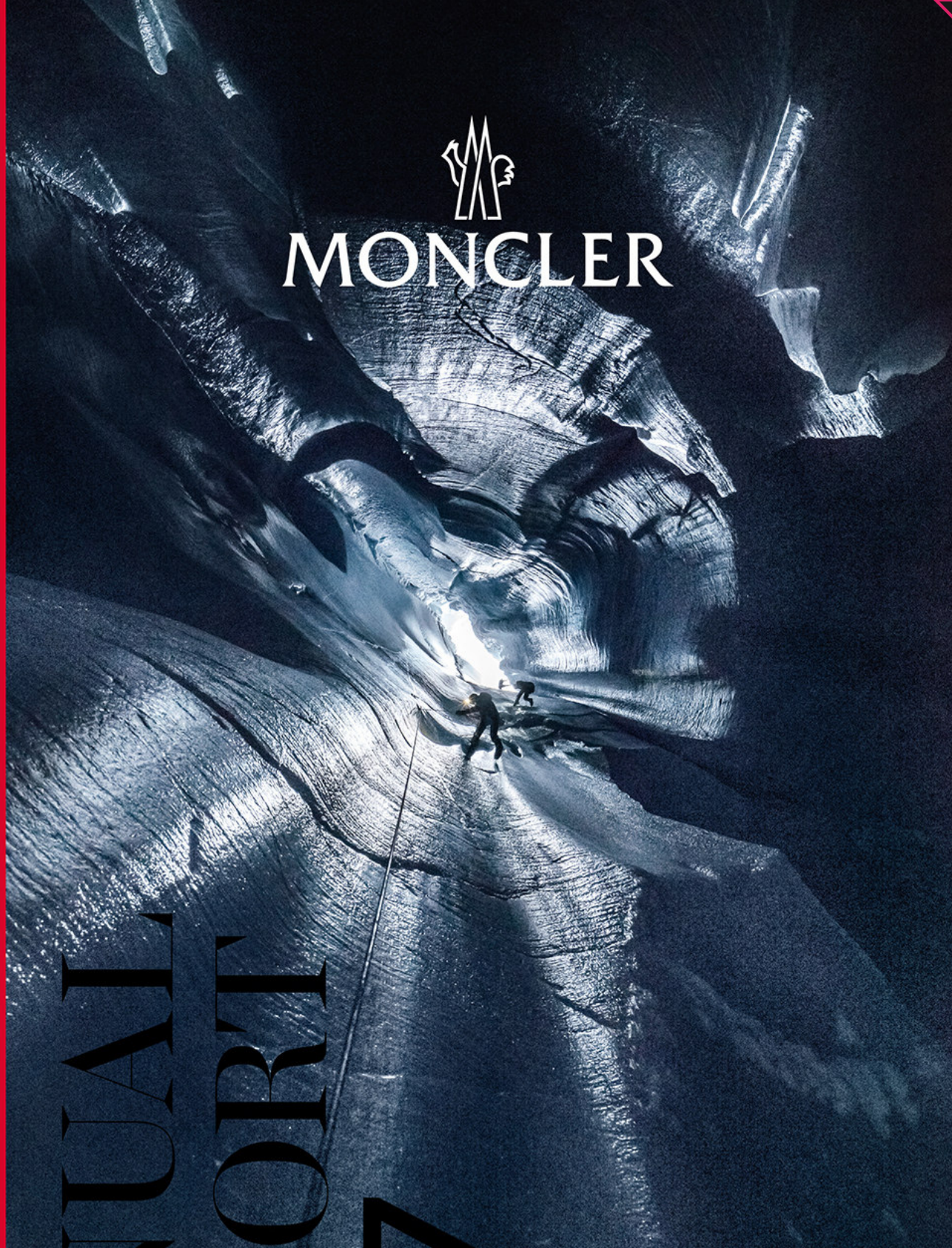




MONCLER

ANNUAL REPORT 2017



**ANNUAL
REPORT
2017**

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

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

INDEPENDENT AUDITORS' REPORT ON THE SEPARATE FINANCIAL STATEMENTS

REPORT OF THE BOARD OF STATUTORY AUDITOR

1

BOARD OF DIRECTORS' REPORT

SECTION ONE

SECTION TWO

SECTION ONE

CHAIRMAIN'S LETTER

Dear Shareholders,

the year 2017 confirmed, once again, Moncler's strength and solidity. The Group achieved revenues above internal and external expectations including those of the financial community, confirming Moncler's successful strategy. The Group posted revenues of 1.2 billion euros (+17% at constant exchange rates). Our operating profitability (EBITDA) improved further to 34.5% of revenues, net profit was up by 27%, and we also have more than 300 million euros in net cash. But that's not all. The year 2017 was also an exceptional year in terms of high-quality results achieved. The Group is continuously committed to consolidate its customer centric culture and a 360-degree approach significantly improving customer interaction and loyalty. We have also worked on our store concept, opening major flagship stores including Milan Montenapoleone and Hong Kong Canton Road. We have improved the quality of our wholesale network worldwide and further developed Moncler's global digital presence. All has been done while remaining faithful to our unique heritage and maintaining a high level of control of the business.

But my, our, commitment is to keep looking ahead being able to think of the company of tomorrow, and continue to make Moncler stronger and stronger.

Today the market is changing profoundly and even more quickly than in the past. This is the reason why my team and I recently began to think 'out-of-the-box' in order to face these important changes proactively, while strengthening more and more the Brand. This period of careful reflection has resulted in the genesis of a new project, which is not only a new creative path, but also a brand new communication and organisation project: *Moncler Genius*.

Creativity is our energy, multiplicity is our strength, truthfulness is our credo, change is what drives us forward. Moncler is continuing to explore the surrounding spirit of its uniqueness, and it aims to do so by engaging with an increasingly wider customer base. After fifteen years since I took charge of Moncler, we decided to close a fundamental and important chapter of our recent history, to be able to start a new one, even more exciting and challenging.

None of this would have been possible without the advice and support of an exceptional and unique team of people here at Moncler. I would like to take the opportunity to thank each of our 3500 employees who devote their profound dedication, humility, talent, energy and passion to Moncler every day. And I thank our stakeholders, who support us in delivering on our commitments.

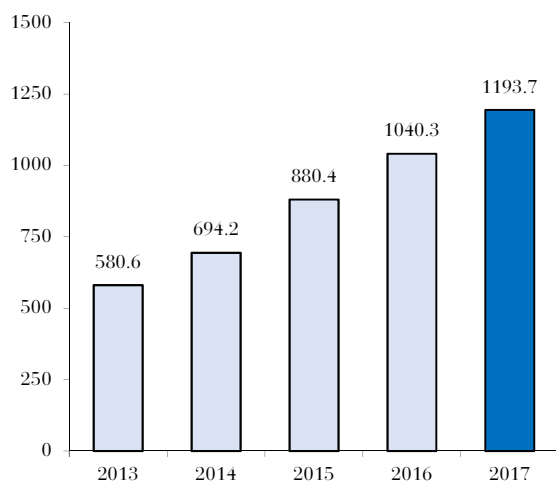
A new climb has just begun, and I believe that over the years we have built a determined and passionate Group that is now ready to reach even higher summits.

REMO RUFFINI

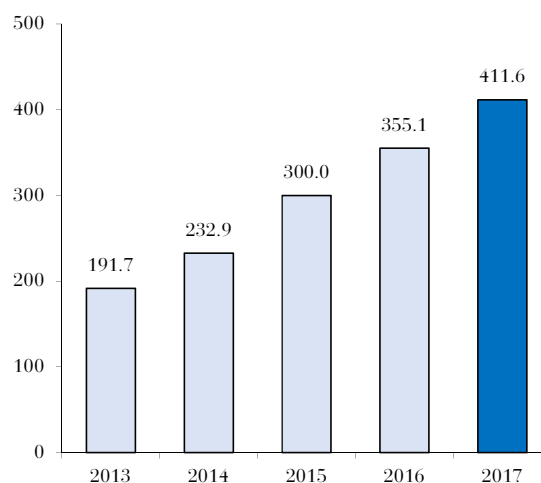
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

FINANCIAL HIGHLIGHTS

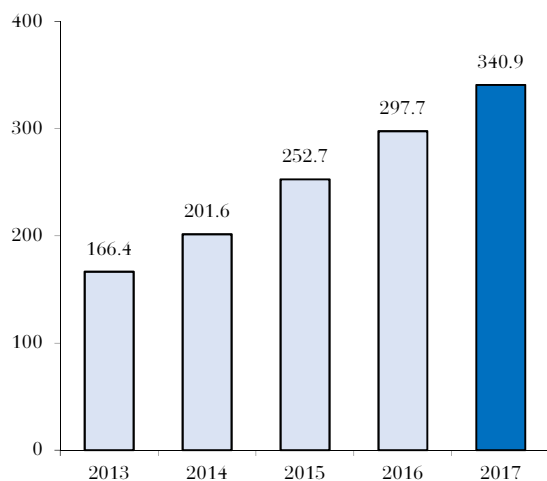
Revenues (million euros)



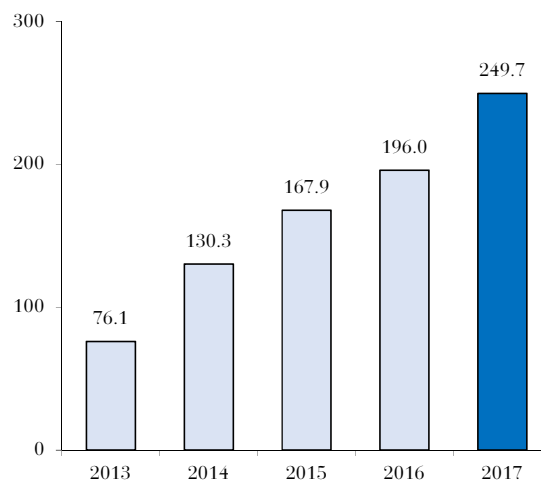
EBITDA¹ (million euros)



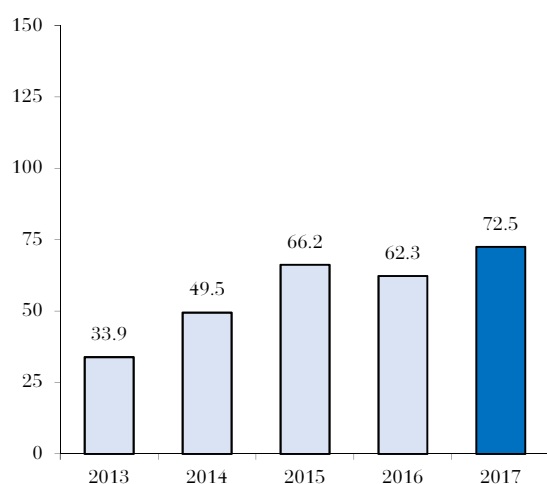
EBIT (million euros)



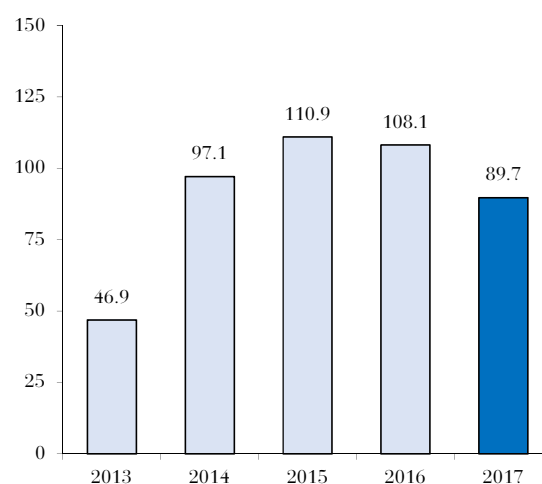
Net Income (million euros)



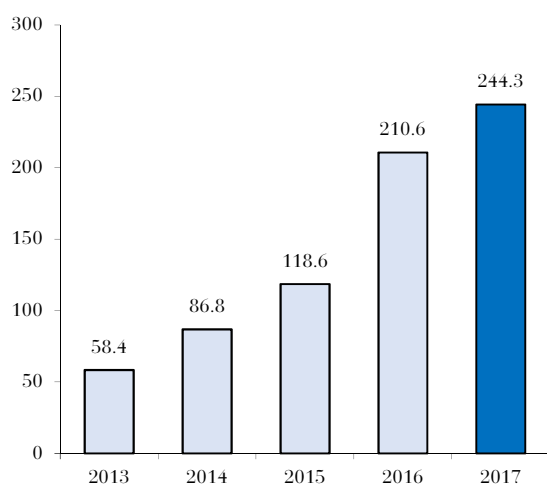
¹ EBITDA *Adjusted*: operating income before depreciation, amortisation and non-recurring costs.

Capital Expenditure² (million euros)

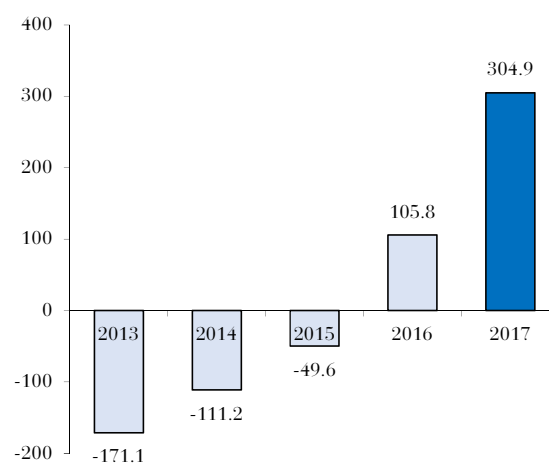
Net Working Capital (million euros)



Free Cash Flow (million euros)



Net Financial Position (million euros)



² Net of asset disposal.

CORPORATE BODIES

Board of Directors

Remo Ruffini

Chairman and Chief Executive Officer

Virginie Sarah Sandrine Morgon

Nomination and Remuneration Committee

Nerio Alessandri

Independent Director

Sergio Buongiovanni

Executive Director

Marco De Benedetti

Lead Independent Director

Control, Risk and Sustainability Committee

Nomination and Remuneration Committee

Related Parties Committee

Gabriele Galateri di Genola

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

Juan Carlos Torres Carretero

Director

Board of Statutory Auditors

Riccardo Losi

Chairman

Antonella Suffriti

Standing Statutory Auditor

Mario Valenti

Standing Statutory Auditor

Federica Albizzati

Substitute Statutory Auditor

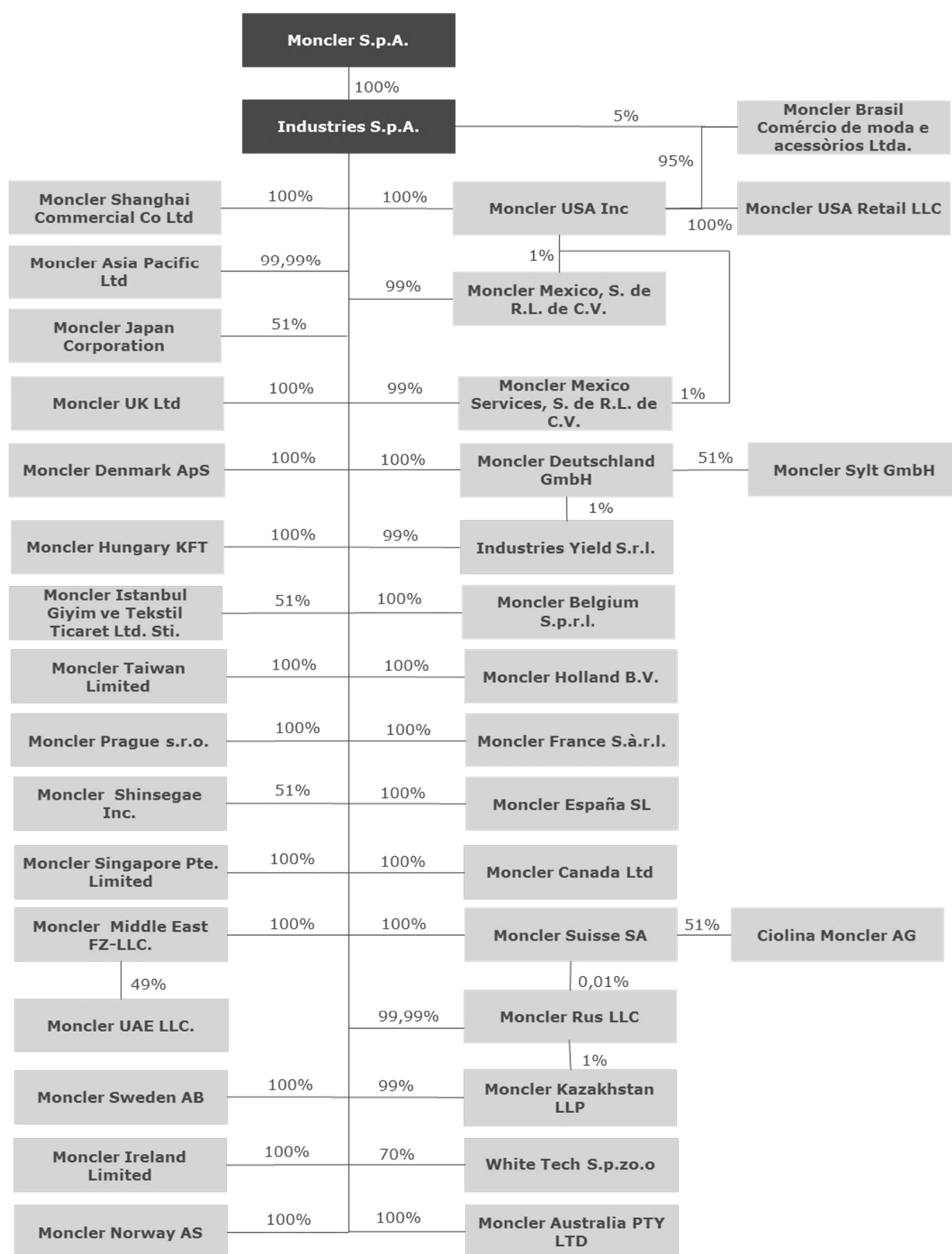
Lorenzo Mauro Banfi

Substitute Statutory Auditor

External Auditors

KPMG S.p.A.

GROUP CHART AS AT DECEMBER 31, 2017



GROUP STRUCTURE

The Consolidated Financial Statements of the Moncler Group as at December 31, 2017 include Moncler S.p.A. (Parent Company), Industries S.p.A., a sub-holding company directly controlled by Moncler S.p.A., and 35 consolidated subsidiaries in which the Parent Company holds indirectly a majority of the voting rights, or over which it exercises control or from which it is able to derive benefits by virtue of its power to govern both on a financial and an operating aspects.

Moncler S.p.A.	Parent company which holds the Moncler brand
Industries S.p.A.	Sub-holding company, directly involved in the management of foreign companies and distribution channels (retail, wholesale) in Italy and licensee of the Moncler brand
Industries Yield S.r.l.	Company that manufactures apparel products
White Tech Sp.zo.o.	Company that manages quality control of down
Moncler Deutschland GmbH	Company that manages DOS and promotes goods 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 Giyim ve Tekstil Ticaret Ltd. Sti.	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 Kazakhstan LLP	Company that manages DOS in Kazakhstan
Moncler Norway AS	Company that manages DOS in Norway
Moncler Prague s.r.o.	Company that manages DOS in the Czech Republic
Moncler Rus LLC	Company that manages DOS in Russia
Moncler Suisse SA	Company that manages DOS in Switzerland
Ciolina Moncler AG	Company that manages DOS in Gstaad (Switzerland)
Moncler Sylt GmbH	Company that manages DOS in Sylt (Germany)
Moncler UK Ltd	Company that manages DOS in the United Kingdom
Moncler Ireland Limited	Company that manages DOS in Ireland
Moncler Middle East FZ-LLC	Holding Company for the Middle East

BOARD OF DIRECTORS' REPORT

Moncler Sweden AB	Company that manages DOS in Sweden
Moncler UAE LLC	Company that will manage DOS in 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 Mexico, S. de R.L. de C.V.	Company that will manage DOS in Mexico
Moncler Mexico Services, S. de R.L. de C.V.	Company that will provide services to Moncler Mexico, S. de R.L. de C.V.
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 manages DOS in Australia

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 clients.

Beginning in 2003, when Remo Ruffini invested in the Group, a process of repositioning of the brand was initiated through which Moncler products take on an ever more distinctive and exclusive 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 clients of all gender, age, identity and culture can wear on any occasion.

The range of Moncler products has expanded over the years and now spans the following areas: *Moncler Main* collection, combining high quality for various uses; high fashion and couture collections; streetwear products; *Moncler Grenoble*, where the technical and innovative aspect is greater. The selection also offers shoes and leather goods (bags, backpacks and luggage), a line of eyewear and sunglasses (*Moncler Lunettes*) and the line *Moncler 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 verticalise a portion of the production. This project was finalised in 2016, through the recruitment of about 600 additional employees.

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

In November 2017, Moncler announced that its partnerships with designers Thom Browne and Giambattista Valli, longtime creative directors of the Group's Gamme Bleu and Gamme Rouge collections will draw to an end with the Spring/Summer 2018 season. In February 2018, Moncler presented a new creative and communication project, *Moncler Genius*, where eight creative minds

are devoted to a singular Moncler project and cultivate their singularity while being able to reinterpret the Brand.

KEY EVENTS IN MONCLER'S HISTORY

1952

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

1954

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

1968

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

'80

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

2003

Remo Ruffini becomes a shareholder 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.

Moncler acquires a production site in Romania.

2016

Moncler finalises the establishment of its production site in Romania, through the recruitment of about 600 additional employees, later integrated in the hub previously acquired and now operating with 900 employees.

Moncler's revenues surpass one billion euros.

2017

Moncler announces the end of the collaboration with Thom Browne for *Gamme Bleu* and Giambattista Valli for *Gamme Rouge*. Starting from Fall/Winter 2018, Moncler has a new creative project: *Moncler Genius*.

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 the Group.

In everything it does, Moncler is driven by the desire to innovate while remaining true to itself and its heritage, to strive for continuous and uncompromising quality and to pursue challenging new goals. The client 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.

AUTHENTICITY

There is only one Moncler, and our task is to protect its uniqueness while always evolving

EXCELLENCE

Quality is at the heart of everything Moncler does

AMBITION

Moncler never stops innovating and seeking to set new standards

COMMITMENT TO PEOPLE

People are Moncler's greatest asset: their future is Moncler's future, and we are committed to their development

RESPONSIBILITY

Long-term value creation can only be driven by respect and responsible behaviour

PHILOSOPHY

Moncler's philosophy is inherently rooted in the Group's values and intrinsically tied to its unique history. Over the years, the Brand has been at the centre of remarkable climbing expeditions and pioneering initiatives. Long associated with sports, mountains, outdoor activities, and nature at its purest, Moncler has consistently and faithfully based its philosophy on simple yet solid principles, summarised in the words of the Company's Chairman and Chief Executive Officer, Remo Ruffini.

"THERE IS NO PRESENT OR FUTURE WITHOUT A PAST. MONCLER IS A UNIQUE BRAND, AND ITS PRODUCTS ARE SYNONYMOUS WITH CREATIVITY, QUALITY EXCELLENCE, AND CONSTANT EVOLUTION WITHOUT EVER LOSING SIGHT OF THE BRAND'S TRUE ESSENCE"

Moncler has a unique heritage and positioning. With over 60 years of history, the Brand conveys its DNA through innovative and versatile products that withstand fashion trends, and are therefore timeless. Products are inspired by values stemming from the love for sports and nature, and deliver renowned elegance and quality excellence. Moncler adopts an integrated business model that focuses on quality control, and directly manages and coordinates the higher value-added activities within its value chain. Promoting responsibility across the supply chain is an integral part of this process.

"CLIENTS ARE OUR MAIN STAKEHOLDERS"

Clients have always been pivotal in every strategic decision made by Moncler, as further confirmed in 2016 with the launch of the Retail Excellence project. The uniqueness of the Brand is reflected in every Moncler store. Its presence in the most important multi-brand and luxury department stores, the selected location of its retail stores across the most prestigious shopping streets and holiday resorts, and a distinctive store concept always consistent with its DNA yet in constant evolution, are clear expressions of the Brand's values and philosophy.

"I ALWAYS WANT TO BE AMAZED BY THE TALENT OF OTHERS"

Moncler has always considered its people as a strategic asset. Motivation, determination, and innovation are qualities that the Company has long supported 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.

"MONCLER IS A GLOBOPHONIC COMPANY: WHILE ITS VISION IS GLOBAL, ITS STRATEGY IS LOCAL"

Moncler's policy is to have a direct presence in the regions in which it operates, with local management and organisational structures acting in close coordination with the Parent

BOARD OF DIRECTORS' REPORT

Company. The Company operates through its headquarters and five regional organisations (called Regions): Europe, Asia Pacific, Japan, the Americas, and South Korea. Moncler firmly believes in the importance of strengthening and consolidating its presence in each of these areas, and has always promoted the hiring of local employees and managers who understand and can better analyse trends in each market.

“THERE IS NO GROWTH WITHOUT RESPONSIBILITY AND RESPECT”

Moncler judges the value of its results also by how it achieved them, believing there can be no long-term growth without responsibility and respect. Which is why, a few years ago, the Company started to integrate sustainability issues into its business model and decisions.

“A UNIQUE PRODUCT DESERVES A UNIQUE COMMUNICATION STRATEGY”

Moncler's communication strategy is innovative and unconventional, and conveys the product's uniqueness and the Brand's values in a highly distinctive manner.

STRATEGY

Moncler's goal is to pursue sustainable and responsible growth within the global luxury goods segment, while remaining faithful to its unique heritage.

Creativity, multiplicity, and consistency have always been the creed of the Group, which leverages change to grow stronger as it continues to explore both known and new avenues, seeking constant dialogue with an ever-broader client base.

Moncler strategy is strictly related to the Group's philosophy and values, underpinned by six pillars.

IDENTITY AND UNIQUE POSITIONING

Moncler's unique heritage represents its main asset and permeates its entire strategy. Heritage, quality, uniqueness, creativity and consistency define and characterise Moncler's products, making them timeless.

A GLOBAL BRAND WITH NO FILTERS WITH THE MARKET

In recent years, Moncler's growth strategy has been inspired by two key principles, clearly devised and strongly endorsed by the Company's Chairman and CEO, Remo Ruffini: to become a global brand and to have no filters with the market. Today, 87% of Moncler's revenues are generated outside of Italy. This result was achieved by exercising significant control over the business and by maintaining direct contact with wholesale, retail, and digital clients alike.

SELECTIVE PRODUCT RANGE EXPANSION

Thanks to its strong tradition and credibility built over the years, Moncler has consolidated its position as a worldwide leader in the premium down jacket segment. The Group is now selectively expanding beyond its core business, into complementary product and market segments in which it has, or can surely achieve, high recognition and in-depth know-how. "To create special products with a specialist's approach" is the motto that drives and steers Moncler's present and future.

A DIRECT RELATIONSHIP WITH CLIENTS, SO AS TO ALWAYS SURPRISE THEM

Engaging directly with clients through every channel and touch point, involving them, and understanding their expectations – even when unspoken – is a cornerstone of the relationship that Moncler strives to develop with its clients to never stop surprising them.

BOARD OF DIRECTORS' REPORT

DIGITAL CHANNEL DEVELOPMENT

Moncler considers digital channels as a crucial and indispensable tool for brand communications and business growth at global level, in an omni-channel perspective.

For some years now, the Group has created a digital division that reports to Moncler's Chief Marketing & Operating Officer and is responsible for both e-commerce and digital marketing to develop online business and boost the presence of the Moncler brand on all major social media.

SUSTAINABLE GROWTH TO CREATE VALUE FOR ALL STAKEHOLDERS

The Brand has been progressively strengthening its commitment to long-term sustainable and responsible growth, as a means to further meet stakeholder expectations and create 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, creativity and innovation are the terms used in Moncler to define the concept of "luxury".

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

The *Moncler Main* collection is central to Moncler, always combining high quality with frequent-wear items.

The beating heart of the *Moncler Main* collection is the Archive, the inspiration behind the brand's first collections and today still very much a key player.

All iconic products inspired by the Archive have always had and continue to have the classic Moncler logo.

Over the years 2006-2017, the Moncler collections have been enriched by the energy of a number of designers, both with some important collaborations and, above all, with the *Gammes*.

In 2006 the Moncler *Gamme Rouge* was launched, tied to the Haute Couture tradition. In 2009 the Moncler *Gamme Bleu* was introduced, representing a perfect combination of a tailored approach and the sporting aspect of the brand.

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

In 2017 Moncler announced the brand will no longer be showing its Moncler *Gamme Rouge* and Moncler *Gamme Blue* collections in Milan and Paris, starting from Fall/Winter 2018. "Consumers are changing, the industry is evolving at a far greater pace than the past and we need to be ready to tackle these changes, so we can consolidate our brand" commented Remo Ruffini, Chairman and Chief Executive Officer of the Group.

In February 2018, Moncler presented a new creative project *Moncler Genius* which - under the banner of *Moncler Genius building* - brings together different interpretations and visions of the Brand to continue to synergically generate new creative energy, while staying true to the brand's unique character.

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

BOARD OF DIRECTORS' REPORT

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 2017, a total of around 720 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 particularly 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 materials. Moreover, the supply chain includes *façonists*,

which, using the down, manufacture finished products. All suppliers must comply scrupulously with the Protocol, to ensure the traceability of the raw material, respect for animal welfare and the highest possible quality throughout the 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” (ABM³), 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.

Starting from Fall/Winter 2017, Moncler achieved a relevant milestone within all its garments, with the inclusion of the “DIST down certified” label. This result has been achieved thanks to an extension of the down traceability supply chain downstream, according to the principles defined by the DIST Protocol. This commitment has been accomplished by a relevant audit activity on down jacket *façonists*.

In 2017, 85 audits were conducted by third-parties along the entire supply chain.

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 (*façonists*) 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

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.

BOARD OF DIRECTORS' REPORT

countries able to meet the highest quality standards, mainly Italy and Japan. Down is purchased from Europe and Asia.

The “cut-make-trim” phase (*façon*) is conducted both by third party manufacturers and in the Moncler manufacturing plant, established in 2016 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 410 suppliers, divided into four categories: raw materials, *façon*, finished products and services. Moncler's top 50 suppliers account for 70% of the value of all supplies⁴.

DISTRIBUTION

Moncler is present in all major markets both through the retail channel, consisting of directly operated stores (DOS⁵) and the online store, and through the wholesale channel, represented by multi-brand doors, shop-in-shops in department stores and luxury online multi-brand retailers (*e-tailers*).

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

In recent years, the business has grown mainly through the development of the retail channel, which in 2017 accounted for 75% of consolidated revenues, achieved thanks to organic growth, the opening of new stores and, in recent years, the expansion of existing stores' surface.

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 client order quantities, so that the brand is now only present in the leading luxury multi-brand shops and department stores around the world. The recent opening of mono-brand stores (shop-in-shops) mainly within important department stores and in some important international airports, has also contributed to the recent growth of this distribution channel.

As at December 31, 2017, Moncler's mono-brand distribution network consisted of 201 retail directly operated stores (DOS) and 59 wholesale shop-in-shops (SiS), 12 of which are dedicated to the *Moncler Enfant* product lines.

⁴ Order Value.

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

	December 31, 2017	December 31, 2016	Net Openings 2017
Retail Mono-brand	201	190	11
Italy	21	19	2
EMEA (excl. Italy)	59	55	4
Asia and Rest of the World	96	93	3
Americas	25	23	2
Wholesale Mono-Brand	59	42	17

During 2017 the company opened 11 directly operated stores (DOS), in the most prestigious international locations, including:

- the first directly operated stores (DOS) in Australia (Melbourne), Kazakhstan (Almaty) and Sweden (Stockholm);
- the consolidation of the Italian market, with the opening of the flagship store in Florence and two concession stores in Rome at La Rinascente in via del Tritone;
- some selected openings in America and in Asia.

Moreover, during the year, some of the existing retail stores were relocated in new spaces with a surface area larger on average. The major projects of 2017 were related to the flagship stores in: Milan (Via Montenapoleone), Hong Kong (Canton Road) and Moscow (which reopened within GUM department store in Red Square, after the closure of the Stolesnikov store).

Throughout the year, 17 wholesale mono-brand stores were also opened (net of two conversions from shop-in-shops to retail stores, both dedicated to the *Moncler Enfant* collection), including:

- the opening of three stores inside international airports (Doha, Paris Charles De Gaulle, Taipei);
- the consolidation of the North-American market, through the opening of shop-in-shops in the major luxury department stores (including Boston Saks, Vancouver Holt Renfrew, Toronto Harry Rosen);
- the opening of wholesale mono-brand stores in some tourist-intensive Asian locations (including Guam, Macau, Auckland, Bangkok).

Moncler's ability to distribute its products to such a large number of destinations is based on the careful attention it pays to the way in which logistics activities are managed. In this sphere too Moncler is attentive to optimising processes and 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 optimising the space taken up on the means of transport employed. In this regards, wherever

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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.

WINDOWS DISPLAY

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. Liu Bolin remained the protagonist of the advertising campaign for Autumn/Winter 2017, also signed by Annie Leibovitz, portraying the famous expert of the invisible and impossible among the Icelandic icebergs.

DIGITAL

The digital platform is a strategic means of communication and sales for Moncler.

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. During 2017, the first stage of the omnichannel model was launched for three pilot stores, offering "Click from Store", "Pick up in Store", "Return in Store" and "Product Store Availability" services.

As for digital marketing, brand initiatives in 2017 were delivered across a comprehensive range of digital platforms, with major resources and investments dedicated to the web, social media and mobile channel. The use of new technologies continued, to analyse and monitor 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, etc.), to achieve a greater efficiency of all digital advertising investments. The average budget for planning online campaigns and use of tools and technologies to analyse big data increased in 2017 compared to the previous year, helping to improve the ROAS (Return on Ad Spend).

Moncler further strengthened its brand presence on global social media through initiatives such as the mobile-oriented Line campaign in Japan and WeChat in Asia-Pacifico, achieving significant growth in engagement. Moncler is one of the few luxury brands to be present on all mobile platforms available on the market, and in this regard the iOS e-commerce app has been given a new look and enhanced usability.

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 2017, various corporate events, fashion shows, customer relationship management (CRM) activities and initiatives for the openings of new stores took place: an exclusive programme, often directly inspired by contemporary art, always staged according to what has come to be known as the Moncler hallmark.

The 2017 programme featured the presentation of Collide - Greg Lauren & Moncler, a collaboration that cleverly combined Moncler and its highly experimental vocation with the

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creative world of Greg Lauren, a multi-faceted US artist and designer. De-constructed, intersected and reconstructed, reinvented with a truly free spirit, unexpected and harmonious, Moncler down jackets were merged with fragments of denim garments and other vintage fabrics, for a truly artistic collection.

Landmark events in the year were held for the openings of: the store in Melbourne, Australia; the flagship store in Harbour City on Canton Road, Hong Kong; the first boutique in Kazakhstan; the re-opening of the flagship store in Milan, in Via Montenapoleone, and in the same city, the first boutique entirely dedicated to the Moncler Enfant collection; the second boutique in Toronto, in Bloor Street; rounding off the year with the prominent openings of the stores in Florence and Stockholm. These new venues have all consolidated the network of mono-brand stores, which is truly symbolic of the profound transformation Moncler is experiencing, while staying true to itself and to its unique identity.

During 2017, Moncler was awarded as Best Performing Company, Large Cap by Women's Wear Daily (WWD), while Remo Ruffini, Chairman and Chief Executive Officer, received the WWD Honors in New York during the opening ceremony of the WWD Apparel & Retail Summit CEO.

BRAND PROTECTION

Moncler dedicates energy and resources to safeguard the value, uniqueness and authenticity of its products and to defend its intellectual and industrial property rights ("IP"), key elements for customer's protection.

The "Intellectual Property & Brand Protection" internal department oversees administrative activities and actions to protect Moncler's distinctive trademarks in countries and in goods' categories of current and potential commercial interest, as well as the forms and elements characterising the products, product and process inventions and copyright. The enforcement of intellectual property rights and the fight against counterfeit include activities such as training, liaising with customs' authorities and applying for relative customs' intervention in numerous countries, monitoring and investigating the physical and online market, taking down counterfeit content online, coordinating the organisation of raids and seizures with local authorities in numerous countries worldwide and taking civil, criminal and administrative actions.

The constant activity to fight against counterfeit trade resulted in more than 87,400 fake products and nearly 790,000 fake accessories being seized during 2017. Enforcement of Moncler's IP rights online, which aims in particular at the removal of offers for the sale of counterfeit products, shutting down unauthorised online sites and removing links and/or advertising from social networks, brought to results just as important as the former. Over 69,000 auctions of sale of counterfeit products were shut down, 2,500 sites were obscured, approximately 170,000 links to selling sites of non-original products were delisted from main search engines and around 15,600 posts, ads and accounts promoting fake Moncler products through social networks were removed.

Willing to increase end customer protection even further, an anti-counterfeiting label has been adopted for all Moncler products since 2016, featuring the best technologies available on the market. The new authenticity-traceability system features an unique alphanumeric code, a QRcode and NFC (Near Field Communication) tag. End-users can check their products on the website code.moncler.com. Where necessary, Moncler provides expertise to customers who are want to recover sums paid for the purchase of a counterfeit item from the online payment service providers.

The Group's commitment to industry associations saw Moncler involved in numerous activities in 2017, organised by leading national and international organisations involved in the fight against counterfeit and protecting IP, in particular INDICAM, INTA, BASCAP, UNIFAB and QBPC.

HUMAN CAPITAL

Moncler has always invested considerable energy in selecting the best talent, in encouraging professional growth and promoting welfare within the company.

It provides a healthy, safe working environment, which is stimulating and rewards merit, where diversity is valued and each person is given the chance to flourish and express all their potential and talent.

Moncler seeks to attract and identify talented resources, who stand out not only for their excellent technical, professional and managerial skills, but also for their vision, business spirit and focus on innovation - all qualities we need to support our growth in an ever-evolving environment.

Driven by growth and expansion, the recruitment process focuses on profiles with an increasingly international and varied dimension, with a diverse training and business culture background, as well as expertise and experience to tackle the Group's future challenges.

Identifying, engaging with and retaining the best talent is a strategic issue. With a view to people empowerment and development, Moncler has been using a performance review system for several years, evaluating competencies levered to achieve objectives. The system evaluates to what extent employees perform their role, shaping possible training, development and internal growth programmes.

Underlying Moncler's appraisal model are values which all members of staff must endorse and promote: integrity, passion, being a part of company culture, interpersonal skills built on trust, a global vision, excellent results, innovation and talent empowerment. The annual performance review, which aims to improve business performance and focuses on the medium/long term, is a key process for people management and development. Its integration with the model for evaluating potential means that people can be positioned within a development framework, promoting the definition of succession plans and retention of the best talent. The annual performance review is key to the salary review process.

Moncler's remuneration system is designed to attract, motivates and retain people with the professional qualities necessary for the Group's business growth. It is based on principles of fairness, equal opportunities, merit and a competitive edge.

Employee remuneration is defined considering specific criteria, including a comparison with the external market and fairness within the company, characteristics of the role and relative responsibilities, as well as the specific expertise of people, with a view to ensuring the utmost impartiality, to avoid any type of discrimination. The annual salary review is also based on merit, considering business results and the individual performance review, with a focus on talent.

The remuneration policy includes remuneration and incentive mechanisms rewarding short and long-term results, based on the organisational category and activity carried out. These mechanisms include:

- annual MBO (Management By Objectives) systems for Executives, Managers and Professionals, based on achieving financial targets and measurable qualitative/quantitative targets connected with strategic business, process and project performance, according to a balance score card;
- team and individual sales commission systems that reward excellence, quality and business development at a store level;
- long term incentive systems, such as Stock Options and Performance Shares for senior management and key resources, regardless of the organisational level. These systems, which are related to long term performance conditions, with a focus on results and their quality, are an important part of the pay mix, and can make up the main part of the total salary at senior management level.

Employees' salary packages include a number of benefits, such as life insurance, pension schemes and healthcare schemes. Moncler gives its employees benefits related to their professional category.

In 2017, the Group adopted the new Moncler Corporate Welfare Scheme, for employees of all departments, up to managerial level, at both the Italian corporate head offices, who have an indefinite employment contract and are on the payroll at 31 December of each year. This scheme was devised to ensure a better standard of care and well-being for people. The scheme covers a wide range of benefits and services, also for employees' families: from the reimbursement of school fees to vouchers, special offers for leisure, welfare packages, sports' courses and the chance to pay the welfare premium into a supplementary pension scheme.

Moncler has always stood out for investing in younger resources, with a considerable number of trainees on work placements becoming company employees. In Italy, which has the highest number of trainees, 20% of all trainee contracts was followed up with employment with the company in 2017.

This focus also targets training. In 2017, Moncler started to plan, at a corporate level, MONCampus - the company's first Learning Academy. MONCampus offers a training programme managed by company trainers for younger talent, which aims to develop company awareness, and increase knowledge of and a focus on main company processes and activities. Moncler continued its external training programmes in 2017, encouraging employees from its Italy Corporate head offices to take part in a number of intercompany courses and workshops on issues targeting the development of a company culture that supports inter-generational cooperation and engagement, increases the well-being and motivation of staff, and supports female staff with their involvement in courses and initiatives promoted by Valore D.

To maintain OHSAS 18001 occupational health and safety certification, Moncler continued its training courses in 2017 to consolidate a culture of occupational health and safety, creating an awareness of risks in the workplace and providing necessary information for the correct identification and management of these risks, as well as promoting the responsible behaviour of all employees.

In the Retail segment, Moncler continued to invest in training for sales staff. Training in 2017 was consistent, concerning products (raw materials, the production process for shoes, handbags and glasses) and the history of the brand, as well as relational and managerial skills, with the aim

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of disseminating a sales service and style model that can make purchasing a unique, stand-out experience.

During 2017, the Group delivered over 69 thousand hours of training for approximately 2.6 thousand employees. Activities focused primarily on professional and vocational training (72%) and on health and safety (22%).

As part of its engagement plan, Moncler launched its first internal climate survey “MONVoice” during 2017. In association with one of the sector’s leading players, a questionnaire was given to some 2,000 employees worldwide, with a response rate of nearly 90%.

The aim was to provide a snapshot of the Company’s positioning as regards two aspects: employee engagement and enablement. By analysing the individual components of each of these two aspects, Moncler was able to identify the strengths and areas to work on in order to consolidate and improve its overall positioning.

A structured communication plan was prepared for before and after the survey. The company Intranet “MONCamp” was used to raise employee awareness of the survey. Plenary sessions were then organised for all employees at various sites, along with function and regional meetings to share the results in detail with each organisational area.

The action plan defined by the Company includes training for functional and cross functional work teams in order to work on issues that require improvement with a bottom-up logic.

Lastly, the HR system digitalisation project, which began in 2016 and was consolidated in 2017 with a number of tools supporting main processes and activities, will provide considerable support for management and help develop a digital culture at Moncler.

In 2017, Moncler employed 3,066 FTE staff⁶ (3,498 headcounts at 31/12), of whom 50% working at its directly-operated stores. The growth in the workforce compared to 2016 (+366 FTE) was driven by developments in the network of directly-operated stores and by the expansion of production activities in Romania.

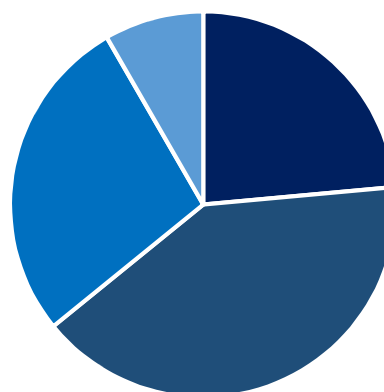
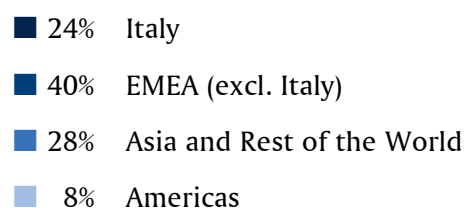
In terms of distribution by geographic area, which was basically unchanged compared to 2016, EMEA (including Italy) accounted for 64% of the total FTE, followed by Asia with 28% and the Americas with 8%.

⁶ Full Time Equivalent (average).

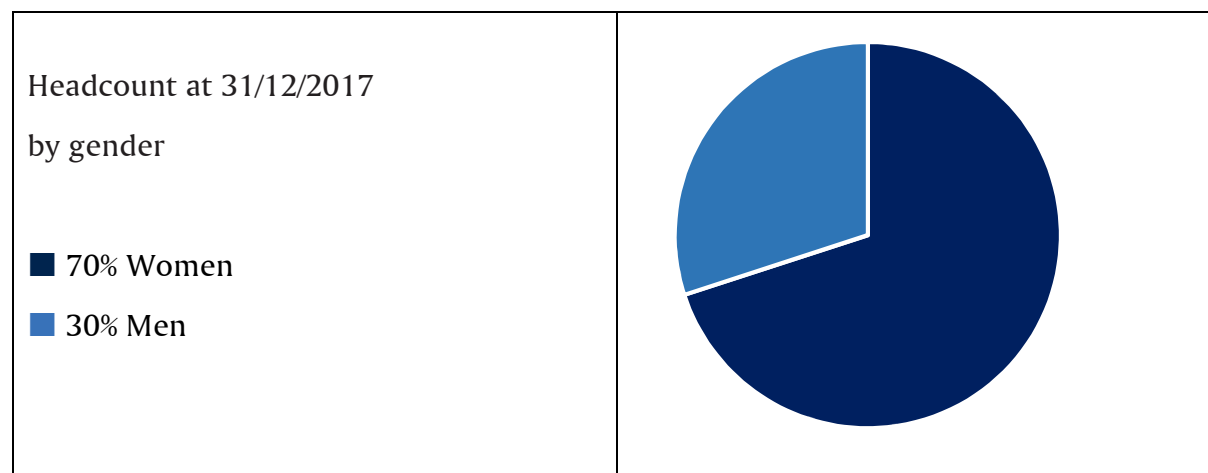
	31/12/2017	31/12/2016
Italy	723	665
EMEA (excl. Italy)	1,244	1,025
Asia and RoW	844	771
Americas	255	239
Total	3,066	2,700
of which Direct Retail	1,444	1,315

Full Time Equivalent (average) 31/12/2017

by geographic area

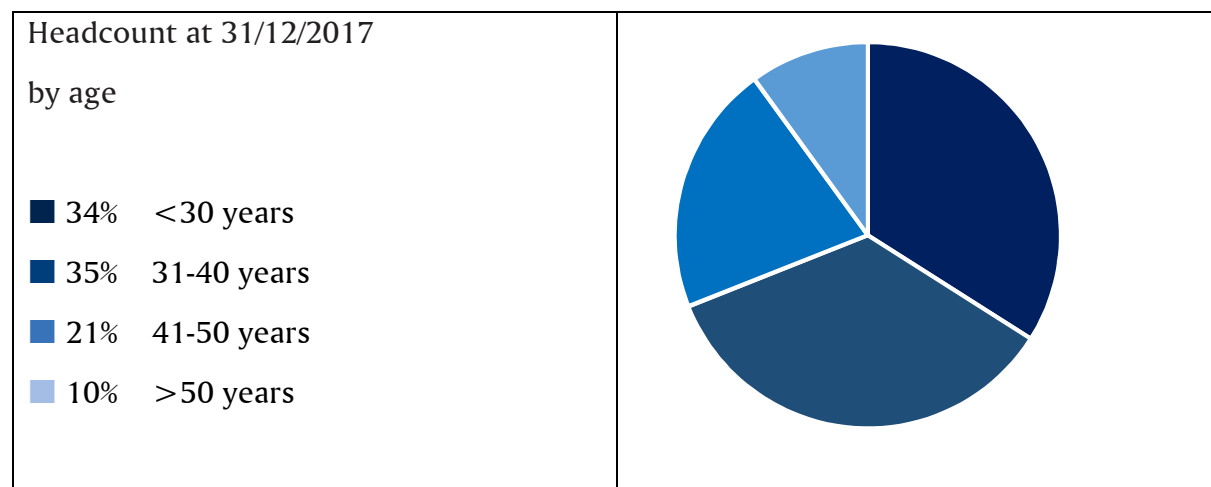


At 31 December 2017, 70% of employees were women. This percentage is in line with figures at 31 December 2016.



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Moncler places special emphasis on youth employment as shown by an analysis of personnel by age, in which employees under 30 represent 34% of the total.



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, 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 Consolidated Non-Financial Statement, and fostering a culture of sustainability at the company.

The Sustainability Unit also consults with a technical Sustainability Committee. This Committee, includes the members of the Strategic Committee and 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.

"Ambassadors" have been selected from each company department, to raise awareness of social and environmental issues in the areas where they operate and to promote sustainability initiatives that are in keeping with the Group's objectives. "Sustainability data owners" have also been picked, each responsible, in their area, for data and information published in the Consolidated Statement on Non-Financial Disclosure and for achieving the objectives in the sustainability Plan objectives, for areas in their responsibility.

In a further sign that the company's top management supports and promotes sustainability, a Control, Risk and Sustainability Committee is present at a 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 Consolidated Non-Financial Statement.

In compliance with article 5, paragraph 3, letter b of Legislative Decree no. 254/2017, Moncler has issued a Consolidated Non-Financial Statement, which comprises a separate report. The 2017 Consolidated Non-Financial Statement, prepared "in compliance" with Sustainability Reporting Guidelines (version G4) – core option, issued by Global Reporting Initiative (GRI) and partially audited by KPMG S.p.A., is available on the Group's website.

The 2017 Consolidated Non-Financial Statement describes the most significant activities carried out in 2017 on an environmental, social and economic level, and publishes 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 interest of all various stakeholder.

MONCLER AND THE FINANCIAL MARKETS

2017 saw further growth on financial markets and in the luxury goods sector worldwide. This performance was particularly significant for some international players, including Moncler.

In fact, thanks to results above the expectations of the financial community, and an ongoing dialogue with investors and financial analysts, Moncler recorded a Total Shareholders Return (TSR) of 59% in 2017, the highest figure for the luxury goods' sector after the Kering Group, outperforming the top 40 shares listed on the Italian stock exchange (FTSE MIB), as indicated in the table below.

	2017
Kering SA	87.5%
Moncler SpA	59.1%
LVMH Moët Hennessy Louis Vuitton SE	37.9%
Brunello Cucinelli S.p.A.	33.7%
Burberry Group plc	22.6%
Hermès International SCA	15.4%
Prada S.p.A.	11.3%
TOD'S S.p.A.	1.2%
Salvatore Ferragamo S.p.A.	0.4%
Sector average	29.9%
 FTSE MIB	 13.6%

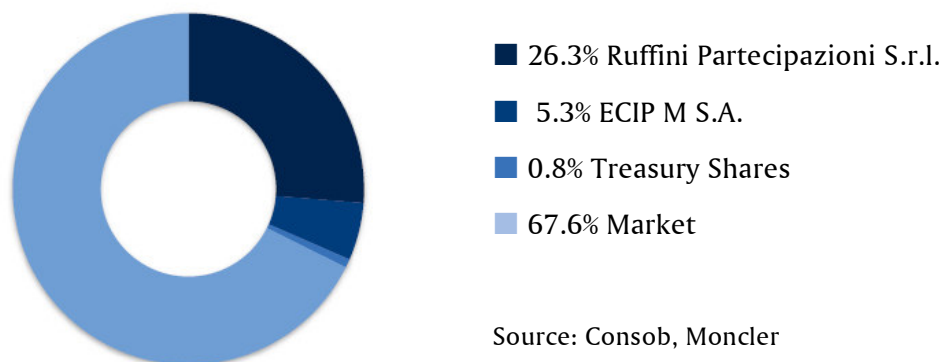
(source: FACTSET)

Moncler's market capitalisation at 31 December 2017 was equal to 6.6 billion euros, compared to 4.1 billion euros at 31 December 2016.

The number of shares at 31 December 2017 was equal to 254,778,741; major shareholders are indicated in the chart below. In particular, the following significant changes in ownership structure took place:

- During 2017, 4,405,000 stock options relative to the 2014-2018 "Top Management and Key people" Stock Option Plan and 159,017 stock options relative to the 2014-2018 "Italian Corporate Structures" Plan (equal to a total of 4,564,017 stock options) were exercised with the relative issue of new shares, that increased the total number of Moncler shares from 250,214,724 at 31 December 2016 to 254,778,741 at 31 December 2017;
- Between 26 June and 7 August, Moncler completed a programme to purchase 1,000,000 treasury shares (equal to 0.4% of the share capital), in addition to the number of treasury shares already held (equal to 1,000,000), to be used for existing and future stock-based incentive plans;

- on 26 October, Eurazeo, a private equity fund, sold its interest in Moncler, held through ECIP M S.A., decreasing its investment in the company from 9.5% to 5.3%. The shares were mainly sold through an accelerated bookbuild on international markets for a total around 210 million euros.



Source: Consob, Moncler

Last update: 26 February 2018

During 2017, Moncler engaged with the financial community (investors, analysts), mainly through conferences on the luxury goods sectors and roadshows in main financial cities and markets around the world; investment funds were also invited to the Milan offices and to events at the company's flagship stores.

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FINANCIAL CALENDAR

The main events in 2018 related to the Moncler reporting timeline are provided below:

Date	Event
Monday, February 26, 2018	Board of Directors: Approval of the Draft Consolidated Results for Financial Year ended December 31, 2017
Tuesday, February 27, 2018	Capital Markets Day
Monday, April 16 , 2018	Annual Shareholders' Meeting for Approval of the Full Year Financial Statements at December 31, 2017
Friday, May 4, 2018	Board of Directors: Approval of the <i>Interim Management Statement</i> at March 31, 2018 (*)
Wednesday, July 25, 2018	Board of Directors: Approval of the Half-Yearly Financial Report at June 30, 2018 (*)
Wednesday, October 24, 2018	Board of Directors: Approval of the <i>Interim Management Statement</i> at September 30, 2018 (*)

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

SECTION TWO

INTRODUCTION

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

PERFORMANCE OF THE MONCLER GROUP

Financial Results

Following are the consolidated income statements for financial years 2017 and 2016.

(Euro/000)	Fiscal Year 2017	% on Revenues	Fiscal Year 2016	% on Revenues
Revenues	1,193,704	100.0%	1,040,311	100.0%
<i>YoY growth</i>	+15%		+18%	
Cost of sales	(276,186)	(23.1%)	(252,303)	(24.3%)
Gross margin	917,518	76.9%	788,008	75.7%
Selling expenses	(365,103)	(30.6%)	(312,353)	(30.0%)
General & Administrative expenses	(108,660)	(9.1%)	(94,093)	(9.0%)
Advertising & Promotion	(79,393)	(6.7%)	(68,143)	(6.6%)
Stock-based Compensation	(23,485)	(2.0%)	(15,738)	(1.5%)
EBIT	340,877	28.6%	297,681	28.6%
<i>YoY growth</i>	+15%		+18%	
Net financial result ¹⁰	(5,182)	(0.4%)	(4,592)	(0.4%)
EBT	335,695	28.1%	293,089	28.2%
Taxes	(85,927)	(7.2%)	(96,767)	(9.3%)
<i>Tax Rate</i>	25.6%		33.0%	
Net Income, including Non-controlling interests	249,768	20.9%	196,322	18.9%
Non-controlling interests	(80)	(0.0%)	(279)	(0.0%)
Net Income, Group share	249,688	20.9%	196,043	18.8%
<i>YoY growth</i>	+27%		+17%	
EBITDA Adjusted	411,635	34.5%	355,054	34.1%
<i>YoY growth</i>	+16%		+18%	

EBITDA is not a recognised 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 amortisation 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.

¹⁰ Fiscal Year 2017: FX gain/(losses) (3.841) thousand euros; other financial items (1.341) thousand euros.
Fiscal Year 2016: FX gain/(losses) (1.851) thousand euros; other financial items (2.741) thousand euros.

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Consolidated Revenues Analysis

In 2017 Moncler recorded revenues of 1,193.7 million euros, compared to revenues of 1,040.3 million euros in 2016, an increase of 17% at constant exchange rates and an increase of 15% at current exchange rates.

Revenues by Region

	Fiscal Year 2017		Fiscal Year 2016		YoY growth %	
	(Euro/000)	%	(Euro/000)	%	At current exchange rates	At constant exchange rates
Italy	149,349	12.5%	143,186	13.8%	+4%	+4%
EMEA (excl. Italia)	352,367	29.5%	303,343	29.2%	+16%	+19%
Asia and Rest of the World	495,476	41.5%	418,524	40.2%	+18%	+20%
Americas	196,512	16.5%	175,257	16.8%	+12%	+14%
Total Revenues	1,193,704	100.0%	1,040,311	100.0%	+15%	+17%

In Italy, revenues rose 4% at constant exchange rates, with balanced performances in both the retail and the wholesale distribution channels. In particular, in the fourth quarter the retail channel benefited from a good organic growth and the re-opening of the flagship store in Milan, Via Montenapoleone.

In EMEA, Moncler's revenues grew 19% at constant exchange rates, with double-digit growth in both the retail and the wholesale channels and in the main markets. The brand recorded very good performances in France, in the United Kingdom and in Germany. The United Kingdom has achieved, even in the last quarter of the year, a double-digit growth, notwithstanding a challenging comparison base, thanks to the good organic results of the Directly Operated Stores and to the development of important wholesale clients, included some e-tailers. Also in France, revenues continued to grow at double-digit in the fourth quarter, supported by the local demand and the positive travellers' flow. Moncler achieved very good performances in Germany too, both in the retail and the wholesale channel.

In Asia and Rest of the World, revenues increased 20% at constant exchange rates. In the fourth quarter, the Japanese market recorded a double-digit growth, benefiting from good demand from local customers and travellers. Robust performances continued in China, driven by a double-digit organic growth also in the fourth quarter, and in Hong Kong, where has been opened the flagship store in Canton Road, as well as in the remaining markets of Asia-Pacific. In Korea, Moncler achieved very good performances, mainly driven by the existing store network good results. In 2017 Moncler has also reinforced its presence in some Asian cities, characterised by a particularly strong touristic flow (Guam, Auckland, Bangkok, Macau, Taipei), thanks to the opening of wholesale mono-brand stores.

In the Americas, revenues grew 14% at constant exchange rates, slightly accelerating in the last quarter, despite the tough comparison base. Very good results in Canada and in the United States for both the retail and the wholesale distribution channels, thanks to the solid growth of existing

retail stores, showing an improved trend compared to the previous quarter, and to the openings of new wholesale shop-in-shops.

Revenues by Distribution Channel

	Fiscal Year 2017		Fiscal Year 2016		YoY growth %	
	(Euro/000)	%	(Euro/000)	%	At current exchange rates	At constant exchange rates
Retail	892,383	74.8%	764,173	73.5%	+ 17%	+ 19%
Wholesale	301,321	25.2%	276,138	26.5%	+ 9%	+ 10%
Total Revenues	1,193,704	100.0%	1,040,311	100.0%	+ 15%	+ 17%

In 2017, revenues from the retail distribution channel increased to 892.4 million euros compared to 764.2 million euros in 2016, representing an increase of 19% at constant exchange rates, thanks to a robust organic growth and to a further development of our network of mono-brand retail stores (DOS). Furthermore, other important projects, related to the expansion and the relocation of existing stores, have been successfully completed during the year.

In 2017, the Group achieved *Comparable Store Sales Growth*¹¹ of 14%.

The wholesale channel recorded revenues of 301.3 million euros compared to 276.1 million euros in 2016, an increase of 10% at constant exchange rates, driven by good results, in particular, in the United Kingdom and North America markets.

Analysis of Consolidated Operating and Net Results

Cost of Goods Sold and Gross Margin

In 2017 the consolidated gross margin was 917.5 million euros, equivalent to 76.9% of revenues compared to 75.7% in 2016. This improvement was mainly attributable to growth in the retail channel and higher production efficiency.

Selling Expenses and EBIT

Selling expenses were 365.1 million euros, equivalent to 30.6% of revenues compared to 30.0% in 2016. This increase was largely related to the expansion of the retail channel. General and administrative expenses were 108.6 million euros, equal to 9.1% of revenues, compared to 9.0% in 2016. Advertising expenses were 79.4 million euros, representing 6.7% of revenues compared to 6.6% in 2016.

¹¹ *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.

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Adjusted EBITDA¹² rose to 411.6 million euros, compared to 355.1 million euros in 2016, resulting in an EBITDA margin of 34.5% compared to 34.1% in 2016. The increase in the profitability is mainly linked to the gross margin improvement and to the strict control on operating costs, in particular on the retail selling costs.

Depreciation and amortisation rose to 47.2 million euros, an increase of 14% compared to 41.7 million euros, representing 4.0% of revenues, as in 2016. This increase is largely attributable to the retail development, both related to new openings and to relocations/expansions.

Stock-based compensation costs include non-cash costs related to the stock option and to the performance shares plans and were equal to 23.5 million euros, compared to 15.7 million euros in 2016.

EBIT was 340.9 million euros, an increase of 15% compared to 297.7 million euros in 2016, representing an EBIT margin of 28.6%, stable compared to 2016.

Net financial result

In 2017 the net financial result was negative and equal to 5.2 million euros, including 3.8 million euros of forex losses. In 2016 net financial result was negative and equal to 4.6 million euros, including 1.9 million euros of forex losses. Net of these losses, net financial result was equal to 1.3 million euros in 2017, compared to 2.7 million euros in 2016.

In 2017 the tax rate was 25.6%, compared to 33.0% in the previous fiscal year. The decrease is mainly due to a reduction of the IRES corporate tax in Italy and to the fiscal benefits related to Patent Box, net of costs related to tax claims, as reported in the section "*Significant Events Occurred During The Financial Year 2017*".

In 2017 Net Income, Group share was 249.7 million euros, equivalent to 20.9% of revenues, an increase of 27% compared to 196 million euros in 2016.

¹² Before non-cash costs related to stock-based compensation.

Consolidated Balance Sheet and Cash Flow Analysis

Following are the reclassified consolidated statements of financial position for financial years 2017 and 2016.

(Euro/000)	31/12/2017	31/12/2016
Intangible Assets	426,269	422,464
Tangible Assets	138,127	123,925
Other Non-current Assets/(Liabilities)	22,136	16,377
Total Non-current Assets	586,532	562,766
Net Working Capital	89,655	108,127
Other Current Assets/(Liabilities)	(47,010)	(55,980)
Total Current Assets	42,645	52,147
Invested Capital	629,177	614,913
Net Debt/(Net Cash)	(304,952)	(105,796)
Pension and Other Provisions	10,598	17,138
Shareholders' Equity	923,531	703,571
Total Sources	629,177	614,913

Net working capital

Net working capital was 89.7 million euros, a decrease compared to 108.1 million euros at 31 December 2016, equivalent to 8% of last-twelve-months revenues, compared to 10% as of 31 December 2016. This improvement is related to a better management of inventories and accounts receivable, and an extraordinary increase of accounts payable largely related to costs for the openings of new DOS ad for relocations/expansions, occurred in the fourth quarter of 2017.

(Euro/000)	31/12/2017	31/12/2016
Accounts receivables	120,708	104,864
Inventory	136,159	135,849
Accounts payables	(167,212)	(132,586)
Net working capital	89,655	108,127
<i>% on Last Twelve Months Revenues</i>	<i>8%</i>	<i>10%</i>

Net financial position

Net financial position at 31 December 2017 was positive and equal to 304.9 million euros compared to 105.8 million euros at 31 December 2016.

Net Financial Position is broken down in the following table:

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(Euro/000)	31/12/2017	31/12/2016
Cash and cash equivalents	394,144	243,389
Long-term borrowings, net	(67,874)	(75,835)
Short-term borrowings, net*	(21,318)	(61,758)
Net financial position	304,952	105,796

(*) net of Financial current assets

Following is the reclassified consolidated statement of cash flow for financial years 2017 and 2016:

(Euro/000)	Fiscal Year 2017	Fiscal Year 2016
EBITDA Adjusted	411,635	355,054
Change in NWC	18,472	2,749
Change in other curr./non-curr. assets/(liabilities)	(22,231)	16,437
Capex, net	(72,497)	(62,290)
Operating Cash Flow	335,379	311,950
Net financial result	(5,182)	(4,592)
Taxes	(85,927)	(96,767)
Free Cash Flow	244,270	210,591
Dividends paid	(45,582)	(35,404)
Changes in equity and other changes	468	(19,796)
Net Cash Flow	199,156	155,391
Net Financial Position - Beginning of Period	105,796	(49,595)
Net Financial Position - End of Period	304,952	105,796
Change in Net Financial Position	199,156	155,391

Free cash flow in 2017 was equal to 244.3 million euros, compared to 210.6 million euros in 2016.

Net capital expenditure

Net capital expenditure was 72.5 million euros in 2017, compared to 62.3 million euros in 2016. The increase is mainly due to investments in the retail network and to some important relocations and expansions.

The following table shows the breakdown of capex by category:

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(Euro/000)	Fiscal Year 2017	Fiscal Year 2016
Retail	56,539	47,496
Wholesale	5,194	4,101
Corporate	10,765	10,693
Capex	72,498	62,290
<i>% on Revenues</i>	6%	6%

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

Following is the income statement of the Parent Company.

(Euro/000)	Fiscal Year 2017	% on Revenues	Fiscal Year 2016	% on Revenues
Revenues	199,951	100.0%	173,766	100.0%
General & Administrative expenses	(21,357)	(10.7%)	(18,019)	(10.4%)
Advertising & Promotion	(34,262)	(17.1%)	(31,044)	(17.9%)
Stock-based Compensation	(6,144)	(3.1%)	(4,866)	(2.8%)
EBIT	138,188	69.1%	119,837	69.0%
Net financial result	(39)	(0.0%)	(575)	(0.3%)
EBT	138,149	69.1%	119,262	68.6%
Taxes	(4,895)	(2.4%)	(37,717)	(21.7%)
Net Income	133,254	66.6%	81,545	46.9%

Moncler S.p.A. revenues rose to 200.0 million euros in 2017, an increase of 15% compared to revenues of 173.8 million euros in 2016, mainly arising from proceeds arising out of the licensing of the Moncler brand. The revenue increase is due to the growth of the business linked to the development of the Brand.

General and administrative expenses were 21.4 million euros, equal to 10.7% on revenues (10.4% in 2016). Advertising and Promotion expenses were 34.3 million euros 31.0 million euros in 2016.

Stock-based compensation costs include non-cash costs related to the stock option and performance shares plans and in 2017 were equal to 6.1 million euros (4.9 million euros in 2016), mainly related to stock based incentive plans for employees, directors and consultants of the Parent Company.

Net financial costs decreased significantly and were equal to 39 thousand euros, compared to 575 thousand euros in 2016, thanks to the improvement of the net financial position, which was positive at year-end.

In 2017 taxes were equal to 4.9 million euros compared to 37.7 million euros in 2016, mainly due to a reduction of the IRES corporate tax and to the fiscal benefits related to Patent Box.

Net income was 133.3 million euros, an increase of 63% compared to 81.5 million euros in 2016.

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

(Euro/000)	31/12/2017	31/12/2016
Intangible Assets	225,869	226,220
Tangible Assets	60	3
Investments	250,455	233,116
Other Non-current Assets/(Liabilities)	(63,381)	(62,522)
Total Non-current Assets	413,003	396,817
Net Working Capital	25,237	35,161
Other Current Assets/(Liabilities)	28,703	(24,710)
Total Current Assets	53,940	10,451
Invested Capital	466,943	407,268
Net Debt/(Net Cash)	(43,786)	32,884
Pension and Other Provisions	822	658
Shareholders' Equity	509,907	373,726
Total Sources	466,943	407,268

The balance sheet of Moncler S.p.A. includes shareholders' equity of 509.9 million euros at 31 December 2017, compared to 373.7 million euro at 31 December 2016, and a net financial position of 43.8 million euros, compared to a net debt of 32.9 million euros at 31 December 2016.

MAIN RISKS

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

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

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

Moncler operates in the luxury goods sector which is characterised by a high correlation between the demand of goods and the 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 of the business in specific geographical areas, 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 clients' tastes and preferences, but also by different habits in the regions in which it operates. In addition, the Group's success is significantly influenced by the image, perception and recognition of the Moncler brand. The Group 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, also in the choice of the partners. 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.

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

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 in terms of quality, timely delivery and compliance with applicable regulations.

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 and constantly monitors and integrates the DIST (Down Integrity System and Traceability) Protocol, focused on the down. All suppliers have to scrupulously comply with it, in order to guarantee the traceability of raw materials, animal welfare and the highest quality 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 characterised by a great incidence of fixed costs, mainly related to rental agreements. Although Moncler's management showed the ability in the years to develop a profitable retail business, it cannot be excluded that a potential turnover slowdown could reduce the Group's capability to generate profits.

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 characterised by a high degree of complexity and subjectivity, it cannot be excluded that a different interpretation to that of the Group could have a significant impact on the results.

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 clients 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,

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credit lines required to meet those needs are planned with the financial institutions and are classified between short-term and long-term.

Moreover, given the risk of losing the capital, the Group follows strict rules to balance its deposits and cash liquidity in an appropriate number of highly rated bank institutions, avoiding the concentration and using only risk-free financial products.

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

CORPORATE GOVERNANCE

Moncler S.p.A. (the “Company” or “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 has established an Appointments and Remuneration Committee and Control, Risks and Sustainability Committee, comprising board members (Board Committees); these Committees have an advisory function, in line with recommendations of the Corporate Governance Code endorsed by the Company;
- the Board of Statutory Auditors 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.

As part of the Internal Control and Risk Management System adopted by the Parent Company, a Supervisory Board comprising three members and directly reporting to the Board of Directors has also been established pursuant to Legislative Decree no. 231/01 as amended. This Board monitors the adequacy of rules, mechanisms and internal controls within the Group.

For more information on corporate governance, including information on Board of Directors committees, the supervisory body and the manager in charge of financial reporting, see the Governance section of the website www.monclergroup.com. The Corporate Governance and Ownership Report and subsequent amendments (prepared in accordance with Article 123-bis of

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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 represents the values the Group identifies with. It sets out the responsibilities and ethical commitments for doing business which must be observed by all people and organisations the Code applies to, including entities that do not belong to the Group but do business with it (in particular suppliers, contractors, consultants, outsourced staff, partners).

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.

TREASURE SHARES

Moncler owns 2.000.000 Company shares, equal to 0,8% of the current share capital.

SIGNIFICANT EVENTS OCCURRED DURING THE FINANCIAL YEAR 2017

Dividends

On 20 April 2017, Moncler Ordinary Shareholders Meeting approved the Group's results for fiscal year 2016 and the distribution of a gross dividend of 0.18 euros per ordinary share, with coupon date of 22 May 2017 and payment date of 24 May 2017. In 2017, Moncler distributed 45.5 million euros of dividends.

Share purchases plan

On 26 June 2017, Moncler launched a share buyback programme for a maximum of 1,000,000 Moncler S.p.A. ordinary shares (equal to 0.4% of current share capital, in accordance with the resolution of the Shareholders' Meeting of 20 April 2017. As of that date, Moncler already held 1,000,000 Moncler S.p.A. ordinary shares, bought in 2016 in accordance with the resolution of the Shareholders' Meeting of 23 April 2015.

In implementation of the programme, completed on 7 August 2017, Moncler acquired 1,000,000 ordinary shares (equal to 0.4% of Moncler share capital), for a total amount of 21.3 million euros.

Signed Agreement On Patent Box And Tax Settlement

In December 2017, Moncler signed an agreement with the Italian Revenue Agency to access the *Patent Box's* tax relief and to settle the pending tax claim related to *transfer pricing* matters as reported in the 2016 Annual Report ("Significant event occurred during the year").

The legislation on *Patent Box* provides a tax relief regime for a five-year period from 2015 to 2019. The estimated tax benefit for Moncler for the three-year period 2015-2017 is approximately 34 million euros and has been fully reflected in the Group's Fiscal Year 2017 results. The 2018 and 2019 tax benefit will be quantified and disclosed in the Group's respective annual financial statements.

The tax settlement resolves some transfer pricing matters regarding transactions with foreign affiliates, all of which operate in countries with ordinary tax regimes. The total cost of this tax settlement is of 24.5 million euros, which, net of existing provisions, has a net impact of 14.5 million euros on 2017 results.

The tax rate of Moncler Group in 2017 was equal to 25.6%, compared to 33.0% in 2016. This result is due to the fiscal benefits related to Patent Box (34 million euros), the net cost associated with the tax settlements (14.5 million euros), and the reduction of corporate tax rate (IRES) in Italy.

Extension of the Joint Venture Moncler Japan

The Board of Directors S.p.A. (the “Company”) has approved on 26 July 2017 an amendment (the “Amendment”) to the Joint Venture Agreement entered into with Yagi Tsusho Limited (“Yagi”) on 12 October 2008, as subsequently amended (the “JV Agreement”), for the incorporation of Moncler Japan Corporation (“Moncler Japan”), of which the Company owns – through its subsidiary Industries S.p.A. – 51% of the share capital, while remaining 49% is owned by Yagi.

The Amendment provides for:

- the extension of the term of the JV Agreement, upon the occurrence of certain conditions, for additional 5 years after its current expiration term of 31 December 2023;
- the amendment of the terms and conditions of the purchase option recognised to the Company and of the related option to sell recognised to Yagi on its entire stake of 49% of the share capital of Moncler Japan, by stating that such options could be exercised, respectively, by and towards Moncler Japan, no more upon the expiration, or early termination, of the JV Agreement, but progressively, once per year, between 2018 and 2024, in compliance with the Japanese regulations governing the acquisition of treasure shares, at a price equal to the prorated value of Moncler Japans' net equity at the end of each related financial year, instead of the price initially agreed, which was the fair market value of the stake, based on specific indicators provided under the JV Agreement;
- certain changes in the corporate governance of Moncler Japan which, effective as of 1 January 2018, will lead to a reinforcement of the management and control powers of the Company; and
- an adjustment of the considerations provided under the agreement for the distribution of the Moncler products in Japan, entered into on 15 July 2009 and subsequently renewed, in execution of the JV Agreement, between the Company, in its quality as holder of the Moncler brand, the subsidiary Industries S.p.A., in its quality as exclusive importer and Moncler Japan, in its quality as distributor (the “Distribution Contract”);

The transactions provided for by the Amendment (the “Transactions”) are to be considered as transactions with related parties of minor importance, pursuant to Article 2391-bis Civil Code and pursuant to the Related-Party Transactions Regulation adopted by CONSOB with resolution no. 17221 of 12 March 2010, as subsequently amended (the “RPT Regulation”), and to the procedure governing related-party transactions adopted by the Company (the “RPT Procedure”), since these will be carried out by the Company and by and between the subsidiaries Industries S.p.A. and Moncler Japan.

The Transactions and the Amendment have been approved by the Board of Directors of the Company held today, prior the obtainment of a positive and motivated opinion, issued by Related-Party Committee of the Company on 25 July 2017, following the outcome of the related preliminary evaluation.

Termination of Gamme Bleu and Gamme Rouge collections

On 13 November 2017, Moncler announced that the collaborations with Thom Browne for *Gamme Bleu* and with Giambattista Valli for *Gamme Rouge* will end with the Spring/Summer 2018 collections. Starting from Fall/Winter 2018, Moncler has started a new creative project announced on February 2018 (see section “*Significant Events Occurred after the Reporting Date*” of this Annual Report): Moncler Genius.

SIGNIFICANT EVENTS OCCURRED AFTER THE REPORTING DATE

Moncler Genius

On 20 February 2018, Moncler presented a new creative and communication chapter, a vision of the future. A vision beyond seasons able to establish a daily dialogue with the customers: *Moncler Genius*. A hub of eight exceptional minds operating in unison while cultivating their singularity has being able to reinterpret the Brand; each one devoted to a singular project, all of them adding facets to the Moncler's brand identity.

Capital Markets Day

On 27 February 2018, Moncler will host the Capital Markets Day in Milan, during which an update on the Group's medium-term strategy has been disclosed to the financial community. The documents are available on the corporate website www.monclergroup.com.

BUSINESS OUTLOOK

The Group is forecasting a scenario of further growth in 2018, based on the following strategic guidelines.

Strengthening of the Brand. Since the beginning, the positioning and the communication strategy of the brand Moncler have been based on two pillars: uniqueness and consistency of its heritage. These pillars are and will remain fundamental also in the future. Moncler's strength is also related to its ability to renew itself with continuity. Today's consumer of luxury goods are evolving rapidly and faster than in the past. To take advantage of these changes, Moncler has decided to open a new chapter, which will drive the Group into its future development.

BOARD OF DIRECTORS' REPORT

Focus on customers. Developing a direct relationships with retail, wholesale and digital clients, being able to get them involved using all their touch points and anticipating their needs: these are the pillars of the relationship that Moncler wants to build across channels with its clients, especially with its local customers, in order to maintain, and if possible strengthen, the Group's future organic growth.

International development and consolidation of key markets. Over the years, Moncler has followed a clear strategy of international growth, while always keeping strong control of the business and a direct dialogue with its clients, both in the wholesale and in the retail channel. Moncler wants to keep on selectively developing the main international markets and consolidating its presence in the "core" markets, also thanks to 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), the development of travel retail, and the strengthening of its digital channel.

Selected 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.

Sustainable business development. The Brand is reinforcing its commitment to sustainable and responsible long-term development, which takes account of stakeholders' expectations aiming at 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:

BOARD OF DIRECTORS' REPORT

Reconciliation between result and net equity of the Parent company and the Group (Euro/000)	Result 2017	Net Equity 31/12/17	Result 2016	Net Equity 31/12/16
Parent company balances	133,254	509,907	81,544	373,726
Inter-group dividends	(28,532)	0	(25,924)	0
Share of consolidated subsidiaries net of book value of related equity interests	143,228	375,948	150,020	277,654
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	2,128	(70,590)	(8,604)	(72,718)
Translation adjustments	0	(10,969)	0	5,273
Effects of other consolidation entries	(390)	(39,884)	(993)	(39,494)
Total Group shares	249,688	923,423	196,043	703,452
Share attributable to non-controlling interests	80	108	279	119
Total	249,768	923,531	196,322	703,571

Secondary offices

The Company does not have any secondary offices.

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

In relation to art. 15 of Consob Regulation adopted with resolution n. 20249 on 28 December 2017 as amended and integrated, concerning the conditions for the listing of companies with subsidiaries established and regulated under the laws of countries outside the European Union and of significance for the consolidated financial statements, please note that the above mentioned regulation is applicable to six companies belonging to the Group (Moncler Japan, Moncler USA, Moncler USA Retail, Moncler Asia Pacific, Moncler Shanghai and Moncler Shinsegae) and that adequate procedures to ensure full compliance with said rules have been adopted and that the conditions referred to in that Article 15 were met.

Certification pursuant to article 16, paragraph 4 of the Markets Regulation adopted by Consob with resolution 20249 of 28 December 2017

Moncler S.p.A. is indirectly controlled by Remo Ruffini through Ruffini Partecipazioni Holding S.r.l. ("RPH"), a company incorporated under the laws of Italy, held 100% by Remo Ruffini – and Ruffini Partecipazioni S.r.l., a company incorporated under the laws of Italy, indirectly controlled by Remo Ruffini through RPH.

BOARD OF DIRECTORS' REPORT

Moncler S.p.A. is not managed or coordinated by RPH; for relative evaluations, reference is made to the Report on Corporate Governance and Ownership Structure, available at www.monclergroup.com, "Governance / Shareholders' Meeting" section.

MOTION TO APPROVE THE FINANCIAL STATEMENTS AND THE ALLOCATION OF THE RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

Shareholders,

We invite you to approve the Moncler Group consolidated financial statements as at and for the year ended 31 December 2017 and the Moncler S.p.A.'s separate financial statements.

We recommend that you approve the distribution of a gross dividend of 0.28 euros per ordinary share, payable out of the net income of the financial year 2017 totalling 133,253,774 euros.

The total amount to be distributed as a dividend, having taken into consideration the number of shares that are presently issued as of 31 December 2017 (n. 252.778.741), net of the shares which are directly owned by the Company (n. 2.000.000), is equal to 70,778,047 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, 26 February 2018

For the Board of Directors

The Chairman

Remo Ruffini

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CONSOLIDATED INCOME STATEMENT

Consolidated income statement					
(Euro/000)	Notes	2017	of which related parties (note 10.1)	2016	of which related parties (note 10.1)
Revenue	4.1	1,193,704	884	1,040,311	590
Cost of sales	4.2	(276,186)	(9,291)	(252,303)	(7,910)
Gross margin		917,518		788,008	
Selling expenses	4.3	(365,103)	(824)	(312,353)	(954)
General and administrative expenses	4.4	(108,660)	(7,441)	(94,093)	(7,355)
Advertising and promotion expenses	4.5	(79,393)		(68,143)	
Stock based compensation	4.6	(23,485)	(8,300)	(15,738)	(7,380)
Operating result	4.7	340,877		297,681	
Financial income	4.8	558		492	
Financial expenses	4.8	(5,740)		(5,084)	
Income before taxes		335,695		293,089	
Income taxes	4.9	(85,927)		(96,767)	
Net Income, including Minority		249,768		196,322	
Non-controlling interests		(80)		(279)	
Net income, Group share		249,688		196,043	
Earnings per share (unit of Euro)	5.16	0.99		0.79	
Diluted earnings per share (unit of Euro)	5.16	0.98		0.78	

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income			
(Euro/000)	Notes	2017	2016
Net profit (loss) for the period		249,768	196,322
Gains/(Losses) on fair value of hedge derivatives	5.16	505	154
Gains/(Losses) on exchange differences on translating foreign operations	5.16	(16,242)	1,693
Items that are or may be reclassified to profit or loss		(15,737)	1,847
Other Gains/(Losses)	5.16	26	(309)
Items that will never be reclassified to profit or loss		26	(309)
Other comprehensive income/(loss), net of tax		(15,711)	1,538
Total Comprehensive income/(loss)		234,057	197,860
Attributable to:			
Group		233,977	197,580
Non controlling interests		80	280

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position					
(Euro/000)	Notes	December 31, 2017	of which related parties (note 10.1)	December 31, 2016	of which related parties (note 10.1)
Brands and other intangible assets - net	5.1	270,687		266,882	
Goodwill	5.1	155,582		155,582	
Property, plant and equipment - net	5.3	138,127		123,925	
Other non-current assets	5.9	24,064		24,691	
Deferred tax assets	5.4	78,991		74,682	
Non-current assets		667,451		645,762	
Inventories and work in progress	5.5	136,159		135,849	
Trade account receivables	5.6	120,708	10,445	104,864	7,523
Income taxes	5.12	38,417		5,560	
Other current assets	5.9	19,284		13,356	
Financial current assets	5.8	3,884		3,019	
Cash and cash equivalent	5.7	394,144		243,389	
Current assets		712,596		506,037	
Total assets		1,380,047		1,151,799	
Share capital	5.16	50,956		50,043	
Share premium reserve	5.16	154,827		109,187	
Other reserves	5.16	467,952		348,179	
Net result, Group share	5.16	249,688		196,043	
Equity, Group share		923,423		703,452	
Non controlling interests		108		119	
Equity		923,531		703,571	
Long-term borrowings	5.15	67,874		75,835	
Provisions non-current	5.13	4,946		11,880	
Pension funds and agents leaving indemnities	5.14	5,652		5,258	
Deferred tax liabilities	5.4	68,699		70,953	
Other non-current liabilities	5.11	12,220		12,043	
Non-current liabilities		159,391		175,969	
Short-term borrowings	5.15	25,202		64,777	
Trade account payables	5.10	167,212	9,842	132,586	8,131
Income taxes	5.12	36,687		24,577	
Other current liabilities	5.11	68,024	3,909	50,319	3,788
Current liabilities		297,125		272,259	
Total liabilities and equity		1,380,047		1,151,799	

CONSOLIDATED FINANCIAL STATEMENTS

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	Retained earnings				
Group shareholders' equity at January 1, 2016	5.16	50,025	108,284	10,000	3,581	(40)	11,129	195,316	167,863	546,158	649	546,807
Allocation of Last Year Result		0	0	300	0	0	0	167,563	(167,863)	0	0	0
Changes in consolidation area		0	0	0	0	0	0	0	0	0	(289)	(289)
Dividends		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	921	0	921
Other movements in Equity		0	0	0	0	0	15,530	(21,854)	0	(6,324)	0	(6,324)
Other changes of comprehensive income		0	0	0	1,692	(155)	0	0	0	1,537	1	1,538
Result of the period		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	306,142	196,043	703,452	119	703,571
Group shareholders' equity at January 1, 2017	5.16	50,043	109,187	10,300	5,273	(195)	26,659	306,142	196,043	703,452	119	703,571
Allocation of Last Year Result		0	0	0	0	0	0	196,043	(196,043)	0	0	0
Changes in consolidation area		0	0	0	0	0	0	0	0	0	0	0
Dividends		0	0	0	0	0	0	(45,491)	0	(45,491)	(91)	(45,582)
Share capital increase		913	45,640	0	0	0	0	0	0	46,553	0	46,553
Other movements in Equity		0	0	0	0	0	22,195	(37,263)	0	(15,068)	0	(15,068)
Other changes of comprehensive income		0	0	0	(16,242)	531	0	0	0	(15,711)	0	(15,711)
Result of the period		0	0	0	0	0	0	0	249,688	249,688	80	249,768
Group shareholders' equity at December 31, 2017	5.16	50,956	154,827	10,300	(10,969)	336	48,854	419,431	249,688	923,423	108	923,531

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows	Year 2017	of which related parties	Year 2016	of which related parties
(Euro/000)				
Cash flow from operating activities				
Consolidated result	249,768		196,322	
Depreciation and amortization	47,273		41,635	
Net financial (income)/expenses	5,182		4,592	
Other non cash (income)/expenses	23,157		15,530	
Income tax expenses	85,927		96,767	
Changes in inventories - (Increase)/Decrease	(3,026)		(1,188)	
Changes in trade receivables - (Increase)/Decrease	(20,748)	(2,922)	(14,877)	(510)
Changes in trade payables - Increase/(Decrease)	40,648	1,711	17,892	(415)
Changes in other current assets/liabilities	8,997	121	26,991	1,092
Cash flow generated/(absorbed) from operating activities	437,178		383,664	
Interest and other bank charges paid and received	(780)		(1,406)	
Income tax paid	(124,568)		(107,917)	
Changes in other non-current assets/liabilities	2,282		3,110	
Net cash flow from operating activities (a)	314,112		277,451	
Cash flow from investing activities				
Purchase of tangible and intangible fixed assets	(73,479)		(63,301)	
Proceeds from sale of tangible and intangible fixed assets	981		1,011	
Net cash flow from investing activities (b)	(72,498)		(62,290)	
Cash flow from financing activities				
Repayment of borrowings	(62,068)		(68,592)	
Proceeds from borrowings	85		0	
Short term borrowings variation	0		(3)	
Dividends paid to shareholders	(45,491)		(34,883)	
Dividends paid to non-controlling interests	(91)		(521)	
Share capital increase	46,553		921	
Treasury Shares variation	(21,329)		(12,801)	
Other changes in Net Equity	(659)		(1,901)	
Net cash flow from financing activities (c)	(83,000)		(117,780)	
Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)	158,614		97,381	
Cash and cash equivalents at the beginning of the period	243,385		146,081	
Effect of exchange rate changes	(7,855)		(77)	
Net increase/(decrease) in cash and cash equivalents	158,614		97,381	
Cash and cash equivalents at the end of the period	394,144		243,385	

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.

Moreover, the parent Company Moncler S.p.A. is de facto indirectly controlled by Remo Ruffini through Ruffini Partecipazioni Holding S.r.l. ("RPH"), a company incorporated under the laws of Italy, held 100% by Remo Ruffini – and Ruffini Partecipazioni S.r.l., a company incorporated under the laws of Italy, indirectly controlled by Remo Ruffini through RPH.

The consolidated financial statements as at and for the year ended December 31, 2017 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 2017 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);

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- 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 2017 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.

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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, 2017 and December 31, 2016 are as follows:

	Average rate		Rate at the end of the period	
	2017	2016	As at 31 December 2017	As at 31 December 2016
AED	4.147530	4.063440	4.404400	3.869601
AUD	1.473170	1.464320	1.534600	1.459600
BRL	3.605430	3.856140	3.972900	3.430500
CAD	1.464700	1.465900	1.503900	1.418800
CHF	1.111670	1.090160	1.170200	1.073900
CNY	7.629000	7.352220	7.804400	7.320200
CZK	26.325800	27.034300	25.535000	27.021000
DKK	7.438630	7.445190	7.444900	7.434400
GBP	0.876674	0.819483	0.887230	0.856180
HKD	8.804510	8.592190	9.372000	8.175100
HUF	309.193000	311.438000	310.330000	309.830000
JPY	126.711000	120.197000	135.010000	123.400000
KRW	1,276.740000	1,284.180000	1,279.610000	1,269.360000
KZT	368.876000	n/a	397.960000	n/a
MOP	9.068830	8.851500	9.653200	8.420120
MXN	22.039500	n/a	23.661200	n/a
NOK	9.327040	n/a	9.840300	n/a
PLN	4.257000	4.363200	4.177000	4.410300
RON	4.568790	4.490430	4.658500	4.539000
RUB	65.938300	74.144600	69.392000	64.300000
SEK	9.635100	n/a	9.843800	n/a
SGD	1.558820	1.527540	1.602400	1.523400
TRY	4.120630	3.343250	4.546400	3.707200
TWD	34.363500	35.689200	35.655500	33.999500
USD	1.129680	1.106900	1.199300	1.054100

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".

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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 file

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 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.

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.

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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.

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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, 2017

Amendments to IAS 12: Income taxes

IASB published on January 19, 2016 some amendments to IAS 12 Income taxes. The document “Recognition of Deferred Tax Assets on Unrealised Losses (Amendments to IAS 12) clarify how to account for deferred tax assets relating to debt instruments measured at fair value.

Amendments to IAS 7: Statement of Cash Flows

These amendments, which were issued by the IASB on January 29, 2016, require information to be provided in the financial statements about changes in financial liabilities, aimed at improving the disclosures provided to investors in order to help them to better understand the changes recorded in said payables.

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

At the date when these annual financial statements were prepared, the European Union's competent authorities concluded the approval process needed for the adoption of the accounting standards and amendments described below. With reference of the applicable principles, the Group has decided not to exercise the option of the early adoption, if applicable.

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IFRS 15 Revenue from Contracts with Customers

On May 28, 2014 the IASB published a document which requires an entity to recognise revenue at the time the control of goods or services is transferred to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods or services. The new revenue recognition model sets out a process in five steps

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations;
5. Recognising revenue when the entity satisfy a performance obligation.

The new standard also requires additional disclosures regarding the nature, amount, timing and uncertainty of the revenue and cash flows arising from these contracts with customers. The IASB expects to adopt it from 2018, while the European Union endorsed it on September 22, 2016. Furthermore, on April 12, 2016 the IASB published amendments to the standard: Clarifications to IFRS 15 Revenue from Contracts with Customers, which are also applicable as from January 1, 2018. These amendments are aimed at clarifying the procedures to identify an entity as a “Principal” or as an “Agent” and to establish whether revenues from licences must be deferred throughout the term thereof.

During 2017, the Group reviewed ongoing contracts for each type of business relation potentially affected by IFRS 15. The review confirmed the limited effects of IFRS 15 in relation to the type of business conducted by the Moncler Group, which mainly concerns retail; moreover the effects refer to a different presentation of a few financial statement items that do not have an impact on the financial position or performance of the Group. Considering the above, the Group opted to adopt IFRS 15 retroactively, with a cumulative effect, as it believes this approach will not affect the comparability of 2017 and 2018 financial data.

IFRS 9 Financial Instruments

On July 24, 2014, the IASB published the final document constituting the conclusion of the process, divided into three phases: Classification and Measurement, Impairment and General Hedge Accounting, entirely revising IAS 39. The document introduces new requirements for classifying and measuring financial assets and liabilities. Specifically, as regards financial assets, the new standard adopts a single approach based on how the financial instruments are managed and on the contractual cash flow characteristics of the financial assets themselves in order to determine the related valuation method, aiming at eventually replacing the various rules laid down under IAS 39. As regards financial liabilities, the main amendment concerns the method of accounting for fair value changes in a financial liability designated as at fair value through profit or loss, which are due to change in the creditworthiness of the financial liability itself. According to the new standard, these changes must be recognised in other comprehensive income, without affecting profit or loss.

The new document includes a single model for the impairment of financial assets based on expected losses.

The IASB expects to adopt it from 2018, while the European Union endorsed it on November 22, 2016.

Based on the Group's assessment, the new classification criteria are not expected to have a significant effect on the recognition of financial instruments at 31 December 2017.

As regards expected impairment losses regarding main financial instruments, the Group has estimated a potential impact on the opening balances of consolidated shareholders' equity of less than 0.5%.

The Moncler Group has decided to not opt for the early adoption of IFRS 9 in relation to hedge accounting.

IFRS 16 – Leasing

On January 13, 2016, the IASB published the new standard IFRS 16 Leases, which replaces IAS 17. This standard was endorsed by the European Union, with its publication on November 9, 2017. IFRS 16 is effective for financial statements commencing on or after 1 January 2019. The new standard eliminates the difference in the recognition of operating and finance leases, even despite elements that simplify its adoption, and introduces the concept of control in the definition of a lease. To determine whether a contract is a lease, IFRS 16 establishes that the contract must convey the right to control the use of an identified asset for a given period of time. Early adoption is permitted for entities that also adopt IFRS 15 Revenue from contracts with customers.

The Moncler Group has estimated that the adoption of IFRS 16 on 1 January 2019 will have a material impact on the consolidated financial statements, due to activities related to the retail network which comprises the main part of its business. In view of the new standard IFRS 16, all lease agreements the Group has entered into could hypothetically be considered as finance leases (property leases).

According to the new standard, in the case of a new lease based, for example, on annual lease payments in fixed instalments, a financial liability will be recognised as well as a right of use under assets in the statement of financial position measured as the present value of future payments. The amount of the financial liability to recognise in the financial statements will therefore depend considerably on the assumptions used in relation to the characteristics of each type of lease and any renewal or early termination options of the agreement if considered to be reasonably certain at the date when the agreements are entered into, as well as any discounting rate applied.

The impact this standard will have is being assessed internally based on types of agreements entered into, in order to have the information necessary to specifically estimate the relative financial effects.

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In view of the above, the Group will define the method for transition during 2018. Commitments at December 31, 2017 amounted to Euro 405 million (Euro 415 million in 2016) as referred to in note 7.1 Commitments of this document.

Amendments to IFRS 4 – Insurance Contracts

These amendments were issued by the IASB on September 12, 2016, with the effective date being expected on January 1st, 2018. The amendments were intended to address concerns about the application of IFRS 9 on financial instruments before the introduction of the new insurance contract standards.

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	(Note 1)
IFRS 17 Insurance Contracts	May, 2017	January 1, 2021
Interpretations		
IFRIC 22 Foreign Currency Transactions and Advance Consideration	December, 2016	January 1, 2018
IFRIC 23 Uncertainty over Income Tax Treatments	June, 2017	January 1, 2019
Amendments		
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September, 2014	Deferred until the completion of IASB's equity method project
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	June, 2016	January 1, 2018
Annual Improvements to IFRS Standards (2014-2016 Cycle)	December, 2016	January 1, 2017/ January 1, 2018
Amendments to IAS 40: Transfers of Investment Property	December, 2016	January 1, 2018

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Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	October, 2017	January 1, 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	October, 2017	January 1, 2019
Annual Improvements to IFRS Standards (2015-2017 Cycle)	December, 2017	January 1, 2019

(Note 1) IFRS 14 became effective on 1 January 2016, but the European Commission decided to stop the approval process pending the new accounting standard on “rate-regulated activities”.

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, 2017 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)	50,955,748	EUR		
Industries S.p.A.	Milan (Italy)	15,000,000	EUR	100.00%	Moncler S.p.A.
Moncler Deutschland GmbH ^(**)	Munich (Germany)	700,000	EUR	100.00%	Industries S.p.A.
Moncler España S.L.	Madrid (Spain)	50,000	EUR	100.00%	Industries S.p.A.
Moncler Asia Pacific Ltd	Hong Kong (China)	300,000	HKD	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%	Moncler Deutschland GmbH
Moncler Rus LLC	Moscow (Russian Federation)	220,000,000	RUB	99.99%	Industries S.p.A.
Moncler Brasil Comércio de moda e acessórios Ltda.	Sao Paulo (Brazil)	6,280,000	BRL	0.01%	Moncler Suisse SA
Moncler Taiwan Limited	Taipei (China)	10,000,000	TWD	95.00%	Moncler USA Inc
Moncler Canada Ltd	Vancouver (Canada)	1,000	CAD	5.00%	Industries S.p.A.
Moncler Prague s.r.o.	Prague (Czech Republic)	200,000	CZK	100.00%	Industries S.p.A.
White Tech Sp.zo.o.	Katowice (Poland)	369,000	PLN	70.00%	Industries S.p.A.
Moncler 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.
Industries Yield S.r.l.	Bacau (Romania)	14,310,000	RON	99.00%	Industries S.p.A.
Moncler UAE LLC ^(*)	Abu Dhabi (United Arab Emirates)	1,000,000	AED	1.00%	Moncler Deutschland GmbH
Moncler Ireland Limited	Dublin (Ireland)	350,000	EUR	49.00%	Moncler Middle East FZ-LLC
Moncler Australia PTY LTD	Melbourne (Australia)	2,500,000	AUD	100.00%	Industries S.p.A.
Moncler Kazakhstan LLP	Almaty (Kazakhstan)	250,000,000	KZT	99.00%	Industries S.p.A.
Moncler Sweden AB	Stockholm (Sweden)	1,000,000	SEK	1.00%	Moncler Rus LLC
Moncler Norway AS	Oslo (Norway)	3,000,000	NOK	100.00%	Industries S.p.A.
Moncler Mexico, S. de R.L. de C.V.	Mexico City (Mexico)	100	MXN	99.00%	Industries S.p.A.
Moncler Mexico Services, S. de R.L. de C.V.	Mexico City (Mexico)	100	MXN	1.00%	Moncler USA Inc
				99.00%	Industries S.p.A.
				1.00%	Moncler USA Inc

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

^(**) Company previously named Industries Textilvertrieb GmbH

As far as the scope of consolidation is concerned, the following changes occurred during fiscal year 2017 when compared to the prior year:

- Moncler Kazakhstan LLP was established in the first quarter of 2017 and it was included in the consolidation scope starting from the date of its establishment;
- Moncler Sweden AB was established in the second quarter of 2017 and it was included in the consolidation scope starting from the date of its establishment;
- Moncler Mexico S. De R.L. de C.V., Moncler Mexico Services S. De R.L. de C.V. and Moncler Norway AS were established in the fourth quarter of 2017 and they were included in the consolidation scope starting from the date of their establishment.

4. COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

4.1. Revenues

Revenues by distribution channel

Revenue by distribution channels are broken down as follows:

(Euro/000)	2017	%	2016	%
Total revenues	1,193,704	100.0%	1,040,311	100.0%
of which:				
Wholesale	301,321	25.2%	276,138	26.5%
Retail	892,383	74.8%	764,173	73.5%

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.

In 2017, revenues from the retail distributional channel increased to Euro 892.4 million compared to Euro 764.2 million in 2016, representing an increase of 16.8%, thanks to a robust organic growth and to a further development of our network of mono-brand retail stores (DOS). Furthermore, other important projects, related to the expansion and the relocation of existing stores, have successfully completed during the year.

The wholesale channel recorded revenues of Euro 301.3 million compared to Euro 276.1 million in 2016, an increase of 9.1%, driven by good results, in particular, in the United Kingdom and North America markets.

Revenues by geographical area

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

Revenues by region - (Euro/000)						
(Euro/000)	2017	%	2016	%	Variation	
						% Variation
Italy	149,349	12.5%	143,186	13.8%	6,163	4.3%
EMEA, Italy excluded	352,367	29.5%	303,344	29.2%	49,023	16.2%
Asia and rest of world	495,476	41.5%	418,524	40.2%	76,952	18.4%
Americas	196,512	16.5%	175,257	16.8%	21,255	12.1%
Total	1,193,704	100.0%	1,040,311	100.0%	153,393	14.7%

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In Italy, revenues rose 4.3%, with balanced performances in both the retail and the wholesale distribution channels. In particular, in the fourth quarter the retail channel benefited from a good organic growth and the re-opening of the flagship store in Milano, Via Montenapoleone.

In EMEA, Moncler's revenues grew 16.2%, with double-digit growth in both the retail and the wholesale channels and in the main markets. The brand recorded very good performances in France, the United Kingdom and in Germany. The United Kingdom has achieved, even in the last quarter of the year, a double-digit growth, notwithstanding a challenging comparison base, thanks to the good organic results of the Directly Operated Stores and to the development of important wholesale clients, included some e-tailers. Also in France, revenues continued to grow at double-digit in the fourth quarter, supported by the local demand and the positive travellers' flow. Moncler achieved very good performances in Germany too, both in the retail and the wholesale channel.

In Asia and Rest of the World, revenues increased 18.4%. In the fourth quarter, the Japanese market recorded a double-digit growth, benefiting from good demand from local customers and travellers. Robust performances continued in China, driven by a double-digit organic growth also in the fourth quarter, and in Hong Kong, where has been opened the flagship store in Canton Road, as well as in the remaining markets of Asia-Pacific. In Korea, Moncler achieved very good results, mainly thanks to the good results of the existing store network. In 2017 Moncler has also reinforced its presence in some Asian cities, characterised by a particularly strong touristic flow (Guam, Auckland, Bangkok, Macau, Taipei), thanks to the opening of our wholesale mono-brand stores.

In the Americas, revenues grew 12.1%, slightly accelerating in the last quarter, despite the tough comparison base. Very good results in Canada and in the United States for both the retail and the wholesale distribution channels, thanks to the solid growth of existing retail stores, showing an improved trend compared to the previous quarter, and to the openings of new wholesale shop-in-shops.

4.2. Cost of sales

In 2017, cost of sales grew by Euro 23.9 million (+9.5%) in absolute terms, going from Euro 252.3 million in 2016 to Euro 276.2 million in 2017. 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 24.3% in 2016 to 23.1% in 2017. This decrease is due to the fact that the retail channel has increased its importance in the total sales (going from 73.5% in 2016 to 74.8% in 2017, on total sales) and to higher production efficiency.

4.3. Selling expenses

Selling expenses grew both in absolute terms, with an increase of Euro 52.8 million between 2016 and 2017, and as a percentage of turnover, going from 30.0% in 2016 to 30.6% in 2017, due to the development of the retail business. Selling expenses mainly include rent costs for

Euro 183.7 million (Euro 155.5 million in 2016), personnel costs for Euro 93.1 million (Euro 77.7 million in 2016) and costs for depreciation and amortization for Euro 40.9 million (Euro 36.2 million in 2016).

4.4. General and administrative expenses

In 2017, general and administrative expenses amount to Euro 108.7 million, up Euro 14.6 million when compared to last year. General and administrative expenses represent 9.1% of turnover, in line with the previous year.

4.5. Advertising expenses

Also during 2017, 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 6.7% in 2017 (like in 2016), while in absolute value, advertising expenses go from Euro 68.1 million in 2016 to Euro 79.4 million in 2017, with an absolute change of Euro 11.3 million (+ 16.5%).

4.6. Stock based compensation

The caption stock based compensation in 2017 is equal to Euro 23.5 million and includes 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 15.7 million in 2016).

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

4.7. Operating result

In 2017, the operating results of the Moncler Group amounted to Euro 340.9 million (Euro 297.7 million in 2016) and as a percentage of revenue amounted to 28.6% (28.6% in 2016).

Operating results, net of stock based compensation, amounted to Euro 364.4 million (Euro 313.4 million in 2016), and 30.5% as a percentage of revenue (30.1% in 2016), up in absolute value by Euro 50.9 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:

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(Euro/000)	2017	2016	2017 vs 2016	%
Operating result	340,877	297,681	43,196	14.5%
Stock based compensation	23,485	15,738	7,747	49.2%
Operating result net of stock based compensation	364,362	313,419	50,943	16.3%
Amortization, depreciation and	47,273	41,635	5,638	13.5%
EBITDA	411,635	355,054	56,581	15.9%

In 2017, EBITDA increased by Euro 56.6 million (+15.9%), going from Euro 355.1 million (34.1% of revenue) in 2016 to Euro 411.6 million (34.5% of revenue) in 2017. The increase in the profitability is mainly linked to the gross margin improvement and to the strict control on operating costs, in particular on the retail selling costs.

Amortisation and depreciation in 2017 amounted to Euro 47.3 million (Euro 41.6 million in 2016) and increased by Euro 5.6 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)	2017	2016
Interest income and other financial income	558	492
Foreign currency differences - positive	0	0
Total financial income	558	492
Interests expenses and other financial charges	(1,899)	(3,233)
Foreign currency differences - negative	(3,841)	(1,851)
Total financial expenses	(5,740)	(5,084)
Total net	(5,182)	(4,592)

4.9. Income tax

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

(Euro/000)	2017	2016
Current income taxes	(96,794)	(101,797)
Deferred tax (income) expenses	10,867	5,030
Income taxes charged in the income statement	(85,927)	(96,767)

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 2017	Tax Amount 2017	Tax rate 2017	Taxable Amount 2016	Tax Amount	Tax rate 2016
Profit before tax	335,695			293,089		
Income tax using the Company's theoretic tax rate		(80,567)	27.5%		(80,599)	27.5%
Temporary differences		(10,300)	3.1%		(8,333)	2.8%
Permanent differences		(46)	0.0%		1,914	(0.7)%
Other differences		(5,881)	1.8%		(14,780)	5.0%
Deferred taxes recognized in the income statement		10,867	(3.2%)		5,030	(1.7)%
Income tax at effective tax rate		(85,927)	25.6%		(96,767)	33.0%

The caption other differences mainly includes the net cost related to the agreement on the pending tax claim, the tax benefit associated with the Patent Box, 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)	2017	2016
Wages and salaries	(111,627)	(94,146)
Social security costs	(20,334)	(16,342)
Accrual for employment benefits	(7,591)	(5,735)
Total	(139,552)	(116,223)

Personnel expenses increased by 20.1% when compared to prior year, from Euro 116.2 million in 2016 to Euro 139.6 million in 2017. This increase is mainly due to the growth in directly operated stores and the overall growth of the structure.

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

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The costs relating to the stock based compensation plans, equal to Euro 23.5 million (Euro 15.7 million in 2016) are separately commented in note 10.2.

The following table depicts the number of employees (full-time-equivalent) in 2017 compared to the prior year:

Average FTE by area Number	2017	2016
Italy	723	665
Other European countries	1,244	1,025
Asia and Japan	844	771
Americas	255	239
Total	3,066	2,700

The actual number of employees of the Group as at December 31, 2017 is 3,498 unit (3,216 as at December 31, 2016).

The total number of employees increased principally as a result of the growth in directly operated stores and the overall growth of the structure.

4.11. Depreciation and amortization

Depreciation and amortization are broken down as follows:

(Euro/000)	2017	2016
Depreciation of property, plant and equipment	(37,606)	(32,756)
Amortization of intangible assets	(9,667)	(8,879)
Total	(47,273)	(41,635)

The increase in both depreciation and amortization is mainly due to investments made in connection with the retail channel development, both related to new openings and to relocations/expansions.

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 assets (Euro/000)	December 31, 2017			December 31, 2016
	Gross value	Accumulated amortization and impairment	Net value	Net value
Brands	223,900	0	223,900	223,900
Key money	57,391	(26,449)	30,942	25,959
Software	32,139	(19,338)	12,801	10,984
Other intangible assets	8,361	(5,452)	2,909	3,612
Assets in progress	135	0	135	2,427
Goodwill	155,582	0	155,582	155,582
Total	477,508	(51,239)	426,269	422,464

Intangible assets changes are shown in the following tables:

As at December 31, 2017

Gross value Brands and other intangible assets (Euro/000)	Brands	Licence rights	Key money and leasehold rights	Software	Other intangible assets	Assets in progress and advances	Goodwill	Total
January 1, 2017	223,900	0	48,468	26,703	8,109	2,427	155,582	465,189
Acquisitions	0	0	8,346	5,355	568	101	0	14,370
Disposals	0	0	0	(448)	(321)	0	0	(769)
Translation adjustment	0	0	(923)	(252)	(33)	0	0	(1,208)
Other movements, including transfers	0	0	1,500	781	38	(2,393)	0	(74)
December 31, 2017	223,900	0	57,391	32,139	8,361	135	155,582	477,508

Accumulated amortization and impairment Brands and other intangible assets (Euro/000)	Brands	Licence rights	Key money and leasehold rights	Software	Other intangible assets	Assets in progress and advances	Goodwill	Total
January 1, 2017	0	0	(22,509)	(15,719)	(4,497)	0	0	(42,725)
Amortization	0	0	(4,458)	(3,926)	(1,283)	0	0	(9,667)
Disposals	0	0	0	178	320	0	0	498
Translation adjustment	0	0	518	129	8	0	0	655
Other movements, including transfers	0	0	0	0	0	0	0	0
December 31, 2017	0	0	(26,449)	(19,338)	(5,452)	0	0	(51,239)

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As at December 31, 2016

Gross value Brands and other intangible assets (Euro/000)	Brands	Licence rights	Key money and leasehold rights	Software	Other intangible assets	Assets in progress and advances	Goodwill	Total
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 (Euro/000)	Brands	Licence rights	Key money and leasehold rights	Software	Other intangible assets	Assets in progress and advances	Goodwill	Total
January 1, 2016	0	0	(18,165)	(12,515)	(3,477)	0	0	(34,157)
Depreciation	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)

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

The increase in the caption Key money pertains to the key money of the new stores opening located in Europe.

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 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 2017 valuation, the expected cash flows and revenues were derived from the Business Plan 2018-2020 approved by the Board of Directors on December 14, 2017.

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 8.40%.

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 = 21.59%.

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 2017, 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, 2017		December 31, 2016	
	Gross value	Accumulated depreciation and impairment	Net value	Net value
Land and buildings	2,871	(473)	2,398	2,303
Plant and Equipment	9,786	(5,133)	4,653	3,583
Fixtures and fittings	86,488	(46,446)	40,042	36,963
Leasehold improvements	154,617	(74,582)	80,035	73,096
Other fixed assets	14,800	(10,627)	4,173	4,693
Assets in progress	6,826	0	6,826	3,287
Total	275,388	(137,261)	138,127	123,925

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

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As at December 31, 2017

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, 2017	2,586	10,519	77,737	135,498	14,823	3,287	244,450
Acquisitions	624	2,190	16,690	31,979	1,571	6,054	59,108
Disposals	(528)	(2,775)	(3,818)	(5,899)	(1,266)	(5)	(14,291)
Translation adjustment	(15)	(63)	(5,144)	(8,293)	(280)	(158)	(13,953)
Other movements, including transfers	204	(85)	1,023	1,332	(48)	(2,352)	74
December 31, 2017	2,871	9,786	86,488	154,617	14,800	6,826	275,388

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, 2017	(283)	(6,936)	(40,774)	(62,402)	(10,130)	0	(120,525)
Depreciation	(312)	(1,008)	(12,330)	(22,099)	(1,857)	0	(37,606)
Disposals	120	2,736	3,726	5,772	1,227	0	13,581
Translation adjustment	2	27	2,743	4,362	155	0	7,289
Other movements, including transfers	0	48	189	(215)	(22)	0	0
December 31, 2017	(473)	(5,133)	(46,446)	(74,582)	(10,627)	0	(137,261)

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)

The change in property plant and equipment in 2017 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, 2017 and December 31, 2016:

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Deferred taxation (Euro/000)	December 31, 2017	December 31, 2016
Deferred tax assets	78,991	74,682
Deferred tax liabilities	(68,699)	(70,953)
Net amount	10,292	3,729

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, 2017	Taxes charged to the income statement	Taxes accounted for in Equity	Effect of currency translation	Other movements	Closing balance - December 31, 2017
Tangible and intangible assets	4,841	888	0	(178)	126	5,677
Financial assets	0	0	0	0	0	0
Inventories	56,517	6,852	0	(4,074)	(94)	59,201
Trade receivables	2,739	1,334	0	(43)	185	4,215
Derivatives	0	0	0	0	0	0
Employee benefits	1,681	837	0	(127)	0	2,391
Provisions	5,568	(453)	0	(532)	(184)	4,399
Trade payables	119	94	0	(23)	224	414
Other temporary items	3,216	(280)	0	(100)	(262)	2,574
Tax loss carried forward	1	122	0	(3)	0	120
Tax assets	74,682	9,394	0	(5,080)	(5)	78,991
Tangible and intangible assets	(68,888)	2,025	0	664	4	(66,195)
Financial assets	52	0	0	0	0	52
Inventories	(610)	(27)	0	3	1	(633)
Trade receivables	0	0	0	0	0	0
Derivatives	(29)	0	(160)	0	(117)	(306)
Employee benefits	(117)	0	0	0	117	0
Provisions	0	0	0	0	0	0
Trade payables	(2)	0	0	0	2	0
Other temporary items	(1,359)	(525)	267	1	(1)	(1,617)
Tax liabilities	(70,953)	1,473	107	668	6	(68,699)
Net deferred tax assets (liabilities)	3,729	10,867	107	(4,412)	1	10,292

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Deferred tax assets (liabilities) (Euro/000)	Opening balance - January 1, 2016	Taxes charged to the income statement	Taxes accounted for in Equity	Effect of currency translation	Other movements	Closing balance - December 31, 2016
Tangible and intangible assets	4,578	831	0	68	(636)	4,841
Financial assets	0	0	0	0	0	0
Inventories	48,666	7,171	0	572	108	56,517
Trade receivables	2,157	557	0	25	0	2,739
Derivatives	0	0	0	0	0	0
Employee benefits	1,456	35	48	18	124	1,681
Provisions	4,579	922	0	199	(132)	5,568
Trade payables	237	(122)	0	2	2	119
Other temporary items	4,104	(885)	0	28	(31)	3,216
Tax loss carried forward	193	(37)	0	0	(155)	1
Tax assets	65,970	8,472	48	912	(720)	74,682
Tangible and intangible assets	(65,898)	(3,284)	0	(233)	527	(68,888)
Financial assets	0	0	0	0	52	52
Inventories	(474)	(138)	0	1	1	(610)
Trade receivables	0	0	0	0	0	0
Derivatives	0	0	(29)	0	0	(29)
Employee benefits	(117)	0	0	0	0	(117)
Provisions	0	0	0	0	0	0
Trade payables	0	0	0	0	(2)	(2)
Other temporary items	(2,264)	(20)	1,002	0	(77)	(1,359)
Tax liabilities	(68,753)	(3,442)	973	(232)	501	(70,953)
Net deferred tax assets (liabilities)	(2,783)	5,030	1,021	680	(219)	3,729

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

Deferred tax assets (Euro/000)	Taxable Amount 2017	Closing balance - December 31, 2017	Taxable Amount 2016	Closing balance - December 31, 2016
Tangible and intangible assets	20,665	5,677	16,347	4,841
Financial assets	0	0	0	0
Inventories	222,702	59,201	215,251	56,517
Trade receivables	17,307	4,215	11,315	2,739
Derivatives	0	0	0	0
Employee benefits	8,676	2,391	5,925	1,681
Provisions	16,010	4,399	16,491	5,568
Trade payables	1,583	414	340	119
Other temporary items	9,510	2,574	11,531	3,216
Tax loss carried forward	539	120	0	1
Tax assets	296,992	78,991	277,200	74,682
Tangible and intangible assets	(242,195)	(66,195)	(243,508)	(68,888)
Financial assets	217	52	217	52
Inventories	(2,268)	(633)	(2,203)	(610)
Trade receivables	0	0	0	0
Derivatives	(1,274)	(306)	(610)	(29)
Employee benefits	0	0	0	(117)
Provisions	0	0	0	0
Trade payables	0	0	(7)	(2)
Other temporary items	(6,051)	(1,617)	(5,175)	(1,359)
Tax liabilities	(251,571)	(68,699)	(251,286)	(70,953)
Net deferred tax assets (liabilities)	45,421	10,292	25,914	3,729

5.5. Inventory

Inventory is broken down as follows:

Inventory (Euro/000)	December 31, 2017	December 31, 2016
Raw materials	48,695	54,219
Work-in-progress	21,281	12,163
Finished products	150,293	145,498
Inventories, gross	220,269	211,880
Obsolescence provision	(84,110)	(76,031)
Total	136,159	135,849

Inventory increased overall by approximately Euro 8.4 million, equal to 4.0%, due to the increase in 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 (Euro/000)	January 1, 2017	Accrued	Used	Translation Difference	December 31, 2017
Obsolescence provision	(76,031)	(25,047)	14,347	2,621	(84,110)
Total	(76,031)	(25,047)	14,347	2,621	(84,110)

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

5.6. Trade receivables

Trade receivables are as follows:

Trade receivables (Euro/000)	December 31, 2017	December 31, 2016
Trade account receivables	132,040	113,931
Allowance for doubtful debt	(6,929)	(5,408)
Allowance for returns and discounts	(4,403)	(3,659)
Total, net value	120,708	104,864

Trade receivables are related to the Group's wholesale business and they include balances with a collection time not greater than three months. During 2017 and 2016, 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.

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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, 2017	Accrued	Used	Translation Difference	December 31, 2017
Allowance for doubtful debt	(5,408)	(1,853)	269	63	(6,929)
Allowance for returns and discounts	(3,659)	(4,469)	3,608	117	(4,403)
Total	(9,067)	(6,322)	3,877	180	(11,332)

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)

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, 2017 the caption cash on hand and in bank amounts to Euro 394.1 million (Euro 243.4 million as at December 31, 2016) 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 (Euro/000)	December 31, 2017	December 31, 2016
Cash in hand and at banks	394,144	243,389
Bank overdraft	0	(4)
Total	394,144	243,385

5.8. Financial current assets

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

5.9. Other current and non-current assets

Other current and non-current assets		
(Euro/000)	December 31, 2017	December 31, 2016
Prepayments and accrued income - current	5,269	5,629
Other current receivables	14,015	7,727
Other current assets	19,284	13,356
Prepayments and accrued income - non-current	1,429	1,755
Security / guarantees deposits	22,192	22,514
Other non-current receivables	443	422
Other non-current assets	24,064	24,691
Total	43,348	38,047

As at December 31, 2017, prepayments and accrued income current amount to Euro 5.3 million (Euro 5.6 million as at December 31, 2016) and mainly pertain to deferred expenses for rent.

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

Prepayments and accrued income non-current amount to Euro 1.4 million (Euro 1.8 million as at December 31, 2016) 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 167.2 million (Euro 132.6 million as at December 31, 2016) 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 2017 and 2016 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, 2017	December 31, 2016
Deferred income and accrued expenses - current	4,563	1,552
Advances and payments on account to customers	4,738	3,467
Employee and social institutions	37,661	26,414
Tax accounts payable, excluding income taxes	13,036	12,608
Other current payables	8,026	6,278
Other current liabilities	68,024	50,319
Deferred income and accrued expenses - non-current	12,220	12,043
Other non-current liabilities	12,220	12,043
Total	80,244	62,362

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 amounted to Euro 38.4 million as at December 31, 2017 (Euro 5.6 million as at December 31, 2016) and mainly refer to the recognition of a tax asset, equal to Euro 34 million, relative to the agreement signed with the Italian Revenue Agency in December 2017 to access the Patent Box tax relief.

Tax liabilities amounted to Euro 36.7 million as at December 31, 2017 (Euro 24.6 million as at December 31, 2016). 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, 2017	Increase	Decrease	Translation differences	Other movements	December 31, 2017
Tax litigations	(8,515)	0	8,515	0	0	0
Other non current contingencies	(3,365)	(2,577)	826	170	0	(4,946)
Total	(11,880)	(2,577)	9,341	170	0	(4,946)

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)

The decrease in the caption tax litigations is due to the use of the provision for the closing of the pending tax claim, related to transfer pricing matters.

The caption other non current contingencies includes costs for restoring stores, costs associated with ongoing disputes and product warranty costs.

5.14. Pension funds and agents leaving indemnities

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

Employees pension funds (Euro/000)	January 1, 2017	Increase	Decrease	Translation differences	Other movements	December 31, 2017
Pension funds	(2,700)	(588)	151	87	(44)	(3,094)
Agents leaving indemnities	(2,558)	0	0	0	0	(2,558)
Total	(5,258)	(588)	151	87	(44)	(5,652)

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)

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, 2017	December 31, 2016
Net recognized liability - opening	(2,192)	(1,914)
Interest costs	(49)	(39)
Service costs	(236)	(156)
Payments	151	142
Actuarial Gains/(Losses)	38	(225)
Net recognized liability - closing	(2,288)	(2,192)

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.

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Assumptions	
Discount rate	1.30%
Inflation rate	1.50%
Nominal rate of wage growth	1.50%
Labour turnover rate	3.80%
Probability of request of advances of TFR	4.50%
Percentage required in case of advance	70.00%
Life Table - Male	M2016 (*)
Life Table - Female	F2016 (*)
(*) 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%	(127)
Discount rate -0,5%	127
Rate of payments Increases x(1+20%)	(13)
Rate of payments Decreases x(1-20%)	13
Rate of Price Inflation Increases (+0,5%)	91
Rate of Price Inflation Decreases (-0,5%)	(88)
Rate of Salary Increases (+0,5%)	25
Rate of Salary Decreases (-0,5%)	(23)
Increase the retirement age (+1 year)	8
Decrease the retirement age (-1 year)	(9)
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, 2017	December 31, 2016
Bank overdraft	0	4
Short-term portion of long-term bank loans	2,098	62,053
Finanziamento soci	85	0
Copertura cambi	1,250	2,720
Debiti finanziari ISC Srl	0	0
Put & Call	21,769	0
Other short-term loans	23,104	2,720
Short-term borrowings	25,202	64,777
Long-term borrowings	67,874	75,835
Total	93,076	140,612

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Short-term borrowings include the current portion of long-term bank loans and, in the caption other short-term loans, mainly the current portion of financial liabilities payable to non-banking third parties.

Long-term borrowings include the portion with a due date greater than a year of financial liabilities payable to non-banking 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, 2017	December 31, 2016
Within 2 years	26,251	63,555
From 2 to 5 years	36,182	12,280
Beyond 5 years	5,441	0
Total	67,874	75,835

No new medium/long-term loans were taken out during 2017. The change in short and long terms borrowings reflects the normal repayment instalments as per the related agreements and the evaluation of the financial liabilities payable to non-banking third parties.

As at December 31, 2017, the company Moncler S.p.A. wholly reimbursed the loan outstanding at December 31, 2016 of Euro 24 million.

At the same date, the Group had medium term unsecured loans for Euro 2.1 million (Euro 40.3 million as at December 31, 2016).

The loans do not include covenants.

Finally, the caption other short-term loans includes also the positive fair value, equal to Euro 1.3 million (negative Euro 2.7 million as at December 31, 2016), 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, 2017	December 31, 2016
Cash and cash equivalents	394,144	243,389
Other short-term financial receivables	3,884	3,019
Debts and other current financial liabilities	(25,202)	(64,777)
Debts and other non-current financial liabilities	(67,874)	(75,835)
Total	304,952	105,796

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Net financial position		
(Euro/000)	December 31, 2017	December 31, 2016
A. Cash in hand	1,655	1,178
B. Cash at banks and cash equivalents	392,489	242,211
C. Available for sale securities	0	0
D. Liquidity (A)+(B)+(C)	394,144	243,389
E. Current financial assets	3,884	3,019
F. Payable to banks, current	0	(4)
G. Current portion of long-term debt	(2,098)	(62,053)
H. Other current financial debt	(23,104)	(2,720)
I. Current financial debt (F)+(G)+(H)	(25,202)	(64,777)
J. Net current financial debt (I)+(E)-(D)	372,826	181,631
K. Payable to bank, non-current	0	(2,092)
L. Bonds issued	0	0
M. Other non-current payables	(67,874)	(73,743)
N. Non-current financial debt (K)+(L)+(M)	(67,874)	(75,835)
O. Net financial debt (J)+(N)	304,952	105,796

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 2017 and the comparative period are included in the consolidated statements of changes in equity.

As at December 31, 2017 the subscribed share capital constitute by 254,778,741 shares was fully paid and amounted to Euro 50,995,748.20 with a nominal value of Euro 0.20 per share.

During 2017, Moncler S.p.A. bought 1,000,000 Company shares, equal to 0.4% of the current share capital, for a total amount of Euro 21.3 million. As at December 31, 2017 2,000,000 treasury shares were held, equal to 0.8% of the share capital, for a total value of Euro 34.1 million.

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

In 2017 the parent company distributed dividends to the Group Shareholders for an amount of Euro 45.5 million (Euro 34.9 million in 2016).

The increase of the share capital and the share premium reserve arises from the exercise of n. 4,564,017 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 and performance shares plans.

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

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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 one of the American companies. The hedging reserve includes the effective portion of the net differences accumulated in the fair value of the derivative hedge instruments. Changes to these reserves were as follows:

Other comprehensive income (Euro/000)	Cumulative translation 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, 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	0	0	0	0	0	0
Reserve as at December 31, 2016	5,273	0	5,273	(237)	42	(195)
Reserve as at January 1, 2017	5,273	0	5,273	(237)	42	(195)
Changes in the period	(16,242)	0	(16,242)	687	(156)	531
Translation differences of the period	0	0	0	0	0	0
Reversal in the income statement of	0	0	0	0	0	0
Reserve as at December 31, 2017	(10,969)	0	(10,969)	450	(114)	336

Earning per share

Earning per share for the years ended December 31, 2017 and December 31, 2016 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, 2017 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		
	2017	2016
Net result of the period (Euro/000)	249,688	196,044
Average number of shares related to parent's Shareholders	252,060,094	249,268,029
Earnings attributable to Shareholders (Unit of Euro)	0.99	0.79
Diluted earnings attributable to Shareholders (Unit of Euro)	0.98	0.78

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, 2017, 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	63,997	181,080	95,070	340,147
Outlet	5,592	19,914	14,853	40,359
Other buildings	7,551	15,082	1,686	24,319

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
Altri immobili	7,026	15,579	1,083	23,688

7.2. Guarantees given

As at December 31, 2017 the Group had given the following guarantees:

Guarantees and bails given (Euro/000)	December 31, 2017	December 31, 2016
Guarantees and bails given for the benefit of:		
Third parties/companies	14,726	11,682
Total guarantees and bails	14,726	11,682

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 Won, Canadian 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 2017, 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.

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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):

Dettaglio delle esposizioni in valuta											
31/12/17											
(Euro/000)	Euro	JP Yen	US Dollar	CN Yuan	HK Dollar	CH Franc	GB Pound	KR Won	CD Dollar	Other	Total
Cassa e banche	259,847	56,658	15,895	12,378	14,099	4,623	6,953	2,627	2,382	18,682	394,144
Crediti finanziari	3,884	0	0	0	0	0	0	0	0	0	3,884
Crediti verso clienti	29,281	34,149	9,056	25,719	1,252	114	5,904	2,627	1,197	11,409	120,708
Altre attività correnti	10,294	933	738	2,178	57	140	880	67	1	3,996	19,284
Altre attività non correnti	3,964	4,852	3,589	2,654	4,957	469	729	774	600	1,476	24,064
Totale attività	307,270	96,592	29,278	42,929	20,365	5,346	14,466	6,095	4,180	35,563	562,084
Debiti commerciali	(115,042)	(17,775)	(8,029)	(8,828)	(5,563)	(756)	(2,968)	(1,215)	(801)	(6,235)	(167,212)
Finanziamenti	(92,990)	0	0	0	0	(85)	0	0	0	(1)	(93,076)
Altri debiti correnti	(38,720)	(5,014)	(7,096)	(4,970)	(2,517)	(807)	(3,490)	(1,798)	(1,025)	(2,587)	(68,024)
Altri debiti non correnti	(1,513)	0	(8,658)	0	(1,116)	0	0	(577)	(280)	(76)	(12,220)
Totale passività	(248,265)	(22,789)	(23,783)	(13,798)	(9,196)	(1,648)	(6,458)	(3,590)	(2,106)	(8,899)	(340,532)
Totale netto esposizione in valuta	59,005	73,803	5,495	29,131	11,169	3,698	8,008	2,505	2,074	26,664	221,552

Dettaglio delle esposizioni in valuta											
31/12/16											
(Euro/000)	Euro	JP Yen	US Dollar	CN Yuan	HK Dollar	CH Franc	GB Pound	KR Won	CD Dollar	Other	Total
Cassa e banche	75,201	26,261	40,870	30,811	16,777	5,754	15,698	13,226	4,804	13,987	243,389
Crediti finanziari	2,887	0	0	0	0	0	0	0	0	132	3,019
Crediti verso clienti	26,209	32,681	8,405	20,132	908	408	3,727	8,770	601	3,023	104,864
Altre attività correnti	7,070	980	452	795	99	52	914	273	0	2,721	13,356
Altre attività non correnti	4,113	5,270	3,221	2,523	6,114	511	493	782	633	1,031	24,691
Totale attività	115,480	65,192	52,948	54,261	23,898	6,725	20,832	23,051	6,038	20,894	389,319
Debiti commerciali	(92,696)	(16,161)	(6,464)	(3,546)	(4,042)	(448)	(759)	(1,704)	(724)	(6,042)	(132,586)
Finanziamenti	(140,608)	0	(3)	0	0	0	0	0	0	(1)	(140,612)
Altri debiti correnti	(28,710)	(4,085)	(5,608)	(2,471)	(1,356)	(648)	(3,145)	(2,171)	(486)	(1,639)	(50,319)
Altri debiti non correnti	(1,257)	0	(10,199)	0	0	0	0	(462)	(125)	0	(12,043)
Totale passività	(263,271)	(20,246)	(22,274)	(6,017)	(5,398)	(1,096)	(3,904)	(4,337)	(1,335)	(7,682)	(335,560)
Totale netto esposizione in valuta	(147,791)	44,946	30,674	48,244	18,500	5,629	16,928	18,714	4,703	13,212	53,759

At the reporting date, the Group had outstanding hedges for Euro 52.5 million (Euro 43.9 million as at December 31, 2015) against receivables still to be collected and outstanding hedges for Euro 182.8 million (Euro 96.6 million as at December 31, 2016) 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	Korean Wong	GBP	Other
Effect of an exchange rate increase amounting to +1%							
Revenue	2,268	2,774	1,686	908	970	746	1,078
Operating profit	1,359	2,026	1,059	640	640	580	446
Effect of an exchange rate decrease amounting to -1%							
Revenue	(2,314)	(2,759)	(1,720)	(926)	(990)	(761)	(1,099)
Operating profit	(1,386)	(1,996)	(1,080)	(653)	(652)	(592)	(455)

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.

At 31 December 2017, Moncler S.p.A. wholly reimbursed the loan outstanding as at December 31, 2016 for Euro 24 million (original amount Euro 60 million).

Furthermore, at the same date, the Group had unsecured loans for Euro 2.1 million (Euro 40.3 million as at December 31, 2016).

As at 31 December 2017, there was no hedging on interest rates, given the limited exposure to financial institutions.

As far as financial debts are concerned, a fluctuation of +/- 0.25% in the interest rate would have led to a worsening of Euro 108 thousand in financial charges and an improvement of Euro 108 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, 2017 is represented by the carrying amount of trade receivables reported in the consolidated financial statements.

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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.

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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 years	3-4 years	4-5 years	more than 5 years
Bank overdraft	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	2,097	2,113	2,113	0	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 years	3-4 years	4-5 years	more than 5 years
Interest rate swap di hedging	0	0	0	0	0	0	0	0	0
Forward contracts on exchange rate hedging	(2,634)	(2,634)	(1,742)	(890)	(2)	0	0	0	0
- Outflows	1,250	1,250	526	134	590	0	0	0	0
- Inflows	(3,884)	(3,884)	(2,267)	(1,025)	(592)	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 2017, related-party transactions mainly relate to trading transactions carried out on an arm's length basis with the following parties:

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- Yagi Tsusho Ltd, counterparty to the transaction which led to the establishment of Moncler Japan Ltd., acquires finished products from Moncler Group companies (Euro 65.3 million in 2017 and Euro 59.4 million in 2016) and then sells them to Moncler Japan Ltd. (Euro 74.6 million in 2017 and Euro 67.4 million in 2016) pursuant to the contract agreed upon the company's 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 2017 amount to Euro 0.2 million (Euro 0.2 million in 2016).
- 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 2017 amount to Euro 0.9 million (Euro 0.6 million in 2016) and total costs recognized for 2016 amount to Euro 0.2 million (Euro 0.2 in 2016).
- 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 2017 amount to Euro 0.005 (Euro 0.4 in 2016).

The company Industries S.p.A. 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 2017 amounted to Euro 4,868 thousand (Euro 4,641 thousand in 2016).

Compensation paid to the members of the Board of Auditors in 2017 amounted to Euro 179 thousand (Euro 185 thousand in 2016).

In 2017 total compensation paid to executives with strategic responsibilities amounted to Euro 2,818 thousand (Euro 2,656 thousand in 2016).

In 2017 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 8,300 thousand (Euro 7,380 thousand in 2016).

The following tables summarize the afore-mentioned related-party transactions that took place during 2017 and the prior year.

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(Euro/000)	Type of relationship	Note	December 31, 2017	%	December 31, 2016	%
Yagi Tsusho Ltd	<i>Distribution agreement</i>	<i>a</i>	65,289	(23.6)%	59,446	(23.6)%
Yagi Tsusho Ltd	<i>Distribution agreement</i>	<i>a</i>	(74,580)	27.0%	(67,356)	26.7%
GokseTekstil Kozmetik Sanayi ic ve dis ticaret limited sirketi	<i>Service agreement</i>	<i>b</i>	(238)	0.2%	(223)	0.2%
La Rotonda S.r.l.	<i>Trade transactions</i>	<i>c</i>	884	0.1%	590	0.1%
La Rotonda S.r.l.	<i>Trade transactions</i>	<i>d</i>	(157)	0.0%	(160)	0.1%
Shinsegae International Inc.	<i>Trade transactions</i>	<i>b</i>	(5)	0.0%	(282)	0.3%
Shinsegae International Inc.	<i>Trade transactions</i>	<i>d</i>	0	0.0%	(163)	0.1%
Directors, board of statutory auditors and executives with strategic responsibilities	<i>Labour services</i>	<i>b</i>	(7,198)	6.6%	(6,850)	7.3%
Executives with strategic responsibilities	<i>Labour services</i>	<i>d</i>	(667)	0.2%	(631)	0.2%
Directors and executives with strategic responsibilities	<i>Labour services</i>	<i>e</i>	(8,300)	35.3%	(7,380)	46.9%
Total			(24,972)		(23,009)	

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, 2017	%	December 31, 2016	%
Yagi Tsusho Ltd	<i>Trade payables</i>	<i>a</i>	(9,676)	5.8%	(8,049)	6.1%
Yagi Tsusho Ltd	<i>Trade receivables</i>	<i>b</i>	9,674	8.0%	7,111	6.8%
Gokse Tekstil Kozmetik Sanayi ic ve dis ticaret limited sirketi	<i>Trade payables</i>	<i>a</i>	(46)	0.0%	0	0.0%
Shinsegae International Inc.	<i>Trade payables</i>	<i>a</i>	0	0.0%	(1)	0.0%
La Rotonda S.r.l.	<i>Trade receivables</i>	<i>b</i>	771	0.6%	412	0.4%
La Rotonda S.r.l.	<i>Trade payables</i>	<i>a</i>	(120)	0.1%	(81)	0.1%
Directors, board of statutory auditors and executives with strategic responsibilities	<i>Other current liabilities</i>	<i>c</i>	(3,909)	5.7%	(3,788)	7.5%
Total			(3,306)		(4,396)	

a effect in % based on trade payables

b effect in % based on trade receivables

c effect in % based on other current liabilities

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The following tables summarize the weight of related-party transactions on the consolidated financial statements as at and for the years ended December 31, 2017 and 2016:

(Euro/000)		December 31, 2017			
				General and	
	Revenue	Cost of sales	Selling expenses	administrative expenses	Stock based compensation
Total related parties	884	(9,291)	(824)	(7,441)	(8,300)
Total consolidated financial statement	1,193,704	(276,186)	(365,103)	(108,660)	(23,485)
weight %	0.1%	3.4%	0.2%	6.8%	35.3%

(Euro/000)		December 31, 2017		
		Trade	Other current	
	receivables	Trade Payables	liabilities	
Total related parties	10,445	(9,842)	(3,909)	
Total consolidated financial statement	120,708	(167,212)	(68,024)	
weight %	8.7%	5.9%	5.7%	

(Euro/000)		December 31, 2016			
				General and	
	Revenue	Cost of sales	Selling expenses	administrative expenses	Stock based compensation
Total related parties	590	(7,910)	(954)	(7,355)	(7,380)
Total consolidated financial statement	1,040,311	(252,303)	(312,353)	(94,093)	(15,738)
weight %	0.1%	3.1%	0.3%	7.8%	46.9%

(Euro/000)		December 31, 2016		
		Trade	Other current	
	receivables	Trade Payables	liabilities	
Total related parties	7,523	(8,131)	(3,788)	
Total consolidated financial statement	104,864	(132,586)	(50,319)	
weight %	7.2%	6.1%	7.5%	

10.2 Stock option plans

The Consolidated Financial Statements at December 31, 2017 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 ended 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. Please note that these performance goals have been 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. Please note that these performance goals have been 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 2017 income statement amounted to Euro 2.3 million, while the net equity increase following the exercise of the vested options in respect of the first, the second and the third tranche of the plan “Corporate Structure” and the “Top Management and Key People” Plan amounts to Euro 46.6 million.
- As at December 31, 2017 6,683 options for the “Corporate Structure” plan are still in circulation, after that, during 2017, 159,017 options related to the “Corporate Structures” plan and 4,405,000 options related to the “Top Management and Key People” plan 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;

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- 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 2017 of the 2015 Plan amounts to Euro 1.5 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, 2017 the following options are still in circulation: 1,155,000 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 Performance Targets are expressed base on the earning per share index ("EPS") of the Group in the Vesting Period, adjusted by the conditions of over\unders performance.

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

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

As at December 31, 2017 there are still in circulation 2,636,000 rights related to the first cycle of attribution (the effect on the 2017 income statement amounts to Euro 17.1 million) and 350,500 rights related to the second cycle of attribution (the effect on the 2017 income statement amounts to Euro 1.2 million).

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

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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		December 31, 2017				
(Euro/000)	Assets	Liabilities	Net equity	Revenues	Profit/(Loss)	Profit/(Loss) attributable to minority
Ciolina Moncler SA	3,123	2,847	276	1,858	75	37
White Tech Sp.zo.o.	228	26	202	145	42	13

Summary of subsidiary's		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

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

Cash Flow 2017 (*)			
(Euro/000)		Ciolina Moncler SA	White Tech Sp.zo.o.
Operating Cash Flow		149	70
Free Cash Flow		115	56
Net Cash Flow		(92)	65
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

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

10.4 Significant non-recurring events and transactions

On 29 June 2017, with the favourable opinion of the Nomination and Remuneration Committee, the Board of Directors of Moncler S.p.A. began the second cycle of allocating Moncler ordinary shares under the "Performance Shares Plan 2016-2018", approved by the Shareholders' Meeting of 20 April 2016, resolving to allot 365,500 shares to 18 new beneficiaries.

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 2017 the Group did not enter into any atypical and/or unusual transactions.

10.6 Financial instruments

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

(Euro/000)				
December 31, 2017	Current	Non-current	Fair value	Level
Financial assets measured at fair value				
Interest rate swap used for hedging	-	-	-	
Forward exchange contracts used for hedging	3,884	-	3,884	2
Sub-total	3,884	-	3,884	
Financial assets not measured at fair value				
Trade and other receivables (*)	120,708	22,192		
Cash and cash equivalents (*)	394,144	-		
Sub-total	514,852	22,192	-	
Total	518,736	22,192	3,884	

(Euro/000)				
December 31, 2016	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	

(Euro/000)				
December 31, 2017	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	(1,250)	-	(1,250)	2
Other financial liabilities	(21,854)	(67,874)	(89,728)	3
Sub-total	(23,104)	(67,874)	(90,978)	
Financial liabilities not measured at fair value				
Trade and other payables (*)	(179,976)	-		
Bank overdrafts (*)	-	-		
Short-term bank loans (*)	-	-		
Bank loans	(2,098)	-	(2,098)	3
Sub-total	(182,074)	-	(2,098)	
Total	(205,178)	(67,874)	(93,076)	

(Euro/000)				
December 31, 2016	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)	

(*) 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)	Entity that has provided the service	Fees 2017
Audit	KPMG S.p.A.	341,784
	Network KPMG S.p.A.	165,148
Attestation services	KPMG S.p.A.	38,340
	Network KPMG S.p.A.	8,670
Other services	KPMG S.p.A.	54,990
	Network KPMG S.p.A.	113,132
Total		722,064

11. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

MONCLER GENIUS

On 20 February 2018, Moncler presented a new creative and communication chapter, a vision of the future, available now. A vision beyond seasons able to establish a daily dialogue with the customers: Moncler Genius. A hub of eight exceptional minds operating in unison while cultivating their singularity has being able to reinterpret the Brand; each one devoted to a singular project, all of them adding facets to the Moncler's brand identity.

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CAPITAL MARKETS DAY

On 27 February 2018, Moncler hosted the Capital Markets Day in Milan, during which an update on the Group's medium-term strategy has been disclosed to the financial community. The documents are available on the corporate website www.monclergroup.com.

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

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SEPARATE FINANCIAL STATEMENTS

SEPARATE FINANCIAL STATEMENTS

Income statement

Comprehensive income

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Motion to approve the financial statements and the allocation of the result for the year ended December 31, 2017

Moncler S.p.A.

Registered office: Via Stendhal 47, MILAN – ITALY

Share capital: Euro 50,955,748.20 fully paid-in – Registration number CCIAA: MI-1763158

Tax code: 04642290961

SEPARATE FINANCIAL STATEMENTS

INCOME STATEMENT

Income statement					
(Euro)	Notes	2017	of which related parties (note 8.1)	2016	of which related parties (note 8.1)
Revenue	3.1	199,951,147	199,217,263	173,765,849	173,660,396
General and administrative expenses	3.2	(21,357,141)	(4,399,324)	(18,018,601)	(3,646,955)
Advertising and promotion expenses	3.3	(34,261,506)	(46,094)	(31,045,053)	(64,938)
Stock based compensation	3.4	(6,144,043)	(4,115,884)	(4,865,769)	(3,543,838)
Operating result		138,188,457		119,836,426	
Financial income	3.6	199,210	34,757	91,724	
Financial expenses	3.6	(238,590)		(666,946)	(160,370)
Result before taxes		138,149,077		119,261,204	
Income taxes	3.7	(4,895,303)		(37,716,715)	
Net result		133,253,774		81,544,489	

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COMPREHENSIVE INCOME

Statement of comprehensive income (Euro)	Note	December 31, 2017	December 31, 2016
Net profit (loss) for the period		133,253,774	81,544,489
Gains/(Losses) on fair value of hedge derivatives	4.14	0	0
Items that are or may be reclassified to profit or loss		0	0
Actuarial Gains/(Losses) on pension funds	4.14	36,514	(97,462)
Items that will never be reclassified to profit or loss		36,514	(97,462)
Other comprehensive income/(loss), net of tax		36,514	(97,462)
Total Comprehensive income/(loss)		133,290,288	81,447,027

FINANCIAL POSITION

Statement of financial position (Euro)	Notes	December 31, 2017	of which related parties (note 8.1)	December 31, 2016	of which related parties (note 8.1)
Brands and other intangible assets - net	4.1	225,869,157		226,219,938	
Property, plant and equipment - net	4.3	60,346		2,714	
Investments in subsidiaries	4.4	250,455,026		233,115,832	
Other non-current assets	4.9	17,400		0	
Deferred tax assets	4.5	1,182,515		1,587,848	
Non-current assets		477,584,444		460,926,332	
Trade accounts receivable	4.6	661,732		223,485	
Intra-group accounts receivable	4.6	45,451,862	45,451,862	53,943,476	53,943,476
Income taxes	4.14	35,225,920		0	
Other current assets	4.9	2,738,930		3,306,874	
Intra-group financial receivables	4.8	42,456,202	42,456,202	0	0
Cash and cash equivalent	4.7	1,330,225		1,486,546	
Current assets		127,864,871		58,960,381	
Total assets		605,449,315		519,886,713	
Share capital	4.15	50,955,748		50,042,945	
Premium reserve	4.15	154,827,093		109,186,923	
Other reserve	4.15	170,870,380		132,952,057	
Net result	4.15	133,253,774		81,544,489	
Equity		509,906,995		373,726,414	
Employees pension fund	4.12	822,218		658,089	
Deferred tax liabilities	4.5	64,580,989		64,109,707	
Non-current liabilities		65,403,207		64,767,796	
Short-term borrowings	4.13	0		23,972,007	
Intra-group short-term borrowings	4.13	0	0	10,398,723	10,398,723
Trade accounts payable	4.10	20,528,578		18,643,123	
Intra-group accounts payable	4.10	348,044	348,044	362,727	362,727
Income taxes	4.13	1,260,022		1,875,111	
Other current liabilities	4.11	5,473,249	2,219,456	4,126,676	2,280,956
Other current liabilities intra-group	4.11	2,529,220	2,529,220	22,014,136	22,014,136
Current liabilities		30,139,113		81,392,503	
Total liabilities and equity		605,449,315		519,886,713	

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CHANGES IN EQUITY

Statement of changes in equity		Share capital	Premium reserve	Legal reserve	Other comprehensive income	Other reserves IFRS 2 reserve	Retained earnings	Result of the period	Net Equity
(Euro)	Notes								
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
Shareholders' equity at January 1, 2017	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
Allocation of Last Year Result		0	0	0	0	0	81,544,489	(81,544,489)	0
Share capital and reserves increase		912,803	45,640,170	0	0	0	0	0	46,552,973
Reclassification		0	0	0	0	0	0	0	0
Dividends		0	0	0	0	0	(45,490,615)	0	(45,490,615)
Other movements in Equity		0	0	0	36,514	23,157,125	(21,329,190)	0	1,864,449
Result of the period		0	0	0	0	0	0	133,253,774	133,253,774
Shareholders' equity at December 31, 2017	4.14	50,955,748	154,827,093	10,300,000	(108,598)	49,816,757	110,862,221	133,253,774	509,906,995

CASH FLOWS

Statement of cash flow (Euro)	2017	of which related parties (note 8.1)	2016	of which related parties (note 8.1)
Cash flow from operating activities				
Net result of the period	133,253,774		81,544,489	
Depreciation and amortization	936,926		1,008,794	
Impairment of investments	0		(85,182)	
Net financial (income)/expenses	39,381		660,405	
Other non cash (income)/expenses	5,817,931		4,658,429	
Income tax expenses	4,895,303		37,716,715	
Changes in trade receivables - (Increase)/Decrease	8,053,367	8,491,614	(5,566,726)	(5,409,997)
Changes in trade payables - Increase/(Decrease)	1,870,772	(14,683)	3,876,792	(48,117)
Changes in other current assets/liabilities	2,075,150	(61,500)	(459,635)	373,811
Cash flow generated/(absorbed) from operating activities	156,942,604		123,354,081	
Interest paid	(181,408)		(606,176)	
Interest received	54,850		1,927	
Income tax paid	(59,344,613)		(39,158,784)	
Changes in other non-current assets/liabilities	137,779		129,276	
Net cash flow from operating activities (a)	97,609,212		83,720,324	
Cash flow from investing activities				
Purchase of tangible and intangible fixed assets	(643,777)		(599,649)	
Proceeds from sale of tangible and intangible fixed assets	0		743,558	
Net cash flow from investing activities (b)	(643,777)		143,909	
Cash flow from financing activities				
Repayment of borrowings	(24,000,000)		(24,000,000)	
Changes in intercompany short term borrowings	(52,854,924)	(52,854,924)	(12,403,384)	(12,403,384)
Transaction related to equity	(21,329,191)		(12,800,718)	
Dividends paid to shareholders	(45,490,615)		(34,882,539)	
Share Capital and reserves increase	46,552,974		920,713	
Net cash flow from financing activities (c)	(97,121,756)		(83,165,928)	
Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)	(156,321)		698,305	
Cash and cash equivalents at the beginning of the period	1,486,546		788,241	
Net increase/(decrease) in cash and cash equivalents	(156,321)		698,305	
Cash and cash equivalents at the end of the period	1,330,225		1,486,546	

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.

Moreover, the parent Company Moncler S.p.A. is de facto indirectly controlled by Remo Ruffini through Ruffini Partecipazioni Holding S.r.l. (“RPH”), a company incorporated under the laws of Italy, held 100% by Remo Ruffini – and Ruffini Partecipazioni S.r.l., a company incorporated under the laws of Italy, indirectly controlled by Remo Ruffini through RPH.

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

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

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

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

1.2. Basis for the preparation of the separate financial statements

1.2.1. Relevant accounting principles

The 2017 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

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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 2017 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
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

2.3. 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

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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.

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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

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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, 2017

Amendments to IAS 12: Income taxes

IASB published on January 19, 2016 some amendments to IAS 12 Income taxes. The document “Recognition of Deferred Tax Assets on Unrealised Losses (Amendments to IAS 12) clarify how to account for deferred tax assets relating to debt instruments measured at fair value.

Amendments to IAS 7: Statement of Cash Flows

These amendments, which were issued by the IASB on January 29, 2016, require information to be provided in the financial statements about changes in financial liabilities, aimed at improving the disclosures provided to investors in order to help them to better understand the changes recorded in said payables.

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

At the date when these annual financial statements were prepared, the European Union's competent authorities concluded the approval process needed for the adoption of the accounting standards and amendments described below. With reference of the applicable

principles, the Company has decided not to exercise the option of the early adoption, if applicable.

IFRS 15 Revenue from Contracts with Customers

On May 28, 2014 the IASB published a document which requires an entity to recognise revenue at the time the control of goods or services is transferred to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods or services. The new revenue recognition model sets out a process in five steps

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations;
5. Recognising revenue when the entity satisfy a performance obligation.

The new standard also requires additional disclosures regarding the nature, amount, timing and uncertainty of the revenue and cash flows arising from these contracts with customers. The IASB expects to adopt it from 2018, while the European Union endorsed it on September 22, 2016. Furthermore, on April 12, 2016 the IASB published amendments to the standard: Clarifications to IFRS 15 Revenue from Contracts with Customers, which are also applicable as from January 1, 2018. These amendments are aimed at clarifying the procedures to identify an entity as a “Principal” or as an “Agent” and to establish whether revenues from licences must be deferred throughout the term thereof.

During 2017, the Company reviewed ongoing contracts for each type of business relation potentially affected by IFRS 15. The review confirmed the limited effects of IFRS 15 in relation to the type of business conducted by the Company (the management and dissemination of the image of Moncler brands, through communication and marketing campaigns); moreover the effects refer to a different presentation of a few financial statement items that do not have an impact on the financial position or performance of the Company. Considering the above, the Company opted to adopt IFRS 15 retroactively, with a cumulative effect, as it believes this approach will not affect the comparability of 2017 and 2018 financial data.

IFRS 9 Financial Instruments

On July 24, 2014, the IASB published the final document constituting the conclusion of the process, divided into three phases: Classification and Measurement, Impairment and General Hedge Accounting, entirely revising IAS 39. The document introduces new requirements for classifying and measuring financial assets and liabilities. Specifically, as regards financial assets, the new standard adopts a single approach based on how the financial instruments are managed and on the contractual cash flow characteristics of the financial assets themselves in order to determine the related valuation method, aiming at eventually replacing the various rules laid down under IAS 39. As regards financial liabilities, the main amendment concerns the method of accounting for fair value changes in a financial liability designated as at fair value through profit or loss, which are due to change in the creditworthiness of the financial liability

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itself. According to the new standard, these changes must be recognised in other comprehensive income, without affecting profit or loss.

The new document includes a single model for the impairment of financial assets based on expected losses.

The IASB expects to adopt it from 2018, while the European Union endorsed it on November 22, 2016.

Based on the Company's assessment, the new classification criteria are not considered to have a significant effect on the recognition of financial instruments at 31 December 2017.

As regards expected impairment losses regarding main financial instruments, the Company has estimated a potential impact on the opening balances of shareholders' equity of less than 0.5%.

The Company has decided to not opt for the early adoption of IFRS 9 in relation to hedge accounting.

IFRS 16 – Leasing

On January 13, 2016, the IASB published the new standard IFRS 16 Leases, which replaces IAS 17. This standard was endorsed by the European Union, with its publication on November 9, 2017. IFRS 16 is effective for financial statements commencing on or after 1 January 2019. The new standard eliminates the difference in the recognition of operating and finance leases, even despite elements that simplify its adoption, and introduces the concept of control in the definition of a lease. To determine whether a contract is a lease, IFRS 16 establishes that the contract must convey the right to control the use of an identified asset for a given period of time. Early adoption is permitted for entities that also adopt IFRS 15 Revenue from contracts with customers.

The Company has estimated that the adoption of IFRS 16 on 1 January 2019 will not have a significant impact on the financial statements, as the Company does not have significant commitments arising from lease agreements, as referred to in note 5.1 “Commitments” of this document.

The impact this standard will have is being assessed internally based on types of agreements entered into, in order to have the information necessary to specifically estimate the relative financial effects.

Amendments to IFRS 4 – Insurance Contracts

These amendments were issued by the IASB on September 12th, 2016, with the effective date being expected on January 1st, 2018. The amendments were intended to address concerns about the application of IFRS 9 on financial instruments before the introduction of the new insurance contract standards.

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

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Document title	Issue date by IASB	Effective from
Standards		
IFRS 14 Regulatory Deferral Accounts	January, 2014	(Note 1)
IFRS 17 Insurance Contracts	May, 2017	January 1, 2021
Interpretations		
IFRIC 22 Foreign Currency Transactions and Advance Consideration	December, 2016	January 1, 2018
IFRIC 23 Uncertainty over Income Tax Treatments	June, 2017	January 1, 2019
Amendments		
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September, 2014	Deferred until the completion of IASB's equity method project
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	June, 2016	January 1, 2018
Annual Improvements to IFRS Standards (2014-2016 Cycle)	December, 2016	January 1, 2017/ January 1, 2018
Amendments to IAS 40: Transfers of Investment Property	December, 2016	January 1, 2018
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	October, 2017	January 1, 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	October, 2017	January 1, 2019
Annual Improvements to IFRS Standards (2015-2017 Cycle)	December, 2017	January 1, 2019

(Note 1) IFRS 14 became effective on 1 January 2016, but the European Commission decided to stop the approval process pending the new accounting standard on "rate-regulated activities".

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

3. COMMENTS ON THE INCOME STATEMENT

3.1. Revenue

The company's revenues mainly include royalty income from the use of trademarks, management fees and contributions for the provision of marketing services performed on behalf of Group companies.

The increase of Euro 26,185 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 5,635 thousand (Euro 5,882 thousand in 2016), the personnel expenses of other functions in the amount of Euro 5,423 thousand (Euro 3,990 thousand in 2016), legal, financial and administrative expenses in the amount of Euro 1,791 thousand (Euro 1,734 thousand in 2016), directors' fees in the amount of Euro 4,254 thousand (Euro 4,056 thousand in 2016), auditing and attestation service, statutory auditors expenses, costs for supervisory body and internal audit in the amount of Euro 423 thousand (Euro 416 thousand in 2016).

3.3. Advertising expenses

Advertising expenses amount to Euro 34,262 thousand (Euro 31,045 thousand in 2016) and are mostly made up of expenses related to media-plan and events.

3.4. Stock based compensation

The caption stock based compensation in 2017 (Euro 6.144 thousand) includes the costs incurred for the stock option and performance shares plans approved by the Shareholders' Meeting of Moncler on February 28, 2014, on April 23, 2015 and on April 20, 2016 (Euro 4,866 thousand in 2016).

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

3.5. Personnel expenses, depreciaton and amortization

The total personnel expenses, included under general and administrative expenses, amounted to Euro 6,352 thousand (Euro 4,982 thousand in 2016) including social security contribution of Euro 1,476 thousand (Euro 1,014 thousand in 2016) and leaving indemnity expenses of Euro 315 thousand (Euro 177 thousand in 2016).

The average number of FTE (“full-time-equivalent”) in 2017 is 56 (45 in 2016).

In 2017 depreciation and amortization amount to Euro 937 thousand (Euro 1,009 thousand in 2016).

3.6. Financial income and expenses

The caption is broken down as follows:

(Euro/000)	2017	2016
Interest income and other financial income	55	2
Dividends	0	0
Foreign currency differences - positive	145	5
Gain from investments	0	85
Total financial income	200	92
Interests expenses and bank charges	(239)	(667)
Foreign currency differences - negative	0	0
Total financial expenses	(239)	(667)
Total net	(39)	(575)

The caption interest expenses and bank charges decreased compared to the previous year by Euro 428 due to the normal amortization plan.

In 2017 and 2016 the company has not received dividends.

The caption gain from investments in 2016 refers to the liquidation of the company Moncler Lunettes S.r.l.

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)	2017	2016
Current income taxes	(4,015)	(36,845)
Deferred tax (income) expenses	(880)	(872)
Income statement	(4,895)	(37,717)

The decrease of the current income is due to the recognition of a tax asset, equal to Euro 34 million, relative to the agreement signed with the Italian Revenue Agency in December 2017 to access the Patent Box tax relief and to a reduction in the corporate income tax rate

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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 2017	Tax Amount 2017	Tax rate 2017	Taxable Amount 2016	Tax Amount 2016	Tax rate 2016
Profit before tax	138,149			119,261		
Income tax using the Company's theoretic tax rate		(33,156)	24.0%		(32,797)	27.5%
Temporary differences		(76)	(0.1)%		(5)	0.0%
Permanent differences		97	0.1%		32	(0.0)%
Other differences		28,240	20.4%		(4,947)	4.1%
Income tax at effective tax rate		(4,895)	3.5%		(37,717)	31.6%

The caption other differences in 2017 mainly refers to the recognition of the above mentioned tax asset relative to the Patent Box tax relief and to the current IRAP.

4. COMMENTS ON THE STATEMENT OF FINANCIAL POSITION

4.1. Brands and other intangible assets

Brands and other intangible assets (Euro/000)	2017			2016
	Gross value	Accumulated depreciation and impairment	Net value	Net value
Brands	223,900	0	223,900	223,900
Software	433	(391)	42	37
Other intangible assets	5,256	(3,329)	1,927	2,245
Assets in progress	0	0	0	38
Total	229,589	(3,720)	225,869	226,220

Intangible assets changes for the years 2017 and 2016 are shown in the following tables:

As at December 31, 2017

Gross value Brands and other intangible assets (Euro/000)	Brands	Software	Other intangible assets	Assets in progress and advances	Total
January 1, 2017	223,900	496	4,650	38	229,084
Acquisitions	0	16	568	0	584
Disposals	0	(79)	0	0	(79)
Impairment	0	0	0	0	0
Other movements, including transfers	0	0	38	(38)	0
December 31, 2017	223,900	433	5,256	0	229,589

Accumulated amortization Brands and other intangible assets (Euro/000)	Brands	Software	Other intangible assets	Assets in progress and advances	Total
January 1, 2017	0	(459)	(2,405)	0	(2,864)
Depreciation	0	(11)	(924)	0	(935)
Disposals	0	79	0	0	79
Other movements, including transfers	0	0	0	0	0
December 31, 2017	0	(391)	(3,329)	0	(3,720)

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

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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)

The increase in the caption other intangible assets mainly refer to the brand registration expenses.

4.2. Impairment of intangible assets with an indefinite useful life

The Moncler brand, which has an indefinite useful life, has not been 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 2017 valuation, the expected cash flows and revenues were derived from the Business Plan 2018-2020 approved by the Board of Directors on December 14, 2017.

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 8.40%.

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 = 21.59%.

4.3. Property, plant and equipment

Property, plant and equipment (Euro/000)	2017			2016
	Gross value	Accumulated depreciation and impairment	Net value	Net value
Land and buildings	0	0	0	0
Plant and Equipment	5	(5)	0	0
Fixtures and fittings	0	0	0	0
Leasehold improvements	0	0	0	0
Other fixed assets	108	(105)	3	3
Assets in progress	57	0	57	0
Total	170	(110)	60	3

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The changes in property, plant and equipment from for 2017 and 2016 is included in the following tables:

As at December 31, 2017

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, 2017	0	5	0	7	138	0	150
Discontinued operations	0	0	0	0	0	0	0
Acquisitions	0	0	0	0	2	57	59
Disposals	0	0	0	(7)	(32)	0	(39)
Other movements, including transfers	0	0	0	0	0	0	0
December 31, 2017	0	5	0	0	108	57	170

Accumulated depreciation (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
January 1, 2017	0	(5)	0	(7)	(135)	0	(147)
Discontinued operations	0	0	0	0	0	0	0
Depreciation	0	0	0	0	(2)	0	(2)
Disposals	0	0	0	7	32	0	39
Other movements, including transfers	0	0	0	0	0	0	0
December 31, 2017	0	(5)	0	0	(105)	0	(110)

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	3,358	175	1,142	7	145	0	4,827
Discontinued operations	0	0	0	0	0	0	0
Acquisitions	0	0	0	0	3	0	3
Disposals	(3,358)	(170)	(1,142)	0	(10)	0	(4,680)
Other movements, including transfers	0	0	0	0	0	0	0
December 31, 2016	0	5	0	7	138	0	150

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	(2,528)	(175)	(1,142)	(7)	(144)	0	(3,996)
Discontinued operations	0	0	0	0	0	0	0
Depreciation	(86)	0	0	0	(1)	0	(87)
Disposals	2,614	170	1,142	0	10	0	3,936
Other movements, including transfers	0	0	0	0	0	0	0
December 31, 2016	0	(5)	0	(7)	(135)	0	(147)

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, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Industries S.p.A.	Italy	100%	100%	250,455	233,116
Total				250,455	233,116

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

Summary of subsidiary's financial information		December 31, 2017			
(Euro/000)	Assets	Liabilities	Net equity	Revenues	Profit/(Loss)
Industries S.p.A.	664,445	258,295	406,150	724,735	75,389
Total	664,445	258,295	406,150	724,735	75,389

Summary of subsidiary's financial information		December 31, 2016			
(Euro/000)	Assets	Liabilities	Net equity	Revenues	Profit/(Loss)
Industries S.p.A.	552,066	235,879	316,187	648,312	78,082
Moncler Lunettes S.r.l.	0	0	0	128	358
Total	552,066	235,879	316,187	648,440	78,440

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, 2017 and December 31, 2016:

Deferred taxation		
(Euro/000)	December 31, 2017	December 31, 2016
Deferred tax assets	1,183	1,588
Deferred tax liabilities	(64,581)	(64,110)
Net amount	(63,398)	(62,522)

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, 2017	Taxes charged to the income statement	Taxes accounted for in Equity	Other movements	Closing balance - December 31, 2017
Intangible assets	0	0	0	0	0
Derivatives	0	0	0	0	0
Employee benefits	24	0	2	0	26
Provisions	0	0	0	0	0
Other temporary items	1,564	(409)	0	2	1,157
Tax assets	1,588	(409)	2	2	1,183
Intangible assets	(61,696)	(471)	0	0	(62,167)
Financial assets	(2,414)	0	0	0	(2,414)
Tax liabilities	(64,110)	(471)	0	0	(64,581)
Net deferred tax assets (liabilities)	(62,522)	(880)	2	2	(63,398)

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)

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

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Deferred tax assets (liabilities) (Euro/000)	Taxable Amount 2017	Closing balance - December 31, 2017	Taxable Amount 2016	Closing balance - December 31, 2016
Employee benefits	111	26	102	24
Other temporary items	4,428	1,157	6,126	1,564
Tax assets	4,539	1,183	6,228	1,588
Intangible assets	(222,816)	(62,167)	(221,127)	(61,696)
Financial assets	(10,064)	(2,414)	(10,064)	(2,414)
Tax liabilities	(232,880)	(64,581)	(231,191)	(64,110)
Net deferred tax assets (liabilities)	(228,341)	(63,398)	(224,963)	(62,522)

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, 2017	December 31, 2016
Trade receivables, third parties	669	230
Trade receivables, intra-group	45,452	53,943
Provision for impairment	(7)	(7)
Total, net value	46,114	54,166

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, 2017, the caption cash on hand and in bank amounts to Euro 1,330 thousand (Euro 1,487 thousand as at December 31, 2016) 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, 2017	December 31, 2016
Cash in hand and at the bank	1,330	1,487
Total	1,330	1,487

4.8. Intra-group financial receivables

The item intra-group financial receivables, equal to Euro 42,456 thousand, refers to the correspondent account with the subsidiary Industries S.p.A.

4.9. Other current and non-current assets

Other current assets		
(Euro/000)	December 31, 2017	December 31, 2016
Advances on account to vendors	1,231	1,314
Prepaid expenses	237	720
Tax receivables excluding income taxes	1,266	1,261
Other current assets	5	12
Total other current assets	2,739	3,307
Security / guarantees deposits	17	0
Other non-current assets	17	0
Total	2,756	3,307

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.

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

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

4.10. Trade payables

As at December 31, 2017, the caption trade payables pertains mostly to marketing and communication services.

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Trade payables (Euro/000)	December 31, 2017	December 31, 2016
Trade payables, third parties	20,529	18,643
Trade payables, intra-group	348	363
Total	20,877	19,006

Details of the transactions with subsidiaries are provided in the note 9.1 on related parties.

4.11. Other current payables

As at December 31, 2017, the caption other current payables included the following:

Other current liabilities (Euro/000)	December 31, 2017	December 31, 2016
Directors and audit related payables	2,219	2,281
Amounts payable to employees and consultants	1,834	1,036
Employees taxation payables	1,000	477
Other current liabilities	420	333
Other current liabilities, intra-group	2,529	22,014
Total	8,002	26,141

As at December 31, 2017, 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.

4.12. Pension fund (TFR)

As at December 31, 2017, the caption includes the employee pension fund as detailed in the following table:

Employees pension funds - movements (Euro/000)	December 31, 2017	December 31, 2016
Net recognized liability - opening	658	442
Interest costs	29	10
Service costs	236	156
Payments	(67)	(68)
Actuarial (Gains)/Losses	(34)	118
Net recognized liability - closing	822	658

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	1.30%
Inflation rate	1.50%
Nominal rate of wage growth	1.50%
Labour turnover rate	3.80%
Probability of request of advances of TFR	4.50%
Percentage required in case of advance	70.00%
Life Table - Male	M2016 (*)
Life Table - Female	F2016 (*)

(*) 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%	(52)
Discount rate -0,5%	57
Rate of payments Increases x(1+20%)	(0)
Rate of payments Decreases x(1-20%)	(1)
Rate of Price Inflation Increases (+0,5%)	44
Rate of Price Inflation Decreases (-0,5%)	(41)
Rate of Salary Increases (+0,5%)	25
Rate of Salary Decreases (-0,5%)	(23)
Increase the retirement age (+1 year)	4
Decrease the retirement age (-1 year)	(5)
Increase longevity (+1 year)	0
Decrease longevity (-1 year)	(0)

4.13. Due to banks and financial debt

Borrowings (Euro/000)	December 31, 2017	December 31, 2016
Short-term portion of long-term bank loans	0	23,972
Intra-group short-term borrowings	0	10,399
Short-term borrowings	0	34,371
Long-term borrowings	0	0
Totale	0	34,371

As at December 31, 2017, the company Moncler S.p.A. wholly reimbursed the loan outstanding at December 31, 2016 of Euro 24 million.

4.14. Tax assets and liabilities

Tax liabilities amounted to Euro 1,260 thousand as at December 31, 2017, net of current tax assets (Euro 1,875 as at December 31, 2016). The balance pertains to IRES and IRAP payable.

Tax assets amounted to Euro 35,226 thousand as at December 31, 2017 (Euro 0 thousand at December 31, 2016) and mainly refer to the recognition of a tax asset, equal to Euro 34 million, relative to the agreement signed with the Italian Revenue Agency in December 2017 to access the Patent Box tax relief.

4.15. Shareholders' equity

As at December 31, 2017 the subscribed share capital constitute by 254,778,741 shares was fully paid and amounted to Euro 50,955,748.20 with a nominal value of Euro 0.20 per share.

Changes in shareholders' equity for 2017 and the comparative period are included in the consolidated statements of changes in equity.

During 2017, the Company purchased a total of 1,000,000 treasury shares, equal to 0.4% of the share capital, for a total value of Euro 21,329 thousand. As at December 31, 2017, 2,000,000 treasury shares were held, equal to 0.8% of the share capital, for a total value of Euro 34,130 thousand.

The increase of the share capital and the share premium reserve arises from the exercise of n. 4,564,017 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 and performance share plans.

The change in retained earnings mainly relates to the payment of dividends to shareholders and to the treasury shares purchase.

In 2017 the Company distributed dividends to the shareholders for an amount of Euro 45,491 thousand (Euro 34,882 thousand in 2016).

The following table includes details about how the shareholders reserve should be used:

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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	50,955,748	-	-	50,955,748	-	-
Reserves:						
Legal reserve	10,300,000	B	-	10,300,000	-	-
Share premium	154,827,093	A, B, C	154,827,093 ^(*)	-	-	-
OCI Reserve	(108,598)	-	-	(108,598)	-	-
IFRS 2 Reserve	49,816,757	A, B, C	49,816,757	-	-	-
Retained earnings	110,862,221	A, B, C	110,753,623	108,598	-	89,896,184
Total share capital and reserves	376,653,221		315,397,473	61,255,748	-	89,896,184
Non distributable amount			188,200			
Distributable remaining amount			315,209,273			

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, 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
Reserve as at January 1, 2017	(172)	27	(145)	0	0	0
Reclassification to Other reserves	0	0	0	0	0	0
Changes in the period	34	2	36	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, 2017	(138)	29	(109)	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, 2017, 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.

At 31 December 2017, Moncler S.p.A. wholly reimbursed the loan outstanding as at December 31, 2016 for Euro 24 million (original amount €60 million). The interest rate applied was the Euribor increased by a market spread.

As at December 31, 2017, there was no hedging on interest rates, given the limited exposure to financial institutions.

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, 2017 to a worsening of Euro 52 thousand in financial charges and an improvement of Euro 52 thousand.

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.

As at December 31, 2017 there are no financial liabilities.

7.4 Operating and capital management risks

In the management of operating risk, the Company's main objective is to manage the risks associated with the development of business in foreign markets that are subject to specific laws and regulations.

The Group has implemented guidelines in the following areas:

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

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

8. OTHER INFORMATION

8.1 Related-party transactions

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

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

Transactions with subsidiaries are of a commercial nature and are conducted at market conditions similar to those conducted with third parties and are detailed as follows:

Intercompany balances (Euro/000)	December 31, 2017		
	Receivables	Payables	Net value
Industries S.p.A.	87,292	(2,619)	84,673
Moncler Suisse Sa	1	0	1
Moncler France S.a.r.l.	0	(6)	(6)
Moncler USA Inc.	6	(95)	(89)
Moncler USA Retail Llc	602	0	602
Industries Yield S.r.l.	5	0	5
Moncler Shinsegae Inc.	0	(157)	(157)
Moncler Shanghai Commercial Ltd	2	0	2
Total	87,908	(2,877)	85,031

Intercompany transactions (Euro/000)	2017		Net value
	Revenues	Expenses/Other revenues net	
Industries S.p.A.	199,217	(25)	199,192
Moncler Suisse Sa	0	0	0
Moncler France S.a.r.l.	0	(1)	(1)
Moncler USA Inc.	0	(4)	(4)
Moncler Shanghai Commercial Ltd	0	(2)	(2)
Moncler Shinsegae Inc.	0	(21)	(21)
Total	199,217	(53)	199,164

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 2017 amounted to Euro 199.2 million (Euro 173.7 million in 2016).

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.

Compensation paid of the members of the Board of Directors in 2017 are Euro 4,215 thousand (Euro 4,083 thousand in 2016).

Compensation paid of the members of the Board of Auditors in 2017 are Euro 142 thousand (same amount in 2016).

SEPARATE FINANCIAL STATEMENTS

In 2017 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 4,116 thousand (Euro 3,544 thousand in 2016).

There are no other related-party transaction.

The following tables summarize the afore-mentioned related-party transactions that took place during 2017 and the prior year:

(Euro/000)	Type of relationship	Note	December 31, 2017	%	December 31, 2016	%
Industries S.p.A.	Trade transactions	c	199,217	99.6%	173,660	99.9%
Industries S.p.A.	Trade transactions	b	(60)	0.0%	(81)	0.2%
Industries S.p.A.	Interest income on correspondence current account	d	35	17.6%	0	0.0%
Industries S.p.A.	Interest expense on financing agreement	a	0	0.0%	(160)	24.0%
Moncler France S.a.r.l.	Trade transactions	b	(1)	0.0%	(5)	0.0%
Moncler USA Inc.	Trade transactions	b	(4)	0.0%	(59)	0.1%
Moncler USA Retail LLC	Trade transactions	b	0	0.0%	657	(1.2)%
Moncler Suisse Sa	Trade transactions	b	0	0.0%	1	0.0%
Moncler Shinsegae Inc.	Trade transactions	b	(21)	0.0%	0	0.0%
Moncler Shanghai Commercial Ltd	Trade transactions	b	(2)	0.0%	0	0.0%
Directors and board of statutory auditors	Labour services	b	(4,357)	7.1%	(4,225)	7.8%
Directors and board of statutory auditors	Labour services	b	(4,116)	6.7%	(3,544)	6.6%
Total			190,691		166,244	

a- % calculated based on total financial costs

b- % calculated on operating costs

c- % calculated on revenues

d- % calculated based on total financial income

(Euro/000)	Type of relationship	Note	December 31, 2017	%	December 31, 2016	%
Industries S.p.A.	Trade payables	b	(90)	0.4%	(114)	0.6%
Industries S.p.A.	Financial debt	a	0	0.0%	(10,399)	30.3%
Industries S.p.A.	Financial receivables	f	42,456	100.0%	0	0.0%
Industries S.p.A.	Debt from fiscal consolidation	d	(2,529)	31.6%	(22,014)	84.2%
Industries S.p.A.	Trade receivables	c	44,836	97.2%	53,278	98.4%
Moncler USA Retail LLC	Trade receivables	c	602	1.3%	656	1.2%
Industries Yield S.r.l.	Trade receivables	c	5	0.0%	5	0.0%
Moncler Suisse Sa	Trade receivables	c	1	0.0%	1	0.0%
Moncler France S.a.r.l.	Trade payables	b	(6)	0.0%	(5)	0.0%
Moncler USA Inc.	Trade receivables	c	6	0.0%	3	0.0%
Moncler USA Inc.	Trade payables	b	(95)	0.5%	(108)	0.6%
Moncler Shinsegae Inc.	Trade payables	b	(157)	0.8%	(136)	0.7%
Moncler Shanghai Commercial Ltd	Trade receivables	c	2	0.0%	0	0.0%
Directors and board of statutory auditors	Other current liabilities	d	(2,219)	27.7%	(2,281)	8.7%
Total			82,812		18,886	

a effect in % based on total financial debt

b effect in % based on trade payables

c effect in % based on trade receivables

d effect in % based on other current liabilities

e effect in % based on other current assets

f effect in % based on total financial receivables

SEPARATE FINANCIAL STATEMENTS

The following tables summarize the weight of related-party transactions on the financial statements as at and for the years ended December 31, 2017 and 2016:

(Euro/000)										
December 31, 2017										
	Revenues	Operating expenses	Financial expenses	Financial income	Trade receivables	Other current assets	Trade payables	Other payables, current	Total financial debt	Total financial receivables
Total related parties	199,217	(8,561)	0	35	45,452	0	(348)	(4,748)	0	42,456
Total financial statement	199,951	(61,763)	(238)	199	46,114	2,739	(20,529)	(8,002)	0	42,456
weight %	99.6%	13.9%	0.0%	17.6%	98.6%	0.0%	1.7%	59.3%	0.0%	100.0%

(Euro/000)										
December 31, 2016										
	Revenues	Operating expenses	Financial expenses	Financial income	Trade receivables	Other current assets	Trade payables	Other payables, current	Total financial debt	Total financial receivables
Total related parties	173,660	(7,256)	(160)	0	53,943	0	(363)	(24,295)	(10,399)	0
Total financial statement	173,766	(53,929)	(667)	92	54,167	3,307	(19,006)	(26,141)	(34,371)	0
weight %	99.9%	13.5%	24.0%	0.0%	99.6%	0.0%	1.9%	92.9%	30.3%	0.0%

8.2 Stock option plans

The Financial Statements as at December 31, 2017 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. Please note that these performance goals have been 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. Please note that these performance goals have been 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 2017 income statement amounted to Euro 819 thousand, while the net equity increase following the exercise of the vested options in respect of the first, the second and the third tranche of the plan “Corporate Structure” and the “Top Management and Key People” Plan amounts to Euro 46,553 thousand.
- As at December 31, 2017 6,683 options for the “Corporate Structure” plan are still in circulation, after that, during 2017, 159,017 options related to the “Corporate Structures” plan and 4,405,000 options related to the “Top Management and Key People” plan were exercised. With reference to Moncler S.p.A., as at December 31, 2017 there are no options still in circulation.

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.

SEPARATE FINANCIAL STATEMENTS

- The effect on the income statement of 2017 of the 2015 Plan amounts to Euro 20 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, 2017 there are still in circulation 1,155,000 options. With reference to Moncler S.p.A., as at December 31, 2017 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 Performance Targets are expressed base on the earning per share index ("EPS") of the Group in the Vesting Period, adjusted by the conditions of over\nder performance.

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

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

As at December 31, 2017 there are still in circulation 2,636,000 rights related to the first cycle of attribution and 350,500 rights related to the second cycle of attribution. With reference to Moncler S.p.A., as at December 31, 2017 there are still in circulation 716,500 rights related to the first cycle of attribution and 76,000 rights related to the second cycle of attribution.

The effect on the 2017 income statement amounts to Euro 4,979 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 29 June 2017, with the favourable opinion of the Nomination and Remuneration Committee, the Board of Directors of Moncler S.p.A. began the second cycle of allocating Moncler ordinary shares under the "Performance Shares Plan 2016-2018", approved by the Shareholders' Meeting of 20 April 2016, resolving to allot 365,500 shares to 18 new beneficiaries.

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 2017 the Company did not enter into any atypical and/or unusual transactions.

8.5 Financial instruments

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

(Euro/000)				
December 31, 2017	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 (*)	661,737	-	-	
Cash and cash equivalents (*)	1,330,225	-	-	
Sub-total	1,991,962	-	-	
Total	1,991,962	-	-	

(Euro/000)				
December 31, 2016	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 (*)	223,497	-	-	
Cash and cash equivalents (*)	1,486,546	-	-	
Sub-total	1,710,043	-	-	
Total	1,710,043	-	-	

SEPARATE FINANCIAL STATEMENTS

(Euro/000)				
December 31, 2017	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 (*)	(20,949)	-	-	
Bank overdrafts (*)	-	-	-	
Short-term bank loans (*)	-	-	-	
Bank loans	-	-	-	3
Sub-total	(20,949)	-	-	
Total	(20,949)	-	-	

(Euro/000)				
December 31, 2016	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 (*)	(18,976)	-	-	
Bank overdrafts (*)	-	-	-	
Short-term bank loans (*)	-	-	-	
Bank loans	(23,972)	-	(23,972)	3
Sub-total	(42,948)	-	(23,972)	
Total	(42,948)	-	(23,972)	

(*) 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		
(Euro)	Entity that has provided the service	Fees 2017
Audit	KPMG S.p.A.	155,519
	Network KPMG S.p.A.	-
Attestation services	KPMG S.p.A.	38,750
	Network KPMG S.p.A.	-
Other services	KPMG S.p.A.	44,990
	Network KPMG S.p.A.	6,826
Total		246,085

9. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

MONCLER GENIUS

On 20 February 2018, Moncler presented a new creative and communication chapter, a vision of the future, available now. A vision beyond seasons able to establish a daily dialogue with the customers: Moncler Genius. A hub of eight exceptional minds operating in unison while cultivating their singularity has been able to reinterpret the Brand; each one devoted to a singular project, all of them adding facets to the Moncler's brand identity.

CAPITAL MARKETS DAY

On 27 February 2018, Moncler hosted the Capital Markets Day in Milan, during which an update on the Group's medium-term strategy has been disclosed to the financial community. The documents are available on the corporate website www.monclergroup.com.

10. MOTION TO APPROVE THE FINANCIAL STATEMENTS AND THE ALLOCATION OF THE RESULT FOR THE YEAR ENDED DECEMBER 31, 2017

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 December 31, 2017.

We recommend that you approve the distribution of a gross dividend of Euro 0.28 per ordinary share, payable out of the net income of the 2017 fiscal year totalling Euro 133,253,774.

The total amount to distribute as dividends, having taken into consideration the number of shares issued as at December 31, 2017 (n. 252,778,741) net of the shares which are directly owned by the Company (No. 2,000,000) is equal to Euro 70,778,047.

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.

SEPARATE FINANCIAL STATEMENTS

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 2017.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the consolidated financial statements at 31 December 2017 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 2017 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.

February 26, 2018

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 article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

*To the shareholders of
Moncler S.p.A.*

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Moncler Group (the "group"), which comprise the statement of financial position as at 31 December 2017, the income statement and the statements of other comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Moncler Group as at 31 December 2017 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of Moncler S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of goodwill and the Moncler trademark

Notes to the consolidated financial statements: paragraphs 5.1 "Goodwill, brands and other intangible assets" and 5.2 "Impairment of intangible assets with an indefinite useful life and goodwill"

Key audit matter	Audit procedures addressing the key audit matter
<p>The consolidated financial statements at 31 December 2017 include the Moncler trademark (the "trademark") with a carrying amount of €224 million, which is an intangible asset with an indefinite useful life, and goodwill of €156 million.</p> <p>At least annually, at the reporting date, the group checks the recoverable amount of the trademark and goodwill.</p> <p>It calculates the recoverable amount of the trademark and goodwill by estimating its value in use, using a method that discounts its expected cash flows. Specifically, in the case of the trademark, it used the royalty relief method.</p> <p>These methods require a high level of directors' judgement about:</p> <ul style="list-style-type: none"> the expected cash flows, calculated by taking into account the general economic performance and that of the group's sector, the actual cash flows for the last few years and the projected growth rates; the parameters used to calculate the discount rate. <p>For the above reasons, we believe that the recoverability of the trademark and goodwill is a key audit matter.</p>	<p>Our audit procedures, which also involved our own valuation specialists, included:</p> <ul style="list-style-type: none"> understanding the process adopted for impairment testing; understanding the process adopted for preparing the 2018-20 business plan approved by the parent's board of directors on 14 December 2017 (the "plan") from which the expected cash flows used for impairment testing have been derived; analysing the reasonableness of the key assumptions used by the directors to prepare the plan, including any discrepancies between past years' forecasts and actual figures; analysing the reasonableness of the impairment testing model and the key assumptions used by the directors to determine the recoverable amount of the trademark and goodwill; checking the sensitivity analyses presented in the notes, with reference to the key assumptions used for impairment testing, including the interest and perpetual growth rates; assessing the appropriateness of the disclosures provided in the notes about the trademark and goodwill and related impairment tests.

Measurement of inventories

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

Key audit matter	Audit procedures addressing the key audit matter
<p>The consolidated financial statements at 31 December 2017 include inventories of €136 million, net of the allowance for inventory write-down of €84 million.</p> <p>Determining the allowance for inventory write-down is a complex accounting estimate, entailing a high level of judgement as it is affected by many factors, including:</p> <ul style="list-style-type: none"> — the characteristics of the group's business segment; — the sales' seasonality; — the price policies adopted and the distribution channels' selling ability. <p>For the above reasons, we believe that the measurement of inventories is a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — understanding the process for the measurement of inventories and the related IT environment and assessing the design and implementation of controls and procedures to assess the operating effectiveness of material controls; — checking changes in inventories during the year, considering their expected life cycle based on their age and analysing the historical sales and profitability figures by season; — analysing documents and discussing the assumptions adopted to calculate the allowance for inventory write-down with the relevant internal departments, in order to understand the assumptions underlying the expectations of how goods will be sold; — assessing the appropriateness of the disclosures provided in the notes about inventories.

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Moncler S.p.A. for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, in accordance with the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.



The *Collegio Sindacale* is responsible for overseeing, in accordance with the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 1 October 2013, the parent's shareholders engaged us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2013 to 31 December 2021.

We declare that the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 were not provided and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The directors of Moncler S.p.A. are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 31 December 2017 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2017 and their compliance with the applicable law and to express a statement on any material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the consolidated financial statements of the Moncler Group at 31 December 2017 and have been prepared in compliance with the applicable law.



Moncler Group
Independent auditors' report
31 December 2017

With reference to the statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the group and its environment obtained through our audit, we have nothing to report.

Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16

The directors of Moncler S.p.A. are responsible for the preparation of a consolidated non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such consolidated non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the consolidated non-financial statement separately.

Treviso, 26 March 2018

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 2017.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the separate financial statements at 31 December 2017 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 2017 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.

February 26, 2018

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.
Revisione e organizzazione contabile
Via Rosa Zalivani, 2
31100 TREVISO TV
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PEC kpmgspa@pec.kpmg.it

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

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

*To the shareholders of
Moncler S.p.A.*

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Moncler S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2017, the income statement and the statements of other comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Moncler S.p.A. as at 31 December 2017 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the separate financial statements" section of our report. We are independent of Moncler S.p.A. in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the separate financial statements of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of the Moncler trademark

Notes to the separate financial statements: paragraphs 4.1 "Brands and other intangible assets" and 4.2 "Impairment of intangible assets with an indefinite useful life"

Key audit matter	Audit procedures addressing the key audit matter
<p>The separate financial statements at 31 December 2017 include the Moncler trademark (the "trademark") with a carrying amount of €224 million, which is an intangible asset with an indefinite useful life.</p> <p>At least annually, at the reporting date, the company checks the recoverable amount of the trademark.</p> <p>It calculates the recoverable amount of the trademark by estimating its value in use, using a method that discounts its expected cash flows. Specifically, it used the royalty relief method.</p> <p>This method requires a high level of directors' judgement about:</p> <ul style="list-style-type: none"> the expected cash flows, calculated by taking into account the general economic performance and that of the company's sector, the actual cash flows for the last few years and the projected growth rates; the parameters used to calculate the discount rate. <p>For the above reasons, we believe that the recoverability of the trademark is a key audit matter.</p>	<p>Our audit procedures, which also involved our own valuation specialists, included:</p> <ul style="list-style-type: none"> understanding the process adopted for impairment testing; understanding the process adopted for preparing the 2018-20 business plan approved by the company's board of directors on 14 December 2017 (the "plan") from which the expected cash flows used for impairment testing have been derived; analysing the reasonableness of the key assumptions used by the directors to prepare the plan, including any discrepancies between past years' forecasts and actual figures; analysing the reasonableness of the impairment testing model and the key assumptions used by the directors to determine the recoverable amount of the trademark; checking the sensitivity analyses presented in the notes, with reference to the key assumptions used for impairment testing, including the interest and perpetual growth rates; assessing the appropriateness of the disclosures provided in the notes about the trademark and related impairment test.



Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Moncler S.p.A. for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, in accordance with the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, in accordance with the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report



to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 1 October 2013, the company's shareholders engaged us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2013 to 31 December 2021.

We declare that the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 were not provided and that we remained independent of the company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the Collegio Sindacale, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The directors of Moncler S.p.A. are responsible for the preparation of the company's directors' report and report on corporate governance and ownership structure at 31 December 2017 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the



Moncler S.p.A.
Independent auditors' report
31 December 2017

company's separate financial statements at 31 December 2017 and their compliance with the applicable law and to express a statement on any material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the separate financial statements of Moncler S.p.A. at 31 December 2017 and have been prepared in compliance with the applicable law.

With reference to the statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the company and its environment obtained through our audit, we have nothing to report.

Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16

The directors of Moncler S.p.A. are responsible for the preparation of a consolidated non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such consolidated non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the consolidated non-financial statement separately.

Treviso, 26 March 2018

KPMG S.p.A.

(signed on the original)

Francesco Masetto
Director of Audit

MONCLER S.p.A.

Share Capital Euro 50,955,748.20 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 2017. During the year, the Board of Statutory Auditors met eleven times, attended six meetings of the Risk Control and Sustainability Committee and three meetings of the Appointments and Remuneration Committee; it also took part in six 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:

- On 26 June 2017, the General Meeting resolution of 20 April 2017 regarding the planned buy-back of up to 1,000,000 treasury shares in Moncler S.p.A. (0.4% of share capital) was executed. At that date, the Group owned 1,000,000 treasury shares, as purchased in 2016 in execution of a General Meeting resolution of 23 April 2015;
- In December, the Company reached a settlement with the Italian Tax Authorities in relation to the dispute that had arisen following tax inspections and mainly regarding Transfer Pricing. The related cost was Euro 24.5 million while provision of Euro 10 million had already been made. Consequently, the settlement reached had an impact of Euro 14.5 million on the income statement for the year;
- An agreement has been signed in relation to the Patent Box which produced benefits of around Euro 34 million for the three-year period 2015-2017. This amount was accounted for in full in 2017 and affected the result for said reporting period;
- On 26 July 2017, the Board of Directors resolved – with the approval of the Related Party Transactions Committee – to extend the duration of the Joint Venture Agreement, on certain conditions, for five more years and postponed the scheduled expiry date from 31 December 2018 to 31 December 2023. It also resolved to amend the terms and conditions of the call option held by the Company and the

corresponding put option held by Yagi in relation to the entire 49% stake in the share capital of Moncler Japan held by Yagi. The amended terms and conditions provide that said options may be exercised, respectively, by and in relation to Moncler Japan not upon expiry of the JV Agreement (including upon early termination) but, gradually, on an annual basis between 2018 and 2024. The agreement is described in detail in the Company's directors' report.

In the course of its supervisory activities, the Board of Statutory Auditors has reviewed non-financial information provided by the Company in terms of Legislative Decree no. 254/2016. Although the external auditor is responsible for checking that said information is compliant with applicable legal and regulatory requirements, the Board of Statutory Auditors confirms, within the scope of its responsibilities, that the duty to provide non-financial information has been fulfilled.

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 and supervised 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.

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 2017 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 26 March 2018, pursuant to Articles 14 of Legislative Decree no. 39 of 27 January 2010 and Article 10 of (EU) regulation no. 537 of 16 April 2014, the Independent Auditor issued the following reports:

1. audit report on the separate financial statements;
2. audit report on the consolidated financial statements;
3. report on the consolidated non-financial statement in terms of Article 3(10) of Legislative Decree no. 254 of 30 December 2016 and Article 5 of Consob Regulation no. 20267;

These reports confirm that the separate and consolidated financial statements as at 31 December 2017 present 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 2017.

On 23 March 2018, during the scheduled exchange of information, the Independent Auditors also provided the Board of Statutory Auditors with a presentation which was attached to the Report issued on 26 March 2018 required by Article 19 of Legislative Decree no 39/2010 and envisaged under Article 11 of the Regulation; said presentation did not reveal any significant internal control weaknesses in relation to the financial reporting process.

On 23 March 2018, the Independent Auditors submitted to the Board of statutory Auditors the annual independence confirmation in terms of Article 6(2)(a) of European Regulation no. 537/2014 and in terms of paragraph 17 of International Standard on Auditing (ISA Italia) no. 260. Said report does not highlight any matters that could compromise 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 155.519 – audit services provided by KPMG S.p.A. to Moncler S.p.A.;
- Euro 186.265 – audit services provided by KPMG S.p.A. to subsidiary Industries S.p.A.;
- Euro 165.148 – 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 Taiwan Limited, Moncler Istanbul Giyim ve Tekstil Ticaret Ltd.Sti.;
- Euro 38.750 – certification services provided by KPMG S.p.A. to Moncler S.p.A.;
- Euro 2.090 – certification services provided by KPMG S.p.A. to

Italian subsidiary Industries S.p.A.;

- Euro 6.170 – certification services provided by the KPMG S.p.A. network to foreign subsidiary Moncler Taiwan Limited;
- Euro 51.816 – other services provided by KPMG S.p.A. to Moncler S.p.A.;
- Euro 116.306 – 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 2017 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.

Milan, 26 March 2018

THE BOARD OF STATUTORY AUDITORS

Riccardo Losi

Antonella Suffriti

Mario Valenti