MONNALISA®

PRESS RELEASE

H1 2023 RESULTS APPROVED
REVENUES OF EURO 22 MILLION, RETAIL CHANNEL REVENUES UP 7% AT LIKE-FOR-LIKE EXCHANGE RATES
MAJOR STEPS FORWARD IN EXECUTING STRATEGIC PLAN

- **Consolidated revenues of Euro 21.9 million (Euro 22.6 million in H1 2022), retail channel revenues +5% (at like-for-like exchange rates +7%)**
- **Margin up (65% compared to 62% in H1 2022), also thanks to the expansion of the direct to consumer channel share which, considering only the direct physical stores, now accounts for 38% of total Group revenues, in line with the strategic development plan**
- **Adjusted EBITDA of Euro 2 million (Euro 2.2 million in the comparative period in 2022), 9.1% of revenues;**
- **Adjusted EBIT was a loss of Euro 1.5 million, a 15% improvement over the first half of 2022 (reported EBIT was in line with the comparative period)**
- **Shareholders' equity of Euro 20.4 million**
- **The net financial debt including the effects of IFRS 16 was Euro 29.4 million (Euro 28.9 million at the end of the previous year); adjusted net financial debt[1] of Euro 11.3 million**
- **Medium-term outlook of our ESG rating improves to EE+**
- **Major progress in implementing the development plan, with the signing of the license agreement for the production and distribution of children's clothing, accessories and footwear with the iconic La Martina brand, whose benefits shall emerge from the second half of next year.**

Arezzo (AR), September 29, 2023

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 2023 Half-Year Financial Report, drawn up as per the Euronext Growth Milan Issuers' Regulation.

Christian Simoni, Chief Executive Officer of Monnalisa, stated: *"We are continuing to implement our new business plan, which integrates the branding and distribution strategies of the previous plan with growth through licensing or production agreements with adult fashion brands, with the goal of not only increasing revenues, but even more so of improving the Group's profitability. In fact, the transformation process that we have executed over the past five years, with huge investments in our skills and capabilities, product development, production and logistics and distribution, will provide us with significant operational leverage, allowing us to grow without needing additional investment and with a less than proportional increase in operating costs. In this environment, the launch of the La Martina project is a milestone on our development path, even before considering its benefit as a new revenue stream, with results which shall emerge from the second half of the coming year. We are simultaneously making progress on improving the quality of distribution, which has rewarded us with 7% retail sales growth at like-for-like exchange rates, despite the significant uncertainty on a number of our key markets. The expanded retail revenue*

[1] Net of the effects of applying IFRS 16.

share, combined with a prudent management of production costs, has enabled us to make a sustained advance forward in terms of margins. The improvement of the medium-term outlook of the Standard Ethics ESG rating, which positions us as a fashion industry leader globally in terms of sustainability, together with the numerous awards we have received in recent months for our blockchain project, confirm that we are also making significant progress in the roll-out of our sustainability plan, which underlies our resilience. We look confidently to the medium/long-term future, although aware of the volatile global general economic environment, with uncertainties stemming from recession risks, continued inflationary pressure and the geopolitical instability, particularly on our major markets.

H1 2023 results overview

In the first half of 2023, the company reported consolidated revenues of Euro 21.9 million, decreasing 3% at current exchange rates (2% at like-for-like exchange rates) compared to Euro 22.6 million for the first half of 2022.

The **retail channel** was up 5% (7% at like-for-like exchange rates) on H1 2022, with revenues of Euro 8.2 million (Euro 7.8 million in H1 2022). The retail channel increased from 35% to 38% of revenues, in line with Group policy which is increasingly focused on the direct consumer channel, supporting a consequent improvement in the overall margin.

The **wholesale channel** contracted 6%, both at like-for-like and current exchange rates. The channel's results were significantly impacted by the international geopolitical uncertainty, and in particular the ongoing conflict between Russia and Ukraine, with consequences for the markets and customers to which the Group is significantly exposed. The high levels of inflation have also impacted results, with a deterioration in consumer confidence and, consequently, the exercising of greater caution in purchases by multi-brand wholesale consumers - particularly the less-established brands. Channel revenues, as a result of the above impact, totalled Euro 12.4 million, both at current and like-for-like exchange rates, compared to Euro 13.2 million in H1 2022.

Direct **e-commerce channel** revenues decreased 16% in the period compared to the same period of 2022. The closure of a strategic market such as Russia in this case also had an impact, in addition to the gradual desire of customers to return to "physical" in-store purchasing as opposed to online purchasing, which has seen a major explosion in recent years, particularly during the lockdowns. The direct online channel however continues to account for 6% of total revenues.
The Group has finalised a geo-localised direct online project in Russia, which began operations at the end of H1 2023 and whose initial profits shall emerge in the second half of this year. Both the direct and indirect online channel accounts for 13% of total Group revenues.

H1 at current exchange rates						
Euro thousands	**2023**	**%**	**2022**	**%**	**Change**	**Change %**
Retail	8,222	38%	7,827	35%	395	5%
Wholesale	12,400	56%	13,237	58%	(837)	-6%
Direct B2C	1,290	6%	1,543	7%	(253)	-16%
Total	**21,912**	**100%**	**22,607**	**100%**	**(695)**	**-3%**

H1 at like-for-like exchange rates						
Euro thousands	**2023**	**%**	**2022**	**%**	**Change**	**Change %**
Retail	8,391	38%	7,827	35%	564	7%
Wholesale	12,445	56%	13,237	58%	(792)	-6%
Direct B2C	1,294	6%	1,543	7%	(249)	-16%
Total	**22,130**	**100%**	**22,607**	**100%**	**(477)**	**-2%**

Revenues by region highlight the contraction in Italy and Europe (respectively -8% and -14%), partially offset by the 12% increase in the Rest of the World, despite the unfavourable impact of currency movements. The percentage distribution of revenues by zone therefore altered on the previous year. At like-for-like exchange rates, the Rest of the World area now accounts for 39% of total Group revenues.

Reported EBITDA amounts to approx. Euro 1.5 million (7% margin), following the planned boost to investment, particularly in marketing and communication.
This figure was impacted by a number of non-recurring costs in H1 2023. **Adjusted EBITDA** totalled Euro 2 million (Euro 2.2 million in H1 2022). The adjustments on reported EBITDA concern the extraordinary costs related to non-recurring events in H1 2023 and the result of a number of stores opened in the last 12 months and therefore not yet at break-even.

Despite the difficulties related to the general political-economic environment, which had major repercussions in terms of the decline in sales, the Group saw margins recover on the comparative half-year, in line with its strategic guidelines which increasingly focus on the DTC channels. The previously launched cost review policy continued in the period in order to contain non-strategic or deferrable costs, without impacting product quality and the medium-term outlook; these policies have had less obvious effects due to the proportional increase in a number of cost items related to difficult to predict and contain outside factors.

Furthermore, in the first half of 2023, in line with the strategic development plan, the company resumed a number of important marketing and promotional activities; three years since the last fashion show, and a sequence of events interrupted only by the pandemic, fashion shows returned with the fall-winter 2023 collection, providing a key opportunity for global visibility and to meet with the major buyers. Overall, the increase in marketing costs alone explains nearly half of the difference in EBITDA compared to the first half of last year, although representing an important investment to support the company's branding strategy.

After amortisation and depreciation of Euro 3.6 million, **EBIT** was a loss of Euro 2.1 million, remaining substantially unchanged on H1 2022. Adjusted EBIT improves 15% to a loss of Euro 1.5 million.

A **Net Loss** of Euro 3.6 million was reported (loss of Euro 1.5 million in H1 2022). The exposure to the currency fluctuations related mainly to commercial operations with Group companies in currencies other than the Euro impacted the net result, generating a negative impact of Euro 769 thousand, compared to a positive effect of Euro 757 thousand in H1 2022. Net of this difference, the net result would have been in line with the first half of the previous year.
The net financial debt (**Net Financial Position**), including the effects from applying IFRS 16, was Euro 29.4 million (Euro 28.9 million at December 31, 2022). The adjusted net financial debt, calculated by excluding current and non-current liabilities regarding leasing contracts, totalled Euro 11.3 million.

The Group confirmed its capacity in the period to generate **cash through operating activities**. The Group's growth strategy focused on the D2C channel, which features a reduced working capital cycle, is contributing to cash generation. This allowed a further reduction in the long-term debt of Euro 1.2 million.

Investing activities, net of the increase related to the new lease contracts, absorbed cash of approx. Euro 1.1 million, specifically comprising expenses incurred on third party assets for the new openings in the first half of the year (Paris Giverny and Taiwan Taichung) and for the renovation/restyling of existing stores, in addition to the purchase of a store-use property in the centre of Florence which is currently leased to third parties. The purchase was covered, only partially, through a medium/long-term loan.

The Group reports **Shareholders' Equity** of Euro 20.4 million.

Subsequent events to period-end and outlook

The global general economic environment remains volatile, with uncertainties related to recession risks, the continued inflationary pressures and the geopolitical instability. In the face of this uncertainty and unpredictability, the Group continues to work in line with its development strategies with clear and focused ideas.
The main strategic guidelines are defined below:

STRENGTHENING OF THE DTC CHANNEL with a consequent increase in overall profitability, through extending the distribution network and the opening of new Directly Operated Stores (DOS) and Directly Operated Outlets (DOO) in locations featuring a significant affluent population and with high luxury segment spending rates; amid the uncertain environment that has lasted now for a number of years, the Group is continuing to invest, latterly with the opening of two new sales points in France and in Taiwan in the current period.

LAUNCH OF NEW LICENSING AGREEMENTS to boost production and business volumes through the design, production and distribution, and the production of third party brands alongside the current Chiara Ferragni brand, also produced under license, by leveraging operationally the Group's existing organisational and production structure. The new five-year license agreement signed in September 2023 with La Martina, an iconic international brand linked to the world of Argentinian and British polo, fits with this strategy and is a key step on this growth path. The international agreement has the objective of launching and developing a clothing, footwear and accessories offering for the 0-16 year-old audience, of the brand founded in 1985, through the structure and expertise of Monnalisa. The first collection resulting from the brand's new licensing course will be that dedicated to fall-winter 2024/2025. The Kids La Martina collection will be distributed in selected monobrand stores, online and through the multibrand wholesale channel. At the same time, Monnalisa's management is working on other major projects so as to make an even stronger push in this direction.

SUSTAINABLE AND RESPONSIBLE GROWTH that sees sustainable transformation as a distinctive element for its own development process and for the differentiation of the Monnalisa brand. This is the framework for the Group's commitment to continue implementing the actions and projects necessary to pursue the sustainability goals published in the 2022-2024 Plan approved at the July 21, 2022 Board meeting. In order to ensure the achievement of these objectives, Monnalisa has created a dedicated cross-departmental team, co-ordinated by the Chief Executive Officer, with the task of defining objectives, targets and timetables within the scope of the commitments already undertaken by the Group through the Sustainability Plan, of monitoring the progress of projects and the achievement of these objectives.

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 3. - *Consolidated Cash flow Statement*

The consolidated half-year report at June 30, 2023 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.

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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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Annex 1. - Consolidated Income Statement

(Euro)	Notes	30.06.2023	*of which with related parties*	30.06.2022	*of which with related parties*
Revenues from contracts with customers	5	21,912,800		22,607,227	25,206
Other income and revenues	6	388,354		445,137	
Revenues		**22,301,154**		**23,052,364**	
Changes in inventories of work in progress, semi-finished goods and finished products	7	1,078,424		(966,878)	
Raw materials, finished products and consumables used	7	(6,614,517)		(5,778,703)	
Costs for services	8	(8,868,231)	(443,205)	(7,717,940)	(366,557)
Personnel costs	9	(6,165,250)	(122,954)	(6,024,439)	(74,400)
Amortization, depreciation and write-downs	10	(3,602,203)		(4,188,796)	
Other operating costs		(246,614)		(427,929)	
Operating profit/(loss)		**(2,117,237)**		**(2,052,320)**	
Financial charges	11	(820,311)		(635,314)	
Financial income		18,281		684	
Gains/(losses) on exchange rate differences	11	(769,171)		756,961	
Profit before taxes		**(3,688,438)**		**(1,929,990)**	
Income Taxes	12	43,901		391,295	
Net profit/(loss) for the period		**(3,644,538)**		**(1,538,695)**	
Net profit/(loss) – Group		(3,644,615)		(1,538,144)	
Net profit/(loss) – minority interests		77		(551)	

(Euro)	30.06.2023	30.06.2022
Net profit/(loss) - Group	(3,644,615)	(1,538,144)
# shares	5,236,300	5,236,300
Basic earnings/(loss) per share	-0.70	-0.29
Diluted earnings/(loss) per share	-0.70	-0.29

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Annex 2. - Consolidated Comprehensive Income Statement

(Euro)	Notes	30.06.2023	30.06.2022
Net profit/(loss) for the period		**(3,644,538)**	**(1,538,695)**
Net gain/(Loss) from hedging derivatives	25	(25,166)	108,509
Currency translation differences of foreign operations	25	109,583	125,197
Total other gains/(losses) that will be subsequently reclassified to net profit/(loss) for the period, net of taxes		**84,417**	**233,706**
Net gain/(loss) from recognition of defined-benefit plans for employees	25	(38,113)	236,775
Total other gains/(losses) that will not be subsequently reclassified to net profit/(loss) for the period, net of taxes		**(38,113)**	**236,775**
Total other gains/(losses) net of taxes		**46,304**	**470,481**
Total comprehensive income for the period, net of taxes		**(3,598,234)**	**(1,068,214)**
Pertaining to Group		(3,598,637)	(1,067,663)
Pertaining to Minority Interests		403	(551)

Annex 3. - Consolidated Balance Sheet

(Euro)	Notes	30.06.2023	*of which with related parties*	31.12.2022	*of which with related parties*
NON CURRENT ASSETS					
Property, plant and equipment	13	15,468,709		16,094,084	
Real estate investments	14	737,256		0	
Right of use assets	15	17,866,448		20,222,813	
Intangible assets with a finite useful life	16	645,275		809,347	
Other non current financial assets	17	675,083		837,046	
Deferred tax assets	12-18	3,996,962		4,005,806	
TOTAL NON CURRENT ASSETS		**39,389,733**		**41,969,096**	
CURRENT ASSETS					
Inventories	19	15,053,593		14,538,012	
Trade Receivables	20	6,900,046	192,126	7,858,954	206,393
Tax Receivables	21	1,620,009		1,778,826	
Other current assets	22	1,344,059	180,000	1,245,169	360,000
Other current financial assets	23	482,030		510,009	
Cash and cash equivalents	24	5,525,185		3,408,163	
TOTAL CURRENT ASSETS		**30,924,922**	**372,126**	**29,339,133**	**566,393**
TOTAL ASSETS		**70,314,655**	**372,126**	**71,308,229**	**566,393**
SHAREHOLDERS' EQUITY					
GROUP SHAREHOLDERS' EQUITY					
Share capital		10,000,000		10,000,000	
Reserves		14,045,375		17,265,461	
Net profit/(loss) - Group		(3,644,616)		(3,248,397)	
TOTAL GROUP SHAREHOLDERS' EQUITY		**20,400,760**		**24,017,063**	
Share capital and reserves - minority interests		633		558	
TOTAL SHAREHOLDERS' EQUITY	**25**	**20,401,392**	**0**	**24,017,621**	**0**
NON CURRENT LIABILITIES					
Non current financial liabilities	31	8,067,767		6,135,390	
Provisions for risk and charges	26	741,291		728,984	
Employee benefit liabilities	27	2,436,216		2,309,858	
Other non current liabilities	28	142,977		142,977	
Non current lease liabilities	29	13,617,654		15,723,594	
Deferred tax liabilities	12-18	263,606		304,493	
TOTAL NON CURRENT LIABILITIES		**25,269,511**	**0**	**25,345,296**	**0**
CURRENT LIABILITIES					
Trade payables	30	8,265,567	465,205	8,291,096	120,000
Current financial liabilities	31	9,042,504		6,083,387	
Tax payables	30	446,989		490,021	
Other current liabilities	30	2,498,843	17,879	2,542,405	
Current lease liabilities	29	4,389,848		4,538,402	
Other current financial liabilities		0		0	
TOTAL CURRENT LIABILITIES		**24,643,752**	**483,084**	**21,945,313**	**120,000**
TOTAL LIABILITIES		**49,913,263**	**483,084**	**47,290,609**	**120,000**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**70,314,655**	**483,084**	**71,308,229**	**120,000**

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

(Euro) Note 25	Share capital	Legal reserve	Revaluation reserve	Cash Flow hedge reserve	Other reserves	Effect IAS 19 Equity	Retained earnings	Net profit/(loss) for the period	Group shareholders' equity	Minority interest	Total shareholders' equity
As at 01.01.2023	**10,000,000**	**1,143,206**	**4,030,573**	**219,832**	**7,214,001**	**199,245**	**4,458,605**	**(3,248,397)**	**24,017,063**	**558**	**24,017,621**
Allocation of results							(3,248,397)	3,248,397	0		**0**
Other movements IAS 29					(17,992)				(17,992)		**(17,992)**
Net profit/(loss) for the period								(3,644,615)	(3,644,615)	77	**(3,644,538)**
Other comprehensive income/(loss)				(25,166)	109,583	(38,113)			46,304	(2)	**46,302**
As at 30.06.2023	**10,000,000**	**1,143,206**	**4,030,573**	**194,666**	**7,305,592**	**161,132**	**1,210,208**	**(3,644,615)**	**20,400,760**	**633**	**20,401,392**

(Euro) Note 25	Share capital	Legal reserve	Revaluation reserve	Cash Flow hedge reserve	Other reserves	Effect IAS 19 Equity	Retained earnings	Net profit/(loss) for the period	Group shareholders' equity	Minority interest	Total shareholders' equity
As at 01.01.2022	**10,000,000**	**1,108,276**	**2,959,446**	**11,727**	**10,179,139**	**(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**	**2,959,446**	**120,236**	**10,802,754**	**137,662**	**3,299,547**	**(1,538,144)**	**26,924,707**	**556**	**26,925,263**

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Annex 5. - Consolidated Cash Flow Statement

(Euro)	Notes	30-giu-23	*of which with related parties*	30-giu-22	*of which with related parties*
Net Profit/(loss) for the period		**(3,644,538)**		**(1,538,695)**	
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		3,601,355		4,121,734	
Income taxes		(43,901)		(391,295)	
Provision for employee benefit plans		143,438		126,378	
Allocation to/(use of) the provision for obsolete inventory		0		0	
Losses and provision for bad debt		0		33,146	
Losses/(gains) on disposal of tangible/intangible assets		0		(1,600)	
Interest expense and interest expense on lease liabilities		820,311		635,314	
Interest income					
Other non-monetary items		208,406		159,995	
Changes in operating assets and liabilities					
Inventories		(515,581)		28,792	
Trade receivables		958,867	182,067	206,105	4,727
Trade payables		(36,104)	(8,312)	251,200	47,590
Other receivables and tax payables		161,732		32,202	
Other assets and liabilities		24,922		169,205	174,760
Employee benefits payments		(90,350)		(35,038)	
Income taxes paid		(34,058)		(206,051)	
Interest expense and interest expense on lease liabilities paid		(425,733)		(199,663)	
Interest income received					
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**1,128,765**	**173,755**	**3,391,789**	**227,077**
Cash flow from investing activities					
Purchase of tangible assets		(1,332,520)		(59,274)	
Purchase of intangible assets		(287,061)		(55,552)	
Proceeds from the sale of tangible and intangible assets				800	
NET CAS FROM (USED IN) INVESTING ACTIVITIES		**(1,619,581)**	**0**	**(114,026)**	**0**
Cash flow from financing activities					
Net change in financial receivables					0
Net change in financial payables		5,331,678		(1,180,971)	
Repayment of lease liabilities		(2,723,840)		(3,000,997)	
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**2,607,838**	**0**	**(4,181,968)**	**0**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**2,117,022**	**173,755**	**(904,205)**	**227,077**

CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**3,408,163**		**4,560,070**	
Increase /(decrease) in cash and cash equivalents		2,117,022		(904,205)	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**5,525,185**		**3,655,865**	