

MONNALISA S.P.A.: BOARD OF DIRECTORS APPROVES HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2018

The Group continues its international expansion, with strong growth for the retail channel

- Consolidated revenues at 25 million euro (+9% at constant exchange rates and +6% at current exchange rates with respect to 30 June 2017)
- High double-digit growth for the retail and online channels, at 39% and 53% respectively at constant exchange rates (+34% and +53% respectively at current exchange rates)
- 9 new direct points of sale inaugurated (3 closures) during the half year and 15 more openings planned by the first quarter of 2019.

Arezzo, 30 September 2018 – Monnalisa (Aim Italia -Ticker MNL), a leading company in the high-end children's clothing sector, announces that the Board of Directors has approved the consolidated half-year financial report as at 30 June 2018, prepared in accordance with the AIM Italia/Market Alternative Capital Issuers Regulation.

Christian Simoni, CEO of Monnalisa, stated that: " *The half-year report confirms the soundness of our strategy, especially with regard to the investments in the retail channel, which continues to grow at a fast pace. We are launching some innovative projects aimed at integrating the distribution channels, also through a redefinition of the customer experience, which will be one of the pillars of the strategy in the medium term*".

Analysis of consolidated revenues

In the first half of 2018, the Company recorded consolidated revenues of 24.9 million euro, up 6% at current exchange rates (+9% at constant exchange rates) compared to 23.5 million euro as at 30 June 2017. Growth in the retail and e-commerce channels was very significant.

Revenues by Distribution Channel

The revenues by distribution channel recorded impressive growth in the retail and B2C channels, respectively +34% and +53% at current exchange rates and +39% and +53% at constant exchange rates. This performance was in line with the Group's growth strategy aimed at developing the retail channel, whose weight on the consolidated revenues rose by 4 pp, through the opening of new direct points of sale mainly abroad. The drop in sales in the wholesale channel is linked to the interrupted relationship with a Russian client which had 4 TPOS (Third Party Operated Stores) in Moscow, three of which were only recently reopened as DOS (Directly Operated Stores), and the purchase of a business unit of a large US client in two Monnalisa single-brand points of sale.



in thousands of €	Half-year ended 30 June				% Chg.	% Chg. at constant exchange rates
	2018	% of revenues	2017	% of revenues		
Retail	5,554	22%	4,128	18%	35%	39%
Wholesale	17,071	68%	17,842	76%	-4%	-2%
B2C (direct and indirect)	2,314	9%	1,502	6%	54%	54%
Total	24,939	100%	23,471	100%	6%	9%

Revenues by Geographic Area

Revenues by geographic area are growing in Italy, above all as a result of the performance of the retail channel, and in Europe, which grew by 13% and 18% respectively at current exchange rates. There was a slight drop in the Rest of the World geographic area, which nevertheless grew by 1% at constant exchange rates, exclusively linked to the performance of the channel in Russia and in the United States of America already mentioned above, and the exchange rate effect.

in thousands of €	Half-year ended 30 June				% Chg.	% Chg. at constant exchange rates
	2018	% of revenues	2017	% of revenues		
Italy	8,336	33%	7,381	31%	13%	13%
Europe	6,571	26%	5,594	24%	17%	18%
Rest of the world	10,032	40%	10,496	45%	-4%	1%
Total	24,939	100%	23,471	100%	6%	9%

Analysis of the Income Statement

Monnalisa's reported EBITDA at 30 June was approximately 2.3 million euro. At constant exchange rates, the reported EBITDA would have been 2.7 million euro, down 8% on the first half of 2017.

In the first half of 2018, the Group continued to make investments for the opening of direct stores in implementation of the business plan. The new openings, which are still in the middle of the start-up phase, had a negative impact on margins, with the use of resources, particularly for structural costs (personnel and rents), that was more than proportional to the increase in turnover. In addition, some new openings and renovations were delayed with respect to the planned timing, resulting in costs being incurred, without earning the associated expected revenues.

Monnalisa's adjusted EBITDA as at 30 June 2018 amounted to around 3.1 million euro, in line with the adjusted EBITDA of 3.2 million euro for 2017.

The adjustments to the reported EBITDA, totalling 0.8 million euro, were attributable to:

- non-recurring sales: upon the transfer to the new warehouse in the first half of

2018, aimed at improving the efficiency of logistics flows and the use of space, with the sale of some older sample collections and second choices;

- non-recurring costs related to the restructuring of the DOS in New York;
- non-recurring marketing and promotion costs related to the Company's 50th anniversary, which have been fully expensed.

Adjusted EBITDA at constant exchange rates would have been 3.5 million euro, up 10% on the Adjusted EBITDA in the corresponding half year of 2017.

However, it should be noted that the project for the creation and sale of a summer pre-collection was launched for the first time in 2017, during the last quarter of the year. This change in the production and sales process means that the results as at 30 June 2018 are not fully comparable with those as at 30 June 2017. Normalising this effect, EBITDA at 30 June 2018 would have been approximately 3.9 million euro.

It should be noted that "Normalised EBITDA" will no longer be reported in future press releases as it was calculated solely to make the figures for the first half of 2018 comparable with those for the first half of 2017 and will no longer be necessary to make future half-yearly or annual figures comparable.

Net Profit amounted to 0.6 million euro, down on 30 June 2017, due to the impact of the non-recurring operations described above.

The Net Financial Position as at 30 June 2018 was 12.7 million euro compared to 8.2 million euro as at 31 December 2017. This increase was mainly due to the investments related to the development of the retail channel and the completion of the work for the new warehouse.

Significant events after the end of the first half of 2018

On 10 July 2018, the Company's ordinary shares were admitted to trading on AIM Italia/MAC. The admission to listing took place following the placement of a total of 1,290,800 ordinary shares, of which 1,236,300 shares connected with a paid capital increase and 54,500 shares put up for sale by the controlling shareholder, Jafin Due S.p.A. The placement price of the ordinary shares was set at 13.75 euro, with a capitalisation of the Company at the start of trading of 72 million euro and a free float of approximately 25% of the share capital.

Outlook

Industrial investments, whose financial coverage has been ensured by the new equity obtained through the listing on the AIM Italia market, will continue as planned. In particular, in the second half of 2018, the Group will set up two companies, one in Turkey and one in Taiwan, with the aim of opening direct points of sale in those markets. These initiatives will be accompanied by the new openings in Marcianise, at the La Reggia outlet, planned for the end of September, in Philadelphia, in mid-October, in Istanbul, at the new airport, in November, and in Sawgrass, in Miami, in December. A resolution is currently being passed to increase the share capital of the Chinese subsidiary, with the aim of supporting further growth in the country and the opening of two new points of sale, one in Shenzhen and one in Tianjin.

Lastly, further cash has been injected into the US subsidiary. The project for the expansion in the United States has accelerated significantly in 2018, with the purchase of two stores in New York and Beverly Hills and the completion of negotiations for entry into the King of Prussia mall, in Philadelphia, and the Sawgrass Mill mall, in Miami.

The following Group financial statements are attached to this press release:

- Attachment 1. - Consolidated Balance Sheet
- Attachment 2. - Consolidated Income Statement
- Attachment 3. - Consolidated Cash Flow Statement

The consolidated half-year financial report at 30 June 2018 will be made available to the public in accordance with the terms and conditions set out in the AIM Italia Issuers' Regulations, and on the website of Monnalisa S.p.A. <https://www.monnalisa.eu/it/> in the "Investor Relations" section.

Monnalisa S.P.A.

*Monnalisa, a company operating in the high-end children's clothing sector for more than 50 years, was established in Arezzo in 1968. It distributes **to more than 60 countries** through direct flagship stores, the most prestigious Department Stores in the world and more than 750 multibrand points of sale, with a turnover of **47.7 million euro in 2017**. The high-quality and fashionable range is combined with significant investments in research and development, great social awareness and compliance with SA8000 standard and the environmental certification ISO 14001. The company has been Elite-Borsa Italiana certified since April 2016.*

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Attachment 1. - Consolidated Balance Sheet

ASSETS	30.06.2018	31.12.2017
A) Subscribed capital unpaid		32
B) Fixed Assets		
I - Intangibles Assets		
3) Industrial Patent and Intellectual Property Rights	127,925	185,987
4) Concessions, licences, trademarks and similar rights	572	1,134
5) Goodwill	2,305,906	697,953
6) Work in progress and advance payments	211,487	
7) Other	1,653,469	1,646,670
Total Intangible assets	4,299,359	2,531,744
II - Tangible Assets		
1) Land and Buildings	3,271,150	3,309,586
2) Plants and equipment	2,186,961	750,665
3) Industrial and Commercial Equipment	243,034	240,034
4) Other Assets	2,451,742	2248172
5) Work in progress and advance payments	8,166,952	8,803,434
Total Tangible Assets	16,319,839	15,351,891
III - Financial Assets		
1) Equity investments in:		
D bis) other companies	8,624	8,624
Total Equity Investments	8,624	8,624
2) Receivables		
d bis) due from others		
beyond 12 months	257,5	257,5
3) Other Securities	1,200,000	1,200,000
Total Financial Assets	1,466,124	1,466,124
B) Total Fixed Assets	22,085,321	19,349,759
C) Current Assets		
I - Inventory		
1) Raw, supplies and consumable materials	2,064,749	2,023,132
2) Work in progress and semi-finished products	1,718,964	1,618,539
4) Finished products and goods	12,677,674	13,064,076
5) Advances	79,55	68,515
Total inventory	16,540,937	16,774,262

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II - Receivables		
1) Due from customers		
- within 12 months	11,884,748	11,107,829
Total Due from customers	11,884,748	11,107,829
5-bis) Tax Receivables		
- within 12 months	3,896,391	4,314,994
Total Tax Receivables	3,896,391	4,314,994
5-ter) Deferred tax assets		
- within 12 months	1,333,140	593,029
Total Deferred tax assets	1,333,140	593,029
5-quater) Due from others		
- within 12 months	1,387,558	1,644,052
- beyond 12 months	153,03	119,593
Total Due from others	1,540,589	1,763,645
Total Receivables	18,654,867	17,779,497
III - Financial Assets (other than fixed assets)		
5) Derivative financial instrument assets	2,462	7,667
Total financial assets (other than fixed assets)	2,462	7,667
IV - Cash and cash equivalents		
1) Bank and postal deposits	2,521,925	2,746,976
3) Cash on hand	75,505	64,947
Total cash and cash equivalents	2,597,430	2,811,923
C) Totale current assets	37,795,697	37,373,349
D) Accrued income and prepaid expenses		
Prepaid expenses	555,178	133,554
D) Total accrued income and prepaid expenses	555,178	133,554
TOTAL ASSETS	60,436,196	56,856,694



LIABILITIES AND SHAREHOLDERS' EQUITY	30.06.2018	31.12.2017
A) Shareholders' equity		
I Share capital	2,064,000	2,064,000
III Revaluation reserve	2,959,446	2,959,446
IV Legal reserve	943,276	943,276
VI - Other reserves, indicated separately		
Translation differences	(627,007)	(554,92)
Other reserves	51,576	51,576
Total other reserves	(575,431)	(503,344)
VII - Cash flow hedge reserve	1,258	(23,275)
VIII Profit (loss) carried forward	23,752,443	21,504,228
IX Profit (loss) for the period	642,242	2,248,215
Total Group Shareholders' equity	29,787,233	29,192,546
Minority and shareholders' assets		
Third party capital and reserves	8,974	5,252
Profit (loss) attributable to minority interests	(2,704)	5,439
Total Minority shareholders' assets	6,270	10,691
Total Shareholders' equity	29,793,503	29,203,237
B) Provisions for risks and charges		
1) Provisions for pensions or similar obligations	50,165	59,621
2) Provisions for taxes, including deferred	45,035	58,658
3) Derivative financial instrument liabilities	-	38,292
4) Other	256,855	372,855
Total provisions for risks and charges	352,054	529,426
C) Employee termination indemnities	1,530,523	1,426,921
D) Payables		
4) Payables due to banks		
- within 12 months	13,165,105	8,278,706
- beyond 12 months	3,549,754	4,199,011
Total payables due to banks	16,714,859	12,477,717
6) Advances		
- within 12 months	1,186,900	1,405,190
Total advances	1,186,900	1,405,190
7) Trade payables		
- within 12 months	7,848,412	9,546,033
Totale trade payables	7,848,412	9,546,033
12) Tax payables		
- within 12 months	1,092,587	583,226
Total tax payables	1,092,587	583,226
13) Payables to pension funds and social security agencies		

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- within 12 months	345,828	395,378
Total payables to pension funds and social security funds	345,828	395,378
14) Other payables		
- within 12 months	1,260,488	1,169,914
- beyond 12 months	187,475	87,804
Total other payables	1,447,963	1,257,718
Total payables	28,636,548	25,665,262
E) Accrued liabilities and deferred income		
Accrued liabilities	123,566	31,848
Total accrued liabilities and deferred income	123,566	31,848
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	60,436,196	56,856,694



Attachment 2. - Consolidated Income Statement

	30.06.2018	30.06.2017
A) Value of Production		
1) Revenues from sales	24,938,575	23,471,461
2) Changes in inventories of work in progress, semi-finished goods and finished products	(449,31)	1,582,132
4) Capitalization of internal work	12,31	38,033
5) Other revenues and income	1,008,297	868,573
Total value of production	25,509,873	25,960,199
B) Costs of Production		
6) Raw materials, consumables and goods for resale	7,203,179	8,263,239
7) Services	8,127,479	8,564,668
8) Use of third-party assets	2,581,231	1,813,643
9) Personnel Costs		
a) Wages and salaries	3,766,521	3,049,072
b) Social security charges	852,215	769,012
c) Termination indemnities	135,809	96,02
d) Pensions and similar obligations	62,895	72,589
e) Other costs	138,803	31,975
Total personnel Costs	4,956,243	4,018,668
10) Amortization, depreciation and write-downs		
a) Amortization of intangible fixed assets	764,811	693,061
b) Depreciation of tangible fixed assets	465,187	420,663
d) Write-downs of receivables in current assets and cash and cash equivalents	47,902	175,2
Totale amortization, depreciation and write-downs	1,277,901	1,288,924
11) Change in inventory of raw, ancillary, consumable materials and goods	(41,617)	(411,666)
14) Other operating costs	363,691	194,924
Total production costs	24,468,107	23,732,400
Difference between value and production cost (A-B)	1,041,766	2,227,799
C) Financial income and expenses		
16) Other financial income:		
b) from securities classified as fixed assets	15	15
d) others	9,854	13,838
Totale financial income	24,854	28,838
17) Interests and other financial expenses		

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- other	243,578	207,539
<i>Total financial expenses</i>	243,578	207,539
<i>17-bis) Losses and gains on currency exchange</i>	49,763	-381,812
Total financial income and expenses	(168,961)	(560,513)
D) Value adjustments to financial assets		
<i>18) Write-backs:</i>		
d) financial derivative instruments	37,095	23,952
<i>Totale write-backs</i>	37,095	23,952
<i>19) Write-downs:</i>		
d) financial derivative instruments	25,145	
<i>Total write-downs</i>	25,145	
Total value adjustments to financial assets (D)	11,95	23,952
Profit/(Loss) before taxes (A-B±C±D)	884,755	1,691,238
a) Current taxes	543,012	777,984
b) Deferred taxes	(297,795)	(208,743)
<i>Total Income, current, deferred taxes</i>	245,217	569,241
21) Profit (loss) for the year	639,538	1,121,997
<i>Profit (loss) attributable to the Group</i>	642,242	1,119,867
<i>Profit (loss) attributable to minority interests</i>	(2,704)	2,13



Attachment 3. - Consolidated Cash Flow Statement

Description	Period ending 30/06/2018	Period ending 30/06/2017
A) Cash flows from operating activities		
Profit (loss) for the year	639,538	1,121,996
Income Tax	245,217	569,241
Financial income and expenses	218,724	178,702
(Dividends)		
(Capital gains)/Capital losses from asset disposals		
1) Profit (loss) of the year before taxes, interests, dividends and capital gains/losses on disposal	1,103,479	1,869,939
Adjustments for non-monetary items that did not have any counterpart in net working capital		
Provisions	217,751	180,451
Amortization of fixed assets	1,229,998	1,113,724
Write-downs for long-term losses in value		
Adjustment of the value of financial assets and liabilities of derivative financial instruments that do not involve monetary movements	(10,250)	(8,294)
Other adjustments, either increasing or decreasing, of non-monetary elements		
Total adjustments for non-monetary items that did not have any counterpart in net working capital	1,437,499	1,285,881
2) Cash flows before changes in net working capital	2,540,978	3,155,820
Variations in net working capital		
Decrease/(increase) in inventory	233,234	(1,904,473)
Decrease/(increase) in trade receivables	(776,919)	(186,701)
Increase/(decrease) in trade payables	(1,697,621)	(913,191)
Decrease/(increase) in accrued income and prepaid expenses	(421,624)	(315,943)
Increase/(decrease) in accrued liabilities and deferred income	91,718	6,117
Other decrease/(other increase) in net working capital	(74,504)	(767,041)
Total variations in net working capital	(2,496,617)	(4,081,232)
3) Cash flows after charges in net working capital	44,361	(925,412)
Other adjustments		
Interests collected/(paid)	(218,724)	(178,702)
Paid income taxes		
Collected dividends		
(Use of provisions)	(239,606)	(244,213)
Other collections/(payments)	(72,109)	(680,466)
Total other adjustments	(530,439)	(1,103,381)
CASH FLOWS FROM OPERATING ACTIVITIES (A)	(486,077)	(2,028,793)
B) Cash flows from investment activities		
Tangibles fixed assets		
(Investments)	(1,473,134)	(1,395,105)
Disposals	40,484	
Intangible fixed assets		
(Investments)	(2,532,427)	(1,365,479)
Disposals		
Financial fixed assets		
(Investments)		(300,000)
Disposals		
Financial non-fixed assets		
(Investments)		
Disposals		
(Purchase of subsidiaries net of cash and cash equivalents)		
Divestment of subsidiaries net of cash and cash equivalents		
CASH FLOWS FROM INVESTMENT ACTIVITIES (B)	(3,965,561)	(3,060,584)

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C, Cash flows from financing activities		
Third party resources		
Increase (decrease) in short-term bank loans	4,886,399	436,452
New loans	1,500,000	2,249,785
(Repayment of loans)	(2,149,257)	
Own resources		
Capital increases against payment		
(Repayment of capital)		
Sale (purchase) of treasury stocks		
(Dividends and pre-payments on paid dividends)		
CASH FLOWS FROM FINANCING ACTIVITIES (C)	4,237,142	2,686,237
Change in cash and net cash equivalents (A+-B+-C)	(214,493)	(2,043,142)
Exchange rate consequence on cash and net cash equivalents		
Initial cash and cash equivalents	2,811,923	4,013,087
Bank and postal deposits	2,746,976	3,976,409
Checks		
Cash on hand	36,678	36,678
Final cash and cash equivalents	2,597,430	1,609,645
Bank and postal deposits	2,521,925	1,555,134
Checks		1,717
Cash on hand	75,505	53,095