



MONNALISA®

Investor Presentation
5 October 2020

MONNALISA[®]

- ❑ ***Overview and updates as at 1H 2020***
- ❑ *Digital transformation and Omnichannel: acceleration and focus*
- ❑ *Results as at 1H 2020*
- ❑ *Strategic guidelines*

Monnalisa Highlights

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- ⊕ Founded in 1968 by Piero Iacomoni, Monnalisa, based in Arezzo, operates in the high-end childrenswear (0-16 years) market
- ⊕ Operating only through its proprietary brand Monnalisa developed a unique competitive positioning, with a *full strategic autonomy* and a *focused investment strategy*
- ⊕ The complete product portfolio reflects the aim of creating a **lifestyle identity**: from apparel to footwear, passing through accessories, cosmetics and furniture
- ⊕ Selling in more than 60+ Countries through 47 Direct Stores and 500+ multibrand stores, Monnalisa generates **66% of its revenues outside Italy**
- ⊕ The fourth Italian player operating worldwide in the high-end childrenswear market
- ⊕ Listed on the AIM Italia market since July 2018
- ⊕ In 1H2020 3 new stores in France

Key Numbers as at 1H2020

60
Countries

47
Direct
Stores

500+
Multibrand
Stores

300+
Employees

Euro 15,1
ML
Revenues

66%
Exports



Worldwide presence as at 30/06/2020

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⊕ Monnalisa operates globally through:

47 Retail Stores as at 30/06/20: direct single brand stores and outlet (DOS and DOO);

500+ Wholesale Stores: independent multibrand and monobrand stores;

8 E-commerce platforms: 1 proprietary e-shop and 7 multibrand online marketplaces.



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YOOX.COM

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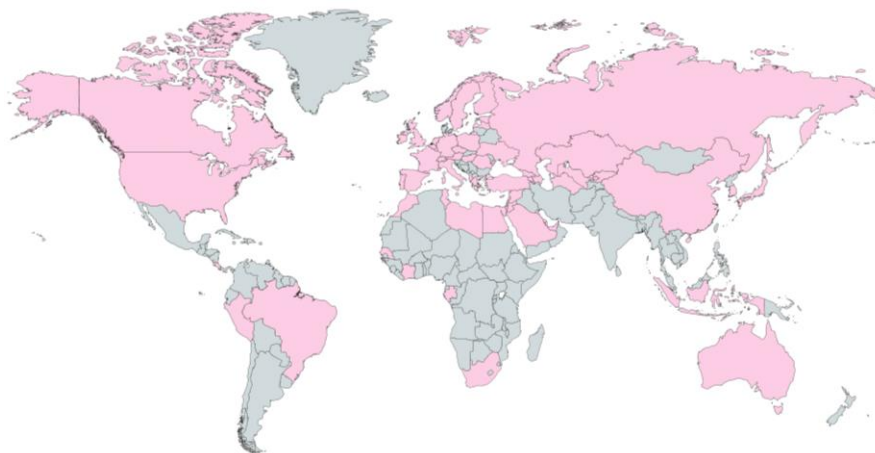
MELIJOE.COM



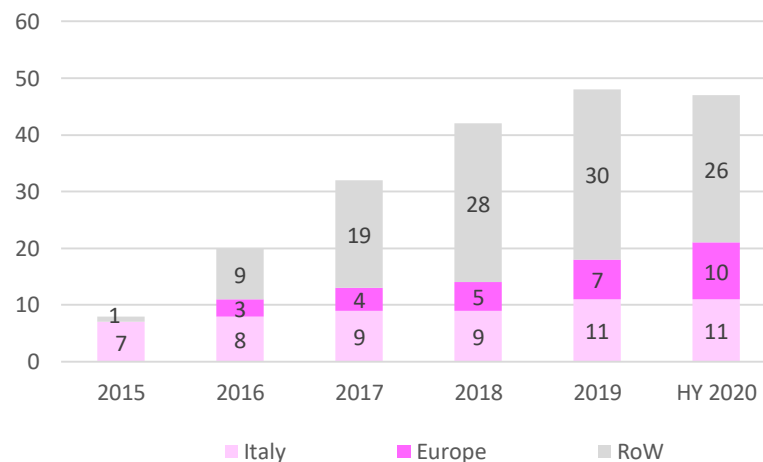
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⊕ 66% of HY2020 foreign sales

⊕ 60+ countries around the World
Geographical area expansion



Retail Evolution



****Europe:** Austria, Belgium, Cyprus, Finland, France, Germany, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and UK

Monobrand Stores Network Growth in 2020

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In HY 2020 we opened:

- ⊕ 3 in Galeries Lafayette (Haussmann Paris, Nizza Cap and Nizza Massena), France
- ⊕ 2 temporary stores in Japan

In third quarter 2020 we opened:

- ⊕ 1 new store at Marina Bay Sand in Singapore
- ⊕ 1 outlet store in Barberino (Firenze, IT)
- ⊕ 1 TPOS in New Dehli, India

9 stores with low traffic and profitability were closed (5 of which in the first semester)

3 more openings are planned by the end of the year.



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People

By February 2020, Monnalisa's management team had put in place initial **measures to combat the spread of Covid-19**. These measures were subsequently updated and supplemented as the situation developed. A "shared protocol to regulate the measures put in place to combat the spread of Covid-19 in the workplace" was adopted and signed by trade unions and trade associations.

Cost review

To contain non-strategic and deferrable costs, without impacting product quality and the medium-term operating outlook. **Operating cost control** included: the closure of under-performing sales points, the cutting and postponement of marketing spend, the renegotiation of rents, the use of government subsidies and business supports where existing, the voluntary reduction of remuneration by the Chairman and CEO, the voluntary reduction of remuneration by the creative director and two executives, all related parties.

Investing activity

Investing activity, limited exclusively to what agreed before the outbreak of the pandemic, used cash of approximately Euro 740 thousand, of which Euro 470 thousand was invested in intangible assets, specifically expenses incurred on third-party assets for the opening of direct stores and the costs incurred to develop the e-commerce site and the digital transformation.

Working methods

Working methods were being restructured according to the tasks performed by employees, introducing remote working as well as lay-off scheme on the basis of the COVID-19 outbreak. The lay-off scheme was paid in advance by the company and then reconciled with the INPS Uniemens system and is still in place month-by-month.

Monnalisa has stepped up its digital focus, adopting a **visual showroom platform** which hosted the SS21 sales campaign just after the lockdown ended, strongly promoting the collections and sharing technical, style and inspirational details with customers - particularly those overseas who cannot travel internationally and make their seasonal showroom visit.

We implemented a **new virtual showrooming platform** to:

- Accelerate the time to wholesale market
- Facilitate the access to our showroom to our clients during this Covid-19 emergency
- Reduce the number of collections
- Avoid the negative the Covid-19 slowdown of the industrial activities could have had on our sales campaign and on our ability to ensure early deliveries of the next spring-summer 2020 collection

This fast adoption was *possible only thanks to the digital transformation we have been implementing during the past two years*



On line to Off Line – O2O



⊕ Conversion rate increase

- CRM (start-up in december 2019, in progress);
- Marketing automation (start-up in december 2019, in progress);
- Inventory visibility e OMS (in progress)
- Loyalty program (start-up in 2020);

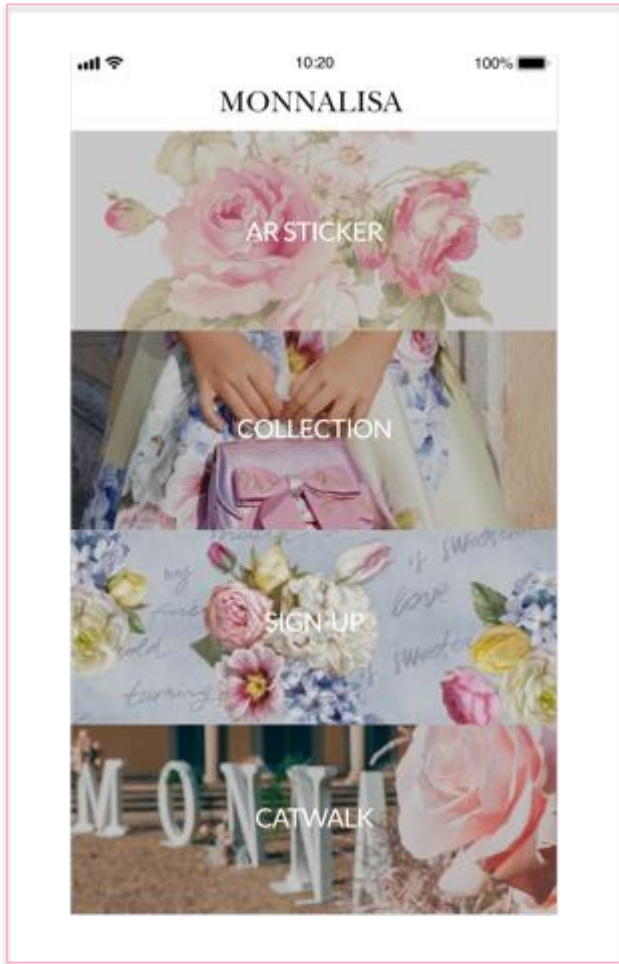
⊕ Efficiency increase

- Localized customer care, through synergies with retail (start-up in 2020);
- Localized delivery points: warehouses, DOS and DOO (start-up in 2020);
- Stocks optimization: algorithms for the product visibility based on the retail stores;

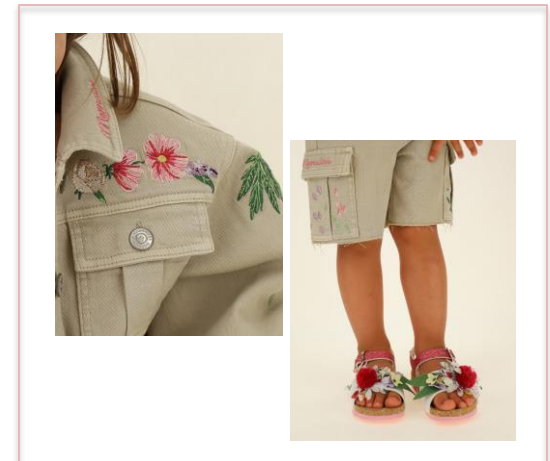
⊕ New customers-based services

- Multi-shipping (2020)
- Click and Collect (2020)

PIM (Product Information Management) and DAM (Digital Asset Management)



- Higher efficiency and effectiveness in managing product related information
 - ☐ Time-to-Market
 - 60% reduction of the new products uploading time;
 - Higher flexibility for uploading or changing information of new or existing products
 - ☐ Color options management (2020)



Gaming, Loyalty

- ⊕ Launch on Apple store and on Google Play of the first Monnalisa Consumer App (June 2020);
 - Buying through an app;
 - Augmented reality stickers;
 - Communication profiling and customization through marketing automation;
- ⊕ Loyalty program (2020);
- ⊕ In-store augmented reality (test phase July 2020)

Digital Culture

IT tools are not sufficient without an action plan aimed at consolidating and updating digital skills

- ⊕ SPARK: a program finalized to the creation of a targeted path to a customer-centric approach;
- ⊕ Including the new digital approach in the in-store customer experience;
- ⊕ Creation of new digital roles within the company;
- ⊕ Introduction of new KPIs;
- ⊕ Training on the new digital tools to increase our independence from external suppliers and to react more quickly to market requests and new trends

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	1H2020 (€/mn)	1H2019 (€/mn)
Revenues from sales	15,137	24,561
Total Revenues	15,387	24,980
EBITDA adjusted	-2,427	2,750
EBITDA reported	-6,196	1,936
EBIT	-7,879	0,318
Net Result	-6,796	-0,123

Adjusted EBITDA: Loss of Euro 2.4 million (Adjusted EBITDA profit in 2019 of Euro 2.8 million). The adjustments to EBITDA concerned the sales point openings and closings in the period, one-off costs incurred and the extraordinary items indicated above, regarding inventory, the doubtful debt accrual and the capital depreciations at the subsidiaries.

⊕ 1H20 Results have been affected by:

- the considerable drop in retail and wholesale channel revenues across all regions in which the Group operates due to COVID-19 pandemic
- the loss of margin on the wholesale channel for winter shipments which was entirely recovered in the third quarter of 2020, to which the winter collection shipments were postponed.
- the margin was also impacted by a number of capital depreciations at the subsidiaries following the closure of some stores during the period and in July and August.
- In view of the challenging economic environment arising from the pandemic, the company also reviewed its assumptions and estimates used to prepare the consolidated financial statements, carrying out an extraordinary adjustment to the expected realisable value of inventories - both raw materials and finished products - for a total of Euro 2.1 million and allocating a larger accrual to the Doubtful debt provision in view of possible wholesale customer insolvencies.

⊕ Total Revenue at €15,1mn

(€24,5 mn in H12019)

⊕ Retail revenues at €4,2mn

(€7,1 mn in H12019)

representing 28% of the total consolidated revenues

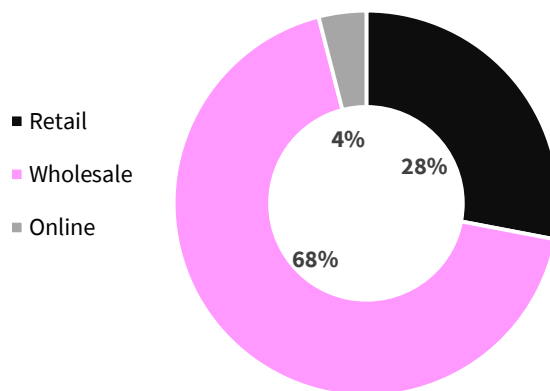
⊕ Online revenues ^(*) at €0,6 mn

In the second quarter of the year, sales were up 20% over Q2 2019

⊕ Wholesale revenues at 10,3mn

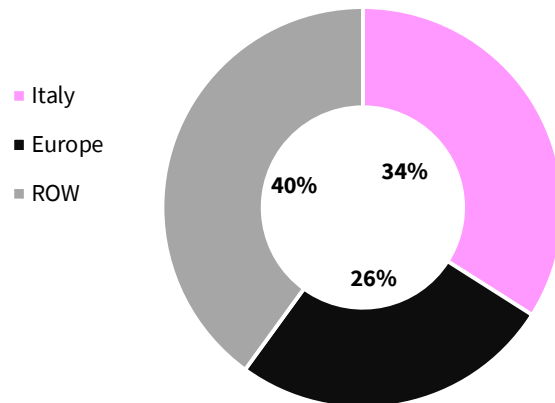
(€16,7 mn in H12019).

1H2020 – Breakdown by channel



Six months ended 30 June at current exchange rates						
In thousands of €	2020	Inc. %	2019	Inc. %	Var	Var %
Retail	4,184	28%	7,122	29%	(2,939)	-41%
Wholesale	10,314	68%	16,671	68%	(6,357)	-38%
B2C	639	4%	767	3%	(128)	-17%
Total	15,137	100%	24,561	100%	(9,424)	-38%

1H2020 - Breakdown by region



Six months ended 30 June at current exchange rates						
In thousands of €	2020	Inc. %	2019	Inc. %	Var	Var %
Italy	5,072	34%	7,749	32%	(2,678)	-35%
Europe	3,992	26%	6,705	27%	(2,713)	-40%
Rest of the world	6,073	40%	10,106	41%	(4,033)	-40%
Total	15,137	100%	24,561	100%	(9,423)	-38%



1H 2020 Net Financial Position

	2019 FY	1H2019
Cash and cash equivalents	-8,357	-2,132
Current financial receivables	-2,913	-3,634
Current financial debt	5,655	5,493
Current portion M/L debt	2,472	2,389
NFPs/t	-3,143	2,116
M/L Financial Debt	6,565	7,205
NFP	3,422	9,503

1H20 Net Financial Position was Euro 9.5 million, compared to Euro 3.4 million at December 31, 2019, due mainly to the reduction in bank and postal deposits and increased non-current bank payables. Specifically, it was agreed with clients to defer April due dates to July, with the others remaining unchanged. Added to this, the NPF was affected by the temporary liquidity investment made in January 2020 and mobilized in July.

Besides, an unsecured Euro 1 million loan was agreed in April, which was then included within the consolidation transactions under the Liquidity Decree, completed in the third quarter.

In the third quarter, m/l unsecured loans for over Euro 5 million were sought and obtained, of which Euro 3.3 million new funding, with the residual through the consolidation of existing debts and a consequent extension of the original repayment period. Guarantees have been issued for the transactions, all under the Liquidity Decree, by the Central Guarantee Fund for SME's up to the maximum permitted amount of Euro 5 million. In addition to the above, the company obtained an additional loan of over Euro 0.8 million from Simest S.p.A. to support the launch of Italian enterprises on non-EU markets and particularly for the opening of the new sales point in Singapore at the luxury "Marina Bay Sands" in August. Thanks to the Relaunch Decree, this loan was disbursed without guarantees. The first tranche, accounting for 50% of the total, has already been disbursed, with the remainder to be released within 29 months from the contract conclusion date.

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- ⊕ Development and strengthening of Monnalisa brand identity
- ⊕ Expansion of product lines
- ⊕ Focus on direct to consumer sales and e-commerce
- ⊕ Digital transformation (PLM, new e-commerce B2C, CRM, Marketing Automation, Data Studio, OMS/Inventory visibility, New O2O app, Digital Product System)
- ⊕ Sustainability and CSR





⊕ Starting from 2018 Monnalisa presented the annual Integrated Report according to the guidelines of the International Integrated Reporting Council (IIRC)

⊕ The "re-thinking" based on the SDGs principles involves and impacts on all aspects of the Business

⊕ The Company identified 6 macro-areas, on which Monnalisa analyzes its performance:

- ⊕ Governance: Sustainability strategies; Values and Mission; Ethical Standards/Codes
- ⊕ Social responsibility: Health and safety at work; Diversity management and equal opportunities, Human resource development and training; Respect for human rights; Working conditions; Policies work-life balance
- ⊕ Environmental responsibility; Sustainable: packaging; Use of raw materials; Energy efficiency; Sustainability of materials; Waste management
- ⊕ Economic Responsibility; Economic Performance; Supplier evaluation programs; Code of Conduct
- ⊕ Eco-design product responsibilities and product innovation; Health and safety protection
- ⊕ Collectivity: Innovative economic model development; Investment in research and development

Thanks!

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