

MONNALISA: STRONG GROWTH IN H1 OF 19% FOR DIRECT TO CONSUMER CHANNELS OVER PRE-PANDEMIC PERIOD

- Consolidated revenues of Euro 22.6 million (+12% at current exchange rates and +11% at like-for-like exchange rates on H1 2021)
- Retail channel growth of 34% on H1 2021 (33% at like-for-like exchange rates), up 10% on H1 2019
- The direct-to-consumer channels, which include direct physical and online stores, surpass pre-covid revenues by 19%, coming to account for 42% of total group revenues, in line with the strategic development plan
- Reported EBITDA of Euro 2.07 million (Euro 2.366 at June 30, 2021) and Adjusted EBITDA of Euro 2.26 million
- Significant improvement in adjusted net financial debt¹ to 8.46 million (10.2 million at June 30, 2021), thanks to cash generation from current operations, largely used to reduce medium and long-term debt
- The group continues on its strategic journey of sustainable growth through the direct channel and the expansion of the range, including through collabs and partnership with primary luxury brands

Arezzo (AR), September 30, 2022

The Board of Directors of Monnalisa S.p.A., the operative holding company of the Monnalisa Group, the high-end childrenswear sector leader and listed on the Euronext Growth Milan market organised and managed by Borsa Italiana, has approved the 2022 Half-Year Financial Report, drawn up as per the Euronext Growth Milan Issuers' Regulation.

Christian Simoni, CEO of Monnalisa, stated: *"The 2022 half-year report, amid a complex and uncertain general economic and geopolitical environment, reflects the soundness of our strategy, particularly with regard to investments to strengthen our direct relationship with the consumer. The retail channel grew by more than a third on the same period of the previous year - far exceeding pre-pandemic levels - despite continued lock-downs in China, where more than 20% of our network is concentrated, and difficulties in countries where retail is most impacted by this situation - mainly Hong Kong and Taiwan. We have begun a number of innovative projects focused on sustainability, product innovation and international expansion, some of which have*

¹ Calculated excluding the Euro 19.4 million for lease liabilities, i.e., net of the impact of the IFRS 16 accounting standard (Net Financial Indebtness including the effects of IFRS 16 amounts to Euro 27.9 million at June 30, 2022 and to Euro 29,4 at June 30, 2021).

already been launched, such as the carbon neutral sneaker developed in collaboration with ACBC and the stroller with Leclerc, while others are in the pipeline for the coming months. The transition to international accounting standards is another step in this direction, which underscores the determination and quality of the company's management team and all our employees."

The Group makes the transition to international accounting standards from the Consolidated Half-Year Financial Report at June 30, 2022².

Consolidated Revenues Overview

Total consolidated revenues of Euro 22.6 million are reported for H1 2022, up 12% at current exchange rates (+11% at like-for-like exchange rates) on Euro 20.2 million for H1 2021.

Revenues by Distribution Channel

Revenues by distribution channel saw major growth on the retail channels, +34% and +33% respectively at current exchange rates and like-for-like exchange rates. This performance reflects the Group's growth strategy focused on retail channel development, whose share of consolidated revenues rose from 29% in H1 2021 to 35%, through the recovery of volumes after the difficulties resulting from the closures and lock-down of the COVID period, the effects of which continued to significantly impact results in some countries, particularly China, in the first half of 2022.

Channel sales outperformed H1 2019 by 10%.

H1 at current exchange rates						
Euro thousands	2022	%	2021	%	Change	Change %
Retail	7,827	35%	5,851	29%	1,975	34%
Wholesale	13,237	59%	12,845	64%	392	3%
Direct B2C	1,543	7%	1,528	8%	15	1%
Total	22,607	100%	20,225	100%	2,382	12%

The direct online channel remained at essentially the same level as the first half of last year, in which it grew 140% over H1 2020. The figure is strong however considering the disruption of online sales in the countries affected by the Russian-Ukrainian conflict, which had a significant share of the business in the channel. The Group is continuing to implement a geo-localised direct online project in Russia, which is expected to be operational as early as the coming months.

² The Group has prepared the Consolidated Half-Year Financial Report at June 30, 2022 based on International Financial Reporting Standards in the version adopted by the European Union (IFRS). The figures in this Press Release are all on an IFRS basis, and the comparative figures have been re-presented to make them adequately comparable. The last consolidated financial statements prepared in accordance with Italian GAAP (OIC) refer to the year ended December 31, 2021.

The online channel share, both direct and indirect, of total sales stands at 19%. Overall, the Direct to Consumer (D2C³) channels account for 42% of the Company's total sales revenue, in line with the approved strategy.

Revenues by region

Revenues by region indicate growth significant in Italy, particularly on the retail channel, and in Europe, respectively up 36% and 17% at current exchange rates. The small decrease in the Rest of the World relates to the previously-stated difficulties caused by the pandemic, particularly in China and in Asia.

H1 at current exchange rates						
Euro thousands	2022	%	2021	%	Change	Change %
Italy	8,887	39%	6,555	32%	2,332	36%
Europe	6,239	28%	5,312	26%	928	17%
Rest of the World	7,481	33%	8,358	41%	(877)	-10%
Total	22,607	100%	20,225	100%	2,382	12%

Group Consolidated Income Statement Overview

Monnalisa's Reported EBITDA for H1 2022 was approx. Euro 2.07 million, a 9% revenue margin. This result mainly stemmed from growth on the retail and online channels, which feature high margins.

This figure was impacted by a number of non-recurring costs in H1 2022. Adjusted EBITDA for H1 2022 was Euro 2.26 million. The adjustments on reported EBITDA concern the extraordinary costs related to non-recurring events in H1 2022 and the result of a number of stores opened in the last 12 months and therefore not yet at break-even.

The consolidated net loss was Euro 1.5 million, compared to Euro 1.6 million in H1 2021.

Group consolidated equity and financial overview

Net working capital at the end of the quarter decreased 10.8% to Euro 15.5 million, from Euro 17.3 million at June 30, 2021. Inventories in particular decreased 5% in the same period.

Operating activities generated cash of Euro 3.4 million.

The Group adjusted net financial debt at June 30, 2022, not including financial payables for leases⁴, amounted to Euro 8.46 million, compared to Euro 10.2 million at June 30,

³ The Direct to Consumer channel includes Retail and Direct B2C.

2021. The decrease in the net financial debt was due to the repayment of medium and long-term loans, partially offset by the use of short-term lines and supported by the operating performance.

Group Shareholders' Equity at June 30, 2022 was Euro 26.9 million.

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

Annex 1. - *Consolidated Income Statement*

Annex 2. - *Consolidated Comprehensive Income Statement*

Annex 3. - *Consolidated Balance Sheet*

Annex 4. - *Statement of changes in consolidated shareholders' equity*

Annex 5. - *Consolidated Cash Flow Statement*

The consolidated half-year report at June 30, 2022 shall be made available to the public according to the terms and means established by the Euronext Growth Milan Issuers' Regulation, and also on the website of Monnalisa S.p.A. <https://www.monnalisa.com/> in the "Investor Relations" section.

Monnalisa S.p.A. (Ticker MNL), listed on the Euronext Growth Milan 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 50 countries**, both through direct flagship stores and at the world's best-known Department Stores and over 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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⁴ The indicated amount does not include current and non-current financial payables for leases. The figure therefore does not take into account the amounts recognised on the basis of IFRS 16.

Annex 1. - Consolidated Income Statement

Annex 2. - Consolidated Comprehensive Income Statement

Annex 3. - Consolidated Balance Sheet

Annex 4. - Statement of changes in consolidated shareholders' equity

Annex 5. - Consolidated Cash Flow Statement

Annex 1. - Consolidated Income Statement

(Euro)	Notes	30.06.2022	of which with related parties	30.06.2021	of which with related parties
Revenues from contracts with customers	5	22,607,227	25,206	20,224,881	29,235
Other income and revenues	6	445,137		894,361	
Revenues		23,052,364		21,119,241	
Changes in inventories of work in progress, semi-finished goods and finished products	7	(966,878)		(141,318)	
Raw materials, finished products and consumables used	7	(5,778,703)		(5,768,086)	
Costs for services	8	(7,717,940)	(366,557)	(7,607,385)	(442,468)
Personnel costs	9	(6,024,439)	(74,400)	(4,894,745)	
Amortization/Depreciation and Write-downs	10	(4,188,796)		(3,799,331)	
Other operating costs		(427,929)		(249,430)	
Operating profit/(loss)		(2,052,320)		(1,341,053)	
Financial charges	11	(635,314)		(603,693)	
Financial income		684		1,394	
Gains (losses) on exchange rate differences	11	756,961		265,988	
Profit before taxes		(1,929,990)		(1,677,364)	
Income Taxes	12	391,295		46,714	
Net profit/(loss) for the period		(1,538,695)		(1,630,650)	
Net profit/(loss) – Group		(1,538,144)		(1,630,436)	
Net profit/(loss) – minority interests		(551)		(214)	

(Euro)	30.06.2022	30.06.2021
Net profit/(loss) – Group	(1,538,144)	(1,630,436)
# shares	5,236,300	5,236,300
Basic earnings/(loss) per share	(0.29)	(0.31)
Diluted earnings/(loss) per share	(0.29)	(0.31)

Annex 2. - Consolidated Comprehensive Income Statement

(Euro)	Notes	30.06.2022	30.06.2021
Net profit/(loss) for the period		(1,538,695)	(1,630,650)
Net gain/(Loss) from hedging derivatives	24	108,509	11,870
Currency translation differences of foreign operations	24	125,197	43,958
Total other income/(losses) that will be subsequently reclassified to net profit/(loss) for the period, net of taxes		233,706	55,828
Net gain/(loss) from recognition of defined-benefit plans for employees	24	236,775	57,798
Total other gains / (losses) that will not be subsequently reclassified to net profit/(loss) for the period, net of taxes		236,775	57,798
Total other gains / (losses) net of taxes		470,481	113,626
Total comprehensive income for the period, net of taxes		(1,068,214)	(1,517,024)

Annex 3. - Consolidated Balance Sheet

(Euro)	Notes	30.06.2022	of which with related parties	31.12.2021	of which with related parties	30.06.2021	of which with related parties
NON CURRENT ASSETS							
Property, plant and equipment	13	18,167,711		18,950,221		18,456,964	
Right of use assets	14	19,234,669		20,964,119		23,551,097	
Intangible assets with a finite useful life	15	782,952		942,724		1,070,259	
Other non current financial assets	16	1,055,964		1,133,829		1,296,883	
Deferred tax assets	12-17	5,305,076		4,753,213		3,598,732	
TOTAL NON CURRENT ASSETS		44,546,373	0	46,744,105	0	47,973,934	0
CURRENT ASSETS							
Inventories	18	15,342,687		15,309,704		16,197,171	
Trade Receivables	19	7,629,773	192,192	7,936,463	196,919	7,460,076	168,413
Tax Receivables	20	1,642,786		1,497,248		1,902,939	
Other current assets	21	1,488,270	360,000	1,266,056	540,000	1,409,800	540,000
Other current financial assets	22	159,011		19,436		7,313	
Cash and cash equivalents	23	3,655,865		4,560,070		4,417,791	
TOTAL CURRENT ASSETS		29,918,393	552,192	30,588,977	736,919	31,395,091	708,413
TOTAL ASSETS		74,464,767	552,192	77,333,081	736,919	79,369,026	708,413
SHAREHOLDERS' EQUITY							
GROUP SHAREHOLDERS' EQUITY							
Share capital		10,000,000		10,000,000		10,000,000	
Reserves		18,462,852		19,956,895		19,241,249	
Net profit/(loss) - Group		(1,538,144)		(2,110,890)		(1,630,436)	
TOTAL GROUP SHAREHOLDERS' EQUITY		26,924,707		27,846,004		27,610,812	
Share capital and reserves - minority interests		557		(2,362)		(2,170)	
TOTAL SHAREHOLDERS' EQUITY	24	26,925,264	0	27,843,643	0	27,608,642	0
NON CURRENT LIABILITIES							
Non current financial liabilities	30	6,776,786		8,007,615		9,367,379	
Provisions for risk and charges	25	701,809		710,425		856,009	
Employee benefit liabilities	26	2,386,461		2,563,553		2,259,893	
Other non current liabilities	27	179,011		218,926		258,841	
Non current lease liabilities	28	14,806,241		16,280,240		18,509,779	
Deferred tax liabilities	12	1,726,741		1,508,815		1,235,819	
TOTAL NON CURRENT LIABILITIES		26,577,048	0	29,289,574	0	32,487,720	0
CURRENT LIABILITIES							
Trade payables	29	7,500,318	182,990	7,289,430	135,400	6,321,214	280,522
Current financial liabilities	30	5,553,927		5,504,377		5,686,012	
Tax payables	29	401,131		429,106		435,439	
Other current liabilities	29	2,885,709	11,400	2,428,685	16,640	2,316,918	
Current lease liabilities	28	4,621,370		4,545,068		4,494,241	
Other current financial liabilities		0		3,199		18,839	
TOTAL CURRENT LIABILITIES		20,962,455	194,390	20,199,865	152,040	19,272,663	280,522
TOTAL LIABILITIES		47,539,503	194,390	49,489,439	152,040	51,760,384	280,522
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		74,464,767	194,390	77,333,081	152,040	79,369,026	280,522

Annex 4. - Statement of changes in consolidated shareholders' equity

(Euro) Note 24	Share capital	Legal reserve	Share premium reserve	Revaluation reserve	Negative reserve for own portfolio shares	Cash flow hedge reserve	Other reserves	Effect IAS 19 Equity	Retained earnings	Net profit/ (loss) for the period	Group shareholders' equity	Minority interests	Total shareholders' equity
As at 01.01.2022	10,000,000	1,108,276	9,063,125	2,959,446	(149,915)	11,727	1,265,929	(99,113)	5,797,420	(2,110,890)	27,846,005	(2,362)	27,843,643
Allocation of results		34,930					352,053		(2,497,873)	2,110,890	-		-
Other movements IAS 29							146,365				146,365		146,365
Net profit/(loss) for the period										(1,538,144)	(1,538,144)	2,918	(1,535,226)
Other comprehensive income/(loss)						108,509	125,197	236,775			470,481		470,481
As at 30.06.2022	10,000,000	1,143,206	9,063,125	2,959,446	(149,915)	120,236	1,889,544	137,662	3,299,547	(1,538,144)	26,924,707	556	26,925,263

(Euro) Note 24	Share capital	Legal reserve	Share premium reserve	Revaluation reserve	Negative reserve for own portfolio shares	Cash flow hedge reserve	Other reserves	Effect IAS 19 Equity	Retained earnings	Net profit/ (loss) for the period	Group shareholders' equity	Minority interests	Total shareholders' equity
As at 01.01.2021	10,000,000	1,108,276	9,063,125	2,959,446	(149,915)	(21,243)	(788,545)		14,762,460	(7,805,982)	29,127,622	(1,746)	29,125,877
Allocation of results										(7,805,982)	7,805,982	-	
Net profit/(loss) for the period										(1,630,436)	(1,630,650)	(214)	(1,630,864)
Other comprehensive income/(loss)						11,870	44,168	57,798			113,836	(210)	113,626
As at 30.06.2021	10,000,000	1,108,276	9,063,125	2,959,446	(149,915)	(9,373)	(744,377)	57,798	6,956,478	(1,630,436)	27,610,812	(2,170)	27,608,642

Annex 5. - Consolidated Cash Flow Statement

(Euro)	30.06.2022	<i>of which with related parties</i>	30.06.2021	<i>of which with related parties</i>
Net Profit/(loss) for the period	(1,538,695)		(1,630,650)	
Adjustments to reconcile net profit (loss) to net cash from (used in) operating activities:				
Amortization, depreciation and write-downs of tangible and intangible assets, investment property and right-of-use assets	4,121,734		3,707,220	
Income taxes	(391,295)		(46,714)	
Provision for employee benefit plans	126,378		108,588	
Allocation to/(use of) the provision for obsolete inventory	0		0	
Losses and provision for bad debt	33,146		92,111	
Losses/(gains) on disposal of tangible/intangible assets	(1,600)		0	
Interest expense and interest expense on lease liabilities	635,314		595,130	
Interest income				
Other non-monetary items	159,995		20,185	
Changes in operating assets and liabilities				
Inventories	28,792		237,419	
Trade receivables	206,105	4,727	(544,097)	(3,380)
Trade payables	251,200	47,590	(467,772)	(236,037)
Other receivables and tax payables	32,202		76,415	
Other assets and liabilities	169,205	174,760	(348,829)	30,000
Employee benefits payments	(35,038)			
Income taxes paid	(206,051)		(89,576)	
Interest expense and interest expense on lease liabilities paid	(199,663)		(201,256)	
Interest income received				
NET CASH FROM (USED IN) OPERATING ACTIVITIES	3,391,789	227,077	1,508,175	(209,417)
Cash flow from investing activities				
Purchase of tangible assets	(59,274)		(108,190)	
Purchase of intangible assets	(55,552)		(218,105)	
Proceeds from the sale of tangible and intangible assets	800		0	
NET CAS FROM (USED IN) INVESTING ACTIVITIES	(114,026)	0	(326,295)	0
Cash flow from financing activities				
Net change in financial receivables	0		660,000	660,000
Net change in financial payables	(1,180,971)		709,040	
Repayment of lease liabilities	(3,000,997)		(2,212,017)	
NET CASH FROM (USED IN) FINANCING ACTIVITIES	(4,181,968)	0	(842,977)	660,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(904,205)	227,077	338,902	450,583
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR				
	4,560,070		4,078,888	
Increase /(decrease) in cash and cash equivalents	(904,205)		338,902	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3,655,865		4,417,790	