2,047	(13)	(5,408)
Allowance for returns and discounts	(2,599)	(3,662)	2,627	(25)	(3,659)
Total	(8,546)	(5,157)	4,674	(38)	(9,067)

Doubtful debt and sales returns allowance (Euro/000)	January 1, 2015	Accrued	Used	Translation Difference	December 31, 2015
Allowance for doubtful debt	(4,119)	(3,186)	1,412	(54)	(5,947)
Allowance for returns and discounts	(1,244)	(2,562)	1,244	(37)	(2,599)
Total	(5,363)	(5,748)	2,656	(91)	(8,546)

The allowance for doubtful debt was calculated in accordance with management's best estimate based on the ageing of accounts receivable as well as the solvency of the most aged accounts and also taking into consideration any balances turned over into collection proceedings. Trade receivables written down are related to specific balances that were past due and for which collection is uncertain.

5.7. Cash and bank

As at December 31, 2016 the caption cash on hand and in bank amounts to Euro 243.4 million (Euro 148.6 million as at December 31, 2015) and includes cash and cash equivalents as well as the funds available in banks.

The amount included in the consolidated financial statements represents the fair value at the date of the financial statements. The credit risk is very limited since the other parties are class A financial institutions.

The consolidated statement of cash flows includes the changes in cash and cash in bank as well as the bank overdrafts.

The following table shows the reconciliation between cash and cash in bank with those included in the consolidated statement of cash flows:

Cash and cash equivalents included in the Statement of cash flows		
(Euro/000)	December 31, 2016	December 31, 2015
Cash in hand and at banks	243,389	148,603
Bank overdraft	(4)	(2,522)
Total	243,385	146,081

5.8. Financial current assets

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

5.9. Other current and non-current assets

Other current and non-current assets		
(Euro/000)	December 31, 2016	December 31, 2015
Prepayments and accrued income - current	5,629	6,652
Other current receivables	7,727	14,333
Other current assets	13,356	20,985
Prepayments and accrued income - non-current	1,755	2,009
Security / guarantees deposits	22,514	20,283
Other non-current receivables	422	384
Other non-current assets	24,691	22,676
Total	38,047	43,661

As at December 31, 2016, accrued income and deferred expenses amount to Euro 5.6 million (Euro 6.7 million as at December 31, 2015) and mainly pertain to rent.

Other current receivables mainly comprise the receivable due from the tax authority for value added tax.

The reduction of the caption other current receivables is due to the transaction related to the Other Brands Division disposal.

Prepayments and accrued income non-current amount to Euro 1.8 million (Euro 2.0 million as at December 31, 2015) and pertain to prepaid rents that extend over the current year.

Deposits are mostly related to the amounts paid on behalf of the lessee as a guarantee to the lease agreement.

There are no differences between the amounts included in the consolidated financial statements and their fair values.

5.10. Trade payables

Trade payables amount to Euro 132.6 million (Euro 113.0 million as at December 31, 2015) and pertain to current amounts due to suppliers for goods and services. These payables pertain to amounts that are payable within the upcoming year and do not include amounts that will be paid after 12 months.

In 2016 and 2015 there are no outstanding positions associated to individual suppliers that exceed 10% of the total value.

There are no differences between the amounts included in the consolidated financial statements and their respective fair values.

Please refer to note 9.1 for an analysis of trade payable denominated in foreign currencies.

5.11. Other current and non-current liabilities

Other current and non-current liabilities		
(Euro/000)	December 31, 2016	December 31, 2015
Deferred income and accrued expenses - current	1,552	1,494
Advances and payments on account to customers	3,467	3,283
Employee and social institutions	26,414	16,556
Tax accounts payable, excluding income taxes	12,608	5,626
Other current payables	6,278	5,251
Other current liabilities	50,319	32,210
Deferred income and accrued expenses - non-current	12,043	6,222
Other non-current liabilities	12,043	6,222
Total	62,362	38,432

The caption deferred income and accrued expenses current pertains mainly to accrued expenses on rents.

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

The caption deferred income and accrued expenses non-current pertains to accrued expenses on rents extending over a year.

5.12. Tax assets and liabilities

Tax assets amount to Euro 5.6 million as at December 31, 2016 (Euro 4.2 million as at December 31, 2015) and they pertain to receivables for advance payments.

Tax liabilities amounted to Euro 24.6 million as at December 31, 2016 (Euro 36.6 million as at December 31, 2015). They are recognized net of current tax assets, where the offsetting relates to the same tax jurisdiction and tax system.

5.13. Non-current provisions

Provision changes are shown in the following table:

Provision for contingencies and losses (Euro/000)	January 1, 2016	Increase	Decrease	Translation differences	Other movements	December 31, 2016
Tax litigations	(1,015)	(7,500)	0	0	0	(8,515)
Other non current contingencies	(4,673)	(1,252)	2,664	(104)	0	(3,365)
Total	(5,688)	(8,752)	2,664	(104)	0	(11,880)

Provision for contingencies and losses (Euro/000)	January 1, 2015	Increase	Decrease	Translation differences	Other movements	December 31, 2015
Tax litigations	(1,015)	0	0	0	0	(1,015)
Other non current contingencies	(2,095)	(3,001)	505	(82)	0	(4,673)
Total	(3,110)	(3,001)	505	(82)	0	(5,688)

The caption tax litigations reflects the risk associated with ongoing tax audits.

The caption other non-current contingencies includes the costs for restoring stores and the costs associated with ongoing disputes.

5.14. Pension funds and agents leaving indemnities

The changes in the funds are depicted in the following table:

Employees pension funds (Euro/000)	January 1, 2016	Increase	Decrease	Translation differences	Other movements	December 31, 2016
Pension funds	(1,988)	(456)	142	(3)	(395)	(2,700)
Agents leaving indemnities	(2,616)	(30)	88	0	0	(2,558)
Total	(4,604)	(486)	230	(3)	(395)	(5,258)

Employees pension funds (Euro/000)	January 1, 2015	Increase	Decrease	Translation differences	Other movements	December 31, 2015
Pension funds	(2,146)	(190)	165	0	183	(1,988)
Agents leaving indemnities	(2,966)	(39)	389	0	0	(2,616)
Total	(5,112)	(229)	554	0	183	(4,604)

The pension funds pertain mainly to the Italian entities of the Group. Following the recent welfare reform, beginning on January 1, 2007, the liability has taken the form of a defined contribution plan. Therefore, the amount of pension fund (TFR) accrued prior to the application of the reform and not yet paid to the employees as at the date of the consolidated

financial statements is considered as a defined benefit plan, changes in which are shown in the following table:

Employees pension funds - movements		
(Euro/000)	December 31, 2016	December 31, 2015
Net recognized liability - opening	(1,914)	(2,082)
Interest costs	(39)	(31)
Service costs	(156)	(159)
Payments	142	175
Actuarial Gains/(Losses)	(225)	183
Net recognized liability - closing	(2,192)	(1,914)

The actuarial valuation of employee termination benefits (TFR) is based on the Projected Unit Credit Cost method. Reported below are the main economic and demographic assumptions utilised for actuarial valuations.

Assumptions	
Discount rate	1.31%
Inflation rate	1.50%
Nominal rate of wage growth	1.50%
Labour turnover rate	3.58%
Probability of request of advances of TFR	4.42%
Percentage required in case of advance	70.00%
Life Table - Male	M2015 (*)
Life Table - Female	F2015 (*)

(*) Table ISTAT - resident population

The following table shows the effect of variations, within reasonable limits, in key actuarial assumptions on defined benefit plan obligations at year end.

Sensitivity analysis	
(Euro/000)	Variazione
Discount rate +0,5%	(125)
Discount rate -0,5%	125
Rate of payments Increases x(1+20%)	(14)
Rate of payments Decreases x(1-20%)	15
Rate of Price Inflation Increases (+0,5%)	89
Rate of Price Inflation Decreases (-0,5%)	(85)
Rate of Salary Increases (+0,5%)	22
Rate of Salary Decreases (-0,5%)	(20)
Increase the retirement age (+1 year)	8
Decrease the retirement age (-1 year)	(8)
Increase longevity (+1 year)	0
Decrease longevity (-1 year)	(0)

5.15. Financial liabilities

Financial liabilities are detailed in the following table:

Borrowings		
(Euro/000)	December 31, 2016	December 31, 2015
Bank overdraft and short-term bank loans	4	2,525
Short-term portion of long-term bank loans	62,053	68,283
Other short-term loans	2,720	374
Short-term borrowings	64,777	71,182
Long-term borrowings	75,835	127,016
Total	140,612	198,198

Short-term borrowings include advance payments on invoices, bank receipts and short-term loans related to working capital as well as the current portion of long-term bank loans.

Long-term borrowings include the portion with a due date greater than a year payable both to financial institution and third parties.

The following tables show the break down of the borrowing in accordance with their maturity date:

Ageing of the financial liabilities		
(Euro/000)	December 31, 2016	December 31, 2015
Within 2 years	63,555	62,022
From 2 to 5 years	12,280	64,994
Beyond 5 years	0	0
Total	75,835	127,016

No new medium/long-term loans were taken out during 2016. The change in short and long terms borrowings reflects the normal repayment instalments as per the related agreements.

As at December 31, 2016, the company Moncler S.p.A. had an outstanding loan of Euro 24 million (Euro 48 million as at December 31, 2015), payable on a half-year basis and expiring on December 31, 2017.

At the same date, the Group had medium term unsecured loans for Euro 40.3 million (Euro 84.7 million as at December 31, 2015).

The loans do not include covenants.

As at December 31, 2015, the IRS contracts hedging the exposure to interest rate risk on outstanding unsecured loans were terminated upon expiry.

Finally, the caption other short-term loans includes also the positive fair value, equal to Euro 0.2 million (negative Euro 0.4 million as at December 31, 2015), related to the contracts to hedge the exchange rate risk. Please refer to note 9.3 for more details.

The net financial position is detailed in the following table:

Net financial position		
(Euro/000)	December 31, 2016	December 31, 2015
Cash and cash equivalents	243,389	148,603
Other short-term financial receivables	3,019	0
Debts and other current financial liabilities	(64,777)	(71,182)
Debts and other non-current financial liabilities	(75,835)	(127,016)
Total	105,796	(49,595)

Net financial position		
(Euro/000)	December 31, 2016	December 31, 2015
A. Cash in hand	1,178	976
B. Cash at banks and cash equivalents	242,211	147,627
C. Available for sale securities	0	0
D. Liquidity (A)+(B)+(C)	243,389	148,603
E. Current financial assets	3,019	0
F. Payable to banks, current	(4)	(2,525)
G. Current portion of long-term debt	(62,053)	(68,283)
H. Other current financial debt	(2,720)	(374)
I. Current financial debt (F)+(G)+(H)	(64,777)	(71,182)
J. Net current financial debt (I)+(E)-(D)	181,631	77,421
K. Payable to bank, non-current	(2,092)	(64,114)
L. Bonds issued	0	0
M. Other non-current payables	(73,743)	(62,902)
N. Non-current financial debt (K)+(L)+(M)	(75,835)	(127,016)
O. Net financial debt (J)+(N)	105,796	(49,595)

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

5.16. Shareholders' equity

Changes in shareholders' equity for 2016 and the comparative period are included in the consolidated statements of changes in equity.

As at December 31, 2016 the subscribed share capital constitute by 250,214,724 shares was fully paid and amounted to Euro 50,042,945 with a nominal value of Euro 0.20 per share.

On February 12, 2016 Moncler bought 1,000,000 Company shares, equal to 0.4% of the current share capital, for a total amount of Euro 12.8 million.

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

In 2016 the parent company distributed dividends to the Group Shareholders for an amount of Euro 34.9 million (Euro 30 million in 2015).

The increase of the share capital and the share premium reserve arises from the exercise of n. 90,266 vested options (for the same number of shares) in relation to the stock option plan approved by the shareholders meeting of Moncler S.p.A. dated February 28, 2014 at the exercise price of Euro 10.20 per share.

The other changes in shareholders' equity result from the accounting treatment of stock option plans.

The change in retained earnings mainly relates to the payment of dividends to shareholders and the adjustment to market value of the financial liabilities towards non-banking parties.

The caption other reserves includes other comprehensive income comprising the exchange rate translation reserve of financial statements reported in foreign currencies, the reserve for hedging interest rate risks and exchange rates risks and the reserve for actuarial gains/losses. The translation reserve includes the exchange differences emerging from the conversion of the financial statements of the foreign consolidated companies; the changes are mainly due to the differences resulting from the consolidation of the Japanese company and of the American companies, mitigated by the differences resulting from the consolidation of the other group subsidiaries. The hedging reserve includes the effective portion of the net differences accumulated in the fair value of the derivative hedge instruments. Changes to these reserves were as follows:

Other comprehensive income (Euro/000)	Cumulative translation adj. reserve			Other OCI items		
	Value before tax effect	Tax effect	Value after tax effect	Value before tax effect	Tax effect	Value after tax effect
Reserve as at January 1, 2015	(637)	0	(637)	(1,314)	339	(975)
Changes in the period	4,218	0	4,218	1,289	(354)	935
Translation differences of the period	0	0	0	0	0	0
Reversal in the income statement of the period	0	0	0	0	0	0
Reserve as at December 31, 2015	3,581	0	3,581	(25)	(15)	(40)
Reserve as at January 1, 2016	3,581	0	3,581	(25)	(15)	(40)
Changes in the period	1,692	0	1,692	(212)	57	(155)
Translation differences of the period	0	0	0	0	0	0
Reversal in the income statement of the period	0	0	0	0	0	0
Reserve as at December 31, 2016	5,273	0	5,273	(237)	42	(195)

Earning per share

Earning per share for the years ended December 31, 2016 and December 31, 2015 is included in the following table and is based on the relationship between net income attributable to the Group and the average number of shares, net of treasury shares owned.

The diluted earnings per share is in line with the basic earnings per share as at December 31, 2016 as there are no significant dilutive effects arising from stock based compensation plans.

It should be noted that, for the diluted earnings per share calculation, the treasury share method has been applied, prescribed by IAS 33 paragraph 45 for stock-based compensation plans.

Earnings per share		
	2016	2015
Net result of the period (Euro/000)	196,043	167,863
Average number of shares related to parent's Shareholders	249,268,029	250,086,129
Earnings attributable to Shareholders (Unit of Euro)	0.79	0.67
Diluted earnings attributable to Shareholders (Unit of Euro)	0.78	0.67

6. SEGMENT INFORMATION

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

7. COMMITMENTS AND GUARANTEES GIVEN

7.1. Commitments

The Group's commitments pertain mostly to lease agreements related to the location where sales are generated (stores, outlets and showrooms), the location where inventories are stored and the location where the administrative functions are performed.

As at December 31, 2016, the outstanding operating lease balance was as follows:

Operating lease commitments - future minimum payments (Euro/000)	Less than 1 year	Between 1 and 5 years	Beyond 5 years	Total
DOS	62,773	193,111	104,639	360,523
Outlet	4,308	16,522	10,263	31,092
Other buildings	7,026	15,579	1,083	23,688

As at December 31 2015, the outstanding operating lease balance was as follows:

Operating lease commitments - future minimum payments (Euro/000)	Less than 1 year	Between 1 and 5 years	Beyond 5 years	Total
DOS	43,218	142,641	108,629	294,488
Outlet	3,893	14,458	10,154	28,505
Other buildings	5,286	19,852	12,160	37,298

7.2. Guarantees given

As at December 31, 2016 the Group had given the following guarantees:

Guarantees and bails given		
(Euro/000)	December 31, 2016	December 31, 2015
Guarantees and bails given for the benefit of:		
Third parties/companies	11,682	10,115
Total guarantees and bails	11,682	10,115

Guarantees pertain mainly to lease agreements for the new stores.

8. CONTINGENT LIABILITY

As the Group operates globally, it is subject to legal and tax risks which may arise during the performance of its ordinary activities. Based on information available to date, the Group believes that as at the date of the consolidated financial statements, the provisions in consolidated financial statements are adequate to ensure that the consolidated financial statements give a true and fair view of the Group's financial position and results of operations.

9. INFORMATION ABOUT FINANCIAL RISKS

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

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

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

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

9.1. Market risk

Foreign exchange rate risk

The Group operates internationally and is exposed to foreign exchange rate risk primarily related to the U.S. Dollar, the Japanese Yen and the Chinese Renminbi and to a lesser extent to the Hong Kong Dollar, the British Pound, Korean Dollars and the Swiss Franc.

The Group regularly assesses its exposure to financial market risks and manages these risks through the use of derivative financial instruments, in accordance with its established risk management policies.

The Group's policy permits derivatives to be used only for managing the exposure to fluctuations in exchange rates connected with future cash flows and not for speculative purposes.

During 2016, the Group put in place a policy to hedge the exchange rates risk on transactions with reference to the major currencies to which it is exposed: USD, JPY, CNY, HKD, GBP, KRW and CHF.

The instruments used for these hedges are mainly Currency Forward Contracts and Currency Option Contracts.

The Group uses derivative financial instruments as cash flow hedges for the purpose of redetermining the exchange rate at which forecasted transactions denominated in foreign currencies will be accounted for.

Counterparties to these agreements are major and diverse financial institutions.

The exposure of contingent assets and liabilities denominated in currencies is detailed in the following table (the Euro amount of each currency):

Details of the balances expressed in foreign currency (Euro/000)	December 31, 2016										
	Euro	JP Yen	US Dollar	CN Yuan	HK Dollar	CH Franc	GB Pound	KR Won	CD Dollar	Other	Total
Cash and cash equivalent	75,201	26,261	40,870	30,811	16,777	5,754	15,698	13,226	4,804	13,987	243,389
Financial assets	2,887	0	0	0	0	0	0	0	0	132	3,019
Trade receivable	26,209	32,681	8,405	20,132	908	408	3,727	8,770	601	3,023	104,864
Other current assets	7,070	980	452	795	99	52	914	273	0	2,721	13,356
Other non-current assets	4,113	5,270	3,221	2,523	6,114	511	493	782	633	1,031	24,691
Total assets	115,480	65,192	52,948	54,261	23,898	6,725	20,832	23,051	6,038	20,894	389,319
Trade payables	(92,696)	(16,161)	(6,464)	(3,546)	(4,042)	(448)	(759)	(1,704)	(724)	(6,042)	(132,586)
Borrowings	(140,608)	0	(3)	0	0	0	0	0	0	(1)	(140,612)
Other current payables	(28,710)	(4,085)	(5,608)	(2,471)	(1,356)	(648)	(3,145)	(2,171)	(486)	(1,639)	(50,319)
Other non-current payables	(1,257)	0	(10,199)	0	0	0	0	(462)	(125)	0	(12,043)
Total liabilities	(263,271)	(20,246)	(22,274)	(6,017)	(5,398)	(1,096)	(3,904)	(4,337)	(1,335)	(7,682)	(335,560)
Total, net foreign positions	(147,791)	44,946	30,674	48,244	18,500	5,629	16,928	18,714	4,703	13,212	53,759

Details of the balances expressed in foreign currency (Euro/000)	December 31, 2015										
	Euro	JP Yen	US Dollar	CN Yuan	HK Dollar	CH Franc	GB Pound	KR Won	CD Dollar	Other	Total
Cash and cash equivalent	46,082	12,367	12,741	23,004	14,946	6,107	8,017	8,980	5,282	11,077	148,603
Trade receivable	27,954	25,963	4,875	16,935	636	14	2,882	6,383	1,073	3,067	89,782
Other current assets	11,721	1,415	2,181	1,044	(21)	117	1,293	1,017	0	2,218	20,985
Other non-current assets	5,079	5,004	3,238	2,327	3,823	513	562	762	537	831	22,676
Total assets	90,836	44,749	23,035	43,310	19,384	6,751	12,754	17,142	6,892	17,193	282,046
Trade payables	(80,851)	(12,636)	(3,572)	(4,192)	(3,126)	(391)	(980)	(866)	(371)	(5,984)	(112,969)
Borrowings	(198,094)	0	0	0	0	0	0	(86)	0	(18)	(198,198)
Other current payables	(24,662)	(1,797)	(1,595)	(1,433)	(895)	(369)	(421)	(826)	(122)	(90)	(32,210)
Other non-current payables	(1,347)	0	(4,759)	0	0	0	0	0	(115)	(1)	(6,222)
Total liabilities	(304,954)	(14,433)	(9,926)	(5,625)	(4,021)	(760)	(1,401)	(1,778)	(608)	(6,093)	(349,599)
Total, net foreign positions	(214,118)	30,316	13,109	37,685	15,363	5,991	11,353	15,364	6,284	11,100	(67,553)

At the reporting date, the Group had outstanding hedges for Euro 43.9 million (Euro 29.9 million as at December 31, 2015) against receivables still to be collected and outstanding hedges for Euro 96.6 million (Euro 65.6 million as at December 31, 2015) against future

revenues. As far as the currency transactions are concerned, it should be noted that a + / -1% change in their exchange rates would have the following effects:

Details of the transactions expressed in foreign currency (Euro/000)					
	JP Yen	US Dollar	CN Yuan	HK Dollar	Other
Effect of an exchange rate increase amounting to +1%					
Revenue	1,592	1,589	1,113	583	1,856
Operating profit	724	804	566	345	1,031
Effect of an exchange rate decrease amounting to -1%					
Revenue	(1,624)	(1,621)	(1,135)	(594)	(1,894)
Operating profit	(738)	(820)	(577)	(352)	(1,052)

With reference to the provisions of IFRS 13, it should be pointed out that the category of financial instruments measured at fair value are mainly attributable to the hedging of exchange rates risk. The valuation of these instruments is based on the discounting of future cash flows considering the exchange rates at the reporting date (level 2 as explained in the section related to principles).

Interest rate risk

The Group's exposure to interest-rate risk is mainly related to cash, cash equivalents and bank loans and it is centrally managed by the Headquarter.

On December 31, 2016, Moncler S.p.A. has a loan in the amount of Euro 60 million, received in a lump sum, payable on a half-year basis and expiring on December 31, 2017. The applicable interest rate is Euribor plus a market spread.

Furthermore, at the same date, the Group had medium term unsecured loans for Euro 40.3 million (Euro 84.7 million as at December 31, 2015).

As at December 31, 2016, there were no interest rate hedges, because the Interest Rate Swap (IRS) contracts taken out in previous years have terminated.

As far as financial debts are concerned, a fluctuation of +/- 0.25% in the interest rate would have led to a worsening of Euro 392 thousand in financial charges and an improvement of Euro 379 thousand.

9.2. Credit risk

The Group has no significant concentrations of financial assets (trade receivables and other current assets) with a high credit risk. The Group's policies related to the management of financial assets are intended to reduce the risks arising from non solvency of wholesale customers. Sales in the retail channel are made through cash and credit cards. In addition, the amount of loans outstanding is constantly monitored, so that the Group's exposure to bad debts is not significant and the percentage of writeoffs remain low. The maximum exposure to credit risk for the Group at December 31, 2016 is represented by the carrying amount of trade receivables reported in the consolidated financial statements.

As far as the credit risk arising from other financial assets other than trade receivables (including cash and short-term bank deposits) is concerned, the theoretical credit risk for the Group arises from default of the counterparty with a maximum exposure equal to the carrying amount of financial assets recorded in the consolidated financial statements, as well as the nominal value of guarantees given for third parties debts or commitments indicated in note 8 of the Explanatory Notes. The Group's policies limit the amount of credit exposure in different banks.

9.3. Liquidity risk

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

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

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

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

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

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

Non derivative financial liabilities (Euro/000)	Total book value	Contractual cash flows							
		Total	6 months or less	6-12 months	1-2 years	2-3 anni years	3-4 anni years	4-5 anni years	more than 5 years
Bank overdrafts	4	4	4	0	0	0	0	0	0
Self-liquidating loans	0	0	0	0	0	0	0	0	0
Financial debt to third parties	0	0	0	0	0	0	0	0	0
Unsecured loans	64,144	64,665	26,949	35,607	2,109	0	0	0	0

Derivative financial liabilities (Euro/000)	Total book value	Contractual cash flows							
		Total	6 months or less	6-12 months	1-2 years	2-3 anni years	3-4 anni years	4-5 anni years	more than 5 years
Interest rate swap hedging	0	0	0	0	0	0	0	0	0
Forward contracts on exchange rate hedging	(167)	(167)	470	(637)	0	0	0	0	0
- Outflows	2,720	2,720	1,486	1,234	0	0	0	0	0
- Inflowsw	(2,887)	(2,887)	(1,016)	(1,871)	0	0	0	0	0

9.4. Operating and capital management risks

In the management of operating risk, the Group's main objective is to manage the risks associated with the development of business in foreign markets that are subject to specific laws and regulations. The Group has implemented guidelines in the following areas:

- appropriate level of segregation of duties;
- reconciliation and constant monitoring of significant transactions;
- documentation of controls and procedures;
- technical and professional training of employees;
- periodic assessment of corporate risks and identification of corrective actions.

As far as the capital management risk is concerned, the Group's objectives are aimed at the going concern issue in order to ensure a fair economic return to shareholders and other stakeholders while maintaining a good rating in the capital debt market. The Group manages its capital structure and makes adjustments in line with changes in general economic conditions and with the strategic objectives.

10. OTHER INFORMATION

10.1. Related party transactions

Set out below are the transactions with related parties deemed relevant for the purposes of the “Related-party procedure” adopted by the Group.

The “Related-party procedure” is available on the Company’s website (www.monclergroup.com, under “Governance/Corporate documents”).

Transactions and balances with consolidated companies have been eliminated during consolidation and are therefore not commented here.

During 2016, related-party transactions mainly relate to trading transactions carried out on an arm's length basis with the following parties:

- Yagi Tsusho Ltd, counterparty to the transaction which led to the establishment of Moncler Japan Ltd., acquires finished products from Moncler Group companies (Euro 59.4 million in 2016 and Euro 50.2 million in 2015) and then sells them to Moncler Japan Ltd. (Euro 67.4 million in 2016 and Euro 59.2 million in 2015) pursuant to the contract agreed upon the companys' establishment.
- Gokse Tekstil Kozmetik Sanayi ic ve dis ticaret limited sirketi, company held by the minority share holder of Moncler Istanbul Giyim ve Tekstil Ticaret Ltd. Sti, provides services to that company by virtue of the contract signed at the time of incorporation of the company. Total costs recognized for 2016 amount to Euro 0.2 million (Euro 0.2 million in 2015).
- The company La Rotonda S.r.l., owned by a manager of the Moncler Group, acquires finished products from Industries S.p.A. and provides services to the same. Total revenues recognized for 2016 amount to Euro 0.6 million (Euro 0.4 million in 2015) and total costs recognized for 2016 amount to Euro 0.2 million (Euro 0.1 in 2015).
- Shinsegae International Inc., counterparty to the transaction which led to the establishment of Moncler Shinsegae Inc., provides services to the latter pursuant to a contract agreed upon its establishment. Total costs recognized for 2016 amount to Euro 0.4 (Euro 1.2 in 2015).

Industries S.p.A., Moncler Lunettes S.r.l. and, beginning in 2014, Moncler Enfant S.r.l. adhere to the Parent Company Moncler S.p.A. fiscal consolidation.

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

Compensation paid to the members of the Board of Directors in 2016 amounted to Euro 4,641 thousand (Euro 3,666 thousand in 2015).

Compensation paid to the members of the Board of Auditors in 2016 amounted to Euro 184 thousand (Euro 190 thousand in 2015).

In 2016 total compensation paid to executives with strategic responsibilities amounted to Euro 2,656 thousand (Euro 2,149 thousand in 2015).

In 2016 the costs relating to stock option plans (described in note 10.2) referring to members of the Board of Directors and Key management personnel amount to Euro 7,380 thousand (Euro 3,059 thousand in 2015).

The following tables summarize the afore-mentioned related-party transactions that took place during 2016 and the prior year.

(Euro/000)	Type of relationship	Note	December 31, 2016	%	December 31, 2015	%
Yagi Tsusho Ltd	Distribution agreement	a	59,446	(23.6)%	50,237	(22.3)%
Yagi Tsusho Ltd	Distribution agreement	a	(67,356)	26.7%	(59,169)	26.2%
GokseTekstil Kozmetik Sanayi ic ve dis ticaret limited sirketi	Service agreement	b	(223)	0.2%	(223)	0.3%
La Rotonda S.r.l.	Trade transactions	c	590	0.1%	413	0.0%
La Rotonda S.r.l.	Trade transactions	d	(160)	0.1%	(148)	0.1%
Shinsegae International Inc.	Trade transactions	b	(282)	0.3%	(810)	1.0%
Shinsegae International Inc.	Trade transactions	d	(163)	0.1%	(400)	0.2%
Directors, board of statutory auditors and executives with strategic responsibilities	Labour services	b	(6,850)	7.3%	(5,468)	6.9%
Executives with strategic responsibilities	Labour services	d	(631)	0.2%	(537)	0.2%
Directors and executives with strategic responsibilities	Labour services	e	(7,380)	46.9%	(3,059)	26.9%
Total			(23,009)		(19,164)	

a effect in % based on cost of sales

b effect in % based on general and administrative expenses

c effect in % based on revenues

d effect in % based on selling expenses

e effect in % based on non recurring expenses

(Euro/000)	Type of relationship	Note	December 31, 2016	%	December 31, 2015	%
Yagi Tsusho Ltd	Trade payables	a	(8,049)	6.1%	(8,426)	7.5%
Yagi Tsusho Ltd	Trade receivables	b	7,111	6.8%	6,722	7.5%
Gokse Tekstil Kozmetik Sanayi ic ve dis ticaret limited sirketi	Trade payables	a	0	0.0%	(19)	0.0%
Shinsegae International Inc.	Trade payables	a	(1)	0.0%	(101)	0.1%
La Rotonda S.r.l.	Trade receivables	b	412	0.4%	291	0.3%
La Rotonda S.r.l.	Trade payables	a	(81)	0.1%	0	0.0%
Directors, board of statutory auditors and executives with strategic responsibilities	Other current liabilities	c	(3,788)	7.5%	(2,696)	8.4%
Total			(4,396)		(4,229)	

a effect in % based on trade payables

b effect in % based on trade receivables

c effect in % based on other current liabilities

The following tables summarize the weight of related-party transactions on the consolidated financial statements as at and for the years ended December 31, 2016 and 2015:

December 31, 2016					
	Revenue	Cost of sales	Selling expenses	General and administrative expenses	Non recurring income/ (expenses)
Total related parties	590	(7,910)	(954)	(7,355)	(7,380)
Total consolidated financial statements	1,040,311	(252,303)	(312,353)	(94,093)	(15,738)
weight %	0.1%	3.1%	0.3%	7.8%	46.9%

December 31, 2016			
Trade receivables	Trade Payables	Other current liabilities	
Total related parties	7,523	(8,131)	(3,788)
Total consolidated financial statements	104,864	(132,586)	(50,319)
weight %	7.2%	6.1%	7.5%

December 31, 2015					
	Revenue	Cost of sales	Selling expenses	General and administrative expenses	Non recurring income/ (expenses)
Total related parties	413	(8,932)	(1,085)	(6,501)	(3,059)
Total consolidated financial statements	880,393	(225,495)	(253,448)	(79,535)	(11,389)
weight %	0.0%	4.0%	0.4%	8.2%	26.9%

December 31, 2015			
	Trade receivables	Trade Payables	Other current liabilities
Total related parties	7,013	(8,546)	(2,696)
Total consolidated financial statements	89,782	(112,969)	(32,210)
weight %	7.8%	7.6%	8.4%

10.2. Stock option plans

The Consolidated Financial Statements at December 31, 2016 reflects the values of the Stock Option Plans approved in 2014 and 2015 and of the new Performance Share Plan approved in 2016.

With regard to stock option plans approved in 2014, please note that:

- The Stock Option 2014-2018 plan “Top Management and Key people” provides for a vesting period ending with the approval of the consolidated financial statements as at December 31, 2016. Each beneficiary may exercise the options granted on condition that the specific performance goals related to Group’s consolidated EBITDA are achieved. The exercise price of the options is equal to Euro 10.20 and allows for the subscription of shares in the ratio of one ordinary share for every option exercised;
- The The Stock Option 2014-2018 plan “Corporate Structure” provides for three separate tranches with a vesting period starting from the grant date of the plan until the approval date by the Board of Directors of the consolidated financial statements respectively as at December 31, 2014, 2015 and 2016. Each beneficiary may exercise the options granted on condition that the specific performance goals related to Group’s consolidated EBITDA are achieved. The exercise price of the options is equal to Euro 10.20 and allows for the subscription of shares in the ratio of one ordinary share for every option exercised;
- The fair value of stock options was estimated at the grant date using the Black-Scholes method, based on the following assumptions:
 - share price at the grant date of the options Euro 13.27;
 - estimated life of the options equal to the period from the grant date to the following estimated exercise dates:
 - Stock Option Plan for Top Management and Key People: March 1, 2018;

- Stock Option Plan Structures corporate: I tranche March 1, 2017, II tranche August 31, 2017, III tranche March, 1 2018;
- dividend yield 1%;
- fair value per tranche from Euro 3.8819 to Euro 4.1597.
- The effect of the two plans on the 2016 income statement amounted to Euro 6.9 million, while the effect on net equity of the exercise of the first tranche of the plan “Corporate Structure” amounts to Euro 0.9 million.

As at December 31, 2016 the following options are still in circulation: 4,405,000 options for the Top Management Plan and Key People and 166,700 options for the Corporat Plan Structures, after that, during 2016, 90,266 options related to the first and second tranche of the plan “Corporate Structure” were exercised.

With regard to stock option plans approved in 2015, please note that:

- The 2015 Plan is intended for executive directors and/or Key-managers with strategic responsibilities employees and external consultants and other collaborators of Moncler S.p.A. and its subsidiaries which are considered as having a strategic importance or are otherwise able to make a significant contribution to achieving Group's strategic objectives;
- The 2015 Plan provides for the assignment of maximum 2,548,225 options through 3 cycles of allocation, free of charge. The options allow, under the conditions established, to subscribe ordinary shares of Moncler S.p.A. The first grant cycle was completed on May 12, 2015, with the allocation of 1,385,000 options;
- The exercise price of the options is equal to Euro 16.34 and allows for the subscription of shares in the ratio of one ordinary share for every option exercised;
- The 2015 Plan provides for a vesting period of three years between the allocation date and the initial exercise date. The option can be exercised within June 30, 2020 maximum, for the first attribution cycle and June 30, 2021 or June 30, 2022, respectively, for the second and third attribution cycle;
- Each beneficiary may exercise the options granted on condition that the specific performance goals related to Group’s consolidated EBITDA are achieved;
- The fair value of 2015 Plan was estimated at the grant date using the Black-Scholes method, based on the following assumptions:
 - share price at the grant date of the options Euro 16.34;
 - estimated life of options equal to the period from the grant date to the following estimated exercise: May 31, 2019;
 - dividend yield 1%;
 - fair value per tranche Euro 3.2877.

- The effect on the income statement of 2016 of the 2015 Plan amounts to Euro 1.3 million, which mainly includes the costs accrued during the period, calculation of which is based on the fair value of the plans, which takes into account the value of the share at the grant date, the volatility, the flow of the expected dividends, the option term and the risk-free rate.
- As at December 31, 2016 the following options are still in circulation: 1,195,000 options.

On April 20, 2016, the shareholders meeting of Moncler approved the adoption of a stock grant plan entitled "2016-2018 Performance Shares Plan" ("2016 Plan") addressed to Executive Directors and/or Key Managers, and/or employees, and/or collaborators, and/or external consultants of Moncler S.p.A. and of its subsidiaries, which have strategically relevant roles or are otherwise capable of making a significant contribution, with a view to pursuing the Group's strategic objectives.

The object of the Plan is the free granting of the Moncler shares in case certain Performance Targets are achieved at the end of the vesting period of 3 years.

The proposed maximum number of shares serving the Plan is equal to No. 3,800,000 resulting from a Capital Increase and/or from the allocation of treasury shares.

The Performance Targets will have to be assessed in compliance with the 2016-2018 approved business plan, and are expressed base on the earning per share index ("EPS") of the Group in the Vesting Period, adjusted by the conditions of over\under performance.

The Plan provides for a maximum of 3 cycles of attribution; the first attribution cycle ended with the assignment of 2,856,000 Moncler Rights.

As at December 31, 2016 there are still in circulation 2,838,000 rights; the effect on the income statement of 2016 amounts to Euro 7.3 million.

As stated by IFRS 2, these plans are defined as Equity Settled.

For information regarding the plan, please see the company's website, www.monclergroup.com, in the "Governance/Shareholders' Meeting" section.

10.3. Subsidiaries and minority interests

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

Summary of subsidiary's financial information		December 31, 2016				
(Euro/000)	Assets	Liabilities	Net equity	Revenues	Profit/(Loss)	Profit/(Loss) attributable to minority
Ciolina Moncler SA	1,137	728	409	1,522	203	99
White Tech Sp.zo.o.	164	14	150	150	49	15

Summary of subsidiary's financial information		December 31, 2015				
(Euro/000)	Assets	Liabilities	Net equity	Revenues	Profit/(Loss)	Profit/(Loss) attributable to minority
Ciolina Moncler SA	777	484	293	1,324	28	14
White Tech Sp.zo.o.	134	28	106	118	31	9

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

Cash Flow 2016 (*)		
(Euro/000)	Ciolina Moncler SA	White Tech Sp.zo.o.
Operating Cash Flow	327	77
Free Cash Flow	273	64
Net Cash Flow	185	62

Cash Flow 2015 (*)		
(Euro/000)	Ciolina Moncler SA	White Tech Sp.zo.o.
Operating Cash Flow	203	3
Free Cash Flow	207	(2)
Net Cash Flow	(108)	(3)

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

The contribution to net income of the companies Moncler Lunettes S.r.l. and Moncler Enfant S.r.l., both liquidated in 2016, was negligible.

10.4. Significant non-recurring events and transactions

On April 20, 2016, the Moncler Ordinary Shareholders' Meeting approved an incentive loyalty plan, known as "Performance Shares 2016-2018".

The description of the incentive loyalty plans and the related costs are included in note 10.2.

10.5. Atypical and/or unusual transactions

It should be noted that during 2016 the Group did not enter into any atypical and/or unusual transactions.

10.6. Financial instruments

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

December 31, 2016				
(Euro/000)	Current	Non-current	Fair value	Level
Financial assets measured at fair value				
Interest rate swap used for hedging	-	-	-	
Forward exchange contracts used for hedging	2,887	-	2,887	2
Sub-total	2,887	-	2,887	
Financial assets not measured at fair value				
Trade and other receivables (*)	104,864	22,514		
Cash and cash equivalents (*)	243,389	-		
Sub-total	348,253	22,514	-	
Total	351,140	22,514	2,887	

December 31, 2015				
(Euro/000)	Current	Non-current	Fair value	Level
Financial assets measured at fair value				
Interest rate swap used for hedging	-	-	-	
Forward exchange contracts used for hedging	-	-	-	
Sub-total	-	-	-	
Financial assets not measured at fair value				
Trade and other receivables (*)	93,373	20,283		
Cash and cash equivalents (*)	148,603	-		
Sub-total	241,976	20,283	-	
Total	241,976	20,283	-	

December 31, 2016				
(Euro/000)	Current	Non-current	Fair value	Level
Financial liabilities measured at fair value				
Interest rate swap used for hedging	-	-	-	2
Forward exchange contracts used for hedging	(2,720)	-	(2,720)	2
Other financial liabilities	-	(73,743)	(73,743)	3
Sub-total	(2,720)	(73,743)	(76,463)	
Financial liabilities not measured at fair value				
Trade and other payables (*)	(142,331)	-		
Bank overdrafts (*)	(4)	-		
Short-term bank loans (*)	-	-		
Bank loans	(62,053)	(2,092)	(64,145)	3
Sub-total	(204,388)	(2,092)	(64,145)	
Total	(207,108)	(75,835)	(140,608)	

December 31, 2015				
(Euro/000)	Current	Non-current	Fair value	Level
Financial liabilities measured at fair value				
Interest rate swap used for hedging	-	-	-	2
Forward exchange contracts used for hedging	(374)	-	(374)	2
Other financial liabilities	-	(62,902)	(62,902)	3
Sub-total	(374)	(62,902)	(63,276)	
Financial liabilities not measured at fair value				
Trade and other payables (*)	(121,503)	-		
Bank overdrafts (*)	(2,522)	-		
Short-term bank loans (*)	(4)	-		
Bank loans	(68,283)	(64,114)	(132,397)	3
Sub-total	(192,312)	(64,114)	(132,397)	
Total	(192,686)	(127,016)	(195,673)	

(*) Such items refer to short-term financial assets and financial liabilities whose carrying value is a reasonable approximation of fair value, which was therefore not disclosed.

10.7. Fees paid to independent auditors

Fees paid to independent auditors are summarized below:

Audit and attestation services		
(Euro unit)	Entity that has provided the service	Fees 2016
Audit	KPMG S.p.A.	325,730
	Network KPMG S.p.A.	210,162
Attestation services	KPMG S.p.A.	22,840
	Network KPMG S.p.A.	7,027
Other services	KPMG S.p.A.	28,810
	Network KPMG S.p.A.	124,285
Total		718,854

11. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No significant events occurred after the end of the period.

The consolidated financial statements, comprised of the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and explanatory notes to the consolidated financial statements give a true and fair view of the financial position and the results of operations and cash flows and corresponds to the accounting records of the Parent Company and the companies included in the consolidation.

On behalf of the Board of Directors of Moncler S.p.A.

The Chairman

Remo Ruffini

Moncler S.p.A.
Registered office: Via Stendhal 47, MILAN – ITALY
Share capital: Euro 50,046,395.20 fully paid-in – Registration number CCIAA: MI-1763158
Tax code: 04642290961

SEPARATE FINANCIAL STATEMENTS

- Financial Statements
 - Income statement
 - Comprehensive income
 - Financial position
 - Changes in equity
 - Cash flows
- Explanatory notes to the separated financial statements
 1. General information
 2. Significant accounting principles
 3. Comments on the income statement
 4. Comments on the statement of financial position
 5. Guarantees given and commitments
 6. Contingent liabilities
 7. Information about financial risks
 8. Other information
 9. Significant events after the reporting date
 10. Motion to approve the financial statements and the allocation of the result for the year ended December 31, 2016

MONCLER S.P.A. FINANCIAL STATEMENTS

Income statement					
(Euro)	Notes	2016	of which related parties (note 8.1)	2015	of which related parties (note 8.1)
Revenue	3.1	173,765,849	173,660,396	147,114,040	146,973,991
General and administrative expenses	3.2	(18,018,601)	(3,646,955)	(14,123,060)	(3,810,634)
Advertising and promotion expenses	3.3	(31,045,053)	(64,938)	(27,439,689)	(236,994)
Non recurring income/(expenses)	3.4	(4,865,769)	(3,543,838)	(2,489,733)	(1,837,171)
Operating result		119,836,426		103,061,558	
Financial income	3.6	91,724		10,740	
Financial expenses	3.6	(666,946)	(160,370)	(1,890,570)	(845,600)
Result before taxes		119,261,204		101,181,728	
Income taxes	3.7	(37,716,715)		(24,279,628)	
Net result		81,544,489		76,902,100	

SEPARATE FINANCIAL STATEMENTS

Statement of comprehensive income (Euro)	Note	December 31, 2016	December 31, 2015
Net profit (loss) for the period		81,544,489	76,902,100
Gains/(Losses) on fair value of hedge derivatives	4.14	0	5,653
Items that are or may be reclassified to profit or loss		0	5,653
Actuarial Gains/(Losses) on pension funds	4.14	(97,462)	65,522
Items that will never be reclassified to profit or loss		(97,462)	65,522
Other comprehensive income/(loss), net of tax		(97,462)	71,175
Total Comprehensive income/(loss)		81,447,027	76,973,275

Statement of financial position					
(Euro)	Notes	December 31, 2016	of which related parties (note 8.1)	December 31, 2015	of which related parties (note 8.1)
Brands and other intangible assets - net	4.1	226,219,938		226,544,658	
Property, plant and equipment - net	4.3	2,714		830,697	
Investments in subsidiaries	4.4	233,115,832		222,534,374	
Deferred tax assets	4.5	1,587,848		1,967,548	
Non-current assets		460,926,332		451,877,277	
Trade accounts receivable	4.6	223,485		66,756	
Intra-group accounts receivable	4.6	53,943,476	53,943,476	48,533,479	48,533,479
Income taxes	4.13	0		0	
Other current assets	4.8	3,306,874		2,088,753	
Other current assets intra-group	4.8	0	0	40,000	40,000
Cash and cash equivalent	4.7	1,486,546		788,241	
Current assets		58,960,381		51,517,229	
Total assets		519,886,713		503,394,506	
Share capital	4.14	50,042,945		50,024,892	
Premium reserve	4.14	109,186,923		108,284,263	
Other reserve	4.14	132,952,057		88,300,525	
Net result	4.14	81,544,489		76,902,100	
Equity		373,726,414		323,511,780	
Long-term borrowings	4.12	0		23,972,007	
Employees pension fund	4.11	658,089		441,700	
Deferred tax liabilities	4.5	64,109,707		63,638,389	
Non-current liabilities		64,767,796		88,052,096	
Short-term borrowings	4.12	23,972,007		23,939,230	
Intra-group short-term borrowings	4.12	10,398,723	10,398,723	22,802,107	22,802,107
Trade accounts payable	4.9	18,643,123		14,718,214	
Intra-group accounts payable	4.9	362,727	362,727	410,844	410,844
Income taxes	4.13	1,875,111		14,895,250	
Other current liabilities	4.10	4,126,676	2,280,956	3,363,140	1,907,145
Other current liabilities intra-group	4.10	22,014,136	22,014,136	11,701,845	11,701,845
Current liabilities		81,392,503		91,830,630	
Total liabilities and equity		519,886,713		503,394,506	

SEPARATE FINANCIAL STATEMENTS

Statement of changes in equity		Share capital	Premium reserve	Legal reserve	Other comprehensive income	Other reserves IFRS 2 reserve	Retained earnings	Result of the period	Net Equity
(Euro)	Notes								
Shareholders' equity at January 1, 2015	4.14	50,000,000	107,039,683	10,000,000	(118,825)	4,522,278	33,056,793	64,175,546	268,675,475
Allocation of Last Year Result		0	0	0	0	0	64,175,546	(64,175,546)	0
Share capital and reserves increase		24,892	1,244,580	0	0	0	0	0	1,269,472
Reclassification		0	0	0	0	0	0	0	0
Dividends		0	0	0	0	0	(30,013,645)	0	(30,013,645)
Other movements in Equity		0	0	0	71,175	6,607,203	0	0	6,678,378
Result of the period		0	0	0	0	0	0	76,902,100	76,902,100
Shareholders' equity at December 31, 2015	4.14	50,024,892	108,284,263	10,000,000	(47,650)	11,129,481	67,218,694	76,902,100	323,511,780
Shareholders' equity at January 1, 2016	4.14	50,024,892	108,284,263	10,000,000	(47,650)	11,129,481	67,218,694	76,902,100	323,511,780
Allocation of Last Year Result		0	0	300,000	0	0	76,602,100	(76,902,100)	0
Share capital and reserves increase		18,053	902,660	0	0	0	0	0	920,713
Reclassification		0	0	0	0	0	0	0	0
Dividends		0	0	0	0	0	(34,882,539)	0	(34,882,539)
Other movements in Equity		0	0	0	(97,462)	15,530,151	(12,800,718)	0	2,631,971
Result of the period		0	0	0	0	0	0	81,544,489	81,544,489
Shareholders' equity at December 31, 2016	4.14	50,042,945	109,186,923	10,300,000	(145,112)	26,659,632	96,137,537	81,544,489	373,726,414

Statement of cash flow (Euro)	2016	of which related parties (note 8.1)	2015	of which related parties (note 8.1)
Cash flow from operating activities				
Net result of the period	81,544,489		76,902,100	
Depreciation and amortization	1,008,794		970,056	
Impairment of investments	(85,182)		0	
Net financial (income)/expenses	660,405		1,643,937	
Other non cash (income)/expenses	4,658,429		2,307,903	
Income tax expenses	37,716,715		24,279,628	
Changes in trade receivables - (Increase)/Decrease	(5,566,726)	(5,409,997)	(48,208,453)	(48,209,673)
Changes in trade payables - Increase/(Decrease)	3,876,792	(48,117)	(414,971)	(1,023,050)
Changes in other current assets/liabilities	(459,635)	373,811	(230,333)	458,828
Cash flow generated/(absorbed) from operating activities	123,354,081		57,249,867	
Interest paid	(606,176)		(1,573,441)	
Interest received	1,927		10,740	
Income tax paid	(39,158,784)		(26,958,214)	
Changes in other non-current assets/liabilities	129,276		59,454	
Net cash flow from operating activities (a)	83,720,324		28,788,406	
Cash flow from investing activities				
Purchase of tangible and intangible fixed assets	(599,649)		(2,330,868)	
Proceeds from sale of tangible and intangible fixed assets	743,558		0	
Investments	0		2,578,449	
Net cash flow from investing activities (b)	143,909		247,581	
Cash flow from financing activities				
Repayment of borrowings	(24,000,000)		(12,000,000)	
Changes in intercompany short term borrowings	(12,403,384)	(12,403,384)	11,964,424	11,964,424
Transaction related to equity	(12,800,718)		0	
Dividends paid to shareholders	(34,882,539)		(30,013,645)	
Share Capital and reserves increase	920,713		1,269,472	
Net cash flow from financing activities (c)	(83,165,928)		(28,779,749)	
Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)	698,305		256,238	
Cash and cash equivalents at the beginning of the period	788,241		532,003	
Net increase/(decrease) in cash and cash equivalents	698,305		256,238	
Cash and cash equivalents at the end of the period	1,486,546		788,241	

On behalf of the Board of Directors

The Chairman

Remo Ruffini

EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1. Moncler S.p.A.

Moncler S.p.A. (the “Company” or “Moncler”) is a company established and domiciled in Italy, with its registered office located at Via Stendhal 47 Milan, Italy, and registration number of 04642290961.

It is the parent company for the Moncler Group (hereinafter referred to as the "Group") comprising Industries S.p.A., the Italian subsidiary, and 30 other subsidiaries.

The Company's principal activities are the study, design, production and distribution of clothing for men, women and children and related accessories under the Moncler brand name.

The Moncler Group companies run their businesses in accordance with the guidelines and the strategies set up by Moncler's Board of Directors.

The Company also prepares the consolidated financial statements and the Management Report in a single document as permitted by. 40/2 bis, letter. B Legislative Decree 127/91.

1.2. Basis for the preparation of the separate financial statements

1.2.1. *Relevant accounting principles*

The 2016 separate financial statements (“financial statements”) have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. IFRS also includes all International Accounting Standards ("IAS") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

The financial statements include the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the explanatory notes to the financial statements.

1.2.2. *Presentation of the financial statements*

The Company presents its income statement by destination, the method that is considered most representative for the business at hand. This method is in fact consistent with the internal reporting and management of the business.

With reference to the statement of financial position, a basis of presentation has been chosen which makes a distinction between current and non-current assets and liabilities, in accordance with the provisions of paragraph 60 and thereafter of IAS 1.

The statement of cash flows is prepared under the indirect method.

1.2.3. *Basis for measurement*

The financial statements have been prepared on the historical cost basis except for the measurement of certain financial instruments (i.e. derivative measured at fair value in accordance with IAS 39) and on a going concern basis.

The financial statements are presented in Euro thousand, which is the functional currency of the markets where the Company mainly operates.

The explanatory notes have been prepared in thousands of Euros unless stated otherwise.

1.2.4. *Use of estimates*

The preparation of the financial statements and the related explanatory notes in conformity with IFRS requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date. The actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed periodically and any variations are reflected in the income statement in the period in which the estimate is revised if the revision affects only that period or even in subsequent periods if the revision affects both current and future periods. In the event that management's estimate and judgment had a significant impact on the amounts recognized in the financial statements or in case that there is a risk of future adjustments on the amounts recognized for assets and liabilities in the period immediately after the reporting date, the following notes will include the relevant information.

The estimates pertain mainly to the impairment of non-current assets (brand and investments) and the recoverability of deferred tax assets. Following is a brief description of these captions.

Recoverable amount of non-current assets with indefinite useful lives and investments ("impairment")

Management periodically reviews non-current assets, assets held for sale and investments in subsidiaries for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is estimated based on the present value of future cash flows expected to derive from the asset or from the sale of the asset itself, at a suitable discount rate.

When the recoverable amount of a non-current asset is less than its carrying amount, an impairment loss is recognized immediately in the income statement and the carrying amount is reduced to its recoverable amount determined based on value-in-use calculation or its sale's value in an arm's length transaction, with reference to the most recent Group business plan.

Recoverability of deferred tax assets

The Company is subject to income taxes in numerous jurisdictions. Judgment is required in determining the provision for income taxes in each territory. The Company recognizes deferred tax assets when it is expected that they will be realised within a period that is consistent with management estimate and business plans.

2. SIGNIFICANT ACCOUNTING PRINCIPLES

The accounting principles set out below have been applied consistently for fiscal year 2016 and the prior year.

2.1. Property, plant and equipment

Property, plant and equipment are stated at acquisition or manufacturing cost, not revalued net of accumulated depreciation and impairment losses ("impairment"). Cost includes original purchase price and all costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation

Depreciation of property, plant and equipment is calculated and recognized in the income statement on a straight-line basis over the estimated useful lives as reported in the following table:

Category	Depreciation period
Land	No depreciation
Buildings	From 25 to 33 years
Plant and equipment	From 8 to 12 years
Fixtures and fittings	From 5 to 10 years
Electronic machinery and equipment	From 3 to 5 years
Leasehold improvements	Lower between lease period and useful life of improvements
Other fixed assets	Depending on market conditions generally within the expected utility to the entity

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will take ownership of the asset by the end of the lease term.

Depreciation methods, useful lives and residual value are reviewed at each reporting period and adjusted if appropriate.

Gain/Losses on the disposal of property, plant and equipment

Gains and losses on the disposal of property, plant and equipment represent the difference between the net proceeds and net book value at the date of sale. Disposals are accounted for when the relevant transaction becomes unconditional.

2.2. Intangible assets

Brands

Separately acquired brands are shown at historical cost. Brands acquired in a business combination are recognized at fair value at the acquisition date.

Brands have a indefinite useful life and are carried at cost less accumulated impairment. Brands are not amortized but subject to impairment test performed annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

For further details please refer to note 2.5 "Impairment of non-financial assets."

Intangible assets with a definite useful life

Software (including licenses and separately identifiable external development costs) is capitalized as intangible asset at purchase price, plus any directly attributable cost of preparing that asset for its intended use. Software and other intangible assets that are acquired by the Group and have definite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization of intangible assets with a definite useful life

Intangible assets with a definite useful life are amortized on a straight line basis over their estimated useful lives as described in the following table:

Category	Depreciation period
License rights	Based on market conditions within the licence period or legal limits to use the assets
Software	From 3 to 5 years
Other intangible assets	Based on market conditions generally within the period of control over the asset

2.3. Non-current assets available for sale and discontinued operations

Non-current assets available for sale and discontinued operations are classified as available for sale when their values are recoverable mainly through a probable sale transaction. In such conditions, they are valued at the lower of their carrying value or fair value, net of cost to sell if their value is mainly recoverable through a sale transaction instead of continued use.

Discontinued operations are operations that:

- include a separate line of business or a different geographical area;
- are part of a single coordinated plan for the disposal of a separate major line of business or geographical area of activity;
- consist of subsidiaries acquired exclusively for the purpose of being sold.

In the income statement, non-current assets held for sale and disposal groups that meet the requirements of IFRS 5 to be defined as "discontinued operations", are presented in a single caption that includes both gains and losses, as well as losses or gains on disposal and the related tax effect. The comparative period is subsequently restated in accordance with IFRS 5.

As far as the financial position is concerned, non-current assets held for sale and disposal groups that meet the requirements of IFRS 5 are reclassified as current assets and liabilities in the period in which such requirements arise. The comparative financial statements are not restated nor reclassified.

2.4. Investments

Investments in subsidiaries, associates and others are accounted for as follows:

- at cost; or
- in accordance with IAS 39.

The Company recognizes dividends from subsidiaries, associates and others in its income statement when the right to receive such dividends has materialized.

2.5. Impairment of non-financial assets

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

Assets with an indefinite useful life are not subject to amortization and are tested annually or more frequently for impairment, whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

When the recoverable amount for individual asset cannot be reliably estimated, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The Group determines the value in use as the present value of future cash flows expected to be derived from the asset or from the cash-generating unit, gross of tax effects, by applying an appropriate discount rate that reflects market time value of money and the risks inherent to the asset. An impairment loss is recognized for the amount by which the carrying amount exceeds its recoverable amount.

With the exception of impairment losses recognized on goodwill, when the circumstances that led to the loss no longer exist, the carrying amount of the asset is increased to its recoverable amount and cannot exceed the carrying amount that would have been determined had there been no loss in value. The reversal of an impairment loss is recognized immediately in the income statement.

2.6. Financial instruments

Financial instruments are initially recognized at fair value when the entity becomes a party to a contractual obligation of the financial instrument. A financial instrument is no longer recognized when the contractual rights to the cash flows has expired or when the Company is no longer exposed to that risk. A financial liability is no longer recognized when the obligation specified in the contract is canceled, expired or voided.

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, other current and non-current assets and liabilities, investments, borrowings and derivative financial instruments.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term deposits held with banks and most liquid assets that are readily convertible into cash and that have insignificant risk of change in value. Bank overdrafts are recorded under current liabilities on the Company's statement of financial position.

Trade receivables and other current and non-current receivables

Trade and other receivables generated when the Company provides money, goods or services directly to a third party are classified as current assets, except for items with maturity dates greater than twelve months after the reporting date.

Receivables are measured at amortized cost using the effective interest method less the allowance for doubtful accounts. A provision for doubtful account is recorded when there is objective evidence that the value of the claim will not be recovered. The amount of the provision is recognized in the income statement.

Trade payables and other current and non-current payables

Trade and other payables arise when the Company acquires money, goods or services directly from a supplier. They are included in current liabilities, except for items with maturity dates greater than twelve months after the reporting date.

Payables are stated, at initial recognition, at fair value, which usually comprises the cost of the transaction, inclusive of transaction costs. Subsequently, they are stated at amortized cost using the effective interest method.

Financial liabilities

Financial liabilities, excluding derivatives, are recognized initially at fair value which represents the amount at which the asset was bought in a current transaction between willing parties, and subsequently measured at amortized cost using the effective interest method. Financial liabilities

are classified as non-current if the Company has an unconditional right to defer payments of at least twelve months from the reporting date.

Derivative instruments

The Company uses derivative instruments to hedge against exchange rate and interest rate risks.

In order to reduce interest rate risk, the Company hedges part of the fixed-rate financial liabilities through an Interest Rate Swap (IRS). In accordance with IAS 39, derivative instruments qualify for hedge accounting only if at the inception there is a formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective and the effectiveness of the hedge can be reliably measured throughout the financial reporting periods for which the hedge was designated. The company documents the hedging relationship between the derivative and the financial instrument.

Derivative financial instruments are initially recognized at fair value at acquisition date and are subsequently remeasured at their fair value. The subsequent gain or loss recognition depends on whether the instrument itself is defined as a hedges and the nature of the hedged item.

Fair value hedge

A derivative instrument is designated as fair value hedge when it hedges the exposure to changes in fair value of a recognized asset or liability, that is attributable to a particular risk and could affect profit or loss. The gain or loss on the hedged item, attributable to the hedged risk, adjusts the carrying amount of the hedged item and is recognized in the income statement.

Cash flow hedge

A derivative instrument is designated as cash flow hedge when it hedges the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could affect profit or loss. The portion of gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in equity within other comprehensive income. The cumulative gain or loss is reclassified from equity to profit or loss in the same period in which the asset acquired or liability assumed affects profit or loss. Any gain or loss on the hedging instrument that is not an effective hedge is recognized immediately in the income statement. In the event that the hedge expires or is terminated or no longer meets the criteria for hedge accounting but the forecast transaction has not yet occurred, the cumulative gain or loss recognized in other comprehensive income from the period when the hedge was effective remains separately in equity and is recognized in the income statement in the same period during which the hedged forecast transaction affects profit or loss.

When the forecast transaction is no longer expected to occur, the cumulative gain or loss recognised in other comprehensive income from the period when the hedge was effective is reclassified immediately in the income statement.

2.7. Employee benefits

Short-term employee benefits, such as wages, salaries, social security contributions, paid leave and annual leave due within twelve months of the statement of financial position date and all other fringe benefits are recognised in the year in which the service is rendered by the employee.

Benefits granted to employees which are payable on or after the termination of employment through defined benefit and contribution plans are recognised over the vesting period.

Defined benefit schemes

Defined benefit schemes are retirement plans determined based on employees' remuneration and years of service.

The Company's obligation to contribute to employees' benefit plans and the related current service cost is determined by using an actuarial valuation defined as the projected unit credit method. The cumulative net amount of all actuarial gains and losses are recognised in equity within other comprehensive income.

With reference to defined benefit plans, the increase in present value of the defined benefit obligation for employee service in prior periods (past service cost) is accounted as an expense on a straight-line basis over the average period until the benefits become vested.

The amount recognised as a liability under the defined benefit plans is the present value of the related obligation, taking into consideration expenses to be recognised in future periods for employee service in prior periods.

Defined contribution schemes

Contribution made to a defined contribution plan is recognised as an expense in the income statement in the period in which the employees render the related service.

Up to December 31, 2006 Italian employees were eligible to defined benefit schemes referred as post-employment benefit ("TFR"). With the act n. 296 as of December 27, 2006 and subsequent decrees ("Pension Reform") issued in early 2007, the rules and the treatment of TFR scheme were changed. Starting from contribution vested on or after January 1, 2007 and not yet paid at the reporting date, referring to entities with more than 50 employees, Italian post-employment benefits is recognised as a defined contribution plan. The contribution vested up to December 31, 2006 is still recognised as a defined benefit plan and accounted for using actuarial assumptions.

2.8. Share- based payments

The fair value at grant date of the incentives granted to employees in the form of share-based payments that are equity settled is usually included in expenses, with a matching increase in equity, over the period during which the employees obtain the incentives rights. The amount recognized as an expense is adjusted to reflect the actual number of incentives for which the continued service conditions are met and the achievement of non-market conditions, so that the final amount recognized as an expense is based on the number of incentives that fulfill these conditions at the vesting date. In case the incentives granted as share-based payments whose conditions are not to be considered to maturity, the fair value at the grant date of the share-based payment is measured to reflect such conditions. With reference to the non-vesting conditions, any differences between amounts at the grant date and the actual amounts will not have any impact on the financial statements.

The fair value of the amount payable to employees related to share appreciation rights, settled in cash, is recognized as an expense with a corresponding increase in liabilities over the period during which the employees unconditionally become entitled to receive the payment. The liability is measured at year-end and the settlement date based on the fair value of the share appreciation rights. Any changes in the fair value of the liability are recognized in profit or loss for the year.

2.9. Provisions for risks and charges

Provisions for risks and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation and where the amount of the obligation can be reliably estimated.

Changes in estimates are recognised in the income statement in the period in which they occur.

2.10. Revenue recognition

Revenues are recognised when it is probable that the economic benefits associated with the transactions will flow to the Company and the amount can be measured reliably. Revenue, which is stated excluding value added tax and other sales related taxes, is the amount receivable for goods supplied less returns, trade discounts and allowances. Royalties received from licensee are accrued as earned on the basis of the terms of the relevant royalty agreement which is typically based on sales volumes.

2.11. Borrowing costs

Borrowing costs are recognized on an accrual basis taking into consideration interest accrued on the net carrying amount of financial assets and liabilities using the effective interest rate method.

2.12. Taxation

Tax expense recognised in the consolidated income statement represents the aggregate amount related to current tax and deferred tax.

Current tax is determined in accordance with enforced rules established by local tax authorities. Current taxes are recognised in the consolidated income statement for the period, except to the extent that the tax arises from transactions or events which are recognised directly either in equity or in other comprehensive income.

Deferred tax liabilities and assets are determined based on temporary taxable or deductible differences arising between the tax bases of assets and liabilities and their carrying amounts in the Company's financial statements. Current and deferred tax assets and liabilities are offset when income taxes are levied by the same tax authority and when there is a legally enforceable right to offset the amounts.

Deferred tax liabilities and assets are determined using tax rates that have been enacted by the reporting date and are expected to be enforced when the related deferred income tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are not discounted.

Deferred tax assets recognised on tax losses and on deductible differences are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

2.13. Foreign currency

The amounts included in the financial statements of each Group company are prepared using the currency of the country in which the company conducts its business.

Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate in effect at the transaction date. The assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rate prevailing at that date. Exchange differences arising from the conversion or settlement of these items due to different rates used from the time of initial recognition are recorded in the income statement.

2.14. Fair value

IFRS 13 is the only point of reference for the fair value measurement and related disclosures when such an assessment is required or permitted by other standards. Specifically, the principle defines fair value as the consideration received for the sale of an asset or the amount paid to settle a liability in a regular transaction between market participants at the measurement date. In addition, the new standard replaces and provides for additional disclosures required in relation to fair value measurements by other accounting standards, including IFRS 7.

IFRS 13 establishes a hierarchy that classifies within different levels the inputs used in the valuation techniques necessary to measure fair value. The levels, presented in a hierarchical order, are as follows:

- level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: it Fair values measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- level 3: Fair values measured using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

2.15. Accounting standards and recently published interpretations

Accounting standards, amendments and interpretations effective from January 1, 2016

Improvements to IFRS (2010-2012 cycle)

This document introduces amendments to IFRS 2 – Share-based Payment (new definitions of a vesting condition and a market condition and additional definitions of a performance condition and a service condition), IFRS 3 – Business Combinations (clarifications of certain aspects regarding the classification and measurement of contingent consideration, with the resulting amendments to IAS 39 and IAS 37), IFRS 8 – Operating Segments (new disclosure requirements are introduced for segment aggregation and clarifications are provided on the reconciliation of total segment assets), IFRS 13 – Fair Value Measurement (clarifications on short-term receivables and payables with no stated interest rates), IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets (a clarification that if the revaluation model is used, adjustments to accumulated depreciation or amortisation are not always proportional to the adjustment of the gross carrying amount) and IAS 24 – Related-party Disclosures (clarifications on management entities and the relevant disclosures required).

Defined Benefit Plans: Employee Contributions (amendments to IAS 19)

The aim of this amendment to IAS 19 is to enable entities to simplify their accounting for defined benefit plans if the contributions made by employees or third parties satisfy specific requirements.

Accounting for acquisitions of interests in joint operations (amendments to IFRS 11)

In May 2014, the IASB issued amendments to IFRS 11 - Joint arrangements: Accounting for acquisitions of interests in joint operations which clarifies the accounting for acquisitions of an interest in a joint operation that constitutes a business.

Agriculture: bearer plants (amendments to IAS 16 and IAS 41)

This amendment introduces the possibility of accounting for bearer plants under IAS 16 rather than under IAS 41.

Clarification on acceptable methods of depreciation (amendments to IAS 16 and to IAS 38)

In May 2014, the IASB issued an amendment to IAS 16 - Property, Plant and Equipment and to IAS 38 – Intangible Assets. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

Improvements to IFRS (2012-2014 cycle)

In September 2014 the IASB issued the Annual Improvements to IFRSs 2012-2014 cycle, a series of amendments to IFRSs in response to issues raised mainly on IFRS 5 - Non-current assets held for sale and discontinued operations, on the changes of method of disposal, on IFRS 7 - Financial Instruments: Disclosures on the servicing contracts, on the IAS 19 - Employee Benefits, on the discount rate determination.

Disclosure initiative (amendments to IAS 1)

In December 2014 the IASB issued amendments to IAS 1- Presentation of Financial Statements as part of its major initiative to improve presentation and disclosure in financial reports. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining whereand in what order information is presented in the financial disclosures.

Equity method in the separate financial statements (amendments to IAS 27 (2011))

This document introduces the option of using the equity method even in the separate financial statements.

The adoption of the interpretations and standards did not have significant impact on the consolidated financial statements of the Group.

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

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Group currently plans to apply IFRS 9 initially on January 1, 2018.

In addition, at the date of these financial statements the competent bodies of the European Union had not yet completed their endorsement process for the following accounting standards and amendments:

Document title	Issue date by IASB	Effective from
Standards		
IFRS 14 Regulatory Deferral Accounts	January 2014	Not defined
IFRS 16 Leases	January 2016	January 1, 2019
Interpretations		
IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration	December 2016	January 1, 2018
Amendments		
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 2014	Not defined
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	January 2016	January 1, 2017
Amendments to IAS 7: Disclosure Initiative	January 2016	January 1, 2017
Clarifications to IFRS 15 Revenue from Contracts with Customers	April 2016	January 1, 2018
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	June 2016	January 1, 2018
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	September 2016	January 1, 2018
Annual Improvements to IFRS Standards (2014-2016 Cycle)	December 2016	January 1, 2017 January 1, 2018
Transfers of Investment Property (Amendments to IAS 40)	December 2016	January 1, 2018

3. COMMENTS ON THE STATEMENT OF INCOME

3.1. Revenue

The company's revenues mainly include royalty income from the use of trademarks, management fees and contributions for the provision of marketing services performed on behalf of Group companies.

The increase of Euro 26,652 thousand when compared to the prior year is due to greater business volume.

3.2. General and administrative expenses

General and administrative expenses primarily include designing and product development expenses in the amount of Euro 5,882 thousand (Euro 2,239 thousand in 2015), the personnel expenses of other functions in the amount of Euro 3,990 thousand (Euro 3,156 thousand in 2015), legal, financial and administrative expenses in the amount of Euro 1,734 thousand (Euro 1,367 thousand in 2015), directors' fees in the amount of Euro 4,056 thousand (Euro 3,656 thousand in 2015), auditing and attestation service, statutory auditors expenses, costs for supervisory body and internal audit in the amount of Euro 416 thousand (Euro 474 thousand in 2015).

3.3. Advertising expenses

Advertising expenses amount to Euro 31,045 thousand (Euro 27,440 thousand in 2015) and are mostly made up of expenses related to media-plan and trade shows.

3.4. Non recurring income and expenses

The caption non recurring income and expenses for 2016 (Euro 4,866 thousand) includes the costs incurred for the stock option plans and performance shares approved by the Shareholders' Meeting of Moncler on February 28, 2014, on April 23, 2015 and on April 20, 2016 (Euro 2,490 thousand in 2015).

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

3.5. Personnel expenses, depreciaton and amortization

At December 31, 2016 the Company has 45 employees (38 at December 31, 2015).

The total personnel expenses, included under general and administrative expenses, amounted to Euro 4,982 thousand (Euro 4,026 thousand in 2015) including social security contribution of Euro 1,014 thousand (Euro 819 thousand in 2015) and leaving indemnity expenses of Euro 177 thousand (Euro 272 thousand in 2015).

In 2015 the depreciation and amortization amount to Euro 1,009 thousand (Euro 970 thousand in 2015).

3.6. Financial income and expenses

The caption is broken down as follows:

(Euro/000)	2016	2015
Interest income and other financial income	2	11
Dividends	0	0
Foreign currency differences - positive	5	0
Gain from investments	85	0
Total financial income	92	11
Interests expenses and bank charges	(667)	(1,655)
Foreign currency differences - negative	0	(236)
Total financial expenses	(667)	(1,891)
Total net	(575)	(1,880)

The caption interest expenses and bank charges decreased compared to the previous year by Euro 988 due to the normal amortization plan.

In 2016 and 2015 the company has not received dividends.

The caption gain from investments is referred to Moncler Lunettes S.r.l. liquidation.

Please see note 4.12 for additional information.

3.7. Income tax

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

(Euro/000)	2016	2015
Current income taxes	(36,845)	(31,215)
Deferred tax (income) expenses	(872)	6,935
Income statement	(37,717)	(24,280)

The amount of deferred tax in 2015 reflected the reduction of the tax rate expected at the time of potential reversal following the change introduced by the Stability Law of December 28, 2015.

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

Reconciliation theoretic-effective tax rate (Euro/000)	Taxable Amount 2016	Tax Amount 2016	Tax rate 2016	Taxable Amount 2015	Tax Amount 2015	Tax rate 2015
Profit before tax	119,261			101,182		
Income tax using the Company's theoretic tax rate		(32,797)	27.5%		(27,825)	27.5%
Temporary differences		(5)	(0.0)%		(68)	0.1%
Permanent differences		32	0.0%		(7)	0.0%
Other differences		(4,947)	(4.1)%		3,620	(3.6)%
Income tax at effective tax rate		(37,717)	31.6%		(24,280)	24.0%

The caption other differences in 2016 mainly include the IRAP current.

4. COMMENTS ON THE STATEMENT OF FINANCIAL POSITION

4.1. Brands and other intangible assets

Brands and other intangible assets (Euro/000)	2016			2015
	Gross value	Accumulated depreciation and impairment	Net value	Net value
Brands	223,900	0	223,900	223,900
Software	496	(459)	37	93
Other intangible assets	4,650	(2,405)	2,245	2,552
Assets in progress	38	0	38	0
Total	229,084	(2,864)	226,220	226,545

Intangible assets changes for the years 2016 and 2015 are shown in the following tables:

As at December 31, 2016

Gross value Brands and other intangible assets (Euro/000)	Brands	Software	Other intangible assets	Assets in progress and advances	Total
January 1, 2016	223,900	496	4,091	0	228,487
Acquisitions	0	0	559	38	597
Disposals	0	0	0	0	0
Impairment	0	0	0	0	0
Other movements, including transfers	0	0	0	0	0
December 31, 2016	223,900	496	4,650	38	229,084

Accumulated amortization Brands and other intangible assets (Euro/000)	Brands	Software	Other intangible assets	Assets in progress and advances	Total
January 1, 2016	0	(403)	(1,539)	0	(1,942)
Depreciation	0	(56)	(866)	0	(922)
Disposals	0	0	0	0	0
Other movements, including transfers	0	0	0	0	0
December 31, 2016	0	(459)	(2,405)	0	(2,864)

As at December 31, 2015

Gross value Brands and other intangible assets (Euro/000)	Brands	Software	Other intangible assets	Assets in progress and advances	Total
January 1, 2015	223,900	444	1,775	37	226,156
Acquisitions	0	52	2,279	0	2,331
Disposals	0	0	0	0	0
Impairment	0	0	0	0	0
Other movements, including transfers	0	0	37	(37)	0
December 31, 2015	223,900	496	4,091	0	228,487

Accumulated amortization Brands and other intangible assets (Euro/000)	Brands	Software	Other intangible assets	Assets in progress and advances	Total
January 1, 2015	0	(327)	(748)	0	(1,075)
Depreciation	0	(76)	(791)	0	(867)
Disposals	0	0	0	0	0
Other movements, including transfers	0	0	0	0	0
December 31, 2015	0	(403)	(1,539)	0	(1,942)

The increase in the caption other intangible assets mainly refer to the brand registration expenses.

4.2. Impairment of intangible fixed assets with an indefinite useful life

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

The impairment test on the brand was performed by comparing its carrying value with that derived from the discounted cash flow method applying the Royalty Relief Method, based on which the cash flows are linked to the recognition of a royalty percentage applied to the revenues that the brand is able to generate.

For the 2016 valuation, the expected cash flows and revenues were derived from the Business Plan 2016-2018 approved by the Board of Directors on December 16, 2015, from the Budget 2017 approved by the Board of Directors on December 15, 2016 and from the projection on year 2019 of the main assumptions underlying the aforementioned Business Plan.

The "g" rate used was 2%.

The discount rate was calculated using the weighted average cost of capital ("WACC"), by weighting the expected rate of return on invested capital, net of hedging costs from a sample of companies within the same industry. The calculation took into account fluctuation in the market as compared to the previous year and the resulting impact on interest rates. The cost of capital (WACC) was calculated at 8.30%.

The results of the sensitivity analysis indicate that the carrying amount of the Moncler brand is in line with the benchmark with a "g" rate = 0% and WACC = 18.43%.

4.3. Property, plant and equipment

Property, plant and equipment (Euro/000)	2016		2015	
	Gross value	Accumulated depreciation and impairment	Net value	Net value
Land and buildings	0	0	0	830
Plant and Equipment	5	(5)	0	0
Fixtures and fittings	0	0	0	0
Leasehold improvements	7	(7)	0	0
Other fixed assets	138	(135)	3	1
Total	150	(147)	3	831

The changes in property, plant and equipment from for 2016 and 2015 is included in the following tables:

As at December 31, 2016

Gross value Property, plant and equipment (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Total
January 1, 2016	3,358	175	1,142	7	145	4,827
Discontinued operations	0	0	0	0	0	0
Acquisitions	0	0	0	0	3	3
Disposals	(3,358)	(170)	(1,142)	0	(10)	(4,680)
Other movements, including transfers	0	0	0	0	0	0
December 31, 2016	0	5	0	7	138	150

Accumulated depreciation (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Total
January 1, 2016	(2,528)	(175)	(1,142)	(7)	(144)	(3,996)
Discontinued operations	0	0	0	0	0	0
Depreciation	(86)	0	0	0	(1)	(87)
Disposals	2,614	170	1,142	0	10	3,936
Other movements, including transfers	0	0	0	0	0	0
December 31, 2016	0	(5)	0	(7)	(135)	(147)

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As at December 31, 2015

Gross value Property, plant and equipment (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Total
January 1, 2015	3,358	175	1,142	7	145	4,827
Discontinued operations	0	0	0	0	0	0
Acquisitions	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Other movements, including transfers	0	0	0	0	0	0
December 31, 2015	3,358	175	1,142	7	145	4,827

Accumulated depreciation and impairment PPE (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Total
January 1, 2015	(2,433)	(175)	(1,139)	(7)	(139)	(3,893)
Discontinued operations	0	0	0	0	0	0
Depreciation	(95)	0	(3)	0	(5)	(103)
Disposals	0	0	0	0	0	0
Other movements, including transfers	0	0	0	0	0	0
December 31, 2015	(2,528)	(175)	(1,142)	(7)	(144)	(3,996)

The decrease of property, plant and equipment in 2016 is mainly due to the disposal of the building located in Carasco (GE).

4.4. Investments in subsidiaries

Investments in subsidiaries are detailed in the following table:

Investments in subsidiaries (Euro/000)	Country	% ownership		Carrying amount	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Industries S.p.A.	Italy	100%	100%	233,116	222,231
Moncler Lunettes	Italy	0%	51%	0	303
Total				233,116	222,534

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

Summary of subsidiary's financial information (Euro/000)	December 31, 2016				
	Assets	Liabilities	Net equity	Revenues	Profit/(Loss)
Industries S.p.A.	552,066	235,879	316,187	648,312	78,082
Moncler Lunettes	0	0	0	128	358
Total	552,066	235,879	316,187	648,440	78,440

Summary of subsidiary's financial information (Euro/000)	December 31, 2015				
	Assets	Liabilities	Net equity	Revenues	Profit/(Loss)
Industries S.p.A.	479,060	250,442	228,618	584,419	75,848
Moncler Lunettes	1,064	387	677	2,244	84
Total	480,124	250,829	229,295	586,663	75,932

With reference to Industries S.p.A., it should be noted that the investment carrying value includes also the higher value recognized during its acquisition and attributable to the goodwill entirely allocated to Moncler business. At the reporting date, management found that there was no risk of impairment of the carrying amount.

however lower than the net equity of the subsidiary, is fully recoverable given the positive performance of Moncler business and the current outlook; these assumptions are also supported by the impairment test performed on the consolidated cash generating unit of the Moncler business described in the consolidated financial statements of the Moncler Group. The increase of the carrying value of the investment arises from the accounting treatment of the stock option plans and performance shares adopted by the Company and described in note 8.2.

Furthermore, the market capitalization of the Company, based on the average price of Moncler share in 2016, shows a positive difference with respect to the net equity, indirectly confirming the value of the goodwill attributable to the Moncler business.

Please refer to the consolidated financial statements for a complete list of the Group companies directly and indirectly controlled by the Company.

4.5. Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are offset only when there is a law within a given tax jurisdiction which provides for such right to offset. The balances were as follows as at December 31, 2016 and December 31, 2015:

Deferred taxation		
(Euro/000)	December 31, 2016	December 31, 2015
Deferred tax assets	1,588	1,968
Deferred tax liabilities	(64,110)	(63,638)
Net amount	(62,522)	(61,670)

Changes in deferred tax assets and deferred tax liabilities are detailed in the following table:

Deferred tax assets (liabilities) (Euro/000)	Opening balance - January 1, 2016	Taxes charged to the income statement	Taxes accounted for in Equity	Other movements	Closing balance - December 31, 2016
Intangible assets	0	0	0	0	0
Derivatives	0	0	0	0	0
Employee benefits	4	0	20	0	24
Provisions	0	0	0	0	0
Other temporary items	1,964	(400)	0	0	1,564
Tax assets	1,968	(400)	20	0	1,588
Intangible assets	(61,224)	(472)	0	0	(61,696)
Financial assets	(2,414)	0	0	0	(2,414)
Tax liabilities	(63,638)	(472)	0	0	(64,110)
Net deferred tax assets (liabilities)	(61,670)	(872)	20	0	(62,522)

Deferred tax assets (liabilities) (Euro/000)	Opening balance - January 1, 2015	Taxes charged to the income statement	Taxes accounted for in Equity	Other movements	Closing balance - December 31, 2015
Intangible assets	12	(12)	0	0	0
Derivatives	2	0	(2)	0	0
Employee benefits	28	0	(24)	0	4
Provisions	4	(3)	0	(1)	0
Other temporary items	2,526	(563)	0	1	1,964
Tax assets	2,572	(578)	(26)	0	1,968
Intangible assets	(68,386)	7,161	0	1	(61,224)
Financial assets	(2,766)	352	0	0	(2,414)
Derivatives	0	0	0	0	0
Tax liabilities	(71,152)	7,513	0	1	(63,638)
Net deferred tax assets (liabilities)	(68,580)	6,935	(26)	1	(61,670)

The decrease in deferred tax liabilities in 2015 compared to 2014 was mainly due to the reduction of the tax rate expected at the time of potential reversal following the change introduced by the Stability Law of December 28, 2015.

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

Deferred tax assets (liabilities) (Euro/000)	Taxable Amount 2016	Closing balance - December 31, 2016	Taxable Amount 2015	Closing balance - December 31, 2015
Employee benefits	102	24	15	4
Other temporary items	6,126	1,564	7,541	1,964
Tax assets	6,228	1,588	7,556	1,968
Intangible assets	(221,127)	(61,696)	(219,438)	(61,224)
Financial assets	(10,064)	(2,414)	(10,064)	(2,414)
Tax liabilities	(231,191)	(64,110)	(229,502)	(63,638)
Net deferred tax assets (liabilities)	(224,963)	(62,522)	(221,946)	(61,670)

The caption other temporary items mainly refers to the costs incurred for the listing process and to the Directors' remunerations.

4.6. Trade receivables

Trade receivables (Euro/000)	December 31, 2016	December 31, 2015
Trade receivables, third parties	230	74
Trade receivables, intra-group	53,943	48,533
Provision for impairment	(7)	(7)
Total, net value	54,166	48,600

Trade receivables are originated from the marketing and communication operations of the Company related to the brand development and Group operations and are mostly considered intercompany transactions.

There are no trade receivables with a due date greater than five years. There is no difference between the book value and the fair value of trade receivables.

Trade receivables from Group companies mainly related to the receivable from the subsidiary Industries S.p.A. resulting from the royalties for the use of the Moncler trademark, management fees and fees for marketing services.

4.7. Cash and cash equivalents

As at December 31, 2016, the caption cash on hand and in bank amounts to Euro 1,487 thousand (Euro 788 thousand as at December 31, 2015) and includes funds available in banks. Please refer to the statement of cash flows for further information related to cash fluctuation.

Cash and cash equivalents included in the Statement of cash flow		
(Euro/000)	December 31, 2016	December 31, 2015
Cash in hand and at the bank	1,487	788
Other current financial assets	0	0
Total	1,487	788

4.8. Other current assets

Other current assets		
(Euro/000)	December 31, 2016	December 31, 2015
Advances on account to vendors	1,314	117
Prepaid expenses	720	752
Tax receivables excluding income taxes	1,261	1,180
Other current assets	12	40
Other current assets, intra-group	0	40
Total other current assets	3,307	2,129

The caption other current taxes consists mainly of the receivable due from the tax authority related to IRES receivable for personnel expenses not deducted for IRAP purposes as well as the VAT receivable.

There are no other receivable with a maturity date greater than twelve months. There are no differences between the amounts included in the consolidated financial statements and their fair values.

4.9. Trade payables

As at December 31, 2016, the caption trade payables pertains mostly to marketing and communication services.

Trade payables (Euro/000)	December 31, 2016	December 31, 2015
Trade payables, third parties	18,643	14,718
Trade payables, intra-group	363	411
Total	19,006	15,129

Details of the transactions with subsidiaries are provided in the note 9.1 on related parties.

4.10. Other current payables

As at December 31, 2016, the caption other current payables included the following:

Other current liabilities (Euro/000)	December 31, 2016	December 31, 2015
Directors and audit related payables	2,281	1,907
Amounts payable to employees and consultants	1,036	664
Employees taxation payables	477	563
Other current liabilities	333	230
Other current liabilities, intra-group	22,014	11,701
Total	26,141	15,065

As at December 31, 2016, similar to the prior year, the caption other current liabilities, intra-group includes mainly amounts related to the fiscal consolidation. For additional information please see note 8.1.

4.11. Pension fund (TFR)

As at December 31, 2016, the caption includes the employee pension fund as detailed in the following table:

Employees pension funds - movements		
(Euro/000)	December 31, 2016	December 31, 2015
Net recognized liability - opening	442	469
Interest costs	10	7
Service costs	156	156
Payments	(68)	(101)
Actuarial (Gains)/Losses	118	(89)
Net recognized liability - closing	658	442

The actuarial valuation of employee termination benefits (TFR) is based on the Projected Unit Credit Cost method. Reported below are the main economic and demographic assumptions utilised for actuarial valuations.

Assumptions	
Discount rate	1.31%
Inflation rate	1.50%
Nominal rate of wage growth	1.50%
Labour turnover rate	3.58%
Probability of request of advances of TFR	4.42%
Percentage required in case of advance	70.00%
Life Table - Male	M2015 (*)
Life Table - Female	F2015 (*)

(*) Table ISTAT - resident population

The following table shows the effect of variations, within reasonable limits, in key actuarial assumptions on defined benefit plan obligations at year end.

Sensitivity analysis	
(Euro/000)	Variation
Discount rate +0,5%	(44)
Discount rate -0,5%	45
Rate of payments Increases x(1+20%)	(1)
Rate of payments Decreases x(1-20%)	(1)
Rate of Price Inflation Increases (+0,5%)	37
Rate of Price Inflation Decreases (-0,5%)	(35)
Rate of Salary Increases (+0,5%)	22
Rate of Salary Decreases (-0,5%)	(20)
Increase the retirement age (+1 year)	4
Decrease the retirement age (-1 year)	(4)
Increase longevity (+1 year)	0
Decrease longevity (-1 year)	(0)

4.12. Due to banks and financial debt

Borrowings		
(Euro/000)	December 31, 2016	December 31, 2015
Short-term portion of long-term bank loans	23,972	23,939
Intra-group short-term borrowings	10,399	22,802
Short-term borrowings	34,371	46,741
Long-term borrowings	0	23,972
Totale	34,371	70,713

On December 31, 2016, Moncler SpA has a loan that amounts to Euro 24 million (Euro 48 million as at December 31, 2015) payable on a half-year basis and expiring on December 31, 2017. As at December 31, 2016 the current short-term portion of this loan amounts to Euro 24 million (Euro 24 million current short-term portion and Euro 24 million the long-term portion as at December 31, 2015).

As at December 31, 2015, the IRS contract hedging the exposure to interest rate risk on the outstanding unsecured loan was terminated upon expiry.

The decrease of caption intra-group short-term borrowings mainly pertain to the reimbursement of the loan issued on arm length basis by the subsidiary Industries S.p.A. For further information, please refer to note 8.1.

The following tables show the break-down of the borrowing in accordance with their maturity date:

Ageing financial liabilities	December 31, 2016	December 31, 2015
(Euro/000)		
Within 2 years	0	23,972
Total	0	23,972

The loans do not include covenants.

4.13. Tax assets and liabilities

Tax liabilities amounted to Euro 1,875 thousand as at December 31, 2016, net of current tax assets (Euro 14,895 as at December 31, 2015). The balance pertains to IRES and IRAP payable.

4.14. Shareholders' equity

As at December 31, 2016 the subscribed share capital constitute by 250,214,724 shares was fully paid and amounted to Euro 50,042,945 with a nominal value of Euro 0.20 per share.

Changes in shareholders' equity for 2016 and the comparative period are included in the consolidated statements of changes in equity.

On February 12, 2016 Moncler bought 1,000,000 Company shares, equal to 0.4% of the current share capital, for a total amount of Euro 12.8 million.

The increase of the share capital and the share premium reserve arises from the exercise of n. 90,266 vested options (for the same number of shares) in relation to the stock option plan approved by the shareholders meeting of Moncler S.p.A. dated February 28, 2014 at the exercise price of Euro 10.20 per share.

The other changes in shareholders' equity result from the accounting treatment of stock option plans.

The change in retained earnings mainly relates to the payment of dividends to shareholders and the adjustment to market value of the financial liabilities towards non-banking parties.

In 2016 the Company distributed dividends to the shareholders for an amount of Euro 34,882 thousand (Euro 30,014 thousand in 2015).

The following table includes details about how the shareholders reserve should be used:

Information on reserves						
(Euro)	Amount	Possible use	Available amount	Non-available amount	Amounts used in the previous 3 years to hedge losses	Amounts used in the previous 3 years for other reason
Share capital	50,042,945	-	-	50,042,945	-	-
Reserves:						
Legal reserve	10,300,000	B	-	10,300,000	-	-
Share premium	109,186,923	A, B, C	109,186,923 ^(*)	-	-	-
OCI Reserve	(145,112)	-	-	(145,112)	-	-
IFRS 2 Reserve	26,659,632	A, B, C	26,659,632	-	-	-
Retained earnings	96,137,537	A, B, C	95,992,425	145,112	-	55,013,645
Total share capital and reserves	292,181,925		231,838,980	60,342,945	-	55,013,645
Non distributable amount			0			
Distributable remaining amount			231,838,980			

Explanation: A share capital increase - B hedge of losses - C distribution to the shareholders

(*) Share premium reserve entirely available after allocating to legal reserve up to 20% of the share capital

The caption OCI (“Other Comprehensive Income”) reserve includes the actuarial risks related to the employee pension fund.

Changes in that reserve is as follows:

Other comprehensive income (Euro/000)	Employees pension fund - actuarial valuation			Fair value IRS		
	Value before tax effect	Tax effect	Value after tax effect	Value before tax effect	Tax effect	Value after tax effect
Reserve as at January 1, 2015	(144)	31	(113)	(8)	2	(6)
Reclassification to Other reserves	0	0	0	0	0	0
Changes in the period	89	(24)	65	8	(2)	6
Translation differences of the period	0	0	0	0	0	0
Reversal in the income statement of the period	0	0	0	0	0	0
Reserve as at December 31, 2015	(55)	7	(48)	0	0	0
Reserve as at January 1, 2016	(55)	7	(48)	0	0	0
Reclassification to Other reserves	0	0	0	0	0	0
Changes in the period	(117)	20	(97)	0	0	0
Translation differences of the period	0	0	0	0	0	0
Reversal in the income statement of the period	0	0	0	0	0	0
Reserve as at December 31, 2016	(172)	27	(145)	0	0	0

5. COMMITMENTS AND GUARANTEES GIVEN

5.1. Commitments

The Company does not have any significant operating lease commitments.

5.2. Guarantees given

As at the date of the financial statements, the Company had no guarantees toward the Group companies nor third parties.

6. CONTINGENT LIABILITY

The Company is subject to risks which may arise during the performance of its ordinary activities. Based on information available to date, management believes that there currently are no contingent liability that need to be accrued in the financial statements.

7. INFORMATION ABOUT FINANCIAL RISKS

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

The Company is mostly exposed to interest rate risk, liquidity risk and capital risk.

7.1. Market risk

Exchange rate risk

The Company operated mostly with companies in Euro and, as such, the exposure to exchange rate risk was limited. As at December 31, 2016, a small portion of the Company's assets and liabilities (i.e. trade receivables and payables) denominated in a currency different from its functional currency.

Interest rate risk

The Company's exposure to interest rate risk is connected mostly to changes in interest rates relate to outstanding loans.

On December 31, 2016, the Company has an unsecured loan in the residual amount of Euro 24 million (Euro 48 million as at December 31, 2015), payable on a half-year basis and expiring on December 31, 2017. The applicable interest rate is Euribor plus a market spread. As at December 31, 2016 the residual loan amounts to Euro 24 million (Euro 24 million current short-term portion and Euro 24 million the long-term portion as at December 31, 2015).

In order to hedge its exposure to interest rate risk, the Company, in the past, entered into hedge operations IRS (Interest Rate Swap). As at December 31, 2015, the hedge has expired and following the analysis of expected interest rates for the period of the loan (two years), the management considered the hedge no longer suitable.

As far as financial debts are concerned, a fluctuation of +/- 0.25% in the interest rate would have led on the net results for the year ended December 31, 2016 to a worsening of Euro 169 thousand in financial charges and an improvement of Euro 169 thousand.

With reference to the provisions of IFRS 13, it should be pointed out that the category of financial instruments measured at fair value is mainly attributable to the hedging of interest rate risk. The valuation of these instruments is based on the discounting of future cash flows considering the interest rates at the reporting date (level 2 as explained in the section related to principles).

The Company is not exposed to changes in currency interest rates.

7.2. Credit risk

The Company has no significant concentrations of credit risk with companies that are not part of the Group. The maximum exposure to credit risk is represented by the amount reported in the financial statements.

As far as the credit risk arising from other financial assets other than trade receivables (including cash and short-term bank deposits) is concerned, the credit risk for the Company arises from default of the counterparty with a maximum exposure equal to the carrying amount of financial assets recorded in the financial statements.

7.3. Liquidity risk

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

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

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

Non derivative financial liabilities (Euro/000)	Total book value	Contractual cash flows							
		Total	6 months or less	6-12 months	1-2 years	2-3 anni years	3-4 anni years	4-5 anni years	more than 5 years
Bank overdrafts	0	0	0	0	0	0	0	0	0
Self-liquidating loans	0	0	0	0	0	0	0	0	0
Financial debt to third parties	0	0	0	0	0	0	0	0	0
Unsecured loans	23,972	24,161	7,294	16,867	0	0	0	0	0

Derivative financial liabilities (Euro/000)	Total book value	Contractual cash flows							
		Total	6 months or less	6-12 months	1-2 years	2-3 anni years	3-4 anni years	4-5 anni years	more than 5 years
Interest rate swap hedging	0	0	0	0	0	0	0	0	0
Forward contracts on exchange rate hedging	0	0	0	0	0	0	0	0	0
- Outflows	0	0	0	0	0	0	0	0	0
- Inflows	0	0	0	0	0	0	0	0	0

7.4. Operating and capital management risks

In the management of operating risk, the Company's main objective is to manage the risks associated with the development of business in foreign markets that are subject to specific laws and regulations.

The Group has implemented guidelines in the following areas:

- appropriate level of segregation of duties;

- reconciliation and constant monitoring of significant transactions;
- documentation of controls and procedures;
- technical and professional training of employees;
- periodic assessment of corporate risks and identification of corrective actions.

As far as the capital management risk is concerned, the Company's objectives are aimed at the going concern issue in order to ensure a fair economic return to shareholders and other stakeholders while maintaining a good rating in the capital debt market. The Company manages its capital structure and makes adjustments in line with changes in general economic conditions and with the strategic objectives.

8. OTHER INFORMATION

8.1. Related-party transactions

Set out below are the transactions with related parties deemed relevant for the purposes of the “Related-party procedure” adopted by the Group.

The “Related-party procedure” is available on the Company’s website (www.monclergroup.com, under “Governance/Corporate documents”).

Transactions with subsidiaries are of a commercial nature and are conducted at market conditions similar to those conducted with third parties and are detailed as follows:

Intercompany balances		December 31, 2016	
(Euro/000)	Receivables	Payables	Net value
Industries S.p.A.	53,278	(32,527)	20,751
Moncler Suisse Sa	1	0	1
Moncler France S.a.r.l.	0	(5)	(5)
Moncler USA Inc.	3	(108)	(105)
Moncler USA Retail Llc	656	0	656
Industries Yield S.r.l.	5	0	5
Moncler Shinsegae Inc.	0	(136)	(136)
Moncler Japan Corporation	0	0	0
Total	53,943	(32,776)	21,167

Intercompany transactions		2016	
(Euro/000)	Revenues	Expenses/Other revenues net	Net value
Industries S.p.A.	173,660	(241)	173,419
Moncler Suisse Sa	0	1	1
Moncler France S.a.r.l.	0	(5)	(5)
Moncler USA Inc.	0	(59)	(59)
Moncler USA Retail Llc	0	657	657
Industries Yield S.r.l.	0	0	0
Moncler Shinsegae Inc.	0	0	0
Moncler Japan Corporation	0	0	0
Total	173,660	353	174,013

Moncler S.p.A. granted to the subsidiary Industries S.p.A. a license to use the Moncler brand. Based on the license agreement, the Company is remunerated through payments of royalties and advertising contributions.

The total amount of royalties, advertising contributions and consulting fees for fiscal year 2016 amounted to Euro 173.7 million (Euro 146.8 million in 2015).

In addition, the Company has entered into a legal, fiscal and administrative consulting agreement with Industries S.p.A.

Please note that Moncler S.p.A. is part of the Group's fiscal consolidation and is responsible for taxes payable and the related interests associated with taxable income of Industries S.p.A., Moncler Lunettes S.r.l. and Moncler Enfant S.r.l.

Compensation paid of the members of the Board of Directors in 2016 are Euro 4,083 thousand (Euro 3,656 thousand in 2015).

Compensation paid of the members of the Board of Auditors in 2015 are Euro 142 thousand (same amount in 2015).

In 2016 the costs relating to stock option plans and performance shares (described in note 8.2) referring to members of the Board of Directors amount to Euro 3,544 thousand (Euro 1,837 thousand in 2015).

There are no other related-party transaction.

The following tables summarize the afore-mentioned related-party transactions that took place during 2016 and the prior year:

(Euro/000)	Type of relationship	Note	December 31, 2016	%	December 31, 2015	%
Industries S.p.A.	Trade transactions	c	173,660	99.9%	146,816	99.8%
Industries S.p.A.	Trade transactions	b	0	0.0%	54	(0.1)%
Industries S.p.A.	Trade transactions	b	(81)	0.2%	(102)	0.2%
Industries S.p.A.	Interest expense on financing agreement	a	(160)	24.2%	(846)	44.7%
Moncler USA Retail Llc	Trade transactions	c	0	0.0%	0	0.0%
Moncler Suisse Sa			0	0.0%	0	0.0%
Moncler France S.a.r.l.	Trade transactions	b	(5)	0.0%	0	0.0%
Moncler Lunettes S.r.l.	Trade transactions	c	0	0.0%	151	0.1%
Moncler Lunettes S.r.l.	Trade transactions	b	0	0.0%	(16)	0.0%
Moncler USA Inc.	Trade transactions	c	0	0.0%	3	0.0%
Moncler USA Inc.	Trade transactions	b	(59)	0.1%	(44)	0.1%
Moncler USA Retail Llc	Trade transactions	b	657	(1.2)%	0	0.0%
Moncler Suisse Sa	Trade transactions	b	1	0.0%	0	0.0%
Moncler Shinsegae Inc.	Trade transactions	b	0	0.0%	(134)	0.3%
Moncler Japan Corporation	Trade transactions	c	0	0.0%	4	0.0%
Moncler Japan Corporation	Trade transactions	b	0	0.0%	(7)	0.0%
Directors and board of statutory auditors	Labour services	b	(4,225)	7.8%	(3,798)	8.6%
Directors and board of statutory auditors	Labour services	b	(3,544)	6.6%	(1,837)	4.2%
Total			166,244		140,244	

a- % calculated based on total financial costs

b- % calculated on operating costs

c- % calculated on revenues

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(Euro/000)	Type of relationship	Note	December 31, 2015	%	December 31, 2014	%
Industries S.p.A.	Trade payables	b	(114)	0.6%	(227)	1.5%
Industries S.p.A.	Financial debt	a	(10,399)	30.3%	(22,802)	32.2%
Industries S.p.A.	Debt from fiscal consolidation	d	(22,014)	84.2%	(11,676)	77.5%
Industries S.p.A.	Trade receivables	c	53,278	98.4%	48,530	99.9%
Moncler USA Retail Llc	Trade receivables	c	656	1.2%	0	0.0%
Industries Yield S.r.l.	Trade receivables	c	5	0.0%	0	0.0%
Moncler Enfant S.r.l.	Debt from fiscal consolidation	d	0	0.0%	(26)	0.2%
Moncler Suisse Sa	Trade receivables	c	1	0.0%	0	0.0%
Moncler Lunettes S.r.l.	Credit from fiscal consolidation	e	0	0.0%	40	1.9%
Moncler France S.a.r.l.	Trade payables	b	(5)	0.0%	0	0.0%
Moncler USA Inc.	Trade receivables	c	3	0.0%	3	0.0%
Moncler USA Inc.	Trade payables	b	(108)	0.6%	(43)	0.3%
Moncler Shinsegae Inc.	Trade payables	b	(136)	0.7%	(134)	0.9%
Moncler Japan Corporation	Trade payables	b	0	0.0%	(7)	0.0%
Directors and board of statutory auditors	Other current liabilities	d	(2,281)	8.7%	(1,907)	12.7%
Total			18,886		11,751	

a incidenza % calcolata sui debiti finanziari totali

b incidenza % calcolata sui debiti commerciali

c incidenza % calcolata sui crediti commerciali

d incidenza % calcolata sulle altre passività correnti

The following tables summarize the weight of related-party transactions on the financial statements as at and for the years ended December 31, 2016 and 2015:

December 31, 2016								
(Euro/000)	Revenues	Operating expenses	Total interest expenses	Trade receivables	Other current assets	Trade payables	Other payables, current	Total financial debt
Total related parties	173,660	(7,256)	(160)	53,943	0	(363)	(24,295)	(10,399)
Total financial statement	173,766	(53,929)	(662)	54,167	3,307	(19,006)	(26,141)	(34,371)
Weight %	99.9%	13.5%	24.2%	99.6%	0.0%	1.9%	92.9%	30.3%
December 31, 2015								
(Euro/000)	Revenues	Operating expenses	Total interest expenses	Trade receivables	Other current assets	Trade payables	Other payables, current	Total financial debt
Total related parties	146,974	(5,884)	(846)	48,533	40	(411)	(13,609)	(22,802)
Total financial statement	147,114	(44,052)	(1,891)	48,600	2,129	(15,129)	(15,065)	(70,713)
Weight %	99.9%	13.4%	44.7%	99.9%	1.9%	2.7%	90.3%	32.2%

8.2. Stock option plans

The Financial Statements as at December 31, 2016 reflect the values of the stock option plans approved in 2014 and 2015 and the value of the new Performance Share Plan approved in 2016.

With regard to stock option plans approved in 2014, please note that:

- The Stock Option 2014-2018 plan “Top Management and Key people” provides for a vesting period ending with the approval of the consolidated financial statements as at December 31, 2016. Each beneficiary may exercise the options granted on condition that the specific performance goals related to Group’s consolidated EBITDA are achieved. The exercise price of the options is equal to Euro 10.20 and allows for the subscription of shares in the ratio of one ordinary share for every option exercised;
- The Stock Option 2014-2018 plan “Italian Corporate Structures” provides for three separate tranches with a vesting period starting from the grant date of the plan until the approval date by the Board of Directors of the consolidated financial statements respectively as at December 31, 2014, 2015 and 2016. Each beneficiary may exercise the options granted on condition that the specific performance goals related to Group’s consolidated EBITDA are achieved. The exercise price of the options is equal to Euro 10.20 and allows for the subscription of shares in the ratio of one ordinary share for every option exercised;
- The fair value of stock options was estimated at the grant date using the Black-Scholes method, based on the following assumptions:
 - share price at the grant date of the options Euro 13.27;
 - estimated life of options equal to the period from the grant date to the following estimated exercise dates:
 - Stock Option Plan for Top Management and Key People: March 1, 2018;
 - Stock Option Plan for Italian Corporate Structures: I tranche March 1, 2017, II tranche August 31, 2017, III tranche March, 1 2018;
 - dividend yield 1%;
 - fair value per tranche from Euro 3.8819 to Euro 4.1597.
- The effect of the two plans on the 2016 income statement amounted to Euro 2,486 thousand, while the increasing on net equity of the exercise of the first and second tranches of the plan “Italian Corporate Structures” amounts to Euro 921 thousand.
- As at December 31, 2016 the following options are still in circulation: 4,405,000 options for the “Top Management Plan and Key People” and 166,700 options for the “Italian Corporate Structures Plan”, after the exercising of 90,266 shares related to first and

second tranches during 2016 of the plan “Italian Corporate Structures”. With reference to Moncler S.p.A., as at December 31, 2016 the following options are still in circulation: 1,760,000 options for the Top Management Plan and Key People and 8,968 options for the Italian Corporate Structures Plan.

With regard to stock option plans approved in 2015, please note that:

- The 2015 Plan is intended for executive directors and/or Key-managers with strategic responsibilities employees and external consultants and other collaborators of Moncler S.p.A. and its subsidiaries which are considered as having a strategic importance or are otherwise able to make a significant contribution to achieving Group's strategic objectives;
- The 2015 Plan provides for the assignment of maximum 2,548,225 options through 3 cycles of allocation, free of charge. The options allow, under the conditions established, to subscribe ordinary shares of Moncler S.p.A. The first grant cycle was completed on May 12, 2015, with the allocation of 1,385,000 options;
- The exercise price of the options is equal to Euro 16.34 and allows for the subscription of shares in the ratio of one ordinary share for every option exercised;
- The 2015 Plan provides for a vesting period of three years between the allocation date and the initial exercise date. The option can be exercised within June 30, 2020 maximum, for the first attribution cycle and June 30, 2021 or June 30, 2022, respectively, for the second and third attribution cycle;
- Each beneficiary may exercise the options granted on condition that the specific performance goals related to Group's consolidated EBITDA are achieved;
- The fair value of 2015 Plan was estimated at the grant date using the Black-Scholes method, based on the following assumptions:
 - share price at the grant date of the options Euro 16.34;
 - estimated life of options equal to the period from the grant date to the following estimated exercise: May 31, 2019;
 - dividend yield 1%;
 - fair value per tranche Euro 3.2877.
- The effect on the income statement of 2016 of the 2015 Plan amounts to Euro 12 thousand, which mainly includes the costs accrued during the period, calculation of which is based on the fair value of the plans, which takes into account the value of the share at the grant date, the volatility, the flow of the expected dividends, the option term and the risk-free rate.

- As at December 31, 2016 there are still in circulation 1,195,000 options. With reference to Moncler S.p.A., as at December 31, 2016 there are still in circulation 20,000 options.

On April 20, 2016, the shareholders meeting of Moncler approved the adoption of a stock grant plan entitled "2016-2018 Performance Shares Plan" ("2016 Plan") addressed to Executive Directors and/or Key Managers, and/or employees, and/or collaborators, and/or external consultants of Moncler S.p.A. and of its subsidiaries, which have strategically relevant roles or are otherwise capable of making a significant contribution, with a view to pursuing the Group's strategic objectives.

The object of the Plan is the free granting of the Moncler shares in case certain Performance Targets are achieved at the end of the vesting period of 3 years.

The proposed maximum number of shares serving the Plan is equal to No. 3,800,000 resulting from a Capital Increase and/or from the allocation of treasury shares.

The Performance Targets will have to be assessed in compliance with the 2016-2018 approved business plan, and are expressed base on the earning per share index ("EPS") of the Group in the Vesting Period, adjusted by the conditions of over\under performance.

The Plan provides for a maximum of 3 cycles of attribution; the first attribution cycle ended with the assignment of 2,856,000 Moncler Rights.

As at December 31, 2016 there are still 2,838,000 rights. With reference to Moncler S.p.A., as at December 31, 2016 there are still in circulation 750,500 rights.

The effect on the income statement of 2016 amounts to Euro 2,160 thousand.

As stated by IFRS 2, these plans are defined as Equity Settled.

For information regarding the plan, please see the company's website, www.monclergroup.com, in the "Governance/Shareholders' Meeting" section.

8.3. Significant non-recurring events and transactions

On April 20, 2016, the Moncler Ordinary Shareholders' Meeting approved an incentive loyalty plan, known as "Performance Shares 2016-2018" (Plan 2016).

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

8.4. Atypical and/or unusual transactions

It should be noted that during 2016 the Company did not enter into any atypical and/or unusual transactions.

8.5. Financial instruments

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

December 31, 2016				
(Euro/000)	Current	Non-current	Fair value	Level
Financial assets measured at fair value				
Interest rate swap used for hedging	-	-	-	
Forward exchange contracts used for hedging	-	-	-	2
Sub-total	-	-	-	
Financial assets not measured at fair value				
Trade and other receivables (*)	223,497	-	-	
Cash and cash equivalents (*)	1,486,546	-	-	
Sub-total	1,710,043	-	-	
Total	1,710,043	-	-	

December 31, 2015				
(Euro/000)	Current	Non-current	Fair value	Level
Financial assets measured at fair value				
Interest rate swap used for hedging	-	-	-	
Forward exchange contracts used for hedging	-	-	-	
Sub-total	-	-	-	
Financial assets not measured at fair value				
Trade and other receivables (*)	66,796	-	-	
Cash and cash equivalents (*)	788,241	-	-	
Sub-total	855,037	-	-	
Total	855,037	-	-	

December 31, 2016				
(Euro/000)	Current	Non-current	Fair value	Level
Financial liabilities measured at fair value				
Interest rate swap used for hedging	-	-	-	2
Forward exchange contracts used for hedging	-	-	-	2
Other financial liabilities	-	-	-	3
Sub-total	-	-	-	
Financial liabilities not measured at fair value				
Trade and other payables (*)	(15,051)	-	-	
Bank overdrafts (*)	-	-	-	
Short-term bank loans (*)	-	-	-	
Bank loans	(23,972)	-	(23,972)	3
Sub-total	(39,023)	-	(23,972)	
Total	(39,023)	-	(23,972)	

December 31, 2015				
(Euro/000)	Current	Non-current	Fair value	Level
Financial liabilities measured at fair value				
Interest rate swap used for hedging	-	-	-	2
Forward exchange contracts used for hedging	-	-	-	2
Other financial liabilities	-	-	-	3
Sub-total	-	-	-	
Financial liabilities not measured at fair value				
Trade and other payables (*)	(18,873)	-		
Bank overdrafts (*)	-	-		
Short-term bank loans (*)	-	-		
Bank loans	(23,939)	(23,972)	(47,911)	3
Sub-total	(42,812)	(23,972)	(47,911)	
Total	(42,812)	(23,972)	(47,911)	

(*) Such items refer to short-term financial assets and financial liabilities whose carrying value is a reasonable approximation of fair value, which was therefore not disclosed.

8.6. Fees paid to independent auditors

Fees paid to independent auditors are summarized below:

Audit and attestation services	Entity that has provided the service	Fees 2016
(Euro)		
Audit	KPMG S.p.A.	120,111
	Network KPMG S.p.A.	-
Attestation services	KPMG S.p.A.	20,250
	Network KPMG S.p.A.	2,500
Other services	KPMG S.p.A.	26,810
	Network KPMG S.p.A.	36,777
Total		206,448

9. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No significant events occurred after the end of the period.

10. MOTION TO APPROVE THE FINANCIAL STATEMENTS AND THE ALLOCATION OF THE RESULT FOR THE YEAR ENDED DECEMBER 31, 2016

In conclusion to these explanatory notes, we invite you to approve the Moncler S.p.A.'s stand alone financial statements as at and for the year ended 31 December 2016.

We recommend that you approve the distribution of a gross dividend of Euro 0.18 per ordinary share, payable out of the net income of the 2016 fiscal year totalling Euro 81,544,489.

The total amount to be distributed as a dividend, having taken into consideration the number of shares that are presently issued (n. 250,231,976), net of the shares which are directly owned by the Company (n. 1,000,000) on the date of the present report, is equal to Euro 44,861,756.

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

The financial statements, comprised of the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and explanatory notes to the financial statements give a true and fair view of the financial position and the results of operations and cash flows and corresponds to the Company's accounting records.

On behalf of the Board of Directors

The Chairman

Remo Ruffini

ATTESTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 154 BIS OF LEGISLATIVE DECREE NO. 58/98

1. The undersigned, Remo Ruffini, in his capacity as the Chief Executive Officer of the Company, and Luciano Santel, as the executive officer responsible for the preparation of Moncler S.p.A.'s financial statements, pursuant to the provisions of Article 154-bis, clauses 3 and 4, of Legislative Decree no. 58 of 1998, hereby attest:

- the adequacy with respect to the Company structure
- and the effective application

of the administrative and accounting procedures applied in the preparation of the Company's consolidated financial statements at 31 December 2016.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the consolidated financial statements at 31 December 2016 was based on a process defined by Moncler S.p.A. in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework.

3. The undersigned moreover attest that:

3.1 the consolidated financial statements:

- a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Council, dated 19 July 2002
- b) correspond to the amounts shown in the Company's accounts, books and records; and
- c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries as of 31 December 2016 and for the year then ended.

3.2 the director's report includes a reliable operating and financial review of the Company and of the Group as well as a description of the main risks and uncertainties to which they are exposed.

28 February 2017

CHAIRMAN OF THE BOARD OF
DIRECTORS AND CHIEF EXECUTIVE
OFFICER

Remo Ruffini

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

Luciano Santel



KPMG S.p.A.
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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Moncler S.p.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the Moncler Group (the "group"), which comprise the income statement and the statements of comprehensive income, financial position, changes in equity and cash flows as at and for the year ended 31 December 2016, a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The parent's directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Independent auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA Italia) promulgated pursuant to article 11.3 of Legislative decree no. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the



Moncler Group
Independent auditor's report
31 December 2016

purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as at 31 December 2016 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Report on other legal and regulatory requirements

Opinion on the consistency of the directors' report and certain information presented in the report on corporate governance and shareholding structure with the consolidated financial statements

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion, as required by the law, on the consistency of the directors' report and the information presented in the report on corporate governance and shareholding structure required by article 123-bis.4 of Legislative decree no. 58/98, which are the responsibility of the parent's directors, with the consolidated financial statements. In our opinion, the directors' report and the information presented in the report on corporate governance and shareholding structure referred to above are consistent with the consolidated financial statements of the Moncler Group as at and for the year ended 31 December 2016.

Treviso, 29 March 2017

KPMG S.p.A.

(signed on the original)

Francesco Masetto
Director of Audit

ATTESTATION OF THE SEPARATE FINANCIAL STATEMENTS PURSUANT TO ART. 154 BIS OF LEGISLATIVE DECREE NO. 58/98

1. The undersigned, Remo Ruffini, in his capacity as the Chief Executive Officer of the Company, and Luciano Santel, as the executive officer responsible for the preparation of Moncler S.p.A.'s financial statements, pursuant to the provisions of Article 154-bis, clauses 3 and 4, of Legislative Decree no. 58 of 1998, hereby attest:

- the adequacy with respect to the Company structure
- and the effective application

of the administrative and accounting procedures applied in the preparation of the Company's consolidated financial statements at 31 December 2016.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the separate financial statements at 31 December 2016 was based on a process defined by Moncler S.p.A. in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework.

3. The undersigned moreover attest that:

3.1 the separate financial statements:

- a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Council, dated 19 July 2002
- b) correspond to the amounts shown in the Company's accounts, books and records; and
- c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company as of 31 December 2016 and for the year then ended.

3.2 the director's report includes a reliable operating and financial review of the Company, as well as a description of the main risks and uncertainties to which they are exposed.

28 February 2017

CHAIRMAN OF THE BOARD OF
DIRECTORS AND CHIEF EXECUTIVE
OFFICER

Remo Ruffini

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

Luciano Santel



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

**Independent auditors' report pursuant to articles 14 and 16 of
Legislative decree no. 39 of 27 January 2010**

To the shareholders of
Moncler S.p.A.

Report on the separate financial statements

We have audited the accompanying separate financial statements of Moncler S.p.A. (the "company"), which comprise the income statement and the statements of comprehensive income, financial position, changes in equity and cash flows as at and for the year ended 31 December 2016, a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the separate financial statements

The company's directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Independent auditors' responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA Italia) promulgated pursuant to article 11.3 of Legislative decree no. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of separate financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of



Moncler S.p.A.
Independent auditor's report
31 December 2016

expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements give a true and fair view of the company's financial position as at 31 December 2016 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Report on other legal and regulatory requirements

Opinion on the consistency of the directors' report and certain information presented in the report on corporate governance and shareholding structure with the separate financial statements

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion, as required by the law, on the consistency of the directors' report and the information presented in the report on corporate governance and shareholding structure required by article 123-bis.4 of Legislative decree no. 58/98, which are the responsibility of the company's directors, with the separate financial statements. In our opinion, the directors' report and the information presented in the report on corporate governance and shareholding structure referred to above are consistent with the separate financial statements of Moncler S.p.A. as at and for the year ended 31 December 2016.

Treviso, 29 March 2017

KPMG S.p.A.

(signed on the original)

Francesco Masetto
Director of Audit

MONCLER S.p.A.

Share Capital Euro 50,046,395.20 wholly paid

Registered office: via Stendhal, 47, Milan

Milan Register of Companies and Tax Number 04642290961

REA/Business Register: 1763158

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**REPORT OF THE BOARD OF STATUTORY AUDITORS
TO THE SHAREHOLDERS' GENERAL MEETING**

In terms of Article 153 of Legislative Decree no.58 of 24 February, 1998

Dear Shareholders,

this report, prepared in accordance with Article 153 of Legislative Decree no 58/1998 (hereinafter, also "T.U.F." - the Consolidated Finance Act), refers to the work performed by the Board of Statutory Auditors of Moncler S.p.A. (hereinafter "Moncler" or the "Company") in the year ended 31 December 2016. During the year, the Board of Statutory Auditors met thirteen times, attended five meetings of the Risk Control and Sustainability Committee and five meetings of the Appointments and Remuneration Committee; it also took part in eight meetings of the Board of Directors. During its meetings, it met with the statutory auditors of the subsidiary companies and the Supervisory Board pursuant to Legislative Decree 231/2001.

1. Supervision of compliance with the law and the articles of association

Also by attending Board of Directors' meetings, the Board of Statutory Auditors regularly obtained from the Directors information on the Company's activities and on operations of major economic, financial and impacting the Company's capital as approved and carried out during the year by the Company and the Group companies, also in terms of Article

150 of the T.U.F. , paragraph 1. On the basis of available information, the Board of Statutory Auditors can provide reasonable assurance that these operations were compliant with the law and the articles of association and were not clearly imprudent, risky, in breach of General Meeting resolutions or such as to compromise the Company's assets. Furthermore, operations involving a potential conflict of interests took place in accordance with the law, regulatory requirements and the Articles of Association.

We highlight some of the main events during the year as follows:

- Pursuant to the Shareholders' Meeting resolution of 23 April 2015, the Company has acquired 1,000,000 treasury shares, representing 0.4% of share capital, for a total price of Euro 12.28 million. This transaction took place in terms of articles 2357 and 2357 ter of the Italian Civil Code. The treasury share purchase program was completed on 12 February 2016;
- The Company has carried out a Shareholders' Meeting resolution of 20 April 2016 by introducing the *Performance Share Plan 2016-2018* and allocating 2,856,000 shares to 94 beneficiaries;
- As part of a broader industrial project involving the partial insourcing of production of down coats, through Romanian subsidiary Industries Yield S.r.l., the Company has set up a production facility in Romania and has hired about 600 employees. This follows the acquisition of another production business in Romania in 2015;
- In 2016, the Moncler Group was the subject of two different tax inspections. Subsidiary Industries S.p.A. underwent a tax inspection by Italian Tax Police the *Guardia di Finanza* for the tax periods from 2011 to 2014 and, for the reasons described in detail in the *Significant events - Tax inspections* section of the Directors' Report, said company has decided to create provision for Euro 7,500,000; this has taken its total

provision for tax risks to Euro 8,515,000. The Independent Auditor concluded that the amount provided was reasonable. Moncler S.p.A. was also the subject of a tax inspection which was completed without any issues being raised. In the meantime, there is an ongoing tax inspection of ISC S.p.A., a company merged through incorporation into subsidiary Industries S.p.A.. The company does not expect any significant adverse consequences given that the main transaction carried out by said company was the subject of a prior request to the tax authorities for a tax ruling and the authorities agreed that the method adopted by the company was fully acceptable for tax purposes;

- In April, the company agreed a settlement with the purchasers of the *Other Brands division*. This settlement finally closed the legal disputes pending in Italy and the UK without leading to the recognition of any costs or revenues in the income statement for the year;
- The Company has prepared a full Sustainability Report for 2016. It highlights the particular commitment made by Moncler S.p.A. towards sustainable value creation.

2. Supervision of compliance with principles of proper business management and presence of an appropriate organisational structure

The Board of Statutory Auditors obtained information about the organisational structure, compliance with principles of proper business management and the adequacy of the instructions given by the Company to its subsidiaries in terms of Article 114, paragraph 2, of the T.U.F.. This information was obtained from the persons in charge of the relevant business divisions and through meetings with the Independent Auditors based on the reciprocal sharing of significant information.

We did not note any issues based on a review of the annual reports issued by the respective Boards of Statutory Auditors on the financial statements of the subsidiaries. Likewise, no issues were brought to our attention

during meetings with the members of the Boards of Statutory Auditors.

The Board of Statutory Auditors has also confirmed that there were no atypical and unusual transactions with Group companies, third parties or related parties.

3. Supervision of risk management and internal control system

The Board of Statutory Auditors has supervised the adequacy of the risk management and internal control system through the following activities:

- Meetings with Company management to review the risk management and internal control system;
- Regular meetings with the Group Internal Audit Department and with the Risk Control and Sustainability Committee in order to evaluate how to plan work, based on identification and assessment of the main risks regarding business processes and organisational units;
- Review of periodic Reports of control Functions and information bulletins on results of monitoring activity and implementation of corrective action identified;
- Obtaining information from heads of Company divisions;
- Discussion of results of work by Independent Auditors;
- Attendance of meetings of the Control, Risk and Sustainability Committee; as necessary, deal with certain issues together with the Committee;

The Board of Statutory Auditors has taken note of the risk mitigation plan which has involved the Control, Risk and Sustainability Committee, the Director responsible for controls and risks, the Internal Audit division and external advisors.

Significant progress has been made in the area of risk mitigation. In particular, solutions to risks regarding business continuity and the information risk have been examined and implemented.

During its supervisory activities, the Board of Statutory Auditors maintained a constant dialogue with the Company's Control Functions.

The Board of Statutory Auditors notes that the annual reports of the Control Functions express a positive opinion on the overall internal control structure in terms of completeness, adequacy and reliability.

The Supervisory Board has reported on its work during the year ended 31 December 2016 without highlighting any issues worthy of mention. It noted that the situation was satisfactory, on the whole, and broadly in line with the requirements of the Organisation, Management and Control Model.

Based on the work done, the information obtained, the corrective action taken and the contents of the Reports of the Control Functions, the Board of Statutory Auditors does not believe there are any issues that could impact the effectiveness of the risk management and internal control system.

4. Supervision of accounting system and financial reporting process

The Board of Statutory Auditors met periodically with the Manager in charge of preparing accounting and corporate reports in order to discuss the accounting system and its reliability in providing a proper representation of the Company's operating activities; it also reviewed the Report by the Manager in charge containing the results of control testing and the main issues identified in relation to application of Law 262/2005. The Board of Statutory Auditors also reviewed the declarations by the Chief Executive Officer and the Manager in charge in accordance with the requirements of Article 154 bis of the T.U.F.. No weaknesses that could affect the adequacy of the administrative and accounting procedures were identified by the Board of Statutory Auditors.

During their meetings with the Board of Statutory Auditors, senior

personnel from the Independent Auditors did not highlight any issues regarding the internal control system in relation to administrative and accounting procedures.

The Board of Statutory Auditors confirmed that the information flow from material, non-EU subsidiaries was adequate for the purposes of checks on annual and interim accounts as required by article 36 of Market Regulations.

In light of the information acquired and the meetings held, the Board of Statutory Auditors has concluded that the administrative accounting system and the Company's financial reporting processes are adequate.

5. Supervision of related party transactions

The Board of Statutory Auditors has reviewed the compliance of Related Party Procedures with applicable laws and regulations and confirmed that the procedures are duly applied. As far as the Board of Statutory Auditors is aware, there have been no intercompany transactions or related party transactions that may be considered not in the best interests of the Company.

Related party transactions are described in the notes to the financial statements..

The Board of Statutory Auditors has checked that, in the Management Report and in the Notes to the Financial Statements, the Board of Directors has provided adequate disclosure of Related Party Transactions, taking account of applicable reporting requirements.

6. Implementation of rules of corporate governance

The Board of Statutory Auditors has assessed the methods of implementation of the Self-regulatory Code issued by the Italian Stock Exchange and adopted by Moncler on the basis described in the 'Report on Corporate Governance and Ownership Structures'.

The Board of Statutory Auditors has also verified proper application of the criteria and procedures adopted by the Board of Directors to evaluate and confirm the independence of its members.

7. Supervision of compulsory audit of financial statements

Pursuant to Article 19 of Legislative Decree no 39/2010, the Board of Statutory Auditors, identified in this article as the 'Internal Control and Audit Committee_', has performed supervisory activities on the work of the Independent Auditors.

The Board of Statutory Auditors met on several occasions with Independent Auditor KPMG S.p.A., also in terms of Article 150 of the T.U.F., in order to exchange information regarding the Independent Auditor's work. During these meetings, the Independent Auditor never raised any matters deemed necessary to report in terms of Article 155, paragraph 2, of the T.U.F.

On 29 March 2017, pursuant to Articles 14 and 16 of Legislative Decree no 39/210, the Independent Auditor issued its reports confirming that the financial statements and the consolidated financial statements as at 31 December 2016 were prepared clearly and presented a true and fair view of the financial position, result of operations and cash flows of Moncler and the Group for the year then ended. Furthermore, in the opinion of the Independent Auditors, the Management Report which accompanies the financial Statements and the consolidated financial statements at 31 December 2016, and the information referred to in paragraph 1, letter c), d), f), l), m) and paragraph 2, letter b), of Article 123-bis of the TUF, as presented in the 'Report on Corporate Governance and Ownership Structures_', are consistent with the financial statements and the consolidated financial statements at 31 December 2016.

On 29 March 2017, the Independent Auditors also presented the Board of

Statutory Auditors with their report in terms of Article 19 of the Legislative Decree no 39/2010, which did not raise any significant weaknesses of the internal control system in relation to the financial reporting process.

The Independent Auditors have submitted to the Board of Statutory Auditors a Report on auditor independence, as required by Article 17 of Legislative Decree no 39/2010. Said report does not highlight any matters that could compromise auditor independence or constitute a compatibility issue in terms of said decree.

The Independent Auditor, together with other firms belonging to its network, has received the following fees:

- Euro 120,111 - audit services provided by KPMG S.p.A. to Moncler S.p.A.;
- Euro 205,619 - audit services provided by KPMG S.p.A. to subsidiaries Industries S.p.A., Moncler Infant S.r.l. and Moncler Lunettes S.r.l.;
- Euro 179,690 - audit services provided by the KPMG S.p.A. network to foreign subsidiaries Moncler Japan Corporation, Moncler Shanghai Commercial Co. Ltd, Moncler France S.à.r.l., Moncler Asia Pacific Ltd.; Moncler Shinsegae Inc., Moncler UK Ltd.;
- Euro 22,750 - certification services provided by KPMG S.p.A. to Moncler S.p.A.;
- Euro 2,590 - certification services provided by KPMG S.p.A. to Italian subsidiaries Industries S.p.A. and Moncler Infant S.r.l.;
- Euro 4,527 - certification services provided by the KPMG S.p.A. network to foreign subsidiaries;
- Euro 63,587 - other services provided by KPMG S.p.A. to Moncler S.p.A.;
- Euro 89,508 - other services provided by the KPMG S.p.A.

network to subsidiary Industries S.p.A..

Taking account of the engagements given by Moncler and other Group companies to it and other firms in its network, the Board of Statutory Auditors does not believe there are any issues in relation to the independence of auditor KPMG S.p.A.

8. Omissions or censurable matters, opinions given and initiatives undertaken

During the year, we did not receive any reports in terms of Article 2408 of the Italian Civil Code or reports of irregularities.

During the year, the Board of Statutory Auditors did not issue any opinions or make specific observations under legal requirements.

During the work done and based on the information obtained, we did not identify any omissions, censurable matters, irregularities or other significant issues in need of reporting to the Regulatory Authority or mention in this Report.

9. Remuneration policies

The Board of Statutory Auditors has reviewed the business processes that lead to the establishment of the Company's remuneration policies with particular reference to the remuneration and incentives of persons in charge of Control functions and the Manager in charge of preparing the Company's financial reports.

The Board of Statutory Auditors has attended all meetings of the Appointments and Remuneration Committee which has prepared remuneration plans in accordance with the proposals made by the Board of Directors.

10. Conclusion

Taking account of the specific duties of the Independent Auditors in terms

of accounting control and testing the reliability of the financial statements, the Board of Statutory Auditors has no comments to make to the Shareholders' General Meeting in terms of Article 153 of the T.U.F., in relation to approval of the financial statements for the year ended 31 December 2016 as accompanied by the Management Report as presented by the Board of Directors and the Board of Directors' proposal for the allocation of net profit for the year and for the distribution of dividends.

The three-year appointment of the Board of Statutory Auditors ends upon approval of the financial statements. We thank you for your confidence and trust in us.

Milan, 29 March 2017

THE BOARD OF STATUTORY AUDITORS

Mario Valenti

Antonella Suffriti

Raoul F. Vitulo