



Investor Presentation

FY 2020 Financial Results

4 May 2021



MONNALISA[®]

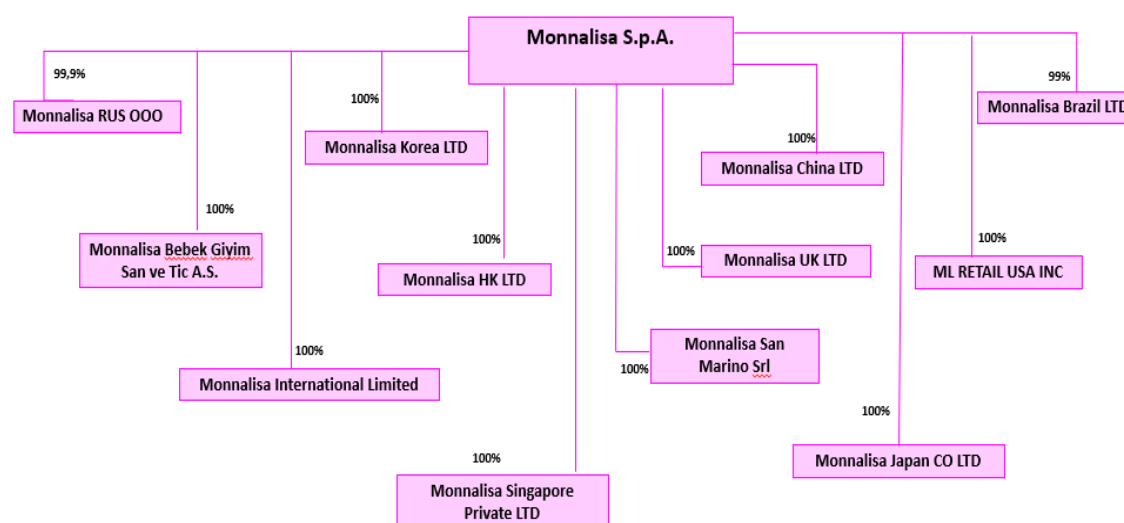
- ☐ ***Overview and updates as at FY 2020***
- ☐ *New licensing agreement*
- ☐ *Results as at FY 2020*
- ☐ *Strategic guidelines*

Monnalisa Highlights

MONNALISA®

- ⊕ Founded in 1968 by Piero Iacomoni, Monnalisa, based in Arezzo, operates in the high-end childrenswear (0-16 years) market
- ⊕ Operating mainly through its proprietary brand Monnalisa, with a full strategic autonomy and focused investment strategy, but recently open to integrate its business model with the implementation of a selective licensing strategy
- ⊕ Our product portfolio aims at creating a unique lifestyle identity: from apparel to footwear, going through accessories, cosmetics and furniture
- ⊕ Selling in more than 60+ Countries through 47 Direct Stores and 500+ multibrand stores, Monnalisa generates 68% 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 FY2020 3 new stores in France, 3 new stores in Italy, 1 in Singapore and 1 in Taiwan
- ⊕ High double-digit online channel growth (+21%) through proprietary digital platform

Key Numbers as at FY2020



Worldwide presence as at 31/12/2020

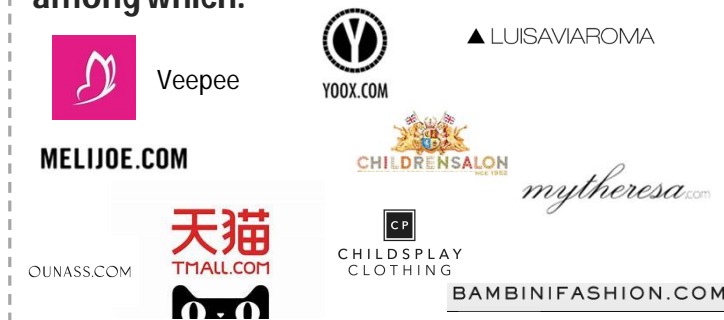
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⊕ Monnalisa operates globally through:

47 Retail Stores as at 31/12/20: direct single brand stores and outlet (DOS and DOO);

500+ Wholesale Stores: independent multibrand and monobrand stores;

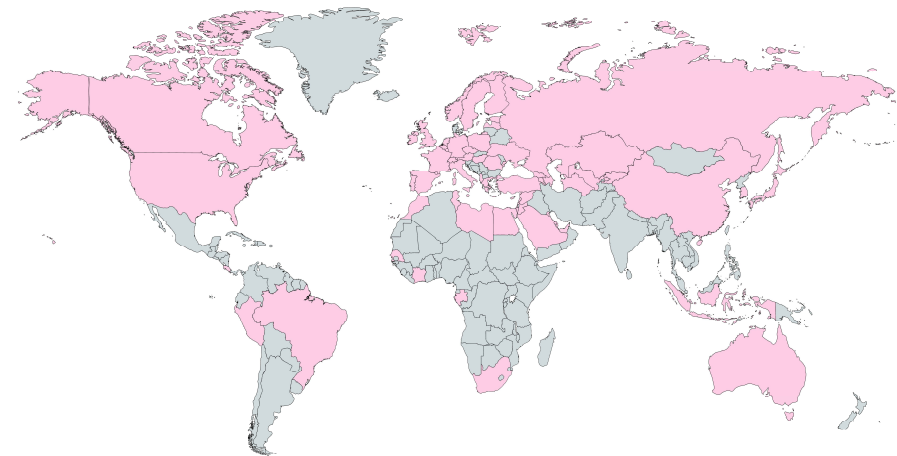
20 E-commerce platforms: 1 proprietary e-shop and 19 multibrand online marketplaces, among which:



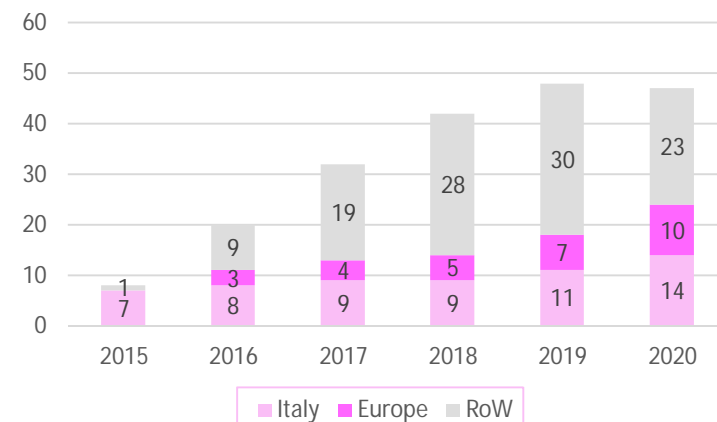
⊕ 68% of HY2020 foreign sales

⊕ 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

Retail network evolution

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In FY 2020 we opened:

- ⊕ 3 in Galeries Lafayette (Haussmann Paris, Nizza Cap and Nizza Massena), France
- ⊕ 2 temporary stores in Japan
- ⊕ 1 new store at Marina Bay Sand in Singapore
- ⊕ 1 outlet store in Barberino (Firenze, IT)
- ⊕ 1 outlet store in Noventa Di Piave (Venezia, IT)
- ⊕ 1 new store in Taiwan
- ⊕ 1 concession in Rinascente, Milan IT
- ⊕ 1 TPOS in New Dehli, India

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

	FY 2020	FY2019	Net change
Retail Monobrand	47	48	-1
Asia	13	14	-1
EMEA (Italy ex.)	15	14	1
Italy	14	11	3
America	5	9	-4



People

By February 2020, Monnalisa's management team had put in place initial measures to face the spread of Covid-19. These measures were subsequently updated as the situation developed. A "shared protocol to regulate the measures aimed at making the workplace safer against the spread of Covid-19" was adopted and signed by trade unions and trade associations. As a corporate welfare measure, the company signed an insurance policy for all its employees in Italy in the event of contagion from Covid-19 and set up a tele-medicine service.

Working methods

Remote working and lay-off scheme were introduced to cope with 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.

Cost review

To cut non-strategic and deferrable costs, without impacting product quality and the medium-term operating outlook. Operating cost control included: the closure of under-performing stores, the cutting and postponement of marketing costs, 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.

Capex

Total investments for the year amounted to Euro 1.3 million. The investment in software (PLM and new e-commerce platform) was completed, retail investment was limited to already signed leases.

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Monnalisa recently launched a new strategy to integrate its business model implementing a selective licensing strategy



Long-term licensing agreement signed with Chiara Ferragni

- ⊕ The agreement Chiara Ferragni – Monnalisa aims to grow globally the brand founded by Chiara Ferragni in the 0-10 years children fashion segment
- ⊕ The first collection is for Fall-Winter 2021, currently being delivered to our clients and stores
- ⊕ The 5-year licensing agreement shall be on multi-channel
- ⊕ Monnalisa may further expand its target market, consistently with its digital transformation strategy



Chiara Ferragni, stated: *"The agreement with Monnalisa is a further step in the comprehensive and global development of the brand carrying my name. The Tuscan enterprise is without doubt a mark of global excellence for highend kidswear and allows us to enter this market segment through the front door."*

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FY 2020 Consolidated Profit & Loss

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	FY2020 (€/mn)	FY2019 (€/mn)
Revenues from sales	33,612	47,942
Total Revenues	34,125	48,714
EBITDA adjusted	-2,226	0,195
EBITDA reported	-6,541	-3,026
EBIT	-7,422	-7,579
Net Result	-7,813	-8,422
Adjusted Net Result	-2,534	-2,515

Revenues from sales: was of Euro 33.6 million, showing a significant improvement in the second half of 2020 (+22% on 1H 2020).

Adjusted EBITDA: Loss of Euro 2,2 million (Adjusted EBITDA profit in 2019 of Euro 0,2 million). EBITDA adjustments, as in the past, involved store openings and closings in the period, one-off costs, non-ordinary devaluation of inventories and receivables as a consequence of the pandemic.

Adjusted Net Result: Loss of Euro 2,5 million (in line with 2019). The adjustments to Net Result are due to the multiple non-recurring factors as indicated above and the adjustments of the translation gearbox difference

Despite the pandemic and industry difficulties, results exceeded expectations.

- Personnel cost decreased by 24% YoY, partly due to the benefits and concessions obtained from government authorities and partly due to the effects of the launch of an organizational simplification plan.
- Cost cut actions combined with the negotiation of service and rental costs were the main levers used to compensate as much as possible for the loss of profitability resulting from the substantial drop in turnover caused by the pandemic. In particular, rent, lease and similar costs fell by 21% compared with the previous year, marketing costs by 41% and service costs by 21%.
- Two stores in Brazil became TPOS (third party operated store) managed by the company owning, among others, the well-known Cidade Jardim shopping centre in San Paolo, where one of the stores is located, thereby maintaining a presence in a key market. In Turkey, the store located at Istanbul airport was closed, but, on the other hand, a store was opened in January 2021 at Istinye Park, the luxury mall located in the Istanbul district of the same name.
- 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 1,8 million and allocating a larger accrual to the Doubtful debt provision in view of possible wholesale customer insolvencies.
- The consolidated financial statements reflect the effects of the exemption, introduced by Article 60 of Law No. 126 of October 13, 2020, with regards to the suspension of depreciation. The exemption has been applied to the amortisation and depreciation of the Parent Company only, in keeping with the literal tone of the rule, which provides for the application of the exemption at consolidated level only for consolidated companies that make use of it when drawing up their financial statements.

⊕ Total Revenue at €34,1mn

(€48,7 mn in FY2019)

⊕ Online revenues (*) at €1,8 mn

(up 21% over FY 2019)

⊕ Direct and indirect online revenues account for 14% of total

(10% in 2019)

⊕ Retail revenues at €9,6mn

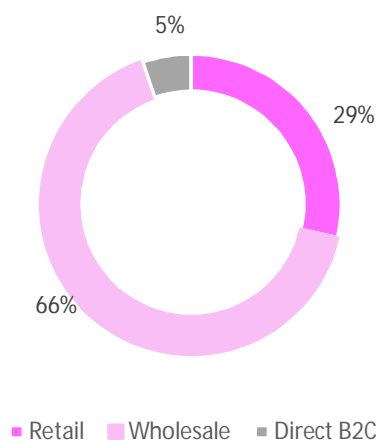
(€15,5 mn in FY2019)

representing 29% of the total consolidated revenues

⊕ Wholesale revenues at 22,2mn

(€30,9 mn in FY2019, up 14% over HY2020)

FY 2020 Breakdown by channel

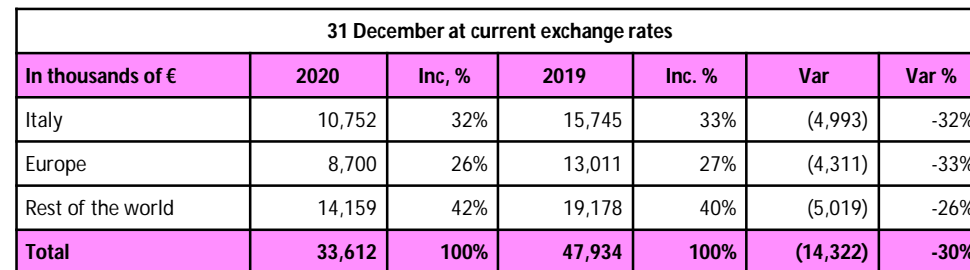


31 December at current exchange rates						
In thousands of €	2020	Inc. %	2019	Inc. %	Var	Var %
Retail	9,625	29%	15,531	32%	(5,906)	-38%
Wholesale	22,232	66%	30,950	65%	(8,718)	-28%
B2C	1,755	5%	1,453	3%	303	21%
Total	33,612	100%	47,934	100%	(14,321)	-30%

(*) only direct

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Frequency	Percentage
Daily	32%
Weekly	26%
Monthly	42%



FY 2020 Net Financial Position

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	2020 FY	1H2020	FY2019
Cash and cash equivalents	-4,079	-2,132	-8,357
Current financial receivables	-2,405	-3,634	-2,913
Current financial debt	1,771	5,493	5,655
Current portion M/L debt	2,433	2,389	2,472
Other financial current debts	0,166	0	0
NFP s/t	-2,114	2,116	-3,143
M/L Financial Debt	10.140	7,205	6,565
NFP	8,026	9,503	3,422

FY20 Net Financial Position was Euro 8 million, compared to Euro 3,4 million at December 31, 2019, due mainly to the reduction in bank and postal deposits and increased M/L financial debt

Net Financial Position significantly improved in comparison with HY 2020 showing a better quality of debt with a balanced composition between short and long term debts

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.

FY 2020 Consolidated Cash Flow Statement

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Consolidated CF (€'000)	FY2020	FY2019
Profit (loss) of the year before taxes, interests, dividends, capital gains/losses on disposal	(6,517)	(7.509)
Cash flows before charges in net working capital	(4,952)	(2.272)
Cashflows after charges in net working capital	(2,391)	(1.353)
CASH FLOWS FROM OPERATING ACTIVITIES	(2,559)	(2.533)
CASH FLOWS FROM INVESTMENT ACTIVITIES	(1,371)	(3.717)
CASH FLOWS FROM FINANCING ACTIVITIES	(347)	1,029
Change in cash and net cash equivalents	(4,277)	(5,221)
Initial cash and cash equivalents	8,356	13,578
Final cash and cash equivalents	4,078	8,356

- ⊕ Operating activities absorbed cash € 2,5 mn (same as FY 2019)
- ⊕ Capex absorbed € 1,3 mn
- ⊕ Financing activities absorbed cash for € 0,3 mn
- ⊕ The cash and cash equivalents at the end of FY 2020 reached € 4 mn

The Group reports shareholders' equity of Euro 30.5 million.

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- ☐ ***Strategic guidelines***

1. Sustainability and CSR
2. Branding: Development and strengthening of Monnalisa brand identity and notoriety
3. Brand extension: expansion of product lines
4. D2C: focus on direct-to-consumer sales
5. Digital transformation
6. Beyond omnichannel
7. Efficiency
8. Selective licensing



1. Strategic guidelines: Sustainability and CSR

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- ⊕ Starting from 2018 Monnalisa presented the annual Integrated Report according to the guidelines of the International Integrated Reporting Council (IIRC)
- ⊕ Considering the nature of its business, Monnalisa has identified, in particular, a certain set of SDGs in which to invest as illustrated below



2. Strategic guidelines: Branding

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- ⊕ More customer-oriented communication
- ⊕ More data-driven communication
- ⊕ More sales-driving communication
- ⊕ More integrative approach in communication
- ⊕ New media (i.e., Tik Tok), micro-influencers, seeding activities
- ⊕ When it will be time, back to fashion shows, but with a more contemporary twist

Monnalisa social media fanbase grew by 19% in 2020



2. Strategic guidelines: Branding

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We reduced the budget allocated on influencers, but we invested in better targeted partnerships, including those with @cliomakeup, @clementstwins, @vallibeatrice, @annapavaga, @fashion_laerta

One of these influencers alone generated a total of 15,5M impressions and >1,1M interactions



2. Strategic guidelines: Branding

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We reduced our Google Ads campaigns investment by >40% and achieved 17% more revenues from those campaigns

The Google Ads campaigns ROAS increased by 107% and reached 1.027%



In 2020 we opened our Tik Tok account

We involved 4 influencers, that produced 20 contents that were posted on both Tik Tok and IG, generating 8,5million impressions, 1,5M reach, 275K interactions, 16% engagement rate.

The videos reached 7,8M views

3. Strategic guidelines: Brand extension

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- ⊕ Further implement our newborn products line
- ⊕ More capsules and exclusive products, for special clients (e.g., the recent exclusive stories for our largest e-tailers), for special occasions (e.g., this year Ramadan collection), also through co-branding
- ⊕ Further develop our accessories offering
- ⊕ Further strengthening of our boy line



4. Strategic guidelines: D2C

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- ⊕ Retail revenues growth
- ⊕ Increase current retail network profitability (retail operations plan)
- ⊕ Stores turnover (closing low profitability ones with stores with a more solid profitability potential)
- ⊕ From 2023, further retail expansion, in existing markets, and in new Countries, especially in APAC
- ⊕ Direct e-commerce revenues growth (digital strategy)
- ⊕ Full integration of physical and digital retail



5. Strategic guidelines: Digital transformation

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Monnalisa has stepped up its digital focus, adopting a virtual 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 showroooming 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

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
- Marketing automation
- Inventory visibility e OMS
- Loyalty program

⊕ Efficiency increase

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

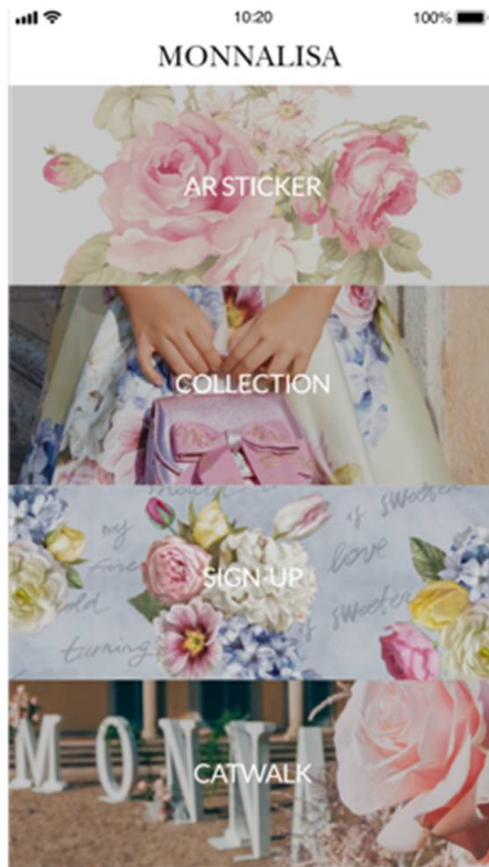
⊕ New customer-based services

- Multi-shipping
- Click & Collect

5. Strategic guidelines: Digital transformation

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

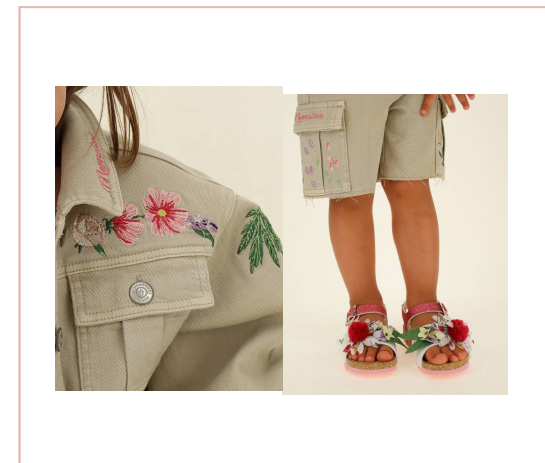


Higher efficiency and effectiveness in managing product related information

❑ 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



Gaming, Loyalty

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

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**

5. Strategic guidelines: Digital transformation

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- ⊕ We are increasing the opportunities to connect directly to digital platforms that make our inventories visible, especially on specific geographical markets; during 2020 we tested a few collaborations; in 2021 and in the upcoming years, we will further implement this strategy
- ⊕ We will soon be directly connected to Farfetch

← → ↺ farfetch.com/it/shopping/kids/monnalisa/items.aspx ☆ ✖ C Aggiorna ⋮

🇮🇹 ▼ Donna Uomo **Bambino**

Novità Designer Neonati (0-36 mesi) Bambini (2-12 anni) Ragazzi (13-16 anni) **Saldi**


Cerca 🔍

MODA BAMBINO DI MONNALISA


Filtri < Ordina per ▾

Categoria ^


- Abbigliamento bambina
- Abbigliamento bambino
- Abbigliamento neonata
- Abbigliamento ragazza
- Abbigliamento ragazzo
- Accessori bambina
- Accessori bambino
- Accessori neonata
- Accessori neonato
- Accessori ragazza
- Nido



Nuova stagione
Monnalisa
Sneakers chunky con stampa
81 €



Nuova stagione
Monnalisa
Abito a fiori
577 €



Monnalisa
Vestito a fiori con ruches
284 €

Feedback

6. Strategic guidelines: Beyond Omnichannel

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- ⊕ We are currently designing a long term new project which will be transversal to our current distribution channel
- ⊕ It will involve our wholesalers
- ⊕ It will leverage their assets and will give them better access to ours
- ⊕ It will be based on a "sharing economy" concept
- ⊕ At its maximum extent, it will overcome the traditional idea of competition and will mitigate it with a community kind of approach
- ⊕ It will take time, and its success will depend on the cooperation of different actors



7. Strategic guidelines: Efficiency

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In order to improve the company profitability, besides the growth of our revenues, and other initiatives mentioned above, we will work on the following directions:

- ⊕ Cost cuts – we will maintain a strict control of all the costs, and especially the most discretionary ones
- ⊕ Contribution margin increase – through pricing and operational efficiency-oriented actions
- ⊕ Higher production capacity utilization
- ⊕ Higher logistics capacity utilization



8. Strategic guidelines: Selective Licensing

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- ⊕ Chiara Ferragni Kids license was a first milestone on a new growth path
- ⊕ It was aimed at:
 - increasing turnover and profits
 - accessing to a new customer cluster
 - exploiting their brand notoriety
 - testing and fine-tuning our processes in order to be at our best to exploit other potential licensing opportunities
- ⊕ We will not change our business model; we will rather integrate it with this new part, in order to make it stronger
- ⊕ We don't intend to become a company specialized in licensing; rather, we will work to find one, maximum two brands that we can develop with the same care and effort we have put for the past 53 years and will put on Monnalisa brand, which we are dedicating to the development of Chiara Ferragni Kids
- ⊕ The goal is to fully exploit the great potential of our resources and competencies system engrained in all the process of our business, from design, to production, to international distribution, to retailing, to logistics, etc.



Thanks!

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