

PRESS RELEASE

MONNALISA: 2019 REVENUES OF EURO 47.9 MILLION, OF WHICH 67% OVERSEAS; RETAIL CHANNEL GROWS 26%

- Revenues of Euro 47.9 million (Euro 49.1 million in 2018), of which 67% overseas
- High double-digit retail channel growth (+26% at current exchange rates, +24% at like-for-like exchange rates), with revenues of Euro 15.5 million (Euro 12.3 million in 2018)
- Adjusted EBITDA¹ of Euro 0.26 million (Euro 7.3 million in 2018)
- Adjusted² Net Result reports loss of Euro 2.5 million (profit of Euro 2.8 million in 2018)
- Net financial debt of Euro 3.4 million (Net cash of Euro 2.5 million at December 31, 2018)
- 14 new direct sales points opened in 9 countries, with a total (net of closures) of 48 direct sales points at 31/12/19
- Launch of new online direct sales platform, with gradual sales growth over the beginning of 2020
- New spring-summer 2021 collections under full development and major digital-oriented commercial development initiatives rolled out, in full compliance with the new working methods dictated by the COVID-19 pandemic, including the launch of the virtual showroom and new methods for customer interaction also at boutiques

Arezzo (AR), April 24, 2020

The Board of Directors of **Monnalisa S.p.A.**, the operative holding company of the Monnalisa Group, the high-end childrenswear leader and listed on the AIM Italia market organised and managed by Borsa Italiana, met today and approved the consolidated and separate financial statements at December 31, 2019.

Christian Simoni, Chief Executive Officer of Monnalisa, stated:

“Our Group in 2019 continued its major international expansion, through the development of the retail channel and more generally of the direct consumer channel - with growth of 26%, despite the significant slowdown of sales in Hong Kong, consolidating the Monnalisa brand identity across the world - as confirmed by the 67% of turnover from overseas. Store openings and closings not only targeted expansion, but also greater channel profitability, which continues to be impacted by the number of stores in the initial start-up or start-up phase, while with a medium-term outlook for results. An unpredicted heightening of the difficulties on the childrenswear wholesale market in the second half of the year, particularly in Europe, unfortunately more than offset the retail channel growth and was the main factor impacting margins in the year. The initial months of 2020 began very well, with solid growth both for comparable direct mono-brand stores - also in China until the initial weeks of January - and on the wholesale channel. The Covid-19 emergency thereafter stalled this development. In this regard, I currently consider it too early to make an exact estimate of the potential impact on our business, particularly in view of the uncertainty on the timing and the methods for reopening, in addition to the potential for the movement of people in all countries in which we operate. We are however preparing to deal with the various possible scenarios by undertaking numerous digitally-focused initiatives, including the launch of a virtual showroom and the boosting of the online sales platform. However, with great satisfaction I report that the Monnalisa brand in the initial months of 2020 was highly appreciated among the online specialised childrenswear platforms. We have continued the design of the new collections, which will again focus on creativity and fashion, alongside the creation of fashion "masks" that have already been very successful on the social channels. Despite having launched all of these initiatives, the Board of Directors of Monnalisa, with a great sense of responsibility and on the basis of prudence, has decided to incorporate a negative outlook for 2020 to the policies for drafting the 2019

¹ EBITDA adjusted for extraordinary costs for DOS openings and closures in the year and a number of one-off costs incurred.

² Net Result is adjusted not only for the extraordinary items relating to DOS openings during the year (including related amortisation and depreciation) and some one-off costs incurred during the period, but also for the extraordinary items (including the expected impact of Covid 19 on future estimates) relating to the write-down of goodwill of the US subsidiary and the cancellation of the receivable for deferred tax assets of the Chinese and Brazilian subsidiaries.

financial statements. We have also postponed all investments which are not strictly necessary or which are not already in progress, and have undertaken a series of initiatives to improve our capacity for resilience, although we expect a gradual recovery in the second half of the year. We are striving to be ready for a safe start for our partners and employees, who, in compliance with the workplace safety regulations, have continued to operate, allowing us to continue deliveries of online sales and, where possible, the production of items for the autumn-winter 2020 season and the samples for the spring-summer 2021 season. Based on the principle of solidarity and consistent with our sense of corporate social responsibility, we have donated to many local institutions a significant number of masks that we have directly produced, including in a format designed specifically for children.”

Consolidated Key Financial Highlights

Sales **revenues** amounted to approx. Euro 48 million, compared to Euro 49 million in the previous year. In line with the Group’s growth strategy, retail channel revenues grew to Euro 15.5 million (Euro 15.3 million at like-for-like exchange rates), respectively up 26% and 24% on Euro 12.3 million in 2018. The retail channel was up 7 points on the previous year, thanks to the opening of new direct sales points, mainly overseas.

Direct e-commerce revenues remained stable on the previous year. During the second half of the year, a major project to introduce a new e-commerce platform, a CRM system and a marketing automation system began. The new direct online sales website was launched in December. Despite the number of months necessary for the fine tuning of the project, in the initial months of 2020 sales grew gradually, and the average value of transactions and the conversion rate particularly improved.

Wholesale channel revenues were Euro 30.9 million at current and like-for-like exchange rates, compared to Euro 35.3 million in the previous year. The drop in sales mainly follows both the interruption to relations with the Japanese importer - where Monnalisa is working to launch the retail market independently - and the transfer to the concessions category of the client Harrods, which from the current year is included in the retail channel.

in thousands of €	2019	% of revenues	2018	% of revenues	Chg.
Retail	15,531	32%	12,334	25%	3,197
Wholesale	30,950	65%	35,333	72%	(4,383)
B2C	1,453	3%	1,463	3%	(10)
Total	47,934	100%	49,129	100%	(1,196)

in thousands of €	2019	% of revenues	2018	% of revenues	Chg.
Retail	15,299	32%	12,334	25%	2,965
Wholesale	30,887	65%	35,333	72%	(4,446)
B2C	1,453	3%	1,463	3%	(10)
Total	47,638	100%	49,129	100%	(1,491)

However, the wholesale channel suffered a decline in the second half of the year due to the worsening situation for the multi-brand distribution of children's clothing products, mainly in Italy and Russia, as well as the political and economic instability in certain key regions for Monnalisa and particularly in the Middle East. Wholesale revenues were impacted also by an increase in previous year returns, associated with the further bringing forward of the summer collection at the end of 2018.

The company's structure was calibrated for a higher level of wholesale revenues than that which materialised - which was not only down on our expectations, but significantly lower than 2018. In fact, any growth on the wholesale channel would not increase the relative costs, but a reduction would have an immediate impact on the operating margins of a channel that, according to the supposed scenarios, should have contributed to the growth and economic support of the

retail channel in the start-up phase. For this reason, the BoD intends to value specific strategies to support the future growth of the wholesale channel.

Accessory operating revenues also significantly decreased in the year. In 2018, they contributed significantly to total earnings and revenues.

Revenues by region indicate high single-digit growth for Europe at 7% at like-for-like exchange rates, following the strong contribution from the UK subsidiary. A more considerable contraction was reported in Italy, where the increase in retail channel revenues did not offset the decrease on the independent multi-brand channel. The sales performance for comparable stores was impacted by the reduced sales of the Hong Kong sales points, following the major social disruption which hit the country in the second half of the year.

in thousands of €	2019	% of revenues	2018	% of revenues	Chg.
Italy	15,745	33%	16,876	34%	(1,131)
Europe	13,011	27%	12,256	25%	755
Rest of the World	19,178	40%	19,997	41%	(819)
Total	47,934	100%	49,129	100%	(1,196)

in thousands of €	2019	% of revenues	2018	% of revenues	Chg.
Italy	15,745	33%	16,876	34%	(1,131)
Europe	13,135	28%	12,256	25%	879
Rest of the World	18,758	39%	19,997	41%	(1,239)
Total	47,638	100%	49,129	100%	(1,491)

In terms of **mono-brand stores**, the Group implemented its development plan in 2019. 14 new direct sales points were opened, 10 of which in the June-December period, which however contributed to increasing direct costs related to personnel (+17%) and rental (+38%), in addition to the increased amortisation and depreciation for investments, in the absence however of a proportional increase in revenues. During the year, 8 sales points were closed, 6 of which in the second half of the year, in order to improve the channel's earnings. A number of closures ahead of that stipulated contractually impacted the income statement, in support of "way out" costs and for the full depreciation of the relative assets.

Reported EBITDA saw a loss of Euro 2.9 million (loss of Euro 2.8 million at like-for-like exchange rates), compared to a profit of Euro 5.2 million in 2018.

Adjusted EBITDA was approx. Euro 0.26 million (Adjusted EBITDA in 2018 of Euro 7.3 million). The adjustments to EBITDA concern the DOS openings and closures in the year and a number of one-off costs incurred in the period, in view of the fact that - in line with the business plan - many openings and as many closures were made in an amount to be considered entirely "extraordinary".

Amortisation and depreciation rose 1.4 million over 2018, following the major investments made over recent years, including the new warehouse and the new headquarters, already fully operative in 2019.

The choice to incorporate the estimates on the impact of the current global health emergency to the company's results led the Group prudently to amend the valuation of certain items. In particular, the Company carried out the discounted cash-flow analysis to identify the presence of any impairment indicators relating to investments in subsidiaries, using as a starting point the business plans of the subsidiaries for the years 2020-2024 drawn up and approved by the Board of Directors taking into account the likely negative effects of Covid-19. This resulted in a write-down of goodwill of the US company and the elimination of the deferred tax assets of the Chinese and Brazilian subsidiaries, impacting the result for approx. Euro 2 million.

Reported EBIT was a loss of Euro 7.5 million (profit of Euro 2.1 million in 2018), while adjusted EBIT was a loss of Euro 2.9 million, including the prudential valuation of the goodwill of the US subsidiary, as well as the adjustments on amortisation and depreciation related to the opening of new DOS during the year.

A **Net Loss** of Euro 8.4 million was reported (profit of Euro 1.3 million in 2018).

The **Adjusted Net Result** was a loss of Euro 2.5 million, including the prudent elimination of the deferred tax assets receivable on the Brazilian and Chinese subsidiaries, in light of the assessment of the Covid-19 impact on future estimates.

The **Net Financial Position** was a debt position of Euro 3.4 million, against a Cash position of Euro 2.5 million at December 31, 2018, also due to investment activities, which absorbed financial resources of approx. Euro 3.7 million, of which Euro 2 million for retail channel development. Residual investments concerned the completion of the offices at the new building and the construction of the new showroom in Arezzo. Despite the negative result, net of investment activities, the cash absorption from operating activities was limited.

The Group reports shareholders' equity of Euro 38.9 million.

Proposal for the allocation of the result for the year

The Board of Directors approved the proposal to the Shareholders' Meeting to approve the separate financial statements at December 31, 2019 and to cover the loss by using prior year profits carried forward.

Subsequent events and outlook

2020 began with the unforeseeable effects of the COVID-19 pandemic, which continues to impact the globe.

The developing situation was tackled immediately, with the activation of exceptional measures to reduce the risks of spreading the virus and ensure the safety of employees and customers in direct stores, in Italy and in all other countries where Monnalisa is present. A dedicated emergency management team was set up at the beginning of March, executing all possible initiatives to prepare the Group for the altered environment.

From the middle of March, in advance of parliament, the Company ordered the closure of the showrooms and direct sales points in Italy and thereafter, from March 23, the closure of the company in compliance with the "Italian Care Decree". These measures are still in force.

The stores managed directly by the Group's subsidiaries have been gradually closed, adapting to the spread of the pandemic, first in the East, and then since March, in France, the United States, Spain, Belgium, Brazil, the United Kingdom, Russia and Turkey, in accordance with local legislation. The e-commerce channel continued to operate regularly, being among the few activities permitted during the lockdown.

In terms of personnel, the use of accrued holidays and leave has been promoted, while thereafter the company introduced the Temporary Lay-Off Scheme. Each of the subsidiaries has made use of the national legislation in force regarding social security benefits for its sales staff, and therefore using leave and holidays accrued in the first instance as well as applying the local lay-off schemes, or opting for the payment by the individual State of part or all of the cost of personnel, or have put employees on unpaid leave so as to allow them to receive unemployment benefits. For all Italian employees, a special insurance policy was taken out to cover personal risks from Covid-19.

Contacts with property owners were immediately initiated, so as to suspend rents at least for the period of closure of the sales outlets, for their restructuring or at least for the revision of payment terms. All costs not considered strictly necessary have been minimised, both at the direct store level and at corporate level, in addition to those dedicated to sales support. The investment forecasts for the current year have been scaled down, confirming only investments already contracted. On the wholesale channel, summer merchandise had already been almost fully supplied before the pandemic began, but the closure of multi-brand customer outlets is lengthening the time to collect trade receivables. The order backlog for the winter collection, on the other hand, which was also almost completely collected before the emergency, was subject to some cancellations, both to eliminate customer orders and due to the consequences of the pandemic on sales considered to be at greater risk, both to lessen procurement and the consequent risk of an increase

in inventories linked to possible, although still not formalised, requests for order reductions or customer closures. However, management has worked to focus such cancellations or quantity reductions on lower margin models.

To date, visibility on the impact on the year's sales is still limited. However, the almost total lack of collections in March and the drastic contraction in April, as well as the foreseeable reduction also in the initial months following the end of the lockdown, have resulted in measures to defer payments. It is expected that revenues in 2020 might sharply contract (as in the whole fashion sector). In addition to the almost two months of interruption, it is reasonable to expect a reduction even post-reopening. The cost containment measures in place, the help of the lay-off scheme, discounts from suppliers, combined with lower costs for services and rents will be the main levers we will use to offset as much as possible the resulting loss of profitability.

In terms of liquidity, the recent "Liquidity Decree" represents a possible form of financial support and discussions in this regard with the banking institutions have already begun. In addition to this, we are also evaluating other instruments to extend the payment terms for some supplies.

In the past few weeks, production was converted for the manufacture of disposable surgical masks, supplied free of charge to the Health Authority, the police and the local administration of the city of Arezzo. The company is continuing to produce masks in a specific patterned fabric format for children from 6 years old. They have already been supplied to the paediatrics department in Arezzo and will be given as a gift to customers on the e-commerce channel, and subsequently extended to direct sales outlets. From the month of May, following the great success also on social channels, some models will be introduced for sale along with items from our collections.

Since April 14, in Italy, children's shops have been authorised to reopen although, in order to protect employees and to organize a safe restart for everyone, Monnalisa has decided to begin with openings by appointment, also in line with that envisaged for many other luxury brands.

At the same time, an exception has been requested for the completion of the production of garments for online sales and the company has just restarted. Overseas suppliers are completing the winter processing orders. Monnalisa has however continued to work remotely on the research and development of the Spring-Summer 2021 samples and is preparing for the possible collection of orders online, using also internally developed photographic material. In fact, we continue to look ahead, beyond the crisis, and we believe that maintaining our competitive advantage in terms of delivery times will be a key factor for a successful a re-start over the coming seasons.

The Group has also launched a series of digital-oriented initiatives to adapt the working methods of the commercial network and maintain interaction with customers.

In particular, a project has been launched for the creation of virtual showrooms, as well as the redefinition of the relationship with boutique customers, who shall be welcomed by appointment only through a "fashion atelier" type service, and with whom we are sharing content and product presentations through social media casting. The creation of the new collections also continues. The fashion and creativity that has always been at the heart of the Group's philosophy remains the source of inspiration.

Shareholders' Meeting Call

The Board of Directors, in accordance with the applicable statutory and regulatory provisions, called the Shareholders' Meeting for May 25, 2020 in first call, and for May 27, 2020 in second call, to approve the 2019 Annual Accounts and allocate the net result. The Shareholders' Meeting call notice shall be published in accordance with law and as per the By-Laws. The documentation concerning the 2019 Statutory and Consolidated Annual Accounts shall be filed at the registered office and will be made available on the company website (www.monnalisa.eu).

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This Press Release is available on the company website www.monnalisa.eu/it/, in the "Investor Relations/Press Releases" section and at www.emarketstorage.com.

Monnalisa SpA (Aim Italia -Ticker MNL), listed on the AIM Italia market since July 12, 2018 and engaged in the high-end childrenswear segment for fifty years, was founded in Arezzo in 1968. It distributes **in over 60 countries**, both through direct flagship stores and at the world's best-known Department Stores and over 700 multibrand sales points. Focusing on high-quality and made in Italy style, its research and development investment is matched by a commitment to sustainability. The company complies with the SA8000 regulation and environmental certification ISO 14001. The company has been Elite-Borsa Italiana certified since April 2016.

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The following financial statements are annexed to this press release:

- Annex 1 - Separate Balance Sheet at 31/12/2019
- Annex 2 - Separate 2019 Income Statement
- Annex 3 - Separate Cash Flow Statement at 31/12/2019
- Annex 4 - Consolidated Balance Sheet at 31/12/2019
- Annex 5 - Consolidated 2019 Income Statement
- Annex 6 - Consolidated Cash Flow Statement at 31/12/2019

Annex 1 - Separate Balance Sheet at 31/12/2019

ASSETS	31.12.2019	31.12.2018
A) Subscribed capital unpaid		
B) Fixed Assets		
I - Intangibles Assets		
1) Start-up and expansion costs	801,718	1,068,957
3) Industrial Patent and Intellectual Property Rights	292,352	134,118
4) Concessions, licences, trademarks and similar rights	-	-
5) Goodwill	816,599	951,168
6) Work in progress and advance payments	-	-
7) Other	606,479	493,754
Total Intangible assets	2,517,147	2,647,997
II - Tangible Assets		
1) Land and Buildings	10,991,664	11,100,937
2) Plants and equipment	3,614,796	3,943,110
3) Industrial and commercial equipment	49,961	19,509
4) Other Assets	2,533,885	2,258,065
5) Work in progress and advance payments	5,400	-
Total Tangible Assets	17,195,707	17,321,621
III - Financial Assets		
1) Equity investments in:		
a) Subsidiary companies	5,607,869	7,237,761
d bis) other companies	8,624	8,624
Total Equity Investments	5,616,493	7,246,385
2) Receivables		
a) due from subsidiary companies		
- within 12 months	5,288,274	3,804,851
- beyond 12 months	486,137	-
d bis) due from others		
- within 12 months	223,689	246,834
- beyond 12 months	-	100,000
3) Other Securities	1,200,000	1,200,000
Total Financial Assets	12,814,594	12,598,071
B) Total Fixed Assets	32,527,447	32,567,689
C) Current Assets		
I - Inventory		
1) Raw, supplies and consumable materials	2,343,643	2,413,883
2) Work in progress and semi-finished products	1,734,271	1,672,876
4) Finished products and goods	11,009,408	11,025,603
5) Advances	84,393	82,098
Total inventory	15,171,715	15,194,460
II - Receivables		
1) Due from customers		
- within 12 months	9,486,407	10,513,732
Total Due from customers	9,486,407	10,513,732
2) due from subsidiary companies		
- within 12 months	7,799,480	5,481,765

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Total Due from subsidiary companies	7,799,480	5,481,765
5-bis) Tax Receivables		
- within 12 months	2,196,843	3,146,237
Total Tax Receivables	2,196,843	3,146,237
5-ter) Deferred tax assets		
- within 12 months	378,723	356,582
Total Deferred tax assets	378,723	356,582
5-quater) Due from others		
- within 12 months	715,412	493,759
Total Due from others	715,412	493,759
Total Receivables	20,576,864	19,992,075
III - Financial Assets (other than fixed assets)		
5) Derivative financial instrument assets	11,811	59,304
Total financial assets (other than fixed assets)	11,811	59,304
IV - Cash and cash equivalents		
1) Bank and postal deposits	6,429,861	10,938,834
3) Cash on hand	49,533	52,983
Total cash and cash equivalents	6,479,394	10,991,817
C) Totale current assets	42,239,784	46,237,656
D) Accrued income and prepaid expenses		
Prepaid expenses	765,693	313,248
D) Total accrued income and prepaid expenses	765,693	313,248
TOTAL ASSETS	75,532,924	79,118,592

LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2019	31.12.2018
A) Shareholders' equity		
I Share capital	10,000,000	10,000,000
II Share premium reserve	9,063,125	9,063,125
III Revaluation reserve	2,959,446	2,959,446
IV Legal reserve	1,108,276	943,276
VI Other reserves, indicated separately		
Other reserves	189,187	51,575
Total other reserves	189,187	51,575
VII - Cash flow hedge reserve	8,364	44,459
VIII Profit (loss) carried forward	28,033,652	25,045,707
IX Profit (loss) for the period	(5,077,544)	3,290,556
X Negative reserve for own portfolio shares	(149,915)	-
Total Equity	46,134,591	51,398,144
B) Provisions for risks and charges		
1) Provisions for pensions or similar obligations	59,397	54,257
2) Provisions for taxes, including deferred	193,042	256,843
3) Derivative financial instrument liabilities	-	-
4) Other	1,412,828	600,855
Total provisions for risks and charges	1,665,267	911,955
C) Employee termination indemnities	1,809,749	1,607,423
D) Payables		
4) Payables due to banks		

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- within 12 months	8,127,152	5,902,497
- beyond 12 months	6,564,737	7,370,295
Total payables due to banks	14,691,889	13,272,793
6) Advances		
- within 12 months	719,059	871,287
Total advances	719,059	871,287
7) Trade payables		
- within 12 months	7,540,878	7,670,111
Totale trade payables	7,540,878	7,670,111
9) Payables to subsidiary companies		
- within 12 months	565,401	1,300,105
Total payables to subsidiary companies	565,401	1,300,105
12) Tax payables		
- within 12 months	371,547	324,963
Total tax payables	371,547	324,963
13) Payables to pension funds and social security agencies		
- within 12 months	537,102	492,303
Total payables to pension funds and social security funds	537,102	492,303
14) Other payables		
- within 12 months	1,107,670	1,145,408
- beyond 12 months	87,804	87,804
Total other payables	1,195,474	1,233,212
Total payables	25,621,351	25,164,773
E) Accrued liabilities and deferred income		
Accrued liabilities	1,967	36,297
Deferred income	300,000	-
Total accrued liabilities and deferred income	301,967	36,297
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	75,532,924	79,118,592

Annex 2 - Separate 2019 Income Statement

INCOME STATEMENT	31.12.2019	31.12.2018
A) Value of Production		
1) Revenues from sales	40,791,683	43,064,801
2) Changes in inventories of work in progress, semi-finished goods and finished products	45,200	(132,395)
5) Other revenues and income	1,712,057	2,921,817
Total value of production	42,548,940	45,854,223
B) Costs of Production		
6) Raw materials, consumables and goods for resale	14,393,905	14,666,955
7) Services	14,865,300	13,581,135
8) Use of third-party assets	2,684,070	2,623,328
9) Personnel Costs		
a) Wages and salaries	6,462,884	6,050,475
b) Social security charges	1,924,987	1,728,199
c) Termination indemnities	294,919	275,112
d) Pensions and similar obligations	175,307	154,413
e) Other costs	139,504	203,073
<i>Total personnel Costs</i>	<i>8,997,602</i>	<i>8,411,272</i>
10) Amortization, depreciation and write-downs		
a) Amortization of intangible fixed assets	671,695	776,011
b) Depreciation of tangible fixed assets	1,570,687	1,152,505
d) Write-downs of receivables in current assets and cash and cash equivalents	130,314	121,897
<i>Totale amortization, depreciation and write-downs</i>	<i>2,372,696</i>	<i>2,050,413</i>
11) Change in inventory of raw, ancillary, consumable materials and goods	70,240	(390,751)
14) Other operating costs	373,304	425,409
Total production costs	43,757,117	41,367,761
Difference between value and production costs (A-B)	(1,208,177)	4,486,461
C) Financial income and expenses		
16) Other financial income:		
b) from securities classified as fixed assets	30,000	30,000
d) others	57,559	44,706
<i>Totale financial income</i>	<i>87,559</i>	<i>74,706</i>
17) Interests and other financial expenses		
- other	373,553	373,993
<i>Total financial expenses</i>	<i>373,553</i>	<i>373,993</i>
17-bis) Losses and gains on currency exchange	222,207	(48,274)
Total financial income and expenses	(63,788)	(347,561)
D) Value adjustments to financial assets		
18) Write-backs:		
d) financial derivative instruments		37,095
<i>Totale write-backs</i>		<i>37,095</i>
19) Write-downs:		
a) equity investments in subsidiary companies	3,862,385	30,000
d) financial derivative instruments	17,125	21,767
<i>Total write-downs</i>	<i>3,879,510</i>	<i>51,767</i>

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Total value adjustments to financial assets (D)	(3,879,510)	(14,672)
Profit/(Loss) before taxes (A-B±C±D)	(5,151,475)	4,124,229
a) Current taxes		661,809
b) Deferred taxes	(73,931)	171,864
<i>Total Income, current, deferred taxes</i>	<i>(73,931)</i>	<i>833,673</i>
21) Profit (loss) for the period	(5,077,544)	3,290,556

Annex 3 - Separate Cash Flow Statement at 31/12/2019

CASH FLOW STATEMENT CASH AND CASH EQUIVALENTS	31.12.2019	31.12.2018
A) Cash flow from operating activities (indirect method)		
Profit for the period	(5,077,544)	3,290,556
Income tax	(73,931)	833,673
Interest expenses/(income)	285,994	299,286
(Dividends)	-	-
(Gains)/losses on asset disposals	(525)	(847,962)
1) Profit for the period before taxes, interest, dividends and capital gains/losses on disposals	(4,866,006)	3,575,552
Non-cash adjustments not impacting working capital		
Provisions	1,405,025	356,897
Amortisation & depreciation	2,242,382	1,928,516
Impairments	3,118,732	-
Adjustments to non-cash financial instrument assets and liabilities	19,547	(13,236)
Other non-cash increases/(decreases)	-	-
Non-cash adjustments not impacting working capital	6,785,686	2,272,177
2) Cash flow before working capital changes	1,919,680	5,847,730
Change in net working capital		
Decrease/(Increase) in inventories	22,745	(271,938)
Decrease/(Increase) in trade receivables	1,027,325	(1,202,858)
Increase/(Decrease) in trade payables	(863,938)	(124,574)
Decrease/(Increase) in accrued income and prepaid expenses	(469,570)	(194,069)
Increase/(Decrease) in accrued liabilities and deferred income	265,670	35,161
Other Decreases/(Other Increases) in net working capital	(1,926,616)	(961,874)
Total changes in net working capital	(1,944,384)	(2,720,152)
3) Cash flow after net working capital changes	(24,704)	3,127,577
Other adjustments		
Interest received/(paid)	(285,994)	(299,286)
(Income taxes paid)	(250,586)	(1,068,603)
Dividends received	-	-
(Utilisation of provisions)	(385,587)	(148,818)
Other receipts/(payments)	-	-
Total other adjustments	(922,167)	(1,516,708)
Cash flow from operating activities (A)	(946,871)	1,610,870
Tangible fixed assets		
(Investments)	(1,444,772)	(3,451,632)
Divestments	(1,447,702)	(3,603,669)
Divestments	3,455	152,037
Intangible fixed assets		
(Investments)	(540,845)	(2,237,440)
(Investments)	(540,845)	(2,237,440)
Divestments	-	-
Financial fixed assets		
(Investments)	(2,849,117)	(4,204,088)
(Investments)	(2,992,262)	(4,204,088)
Divestments	143,145	-

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Current financial assets	-	-
(Investments)	-	-
Divestments	-	-
Cash flow from investing activities (B)	(4,834,734)	(9,893,160)
Third party funds		
Increase/(Decrease) in short-term bank payables	1,989,611	(2,376,209)
New loans	2,000,000	6,500,000
(Repayment of loans)	(2,570,514)	(3,428,717)
Own funds	-	-
Paid-in share capital increase	-	16,999,125
(Repayment of share capital)	-	-
Disposal/(Acquisition) of treasury shares	(149,915)	-
(Dividends and advances on dividends paid)	-	-
Cash flow from financing activities (C)	1,269,182	17,694,199
Increase/(decrease) in cash and cash equivalents (A ± B ± C)	(4,512,423)	9,411,909

Opening cash and cash equivalents	10,991,817	2,811,923
Bank and postal deposits	10,938,834	1,524,060
Cheques	-	-
Cash on hand	52,983	55,845

Closing cash and cash equivalents	6,479,394	10,991,817
Bank and postal deposits	6,429,861	10,938,834
Checks	-	-
Cash on hand	49,533	52,983

Annex 4 - Consolidated Balance Sheet at 31/12/2019

ASSETS	31.12.2019	31.12.2018
A) Subscribed capital unpaid		
B) Fixed Assets		
I - Intangibles Assets		
1) Start-up and expansion costs	859,656	1,074,411
3) Industrial Patent and Intellectual Property Rights	318,551	153,444
5) Goodwill	909,103	2,145,599
6) Work in progress and advance payments	0	138,258
7) Other	2,074,589	1,916,097
Total Intangible assets	4,161,899	5,427,809
II - Tangible Assets		
1) Land and Buildings	10,991,664	11,100,937
2) Plants and equipment	3,811,577	4,186,066
3) Industrial and commercial equipment	518,590	315,309
4) Other Assets	3,011,673	2,469,890
5) Work in progress and advance payments	5,400	64,871
Total Tangible Assets	18,338,905	18,137,073
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		
- within 12 months	0	959,567
- beyond 12 months	1,712,281	0
3) Other Securities	1,200,000	1,200,000
Total Financial Assets	2,920,906	2,168,191
B) Total Fixed Assets	25,421,710	25,733,073
C) Current Assets		
I - Inventory		
1) Raw, supplies and consumable materials	2,351,518	2,414,560
2) Work in progress and semi-finished products	1,734,271	1,672,876
4) Finished products and goods	14,339,822	13,657,266
5) Advances	84,393	82,098
Total inventory	18,510,004	17,826,800
II - Receivables		
1) Due from customers		
- within 12 months	9,611,253	11,257,074
Total Due from customers	9,611,253	11,257,074
5-bis) Tax Receivables		
- within 12 months	3,231,350	3,735,433
Total Tax Receivables	3,231,350	3,735,433
5-ter) Deferred tax assets		
- within 12 months	1,159,190	1,604,390
Total Deferred tax assets	1,159,190	1,604,390
5-quater) Due from others		
- within 12 months	825,071	715,704
Total Due from others	825,071	715,704
Total Receivables	14,826,864	17,312,601

III - Financial Assets (other than fixed assets)		
5) Derivative financial instrument assets	11,811	59,304
Total financial assets (other than fixed assets)	11,811	59,304
IV - Cash and cash equivalents		
1) Bank and postal deposits	8,280,643	13,518,370
3) Cash on hand	76,242	60,379
Total cash and cash equivalents	8,356,884	13,578,749
C) Totale current assets	41,705,563	48,777,454
D) Accrued income and prepaid expenses		
Prepaid expenses	891,683	373,478
D) Total accrued income and prepaid expenses	891,683	373,478
TOTAL ASSETS	68,018,956	74,884,006

LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2019	31.12.2018
A) Shareholders' Equity		
I Share capital	10,000,000	10,000,000
II Share premium reserve	9,063,125	9,063,125
III Revaluation reserve	2,959,446	2,959,446
IV Legal reserve	1,108,276	943,276
VI Other reserves, indicated separately		
Translation differences	(608,669)	(717,937)
Other reserves	189,187	51,576
Total other reserves	(419,482)	(666,361)
VII Cash flow hedge reserve	8,364	44,459
VIII Profit (loss) carried forward	24,740,642	23,751,400
IX Profit (loss) for the period	(8,415,516)	1,291,853
X Negative reserve for own portfolio shares	(149,915)	-
Total Group Shareholder's Equity	38,894,939	47,387,198
Third Party capital and reserves	12,394	8,999
Profit (loss) attributable to minority interests	(6,691)	1,486
Total Minority Shareholder's Equity	5,703	10,485
Total Shareholder's Equity	38,900,642	47,397,683
B) Provisions for risks and charges		
1) Provisions for pensions or similar obligations	59,397	54,257
2) Provisions for taxes, including deferred	264,928	256,843
4) Other	489,175	420,855
Total provisions for risks and charges	813,499	731,955
C) Employee termination indemnities	1,809,749	1,607,423
D) Payables		
4) Payables due to banks	8,127,152	5,733,506
- within 12 months	6,564,737	7,779,400
- beyond 12 months	14,691,889	13,512,906
Total payables due to banks		
5) Payable due to other financial institutions		
- within 12 months		11,865
- beyond 12 months		-
Total payable due to other financial institutions		11,865
6) Advances		
- within 12 months	951,813	1,324,853
Total advances	951,813	1,324,853

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7) Trade payables		
- within 12 months	7,942,570	7,758,687
Totale trade payables	7,942,570	7,758,687
12) Tax payables		
- within 12 months	580,504	425,632
Total tax payables	580,504	425,632
13) Payables to pension funds and social security agencies		
- within 12 months	540,079	492,303
Total payables to pension funds and social security funds	540,079	492,303
14) Other payables		
- within 12 months	1,252,322	1,400,026
- beyond 12 months	87,804	87,804
Total other payables	1,340,126	1,487,829
Total payables	26,046,982	25,014,074
E) Accrued liabilities and deferred income		
Accrued liabilities	148,084	132,871
Deferred Income	300,000	-
Total accrued liabilities and deferred income	448,084	132,871
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	68,018,956	74,884,006

Annex 5 - Consolidated 2019 Income Statement

INCOME STATEMENT	31.12.2019	31.12.2018
A) Value of Production		
1) Revenues from sales	47,933,614	49,129,438
2) Changes in inventories of work in progress, semi-finished goods and finished products	605,945	546,466
4) Capitalization of internal work	115,404	30,897
5) Other revenues and income	1,449,109	3,035,942
Total value of production	50,104,072	52,742,743
B) Costs of Production		
6) Raw materials, consumables and goods for resale	14,560,070	14,801,858
7) Services	17,749,429	16,153,629
8) Use of third-party assets	7,219,293	5,609,186
9) Personnel Costs		
a) Wages and salaries	9,488,898	8,068,473
b) Social security charges	2,173,685	1,874,913
c) Termination indemnities	304,053	281,358
d) Pensions and similar obligations	233,571	154,413
e) Other costs	238,925	235,075
<i>Total personnel Costs</i>	<i>12,439,131</i>	<i>10,614,232</i>
10) Amortization, depreciation and write-downs		
a) Amortization of intangible fixed assets	1,667,622	1,799,370
b) Depreciation of tangible fixed assets	1,798,122	1,281,960
c) Write-downs of other assets	1,087,556	
d) Write-downs of receivables in current assets and cash and cash equivalents	146,630	121,897
<i>Totale amortization, depreciation and write-downs</i>	<i>4,699,930</i>	<i>3,203,226</i>
11) Change in inventory of raw, ancillary, consumable materials and goods	63,332	(391,431)
14) Other operating costs	952,186	611,198
Total production costs	57,683,370	50,601,898
Difference between value and production costs (A-B)	(7,579,298)	2,140,845
C) Financial income and expenses		
16) Other financial income:		
b) from securities classified as fixed assets	30,000	30,000
d) others	12,988	24,725
<i>Totale financial income</i>	<i>42,988</i>	<i>54,725</i>
17) Interests and other financial expenses		
-other	430,289	423,767
<i>Total financial expenses</i>	<i>430,289</i>	<i>423,767</i>
17-bis) Losses and gains on currency exchange	87,101	(75,051)
Total financial income and expenses	(300,200)	(444,094)
D) Value adjustments to financial assets		
18) Write-backs:		
d) financial derivative instruments	-	37,095
<i>Totale write-backs</i>	<i>-</i>	<i>37,095</i>
19) Write-downs:		
d) financial derivative instruments	17,125	21,767
<i>Total write-downs</i>	<i>17,125</i>	<i>21,767</i>

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Total value adjustments to financial assets (D)	(17,125)	15,328
Profit/(Loss) before taxes (A-B±C±D)	(7,896,623)	1,712,079
a) Current taxes	22,999	784,743
b) Deferred taxes	502,585	(366,002)
Total Income, current, deferred taxes	525,584	418,741
21) Profit (loss) for the period	(8,422,207)	1,293,338
Profit (loss) attributable to the Group	(8,415,516)	1,291,853
Profit (loss) attributable to minority interests	(6,691)	1,486

Annex 6 - Consolidated Cash Flow Statement at 31/12/2019

CASH FLOW STATEMENT CASH AND CASH EQUIVALENTS	31.12.2019	31.12.2018
A) Cash flow from operating activities (indirect method)		
Profit for the period	(8,422,207)	1,293,338
Income tax	525,584	418,741
Interest expenses/(income)	387,301	369,043
(Dividends)	-	-
(Gains)/losses on asset disposals	(525)	(847,962)
1) Profit for the period before taxes, interest, dividends and capital gains/losses on disposals	(7,509,847)	1,233,160
Non-cash adjustments not impacting working capital		
Provisions	661,373	326,897
Amortisation & depreciation	3,465,744	3,081,330
Impairments	1,087,556	-
Adjustments to non-cash financial instrument assets and liabilities	19,547	(13,236)
Other non-cash increases/(decreases)	3,543	-
Non-cash adjustments not impacting working capital	5,237,764	3,394,991
2) Cash flow before working capital changes	(2,272,084)	4,628,151
Change in net working capital		
Decrease/(Increase) in inventories	(683,204)	(1,052,539)
Decrease/(Increase) in trade receivables	1,229,127	(149,245)
Increase/(Decrease) in trade payables	183,883	(1,787,346)
Decrease/(Increase) in accrued income and prepaid expenses	(535,330)	(254,299)
Increase/(Decrease) in accrued liabilities and deferred income	315,213	101,023
Other Decreases/(Other Increases) in net working capital	408,480	1,864,756
Total changes in net working capital	918,169	(1,277,649)
3) Cash flow after net working capital changes	(1,353,914)	3,350,502
Other adjustments		
Interest received/(paid)	(387,301)	(369,043)
(Income taxes paid)	(406,548)	(1,271,802)
Dividends received	-	-
(Utilisation of provisions)	(385,587)	(148,818)
Other receipts/(payments)	-	(65,751)
Total other adjustments	(1,179,436)	(1,855,414)
Cash flow from operating activities (A)	(2,116,656)	1,495,088
Tangible fixed assets		
(Investments)	(1,643,032)	(4,067,141)
Divestments	(1,959,859)	(4,249,867)
Divestments	316,827	182,726
Intangible fixed assets		
(Investments)	(1,738,032)	(4,695,436)
Divestments	(1,738,032)	(4,695,436)
Divestments	-	-
Financial fixed assets		
(Investments)	(336,519)	-
Divestments	(479,664)	-
Divestments	143,145	-
Current financial assets		
(Investments)	-	-
Divestments	-	-
Cash flow from investing activities (B)	(3,717,583)	(8,762,577)
Third party funds		
Increase/(Decrease) in short-term bank payables	1,749,498	(2,376,209)

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New loans	2,000,000	6,740,113
(Repayment of loans)	(2,570,514)	(3,328,717)
Own funds	-	-
Paid-in share capital increase	-	16,999,125
(Repayment of share capital)	-	-
Disposal/(Acquisition) of treasury shares	(149,915)	-
(Dividends and advances on dividends paid)	-	-
Cash flow from financing activities (C)	1,029,069	18,034,312
Increase/(decrease) in cash and cash equivalents (A ± B ± C)	(5,221,864)	10,766,823
Opening cash and cash equivalents	13,578,750	2,811,923
Bank and postal deposits	13,518,370	2,746,976
Cheques	-	-
Cash on hand	60,379	64,947
Closing cash and cash equivalents	8,356,885	13,578,750
Bank and postal deposits	8,280,643	13,518,370
Checks	-	-
Cash on hand	76,242	60,379