

MONNALISA: REVENUES UP 34% IN H1 2021 TO EURO 20.3 MILLION, ALONGSIDE MARGIN GROWTH

- Revenues of Euro 20.3 million (Euro 15.1 million in H1 2020), of which 67% overseas, picking up particularly strongly in Q2 (+184% vs Q2 2020)
- Considerable direct online channel growth of 139% vs H1 2020
- Reported EBITDA of Euro 0.2 million (loss of Euro 5.9 million in H1 2020¹), with adjusted EBITDA of Euro 0.4 million (loss of Euro 2.1 million in H1 2020²), also thanks to the continued cost streamlining policy in the period
- Net Financial Debt Euro 9.3 million, compared to Euro 8 million at December 31, 2020
- Sales growth continues in July, August and September, particularly on both the DOS and online direct-to-consumer channels
- Summer sales campaign also concludes successfully, with good wholesale channel response

Arezzo (AR), September 30, 2021

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 Half-Year Report at June 30, 2021.

Christian Simoni, Chief Executive Officer of Monnalisa, stated:

"In the first half of the year, we built further on the improved performances emerging already by the second half of 2020. These excellent results were not an automatic consequence of the pandemic's easing, although this clearly was a factor. They stem from strong and prudent management, together with the underlying sacrifices and values, the contribution and the solidarity and common purpose of all our stakeholders, the value of our brand and the perseverance which has driven our projects forward. While aware of the continued pandemic-related uncertainty and particularly the difficulty for stores and customers located in areas highly dependent on tourist footfall, we look to the coming months with confidence, safe in the knowledge that we have taken the correct path and of the strength of our brand internationally. We have a clear vision and many more ideas and projects on which our talented personnel are working and which will fuel our future growth".

H1 2021 key financial highlights

Sales **revenues** totalled Euro 20.3 million, compared to Euro 15.1 million in the first half of the previous year, with growth of 34% at current exchange rates and of 37% at like-for-like exchange rates. Q2 2021 revenues were up 184% at current exchange rates on the same period of 2020. Although the comparison with H1 2020 is heavily influenced by the pandemic, we highlight that the revenue increase was achieved despite the continued pandemic impacts in the initial six months of this year, with alternating stoppages or limitations - not only in Europe - to commercial operations and international traffic.

¹ The comparative figure for the 2020 half-year is presented using a different reclassification method from that used for the 2020 half-year, particularly with regard to exchange rate management. This new reclassification has already been used for the 2020 financial statements and will continue to be adopted for future years

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It should also be noted that this very strong performance was delivered almost entirely by the Monnalisa brand, which accounts for over 98% of net sales revenues. The Chiara Ferragni brand contribution shall in fact emerge from the second half of this year.

The **retail** channel reported a 41% sales volume increase on the same period of 2020, with revenues of Euro 5.9 million (compared to Euro 4.2 million). The retail channel accounted for an almost unchanged proportion of revenues (29%, compared to 28% in H1 2020).

In the first half of the year, 2 new stores were opened, at Istinye Park in Istanbul and at The Market in San Marino. At the end of H1 2021, the Monnalisa Group therefore owns a total of 49 direct stores, between both DOS's and DOO's, compared to 47 at December 31, 2020 and 48 at December 31, 2019.

Wholesale channel revenues were Euro 12.8 million at current exchange rates and Euro 12.9 million at like-for-like exchange rates, compared to Euro 10.3 million in H1 2020. Unlike the corresponding period of the previous year, it was possible to begin the shipping of the winter collection early, benefitting therefore both revenues and margins.

E-commerce channel revenues, continuing to grow strongly, were up 139% in the period vs H1 2020, thanks to a “full funnel” marketing strategy to boost our presence on high-profile digital markets, in addition to the major push towards the use of automated marketing tools to provide users with a customised experience and increase conversion rates.

The online channel (both direct and indirect) continued to account for an increasing share of total revenues at 20% (vs 13% in the same period of the previous year).

Six months ended 30 June at current exchange rates						
In thousands of €	2021	Inc. %	2020	Inc. %	Change	% Change
Retail	5,910	29%	4,184	28%	1,726	41%
Wholesale	12,845	63%	10,314	68%	2,531	25%
B2C	1,528	8%	639	4%	889	>100%
Total	20,283	100%	15,137	100%	5,146	34%

Six months ended 30 June at constant exchange rates						
In thousands of €	2021	Inc. %	2020	Inc. %	Change	% Change
Retail	6,176	30%	4,184	28%	1,992	48%
Wholesale	12,998	63%	10,314	68%	2,684	26%
B2C	1,529	7%	639	4%	890	>100%
Total	20,703	100%	15,137	100%	5,566	37%

Revenues by region indicate significant growth in the Rest of the World (+38%) and were up by 30% in Italy and by 33% in Europe. The revenue breakdown by region remained substantially unaltered compared to the comparative period.

Six months ended 30 June at current exchange rates						
In thousands of €	2021	Inc. %	2020	Inc. %	Change	% Change
Italy	6,613	33%	5,072	34%	1,541	30%
Europe	5,312	26%	3,992	26%	1,320	33%
Rest of the world	8,358	41%	6,073	40%	2,285	38%
Total	20,283	100%	15,137	100%	5,146	34%



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Six months ended 30 June at constant exchange rates						
In thousands of €	2021	Inc. %	2020	Inc. %	Change	% Change
Italy	6,613	32%	5,072	34%	1,541	30%
Europe	5,342	26%	3,992	26%	1,350	34%
Rest of the world	8,748	42%	6,073	40%	2,675	44%
Total	20,703	100%	15,137	100%	5,566	37%

Adjusted EBITDA was approx. Euro 0.4 million (2020 Adjusted EBITDA loss of Euro 2.1 million), increasing approx. Euro 2.5 million on the first half of the previous year. The adjustments concern the openings and closures of sales points in the period and a number of one-off costs incurred.

Reported EBITDA was Euro 0.2 million, compared to a loss of Euro 5.9 million in H1 2020 with a recovery of Euro 6.1 million. The margin therefore recovered significantly on H1 2020, thanks to a considerable reduction in the cost of sales and a review of overheads in order to contain non-strategic costs, although without affecting product quality and the medium-term outlook and among which we highlight: 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 Chief Executive Officer and the voluntary reduction of remuneration by the creative director and two executives, one of which a related party.

After amortisation and depreciation of Euro 1.7 million (in line with H1 2020), **EBIT** reported a loss of Euro 1.5 million (loss of Euro 7.6 million in H1 2020).

A **Net Loss** of Euro 1.4 million was reported (loss of Euro 6.8 million in H1 2020).

The **Net Financial Position** was Euro 9.3 million, compared to Euro 8 million at December 31, 2020. Two subsidised loans with Simest were agreed in the first half of the year, one for capitalisation purposes and the other to pursue international expansion, both with a portion issued as a grant. The US subsidiary benefited from the conversion into a grant of a loan received in 2020 under the Pay Protection Program. In the same period, the bond loan subscribed in Jafin S.p.A. was repaid in advance of its natural maturity, also by offsetting Monnalisa's payables to the latter.

Investing activities, limited exclusively to that already contracted, used cash of approximately Euro 320 thousand, which was mostly 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.

Despite the increase in wholesale turnover and the return to normality in relations with suppliers, in terms of payment terms, the Group managed to contain cash absorption, thanks to the significant improvement in profitability.

The Group reports **Shareholders' Equity** of Euro 29.1 million.

Subsequent events

July 27 - Publication of the Annual Report - prime example of modern reporting, addressing Governance and product, social and environmental responsibility and of the Sustainability Report 21-23.

September 6 - Opening of a new store in Nanjing at the prestigious Deji Plaza, bringing the number of direct stores in China therefore to 10.

Outlook



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Although the economic and social impacts of COVID-19 have not yet been entirely stemmed and movement restrictions are still in place in a number of countries, sales growth continued into the months of July, August and September, amid the closure of winter season shipments and strong results both on the retail and online channels. The summer sales campaign concluded successfully with a vibrant response from the wholesale channel, which is slowly regaining confidence.

The company continues to advance the initiatives introduced since the outbreak of the pandemic, through reviewing costs, closely managing commercial relations and the supply chain, while strengthening the financial situation.

Monnalisa confirms its commitment to improve the strategic positioning of its collections and to ongoing brand development through the online channels.

Documentation

The consolidated half-year report at June 30, 2021 shall be made available to the public according to the terms and means established by the AIM Italia Issuers' Regulation, and also on the website of Monnalisa Spa www.monnalisa.eu/it/ in the "Investor Relations" section.

Monnalisa SpA (Aim Italia -Ticker MNL), listed on the AIM Italia market since July 12, 2018 and engaged in the high-end childrenswear segment, 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 more than 500 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.

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The following financial statements are annexed to this press release:

- Consolidated Income Statement
- Consolidated Balance Sheet
- Consolidated Cash Flow Statement



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Consolidated Income Statement

INCOME STATEMENT	30.06.2021	30.06.2020
A) Value of Production		
1) Revenues from sales	20,283,067	15,137,096
2) Changes in inventories of work in progress, semi-finished goods and finished products	(186,163)	(1,950,907)
4) Capitalization of internal work	6,815	12,147
5) Other revenues and income	962,546	419,459
Total value of production	21,066,265	13,617,795
B) Costs of Production		
6) Raw materials, consumables and goods for resale	5,688,163	5,034,853
7) Services	6,395,675	5,973,402
8) Use of third-party assets	3,260,432	2,900,913
9) Personnel Costs		
a) Wages and salaries	3,757,722	3,616,567
b) Social security charges	910,278	865,992
c) Termination indemnities	154,672	120,554
d) Pensions and similar obligations	83,7	124,793
e) Other costs	34,458	24,661
<i>Total personnel Costs</i>	<i>4,940,830</i>	<i>4,752,567</i>
10) Amortization, depreciation and write-downs		
a) Amortization of intangible fixed assets	755,147	782,095
b) Depreciation of tangible fixed assets	897,992	901,246
d) Write-downs of receivables in current assets and cash and cash equivalents	92,111	464,328
<i>Total amortization, depreciation and write-downs</i>	<i>1,745,250</i>	<i>2,147,669</i>
11) Change in inventory of raw, ancillary, consumable materials and goods	243,223	(215,591)
14) Other operating costs	249,428	618,699
Total production costs	22,523,001	21,212,512
Difference between value and production costs (A-B)	(1,456,737)	(7,594,717)
C) Financial income and expenses		
16) Other financial income:		
a) from receivables classified as fixed assets	0	8,800
b) from securities classified as fixed assets	0	15,000
d) others	1,394	4,698
<i>Total financial income</i>	<i>1,394</i>	<i>28,498</i>
17) Interests and other financial expenses		
-other	201,256	186,968
<i>Total financial expenses</i>	<i>201,256</i>	<i>186,968</i>
17-bis) (Losses) and gains on currency exchange	265,987	(276,084)
Total financial income and expenses	66,125	(434,554)
19) Write-downs:		
d) financial derivative instruments	8,562	8,563
<i>Total write-downs</i>	<i>8,562</i>	<i>8,563</i>
Total value adjustments to financial assets (D)	(8,562)	(8,563)
Profit/(Loss) before taxes (A-B±C±D)	(1,399,173)	(8,037,834)
a) Current taxes	1,211	0
b) Deferred taxes	39,301	(1,241,205)
<i>Total Income, current, deferred taxes</i>	<i>40,512</i>	<i>(1,241,205)</i>
21) Profit (loss) for the period	(1,439,685)	(6,796,630)
Profit (loss) attributable to the Group	(1,439,471)	(6,791,054)
Profit (loss) attributable to minority interests	(214)	(5,575)

Consolidated Balance Sheet

ASSETS	30.06.2021	31.12.2020
A) Subscribed capital unpaid		
B) Fixed Assets		
I - Intangibles Assets		
1) Start-up and expansion costs	611,492	805,583
3) Industrial Patent and Intellectual Property Rights	592,597	642,008
5) Goodwill	730,583	816,599
6) Work in progress and advance payments	60,380	108,294
7) Others	1,439,189	1,611,442
Total Intangible assets	3,434,241	3,983,926
II - Tangible Assets		
1) Land and Buildings	10,853,199	10,998,874
2) Plants and equipment	3,469,230	3,823,074
3) Industrial and commercial equipment	336,776	379,359
4) Other Assets	2,872,801	3,050,073
5) Work in progress and advance payments	-	23,742
Total Tangible Assets	17,532,006	18,275,120
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	1,288,259	1,205,114
3) Other Securities	0	1,200,000
Total Financial Assets	1,296,883	2,413,738
B) Total Fixed Assets	22,263,130	24,672,784
C) Current Assets		
I - Inventories		
1) Raw, supplies and consumable materials	1,961,025	2,203,903
2) Work in progress and semi-finished products	882,801	805,726
4) Finished products and goods	13,306,613	13,397,466
5) Advances	1,885	27,493
Total inventories	16,152,324	16,434,588
II - Receivables		
1) Due from customers		
- within 12 months	7,620,652	7,202,591
Total Due from customers	7,620,652	7,202,591
5-bis) Tax Receivables		
- within 12 months	1,902,901	1,956,740
Total Tax Receivables	1,902,901	1,956,740
5-ter) Deferred tax assets		
- within 12 months	1,081,725	273,233
- beyond 12 months	1,489,412	2,339,613
Total Deferred tax assets	2,571,137	2,612,846
5-quater) Due from others		
- within 12 months	211,374	160,597
- beyond 12 months	540,000	-
Total Due from others	751,374	160,597
Total Receivables	12,846,064	11,932,774
III - Financial Assets (other than fixed assets)		
5) Derivative financial instrument assets	7,313	3,833



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Total financial assets (other than fixed assets)	7,313	3,833
IV - Cash and cash equivalents		
1) Bank and postal deposits	4,344,357	4,044,177
3) Cash on hand	73,433	34,711
Total cash and cash equivalents	4,417,790	4,078,887
C) Total current assets	33,423,493	32,450,082
D) Accrued income and prepaid expenses		
Prepaid expenses	1,278,467	1,105,853
D) Total accrued income and prepaid expenses	1,278,467	1,105,853
TOTAL ASSETS	56,965,088	58,228,720

LIABILITIES AND SHAREHOLDERS' EQUITY	30.06.2021	31.12.2020
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	1,108,276
Translation differences	(1,113,218)	(1,159,058)
Other reserves	1,751,853	1,751,853
Total other reserves	638,635	592,795
VII Cash flow hedge reserve	(9,373)	(21,243)
VIII Profit (loss) carried forward	6,956,478	14,762,460
IX Profit (loss) for the period	(1,439,471)	(7,805,982)
X Negative reserve for own portfolio shares	(149,915)	(149,915)
Total Group Shareholder's Equity	29,127,201	30,508,962
Third Party capital and reserves	(1,956)	4,971
Profit (loss) attributable to minority interests	(214)	(6,717)
Total Minority Shareholder's Equity	(2,170)	(1,746)
Total Shareholder's Equity	29,125,031	30,507,216
B) Provisions for risks and charges		
1) Provisions for pensions or similar obligations	63,103	62,165
2) Provisions for taxes, including deferred	786,342	795,148
3) Provisions for derivative financial instruments	18,839	30,978
4) Other	417,906	461,855
Total provisions for risks and charges	1,286,190	1,350,145
C) Employee termination indemnities	2,108,640	2,020,841
D) Payables		
4) Payables due to banks		
- within 12 months	5,686,012	4,204,347
- beyond 12 months	9,367,379	10,140,004
Total payables due to banks	15,053,391	14,344,351
5) Payable due to other financial institutions		
- within 12 months	0	166,085
Total payable due to other financial institutions	0	166,085
6) Advances		
- within 12 months	470,518	407,195
Total advances	470,518	407,195
7) Trade payables		
- within 12 months	6,321,214	6,788,986
Total trade payables	6,321,214	6,788,986
12) Tax payables		
- within 12 months	435,439	506,745
Total tax payables	435,439	506,745



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13) Payables to pension funds and social security agencies		
- within 12 months	475,184	634,852
Total payables to pension funds and social security funds	475,184	634,852
14) Other payables		
- within 12 months	1,285,547	1,114,499
- beyond 12 months	93,304	87,804
Total other payables	1,378,851	1,202,303
Total payables	24,134,597	24,050,518
E) Accrued liabilities and deferred income		
Accrued liabilities	229	0
Deferred Income	310,401	300,000
Total accrued liabilities and deferred income	310,630	300,000
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	56,965,088	58,228,720

Consolidated Cash Flow Statement

CASH FLOW STATEMENT CASH AND CASH EQUIVALENTS	30.06.2021	30.06.2020
A) Cash flow from operating activities (indirect method)		
Profit for the period	(1,439,685)	(6,796,630)
Income tax	40,512	(1,241,205)
Interest expenses/(income)	201,256	158,470
(Dividends)		
(Gains)/losses on asset disposals		
1) Profit for the period before taxes, interest, dividends and capital gains/losses on disposals	(1,197,917)	(7,879,364)
Non-cash adjustments not impacting working capital		
Provisions	509,602	265,393
Amortisation & depreciation	1,653,139	1,683,341
Impairments		
Adjustments to non-cash financial instrument assets and liabilities	8,562	(5,756)
Other non-cash increases/(decreases)	(276,491)	286,625
Non-cash adjustments not impacting working capital	1,894,812	2,229,602
2) Cash flow before working capital changes	696,895	(5,649,762)
Change in net working capital		
Decrease/(Increase) in inventories	282,264	1,964,120
Decrease/(Increase) in trade receivables	(510,172)	296,379
Increase/(Decrease) in trade payables	(467,772)	(52,644)
Decrease/(Increase) in accrued income and prepaid expenses	(172,614)	(626,602)
Increase/(Decrease) in accrued liabilities and deferred income	10,630	(198,084)
Other Decreases/(Increases) in net working capital	(185,427)	(492,641)
Total changes in net working capital	(1,043,091)	890,527
3) Cash flow after net working capital changes	(346,196)	(4,759,235)
Other adjustments		
Interest received/(paid)	(201,256)	(158,470)
(Income taxes paid)	(89,575)	(98,697)
Dividends received		
(Utilisation of provisions)	(66,816)	(341,536)
Other receipts/(payments)	0	360,489
Total other adjustments	(357,647)	(238,214)
Cash flow from operating activities (A)	(703,843)	(4,997,448)
Tangible fixed assets		
(Investments)	(108,190)	(248,536)
Divestments	-	21,186
Intangible fixed assets		
(Investments)	(218,105)	(474,167)
	(218,105)	(474,167)



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Divestments		
Financial fixed assets	660,000	(900,000)
(Investments)		(1,000,000)
Divestments	660,000	100,000
Current financial assets		
(Investments)		
Divestments		
Cash flow from investing activities (B)	333,705	(1,622,703)
Third party funds		
Increase/(Decrease) in short-term bank payables	733,274	(245,150)
New loans	697,426	1,000,000
(Repayment of loans)	(721,660)	(359,265)
Own funds		
Paid-in share capital increase		
(Repayment of share capital)		
Disposal/(Acquisition) of treasury shares		
(Dividends and advances on dividends paid)		
Cash flow from financing activities (C)	709,040	395,585
Increase/(decrease) in cash and cash equivalents (A ± B ± C)	338,902	(6,224,566)
Opening cash and cash equivalents	4,078,888	8,356,884
Bank and postal deposits	4,044,177	8,280,642
Checks		
Cash on hand	34,711	76,242
Closing cash and cash equivalents	4,417,790	2,132,317
Bank and postal deposits	4,344,357	2,088,501
Checks		
Cash on hand	73,433	43,816



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