



HALF-YEAR  
FINANCIAL REPORT  
AS OF JUNE 30, 2018



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## CORPORATE INFORMATION

### REGISTERED OFFICE

Moncler S.p.A.  
Via Enrico Stendhal, 47  
20144 Milan – Italy  
Phone: + 39 02 42203500

### ADMINISTRATIVE OFFICE

Via Venezia, 1  
35010 Trebaseleghe (Padua) – Italy  
Phone: +39 049 9323111  
Fax: +39 049 9323339

### LEGAL INFORMATION

Authorized and issued share capital 51,155,174.40 euros  
VAT, Tax Code and Chamber of Commerce enrollment No.: 04642290961  
R.E.A. Reg. Milan No. 1763158

### OFFICES AND SHOWROOMS

Milan Via Solari, 33  
Milan Via Stendhal, 47  
New York 568 Broadway Suite 306  
Tokyo 5-4-46 Minami-Aoyama Omotesando Minato-Ku

## CORPORATE BODIES

### BOARD OF DIRECTORS

Remo Ruffini	Chairman and Chief Executive Officer
Virginie Sarah Sandrine Morgon	Vice Chairman Nomination and Remuneration Committee
Nerio Alessandri	Independent Director
Sergio Buongiovanni	Executive Director
Marco Diego De Benedetti	Lead Independent Director Nomination and Remuneration Committee Control, Risk and Sustainability Committee Related Parties Committee
Gabriele Galateri di Genola	Independent Director Control, Risk and Sustainability Committee
Diva Moriani	Independent Director Nomination and Remuneration Committee Related Parties Committee
Stephanie Phair	Independent Director
Guido Pianaroli	Independent Director Control, Risk and Sustainability Committee Related Parties Committee
Luciano Santel	Executive Director
Juan Carlos Torres Carretero	Director

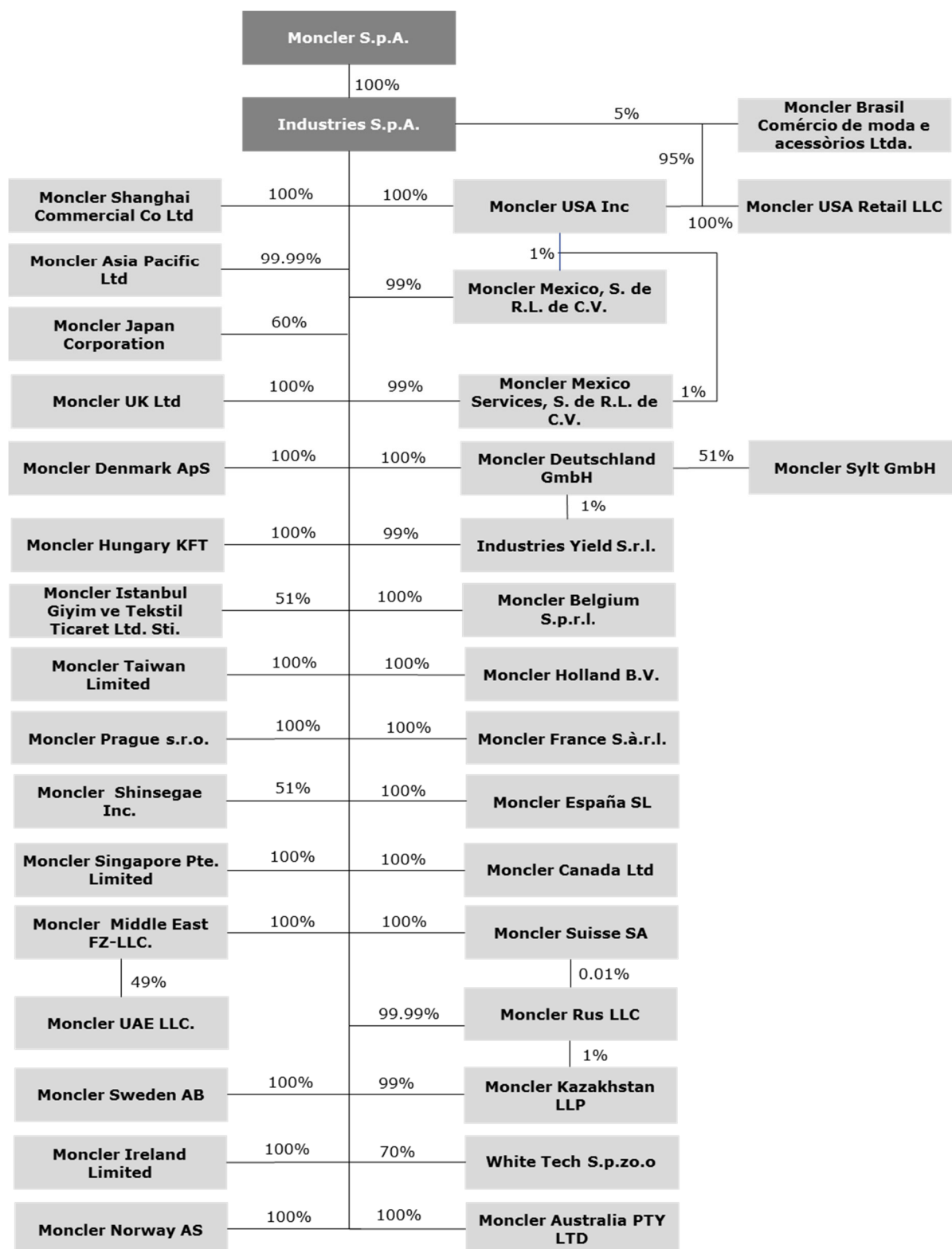
### BOARD OF STATUTORY AUDITORS

Riccardo Losi	Chairman
Antonella Suffriti	Standing Auditor
Mario Valenti	Standing Auditor
Federica Albizzati	Alternate Auditor
Lorenzo Mauro Banfi	Alternate Auditor

### EXTERNAL AUDITORS

KPMG S.p.A.

# GROUP CHART AS AT JUNE 30, 2018



## GROUP STRUCTURE

The Half-Year Financial Report of the Moncler Group as of June 30, 2018 includes Moncler S.p.A. (Parent Company), Industries S.p.A., a sub-holding company directly controlled by Moncler S.p.A, and 34 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.

<b>Moncler S.p.A.</b>	Parent company which holds the Moncler brand
<b>Industries S.p.A.</b>	Sub-holding company, directly involved in the management of foreign companies and distribution channels (retail, wholesale) in Italy and licensee of the Moncler brand
<b>Industries Yield S.r.l.</b>	Company that manufactures apparel products
<b>White Tech Sp.zo.o.</b>	Company that manages quality control of down
<b>Moncler Deutschland GmbH</b>	Company that manages DOS and promotes goods in Germany and Austria
<b>Moncler Belgium S.p.r.l.</b>	Company that manages DOS in Belgium
<b>Moncler Denmark ApS</b>	Company that manages DOS in Denmark
<b>Moncler España SL</b>	Company that manages DOS in Spain
<b>Moncler France S.à.r.l.</b>	Company that manages DOS and distributes and promotes goods in France
<b>Moncler Istanbul Giyim ve Tekstil Ticaret Ltd. Sti.</b>	Company that manages DOS in Turkey
<b>Moncler Holland B.V.</b>	Company that manages DOS in the Netherlands
<b>Moncler Hungary KFT</b>	Company that manages DOS in Hungary
<b>Moncler Kazakhstan LLP</b>	Company that manages DOS in Kazakhstan
<b>Moncler Norway AS</b>	Company that will manage DOS in Norway
<b>Moncler Prague s.r.o.</b>	Company that manages DOS in the Czech Republic
<b>Moncler Rus LLC</b>	Company that manages DOS in Russia
<b>Moncler Suisse SA</b>	Company that manages DOS in Switzerland
<b>Moncler Sweden AB</b>	Company that manages DOS in Sweden
<b>Moncler Sylt GmbH</b>	Company that manages a DOS in Sylt (Germany)
<b>Moncler UK Ltd</b>	Company that manages DOS in the United Kingdom

<b>Moncler Ireland Limited</b>	Company that manages DOS in Ireland
<b>Moncler Middle East FZ-LLC</b>	Holding Company for the Middle East
<b>Moncler UAE LLC</b>	Company that manages DOS in the United Arab Emirates
<b>Moncler Brasil Comércio de moda e acessórios Ltda.</b>	Company that manages DOS in Brazil
<b>Moncler Canada Ltd</b>	Company that manages DOS in Canada
<b>Moncler Mexico, S. de R.L. de C.V.</b>	Company that will manage DOS in Mexico
<b>Moncler Mexico Services, S. de R.L. de C.V.</b>	Company that will provide services to Moncler Mexico, S. de R.L. de C.V.
<b>Moncler USA Inc</b>	Company which promotes and distributes goods in North America
<b>Moncler USA Retail LLC</b>	Company that manages DOS in North America
<b>Moncler Asia Pacific Ltd</b>	Company that manages DOS in Hong Kong and in Macau
<b>Moncler Australia PTY LTD</b>	Company that manages DOS in Australia
<b>Moncler Japan Corporation</b>	Company that manages DOS and distributes and promotes goods in Japan
<b>Moncler Shanghai Commercial Co. Ltd</b>	Company that manages DOS in China
<b>Moncler Shinsegae Inc.</b>	Company that manages DOS and distributes and promotes goods in South Korea
<b>Moncler Singapore Pte. Limited</b>	Company that manages DOS in Singapore
<b>Moncler Taiwan Limited</b>	Company that manages DOS in Taiwan

# HALF-YEAR DIRECTORS' REPORT

Financial results analysis

Significant events occurred during the first six months of 2018

Significant events occurred after June 30, 2018

Business outlook

Related parties transactions

Atypical and/or unusual transactions

Treasury shares



# FINANCIAL RESULTS ANALYSIS

## CONSOLIDATED INCOME STATEMENT

Following are the consolidated income statements for the first half of Fiscal Year 2018 and 2017.

Consolidated income statement				
(Euro/000)	First Half 2018	% on Revenues	First Half 2017	% on Revenues
<b>Revenues</b>	<b>493,544</b>	<b>100.0%</b>	<b>407,643</b>	<b>100.0%</b>
<i>YoY growth</i>	+21%		+18%	
Cost of sales	(118,659)	(24.0%)	(99,293)	(24.4%)
<b>Gross margin</b>	<b>374,885</b>	<b>76.0%</b>	<b>308,350</b>	<b>75.6%</b>
Selling expenses	(178,490)	(36.2%)	(154,036)	(37.8%)
General & Administrative expenses	(61,935)	(12.5%)	(51,148)	(12.5%)
Advertising & Promotion	(36,256)	(7.3%)	(29,875)	(7.3%)
Stock-based Compensation	(12,465)	(2.5%)	(10,012)	(2.5%)
<b>EBIT</b>	<b>85,739</b>	<b>17.4%</b>	<b>63,279</b>	<b>15.5%</b>
<i>YoY growth</i>	+35%		+18%	
Net financial result <sup>1</sup>	(893)	(0.2%)	(2,936)	(0.7%)
<b>EBT</b>	<b>84,846</b>	<b>17.2%</b>	<b>60,343</b>	<b>14.8%</b>
Taxes	(23,124)	(4.7%)	(18,400)	(4.5%)
<i>Tax Rate</i>	27.3%		30.5%	
<b>Net Income, including Non-controlling interests</b>	<b>61,722</b>	<b>12.5%</b>	<b>41,943</b>	<b>10.3%</b>
Non-controlling interests	(94)	(0.0%)	(108)	(0.0%)
<b>Net Income, Group share</b>	<b>61,628</b>	<b>12.5%</b>	<b>41,835</b>	<b>10.3%</b>
<i>YoY growth</i>	+47%		+25%	
<b>EBITDA Adjusted<sup>2</sup></b>	<b>123,916</b>	<b>25.1%</b>	<b>97,022</b>	<b>23.8%</b>
<i>YoY growth</i>	+28%		+24%	

<sup>1</sup> First half 2018: FX Gain/(Losses) (434) thousand euros;  
Other financial items (459) thousand euros.  
First half 2017: FX Gain/(Losses) (2,383) thousand euros;  
Other financial items (553) thousand euros.

<sup>2</sup> EBITDA Adjusted is not a recognized measure of financial performance under IFRS, but it is a measure commonly used by both management and investors when evaluating the operating performance of the Group. EBITDA Adjusted is defined as EBIT (Operating income) plus depreciation and amortization, plus stock-based compensation and it can be calculated from the consolidated income statement data, which have been prepared in accordance with the IFRS, integrated with the Explanatory Notes.

**CONSOLIDATED REVENUES**

In the first half of 2018, Moncler recorded revenues of 493.5 million euros, an increase of 27% at constant exchange rates and of 21% at current exchange rates compared to revenues of 407.6 million euros in the same period of 2017, confirming also in Q2 the solid growth recorded in Q1 2018. In the second quarter, revenues rose by 26% constant currencies benefiting also from the launch of *7 Moncler Fragment Hiroshi Fujiwara*, the first drop of the Moncler Genius project, which registered strong results across all distribution channels.

Revenues by Region

	First Half 2018		First Half 2017		YoY growth %	
	(Euro/000)	%	(Euro/000)	%	At current exchange rates	At constant exchange rates
Italy	63,343	12.8%	58,202	14.3%	+9%	+9%
EMEA (excl. Italy)	146,958	29.8%	127,431	31.3%	+15%	+17%
Asia and Rest of the World	210,443	42.6%	159,623	39.1%	+32%	+42%
Americas	72,800	14.8%	62,387	15.3%	+17%	+29%
<b>Total Revenues</b>	<b>493,544</b>	<b>100.0%</b>	<b>407,643</b>	<b>100.0%</b>	<b>+21%</b>	<b>+27%</b>

In Italy, revenues rose 9%, mainly driven by the strong growth of the retail channel.

In EMEA, Moncler's revenues grew 17% at constant exchange rates, with double-digit growth in both distribution channels and in the main markets also in the second quarter. France, the United Kingdom and Germany recorded very good performances. Revenues in France continued to record double-digit growth, thanks to the local demand and the sustained tourists' flow. The United Kingdom achieved, also in the second quarter, a good performance, despite a challenging comparison base; the results of this market were supported by the retail organic growth, the positive contribution from wholesale clients, including some e-tailers, and the launch of *7 Moncler Fragment Hiroshi Fujiwara*. Also Germany performed well in the second quarter.

In Asia & Rest of the World, revenues increased 42% at constant exchange rates with all markets recording solid double-digit growth even in the second quarter. In particular, Japan significantly accelerated in Q2 2018, also thanks to the successful launch of *7 Moncler Fragment Hiroshi Fujiwara*. Moncler continued to register very good performances in China, driven by an important double-digit organic growth. Following the Chinese government decision to reduce import duties, since the beginning of July Moncler reduced its prices in China by 3.5% on average. Revenues in Korea recorded a solid increase, with an acceleration in the second quarter, mainly due to the organic growth of the existing stores' network.

In the Americas, revenues grew 29% at constant exchange rates, with a double-digit growth also in the second quarter. Very good results were achieved in the United States and in Canada, for both the retail and the wholesale channels, supported by the good trend recorded in the existing stores and the opening of new wholesale shop-in-shops.

### Revenues by Distribution Channel

	First Half 2018		First Half 2017		YoY growth %	
	(Euro/000)	%	(Euro/000)	%	At current exchange rates	At constant exchange rates
Retail	376,851	76.4%	299,477	73.5%	+26%	+33%
Wholesale	116,693	23.6%	108,166	26.5%	+8%	+12%
<b>Total Revenues</b>	<b>493,544</b>	<b>100.0%</b>	<b>407,643</b>	<b>100.0%</b>	<b>+21%</b>	<b>+27%</b>

In the first half of 2018, revenues from the retail distribution channel increased to 376.8 million euros compared to 299.5 million euros in the same period of 2017, representing an increase of 33% at constant exchange rates, thanks to a robust organic growth and to a further development of the network of retail mono-brand stores (DOS).

The Group achieved Comparable Store Sales Growth<sup>3</sup> of 27%.

The wholesale channel recorded revenues of 116.7 million euros compared to 108.1 million euros in first half 2017, an increase of 12% at constant exchange rates, driven by good results, in particular, in North America and Asia-Pacific.

### MONO-BRAND STORES DISTRIBUTION NETWORK

As at 30 June 2018, Moncler's mono-brand distribution network consisted of 209 retail directly operated stores (DOS), an increase of 8 units compared to 31 December 2017, and 65 wholesale shop-in-shops (SiS), an increase of 6 units compared to 31 December 2017. In the second quarter, Moncler opened 4 retail DOS and 4 shop-in-shops.

	30/06/2018	31/12/2017	Net Openings First Half 2018
<b>Retail Mono-brand</b>	<b>209</b>	<b>201</b>	<b>8</b>
Italy	21	21	-
EMEA (excl. Italy)	61	59	2
Asia & Rest of the World	102	96	6
Americas	25	25	-
<b>Wholesale Mono-brand</b>	<b>65</b>	<b>59</b>	<b>6</b>

<sup>3</sup> Comparable Store Sales Growth is based on sales growth in DOS (excluding outlets) which have been opened for at least 52 weeks and in the online store; stores that have been extended and/or relocated are excluded from the calculation.

## ANALYSIS OF CONSOLIDATED OPERATING AND NET RESULTS

### Cost of goods sold and gross margin

In the first half of 2018, the consolidated gross margin was 374.9 million euros, equivalent to 76.0% of revenues compared to 75.6% in the same period of 2017. This improvement was mainly attributable to the growth in the retail channel.

### Operating expenses and EBIT

Selling expenses were 178.5 million euros, equivalent to 36.2% of revenues compared to 37.8% in the same period of 2017. The lower incidence of selling expenses on revenues is largely related to the strong DOS organic performance and a more efficient management of the retail network.

General and administrative expenses were 61.9 million euros, equal to 12.5% of revenues, in line with the first half of 2017.

Advertising expenses were 36.3 million euros, representing 7.3% of revenues, stable compared to the first half of 2017 and in line with management's expectations.

Adjusted EBITDA<sup>5</sup> rose to 123.9 million euros, compared to 97.0 million euros in the first six months of 2017, resulting in an EBITDA margin of 25.1% compared to 23.8% in the first half of 2017. The increase is mainly linked to the improvement of the gross margin and the good control on retail selling costs.

In the first semester of 2018, depreciation and amortisation were 25.7 million euros, representing 5.2% of sales, an increase of 8% compared to 23.7 million euros in the first semester of 2017 (5.8% of sales). This amount is largely attributable to the investments on retail development, related to new openings and to relocations/expansions.

Stock-based compensation include non-cash costs related to Moncler stock options and performance shares plans and was equal to 12.5 million euros, compared to 10.0 million euros in the first semester of 2017.

EBIT was 85.7 million euros, an increase of 35% compared to 63.3 million euros in the first half of 2017, representing an EBIT margin of 17.4% (15.5% in the first half of 2017).

In the first half of 2018, the net financial result was negative and equal to 0.9 million euros, including 0.4 million euros of forex losses. In the same period of 2017, the net financial result was negative and equal to 2.9 million euros, including 2.4 million euros of forex losses. Net of these losses, net financial result was equal to 0.5 million euros in the first semester of 2018, stable compared to the same period in 2017.

The tax rate was 27.3%, compared to 30.5% in the first half of 2017. The decrease is mainly due to the fiscal benefits related to the Patent Box.

Net Income, Group share was 61.6 million euros, equivalent to 12.5% of revenues, an increase of 47% compared to 41.8 million euros in the same period of 2017.

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<sup>5</sup> Before non-cash costs related to stock-based compensation.

## CONSOLIDATED BALANCE SHEET AND CASH FLOW ANALYSIS

Following is the reclassified consolidated statement of financial position as of June 30, 2018, December 31, 2017 and June 30, 2017.

Reclassified consolidated statement of financial position			
(Euro/000)	30/06/2018	31/12/2017	30/06/2017
Intangible Assets	425,136	426,269	428,219
Tangible Assets	149,190	138,127	124,258
Other Non-current Assets/(Liabilities)	33,036	22,136	23,974
<b>Total Non-current Assets</b>	<b>607,362</b>	<b>586,532</b>	<b>576,451</b>
Net Working Capital	61,402	89,655	64,424
Other Current Assets/(Liabilities)	(30,903)	(47,010)	(18,598)
<b>Total Current Assets</b>	<b>30,499</b>	<b>42,645</b>	<b>45,826</b>
<b>Invested Capital</b>	<b>637,861</b>	<b>629,177</b>	<b>622,277</b>
Net Debt/(Net Cash)	(243,900)	(304,952)	(130,181)
Pension and Other Provisions	10,967	10,598	17,107
Shareholders' Equity	870,794	923,531	735,351
<b>Total Sources</b>	<b>637,861</b>	<b>629,177</b>	<b>622,277</b>

### Net working capital

Net working capital was 61.4 million euros, compared to 64.4 million euros at 30 June 2017, equal to 5% of last-twelve-months (LTM) revenues. This improvement has been largely driven by better management of inventories and receivables.

Net working capital			
(Euro/000)	30/06/2018	31/12/2017 *	30/06/2017 *
Accounts receivables	70,616	124,227	58,063
Inventory	196,362	137,508	173,348
Accounts payables	(205,576)	(172,080)	(166,987)
<b>Net working capital</b>	<b>61,402</b>	<b>89,655</b>	<b>64,424</b>
% on Last Twelve Months Revenues	5%	8%	6%

(\*) Breakdown of Net Working Capital at 31 December 2017 and 30 June 2017 include the impacts of the new accounting principle IFRS 15.

### Net financial position

Net financial position at 30 June 2018 was positive and equal to 243.9 million euros compared to 304.9 million euros at 31 December 2017, and 130.2 million euros at 30 June 2017.

Net financial position			
(Euro/000)	30/06/2018	31/12/2017	30/06/2017
Cash and cash equivalents	325,376	394,144	235,594
Long-term borrowings, net	(57,606)	(67,874)	(75,566)
Short-term borrowings, net*	(23,870)	(21,318)	(29,847)
<b>Net financial position</b>	<b>243,900</b>	<b>304,952</b>	<b>130,181</b>

(\*) net of Financial current assets



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Following is the reclassified consolidated statement of cash flow for first half 2018 and 2017:

Reclassified consolidated statement of cash flow		
(Euro/000)	First Half 2018	First Half 2017
EBITDA Adjusted	123,916	97,022
Change in NWC	28,253	43,703
Change in other curr./non-curr. assets/(liabilities)	(27,351)	(45,387)
Capex, net	(34,537)	(34,422)
<b>Operating Cash Flow</b>	<b>90,281</b>	<b>60,916</b>
Net financial result	(893)	(2,936)
Taxes	(23,124)	(18,400)
<b>Free Cash Flow</b>	<b>66,264</b>	<b>39,580</b>
Dividends paid	(70,464)	(45,491)
Changes in equity and other changes	(56,852)	30,296
<b>Net Cash Flow</b>	<b>(61,052)</b>	<b>24,385</b>
Net Financial Position - Beginning of Period	304,952	105,796
Net Financial Position - End of Period	243,900	130,181
<b>Change in Net Financial Position</b>	<b>(61,052)</b>	<b>24,385</b>

Free cash flow in the first half of 2018 was positive and equal to 66.3 million euros, compared to 39.6 million euros in the same period of 2017.

In the first half of 2018, Moncler distributed 70.5 million euros of dividends compared to 45.5 million euros in the same period of 2017 while, in the same period, the Group completed a share buy-back programme for 73.4 million euros.

As a consequence, Net Cash Flow in the first half of 2018 was negative and equal to 61.0 million euros, compared to a positive Net Cash Flow in the same period of 2017 of 24.4 million euros.

### Net capital expenditure

Net capital expenditure was 34.5 million euros in the first six months of 2018, in line with the investments made in the same period of 2017. The amount includes 18.5 million euros of investments in the retail stores, 1.9 million euros for the development of the wholesale network, and 14.1 million euros of investments in corporate projects, mainly related to the expansion of the logistics hub in Piacenza, to the acquisition of the industrial building in Romania, and to the strengthening of the IT and omnichannel platforms.

Capex		
(Euro/000)	First Half 2018	First Half 2017
Retail	18,562	27,479
Wholesale	1,888	1,407
Corporate	14,087	5,536
<b>Capex</b>	<b>34,537</b>	<b>34,422</b>
% on Revenues	7%	8%

### Disclaimer

This document contains forward-looking statements, in particular in the sections headed “Outlook” and “Significant events occurred after June 30, 2018” relating to future events and 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 the conditions and in economic growth and other changes in business environment on the 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 2018

### Moncler Genius

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

### Capital Markets Day

On February 27, 2018, Moncler organized a Capital Markets Day in Milan, during which the Group provided to the financial community an update on its medium-term strategy.

### Moncler Japan

On March 29, 2018, Moncler acquired, from the local partner Yagi Tsusho Limited, the first tranche (equal to 9% of total share capital) of the partner's stake in Moncler Japan Corporation, equivalent to a net cash out of 15.5 million euros. As defined in the amendment to the *Joint Venture Agreement*, approved in 2017, the purchase of the whole minority interest in Moncler Japan can be exercised progressively, once per year, between 2018 and 2024, at a price equal to the prorated value of Moncler Japan's net equity at the end of each related financial year.

### Share buyback programme

On April 4, 2018, Moncler launched a share buyback programme for a maximum of 2,100,000 Moncler S.p.A. ordinary shares (equal to 0.8% of current share capital) in accordance with the resolution of the Shareholders' Meeting of 20 April 2017. As of that date, Moncler already held 2,000,000 Moncler S.p.A. ordinary shares, bought in 2016 and 2017 in accordance with the resolutions of the Shareholders' Meeting of 23 April 2015 and 20 April 2017 respectively.

In implementation of the programme, completed on May 8, 2018, Moncler acquired 2,100,000 ordinary shares (equal to 0.8% of share capital), for a total amount of 73.4 million euros.

As of June 30, 2018, Moncler holds 4,100,000 ordinary shares (equal to 1.6% of share capital).

### Dividends

On April 16, 2018, Moncler Ordinary Shareholders Meeting approved the Group's results for fiscal year 2017 and the distribution of a gross dividend of 0.28 euros per ordinary share, with

coupon date on May 21, 2018 and payment date of May 23, 2018. In the first half of 2018, Moncler distributed 70.5 million euros of dividends.

#### 2018-2020 Performance Shares Plan

On May 4, 2018, Moncler Board of Directors, putting into effect the resolutions adopted by the Shareholders' Meeting of April 16, 2018, resolved to implement the stock grant plan denominated "2018-2020 Performance Shares Plan" approved by that Shareholders' Meeting and, as a consequence, approved the plan's implementation regulation and resolved the granting of 1,365,531 shares to 99 beneficiaries, including also Executive Directors and Key Managers of the Group.

## SIGNIFICANT EVENTS OCCURRED AFTER JUNE 30, 2018

There are no significant events occurred after the reporting date.

## BUSINESS OUTLOOK

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

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

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

**International development and consolidation of key markets.** Over the years, Moncler has followed a clear strategy of international growth, while always keeping strong control of the business and a direct dialogue with its clients, both in the wholesale and in the retail channel. Moncler wants to keep on selectively developing the main international markets and consolidating its presence in the "core" markets, also thanks to the reinforcement of its retail mono-brand stores (DOS) network, the controlled expansion of its stores' average selling surface,

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the development of wholesale mono-brand stores (SiS), the development of travel retail, and the strengthening of its digital channel.

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

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

## 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 2018, Moncler S.p.A. held a total of 4,100,000 treasury shares (1.6% of share capital).

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Milan, 25 July 2018

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  
CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2018

# HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT

Consolidated income statement					
(Euro/000)	Notes	1H 2018	of which related parties (note 10.1)	1H 2017	of which related parties (note 10.1)
Revenue	4.1	493,544	256	407,643	253
Cost of sales	4.2	(118,659)	(5,825)	(99,293)	(5,850)
<b>Gross margin</b>		<b>374,885</b>		<b>308,350</b>	
Selling expenses	4.3	(178,490)	(413)	(154,036)	(312)
General and administrative expenses	4.4	(61,935)	(3,773)	(51,148)	(2,904)
Advertising and promotion expenses	4.5	(36,256)		(29,875)	
Stock based compensation	4.6	(12,465)	(4,202)	(10,012)	(3,890)
<b>Operating result</b>	<b>4.7</b>	<b>85,739</b>		<b>63,279</b>	
Financial income	4.8	203		336	
Financial expenses	4.8	(1,096)		(3,272)	
<b>Income before taxes</b>		<b>84,846</b>		<b>60,343</b>	
Income taxes	4.9	(23,124)		(18,400)	
<b>Net Income, including Minority</b>		<b>61,722</b>		<b>41,943</b>	
Non-controlling interests		(94)		(108)	
<b>Net income, Group share</b>		<b>61,628</b>		<b>41,835</b>	
<b>Earnings per share (unit of Euro)</b>	<b>5.16</b>	<b>0.24</b>		<b>0.17</b>	
<b>Diluted earnings per share (unit of Euro)</b>	<b>5.16</b>	<b>0.24</b>		<b>0.17</b>	

HALF-YEAR FINANCIAL REPORT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income			
(Euro/000)	Notes	1H 2018	1H 2017
<b>Net profit (loss) for the period</b>		<b>61,722</b>	<b>41,943</b>
Gains/(Losses) on fair value of hedge derivatives	5.16	(6,809)	1,893
Gains/(Losses) on exchange differences on translating foreign operations	5.16	8,167	(9,004)
<b>Items that are or may be reclassified to profit or loss</b>		<b>1,358</b>	<b>(7,111)</b>
Other Gains/(Losses)	5.16	(15)	79
<b>Items that will never be reclassified to profit or loss</b>		<b>(15)</b>	<b>79</b>
<b>Other comprehensive income/(loss), net of tax</b>		<b>1,343</b>	<b>(7,032)</b>
<b>Total Comprehensive income/(loss)</b>		<b>63,065</b>	<b>34,911</b>
<b>Attributable to:</b>			
Group		62,973	34,804
Non controlling interests		92	107

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position					
(Euro/000)	Notes	June 30, 2018	of which related parties (note 10.1)	December 31, 2017	of which related parties (note 10.1)
Brands and other intangible assets - net	5.1	269,554		270,687	
Goodwill	5.1	155,582		155,582	
Property, plant and equipment - net	5.3	149,190		138,127	
Other non-current assets	5.9	26,208		24,064	
Deferred tax assets	5.4	90,035		78,991	
<b>Non-current assets</b>		<b>690,569</b>		<b>667,451</b>	
Inventories and work in progress	5.5	196,362		136,159	
Trade account receivables	5.6	70,616	22,895	120,708	10,445
Income taxes	5.12	19,669		38,417	
Other current assets	5.9	21,158		19,284	
Financial current assets	5.8	33		3,884	
Cash and cash equivalent	5.7	325,376		394,144	
<b>Current assets</b>		<b>633,214</b>		<b>712,596</b>	
<b>Total assets</b>		<b>1,323,783</b>		<b>1,380,047</b>	
Share capital	5.16	51,155		50,956	
Share premium reserve	5.16	170,894		154,827	
Other reserves	5.16	587,049		467,952	
Net result, Group share	5.16	61,628		249,688	
<b>Equity, Group share</b>		<b>870,726</b>		<b>923,423</b>	
<b>Non controlling interests</b>		<b>68</b>		<b>108</b>	
<b>Equity</b>		<b>870,794</b>		<b>923,531</b>	
Long-term borrowings	5.15	57,606		67,874	
Provisions non-current	5.13	5,131		4,946	
Pension funds and agents leaving indemnities	5.14	5,836		5,652	
Deferred tax liabilities	5.4	68,253		68,699	
Other non-current liabilities	5.11	14,954		12,220	
<b>Non-current liabilities</b>		<b>151,780</b>		<b>159,391</b>	
Short-term borrowings	5.15	23,903		25,202	
Trade account payables	5.10	205,576	30,968	167,212	9,842
Income taxes	5.12	16,691		36,687	
Other current liabilities	5.11	55,039	2,354	68,024	3,909
<b>Current liabilities</b>		<b>301,209</b>		<b>297,125</b>	
<b>Total liabilities and equity</b>		<b>1,323,783</b>		<b>1,380,047</b>	



HALF-YEAR FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity (Euro/000)	Notes	Share capital	Share premium	Legal reserve	Other comprehensive income		Other reserves		Result of the period, Group share	Equity, Group share	Equity, non controlling interest	Total consolidated Net Equity
					Cumulative translation adj. reserve	Other OCI items	IFRS 2 reserve	Retained earnings				
Group shareholders' equity at January 1, 2017	5.16	50,043	109,187	10,300	5,273	(195)	26,659	306,142	196,043	703,452	119	703,571
Allocation of Last Year Result		0	0	0	0	0	0	196,043	(196,043)	0	0	0
Changes in consolidation area		0	0	0	0	0	0	0	0	0	0	0
Dividends		0	0	0	0	0	0	(45,491)	0	(45,491)	(91)	(45,582)
Share capital increase		913	45,640	0	0	0	0	0	0	46,553	0	46,553
Other movements in Equity		0	0	0	0	0	22,195	(37,263)	0	(15,068)	0	(15,068)
Other changes of comprehensive income		0	0	0	(16,242)	531	0	0	0	(15,711)	0	(15,711)
Result of the period		0	0	0	0	0	0	0	249,688	249,688	80	249,768
Group shareholders' equity at December 31, 2017	5.16	50,956	154,827	10,300	(10,969)	336	48,854	419,431	249,688	923,423	108	923,531
Group shareholders' equity at January 1, 2018	5.16	50,956	154,827	10,300	(10,969)	336	48,854	419,431	249,688	923,423	108	923,531
Allocation of Last Year Result		0	0	0	0	0	0	249,688	(249,688)	0	0	0
Changes in consolidation area		0	0	0	0	0	0	0	0	0	(132)	(132)
Dividends		0	0	0	0	0	0	(70,464)	0	(70,464)	0	(70,464)
Share capital increase		199	16,067	0	0	0	0	0	0	16,266	0	16,266
Other movements in Equity		0	0	0	0	0	11,925	(73,397)	0	(61,472)	0	(61,472)
Other changes of comprehensive income		0	0	0	8,169	(6,824)	0	0	0	1,345	(2)	1,343
Result of the period		0	0	0	0	0	0	0	61,628	61,628	94	61,722
Group shareholders' equity at June 30, 2018	5.16	51,155	170,894	10,300	(2,800)	(6,488)	60,779	525,258	61,628	870,726	68	870,794

# CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows	1H 2018	of which related parties	1H 2017	of which related parties
(Euro/000)				
<b>Cash flow from operating activities</b>				
Consolidated result	61,722		41,943	
Depreciation and amortization	25,712		23,731	
Net financial (income)/expenses	893		2,936	
Other non cash (income)/expenses	12,450		9,733	
Income tax expenses	23,124		18,400	
Changes in inventories - (Increase)/Decrease	(58,312)		(38,344)	
Changes in trade receivables - (Increase)/Decrease	55,838	(12,450)	47,249	(10,226)
Changes in trade payables - Increase/(Decrease)	37,212	21,126	32,571	17,857
Changes in other current assets/liabilities	(18,023)	(1,555)	(14,631)	(2,223)
<b>Cash flow generated/(absorbed) from operating activities</b>	<b>140,616</b>		<b>123,588</b>	
Interest and other bank charges paid and received	(257)		(1,934)	
Income tax paid	(33,132)		(50,187)	
Changes in other non-current assets/liabilities	1,055		(1,658)	
<b>Net cash flow from operating activities (a)</b>	<b>108,282</b>		<b>69,809</b>	
<b>Cash flow from investing activities</b>				
Purchase of tangible and intangible fixed assets	(34,968)		(34,513)	
Proceeds from sale of tangible and intangible fixed assets	243		91	
<b>Net cash flow from investing activities (b)</b>	<b>(34,725)</b>		<b>(34,422)</b>	
<b>Cash flow from financing activities</b>				
Repayment of borrowings	(2,198)		(26,699)	
Proceeds from borrowings	0		0	
Short term borrowings variation	(15,454)		0	
Dividends paid to shareholders	(70,464)		(45,491)	
Dividends paid to non-controlling interests	0		0	
Share capital increase	16,266		40,963	
Treasury Shares variation	(73,377)		0	
Other changes in Net Equity	(152)		(6,698)	
<b>Net cash flow from financing activities (c)</b>	<b>(145,379)</b>		<b>(37,925)</b>	
<b>Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)</b>	<b>(71,822)</b>		<b>(2,538)</b>	
<b>Cash and cash equivalents at the beginning of the period</b>	<b>394,144</b>		<b>243,385</b>	
Effect of exchange rate changes	3,054		(5,256)	
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(71,822)</b>		<b>(2,538)</b>	
<b>Cash and cash equivalents at the end of the period</b>	<b>325,376</b>		<b>235,591</b>	

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 JUNE 30, 2018

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

The Half-year Condensed Consolidated Financial Statements as of June 30, 2018 ("Half-year Consolidated Financial Statements") include the parent company and the subsidiaries (hereafter referred to as the "Group").

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

### 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 June 30, 2018 have been prepared in accordance with Art. 154-ter of Legislative Decree 58 of February 24, 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 December 31, 2017, 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. 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 December 31, 2017. 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 June 30, 2018 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 December 31, 2017 for the consolidated statement of financial position and the half-year ended June 30, 2017 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 Euro thousand, which is the functional currency of the markets where the Group mainly operates.

#### 1.2.4. Use of estimates

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.

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 captions of the consolidated financial statements:

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

##### *Impairment of non-current assets and goodwill*

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

Management periodically reviews non-current assets for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is estimated based on the present value of future cash flows 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 represents management's best estimate of the probable loss for unrecoverable trade receivables. A provision for impairment is determined based on expected



losses arising from doubtful debt taking into consideration the original credit terms, the economic environment and the company's historical trend together with the monitoring controls in place.

*Impairment of inventory*

The Group manufactures and sells mainly clothing goods that are subject to changing consumer 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.

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

The accounting principles have been applied consistently as at and for the half-year ended June 30, 2018 and, except as set out below, are the same used for the preparation of the consolidated financial statements as of and for the year ended December 31, 2017, to which refer for a detailed description.

### **2.1. Changes in accounting principles**

The changes in accounting principles will also affect the Group's consolidated financial statements for the year ended December 31, 2018.

The Group adopted IFRS 15 Revenue from contracts with customers (see paragraph 2.1.1) and IFRS 9 Financial instruments (see paragraph 2.1.2) as of January 1, 2018. The other new principles that came into force on January 1, 2018 did not have a significant impact on the consolidated financial statements of the Group.

#### **2.1.1. IFRS 15**

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

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

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

The Group has applied IFRS 15 retroactively with a cumulative effect as at the date of first application (i.e. January 1, 2018). Therefore, information relating to 2017 has not been restated and is presented according to IAS 18, IAS 11 and relevant interpretations.

The following tables summarise the effects of the application of IFRS 15 on the relevant individual items in the Group's statement of financial position as at June 30, 2018, the income statement and the statement of comprehensive income for the six-month period ended June 30, 2018.

Consolidated statement of financial position		June 30, 2018		June 30, 2018
(Euro/000)	Note	As reported	Reclassifications	Balances without adoption of IFRS 15
<b>Non-current assets</b>		<b>690,569</b>	<b>0</b>	<b>690,569</b>
Inventories and work in progress	a)	196,362	(1,783)	194,579
Trade account receivables	a) c)	70,616	(4,196)	66,420
Income taxes		19,669		19,669
Other current assets		21,158		21,158
Financial current assets		33		33
Cash and cash equivalent		325,376		325,376
<b>Current assets</b>		<b>633,214</b>	<b>(5,979)</b>	<b>627,235</b>
<b>Total assets</b>		<b>1,323,783</b>	<b>(5,979)</b>	<b>1,317,804</b>
<b>Equity, Group share</b>		<b>870,726</b>	<b>0</b>	<b>870,726</b>
<b>Non controlling interests</b>		<b>68</b>		<b>68</b>
<b>Equity</b>		<b>870,794</b>	<b>0</b>	<b>870,794</b>
<b>Non-current liabilities</b>		<b>151,780</b>	<b>0</b>	<b>151,780</b>
Short-term borrowings		23,903		23,903
Trade account payables	a)	205,576	(5,979)	199,597
Income taxes		16,691		16,691
Other current liabilities	b)	55,039		55,039
<b>Current liabilities</b>		<b>301,209</b>	<b>(5,979)</b>	<b>295,230</b>
<b>Total liabilities and equity</b>		<b>1,323,783</b>	<b>(5,979)</b>	<b>1,317,804</b>

Consolidated income statement		June 30, 2018		June 30, 2018
(Euro/000)	Note	As reported	Reclassifications	Balances without adoption of IFRS 15
Revenue	a) b) c)	493,544	-	493,544
Cost of sales	a)	(118,659)	-	(118,659)
<b>Gross margin</b>		<b>374,885</b>	<b>-</b>	<b>374,885</b>
Selling expenses		(178,490)	-	(178,490)
General and administrative expenses		(61,935)	-	(61,935)
Advertising and promotion expenses	c)	(36,256)	-	(36,256)
Stock based compensation		(12,465)	-	(12,465)
<b>Operating result</b>		<b>85,739</b>	<b>-</b>	<b>85,739</b>
Financial income		203	-	203
Financial expenses		(1,096)	-	(1,096)
<b>Income before taxes</b>		<b>84,846</b>	<b>-</b>	<b>84,846</b>
Income taxes		(23,124)	-	(23,124)
<b>Net Income</b>		<b>61,722</b>	<b>-</b>	<b>61,722</b>
<b>Total Comprehensive income/(loss)</b>		<b>63,065</b>	<b>-</b>	<b>63,065</b>

Further information is provided below about the important changes and their impact.

a) Sales with right of return

Previously, the Group recognised expected returns from sales of products by reducing revenue and recognised the cost relating to these returns by reducing cost of sales; separately, a liability was recognised for the margin related to the expected returns in a specific allowance against trade receivables. In accordance with IFRS 15, the Group continues to recognise expected returns from sales of products by reducing revenue and recognises the cost relating

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to these returns by reducing cost of sales; however it recognises the amount corresponding to the sales value of expected returns in the item Trade Payables and the amount corresponding to the cost of the products in the item Inventory.

### b) Rights not exercised by the customer – Breakage amounts

When it receives advance payment from a customer, the Group recognises this amount in Other Current Liabilities in view of the obligation to transfer goods in the future, eliminating this liability and recognising the revenue when it transfers the goods.

This accounting treatment does not differ from the approach adopted by the Group in previous years.

### c) Amounts paid to customers – Charge back

The Group recognises amounts paid to customers:

- by reducing revenue, when the costs for services cannot be reliably estimated;
- as costs, when the costs for services cannot be reliably estimated.

This accounting treatment does not differ from the approach adopted by the Group in previous years

## 2.1.2. IFRS 9

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

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

Considering the types of financial assets and liabilities held by the Group, the new model for the classification of financial instruments has not raised any particular issues. The main area of impact has been the use of a new impairment model, in particular for trade receivables and cash. The Group has adopted the simplified impairment model, in which the value of the financial assets also reflects a theoretical “Probability of Default” (“PD”) of the counterparty and the ability to recover the asset if default occurs (“Loss Given Default”, “LGD”).

In light of the above and with reference to the expected impairment of its principal financial assets, the Group has recognised a negligible effect on consolidated shareholders equity of less than 0.5%.

The new general requirements on hedge accounting set out by IFRS 9 require the Group to ensure that hedge accounting relationships are in line with objectives and its own risk management strategy, and that it applies a more qualitative and prospective method to measuring their effectiveness.

The Group adopted the new hedge accounting rules set out by IFRS 9 commencing from January 1, 2018. Moreover, the hedging relationships in existence as at December 31, 2017 already satisfied the conditions set by IFRS 9 for the adoption of hedge accounting.

## 2.2. Accounting standards and recently published interpretations

In addition to those referred to in the Consolidated Financial Statements for 2017 which should be consulted, below are the accounting standards, amendments and interpretations not yet effective and not early adopted by the Group.

### *IFRS 16 Leasing*

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

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

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

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The impacts of the introduction of this standard are currently being analysed. The analysis is intended to identify the various types of contracts and/or circumstances that could fall under the standard by means of an internal audit of the entire scope of consolidation. The aim is to gather the basic information required to make an accurate estimate of the associated effects on the income statement and statement of financial position.

Once this analysis has been completed, the method to be used at the date of first application of the standard will also be defined.

As at June 30, 2018, we note that the commitments deriving mainly from lease agreements amount to Euro 420 million (Euro 405 million as at December 31, 2017), as stated in the relevant note (8.1 Commitments) of this document. The scope of IFRS 16 does not solely cover these commitments, as it will also include other commitments.

### *Amendments to IFRS 4 – Insurance Contracts*

These amendments were issued by the IASB on September 12, 2016. The amendments were intended to address concerns about the application of IFRS 9 on financial instruments before the introduction of the new insurance contract standards.

## 2.3. 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 June 30, 2018 are as follows:

	Average rate		Rate at the end of the period		Rate at the end of the period	
	I half 2018	I half 2017	As at 30 June 2018	As at 30 June 2017	As at 31 December 2017	As at 31 December 2016
AED	4.445020	3.975780	4.281400	4.189345	4.404400	3.869601
AUD	1.568810	1.436420	1.578700	1.485100	1.534600	1.459600
BRL	4.141460	3.443110	4.487600	3.760000	3.972900	3.430500
CAD	1.545700	1.445300	1.544200	1.478500	1.503900	1.418800
CHF	1.169750	1.076640	1.156900	1.093000	1.170200	1.073900
CNY	7.708590	7.444830	7.717000	7.738500	7.804400	7.320200
CZK	25.500500	26.784100	26.020000	26.197000	25.535000	27.021000
DKK	7.447600	7.436830	7.452500	7.436600	7.444900	7.434400
GBP	0.879767	0.860591	0.886050	0.879330	0.887230	0.856180
HKD	9.486320	8.419930	9.146800	8.906800	9.372000	8.175100
HUF	314.113000	309.421000	329.770000	308.970000	310.330000	309.830000
JPY	131.606000	121.780000	129.040000	127.750000	135.010000	123.400000
KRW	1,302.380000	1,236.330000	1,296.720000	1,304.560000	1,279.610000	1,269.360000
KZT	395.434000	345.254000	397.850000	367.421985	397.960000	n/a
MOP	9.770910	8.672750	9.421200	9.173996	9.653200	8.420120
MXN	23.085000	n/a	22.881700	n/a	23.661200	n/a
NOK	9.592920	n/a	9.511500	n/a	9.840300	n/a
PLN	4.220700	4.269000	4.373200	4.225900	4.177000	4.410300
RON	4.654290	4.537040	4.663100	4.552300	4.658500	4.539000
RUB	71.960100	62.805700	73.158200	67.544900	69.392000	64.300000
SEK	10.150800	9.596800	10.453000	9.639800	9.843800	n/a
SGD	1.605440	1.520760	1.589600	1.571000	1.602400	1.523400
TRY	4.956550	3.939100	5.338500	4.013400	4.546400	3.707200
TWD	35.740600	33.214400	35.584500	34.711800	35.655500	33.999500
USD	1.210350	1.083020	1.165800	1.141200	1.199300	1.054100

### 3. SCOPE OF CONSOLIDATION

As at June 30, 2018 the Half-year Consolidated Financial Statements of the Moncler Group include the parent company Moncler S.p.A. and 35 consolidated subsidiaries as detailed in the following table:

Investments (in associates for consolidation)	Registered office	Share capital	Currency	% of ownership	Parent company
Moncler S.p.A.	Milan (Italy)	50,955,748	EUR		
Industries S.p.A.	Milan (Italy)	15,000,000	EUR	100.00%	Moncler S.p.A.
Moncler Deutschland GmbH (**)	Munich (Germany)	700,000	EUR	100.00%	Industries S.p.A.
Moncler España S.L.	Madrid (Spain)	50,000	EUR	100.00%	Industries S.p.A.
Moncler Asia Pacific Ltd	Hong Kong (China)	300,000	HKD	99.99%	Industries S.p.A.
Moncler France S.à.r.l.	Paris (France)	8,000,000	EUR	100.00%	Industries S.p.A.
Moncler USA Inc	New York (USA)	1,000	USD	100.00%	Industries S.p.A.
Moncler UK Ltd	London (United Kingdom)	2,000,000	GBP	100.00%	Industries S.p.A.
Moncler Japan Corporation (†)	Tokyo (Japan)	195,050,000	JPY	60.00%	Industries S.p.A.
Moncler Shanghai Commercial Co. Ltd	Shanghai (China)	82,483,914	CNY	100.00%	Industries S.p.A.
Moncler Suisse SA	Chiasso (Switzerland)	3,000,000	CHF	100.00%	Industries S.p.A.
Moncler Belgium S.p.r.l.	Bruxelles (Belgium)	500,000	EUR	100.00%	Industries S.p.A.
Moncler Denmark ApS	Copenhagen (Denmark)	2,465,000	DKK	100.00%	Industries S.p.A.
Moncler Holland B.V.	Amsterdam (Holland)	18,000	EUR	100.00%	Industries S.p.A.
Moncler Hungary KFT	Budapest (Hungary)	150,000,000	HUF	100.00%	Industries S.p.A.
Moncler İstanbul Giyim ve Tekstil Ticaret Ltd. Sti. (†)	Istanbul (Turkey)	50,000	TRY	51.00%	Industries S.p.A.
Moncler Sylt GmbH (†)	Hamm (Germany)	100,000	EUR	51.00%	Moncler Deutschland GmbH
Moncler Rus LLC	Moscow (Russian Federation)	220,000,000	RUB	99.99%	Industries S.p.A.
Moncler Brasil Comércio de moda e acessórios Ltda.	Sao Paulo (Brazil)	6,280,000	BRL	0.01%	Moncler Suisse SA
Moncler Taiwan Limited	Taipei (China)	10,000,000	TWD	95.00%	Moncler USA Inc
Moncler Canada Ltd	Vancouver (Canada)	1,000	CAD	5.00%	Industries S.p.A.
Moncler Prague s.r.o.	Prague (Czech Republic)	200,000	CZK	100.00%	Industries S.p.A.
White Tech Sp. zo.o.	Katowice (Poland)	369,000	PLN	70.00%	Industries S.p.A.
Moncler Shinsegae Inc. (†)	Seoul (South Korea)	5,000,000,000	KRW	51.00%	Industries S.p.A.
Moncler Middle East FZ-LLC	Dubai (United Arab Emirates)	50,000	AED	100.00%	Industries S.p.A.
Moncler USA Retail LLC	New York (USA)	15,000,000	USD	100.00%	Moncler USA Inc
Moncler Singapore PTE, Limited	Singapore	650,000	SGD	100.00%	Industries S.p.A.
Industries Yield S.r.l.	Bacau (Romania)	25,897,000	RON	99.00%	Industries S.p.A.
Moncler UAE LLC (†)	Abu Dhabi (United Arab Emirates)	1,000,000	AED	1.00%	Moncler Deutschland GmbH
Moncler Ireland Limited	Dublin (Ireland)	350,000	EUR	49.00%	Moncler Middle East FZ-LLC
Moncler Australia PTY LTD	Melbourne (Australia)	2,500,000	AUD	100.00%	Industries S.p.A.
Moncler Kazakhstan LLP	Almaty (Kazakhstan)	250,000,000	KZT	99.00%	Industries S.p.A.
Moncler Sweden AB	Stockholm (Sweden)	1,000,000	SEK	1.00%	Moncler Rus LLC
Moncler Norway AS	Oslo (Norway)	3,000,000	NOK	100.00%	Industries S.p.A.
Moncler Mexico, S. de R.L. de C.V.	Mexico City (Mexico)	33,000,000	MXN	99.00%	Industries S.p.A.
Moncler Mexico Services, S. de R.L. de C.V.	Mexico City (Mexico)	11,000,000	MXN	1.00%	Moncler USA Inc

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

(\*\*) Company previously named Industries Textilvertrieb GmbH

As far as the scope of consolidation is concerned, the following changes occurred during the first half of 2018 when compared to December 31, 2017:

- In the first quarter of 2018, the Group acquired, from the local partner, the first tranche (equal to 9% of total share capital) of the partner's stake in Moncler Japan Corporation, bringing the percentage of ownership to 60%. Please note that Moncler Japan Corporation is 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.
- In the second quarter of 2018 the company Ciolina Moncler AG has been merged in the company Moncler Suisse SA;

There are not subsidiaries excluded from the consolidation area.



## 4. COMMENTS ON THE MAIN CAPTIONS OF THE CONSOLIDATED INCOME STATEMENT

### 4.1. Revenues

#### *Revenues by distribution channel*

Revenue per distribution channels are broken down as follows:

(Euro/000)	1H 2018	%	1H 2017	%
Total revenues	493,544	100.0%	407,643	100.0%
of which:				
- Wholesale	116,693	23.6%	108,166	26.5%
- Retail	376,851	76.4%	299,477	73.5%

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

In the first half of 2018, revenues from the retail distribution channel increased to Euro 376.8 million compared to Euro 299.5 million in the same period of 2017, representing an increase of 25.8%, thanks to a robust organic growth and to a further development of the network of retail mono-brand stores (DOS).

The wholesale channel recorded revenues of Euro 116.7 million compared to Euro 108.1 million in first half 2017, an increase of 7.9%, driven by good results, in particular, in North America and Asia-Pacific.

#### *Revenues by region*

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

Revenues by region - (Euro/000)						
(Euro/000)	1H 2018	%	1H 2017	%	Variation	% Variation
Italy	63,343	12.8%	58,202	14.3%	5,141	8.8%
EMEA, Italy excluded	146,958	29.8%	127,431	31.3%	19,527	15.3%
Asia and rest of world	210,443	42.6%	159,623	39.2%	50,820	31.8%
Americas	72,800	14.8%	62,387	15.3%	10,413	16.7%
<b>Total</b>	<b>493,544</b>	<b>100.0%</b>	<b>407,643</b>	<b>100.0%</b>	<b>85,901</b>	<b>21.1%</b>

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In the first half of 2018, the Group recorded revenues of Euro 493.5 million, an increase of 21.1% compared to revenues of Euro 407.6 million in the same period of 2017, confirming also in Q2 the solid growth recorded in Q1 2018.

In Italy, revenues rose 8.8%, mainly driven by the strong growth of the retail channel.

In EMEA, Group's revenues grew 15.3%, with double-digit growth in both distribution channels and in the main markets also in the second quarter. France, the United Kingdom and Germany recorded very good performances. Revenues in France continued to record double-digit growth, thanks to the local demand and the sustained tourists' flow. The United Kingdom achieved, also in the second quarter, a good performance, despite a challenging comparison base; the results of this market were supported by the retail organic growth, the positive contribution from wholesale clients, including some e-tailers, and the launch of *7 Moncler Fragment Hiroshi Fujiwara*. Also Germany performed well in the second quarter.

In Asia & Rest of the World, revenues increased 31.8% with all markets recording solid double-digit growth even in the second quarter. In particular, Japan significantly accelerated in Q2 2018, also thanks to the successful launch of *7 Moncler Fragment Hiroshi Fujiwara*. The Group continued to register very good performances in China, driven by an important double-digit organic growth. Following the Chinese government decision to reduce import duties, since the beginning of July the Group reduced its prices in China by 3.5% on average. Revenues in Korea recorded a solid increase, with an acceleration in the second quarter, mainly due to the organic growth of the existing stores' network.

In the Americas, revenues grew 16.7%, with a double-digit growth also in the second quarter. Very good results were achieved in the United States and in Canada, for both the retail and the wholesale channels, supported by the good trend recorded in the existing stores and the opening of new wholesale shop-in-shops.

### 4.2. Cost of sales

In the first half of 2018, cost of sales grew by Euro 19.4 million (+19.5%) in absolute terms, from Euro 99.3 million in the first half of 2017 to Euro 118.7 million in the first half of 2018. This overall growth is due to increased sales volumes and the growth of the retail channel. Cost of sales as a percentage of sales has decreased from 24.4% in the first half of 2017 to 24.0% in the first half of 2018. This decrease is due to the fact that the retail channel has increased its importance in the total sales from 73.5% in the first half of 2017 to 76.4% in the first half of 2018, on total sales.

### 4.3. Selling expenses

Selling expenses grew in absolute terms, with an increase of Euro 24.5 million between the first half of 2017 and the first half of 2018, but decreased as a percentage of sales, from 37.8% in the first half of 2017 to 36.2% in the first half of 2018 due to the strong DOS organic performance and a more efficient management of the retail network. Selling expenses mainly include rent costs for Euro 86.4 million (71.7 million in the first half of 2017), personnel costs

for Euro 51.8 million (Euro 41.6 million in the first half of 2017) and costs for depreciation and amortization for Euro 23.3 million (Euro 20.8 million in the first half of 2017).

#### **4.4. General and administrative expenses**

In the first half of 2018, general and administrative expenses amount to Euro 61.9 million, with an increase of Euro 10.8 million compared to the same period last year. General and administrative expenses as a percentage of sales amounted to 12.5%, same as on the first half of 2017.

#### **4.5. Advertising and promotion expenses**

Also during the first six months of 2018, the Group continued to invest in marketing and advertising in order to support and spread awareness and the prestige of the Moncler brand. The weight of advertising expenses on turnover is equal to 7.3% for the first half of 2018 (7.3% for the first half of 2017), while in absolute value, it goes from Euro 29.9 million for the first half of 2017 to Euro 36.3 million for the first half of 2018, with an absolute change of Euro 6.4 million (+21.4%).

#### **4.6. Stock based compensation**

Stock based compensation, equal to Euro 12.5 million in the first half of 2018 (Euro 10.0 in the first half of 2017), includes the costs related to the stock based compensation approved by the Shareholders' Meeting of Moncler on April 23, 2015, on April 20, 2016 and on April 16, 2018.

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

#### **4.7. Operating result**

For the first half of 2018, the operating result of the Group amounted to Euro 85.7 million (Euro 63.4 million for the same period of the last year) and as a percentage of revenues amounts to 17.4% (15.5% for the same period of 2017).

The operating result for the first half of 2018, net of stock based compensation, amounted to Euro 98.2 (Euro 73.3 for the same period of 2017), and 19.9% as a percentage of revenue (18.0% for the same period of 2017), up in absolute value by Euro 24.9 million.

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

EBITDA is calculated as follows:

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(Euro/000)	1H 2018	1H 2017	2018 vs 2017	%
<b>Operating result</b>	<b>85,739</b>	<b>63,279</b>	<b>22,460</b>	<b>35.5%</b>
Stock based compensation	12,465	10,012	2,453	24.5%
<b>Operating result net of stock based compensation</b>	<b>98,204</b>	<b>73,291</b>	<b>24,913</b>	<b>34.0%</b>
Amortization, depreciation and impairment	25,712	23,731	1,981	8.3%
<b>EBITDA</b>	<b>123,916</b>	<b>97,022</b>	<b>26,894</b>	<b>27.7%</b>

In the first half of 2018, EBITDA increased by Euro 26.9 million (+27.7%), from Euro 97.0 million (23.8% of revenue) for the first half of 2017 to Euro 123.9 million (25.1% of revenue) for the first half of 2018.

Amortisation and depreciation for the first half of 2018 amounted to Euro 25.7 million (Euro 23.7 million for the same period of 2017) and grew by Euro 2.0 million.

### 4.8. Financial income and expenses

The caption is broken down as follows:

(Euro/000)	1H 2018	1H 2017
Interest income and other financial income	203	336
Foreign currency differences - positive	0	0
<b>Total financial income</b>	<b>203</b>	<b>336</b>
Interests expenses and other financial charges	(662)	(889)
Foreign currency differences - negative	(434)	(2,383)
<b>Total financial expenses</b>	<b>(1,096)</b>	<b>(3,272)</b>
<b>Total net</b>	<b>(893)</b>	<b>(2,936)</b>

### 4.9. Income tax

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

(Euro/000)	1H 2018	1H 2017
Current income taxes	(31,260)	(27,332)
Deferred tax (income) expenses	8,136	8,932
<b>Income taxes charged in the income statement</b>	<b>(23,124)</b>	<b>(18,400)</b>

### 4.10. 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 2018	1H 2017
Wages and salaries	(56,818)	(50,135)
Social security costs	(9,320)	(9,617)
Accrual for employment benefits	(4,007)	(3,446)
<b>Total</b>	<b>(70,145)</b>	<b>(63,198)</b>

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

The costs relating to the stock based compensation, equal to Euro 12.5 million (Euro 10.0 million in the first half of 2017) are separately commented in paragraph 10.2.

The following table reports the number of employees (full-time-equivalent, FTE) for the first half of 2018 compared to the same period of last year:

Average FTE by area		
Number	1H 2018	1H 2017
Italy	794	705
Other European countries	1,348	1,213
Asia and Japan	880	802
Americas	262	247
<b>Total</b>	<b>3,284</b>	<b>2,967</b>

The actual number of FTEs of the Group as at June 30, 2018 is 3,619 (2,953 as at June 30, 2017).

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.

#### 4.11. Depreciation and amortization

Depreciation and amortization are broken down as follows:

(Euro/000)	1H 2018	1H 2017
Depreciation of property, plant and equipment	(19,994)	(18,819)
Amortization of intangible assets	(5,718)	(4,912)
<b>Total Depreciation and Amortization</b>	<b>(25,712)</b>	<b>(23,731)</b>
<b>Impairment losses</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>(25,712)</b>	<b>(23,731)</b>

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

## 5. COMMENTS ON THE MAIN CAPTIONS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### 5.1. Goodwill, brands and other intangible assets

Brands and other intangible assets (Euro/000)	June 30, 2018			December 31, 2017
	Gross value	Accumulated amortization and impairment	Net value	Net value
Brands	223,900	0	223,900	223,900
Key money	58,018	(29,320)	28,698	30,942
Software	35,748	(21,707)	14,041	12,801
Other intangible assets	8,840	(6,047)	2,793	2,909
Assets in progress	122	0	122	135
Goodwill	155,582	0	155,582	155,582
<b>Total</b>	<b>482,210</b>	<b>(57,074)</b>	<b>425,136</b>	<b>426,269</b>

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

As at June 30, 2018

Gross value Brands and other intangible assets (Euro/000)	Brands	Key money	Software	Other intangible assets	Assets in progress and advances	Goodwill	Total
January 1, 2018	223,900	57,391	32,139	8,361	135	155,582	477,508
Acquisitions	0	750	3,448	451	87	0	4,736
Disposals	0	0	0	0	0	0	0
Translation adjustment	0	(123)	63	(1)	0	0	(61)
Other movements, including transfers	0	0	98	29	(100)	0	27
<b>June 30, 2018</b>	<b>223,900</b>	<b>58,018</b>	<b>35,748</b>	<b>8,840</b>	<b>122</b>	<b>155,582</b>	<b>482,210</b>

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
January 1, 2018	0	(26,449)	(19,338)	(5,452)	0	0	(51,239)
Amortization	0	(2,807)	(2,316)	(595)	0	0	(5,718)
Disposals	0	0	0	0	0	0	0
Translation adjustment	0	(64)	(43)	0	0	0	(107)
Other movements, including transfers	0	0	(10)	0	0	0	(10)
<b>June 30, 2018</b>	<b>0</b>	<b>(29,320)</b>	<b>(21,707)</b>	<b>(6,047)</b>	<b>0</b>	<b>0</b>	<b>(57,074)</b>

As at June 30, 2017

Gross value Brands and other intangible assets	Brands	Key money and leasehold rights	Software	Other intangible assets	Assets in progress and advances	Goodwill	Total
(Euro/000)							
January 1, 2017	223,900	48,468	26,703	8,109	2,427	155,582	465,189
Acquisitions	0	2,711	1,756	275	6,214	0	10,956
Disposals	0	0	(6)	0	0	0	(6)
Translation adjustment	0	(385)	(150)	(4)	1	0	(538)
Other movements, including transfers	0	0	781	38	(819)	0	0
June 30, 2017	223,900	50,794	29,084	8,418	7,823	155,582	475,601

Accumulated amortization and impairment Brands and other intangible assets	Brands	Key money and leasehold rights	Software	Other intangible assets	Assets in progress and advances	Goodwill	Total
(Euro/000)							
January 1, 2017	0	(22,509)	(15,719)	(4,497)	0	0	(42,725)
Amortization	0	(2,389)	(1,872)	(651)	0	0	(4,912)
Disposals	0	0	5	0	0	0	5
Translation adjustment	0	181	69	1	0	0	251
Other movements, including transfers	0	0	0	0	0	0	0
June 30, 2017	0	(24,717)	(17,517)	(5,147)	0	0	(47,381)

The increase in the caption 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 captions 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 dynamics of business recorded in the periods examined and updated forecasts of future trends are consistent with the assumptions used to determine the recoverable amount of goodwill and the Moncler brand carried out during the preparation of the annual consolidated financial statements as at December 31, 2017. No indicators of possible impairment losses were identified and therefore no specific impairment tests were performed on these captions.

## 5.3. Net property, plant and equipment

Property, plant and equipments	June 30, 2018			December 31, 2017
	Gross value	Accumulated depreciation and impairment	Net value	Net value
(Euro/000)				
Land and buildings	5,738	(623)	5,115	2,398
Plant and Equipment	10,405	(5,652)	4,753	4,653
Fixtures and fittings	95,650	(53,646)	42,004	40,042
Leasehold improvements	163,442	(86,945)	76,497	80,035
Other fixed assets	17,399	(11,560)	5,839	4,173
Assets in progress	14,982	0	14,982	6,826
Total	307,616	(158,426)	149,190	138,127

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As at June 30, 2018

Gross value Property, plant and equipment (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
January 1, 2018	2,871	9,786	86,488	154,617	14,800	6,826	275,388
Acquisitions	2,814	698	4,070	6,541	2,221	13,700	30,044
Disposals	0	(1)	(320)	(480)	(55)	0	(856)
Translation adjustment	0	(2)	857	1,901	44	123	2,923
Other movements, including transfers	53	(76)	4,555	863	389	(5,667)	117
<b>June 30, 2018</b>	<b>5,738</b>	<b>10,405</b>	<b>95,650</b>	<b>163,442</b>	<b>17,399</b>	<b>14,982</b>	<b>307,616</b>
Accumulated depreciation and impairment PPE (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
January 1, 2018	(473)	(5,133)	(46,446)	(74,582)	(10,627)	0	(137,261)
Depreciation	(150)	(527)	(6,668)	(11,659)	(990)	0	(19,994)
Disposals	0	9	102	448	54	0	613
Translation adjustment	0	(1)	(603)	(1,200)	(34)	0	(1,838)
Other movements, including transfers	0	0	(31)	48	37	0	54
<b>June 30, 2018</b>	<b>(623)</b>	<b>(5,652)</b>	<b>(53,646)</b>	<b>(86,945)</b>	<b>(11,560)</b>	<b>0</b>	<b>(158,426)</b>

As at June 30, 2017

Gross value Property, plant and equipment (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
January 1, 2017	2,586	10,519	77,737	135,498	14,823	3,287	244,450
Acquisitions	527	934	3,108	12,992	551	5,445	23,557
Disposals	(1)	(72)	(596)	(1,885)	(86)	0	(2,640)
Translation adjustment	(1)	(11)	(3,067)	(5,028)	(180)	(110)	(8,397)
Other movements, including transfers	0	24	622	1,143	32	(1,821)	0
<b>June 30, 2017</b>	<b>3,111</b>	<b>11,394</b>	<b>77,804</b>	<b>142,720</b>	<b>15,140</b>	<b>6,801</b>	<b>256,970</b>
Accumulated depreciation and impairment PPE (Euro/000)	Land and buildings	Plant and Equipment	Fixtures and fittings	Leasehold improvements	Other fixed assets	Assets in progress and advances	Total
January 1, 2017	(283)	(6,936)	(40,774)	(62,402)	(10,130)	0	(120,525)
Depreciation	(102)	(447)	(6,323)	(11,095)	(852)	0	(18,819)
Disposals	0	45	570	1,869	66	0	2,550
Translation adjustment	0	8	1,487	2,493	94	0	4,082
Other movements, including transfers	0	0	221	(221)	0	0	0
<b>June 30, 2017</b>	<b>(385)</b>	<b>(7,330)</b>	<b>(44,819)</b>	<b>(69,356)</b>	<b>(10,822)</b>	<b>0</b>	<b>(132,712)</b>

The changes in property plant and equipment in the first half of 2018 show an increase in the captions fixture and fittings, leasehold improvements and assets in progress and advances: all of these captions are mainly related to the development of the retail network.



## 5.4. Deferred tax assets and deferred tax liabilities

The balances of the captions as at June 30, 2018, over the comparable period of last year is reported below:

<b>Deferred taxation</b> (Euro/000)	<b>June 30, 2018</b>	<b>December 31, 2017</b>
Deferred tax assets	90,035	78,991
Deferred tax liabilities	(68,253)	(68,699)
<b>Net amount</b>	<b>21,782</b>	<b>10,292</b>

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.

## 5.5. Inventory

Inventory as at June 30, 2018 amounts to Euro 196.4 million (Euro 136.2<sup>1</sup> million as at December 31, 2017) and is broken down as follows:

<b>Inventory</b> (Euro/000)	<b>June 30, 2018</b>	<b>December 31, 2017</b>
Raw materials	50,527	48,695
Work-in-progress	46,619	21,281
Finished products	184,482	150,293
<b>Inventories, gross</b>	<b>281,628</b>	<b>220,269</b>
Obsolescence provision	(85,266)	(84,110)
<b>Total</b>	<b>196,362</b>	<b>136,159</b>

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 articles of the autumn/winter collection, in stock in June, is higher than the average production cost of the articles of the spring/summer collection, in stock in December.

In addition, the inventory as at June 30, 2018 is affected by the development of the retail business and the related service levels.

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

<sup>1</sup> Taking account of the effects of the application of IFRS 15, the amount of Inventory as at December 31, 2017 would have been Euro 137.5 million.

## 5.6. Trade receivables

Trade receivables as at June 30, 2018 amounted to Euro 70.6 million (Euro 120.7<sup>2</sup> million as at December 31, 2017) and are as follows:

Trade receivables (Euro/000)	June 30, 2018	December 31, 2017
Trade account receivables	78,909	132,040
Allowance for doubtful debt	(7,392)	(6,929)
Allowance for returns and discounts <sup>3</sup>	(901)	(4,403)
<b>Total, net value</b>	<b>70,616</b>	<b>120,708</b>

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 2018 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.

## 5.7. Cash and banks

As at June 30, 2018 the caption cash on hand and cash at banks amounts to Euro 325.4 million (Euro 394.1 million as at December 31, 2017), 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:

<sup>2</sup> Taking account of the effects of the application of IFRS 15, the amount of trade receivables as at December 31, 2017, would have been Euro 124.3 million.

<sup>3</sup> With reference to June 30, 2018, the item Allowance for returns and discounts does not include the liabilities for returns as, due to the application of IFRS 15, this item has been reclassified as described in paragraph 2.1.1.

<b>Cash and cash equivalents included in the Statement of cash flows</b>		
(Euro/000)	June 30, 2018	December 31, 2017
Cash in hand and at banks	325,376	394,144
Bank overdraft	0	0
<b>Total</b>	<b>325,376</b>	<b>394,144</b>

## 5.8. Financial current assets

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

## 5.9. Other current and non-current assets

<b>Other current and non-current assets</b>		
(Euro/000)	June 30, 2018	December 31, 2017
Prepayments and accrued income - current	7,972	5,269
Other current receivables	13,186	14,015
<b>Other current assets</b>	<b>21,158</b>	<b>19,284</b>
Prepayments and accrued income - non-current	1,245	1,429
Security / guarantees deposits	24,290	22,192
Other non-current receivables	673	443
<b>Other non-current assets</b>	<b>26,208</b>	<b>24,064</b>
<b>Total</b>	<b>47,366</b>	<b>43,348</b>

As at June 30, 2018, the caption prepayments and accrued income - current amounts to Euro 8.0 million (Euro 5.3 million as at December 31, 2017) and mainly pertains to the rents.

The caption other current receivables mainly contains the receivable due from the tax authority for VAT.

Prepayments and accrued income non-current amount to Euro 1.2 million (Euro 1.4 million as at 31 December 2017) and pertain to prepaid rents that extend over the current year.

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

There are no differences between the amounts included in the Half-year Consolidated Financial Statements and their fair values.

## 5.10. Trade payables

Trade payables amount to Euro 205.6 million as at June 30, 2018 (Euro 167.2<sup>4</sup> million as at December 31, 2017) 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 2018 there are no outstanding positions associated to individual suppliers that exceed 10% of the total value.

The increase in trade payables as at June 30, 2018 compared to December 31, 2017 is due to the fact that the balance as of June 30 pertains to purchases related to the fall/winter collection which has an average value higher when compared to the spring/summer collection making up the trade payable balance as of December, 31 and to the business growth.

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 June 30, 2018, the caption is detailed as follow:

<b>Other current and non-current liabilities</b>		
(Euro/000)	June 30, 2018	December 31, 2017
Deferred income and accrued expenses - current	3,013	4,563
Advances and payments on account to customers	8,489	4,738
Employee and social institutions	31,750	37,661
Tax accounts payable, excluding income taxes	4,814	13,036
Other current payables	6,973	8,026
<b>Other current liabilities</b>	<b>55,039</b>	<b>68,024</b>
Deferred income and accrued expenses - non-current	14,954	12,220
<b>Other non-current liabilities</b>	<b>14,954</b>	<b>12,220</b>
<b>Total</b>	<b>69,993</b>	<b>80,244</b>

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

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

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

## 5.12. Current tax assets and liabilities

Tax assets amount to Euro 19.7 million as at June 30, 2018 (Euro 38.4 million as at December 31, 2017) and pertain to receivables for advances paid on taxes.

<sup>4</sup> Taking account of the effects of the application of IFRS 15, the amount of Trade payables as at December 31, 2017 would have been Euro 172.1 million.

Tax liabilities amounted to Euro 16.7 million as at June 30, 2018 (Euro 36.7 million as at December 31, 2017). Those captions 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 June 30, 2018 are detailed in the following table:

<b>Provision for contingencies and losses</b> (Euro/000)	<b>June 30, 2018</b>	<b>December 31, 2017</b>
Other non current contingencies	5,131	4,946
<b>Total</b>	<b>5,131</b>	<b>4,946</b>

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

### 5.14. Pension funds and agents leaving indemnities

Pension funds and agents leaving indemnities as at June 30, 2018 are detailed in the following table:

<b>Employees pension funds</b> (Euro/000)	<b>June 30, 2018</b>	<b>December 31, 2017</b>
Pension funds	3,277	3,094
Agents leaving indemnities	2,559	2,558
<b>Total</b>	<b>5,836</b>	<b>5,652</b>

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

### 5.15. Financial liabilities

Financial liabilities as at June 30, 2018 are detailed in the following table:

<b>Borrowings</b> (Euro/000)	<b>June 30, 2018</b>	<b>December 31, 2017</b>
Short-term portion of long-term bank loans	0	2,098
Other short-term loans	23,903	23,104
<b>Short-term borrowings</b>	<b>23,903</b>	<b>25,202</b>
<b>Long-term borrowings</b>	<b>57,606</b>	<b>67,874</b>
<b>Total</b>	<b>81,509</b>	<b>93,076</b>

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Short-term borrowings include the current portion of long-term bank loans, and the caption Other short-term loans includes primarily the current portion of financial liabilities related to non-bank third parties.

Long-term borrowings include the portion expiring beyond one year related to non-bank third parties.

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

<b>Ageing of the financial liabilities</b> (Euro/000)	<b>June 30, 2018</b>	<b>December 31, 2017</b>
Within 2 years	11,477	26,251
From 2 to 5 years	38,889	36,182
Beyond 5 years	7,240	5,441
<b>Total</b>	<b>57,606</b>	<b>67,874</b>

The loans do not include covenants. The net financial position is detailed in the following tables:

<b>Net financial position</b> (Euro/000)	<b>June 30, 2018</b>	<b>December 31, 2017</b>
Cash and cash equivalents	325,376	394,144
Other short-term financial receivables	33	3,884
Debts and other current financial liabilities	(23,903)	(25,202)
Debts and other non-current financial liabilities	(57,606)	(67,874)
<b>Total</b>	<b>243,900</b>	<b>304,952</b>

<b>Net financial position</b> (Euro/000)	<b>June 30, 2018</b>	<b>December 31, 2017</b>
A. Cash in hand	568	1,655
B. Cash at banks and cash equivalents	324,808	392,489
C. Available for sale securities	0	0
<b>D. Liquidity (A)+(B)+(C)</b>	<b>325,376</b>	<b>394,144</b>
<b>E. Current financial assets</b>	<b>33</b>	<b>3,884</b>
F. Payable to banks, current	0	0
G. Current portion of long-term debt	0	(2,098)
H. Other current financial debt	(23,903)	(23,104)
<b>I. Current financial debt (F)+(G)+(H)</b>	<b>(23,903)</b>	<b>(25,202)</b>
<b>J. Net current financial debt (I)+(E)-(D)</b>	<b>301,506</b>	<b>372,826</b>
K. Payable to bank, non-current	0	0
L. Bonds issued	0	0
M. Other non-current payables	(57,606)	(67,874)
<b>N. Non-current financial debt (K)+(L)+(M)</b>	<b>(57,606)</b>	<b>(67,874)</b>
<b>O. Net financial debt (J)+(N)</b>	<b>243,900</b>	<b>304,952</b>

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

## 5.16. Shareholders' equity

Changes in shareholders' equity for the first half of 2018 and the comparative period are included in the consolidated statements of changes in equity.

As at June 30, 2018 the subscribed share capital constitute by 255,775,872 shares was fully paid and amounted to Euro 51,155,174.40 with a nominal value of Euro 0.20 per share.

During 2018, Moncler S.p.A. bought n. 2,100,000 treasury shares, equal to 0.8% of the share capital, for a total amount of Euro 73.4 million. As at June 30, 2018 4,100,000 treasury shares were held, equal to 1.6% of the share capital, for a total value of Euro 107.5 million.

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

In the first half 2018 the parent company distributed dividends to the Group Shareholders for an amount of Euro 70.5 million (Euro 45.5 million in 2017).

The increase of the share capital and the share premium reserve arises from the exercise of n. 4,431 vested options (for the same number of shares) in relation to the stock option plan approved by the shareholders' meeting of Moncler S.p.A. dated February 28, 2014 at the exercise price of Euro 10.20 per share and the exercise of n. 992,700 vested options (for the same amount of shares) in relation to the stock option plan approved by the shareholders' meeting of Moncler S.p.A. on April 23, 2015 at the exercise price of Euro 16.34 per share.

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

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

Other reserves includes 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 changes are mainly due to the differences resulting from the consolidation of the Japanese subsidiary, the American subsidiaries and the subsidiary of Hong Kong. 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 adj. reserve			Other OCI items		
	Value before tax effect	Tax effect	Value after tax effect	Value before tax effect	Tax effect	Value after tax effect
<b>Reserve as at January 1, 2017</b>	<b>5,273</b>	<b>0</b>	<b>5,273</b>	<b>(237)</b>	<b>42</b>	<b>(195)</b>
Changes in the period	(16,242)	0	(16,242)	687	(156)	531
Translation differences of the period	0	0	0	0	0	0
Reversal in the income statement of the period	0	0	0	0	0	0
<b>Reserve as at December 31, 2017</b>	<b>(10,969)</b>	<b>0</b>	<b>(10,969)</b>	<b>450</b>	<b>(114)</b>	<b>336</b>
<b>Reserve as at January 1, 2018</b>	<b>(10,969)</b>	<b>0</b>	<b>(10,969)</b>	<b>450</b>	<b>(114)</b>	<b>336</b>
Changes in the period	8,169	0	8,169	(8,974)	2,150	(6,824)
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
<b>Reserve as at June 30, 2018</b>	<b>(2,800)</b>	<b>0</b>	<b>(2,800)</b>	<b>(8,524)</b>	<b>2,036</b>	<b>(6,488)</b>

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### *Earning per share*

Earning per share for the half-year ended June 30, 2018 and June 30, 2017 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 June 30, 2018 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 2018	1H 2017
Net result of the period (Euro/000)	61,628	41,835
Average number of shares related to parent's Shareholders	252,484,459	251,487,462
Earnings attributable to Shareholders (Unit of Euro)	0.24	0.17
Diluted earnings attributable to Shareholders (Unit of Euro)	0.24	0.17

## 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

The Moncler Group’s results are influenced by various factors linked to seasonality, which are typical of the fashion and luxury industry in which the Group operates.

The Moncler Group’s first trend of seasonality depends on sales typical of the wholesale distribution channel, where sales revenues are concentrated in the first and third quarters of each fiscal year. Sales are in fact concentrated in the months of January, February and March, when the third-party resellers buy the goods for the spring/summer collection, and in the months of July, August and September, when purchases are made for the fall/winter collection.

Another trend related to seasonality of the Moncler Group pertains to the invoicing of sales for the retail distribution channel which is mainly concentrated in the second half of the year and, in particular, in the last quarter of each fiscal year when customers buy products from the fall/winter collection, which is the Group’s traditional strength.



As a result, the interim results may not contribute equally to the financial results achieved by the Group during the year. In addition, this seasonality combined with other factors such as the change over time of the relationship between retail and wholesale results could make it impossible to compare the results of the same interim periods of several years.

Finally, the sales trend and the dynamics of the production cycles have an impact on the net working capital and net debt, which are at their peaks during the months of September and October, while the months of November, December and January are characterized by high cash generation.

## 8. COMMITMENTS AND GUARANTEES GIVEN

### 8.1. Commitments

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

As at June 30, 2018, the outstanding operating lease balance was as follows:

Operating lease commitments - future minimum payments (Euro/000)	Less than 1 year	Between 1 and 5 years	Beyond 5 years	Total
DOS	65,516	193,567	97,309	356,392
Outlet	6,007	20,946	14,398	41,351
Other buildings	7,545	12,763	2,222	22,530

### 8.2. Guarantees given

As at June 30, 2018 the Group had given the following guarantees:

Guarantees and bails given (Euro/000)	June 30, 2018	December 31, 2017
Guarantees and bails given for the benefit of:		
Third parties/companies	16,361	14,726
<b>Total guarantees and bails</b>	<b>16,361</b>	<b>14,726</b>

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](http://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 2018 related party transactions mainly relate to trading transactions carried out on an arm’s length basis with the following parties:

- Yagi Tsusho Ltd, counterparty to the transaction which led to the establishment of Moncler Japan Ltd. acquires finished products from Moncler Group companies (Euro 41.9 million in the first half of 2018 and Euro 32.6 million for the same period last year) and then sells them to Moncler Japan Ltd. (Euro 47.7 million in the first half of 2018 and Euro 38.4 million 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 share holder of Moncler Istanbul Giyim ve Tekstil Ticaret Ltd. Sti, provide services to that company by virtue of the contract signed at the time of incorporation of the company. Total costs recognized for the first half of 2018 amount to Euro 0.1 million (Euro 0.07 million in the first half of 2017).
- 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 2018 amount to Euro 0.3 million (Euro 0.3 million in the first half of 2017) and total costs recognized for the first half of 2018 amount to Euro 0.08 million (Euro 0.04 million in the first half of 2017).
- Shinsegae International Inc., counterparty to the transaction which led to the establishment of Moncler Shinsegae Inc., provided services to the latter pursuant to a contract agreed upon its establishment. Such services ended in 2017. In the first half of 2017 the costs amounted to Euro 0.04 million.

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

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

Compensation paid of the members of the Board of Directors in the first half 2018 are Euro 2,478 thousand (Euro 1,808 thousand in the first half 2017).

Compensation paid of the members of the Board of Auditors in the first half 2018 are Euro 81 thousand (Euro 89 thousand in the first half 2017).

In the first half of 2018 total compensation paid to executives with strategic responsibilities amounted to Euro 1,432 thousand (Euro 1,170 thousand in the first half 2017).

In the first half of 2018 the costs relating to Stock Option Plans and Performance shares plan (described in section 10.2) referring to members of the Board of Directors and Key management personnel amount to Euro 4,202 thousand (Euro 3,890 thousand in the first half 2017).

The following tables summarize the aforementioned related party transactions that took place during the first half of 2018 and the comparative period.

(Euro/000)	Type of relationship	Note	June 30, 2018	%	June 30, 2017	%
Yagi Tsusho Ltd	Distribution agreement	a	41,920	(35.3)%	32,591	(32.8)%
Yagi Tsusho Ltd	Distribution agreement	a	(47,745)	40.2%	(38,441)	38.7%
GokseTekstil Kozmetik Sanayi ic ve dis ticaret limited sirketi	Service agreement	b	(115)	0.2%	(69)	0.1%
La Rotonda S.r.l.	Trade transactions	c	256	0.1%	253	0.1%
La Rotonda S.r.l.	Trade transactions	d	(80)	0.0%	(39)	0.0%
Shinsegae International Inc.	Trade transactions	b	0	0.0%	(42)	0.1%
Directors, board of statutory auditors and executives with strategic responsibilities	Labour services	b	(3,658)	5.9%	(2,793)	5.5%
Executives with strategic responsibilities	Labour services	d	(333)	0.2%	(273)	0.2%
Directors and executives with strategic responsibilities	Labour services	e	(4,202)	33.7%	(3,890)	38.9%
<b>Total</b>			<b>(13,957)</b>		<b>(12,703)</b>	

a effect in % based on cost of sales

b effect in % based on general and administrative expenses

c effect in % based on revenues

d effect in % based on selling expenses

e effect in % based on non recurring expenses

(Euro/000)	Type of relationship	Note	June 30, 2018	%	December 31, 2017	%
Yagi Tsusho Ltd	Trade payables	a	(30,921)	15.0%	(9,676)	5.8%
Yagi Tsusho Ltd	Trade receivables	b	22,489	31.8%	9,674	8.0%
Gokse Tekstil Kozmetik Sanayi ic ve dis ticaret limited sirketi	Trade payables	a	(8)	0.0%	(46)	0.0%
La Rotonda S.r.l.	Trade receivables	b	406	0.6%	771	0.6%
La Rotonda S.r.l.	Trade payables	a	(39)	0.0%	(120)	0.1%
Directors, board of statutory auditors and executives with strategic responsibilities	Other current liabilities	c	(2,354)	4.3%	(3,909)	5.7%
<b>Total</b>			<b>(10,427)</b>		<b>(3,306)</b>	

a effect in % based on trade payables

b effect in % based on trade receivables

c effect in % based on other current liabilities

## HALF-YEAR FINANCIAL REPORT

The following tables summarize the weight of related party transactions on the captions of the consolidated financial statements.

(Euro/000)	June 30, 2018				
	Revenue	Cost of sales	Selling expenses	General and administrative expenses	Stock based compensation
Total related parties	256	(5,825)	(413)	(3,773)	(4,202)
Total consolidated financial statements	493,544	(118,659)	(178,490)	(61,935)	(12,465)
weight %	0.1%	4.9%	0.2%	6.1%	33.7%

(Euro/000)	June 30, 2018		
	Trade receivables	Trade Payables	Other current liabilities
Total related parties	22,895	(30,968)	(2,354)
Total consolidated financial statements	70,616	(205,576)	(55,039)
weight %	32.4%	15.1%	4.3%

(Euro/000)	June 30, 2017				
	Revenue	Cost of sales	Selling expenses	General and administrative expenses	Stock based compensation
Total related parties	253	(5,850)	(312)	(2,904)	(3,890)
Total consolidated financial statements	407,643	(99,293)	(154,036)	(51,148)	(10,012)
weight %	0.1%	5.9%	0.2%	5.7%	38.9%

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

## 10.2. Stock option plans

The Half-year Consolidated Financial Statements at June 30, 2018 reflects the values of the Stock Option Plans approved in 2014 and 2015, the Performance Share Plan approved in 2016 and the Performance Share Plan approved in 2018.

With regard to “Top Management and Key People” and “Corporate Structure” stock option plans approved in 2014, please note that:

- The vesting period ended with the approval of the consolidated financial statements as at December 31, 2016. 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 exercise price of the options is equal to Euro 10.20 and allows for the subscription of shares in the ratio of one ordinary share for every option exercised;
- The net equity increase following the exercise of the vested options of the plans amounted to Euro 45 thousand; there is no effect on the income statement of the first half 2018.
- As at June 30, 2018, 2,252 options for the “Corporate Structure” Plan are still in circulation, after that, during the first half of 2018, 4,431 options were exercised.

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 December 31, 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 June 30, 2020 at the latest;
- The exercise price of the options is equal to Euro 16.34 and allows for the subscription of shares in the ratio of one ordinary share for every option exercised;
- The fair value of 2015 Plan was estimated at the grant date using the Black-Scholes method, based on the following assumptions:
  - share price at the grant date of the options Euro 16.34;
  - estimated life of options equal to the period from the grant date to the following estimated exercise: May 31, 2019;
  - dividend yield 1%;
  - fair value per tranches Euro 3.2877.
- The effect on the income statement of the first half of 2018 amounts to Euro 0.5 million, while the increase of the net equity for the exercise of the vested options of the Plan amounts to Euro 16.2 million.

## HALF-YEAR FINANCIAL REPORT

- As at June 30, 2018 152,300 options are still in circulation, after that, during the first half of 2018, 992,700 options were exercised.

On April 20, 2016, the shareholders' meeting of Moncler approved the adoption of a stock grant plan entitled "2016-2018 Performance Shares Plan" ("2016 Plan") addressed to Executive Directors and/or Key Managers, and/or employees, and/or collaborators, and/or external consultants of Moncler S.p.A. and of its subsidiaries, which have strategically relevant roles or are otherwise capable of making a significant contribution, with a view to pursuing 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 June 29, 2017 assigned 365,500 Moncler Rights.

As at June 30, 2018 there are still in circulation 2,261,000 rights related to the first cycle of attribution (the effect on the income statement on the first half of 2018 amounted to Euro 7.7 million) and 350,500 rights related to the second cycle of attribution (the effect on the income statement in the first half of 2018 amounted to Euro 1.6 million).

On April 16, 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.

As at June 30, 2018 there are still in circulation 1,362,690 rights related to the first cycle of attribution. The effect on the income statement on the first half of 2018 amounted to Euro 2.2 million.

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](http://www.monclergroup.com), in the "Governance" section.

### 10.3. Significant non-recurring events and transactions

On May 4, 2018, Moncler Board of Directors, putting into effect the resolutions adopted by the Shareholders' Meeting of April 16, 2018, resolved to implement the stock grant plan denominated "2018-2020 Performance Shares Plan" approved by that Shareholders' Meeting and, as a consequence, approved the plan's implementation regulation and resolved the granting of 1,365,531 shares to 99 beneficiaries, including also Executive Directors and Key Managers of the Group.

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 2018.

### 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.

(Euro/000)					
June 30, 2018	Current	Non-current	Fair value	Level	
<b>Financial assets measured at fair value</b>					
Interest rate swap used for hedging	-	-	-		
Forward exchange contracts used for hedging	33	-	33		2
Sub-total	33	-	33		
<b>Financial assets not measured at fair value</b>					
Trade and other receivables <sup>(*)</sup>	70,616	24,290			
Cash and cash equivalents <sup>(*)</sup>	325,376	-			
Sub-total	395,992	24,290	-		
<b>Total</b>	<b>396,025</b>	<b>24,290</b>	<b>33</b>		

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

## HALF-YEAR FINANCIAL REPORT

(Euro/000)				
June 30, 2018	Current	Non-current	Fair value	Level
<b>Financial liabilities measured at fair value</b>				
Interest rate swap used for hedging	-	-	-	2
Forward exchange contracts used for hedging	(7,384)	-	(7,384)	2
Other financial liabilities	(16,519)	(57,606)	(74,125)	3
Sub-total	(23,903)	(57,606)	(81,509)	
<b>Financial liabilities not measured at fair value</b>				
Trade and other payables (*)	(221,038)	-	-	
Bank overdrafts (*)	-	-	-	
Short-term bank loans (*)	-	-	-	
Bank loans	-	-	-	3
Sub-total	(221,038)	-	-	
<b>Total</b>	<b>(244,941)</b>	<b>(57,606)</b>	<b>(81,509)</b>	

(Euro/000)				
December 31, 2017	Current	Non-current	Fair value	Level
<b>Financial liabilities measured at fair value</b>				
Interest rate swap used for hedging	-	-	-	2
Forward exchange contracts used for hedging	(1,250)	-	(1,250)	2
Other financial liabilities	(21,854)	(67,874)	(89,728)	3
Sub-total	(23,104)	(67,874)	(90,978)	
<b>Financial liabilities not measured at fair value</b>				
Trade and other payables (*)	(179,976)	-	-	
Bank overdrafts (*)	-	-	-	
Short-term bank loans (*)	-	-	-	
Bank loans	(2,098)	-	(2,098)	3
Sub-total	(182,074)	-	(2,098)	
<b>Total</b>	<b>(205,178)</b>	<b>(67,874)</b>	<b>(93,076)</b>	

(\*) 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.

## 11. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No significant events occurred after the end of the period.

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## HALF-YEAR FINANCIAL REPORT

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

## HALF-YEAR FINANCIAL REPORT

### 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 2018.

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, July 25, 2018

CHAIRMAN OF THE BOARD OF  
DIRECTORS AND CHIEF EXECUTIVE OFFICER

Remo Ruffini

EXECUTIVE OFFICER RESPONSIBLE  
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 statements of comprehensive income, financial position, changes in equity and cash flows and notes thereto, as at and for the six months ended 30 June 2018. 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



**Moncler Group**

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and for the six months ended 30 June 2018 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Treviso, 27 July 2018

KPMG S.p.A.

(signed on the original)

Francesco Masetto  
Director of Audit