



HALF-YEAR
FINANCIAL REPORT
AS OF 30 JUNE 2020

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CORPORATE INFORMATION

REGISTERED OFFICE

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LEGAL INFORMATION

Authorized and issued share capital 51,670,524.80 euros
VAT, Tax Code and Chamber of Commerce enrollment No.: 04642290961
R.E.A. Reg. Milan No. 1763158

OFFICES AND SHOWROOMS

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New York 568 Broadway Suite 306
Tokyo 5-4-46 Minami-Aoyama Omotesando Minato-Ku

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CORPORATE BODIES

BOARD OF DIRECTORS

Remo Ruffini	Chairman and Chief Executive Officer
Marco De Benedetti	Vice President Lead Independent Director Control, Risk and Sustainability Committee Nomination and Remuneration Committee
Nerio Alessandri	Independent Director
Roberto Eggs	Executive Director
Gabriele Galateri di Genola	Independent Director Control, Risk and Sustainability Committee
Alessandra Gritti	Independent Director Nomination and Remuneration Committee
Virginie Sarah Sandrine Morgan	Director Related Parties Committee
Diva Moriani	Independent Director Related Parties Committee Nomination and Remuneration Committee
Stephanie Phair	Independent Director
Guido Pianaroli	Independent Director Control, Risk and Sustainability Committee Related Parties Committee
Luciano Santel	Executive Director

BOARD OF STATUTORY AUDITORS

Riccardo Losi	Chairman
Carolyn Dittmeier	Standing Auditor
Nadia Fontana	Standing Auditor
Federica Albizzati	Alternate Auditor
Lorenzo Mauro Banfi	Alternate Auditor

EXTERNAL AUDITORS

KPMG S.p.A.

GROUP CHART AS OF 30 JUNE 2020



GROUP STRUCTURE

The Half-Year Financial Report of the Moncler Group as of 30 June 2020 includes 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 İstanbul 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
Moncler Sweden AB	Company that manages DOS in Sweden
Moncler Sylt GmbH	Company that manages a DOS in Sylt (Germany)
Moncler UK Ltd	Company that manages DOS in the United Kingdom

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Moncler Ireland Limited	Company that manages DOS in Ireland
Moncler Middle East FZ-LLC	Holding Company for the Middle East
Moncler UAE LLC	Company that manages DOS in the United Arab Emirates
Moncler Ukraine LLC	Company that manages DOS in Ukraine
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 manages DOS in Mexico
Moncler Mexico Services, S. de R.L. de C.V.	Company that provides services to Moncler Mexico, S. de R.L. de C.V.
Moncler USA Inc	Company which promotes and distributes goods in North America
Moncler Asia Pacific Ltd	Company that manages DOS in Hong Kong and in Macau
Moncler Australia PTY LTD	Company that manages DOS in Australia
Moncler Japan Corporation	Company that manages DOS and distributes and promotes goods in Japan
Moncler 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 New Zealand Limited	Company that will manage DOS in New Zealand

HALF-YEAR DIRECTORS' REPORT

Financial results analysis

Significant events occurred during the first six months of 2020

Significant events occurred after 30 June 2020

Business outlook

Related parties transactions

Atypical and/or unusual transactions

Treasury shares

FINANCIAL RESULTS ANALYSIS

UPDATE ON COVID-19

The Covid-19 pandemic and consequent containment measures adopted by various governments worldwide continued to cause effects also in the second quarter of 2020. Among the many actions undertaken, we provide an update of the most relevant ones.

Distribution network. In April and May more than half of the retail store network was temporarily closed with a gradual reopening starting from mid-May. At the end of June, 9 stores were still temporarily closed. In the same period, wholesale mono-brand stores also suffered the limitations imposed by various governments in different parts of the world with significant effects on the performance of this channel too.

Supply chain. The Group's production and logistics centres continued to operate also during the second quarter, despite some limitations linked to the pandemic, not registering significant disruptions.

People. From July, Moncler people started returning gradually to work in the Italian headquarters and in various regional offices. A strict protocol has been adopted to protect the health and safety of all employees, which also includes the opportunity to take swabs and serological tests. Bicycles are available to employees of the Milan office, to encourage individual travel as an alternative to public transportation for commutes. The production of surgical masks continued for Moncler employees' use and for community's benefit.

Brands and Clients. The focus on the digital channel is confirmed with a greater focus on Moncler values. The launch of 7 Moncler Fragment Hiroshi Fujiwara was carried out with a phygital event on Weibo. On the first day, Moncler scored a record of 32 million views, the highest number among the luxury brands in this type of event on Weibo. Various activities were activated to drive customer loyalty and engagement, in particular for those who purchased exclusively or largely while traveling abroad before the pandemic and now are making their purchases locally (new locals).

Investments. The strategic importance of digital is confirmed with the decision to internalise the management of the e-commerce site and the strengthening of the organisational structure.

Costs. To preserve the integrity of the Brand, management has reduced orders for the FW20 season, while all products from the SS20 season that are not expected to be sold during the season and have not been selected to be carried out to SS21 have been written down. With regard to the renegotiation of rents, the discussions initiated with various landlords of Moncler stores are showing some encouraging signs.

HALF-YEAR FINANCIAL REPORT

CONSOLIDATED INCOME STATEMENT

Following is the consolidated income statement for the first half 2020 and 2019.

(Euro/000)	First Half 2020	% of Revenues	First Half 2019	% of Revenues
Revenues	403,334	100.0%	570,246	100.0%
<i>YoY performance</i>	-29%		+16%	
Gross margin	279,570	69.3%	437,152	76.7%
Selling expenses	(190,937)	(47.3%)	(206,880)	(36.3%)
General & Administrative expenses	(79,794)	(19.8%)	(84,789)	(14.9%)
Marketing expenses	(44,329)	(11.0%)	(42,865)	(7.5%)
EBIT	(35,490)	(8.8%)	102,618	18.0%
Net financial ¹	(11,221)	(2.8%)	(10,496)	(1.8%)
EBT	(46,711)	(11.6%)	92,122	16.2%
Taxes	15,086	3.7%	(22,128)	(3.9%)
<i>Tax Rate</i>	32.3%		24.0%	
Net result	(31,632)	(7.8%)	69,989	12.3%
<i>YoY performance</i>	n.s.		+14%	

¹First Half 2020: lease liabilities interests (10,8) million euros.
First Half 2019: lease liabilities interests (9,8) million euros.

CONSOLIDATED REVENUES

In the first half of 2020, Moncler recorded revenues of 403.3 million euros, compared to revenues of 570.2 million euros in the same period in 2019, a decrease of 29% at constant and current exchange rates. The results have been severely impacted by stringent measures adopted by governments worldwide in order to reduce the spread of Covid-19. In particular, the second quarter suffered the temporary closure of more than 50% of the store network for about two months, along with a significant reduction in traffic in the opened stores, with a revenue decrease equal to 52% at constant exchange rates (-51% at current exchange rates).

Revenues by Region

	First Half 2020		First Half 2019		YoY growth %	
	(Euro/000)	%	(Euro/000)	%	At current exch. rates	At constant exch. rates
Italy	41,910	10.5%	68,468	12.0%	-39%	-39%
EMEA (excl. Italy)	129,951	32.2%	168,897	29.6%	-23%	-23%
Asia and Rest of the World	181,672	45.0%	249,318	43.7%	-27%	-27%
Americas	49,801	12.3%	83,563	14.7%	-40%	-41%
Total Revenues	403,334	100.0%	570,246	100.0%	-29%	-29%

Italy recorded a decline of 39%, with both distribution channels impacted by measures adopted to limit the spread of Covid-19. In particular in the second quarter, retail performance was severely affected by the store closures and by the lack of traffic especially from tourists.

In EMEA, revenues decreased by 23% at constant exchange rates, with the second quarter significantly impacted by the effects already mentioned. In particular, in the second quarter, France underperformed compared with the regional average, while Germany and Scandinavia outperformed, benefitting from less stringent measures.

In Asia and Rest of the World, revenues dropped by 27% at constant exchange rates. Korea outperformed the rest of the Region, mitigating the negative performance of Japan, Hong Kong SAR and Macau, the areas most affected by containment measures against the virus. Mainland China showed a strong pace of recovery in the second quarter, recording double-digit growth rates.

The Americas marked a decline of -41% at constant exchange rates with a similar performance in both channels. In particular, in the second quarter, the results in the United States were heavily impacted by the pandemic.

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Revenues by Distribution Channel

	First Half 2020		First Half 2019		YoY growth %	
	(Euro/000)	%	(Euro/000)	%	At current exchange rates	At constant exchange rates
Retail	300,506	74.5%	437,060	76.6%	-31%	-32%
Wholesale	102,828	25.5%	133,186	23.4%	-23%	-21%
Total Revenues	403,334	100.0%	570,246	100.0%	-29%	-29%

In the first half of 2020, the retail distribution channel reported revenues equal to 300.5 million euros compared to 437.1 million euros in the corresponding period of 2019, representing a 32% decrease at constant exchange rates, incorporating the effects of the closure of more than half of the DOS network for about two months in the second quarter. E-commerce continued to register positive double-digit growth rates.

Revenues from stores opened for at least 12 months (Comparable Store Sales) declined by 38%.

The wholesale channel recorded revenues of 102.8 million euros compared with 133.2 million euros in the first half of 2019, a decrease of 21% at constant exchange rates, including the effects of containment measures to manage the risk of unsold stock. E-tailers continued to show double-digit growth.

MONO-BRAND STORES DISTRIBUTION NETWORK

As of 30 June 2020, Moncler's mono-brand store distribution network consisted of 213 directly operated stores (DOS), an increase of 4 units compared to 31 December 2019 and 63 wholesale shop-in-shops (SiS), a decrease of 1 unit compared with 31 December 2019, as a result of one new opening net of two conversions from wholesale to retail.

As of 30 June, 9 DOS were temporarily closed.

	30/06/2020	31/12/2019	30/06/2019	Net Openings First Half 2020
Retail mono-brand	213	209	196	4
Italy	18	19	19	(1)
EMEA (excl. Italy)	57	56	54	1
Asia and Rest of the World	103	104	95	(1)
Americas	35	30	28	5
Wholesale mono-brand	63	64	60	(1)

ANALYSIS OF CONSOLIDATED OPERATING AND NET RESULTS

Cost of goods sold and gross margin

In the first semester of 2020, the consolidated gross margin was 279.6 million euros, equal to 69.3% of revenues compared with 76.7% in the same period of 2019. This decrease is mainly attributable to the write-downs of Spring/Summer 2020 excess stock. Excluding the write-downs, the gross margin would have been substantially in line with the result of the first half of 2019.

Operating expenses and EBIT

Selling expenses were equal to 190.9 million euros, compared with 206.9 million euros in the first half of 2019, equivalent to 47.3% of revenues (36.3% in the same period of 2019). This increase is due to the higher incidence of stores' fixed costs. General and administrative expenses were equal to 79.8 million euros, equivalent to 19.8% of revenues, compared to 84.8 million euros, which is equivalent to 14.9% in the first half of 2019. This result benefits from the actions undertaken to contain general costs, net of the 2019 investments on the Group's organisational structure.

The stock-based compensation plans, included in selling, general and administrative expenses, were equal to 11.7 million euros in the first half of 2020, compared with 16.3 million euros in the first half of 2019.

Marketing expenses were 44.3 million euros, representing 11.0% of revenues, showing an increase compared with the first half of 2019 (7.5%). This change reflects the planned investments in the first months of the year in particular for the important launch of Moncler Genius.

Depreciation and amortisation, excluding those related to right-of-use assets, were equal to 39.2 million euros, an increase of 20% compared to 32.7 million euros in the first half of 2019. This increase is attributable to investments in the retail development, particularly, in the second half of 2019.

EBIT, equal to -35.5 million euros, compared with an operating profit of 102.6 million euros in the first half of 2019, includes extraordinary costs related to the Covid-19 pandemic of about 40 million euros, comprising of extraordinary inventory write-downs of about 30 million euros and donations to the city of Milan of about 10 million euros. From February, the Group initiated important negotiations with main landlords to review rents, which are generating some benefits, reflected in the results of the first half.

In the first half of 2020, the net financial result was negative and equal to 11.2 million euros, compared with 10.5 million euros in the corresponding period of 2019 including lease liabilities.

The tax rate was positive and equal to 32.3%, compared with the negative 24.0% in the first half of 2019.

In the first half of 2020, net result stood at -31.6 million euros, compared with a profit of 70.0 million euros in the first half of 2019.

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CONSOLIDATED BALANCE SHEET AND CASH FLOW ANALYSIS

Following is the reclassified consolidated statement of financial position as of 30 June 2020, 31 December 2019 and 30 June 2019.

(Euro/000)	30/06/2020	31/12/2019	30/06/2019
Intangible assets	435,388	434,972	425,959
Tangible assets	206,538	212,917	184,837
Right-of-use assets	575,394	593,623	511,472
Other non-current assets/(liabilities)	123,638	90,658	75,558
Total non-current assets/(liabilities)	1,340,958	1,332,170	1,197,826
Net working capital	99,208	128,166	81,724
Other current assets/(liabilities)	(105,533)	(160,244)	(93,265)
Total current assets/(liabilities)	(6,325)	(32,078)	(11,541)
Invested capital	1,334,633	1,300,092	1,186,285
Net debt/(net cash)	(595,111)	(662,622)	(395,668)
Lease liabilities	622,892	639,207	561,895
Pension and other provisions	16,904	17,139	14,238
Shareholders' equity	1,289,948	1,306,368	1,005,820
Total sources	1,334,633	1,300,092	1,186,285

Net working capital

Net working capital was 99.2 million euros, compared to 81.7 million euros at 30 June 2019, equal to 6.8% of last-twelve-months revenues (5.5% as of 30 June 2019). This increase reflects the challenging performance of the business in the semester.

(Euro/000)	30/06/2020	31/12/2019	30/06/2019
Payables	(235,902)	(248,621)	(241,384)
Inventory	267,631	208,868	243,069
Receivables	67,479	167,919	80,039
Net Working Capital	99,208	128,166	81,724
<i>% on LTM revenues</i>	<i>6.8%</i>	<i>7.9%</i>	<i>5.5%</i>

Net financial position

The net financial position as of 30 June 2020 was positive and equal to 595.1 million euros of net cash compared to 662.6 million euros of net cash at 31 December 2019 and 395.7 million euros at 30 June 2019.

As required by the accounting standard IFRS 16, as of 30 June 2020 the Group accounted for lease liabilities of 622.9 million euros compared to 639.2 million euros as of 31 December 2019 and 561.9 million euros as of 30 June 2019.

(Euro/000)	30/06/2020	31/12/2019	30/06/2019
Cash	667,414	759,073	490,542
Short term debt ²	(49,839)	(18,248)	(15,679)
Long term debt	(22,464)	(78,203)	(79,195)
Net Debt	595,111	662,622	395,668
Lease liabilities ³	(622,892)	(639,207)	(561,895)

² Net of financial credit

³ Arose

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Following is the reclassified consolidated statement of cash flow for first half of 2020 and 2019.

	First Half 2020	First Half 2019
EBIT	(35,490)	102,618
D&A	39,166	32,715
Other non-current assets/(liabilities)	3,244	8,256
Change in net working capital	28,958	21,483
Change in other curr./non-curr. assets/(liabilities)	(87,153)	(29,847)
Capex, net	(36,678)	(40,955)
Operating cash flow	(87,953)	94,270
Net financial result	(795)	(739)
Taxes	14,588	(22,546)
Free cash flow	(74,160)	70,985
Dividends paid	-	(101,708)
Changes in equity and other changes	6,649	(23,718)
Net cash flow	(67,511)	(54,441)
Net Financial Position - Beginning of Period	662,622	450,109
Net Financial Position - End of Period	595,111	395,668
Change in Net Financial Position	(67,511)	(54,441)

Free cash flow in the first half of 2020 was negative and equal to 74.2 million euros, compared to the positive cash generation of 71.0 million euros in the same period of 2019, while net cash flow was negative and equal to 67.5 million euros compared to 54.4 million euros in the first half of 2019.

Net capital expenditure

Net capital expenditure was 36.7 million euros in the first six months of 2019, lower compared to the corresponding period in 2019 (41.0 million euros) and includes investments for the development of the distribution network (20.4 million euros) and for general infrastructure (16.3 million euros). The latter mainly relates to Information Technology and to the development and automation of the logistics centre.

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(Euro/000)	30/06/2020	31/12/2019	30/06/2019
Retail	20,426	75,295	19,089
Wholesale	16,252	45,553	21,867
Net Capex	36,678	120,848	40,956
<i>% on revenues</i>	<i>9.1%</i>	<i>7.4%</i>	<i>7.2%</i>

Disclaimer

This document contains forward-looking statements, in particular in the sections headed "Business Outlook" and "Significant events occurred after 30 June 2020" relating to future events, the operating income and financial results of the Moncler Group. These statements are based on the Group's current expectations and forecasts regarding future events and, by their nature involve risks and uncertainties since they refer to events and depend on circumstances which may, or may not, happen or occur in the future and, as such, they must not be unduly relied upon. The actual results could differ significantly from those contained in these statements due to a variety of factors, including changes in the macroeconomics and in economic growth and other changes in business conditions, changes in legal and institutional framework (both in Italy and abroad), and many other factors, most of which are beyond the Group's control.

SIGNIFICANT EVENTS OCCURRED DURING THE FIRST SIX MONTHS OF 2019

COVID-19 PANDEMIC

At the end of 2019, the novel coronavirus Covid-19 was first reported in Wuhan, the capital of Hubei province in China. In the first six months of 2020, the virus infected nearly 13 million people worldwide and caused around 570,000 fatalities. In order to contain the pandemic and protect the population, several governments imposed stringent containment and social distancing measures, including the temporary closure of all non-essential activities, which have impacted various areas of Moncler's business.

Since the initial news regarding the spread of Covid-19, the Company promptly appointed an internal Task Force dedicated to the management of this emergency, and immediately implemented important actions and clear procedures aimed at safeguarding the health of its employees and protecting the business.

This situation has generated significant impacts on the financial results of the first half, both in terms of revenues and margins, as already commented in this document.

MONCLER KOREA

On 31 March 2020, Moncler acquired a 39.01% stake in the Korean subsidiary Moncler Shinsegae Inc. from its Korean partner (Shinsegae International Inc.) for a net cash outlay of 15.7 million euros. As a result of this acquisition, Moncler now controls 90.01% of Moncler Shinsegae Inc.

DIVIDENDS

On 11 June 2020, the Annual Shareholders Meeting approved the Moncler S.p.A. Financial Statements as of 31 December 2019 and resolved to carry forward the profit for the year as proposed with the resolution of 22 April 2020 by the Board of Directors, taking into consideration the change in the global economic scenario and the evolution of the regulatory framework after the board meeting of 10 February 2020.

2020 PERFORMANCE SHARES PLAN

On 11 June 2020, the Ordinary Shareholders' Meeting has approved, pursuant to art. 114-bis of the Consolidated Law on Finance, the adoption of a Stock Grant Plan denominated "2020 Performance Shares Plan" addressed to Executive Directors and/or Key Managers, and/or employees and/or collaborators, therein including Moncler's external consultants and of its subsidiaries.

The information document related to the Plan prepared pursuant to Article 84-bis and Appendix 3A of the Issuers' Regulation no. 11971/1999 is available on the Company's website www.monclergroup.com, in the "Governance/Shareholders' Meeting" Section.

The Extraordinary Shareholders' Meeting has also approved to delegate the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, for a period of five years from the date of the resolution, with the power to increase the share capital free of charge in tranches, pursuant to Article 2349 of the Italian Civil Code, for an amount not exceeding 400,000 euros by issuing not more than 2,000,000 ordinary shares at a value equal to the par value of the Moncler shares on the date of the execution of the capital increase, to be assigned to the employees of Moncler and of its subsidiaries which are beneficiaries of the "2020 Performance Shares Plan".

The Board of Directors held at the end of the Ordinary and Extraordinary Shareholders' Meeting resolved to implement the Stock Grant Plan and, consequently, approved the plan's implementation regulation and resolved the granting of 1,350,000 shares to 106 beneficiaries, including also Executive Directors and Key Managers of the Group.

NEW EXCLUSIVE LICENSE AGREEMENT WITH INTERPARFUMS SA

On 11 June 2020, the Board of Directors of Moncler approved the management's proposal to sign a worldwide exclusive license agreement with Interparfums SA, the renowned French company of prestige perfumes and cosmetics, for the creation, production and distribution of perfumes and fragrance-related products. Under this agreement, Interparfums SA will create and produce perfumes and fragrance-related products and will distribute them in Moncler mono-brand stores as well as selected department stores, specialty stores and duty-free shops. The agreement will last until 31 December 2026, with a potential 5-year extension and the launch of the first fragrance line is expected within the first quarter of 2022.

SIGNIFICANT EVENTS OCCURRED AFTER 30 JUNE 2020

SIGNED A SUSTAINABILITY-LINKED REVOLVING CREDIT FACILITY FOR A MAXIMUM AMOUNT OF 400 MILLION EUROS

On 3 July 2020, Moncler S.p.A. signed a financing credit line with Intesa Sanpaolo S.p.A. for a maximum amount of 400 million euros. This consists of a sustainability-linked revolving credit facility granted to Moncler, with a rewarding mechanism linked to the achievement of two sustainable targets related to the carbon neutrality and to the use of renewable energy. This committed credit line expires in 2023 and can be renewed for a further two years.

RENEWAL OF THE WORLDWIDE LICENSE AGREEMENT WITH MARCOLIN GROUP

On 6 July 2020, Moncler S.p.A. renewed the worldwide exclusive licensing agreement with Marcolin Group for the design, production and distribution of sunglasses, eyeglasses and ski masks under the branding of Moncler Lunettes. The partnership, which started in 2015, has been extended for an additional five years through 31 December 2025.

TERMINATION OF THE AGREEMENT WITH YOOX NET-A-PORTER GROUP

On 27 July 2020, the Board of Directors of Moncler S.p.A. approved the management's proposal to internalize the online business. This process will take place gradually starting from October 2020 and will end in 2021

BUSINESS OUTLOOK

Considering the seriousness of the current situation regarding the economic and social impacts of Covid-19 and the uncertainty of its duration, it is difficult today to forecast the effects of this pandemic on fiscal year 2020. Moncler has demonstrated over time its ability to react to changing scenarios. Management has promptly taken all measures to protect the business but believes that the persistence of these circumstances, along with the high degree of uncertainty regarding its evolution, will negatively affect results for the 2020 financial year.

Moncler management confirms that the Group's strategy, also for the year 2020, will be implemented as follows with a reinforced focus on digital:

Strengthening the Brand. Uniqueness, consistency of its heritage and ability to innovate while remaining true to its tradition have always been the foundations underpinning Moncler's brand positioning strategy in the luxury goods sector. These pillars are fundamental – and will remain so into the future. In 2018 Moncler defined a new chapter, *Moncler Genius – One House, Different Voices*, to engage and facilitate a dialogue with consumers that is evolving at an increased pace. This important project has set a new way of working at Moncler and impacted every stage of the value chain: from the definition of the collections to how they are produced, up to the marketing and communication with clients, with the aim of continuing to strengthen the Brand.

Diffusion of a strong digital culture. Thinking, defining and implementing our strategy in a digital key is an increasingly fundamental goal for Moncler which believes in the importance of "contamination" across divisions. In particular, we believe that digital is a significant tool to generate revenues but, above all, it is the way we are going to implement our present and future strategy.

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

Sustainable business development in line with its founding values. Moncler has always followed a strategy of sustainable and responsible business development inspired by the founding values of the Group, in line with stakeholders' expectations and reflective of the uniqueness of the Brand. At Moncler this uniqueness is a result of the commitment to set ever tougher challenges with the consciousness that every action has an impact on society and the environment in which we live and, as a company, we must contribute to building a brighter tomorrow for future generations.

Selective expansion of product categories. The Group is working on a selective expansion of product categories that are complementary to its core business and where it has, or can achieve, high levels of brand awareness and strong know-how, with the aim of making them part of Moncler's core business.

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. Moncler wants to continue selectively developing its main international markets while consolidating its

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presence in “core” markets through the reinforcement of its retail mono-brand store (DOS) network, the controlled expansion of its stores’ average selling surface, the opening of wholesale mono-brand stores (SiS), the expansion of travel retail, and the strengthening of its digital channel.

RELATED PARTIES TRANSACTIONS

Information relating to related party transactions are provided in Note 10.1 of the Half-Year Consolidated Financial Statements.

ATYPICAL AND/OR UNUSUAL TRANSACTIONS

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

TREASURY SHARES

As at 30 June 2020, Moncler S.p.A. held a total of 5,585,803 treasury shares (2.2% of share capital).

Milan, 27 July 2020

For the Board of Directors

Remo Ruffini

Chairman and Chief Executive Officer

HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

EXPLANATORY NOTES TO THE HALF-YEAR CONDENSED
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HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

Consolidated income statement		Notes	1H 2020	of which related	of which related
(Euro/000)				parties (note 10.1)	
Revenue	4.1	403,334	508	570,246	508
Cost of sales	4.2	(123,764)	(5,596)	(133,094)	(8,703)
Gross margin		279,570		437,152	
Selling expenses (*)	4.3	(190,937)	(702)	(206,880)	(1,065)
General and administrative expenses (*)	4.4	(79,794)	(5,737)	(84,789)	(9,599)
Marketing expenses	4.5	(44,329)		(42,865)	
Operating result		4.6	(35,490)	102,618	
Financial income	4.7	301		576	
Financial expenses	4.7	(11,522)		(11,072)	
Result before taxes		(46,711)		92,122	
Income taxes	4.8	15,086		(22,128)	
Net Result including Minority		(31,625)		69,994	
Non-controlling interests		(7)		(5)	
Net result, Group share		(31,632)		69,989	
Earnings per share (unit of Euro)	5.16	(0.13)		0.28	
Diluted earnings per share (unit of Euro)	5.16	(0.12)		0.28	

(*) In the first half of 2019 Selling expenses and General and administrative expenses include also the Stock-based compensation, previously reported separate. For further details, please refer to the relative notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income		Notes	1H 2020	1H 2019
(Euro/000)				
Net profit (loss) for the period			(31,625)	69,994
Gains/(Losses) on fair value of hedge derivatives	5.16		955	580
Gains/(Losses) on exchange differences on translating foreign operations	5.16		(4,165)	2,756
Items that are or may be reclassified to profit or loss			(3,210)	3,336
Other Gains/(Losses)	5.16		(47)	(154)
Items that will never be reclassified to profit or loss			(47)	(154)
Other comprehensive income/(loss), net of tax			(3,257)	3,182
Total Comprehensive income/(loss)			(34,882)	73,176
Attributable to:				
Group			(34,885)	73,170
Non controlling interests		3		6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position		Notes	30 June 2020	of which		
(Euro/000)				related parties (note 10.1)	31 December 2019	of which related parties (note 10.1)
Brands and other intangible assets - net	5.1	279,806			279,390	
Goodwill	5.1	155,582			155,582	
Property, plant and equipment - net	5.3	781,932			806,540	
Other non-current assets	5.9	29,644			30,457	
Deferred tax assets	5.4	160,651			129,134	
Non-current assets		1,407,615			1,401,103	
Inventories and work in progress	5.5	267,631			208,868	
Trade account receivables	5.6	67,479	23,630		167,919	15,607
Tax assets	5.12	4,928			1,582	
Other current assets	5.9	39,304			23,758	
Financial current assets	5.8	3,208			3,120	
Cash and cash equivalent	5.7	667,414			759,073	
Current assets		1,049,964			1,164,320	
Total assets		2,457,579			2,565,423	
Share capital	5.16	51,671			51,596	
Share premium reserve	5.16	173,374			172,272	
Other reserves	5.16	1,096,452			723,735	
Net result, Group share	5.16	(31,632)			358,685	
Equity, Group share		1,289,865			1,306,288	
Non controlling interests		83			80	
Equity		1,289,948			1,306,368	
Long-term borrowings	5.15	539,543			611,997	
Provisions non-current	5.13	10,185			10,703	
Pension funds and agents leaving indemnities	5.14	6,719			6,436	
Deferred tax liabilities	5.4	66,216			68,710	
Other non-current liabilities	5.11	441			223	
Non-current liabilities		623,104			698,069	
Short-term borrowings	5.15	158,860			126,781	
Trade account payables	5.10	235,902	31,871		248,621	20,906
Tax liabilities	5.12	82,987			98,450	
Other current liabilities	5.11	66,778	554		87,134	3,994
Current liabilities		544,527			560,986	
Total liabilities and equity		2,457,579			2,565,423	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity (Euro/000)	Notes	Share capital	Share premium	Legal reserve	Other comprehensive		Other reserves			Result of the period, Group share	Equity, Group share	Equity, non controlling interest	Total consolidated Net Equity
					Cumulative translation reserve	Other OCI items	IFRS 2 reserve	FTA reserve	Retained earnings				
Group shareholders' equity at 1 January 2019	5.16	51,164	171,594	10,300	(6,071)	(3,239)	77,227	(23,434)	435,437	332,395	1,045,373	69	1,045,442
Allocation of Last Year Result		0	0	0	0	0	0	0	332,395	(332,395)	0	0	0
Changes in consolidation area		0	0	0	0	0	0	0	0	0	0	0	0
Dividends		0	0	0	0	0	0	0	(101,708)	0	(101,708)	0	(101,708)
Share capital increase	426	178	0	0	0	0	0	0	(424)	0	180	0	180
Other movements in Equity		0	0	0	0	0	(52,253)	0	40,983	0	(11,270)	0	(11,270)
Other changes of comprehensive income		0	0	0	2,755	426	0	0	0	0	3,181	1	3,182
Result of the period		0	0	0	0	0	0	0	0	69,989	69,989	5	69,994
Group shareholders' equity at 30 June 2019	5.16	51,590	171,772	10,300	(3,316)	(2,813)	24,974	(23,434)	706,683	69,989	1,005,745	75	1,005,820
Group shareholders' equity at 1 January 2020	5.16	51,596	172,272	10,300	(2,876)	(1,709)	37,224	(23,434)	704,230	358,685	1,306,288	80	1,306,368
Allocation of Last Year Result		0	0	19	0	0	0	0	358,666	(358,685)	0	0	0
Changes in consolidation area		0	0	0	0	0	0	0	0	0	0	0	0
Dividends		0	0	0	0	0	0	0	0	0	0	0	0
Share capital increase	75	1,102	0	0	0	0	0	0	(61)	0	1,116	0	1,116
Other movements in Equity		0	0	0	0	0	3,025	0	14,321	0	17,346	0	17,346
Other changes of comprehensive income		0	0	0	(4,161)	908	0	0	0	0	(3,253)	(4)	(3,257)
Result of the period		0	0	0	0	0	0	0	0	(31,632)	(31,632)	7	(31,625)
Group shareholders' equity at 30 June 2020	5.16	51,671	173,374	10,319	(7,037)	(801)	40,249	(23,434)	1,077,156	(31,632)	1,289,865	83	1,289,948

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows (Euro/000)	1H 2020	of which related parties	1H 2019	of which related parties
<i>Cash flow from operating activities</i>				
Consolidated result	(31,625)		69,994	
Depreciation and amortization	100,502		80,104	
Net financial (income)/expenses	11,221		10,496	
Equity-settled share-based payment transactions	11,628		16,137	
Income tax expenses	(15,086)		22,128	
Changes in inventories - (Increase)/Decrease	(59,581)		(70,654)	
Changes in trade receivables - (Increase)/Decrease	101,054	(8,023)	83,822	(10,473)
Changes in trade payables - Increase/(Decrease)	(7,886)	10,965	17,117	14,876
Changes in other current assets/liabilities	(35,820)	(3,440)	(34,553)	(2,302)
Cash flow generated/(absorbed) from operating activities	74,407		194,591	
Interest and other bank charges paid and received	(217)		18	
Income tax paid	(36,630)		(27,665)	
Changes in other non-current assets/liabilities	645		5,338	
Net cash flow from operating activities (a)	38,205		172,282	
<i>Cash flow from investing activities</i>				
Purchase of tangible and intangible fixed assets	(37,588)		(42,414)	
Proceeds from sale of tangible and intangible fixed assets	910		1,459	
Net cash flow from investing activities (b)	(36,678)		(40,955)	
<i>Cash flow from financing activities</i>				
Repayment of current and non-current lease liabilities	(68,353)		(54,741)	
Short-term borrowings variation, other than bank borrowings	0		(31)	
Short-term borrowings variation	(15,735)		(10,898)	
Dividends paid to shareholders	0		(101,708)	
Share capital increase	1,116		180	
Treasury Shares variation	0		(15,102)	
Net cash flow from financing activities (c)	(82,972)		(182,300)	
Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)	(81,445)		(50,973)	
Cash and cash equivalents at the beginning of the period	759,073		546,268	
Effect of exchange rate changes	(10,214)		(4,753)	
Net increase/(decrease) in cash and cash equivalents	(81,445)		(50,973)	
Cash and cash equivalents at the end of the period	667,414		490,542	

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

Remo Ruffini

Chairman and Chief Executive Officer

EXPLANATORY NOTES TO THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2020

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. The address of the registered office is Via Stendhal 47 Milan, Italy, and its registration number is 04642290961.

Moreover, the parent Company Moncler S.p.A. is de facto indirectly controlled by Remo Ruffini through Ruffini Partecipazioni Holding S.r.l., a company incorporated under the Italian law, wholly owned by Remo Ruffini. Ruffini Partecipazioni Holding S.r.l. controls Ruffini Partecipazioni S.r.l., a company incorporated under the Italian law, which, as at 30 June 2020, holds 22.5% of the share capital of Moncler S.p.A.

The Half-year Condensed Consolidated Financial Statements as of 30 June 2020 ("Half-year Consolidated Financial Statements") include the parent company and the 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 half-year consolidated financial statements

1.2.1. Relevant accounting principles

The Half-year Consolidated Financial Statements as of 30 June 2020 have been prepared in accordance with Art. 154-ter of Legislative Decree 58 of 24 February 1998 ("Testo Unico della Finanza – TUF"), as amended, and in conformity with IAS 34. They do not include all the information that would be necessary for the yearly consolidated financial statements and should be read together with consolidated financial statements as 31 December 2019, which were prepared in accordance with the international financial reporting standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union.

As specified in note 4.3, the adoption of the practical expedient introduced by the amendment to IFRS 16 published by the IASB on 28 May 2020 has been anticipated, despite not all the formal

steps for its endorsement by the EU having yet been completed. This approach stems from the desire to represent the concessions obtained from landlords as a result of the Covid-19 pandemic, in line with expected practices in the reference industry. In addition, not adopting this amendment in the half-yearly report would result in significant accounting burdens (which indeed led the IASB to publish the amendment) and would preclude the possibility of accessing the benefits envisaged by the practical expedient also for the financial statements at 31 December 2020. These benefits are particularly significant for the Group given the number of lease agreements being reviewed with landlords in the various geographical areas and jurisdictions.

The term "IFRS" is also used to refer to all revised international accounting standards ("IAS"), all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly known as the Standing Interpretations Committee ("SIC").

It should be noted that the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statement of cash flows are prepared in accordance and are the same as those used in the consolidated financial statements as of and for the year ended 31 December 2019. The following notes to the consolidated financial statements are presented in a summary format and do not include all the information required in an annual set of financial statements. It should be noted, as required by IAS 34, in order to avoid duplicating the information already provided, the notes refer exclusively to the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and the consolidated statement of cash flows, whose nature and changes are essential in order to understand the financial position and results of operations of the Group.

The Half-year Consolidated Financial Statements as of 30 June 2020 are made up of 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 notes thereto. The comparative information included in these consolidated financial statements, as required by IAS 34, compares 31 December 2019 for the consolidated statement of financial position and the half-year ended 30 June 2019 for the consolidated changes in equity, the consolidated statement of income, the consolidated statement of comprehensive income and the consolidated statement of cash flows.

1.2.2. Presentation of the financial statements

The Group presents the consolidated income statement by destination, the method that is considered most representative for the business. 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.

According to the provisions of IAS 24 and Consob, the next few paragraphs describe related party transactions with the Group and their impact, if significant, on the consolidated statement of financial position, results of operations and cash flows.

1.2.3. Basis for preparation

The Half-year Consolidated 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) as required by IFRS 9 and on a going concern basis.

The Half-year Consolidated Financial Statements are presented in thousand euros, which is the functional currency of the markets where the Group mainly operates.

1.2.4. Use of estimates and valuations

The preparation of Half-year Consolidated Financial Statements and the related 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.

Compared to the Consolidated Financial Statements closed on 31 December 2019, the Management updated the estimates and the valuations in light of the events occurred in the first half of the year, the new business plans and the forecasts for the future.

In the event that management's estimate and judgment had a significant impact on the amounts recognized in the Half-year 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 items of the consolidated financial statements:

- impairment of non-current assets and goodwill;
- impairment of trade receivables (bad debt provision);
- allowance for returns;
- impairment of inventories (obsolescence provision);
- recoverability of deferred tax assets;
- provision for losses and contingent liabilities;
- lease liabilities and assets for right of use;
- Incentive systems and variable remuneration.

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 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 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 reflects management's best estimate of the probable loss for unrecoverable trade receivables.

Allowance for returns

The allowance for returns reflects management's best estimate of the asset arising from expected product returns and the associated liability for future refunds.

Impairment of inventory

The Group manufactures and sells mainly clothing goods that are subject to changing consumer demands and fashion trends. Inventory impairment represents management's best estimate for losses arising from the sales of aged products, taking into consideration their sale ability 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 there is a reasonable expectation of realisation within a period that is consistent with management estimation and business plans.

Provision for losses and contingent liabilities

The Group is subject to legal and tax litigations arising in the countries where it operates. Litigations are 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 the 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 estimated with reliability. In those circumstances where the outflow of resources is possible or the amount of the obligation cannot be measured with sufficient reliability, the contingent liabilities is disclosed in the notes to the Half-year Consolidated Financial Statements.

Lease liabilities and assets for right of use

The Group recognises the asset for the right of use and the liability for the lease. The asset for the right of use is initially valued at cost, and then subsequently at cost net of accumulated depreciation and impairment losses, and adjusted to reflect the revaluation of the lease liability.

The Group values the lease liability at the present value of the payments due for unpaid leases at the effective date, discounting them using an interest rate determined taking into account the term of the lease contracts, the currency in which they are denominated, the characteristics of the economic environment in which the contract was stipulated and the credit adjustment.

The lease liability is subsequently increased by the interest accrued on this liability and decreased by the payments due for the lease made and is revalued in the event of a change in the future payments due for the lease deriving from a change in the index or rate, in the event of a change in the amount that the Group expects to pay as a guarantee on the residual value or when the Group changes its valuation with reference to the exercise or otherwise of a purchase, extension or cancellation option.

The Group has estimated the lease term of certain contracts in which it acts as a lessee and which provide for renewal options. The Group's assessment of whether or not there is a reasonable certainty of exercising the option influences the estimate of the lease term, significantly impacting the amount of the lease liabilities and assets for the right of use recognised.

Concessions obtained from landlords as a result of the Covid-19 pandemic ("rent concessions") are accounted for as negative variable rents and recognised through profit and loss provided they meet the following conditions:

- they refer only to reductions in payments due by 30 June 2021;
- the total of the contractual payments after the rent concession is substantially equal to or less than the payments envisaged by the original contract;
- no other substantial contractual changes have been agreed with the landlord.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES USED IN THE PREPARATION OF THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accounting principles adopted for the preparation of the Half-Year Condensed Consolidated Financial Statements are consistent with those used for the preparation of the Consolidated Financial Statements of the Moncler Group as at 31 December 2019, notwithstanding the adoption of the new standards, amendments and interpretations approved by the IASB and endorsed in Europe, whose adoption is mandatory for accounting periods beginning on or after 1 January 2020, as listed in the paragraph below.

2.1. Accounting standards and recently published interpretations

Accounting standards, amendments and interpretations effective from 1 January 2020

Document title	Issue date	Effective from	EU regulation and date of publication
Covid-19-related rent concessions (Amendment to IFRS16)	May 2020	1° June 2020	Expected for Q3 – Q4 of 2020
Amendments to references to Conceptual Framework in IFRS standards	March 2018	1° January 2020 (*)	29 November 2019 (UE) 2019/2075 - 6 Dec 2019
Definition of material (Amendments to IAS 1 and IAS 8)	October 2018	1° January 2020	29 November 2019 (UE) 2019/2104 – 10 Dec 2019
Reform of the reference indices for the determination of interest rates (Amendments to IFRS 9, IAS 39 and IFRS 7)	September 2019	1° January 2020	15 January 2020 (UE) 2020/34 – 16 Jan 2020
Definition of business activity	October 2018	1° January 2020	21 April 2020

(Amendments to IFRS 3)			(UE) 2020/551 – 22 April 2020
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- (*) The new Conceptual Framework for Financial Reporting was published on 23 March 2018 and came into force immediately for IASB members developing the new standards. For entities preparing financial statements, on the other hand, it entered into force on 1 January 2020.

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

Listed below are the international accounting standards, interpretations, amendments to existing accounting standards and interpretations, or specific provisions contained in the standards and interpretations approved by the IASB that have not yet been endorsed in Europe at the date of these financial statements and therefore not adopted in advance by the Group.

Document title	Issue date	Effective from	EU regulation and date of publication
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	May 2020	1° January 2022	TBD
Onerous Contracts—Cost of Fulfilling a Contract (amendments to IAS 37)	May 2020	1° January 2022	TBD
Annual Improvements to IFRS® Standards 2018–2020	May 2020	1° January 2022	TBD
Reference to the Conceptual Framework (Amendments to IFRS 3)	May 2020	1° January 2022	TBD
IFRS 17 – Insurance contracts	May 2017	1° January 2023 (*)	TBD
Classification of Liabilities as Current or Non-current (amendments to IAS 1)	January 2020	1° January 2023 (**)	TBD

(*) In March 2020, the IASB decided to defer the effective date of IFRS 17 to 1 January 2023. The final amendment to IFRS 17 will be published in Q2 2020.

(**) On 4 May 2020, the IASB published an ED to defer the effective date to 1 January 2023

With regard to rent concessions obtained from landlords before the reporting date, amounting to 11.0 million euros, the Group has adopted the practical expedient brought in by the amendment to IFRS 16 published by the IASB on 28 May 2020. The expedient requires the recognition in the

income statement of concessions to reduce rent costs as a contra-entry to the lease payable. At the date of these financial statements, further negotiations are underway with the landlords which have not yet been concluded and whose benefits will be recognised when agreement is reached.

2.2. Exchange rates

The main exchange rates used to translate in Euro the financial statements of foreign subsidiaries as at and for half-year period ended 30 June 2020 are as follows:

	Average rate		Rate at the end of the period		Rate at the end of the period	
	I half 2020	I half 2019	As at 30 June 2020	As at 30 June 2019	As at 31 December 2019	As at 31 December 2018
AED	4.047270	4.149130	4.112500	4.179300	4.125700	4.205000
AUD	1.677460	1.600300	1.634400	1.624400	1.599500	1.622000
BRL	5.410390	4.341740	6.111800	4.351100	4.515700	4.444000
CAD	1.503300	1.506900	1.532400	1.489300	1.459800	1.560500
CHF	1.064150	1.129460	1.065100	1.110500	1.085400	1.126900
CNY	7.750910	7.667780	7.921900	7.818500	7.820500	7.875100
CZK	26.333300	25.684500	26.740000	25.447000	25.408000	25.724000
DKK	7.464840	7.465080	7.452600	7.463600	7.471500	7.467300
GBP	0.874632	0.873632	0.912430	0.896550	0.850800	0.894530
HKD	8.553140	8.861120	8.678800	8.886600	8.747300	8.967500
HUF	345.261000	320.420000	356.580000	323.390000	330.530000	320.980000
JPY	119.267000	124.284000	120.660000	122.600000	121.940000	125.850000
KRW	1,329.530000	1,295.200000	1,345.830000	1,315.350000	1,296.280000	1,277.930000
KZT	445.988000	428.598000	453.240000	433.000000	429.510000	437.520000
MOP	8.809730	9.126490	8.939200	9.153200	9.009700	9.236500
MXN	23.843000	21.654300	25.947000	21.820100	21.220200	22.492100
NOK	10.732420	9.730380	10.912000	9.693800	9.863800	9.948300
PLN	4.412000	4.292000	4.456000	4.249600	4.256800	4.301400
RON	4.817250	4.741820	4.839700	4.734300	4.783000	4.663500
RUB	76.669200	73.744400	79.630000	71.597500	69.956300	79.715300
SEK	10.659900	10.518100	10.494800	10.563300	10.446800	10.254800
SGD	1.541070	1.535600	1.564800	1.539500	1.511100	1.559100
TRY	7.149250	6.356160	7.676100	6.565500	6.684300	6.058800
TWD	33.070200	34.998100	33.007600	35.296500	33.715600	35.022300
UAH	28.625200	30.422700	29.898500	29.765400	26.719500	31.736200
USD	1.102050	1.129780	1.119800	1.138000	1.123400	1.145000

3. SCOPE OF CONSOLIDATION

As at 30 June 2020 the Half-year Consolidated Financial Statements of the Moncler Group include the parent company Moncler S.p.A. and 36 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)	51,595,905	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	100.00%	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)	150,788,654	JPY	65.97%	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.
Moncler Belgium S.p.r.l.	Bruxelles (Belgium)	1,800,000	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)	1,000,000	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)	590,000,000	RUB	99.99%	Industries S.p.A.
				0,01%	Moncler Suisse SA
Moncler Brasil Comércio de moda e acessórios Ltda Sao Paulo (Brazil)		10,000,000	BRL	95,00%	Industries S.p.A.
				5,00%	Moncler USA Inc
Moncler Taiwan Limited	Taipei (China)	10,000,000	TWD	100.00%	Industries S.p.A.
Moncler Canada Ltd	Vancouver (Canada)	1,000	CAD	100.00%	Industries S.p.A.
Moncler Prague s.r.o.	Prague (Czech Republic)	200,000	CZK	100.00%	Industries S.p.A.
White Tech Sp.z.o.o.	Katowice (Poland)	369,000	PLN	70.00%	Industries S.p.A.
Moncler Shinsegae Inc. (*)	Seoul (South Korea)	2,833,000,000	KRW	90.01%	Industries S.p.A.
Moncler Middle East FZ-LLC	Dubai (United Arab Emirates)	3,050,000	AED	100.00%	Industries S.p.A.
Moncler Singapore PTE, Limited	Singapore	5,000,000	SGD	100.00%	Industries S.p.A.
Industries Yield S.r.l.	Bacau (Romania)	25,897,000	RON	99,00%	Industries S.p.A.
				1,00%	Moncler Deutschland GmbH
Moncler UAE LLC (*)	Abu Dhabi (United Arab Emirate)	1,000,000	AED	49.00%	Moncler Middle East FZ-LLC
Moncler Ireland Limited	Dublin (Ireland)	350,000	EUR	100.00%	Industries S.p.A.
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.
				1,00%	Moncler Rus LLC
Moncler Sweden AB	Stockholm (Sweden)	1,000,000	SEK	100.00%	Industries S.p.A.
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)	33,000,000	MXN	99,00%	Industries S.p.A.
				1,00%	Moncler USA Inc
Moncler Mexico Services, S. de R.L. de C.V.	Mexico City (Mexico)	11,000,000	MXN	99,00%	Industries S.p.A.
				1,00%	Moncler USA Inc
Moncler Ukraine LLC	Kiev (Ukraine)	47,367,417	UAH	99.99%	Industries S.p.A.
				0,01%	Moncler Suisse SA
Moncler New Zealand Limited	Auckland (New Zealand)	2,000,000	NZD	100.00%	Industries S.p.A.

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

(**) Share capital value and % of ownership take into consideration the treasury shares held by Moncler Japan Corporation.

As far as the scope of consolidation is concerned, the following changes occurred during the first half of 2020 when compared to 31 December 2019:

- in the first quarter of 2020 the company Moncler USA Retail LLC has been merged in the company Moncler USA Inc.;
- the company Moncler New Zealand Limited was established in the second quarter of 2020 and it was included in the consolidation scope starting from the date of its establishment.

We highlighted that, in the first quarter of 2020, the Group acquired, from the local partner, the first tranche (equal to 39.01% of total share capital) of the partner's stake in Moncler Shinsegae Inc., bringing the percentage of ownership to 90.01%. Please note that Moncler Shinsegae Inc.,

Moncler Istanbul Giyim ve Tekstil Ticaret Ltd. sti. and Moncler Japan Corporation, are fully consolidated, same as in the previous periods, without attribution of interest to third parties, following to the accounting treatment of the agreements between the partners.

4. COMMENTS ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

4.1. Revenues

Revenues by distribution channel

Revenue per distribution channels are broken down as follows:

(Euro/000)	1H 2020	%	1H 2019	%
Total revenues	403,334	100.0%	570,246	100.0%
of which:				
Wholesale	102,828	25.5%	133,186	23.4%
Retail	300,506	74.5%	437,060	76.6%

Sales are made through two main distribution channels, retail and wholesale. The retail channel pertains to stores that are directly managed by the Group (free-standing stores, concessions, e-commerce and factory outlet), 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 (both physical and online).

In the first half of 2020, the Group recorded revenues of 403.3 million euros, compared to revenues of 570.2 million euros in the same period in 2019, a decrease of 29%. The results have been severely impacted by stringent measures adopted by governments worldwide in order to reduce the spread of Covid-19. In particular, the second quarter suffered the temporary closure of more than 50% of the store network for about two months, along with a significant reduction in traffic in the opened stores, with a revenue decrease equal to 51%.

In the first half of 2020, the retail distribution channel reported revenues equal to 300.5 million euros compared to 437.1 million euros in the corresponding period of 2019, representing a 31% decrease, incorporating the effects of the closure of more than half of the DOS network for about two months in the second quarter. E-commerce continued to register positive double-digit growth rates.

The wholesale channel recorded revenues of 102.8 million euros compared with 133.2 million euros in the first half of 2019, a decrease of 23%, including the effects of containment measures to manage the risk of unsold stock. E-tailers continued to show double-digit growth.

Revenues by region

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

Revenues by region						
(Euro/000)	1H 2020	%	1H 2019	%	Variation	%Variation
Italy	41,910	10.4%	68,468	12.0%	(26,558)	(38.8)%
EMEA, Italy excluded	129,951	32.2%	168,897	29.6%	(38,946)	(23.1)%
Asia and rest of world	181,672	45.0%	249,318	43.7%	(67,646)	(27.1)%
Americas	49,801	12.3%	83,563	14.7%	(33,762)	(40.4)%
Total	403,334	100.0%	570,246	100.0%	(166,912)	(29.3)%

Italy recorded a decline of 39%, with both distribution channels impacted by measures adopted to limit the spread of Covid-19. In particular in the second quarter, retail performance was severely affected by the store closures and by the lack of traffic especially from tourists.

In EMEA, revenues decreased by 23%, with the second quarter significantly impacted by the effects already mentioned. In particular, in the second quarter, France underperformed compared with the regional average, while Germany and Scandinavia outperformed, benefitting from less stringent measures.

In Asia and Rest of the World, revenues dropped by 27%. Korea outperformed the rest of the Region, mitigating the negative performance of Japan, Hong Kong SAR and Macau, the areas most affected by containment measures against the virus. Mainland China showed a strong pace of recovery in the second quarter, recording double-digit growth rates.

The Americas marked a decline of 40% at constant exchange rates with a similar performance in both channels. In particular, in the second quarter, the results in the United States were heavily impacted by the pandemic.

4.2. Cost of sales

In the first half of 2020, cost of sales decreased by 9.3 million euros in absolute terms, from 133.1 million euros in the first half of 2019 to 123.8 million euros in the first half of 2020.

Cost of sales incidence on revenues rose from 23.3% in the first half of 2019 to 30.7% in the first half of 2020. The incidence increase is attributable to the decrease in revenues volumes and to the increase in the inventory write-downs attributable to the pandemic.

4.3. Selling expenses

In the first half of 2020 selling expenses were equal to 190.9 million euros (206.9 million euros in the first half of 2019), with a decrease of 15.9 million euros compared to the first half of 2019.

As percentage of revenues, selling expenses increased from 36.3% in the first half of 2019 to 47.3% in the corresponding period of 2020. This increase is due to the higher incidence of stores' fixed costs.

Selling expenses mainly include rent costs excluded from the application of the IFRS 16 for 23.9 million euros (45.3 million euros of total rent costs in the first half of 2019), personnel costs for 52.2 million euros (56.8 million euros in the first half of 2019) and costs for depreciation of the right of use for 57.6 million euros (44.4 million euros in the first half of 2019) and other amortization and depreciation for 31.5 million euros (27.1 million euros in the first half of 2019).

The item also includes costs related to stock-based compensation plans for 2.1 million euros (3.2 million euros in the first half of 2019).

With reference to rental costs, starting from February, the Group initiated important negotiations with main landlords to review rents, which are generating some benefits, reflected in the results of the first half. In particular, the concessions on lease agreements obtained from landlords by the Group by 30 June 2020 and relating to the consequences of the Covid-19 pandemic, were recognised under this item because they were considered as reductions in rents rather than changes in lease agreements. As indicated in note 1.2.1, the accounting treatment used is consistent with the practical expedient introduced by the amendment to IFRS 16 published by the IASB on 28 May 2020.

4.4. General and administrative expenses

In the first half of 2020 general and administrative expenses were equal to 79.8 million euros, with a decrease of 5.0 million euros compared to the corresponding period of 2019. This result benefits from the actions undertaken to contain general costs, net of the 2019 investments on the Group's organisational structure.

General and administrative expenses as a percentage of revenues amounted to 19.8% compared to 14.9% in the first half of 2019.

This item also includes costs related to stock-based compensation plans for 9.6 million euros (13.1 million euros in the first half of 2019).

4.5. Marketing expenses

Marketing expenses amounted to 44.3 million euros in the first half of 2020, compared to 42.9 million euros in the first half of 2019, with an absolute change equal to 1.5 million euros (+ 3.4%). Marketing expenses represent 11.0% of revenues, showing an increase compared with the first half of 2019 (7.5%). This change reflects the planned investments in the first months of the year in particular for the important launch of Moncler Genius.

4.6. Operating result

In the first half of 2020 the operating result of the Moncler Group was negative and equal to 35.5 million euros, compared with an operating profit of 102.6 million euros in the first half of 2019, and includes extraordinary costs related to the Covid-19 pandemic of about 40 million euros, comprising of extraordinary inventory write-downs of about 30 million euros and donations to the city of Milan of about 10 million euros.

4.7. Financial income and expenses

The Financial income and expenses are detailed as follows:

(Euro/000)	1H 2020	1H 2019
Interest income and other financial income	301	576
Foreign currency differences - positive	0	0
Total financial income	301	576
Interest expenses and other financial charges	(739)	(768)
Interest on lease liabilities	(10,758)	(9,757)
Foreign currency differences - negative	(25)	(547)
Total financial expenses	(11,522)	(11,072)
Total net	(11,221)	(10,496)

4.8. Income tax

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

(Euro/000)	1H 2020	1H 2019
Current income taxes	(16,673)	(39,109)
Deferred tax (income) expenses	31,759	16,981
Income taxes charged in the income statement	15,086	(22,128)

The tax rate of the first half of 2020 is equal to 32.3%, compared to the 24.0% of the first half of 2019. The latter benefited from the positive effect of the Patent Box.

4.9. Personnel expenses

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

(Euro/000)	1H 2020	1H 2019
Wages and salaries and Social security costs	(81,419)	(82,947)
Accrual for employment benefits	(5,338)	(5,268)
Total	(86,757)	(88,215)

During the period, personnel expenses decreased by 1.7%, increasing, as a percentage of revenues, from 15.5% in the first half of 2019 to 21.5% in the first half of 2020. This change reflects the effects of the pandemic and the company's decision to keep its employees' basic wages unchanged, net of government contributions to support employment during the Covid-19 emergency.

The remuneration related to the members of the Board of Directors is commented separately in the related party section.

The costs related to the stock-based compensation plans, equal to 11.7 million euros (16.3 million euros in the first half of 2019) are separately commented in paragraph 10.2.

The following table reports the number of employees (full-time-equivalent, FTE) for the first half of 2020 compared to the same period of last year:

Average FTE by area		1H 2020	1H 2019
FTE			
Italy		1,031	918
Other European countries		1,664	1,597
Asia and Japan		1,109	1,015
Americas		325	293
Total		4,129	3,823

The actual number of FTEs of the Group as at 30 June 2020 is 4,028 (3,831 as at 30 June 2019).

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

4.10. Depreciation and amortization

Depreciation and amortization are broken down as follows:

(Euro/000)	1H 2020	1H 2019
Depreciation of property, plant and equipment	(93,066)	(73,778)
Amortization of intangible assets	(7,436)	(6,326)
Total Depreciation and Amortization	(100,502)	(80,104)

The increase in both depreciation and amortization is mainly due to investments made associated with the new store openings or the relocation/expansion of already existing stores, investments for the development and automation of the logistics centre and IT investments. Please refer to comments made in paragraphs 5.1 and 5.3 for additional details related to investments made during the period.

The amortisation related to the right of use amounts to 61.3 million euros, as explained in paragraphs 5.3.

5. COMMENTS ON THE MAIN ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

5.1. Goodwill, brands and other intangible assets

Brands and other intangible assets (Euro/000)	30 June 2020		31 December 2019	
	Gross value	Accumulated amortization and impairment	Net value	Net value
Brands	223,900	0	223,900	223,900
Key money	57,056	(39,655)	17,401	20,513
Software	64,848	(35,471)	29,377	27,404
Other intangible assets	10,496	(8,336)	2,160	2,157
Assets in progress	6,968	0	6,968	5,416
Goodwill	155,582	0	155,582	155,582
Total	518,850	(83,462)	435,388	434,972

The movements in intangible assets over the comparable periods are summarized in the following table:

As at 30 June 2020

Gross value Brands and other intangible assets (Euro/000)	Brands	Key money	Software	Other intangible assets	Assets in progress and advances	Goodwill	Total
1 January 2020	223,900	57,690	58,597	10,078	5,416	155,582	511,263
Acquisitions	0	0	6,267	315	1,111	0	7,693
Disposals	0	0	(6)	0	0	0	(6)
Translation adjustment	0	(634)	(48)	(15)	0	0	(697)
Other movements, including transfers	0	0	38	118	441	0	597
30 June 2020	223,900	57,056	64,848	10,496	6,968	155,582	518,850

Accumulated amortization and impairment Brands and other intangible assets (Euro/000)	Brands	Key money	Software	Other intangible assets	Assets in progress and advances	Goodwill	Total
1 January 2020	0	(37,177)	(31,193)	(7,921)	0	0	(76,291)
Amortization	0	(2,699)	(4,314)	(423)	0	0	(7,436)
Disposals	0	0	6	0	0	0	6
Translation adjustment	0	221	30	8	0	0	259
Other movements, including transfers	0	0	0	0	0	0	0
30 June 2020	0	(39,655)	(35,471)	(8,336)	0	0	(83,462)

As at 30 June 2019

Gross value Brands and other intangible assets (Euro/000)	Brands	Key money	Software	Other intangible assets	Assets in progress and advances	Goodwill	Total
1 January 2019	223,900	56,866	39,611	9,282	1,461	155,582	486,702
Acquisitions	0	0	6,606	383	725	0	7,714
Disposals	0	(58)	(11)	0	0	0	(69)
Translation adjustement	0	267	35	(19)	0	0	283
Other movements, including transfers	0	0	78	61	(72)	0	67
30 June 2019	223,900	57,075	46,319	9,707	2,114	155,582	494,697
Accumulated amortization and impairment Brands and other intangible assets (Euro/000)	Brands	Key money	Software	Other intangible assets	Assets in progress and advances	Goodwill	Total
1 January 2019	0	(31,210)	(24,359)	(6,731)	0	0	(62,300)
Amortization	0	(2,750)	(2,988)	(588)	0	0	(6,326)
Disposals	0	11	11	15	0	0	37
Translation adjustement	0	(125)	(33)	9	0	0	(149)
Other movements, including transfers	0	0	0	0	0	0	0
30 June 2019	0	(34,074)	(27,369)	(7,295)	0	0	(68,738)

The increase in the item Software pertains to the investments in information technology for the management of the business and the corporate functions.

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

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

The significant reduction in the operating result in the first half of 2020 compared with the corresponding period of the previous year and the original budget, due to the effects of the Covid-19 emergency on the business, was considered a "trigger event".

Consequently, a new Business Plan was approved by the Board of Directors on 11 June 2020 and the impairment tests on the above items have been updated.

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 measurement, expected cash flows and revenues are based on the new 2020-2022 Business Plan approved by the Board of Directors on 11 June 2020.

The "g" rate used was prudentially 0%.

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 8.4%.

The results of the sensitivity analysis indicated that the carrying amount of the Moncler brand is in line with the benchmark with a “g” rate = 0% and WACC = 21.22%.

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

It is also underlined that the market capitalisation of the Company, based on the average price of Moncler share in the first half of 2020, showed 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)	30 June 2020		31 December 2019	
	Gross value	Accumulated depreciation and impairment	Net value	Net value
Land and buildings	724,426	(144,360)	580,066	597,930
Plant and Equipment	23,359	(10,052)	13,307	14,429
Fixtures and fittings	120,615	(79,635)	40,980	45,464
Leasehold improvements	253,176	(143,358)	109,818	119,932
Other fixed assets	28,285	(19,424)	8,861	9,045
Assets in progress	28,900	0	28,900	19,740
Total	1,178,761	(396,829)	781,932	806,540

As at 30 June 2020

Gross value Property, plant and equipment (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
1 January 2020	699,688	22,960	119,019	246,730	26,525	19,740	1,134,662
Acquisitions	46,720	485	3,998	7,387	1,794	13,846	74,230
Disposals	(264)	(82)	(2,528)	(2,052)	(47)	0	(4,973)
First time adoption IFRS16	0	0	0	0	0	0	0
Translation adjustment	(4,208)	(37)	(771)	(1,799)	(98)	(138)	(7,051)
Other movements, including transfers	(17,510)	33	897	2,910	111	(4,548)	(18,107)
30 June 2020	724,426	23,359	120,615	253,176	28,285	28,900	1,178,761
Accumulated depreciation and impairment PPE (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
1 January 2020	(101,758)	(8,531)	(73,555)	(126,798)	(17,480)	0	(328,122)
Depreciation	(61,695)	(1,577)	(8,069)	(19,685)	(2,040)	0	(93,066)
Disposals	32	46	1,488	2,220	45	0	3,831
Translation adjustment	1,551	9	459	947	52	0	3,018
Other movements, including transfers	17,510	1	42	(42)	(1)	0	17,510
30 June 2020	(144,360)	(10,052)	(79,635)	(143,358)	(19,424)	0	(396,829)

As at 30 June 2019

Gross value Property, plant and equipment (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
1 January 2019	6,339	14,400	108,088	187,319	18,730	18,530	353,406
Acquisitions	88,476	1,365	3,771	11,059	1,874	16,185	122,730
Disposals	0	(125)	(1,066)	(4,380)	(140)	0	(5,711)
First time adoption IFRS16	469,165	0	0	0	1,407	0	470,572
Translation adjustment	(46)	(39)	665	1,382	29	39	2,030
Other movements, including transfers	0	160	(3,890)	12,075	29	(8,441)	(67)
30 June 2019	563,934	15,761	107,568	207,455	21,929	26,313	942,960
Accumulated depreciation and impairment PPE (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
1 January 2019	(863)	(6,152)	(59,198)	(96,855)	(13,368)	0	(176,436)
Depreciation	(47,229)	(907)	(7,278)	(16,607)	(1,757)	0	(73,778)
Disposals	0	50	942	3,180	112	0	4,284
Translation adjustment	259	5	(308)	(666)	(11)	0	(721)
Other movements, including transfers	0	0	132	(132)	0	0	0
30 June 2019	(47,833)	(7,004)	(65,710)	(111,080)	(15,024)	0	(246,651)

The movements relating to the assets for the right of use arising from the application of the IFRS 16 are reported here below:

Right of use assets (Euro/000)	Land and buildings	Other fixed assets	Total
1 January 2020	592,408	1,215	593,623
First time adoption IFRS16	0	0	0
Acquisitions	46,322	144	46,466
Disposals	(232)	0	(232)
Depreciation	(61,493)	(346)	(61,839)
Translation adjustment	(2,625)	1	(2,624)
30 June 2020	574,380	1,014	575,394

The increases in the first half of 2020 refer to new lease agreements for the opening or relocation of retail stores and the renewal of existing lease agreements, mainly in the American, European and Chinese markets.

In addition to the above mentioned effect arising from the application of the IFRS 16, the changes in property plant and equipment in the first half of 2020 show an increase in the items fixture and fittings, leasehold improvements and assets in progress and advances: all of these items are mainly related to the development of the retail network and the development and automation of the logistics centre.

Due to the effects of the Covid-19 emergency, the Group has approved a new Business Plan. Consequently, the impairment tests on the rights of use recognised under property, plant and equipment were updated.

For each Cash Generating Unit (CGU), the recoverable value was verified with an asset side approach by comparing the value in use of the relevant Cash Generating Unit with the carrying amount of its net invested capital.

For the assessment, the expected cash flows and revenues are based on the new 2020-2022 Business Plan (approved by the Board of Directors on 11 June 2020) and on management estimates for subsequent years, consistent with the average duration of rents contracts.

The discount rate used for discounting cash flows is equal to the Group WACC (8.4%), disaggregated by each CGU as shown below:

	EMEA	APAC	AMERICAS	JAPAN	KOREA	GROUP
WACC	7.90%	9.10%	8.60%	8.50%	8.30%	8.40%

The growth rate "g" used was prudentially 0%.

The results of the sensitivity analysis showed that recoverable values were significantly higher than carrying values, even in the presence of large variations in the parameters.

5.4. Deferred tax assets and deferred tax liabilities

The balances of the Deferred tax assets and liabilities as at 30 June 2020, over the comparable period of last year are reported below:

Deferred taxation (Euro/000)	30 June 2020	31 December 2019
Deferred tax assets	160,651	129,134
Deferred tax liabilities	(66,216)	(68,710)
Net amount	94,435	60,424

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.

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.

In view of the nature of the net deferred tax assets and the expectation of future taxable income under the new Business Plan, no indicators have been identified regarding the non-recoverability of the deferred tax assets recognised in the financial statements.

5.5. Inventory

Inventory as at 30 June 2020 amounts to 267.6 million euros (208.9 million euros as at 31 December 2019) and is broken down as follows:

Inventory (Euro/000)	30 June 2020	31 December 2019
Raw materials	80,356	82,158
Work-in-progress	40,532	26,111
Finished products	320,475	239,836
Inventories, gross	441,363	348,105
Obsolescence provision	(173,732)	(139,237)
Total	267,631	208,868

Finished products and work-in-progress in inventory in the first half of each year are impacted by seasonality; specifically, they tend to increase compared to December as the average production cost of the products of the Autumn/Winter collection, in stock in June, is higher than the average production cost of the products of the Spring/Summer collection, in stock in December.

In addition, the inventory as at 30 June 2020 is affected by the increase in stock of work-in-progress materials related to the upcoming seasons and finished products related to the Spring/Summer 2020 season, net of write-downs.

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 outlook, consistent with the actions defined to support the volumes provided for in the Business Plan.

5.6. Trade receivables

Trade receivables as at 30 June 2020 amounted to 67.5 million euros (167.9 million euros as at 31 December 2019) and are as follows:

Trade receivables (Euro/000)	30 June 2020	31 December 2019
Trade account receivables	78,153	177,518
Allowance for doubtful debt	(10,032)	(9,462)
Allowance for discounts	(642)	(137)
Total, net value	67,479	167,919

Trade receivables are related to the Group's wholesale business and they include balances with a collection period not greater than three months. During the first half of 2020 there were no concentration of credit risk greater than 10% associated to individual customers.

The allowance for doubtful debts was calculated in accordance with management's best estimate based on the ageing of accounts receivable as well as the solvency of the oldest 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.

The allowance for doubtful debts also includes a component related to the "expected credit loss", connected to the particular situation of the period and to the American market.

5.7. Cash and banks

As at 30 June 2020, cash on hand and cash at banks amount to 667.4 million euros (759.1 million euros as at 31 December 2019) and includes cash and cash equivalents as well as the funds available at banks.

The amount included in the Half-year Condensed 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 at banks as well as the bank overdrafts.

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

Cash and cash equivalents included in the Statement of cash flows		30 June 2020	31 December 2019
(Euro/000)			
Cash on hand and at banks		667,414	759,073
Bank overdraft		(2)	(3)
Total		667,412	759,070

5.8. Financial current assets

The financial current assets consists of 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		30 June 2020	31 December 2019
(Euro/000)			
Prepayments and accrued income - current		8,496	8,521
Other current receivables		30,808	15,237
Other current assets		39,304	23,758
Prepayments and accrued income - non-current		126	0
Security / guarantees deposits		29,153	30,113
Investments in associated companies		36	23
Other non-current receivables		329	321
Other non-current assets		29,644	30,457
Total		68,948	54,215

The other current receivables mainly consists of receivable due from the tax authority for VAT.

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 Half-year Consolidated Financial Statements and their fair values.

5.10. Trade payables

Trade payables amounted to 235.9 million euros as at 30 June 2020 (248.6 million euros as at 31 December 2019) and pertain to current amounts due to suppliers for goods and services. These payables are all due in the short term and do not include amounts that will be paid over 12 months.

In the first half of 2020 there are no outstanding positions associated to individual suppliers that exceed 10% of the total value. There are no difference between the amounts included in the Half-year Consolidated Financial Statements and their respective fair values.

5.11. Other current and non-current liabilities

As at 30 June 2020, the Other current and non-current liabilities are detailed as follow:

Other current and non-current liabilities	30 June 2020	31 December 2019
(Euro/000)		
Deferred income and accrued expenses - current	1,027	365
Advances and payments on account to customers	14,002	10,192
Employee and social institutions	28,430	39,933
Tax accounts payable, excluding income taxes	6,926	16,881
Other current payables	16,393	19,763
Other current liabilities	66,778	87,134
Deferred income and accrued expenses - non-current	441	223
Other non-current liabilities	441	223
Total	67,219	87,357

The item tax accounts payable includes mainly value added tax (VAT) and payroll tax withholding.

5.12. Current tax assets and liabilities

Tax assets amount to 4.9 million euros as at 30 June 2020 (1.6 million euros as at 31 December 2019) and pertain to receivables for advances paid on taxes.

Tax liabilities amounted to 83.0 million euros as at 30 June 2020 (98.5 million euros as at 31 December 2019). Tax liabilities are recognized net of current tax assets, where the offsetting relates to the same tax jurisdiction and tax system.

5.13. Provisions non-current

Non-current provisions as at 30 June 2020 are detailed in the following table:

Provision for contingencies and losses	30 June 2020	31 December 2019
(Euro/000)		
Other non current contingencies	10,185	10,703
Total	10,185	10,703

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

5.14. Pension funds and agents leaving indemnities

Pension funds and agents leaving indemnities as at 30 June 2020 are detailed in the following table:

Employees pension funds		
(Euro/000)	30 June 2020	31 December 2019
Pension funds	4,161	3,878
Agents leaving indemnities	2,558	2,558
Total	6,719	6,436

The pension funds pertain mainly to Italian entities of the Group. With the application of the welfare reform from 1 January 2007, the liability has taken the form of a defined contribution plan. Therefore, the amount of pension fund (TFR) accrued prior to the application of the reform and not yet paid to the employees as of the date of the consolidated financial statements is considered as a defined benefit plan.

5.15. Financial liabilities

Financial liabilities as at 30 June 2020 are detailed in the following table:

Borrowings		
(Euro/000)	30 June 2020	31 December 2019
Bank overdraft and short-term bank loans	2	3
Short-term financial lease liabilities	105,886	105,523
Other short-term loans	52,972	21,255
Short-term borrowings	158,860	126,781
Long-term financial lease liabilities	517,079	533,794
Other long-term borrowings	22,464	78,203
Long-term borrowings	539,543	611,997
Total	698,403	738,778

Short-term borrowings include short-term financial lease liabilities arising from the application of IFRS 16 and the portion expiring within one year related to non-bank third parties.

Long-term borrowings include long-term financial lease liabilities arising from the application of IFRS 16 and the portion expiring after one year related to non-bank third parties.

Financial lease liabilities amounted to 623.0 million euros (639.3 million euros in 2019) and are detailed in the following table:

Financial lease liabilities		
(Euro/000)	30 June 2020	31 December 2019
Short-term financial lease liabilities	105,886	105,523
Long-term financial lease liabilities	517,079	533,794
Total	622,965	639,317

The changes in financial lease liabilities during the first half of 2020 are reported in the following table:

(Euro/000)	IFRS 16	Ex IAS 17	Financial lease liabilities
1 January 2020	639,207	110	639,317
Increase	44,103	0	44,103
Decrease	(68,867)	(41)	(68,908)
Financial expenses	10,426	4	10,430
Translation adjustment	(1,977)	0	(1,977)
30 June 2020	622,892	73	622,965

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

Ageing of the Long-term borrowings		30 June 2020	31 December 2019
(Euro/000)			
Within 2 years	90,065	138,829	
From 2 to 5 years	241,023	241,878	
Beyond 5 years	208,455	231,290	
Total	539,543	611,997	

The following tables show the breakdown of the long-term borrowings, excluded financial lease liabilities, in accordance with their maturity date:

Ageing of Long-term borrowings excluded lease liabilities		30 June 2020	31 December 2019
(Euro/000)			
Within 2 years	0	52,722	
From 2 to 5 years	22,464	25,481	
Beyond 5 years	0	0	
Total	22,464	78,203	

The non-discounted cash flows referring to the lease liabilities are shown below.

Ageing of the lease liabilities not discounted		30 June 2020	31 December 2019
(Euro/000)			
Within 1 year	125,094	125,109	
From 1 to 5 years	352,442	354,193	
Beyond 5 years	231,189	255,990	
Total	708,725	735,292	

The net financial position (including financial lease liabilities) is detailed in the following table:

Net financial position (Euro/000)	30 June 2020	31 December 2019
A. Cash in hand	532	1,747
B. Cash at banks and cash equivalents	666,882	757,326
C. Available for sale securities	0	0
D. Liquidity (A)+(B)+(C)	667,414	759,073
E. Current financial assets	3,208	3,120
F. Payable to banks, current	(2)	(3)
G. Current portion of long-term debt	0	0
H. Short-term financial lease liabilities	(105,886)	(105,523)
I. Other current financial debt	(52,972)	(21,255)
J. Current financial debt (F)+(G)+(H)+(I)	(158,860)	(126,781)
K. Net current financial debt (E)+(D)+(J)	511,762	635,412
L. Payable to bank, non-current	0	0
M. Bonds issued	0	0
N. Long-term financial lease liabilities	(517,079)	(533,794)
O. Other non-current payables	(22,464)	(78,203)
P. Non-current financial debt (L)+(M)+(N)+(O)	(539,543)	(611,997)
Q. Net financial debt (K)+(P)	(27,781)	23,415

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

The net financial position (excluding financial lease liabilities) is equal to 595.1 million euros as at 30 June 2020, respect to 662.6 million euros as at 30 June 2019.

5.16. Shareholders' equity

Changes in shareholders' equity for the first half of 2020 and the comparative period are included in the consolidated statements of changes in equity.

As at 30 June 2020 the subscribed share capital constitute by 258,352,624 shares was fully paid and amounted to 51,670,524.80 euros, with a nominal value of 0.20 euros per share.

As at 30 June 2020 5,585,803 treasury shares were held, equal to 2.2% of the share capital, for a total value of 184.7 million euros.

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

In the first half of 2020 the parent company did not distribute dividends to the Group Shareholders (100.8 million euros in the first half of 2019).

The increase of the share capital and the share premium reserve arises from the exercise of n. 68,300 vested options (for the same number of shares) in relation to the stock option plan approved by the shareholders' meeting of Moncler S.p.A. dated 23 April 2015 at the exercise price of 16.34 euros per share and the free capital increase in execution of the Performance Share Plan approved in 2016 (No. 304,800 shares).

The change in the IFRS 2 reserve is due to the accounting treatment of the stock option and performance share plans, i.e., to the recognition of the figurative cost for the period relating to

these plans and the reclassification to retained earnings of the cumulative figurative cost of the plans already closed.

The change in retained earnings mainly relates to the allocation of 2019 result, the above-mentioned reclassification of the IFRS 2 reserve and the adjustment to the market value of the financial liabilities to non-banking third parties.

The FTA reserve includes the effects of the initial application of the IFRS 16.

Other reserves include other comprehensive income comprising the translation reserve referred to foreign entities, the reserve for exchange rate risks hedging and the reserve for actuarial gains/losses. The translation reserve includes the exchange differences emerging from the translation of the financial statements of the foreign consolidated companies. The hedging reserve includes the effective portion of the net differences accumulated in the fair value of the derivative hedging 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 1 January 2019	(6,071)	0	(6,071)	(4,243)	1,004	(3,239)
Changes in the period	2,755	0	2,755	562	(136)	426
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 30 June 2019	(3,316)	0	(3,316)	(3,681)	868	(2,813)
Reserve as at 1 January 2020	(2,876)	0	(2,876)	(2,237)	528	(1,709)
Changes in the period	(4,161)	0	(4,161)	1,208	(300)	908
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 30 June 2020	(7,037)	0	(7,037)	(1,029)	228	(801)

Earnings per share

Earnings per share for the half-year ended 30 June 2020 and 30 June 2019 is included in the following table and is based on the relationship between net income attributable to the Group and the average number of outstanding shares.

The diluted earnings per share is in line with the basic earnings per share as at 30 June 2020 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	1H 2020	1H 2019
Net result of the period (Euro/000)	(31,632)	69,989
Average number of shares related to parent's Shareholders	252,581,416	251,140,581
Earnings attributable to Shareholders (Unit of Euro)	(0.13)	0.28
Diluted earnings attributable to Shareholders (Unit of Euro)	(0.12)	0.28

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. SEASONALITY

Moncler’s results are influenced by various seasonal factors, linked both to its business model and to the industry in which the Group operates.

While the range of Moncler products has been extended over the years to other categories and Spring/Summer collections, it has maintained a strong link with its heritage and DNA, associated with the mountains and the cold. Outerwear, especially down jackets, remains an important component of the today’s Group’s product offering.

Given the importance of outerwear, and of winter products in general, the Group’s retail revenues are more concentrated in the first and mainly fourth quarters of each financial year. In the wholesale channel, revenues are concentrated in the third quarter, when third-party retailers are invoiced for Autumn/Winter collections and, at a lower level, in the first quarter, when third-party retailers are invoiced for Spring/Summer collections.

Given the Group’s significant seasonality and the possible influence of exogenous factors on quarterly results, such as weather conditions, individual interim results may not make a uniform contribution to annual results and may not be directly comparable with those of previous quarters.

Finally, the revenues trend and the dynamics of the production cycles have an impact on net working capital and net debt. Moncler’s cash generation peaks in March and December, while the months of June and July are characterised by high cash absorption.

8. COMMITMENTS AND GUARANTEES GIVEN

8.1. Commitments

The Group’s commitments pertain mostly to lease agreements related to temporary stores and pop-up stores with a term of less than one year, which therefore do not fall within the scope of application of IFRS 16.

As at 30 June 2020, there are not amounts due for these contracts (427 thousand euros as at 30 June 2019).

8.2. Guarantees given

As at 30 June 2020 the Group had given the following guarantees:

Guarantees and bails given (Euro/000)	30 June 2020	31 December 2019
Guarantees and bails given for the benefit of:		
Third parties/companies	26,783	26,859
Total guarantees and bails given	26,783	26,859

Guarantees pertain mainly to lease agreements for the new stores.

9. CONTINGENT LIABILITIES

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

10. OTHER INFORMATION

10.1. Related party transactions

Set out below are the transactions with related parties deemed relevant for the purposes of the "Procedure with related party" adopted by the Group.

The "Procedure with related party" is available on the Company's website (www.monclergroup.com, under "Governance/Corporate documents").

Transactions and balances with consolidated companies have been eliminated upon consolidation, therefore there are no comments there.

During the first-half of 2020 related party transactions mainly relate to trading transactions carried out on an arm's length basis with the following parties:

- Yagi Tsusho Ltd, counterparty to the transaction which led to the establishment of Moncler Japan Ltd. acquires finished products from Moncler Group companies (52.5 million euros in the first half of 2020 and 61.8 million euros for the same period last year) and then sells them to Moncler Japan Ltd. (58.1 million euros in the first half of 2020 and 70.5 million euros in the same period last year) pursuant to contracts agreed upon the companies' establishment.
- Gokse Tekstil Kozmetik Sanayi ic ve dis ticaret limited sirketi, company held by the minority shareholder of Moncler Istanbul Giyim ve Tekstil Ticaret Ltd. Sti, provide services to that company. Total costs recognized for the first half of 2020 amount to 0.06 million euros (0.1 million euros in the first half of 2019).
- The company La Rotonda S.r.l., owned by a manager of the Moncler Group, acquires finished products from Industries SpA and provides services to the same. Total revenues recognized for the first half of 2020 amount to 0.5 million euros (0.5 million euros in the

first half of 2019) and total costs recognized for the first half of 2020 amount to 0.08 million euros (0.09 million euros in the first half of 2019).

- Mr Fabrizio Ruffini, brother of the Chairman of the Board of Directors and Chief Executive Officer of Moncler S.p.A., provides consultancy services relating to research, development and quality control for Moncler branded products. Total costs recognised in the first half of 2020 amounted to 0.3 million euros (0.3 million euros in the first half of 2019).

Company Industries S.p.A. adhere to the Parent Company Moncler S.p.A. fiscal consolidation and VAT consolidation.

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

Compensation paid of the members of the Board of Directors in the first half of 2020 are 1,923 thousand euros (2,842 thousand euros in the first half of 2019).

Compensation paid of the members of the Board of Auditors in the first half of 2020 are 81 thousand euros (82 thousand euros in the first half of 2019).

In the first half of 2020 total compensation paid to executives with strategic responsibilities amounted to 496 thousand euros (623 thousand euros in the first half of 2019).

In the first half of 2020 the costs relating to Performance shares plan (described in section 10.2) referring to members of the Board of Directors and Key management personnel amount to 3,532 thousand euros (6,656 thousand euros in the first half of 2019).

The following tables summarize the aforementioned related party transactions that took place during the first half of 2020 and the comparative period.

(Euro/000)	Type of relationship	Note	30 June 2020	%	30 June 2019	%
Yagi Tsusho Ltd	<i>Distribution agreement</i>	a	52,457	(42.4)%	61,841	(46.5)%
Yagi Tsusho Ltd	<i>Distribution agreement</i>	a	(58,053)	46.9%	(70,544)	53.0%
GokseTekstil Kozmetik						
Sanayi ic ve dis ticaret limited sirketi	<i>Service agreement</i>	b	(58)	0.1%	(97)	0.1%
La Rotonda S.r.l.	<i>Trade transactions</i>	c	508	0.1%	508	0.1%
La Rotonda S.r.l.	<i>Trade transactions</i>	d	(73)	0.0%	(87)	0.0%
Fabrizio Ruffini	<i>Service agreement</i>	b	(276)	0.3%	(277)	0.3%
Directors, board of statutory auditors and executives with strategic responsibilities	<i>Labour services</i>	b	(5,403)	6.8%	(9,225)	10.9%
Executives with strategic responsibilities	<i>Labour services</i>	d	(629)	0.3%	(978)	0.5%
Total			(11,527)		(18,859)	

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

(Euro/000)	Type of relationship	Note	30 June 2020	%	30 June 2019	%
Yagi Tsusho Ltd	<i>Trade payables</i>	a	(31,746)	13.5%	(20,728)	8.3%
Yagi Tsusho Ltd	<i>Trade receivables</i>	b	23,013	34.1%	14,699	8.8%
Gokse Tekstil Kozmetik						
Sanayi ic ve dis ticaret limited sirketi	<i>Trade payables</i>	a	0	0.0%	0	0.0%
La Rotonda S.r.l.	<i>Trade receivables</i>	b	617	0.9%	908	0.5%
La Rotonda S.r.l.	<i>Trade payables</i>	a	(37)	0.0%	(40)	0.0%
Fabrizio Ruffini	<i>Trade payables</i>	a	(88)	0.8%	(138)	4.6%
Directors, board of statutory auditors and executives with strategic responsibilities	<i>Other current liabilities</i>	c	(554)	0.8%	(3,994)	4.6%
Total			(8,795)		(9,293)	

a effect in %based on trade payables

b effect in %based on trade receivables

c effect in %based on other current liabilities

The following tables details the weight of related party transactions on the items of the consolidated financial statements.

(Euro/000)	30 June 2020			
	Revenue	Cost of sales	Selling expenses	General and administrative expenses
Total related parties	508	(5,596)	(702)	(5,737)
Total consolidated financial statements	403,334	(123,764)	(190,937)	(79,794)
Weight %	0.1%	4.5%	0.4%	7.2%

(Euro/000)	30 June 2020		
	Trade receivables	Trade Payables	Other current liabilities
Total related parties	23,630	(31,871)	(554)
Total consolidated financial statements	67,479	(235,902)	(66,778)
Weight %	35.0%	13.5%	0.8%

(Euro/000)	30 June 2019			
	Revenue	Cost of sales	Selling expenses	General and administrative expenses
Total related parties	508	(8,703)	(1,065)	(9,599)
Total consolidated financial statements	570,246	(133,094)	(206,880)	(84,789)
Weight %	0.1%	6.5%	0.5%	11.3%

(Euro/000)	31 December 2019			
	Trade receivables	Trade Payables	Other current liabilities	
Total related parties	15,607	(20,906)	(3,994)	
Total consolidated financial statements	167,919	(248,621)	(87,134)	
Weight %	9.3%	8.4%	4.6%	

10.2. Stock option plans

The Half-year Consolidated Financial Statements at 30 June 2020 reflects the values of the Stock Option Plan approved in 2015 and the Performance Share Plans approved in 2016, in 2018 and in 2020.

The costs related to stock-based compensation plans are equal to 11.7 million euros in the first half of 2020, compared with 16.3 million euros in the first half of 2019.

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

- The 2015 Plan provided for a vesting period which ended with the approval of the consolidated financial statements as at 31 December 2017. The exercise of the options granted was on condition that the specific performance goals related to Group's consolidated EBITDA were achieved. Please note that these performance goals have been achieved;
- The options can be exercised within 30 June 2020 at the latest;
- The exercise price of the options is equal to 16.34 euros and allows for the subscription of shares in the ratio of one ordinary share for every option exercised;

- The fair value of 2015 Plan was estimated at the grant date using the Black-Scholes method, based on the following assumptions:
 - share price at the grant date of the options 16.34 euros;
 - estimated life of options equal to the period from the grant date to the following estimated exercise: May 31, 2019;
 - dividend yield 1%;
 - fair value per tranches 3.2877 euros.
- There are no effect on the income statement of the first half of 2020, while the increase of the net equity for the exercise of the vested options of the Plan amounts to 1,116 thousand euros.
- As at 30 June 2020 there are not option in circulation.

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

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

The Performance Targets are expressed base on the earning per share index ("EPS") of the Group in the Vesting Period, adjusted by the conditions of over/under performance.

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

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

As regards the first allocation cycle, the plan ended in 2019; for further information please refer to 2019 Annual Report.

As regards the second allocation cycle:

- The 3-year vesting period ended with the approval of the Draft Financial Statements as at 31 December 2019.
- The performance targets were met, together with the over-performance condition.
- Therefore, No. 388,800 shares (including No. 64,800 shares deriving from over-performance) were assigned to the beneficiaries through a share capital increase (No. 304,800 shares) and the allocation of treasury shares (No. 84,000 shares).

As at 30 June 2020 there are no rights in circulation (the effect on the income statement in the first half of 2020 amount to 0.8 million euros).

On 16 April 2018 the Shareholders' meeting of Moncler approved the adoption of a stock grant plan entitled "**2018-2020 Performance Shares Plan**" ("2018 Plan") addressed to Executive Directors and/or Key Managers, and/or employees, and/or collaborators, and/or external consultants of Moncler S.p.A. and of its subsidiaries, which have strategically relevant roles or are otherwise capable of making a significant contribution, with a view of pursuing the Group's strategic objectives.

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

The Performance Targets are expressed base on the earning per share index ("EPS") of the Group in the Vesting Period, adjusted by the conditions of over/under performance.

The proposed maximum number of shares serving the Plan is equal to n. 2,800,000 resulting from the allocation of treasury shares.

The Plan provides for a maximum of 3 cycles of attribution; the first attribution cycle, approved during 2018, ended with the assignment of 1,365,531 Moncler Rights. The second attribution cycle, approved during 2019, ended with the assignment of 341,514 Moncler Rights.

As at 30 June 2020 there are still in circulation 1,235,479 rights related to the first cycle of attribution (the effect on the income statement on the first half of 2020 amount to 7.6 million euros) and 326,444 rights related to the second cycle of attribution (the effect on the income statement in the first half of 2020 amount to 2.1 million euros).

On 11 June 2020, the Ordinary Shareholders' Meeting has approved, pursuant to art. 114-bis of the Consolidated Law on Finance, the adoption of a Stock Grant Plan denominated "**2020 Performance Shares Plan**" addressed to Executive Directors, Key Managers, employees and collaborators, therein including Moncler's external consultants and of its subsidiaries.

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

The Performance Targets are expressed base on the following index of the Group in the Vesting Period, adjusted by the conditions of over/under performance: (i) Net Income, (ii) Free Cash Flow and (iii) ESG (Environmental Social Governance).

The proposed maximum number of shares serving the Plan is equal to n. 2,000,000 resulting from capital increase and/or allocation of treasury shares.

The Plan provides for a maximum of 3 cycles of attribution; as regards the first attribution cycle, on 11 June 2020 the Board of Directors resolved the granting of 1,350,000 Moncler Rights.

As at 30 June 2020 there are still in circulation 1,271,287 rights related to the first cycle of attribution (the effect on the income statement on the first half of 2020 amount to 0.7 million euros).

As stated by IFRS 2, these plans are defined as equity settled share-based payments.

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

10.3. Significant non-recurring events and transactions

In addition to the extraordinary impact on the Group's financial data generated by the Covid-19 pandemic, already commented per single item of these half-year condensed consolidated financial statements, we point out that, on 11 June 2020, the Ordinary Shareholders' Meeting has approved, pursuant to art. 114-bis of the Consolidated Law on Finance, the adoption of a Stock Grant Plan denominated "2020 Performance Shares Plan" addressed to Executive Directors, Key Managers, employees and collaborators, therein including Moncler's external consultants and of its subsidiaries. The Board of Directors held at the end of the Ordinary and Extraordinary Shareholders' Meeting resolved to implement the Stock Grant Plan and, consequently, approved the plan's implementation regulation and resolved the granting of 1,350,000 shares to 106 beneficiaries.

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

10.4. Atypical and/or unusual transactions

No atypical and/or unusual transactions were carried out by the Group during the first half of 2020.

10.5. 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. Furthermore, in the current period, it is not necessary to expose the fair value of the lease liabilities.

(Euro/000)	Current	Non-current	Fair value	Level
30 June 2020				
Financial assets measured at fair value				
Interest rate swap used for hedging	-	-	-	-
Forward exchange contracts used for hedging	3,208	-	3,208	2
Sub-total	3,208	-	3,208	
Financial assets not measured at fair value				
Trade and other receivables (*)	67,479	29,153		
Cash and cash equivalents (*)	667,414	-		
Sub-total	734,893	29,153	-	
Total	738,101	29,153	3,208	

(Euro/000)	Current	Non-current	Fair value	Level
31 December 2019				
Financial assets measured at fair value				
Interest rate swap used for hedging	-	-	-	-
Forward exchange contracts used for hedging	3,120	-	3,120	2
Sub-total	3,120	-	3,120	
Financial assets not measured at fair value				
Trade and other receivables (*)	167,919	30,113		
Cash and cash equivalents (*)	759,073	-		
Sub-total	926,992	30,113	-	
Total	930,112	30,113	3,120	

(Euro/000)	Current	Non-current	Fair value	Level
30 June 2020				
Financial liabilities measured at fair value				
Interest rate swap used for hedging	-	-	-	2
Forward exchange contracts used for hedging	(1,533)	-	(1,533)	2
Other financial liabilities	(51,439)	(22,464)	(73,903)	3
Sub-total	(52,972)	(22,464)	(75,436)	
Financial liabilities not measured at fair value				
Trade and other payables (*)	(266,297)	-		
Bank overdrafts (*)	(2)	-		
Short-term bank loans (*)	-	-		
Bank loans (*)	-	-		
IFRS 16 financial loans (*)	(105,886)	(517,079)		
Sub-total	(372,185)	(517,079)	-	
Total	(425,157)	(539,543)	(75,436)	

(Euro/000)	Current	Non-current	Fair value	Level
31 December 2019				
Financial liabilities measured at fair value				
Interest rate swap used for hedging	-	-	-	2
Forward exchange contracts used for hedging	(3,020)	-	(3,020)	2
Other financial liabilities	(18,235)	(78,203)	(96,438)	3
Sub-total	(21,255)	(78,203)	(99,458)	
Financial liabilities not measured at fair value				
Trade and other payables (*)	(278,576)	-		
Bank overdrafts (*)	(3)	-		
Short-term bank loans (*)	-	-		
Bank loans (*)	-	-		
IFRS 16 financial loans (*)	(105,523)	(533,794)		
Sub-total	(384,102)	(533,794)	-	
Total	(405,357)	(611,997)	(99,458)	

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

10.6. Covid-19 impacts

Revenue result for the period has been severely impacted by stringent measures adopted by governments worldwide in order to reduce the spread of Covid-19. In particular, the second quarter suffered the temporary closure of more than 50% of the store network for about two

months, along with a significant reduction in traffic in the opened stores, with a revenue decrease equal to 51%.

This unforeseeable event caused an inventory surplus, which led to extraordinary inventory write-downs of approximately 30 million euros.

The Group also donated more than 10 million euros to the city of Milan to help deal with the Covid-19 emergency.

From February, the Group initiated important negotiations with main landlords to review rents, which are generating some benefits, reflected in the results of the first half.

Where possible, Moncler also applied for the employment support measures provided by local governments as a result of the Covid-19 emergency, supplementing government contributions in order to maintain the same wage level to all employees.

Considering the seriousness of the current situation regarding the economic and social impacts of Covid-19 and the uncertainty of its duration, it is difficult today to forecast the effects of this pandemic on fiscal year 2020. Moncler has demonstrated over time its ability to react to changing scenarios. Management has promptly taken all measures to protect the business but believes that the persistence of these circumstances, along with the high degree of uncertainty regarding its evolution, will negatively affect results for the 2020 financial year.

In this regard, actions have been taken to postpone some projects and investments, while focusing only on those essentials to continue strengthening the Brand.

It is extremely important to underline that Moncler's financial strength guarantees strong financial autonomy in supporting the Group's operational needs and development programs.

Business continuity is therefore guaranteed, both in terms of product offerings in the various markets and distribution channels, and in the ability to manage and organise business activities.

11. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

SIGNED A SUSTAINABILITY-LINKED REVOLVING CREDIT FACILITY FOR A MAXIMUM AMOUNT OF 400 MILLION EUROS

On 3 July 2020, Moncler S.p.A. signed a financing credit line with Intesa Sanpaolo S.p.A. for a maximum amount of 400 million euros. This consists of a sustainability-linked revolving credit facility granted to Moncler, with a rewarding mechanism linked to the achievement of two sustainable targets related to the carbon neutrality and to the use of renewable energy. This committed credit line expires in 2023 and can be renewed for a further two years.

RENEWAL OF THE WORLDWIDE LICENSE AGREEMENT WITH MARCOLIN GROUP

On 6 July 2020, Moncler S.p.A. renewed the worldwide exclusive licensing agreement with Marcolin Group for the design, production and distribution of sunglasses, eyeglasses and ski masks under the branding of Moncler Lunettes. The partnership, which started in 2015, has been extended for an additional five years through 31 December 2025.

TERMINATION OF THE AGREEMENT WITH YOOX NET-A-PORTER GROUP

On 27 July 2020, the Board of Directors of Moncler S.p.A. approved the management's proposal to internalize the online business. This process will take place gradually starting from October 2020 and will end in 2021.

These Half-Year Consolidated Financial Statements, comprised of 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 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.

Remo Ruffini

Chairman and Chief Executive Officer

ATTESTATION OF THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF THE CONSOB REGULATION 11971 OF 14 MAY 1999 AS AMENDED

1. The undersigned, Remo Ruffini, in his capacity as the Chief Executive Officer of Moncler S.p.A. and Luciano Santel, as the executive officer responsible for the preparation of Moncler S.p.A.'s financial statements, having also taken into account the provisions of Article 154-bis, paragraphs 3 and 4, of the Italian Legislative Decree 58 of 24 February 1998, hereby certify:

- the adequacy in relation to the characteristics of the company and
- the effective implementation of the administrative and accounting procedures for the preparation of the half-year condensed consolidated financial statements, during the first half of 2020.

2. With regard to the above, there are no remarks.

3. It is also certified that:

3.1 the Half-year Condensed Consolidated Financial Statement:

- a) has been drawn up in accordance with the international accounting standards recognised in the European Union under the EC regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- b) is consistent with the entries in the accounting books and records;
- c) is capable of providing a true and fair representation of the assets and liabilities, profits and losses and financial position of the issuer and the group of companies included in the consolidation.

3.2 The half-year directors' report includes a reliable analysis of the significant events that took place in the first six months of the financial year and their impact on the half-year condensed consolidated financial statements, together with a description of the main risks and uncertainties for the remaining six months of the financial year. The half-year directors' report also includes a reliable analysis of the disclosure on significant related party transactions.

Milan, 27 July 2020

CHAIRMAN OF THE BOARD OF
AND CHIEF EXECUTIVE OFFICER

Remo Ruffini

EXECUTIVE OFFICER RESPONSIBLE DIRECTOR
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)

Report on review of condensed interim consolidated financial statements

To the Shareholders of
Moncler S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Moncler Group comprising the income statement and the statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows and notes thereto, as at and for the six months ended 30 June 2020. The company's parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Moncler Group as at and for the six months ended 30 June 2020 have not been prepared, in all material



Moncler Group

*Report on review of condensed interim consolidated financial statements
30 June 2020*

respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Treviso, 31 July 2020

KPMG S.p.A.

(signed on the original)

Gianluca Zaniboni
Director of Audit