MONNALISA

Annual Report 2022

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Letter to the Stakeholders

Piero Iacomoni *Chairperson*

"If you cannot measure it, you cannot improve it" W. Kelvin.

I have always felt great affection for this quote, and it is also an accurate reflection of Monnalisa - a company that fills me with the pride of a founding father - as seen through the lens of this annual report. This is a document which, year after year, with transparency and precision, recounts and "measures" our determination to move our sustainability strategies forwards and take our place as a leader in our sector.

Among the many awards we have received, I am particularly appreciative of the one bestowed on us by a leading Italian university, whose research highlighted our commitment to sustainable business and the efforts we make to communicate it. I am proud of this recognition as it comes from the world of academia, and therefore speaks to young people. It recognises a sustainability strategy that goes beyond ***the environmental, economic and social dimension****, arriving at a definition of progress and well-being that surpasses the mere traditional measures of economic growth.*

This document represents our vision and our efforts to create a better world for future generations. It is dedicated to the progress and well-being of each of our stakeholders - beginning with our staff - whose hard work, talent, enthusiasm and resilience form the foundation in achieving this vision.

We hope you enjoy the report

Piero Iacomoni
Founder and Chairperson of the Board

Methodological Note

Year 2022 (January 1, 2022 – December 31, 2022)

With the drafting of this Annual Report, prepared as an integrated document, the Monnalisa Group reports to its internal and external stakeholders on the added value it has created, the resources it has used to create that value, and how the Group's strategic initiatives seek to maximise value for all stakeholders

This Non-Financial Statement does not simply represent a combination of an annual report and sustainability report, but a new reporting model that integrates the "traditional" variables of company evaluation into the social, environmental and economic environment in which the Company operates. Its objective is to set out the real value created by the entire organisation and its impact on all stakeholders

The reporting process - which began in 2018 and continued in the following years - is increasingly based upon the principles of Integrated Thinking and seeks to further develop the Monnalisa Group's awareness of social, environmental and governance issues. As of this Annual Report 2022, the Consolidated Financial Statements and Separate Financial Statements are prepared in accordance with International Financial Reporting Standards in the version adopted by the European Union (IFRS) and issued by the International Accounting Standards Board (IASB).

The Consolidated Non-Financial Statement is drawn up annually on a voluntary basis pursuant to Article 7 of Legislative Decree No. 254 of 2016 and is prepared in accordance with the provisions of and therefore in compliance with Legislative Decree No. 254. This Non-Financial Statement is prepared in accordance with the GRI Standards published by Global Reporting Initiative (GRI) and the guiding principles and content of the International <IR> Framework defined by the International Integrated Reporting Council (IIRC). Compliance with the Integrated Reporting principles requires us to illustrate the process through which we create value over time. The structure of this Consolidated Non-Financial Statement therefore follows the logic of the capitals that underlie value creation.

- **Financial Capital:** the set of economic resources used in production processes;
- **Manufacturing Capital:** the property, infrastructure, and physical means (plant, machinery, etc.) used to manufacture products sold by the Company;
- **Natural Capital:** all the environmental processes and resources that contribute to the creation of the services provided by the Company;
- **Human Capital:** the set of skills, abilities, and experience possessed by the people who work for the Company;
- **Intellectual Capital:** the intangible resources represented by the Group's organisational expertise and intellectual property;
- **Relational Capital:** the Company's ability to create relationships with external stakeholders and share values to improve corporate and collective well-being.

Such an Integrated Report highlights the Group's continued pursuit of innovation and its desire to respond not only to economic and financial aspects, but also the social and environmental issues which, in an integrated manner, affect decision-making processes, the setting of strategy, governance and the business model.
The first few chapters of this Report describe the **business model** through which the various "capitals" are organised to create value over time. The financial capital data contained in this Statement are aligned and consistent with the Separate and Consolidated Financial Statements; data concerning manufacturing and relational capital have been collected from Monnalisa's management control systems; data relating to human capital have been collected and organised with the support of the HR department; and finally, data relating to natural capital have been prepared by the team that manages environmental aspects.
The reporting scope was extended to consolidated level in 2020 and now includes the parent company Monnalisa S.p.A and the following subsidiaries: Monnalisa Hong Kong LTD, ML Retail USA INC, Monnalisa China LTD, Monnalisa Brazil LTDA, Monnalisa Rus OOO, Monnalisa Korea LTD (inactive), Monnalisa Bebek Giyim San ve Tic A.S. (Turkey), Monnalisa International LTD (Taiwan), Monnalisa UK LTD, Monnalisa Japan Co LTD, Monnalisa Singapore Ltd, and Monnalisa San Marino S.r.l., which was founded in December 2020. The Parent Company has branches in Spain, France and Belgium, in addition to representative offices in Germany and Great Britain.

On October 5, 2021, the new GRI standards (hereinafter "GRI 2021") were published. The new 2021 standards saw the GRI launch the new universal standards and revamp the entire framework. Above all, the changes reinforce the concepts of impact in sustainability reporting, also consistent with the guidance of the latest European Sustainability Reporting Directive.
Application of the most recent version of the GRI Standards is mandatory from fiscal year 2022. The Group has therefore prepared the Consolidated Non-Financial Statement using the GRI 2021, adjusting its contents where the transition from GRI 2016 Standards to GRI 2021 Standards makes it necessary to do so. We note specifically that GRI 1, 2 and 3 replaced the previous universal standards GRI 101, 102 and 103. We also note that there are currently no "Sector standards" issued as per the new GRI 2021 applicable to the sector in which the Group operates.
Where reporting on specific indicators is not possible, exclusions are highlighted in the Statement and an explanation is provided, in accordance with the "comply or explain" principle.
As regards the breadth and depth of reporting (for which the 2021 standard provides two different options, "in accordance" and "with reference to"), the Monnalisa Group complies with the nine requirements set out in GRI 1 and therefore reports "in accordance".

Group profile and operations

MONNALISA

Piero Iacomoni
founds Monnalisa in Arezzo
1968

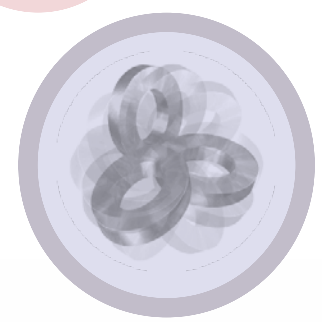
Barbara Bertocci
joins Monnalisa
First time at the International Fashion Event "Pitti Bimbo"
1975

Starting of the internationalization process (Paris, NY, London)
1988

Diletta Iacomoni
joins Monnalisa
First showroom in Arezzo
1990-92

First Corporate Responsibility Statement
2001

Florence Boutique
2003



First Award for Best Annual Report
2005

Milan Boutique
2006

Lafayette, Harrods (London), Endless Story (Moscow), Sidney, New York...
2008

Launch of male fashion brand
2011

Christian Simoni appointed as CEO
2013

ELITE
Elite Certification by Borsa Italiana
Certificazione ambientale
2015

Cosmetic products
Furniture line
2017

Borsa Italiana
12 July Listed on AIM market
2018

CHIARA FERRAGNI license
2020

ESG Rating
2022

Group activities

Monnalisa S.p.A. is the operational holding company of the Monnalisa Group and is headquartered in the city of Arezzo.
A luxury sector player through the "Monnalisa" brand, the Group is an international leader in the design, manufacture and distribution of high-end clothing and accessories for children. The Group combines its Italian identity with high-quality and craftsmanship, creativity and the ability to renew itself and remain current.
The Monnalisa Group has always strived to constantly improve its proprietary brands, so as to guarantee total strategic autonomy and a considered concentration of investments. The Group has recently updated its business model to include a selective manufacturing and distribution licensing strategy. The Group operates through innovative and cutting-edge synergies and the in-housing of all collection design and development, prototyping and model creation. These are the Monnalisa Group's winning features and drive its success.
Consistent focus on product originality, quality and innovation, as well as the latest emerging trends, have made the Monnalisa Group a go-to brand in the children's fashion sector. Over the years, the Group has adopted a clear and consistent international expansion strategy which broadens and strengthens its brand identity, its market positioning, its direct control of the distribution channels and the innovation that has always set it apart.
The success of the Group has its roots in the history and heritage of great craftsmanship and the contemporary nature of its design: a high-value strategy founded on the combination of innovation and craftsmanship. Monnalisa's winning product features are:

HIGH QUALITY as the fruit of skills and knowledge refined over time and a constant pursuit of the highest levels of excellence through the careful selection of materials;

THE TAILORING of creations so to ensure their wearability;

THE CONTEMPORARY FEEL of collections as the perfect balance between innovation, identity and taste.

The Group proposes a wide range of products for various uses, organised into themes, from leisure right through to formal occasions. The originality of Monnalisa's offering lies predominantly in its strong product identity.

MONNALISA

Main Monnalisa line, 0 to 16 years. The core line is marked by creativity and constant innovation, and is full of character, imaginative content and absolute attention to detail. The offering is varied and complete, with distinct proposals for the differing age segments, from the cute sets of the Layette newborn line, and the gleeful proposals for babies from 3 to 36 months, right up to ironic and trendy looks for pre-teens and teenagers, and refined vintage designs for boys. Each theme includes a range of different accessories, such as shoes, bags, headbands, hats, belts and tights in certain colours, fabrics and patterns. The mother's clothing line has been expanded to include sizes XS, S, M, L and can be paired with the "Maxi You" girl's clothing range.

MONNALISA Couture

A line designed to dress girls for the most exclusive of occasions, a few highly refined, top-of-the-range garments that show off the very best of Italian tailoring. The Couture line is marked by garments with refined fabrics, sophisticated applications and jewel-like details, completed by elegant adornments including hair accessories, tiaras and handbags, with bright settings, colourful brooches and flashes of flowers.

Chic MONNALISA

The line dedicated to clothing for special occasions revisits tradition to offer refined garments with a contemporary-romantic style. The Chic line features joyful prints, soft, solid colours, and refined, natural fabrics for exciting, formal outfits that interpret the very latest trends, all accompanied by a wide range of accessories.

CHIARA FERRAGNI

At the end of November 2020, a multi-year license agreement was signed with Fenice S.r.l. (company owning the "Chiara Ferragni" brand). The agreement targets the growth worldwide in the children's fashion 0-10 years segment of the brand founded by Chiara Ferragni, through the structure and experience of Monnalisa, which through this partnership can further expand its customer base, in line with the digital transformation undertaken. The first collection under the brand licensing strategy was dedicated to Fall/Winter 2021/2022.

Achievement of ESG rating

In 2022, reflecting the steps taken by the Monnalisa Group in terms of ESG (Environmental, Social and Governance) topics, the Standard Ethics Ratings Agency awarded an EE- (adequate) rating, i.e. investment grade, to Monnalisa, placing it at the top of its sector.

The rating responds to the Group's need to have a non-self-referential and ethic neutral assessment by an independent agency, and to understand the outside perception of our ESG area policies and activities.

In January 2023 the Standard Ethics Agency confirmed Monnalisa's EE- (adequate) or "investment grade" rating. The Agency also updated the medium to long-term expectation to EE+ over a 4-5 year timeframe. This improvement follows the work undertaken in 2022 by the Group primarily on sustainability governance and sustainable development strategies, aligned with much of the voluntary guidance of the United Nations, OECD and European Union, in parallel with the non-financial reporting drawn up according to international standards complying with ESG practices and policies that are continually evolving in line with the changing needs in terms of sustainability.

1 Standard Ethics Ltd is an independent sustainability rating agency based in London. It qualifies as a "self-regulated sustainability rating agency" for having voluntarily adopted - in the absence of rules on ESG Ratings - the model and constraints of credit rating agencies. The agency issues the Standard Ethics Rating, a sustainability and governance rating based on "compliance" with the principles and voluntary guidelines of the United Nations, of the Organisation for Economic Cooperation and Development(OECD) and the European Union. Assessing compliance with international guidelines only, Standard Ethics adopts an "ethic neutral" principle for its assessments.

MISSION VISION VALUES

The mission of Monnalisa is to create value and values over time so as to deliver the following vision:

TO EXCEL

in innovation, creativity and practicality in order to conquer new markets.

TO DEVELOPE

managerial skills throughout the Company
in order to successfully face the current market challenges.

TO EXPAND WORLDWIDE

both productively and commercially, while upholding the Company's values and identity, and encouraging a culture of social responsibility.

A COMMUNITY FOUNDED ON CREATIVITY, COMMITMENT AND CARE

Creativity & Innovation

From products to operations, Monnalisa has always distinguished itself by the high level of creativity and innovation.

Commitment & Transparency

Quality Management certifications, accounting transparency, care for the environment are part of Monnalisa .

Care & Loyalty

Customers, Suppliers, Employees… People are the key to Monnalisa.

Business Model

The parent company Monnalisa S.p.A. has a centralised business structure where almost all activities relating to its organisational model are performed, except for distribution and management of points of sale in the various geographical areas, which are instead handled directly by the Group's various commercial entities in their target markets.
Monnalisa S.p.A. is thus an operational holding company, which in addition to holding interests in the international trading companies, manages all phases of the production process, from product design and creation to marketing, only outsourcing certain phases of production.

Insourcing of the product design and creation process, in addition to representing a distinctive aspect of the Monnalisa Group, is also intended to pursue the key objective of achieving a high degree of industrialisation of this process. The Group is therefore capable of handling all strategic processes internally.
The Group is organised according to a model in which product strategies and communications activity are intertwined, so as to ensure consistency with Monnalisa's brand image and style. This model features constant, careful monitoring by the Company of its value chain.
The Group organisational model may be broken down into the following phases:

- style, design and product development;
- presentation of the collection and sales campaign;
- production planning, raw material and finished product purchasing strategies;
- production and logistics;
- marketing and communication;
- distribution.

The main Organisational Model phases governing Group operations are outlined in the following graph:

Style, design and product development

The production process depends on creativity. The challenge is entrusted to a team of around 30 people, led by Barbara Bertocci and Diletta Iacomoni, in collaboration with Creative Direction. Every season without fail, this happy combination of creativity and flair delivers a complete, innovative collection, full of experimentation in terms of design and materials, new proposals and fashion content. The sharing of ideas and inspirations from travel, reading, art and culture is the foundation of every creative activity, which then evolves through a complete design process, made up of constant research and the critical review of each and every proposal.

Production and logistics

Monnalisa works on seasonal schedule, with production divided into two collections and two pre-collections per year. Based on sales campaign forecasts, the Company anticipates purchases, and then proceeds with production scheduling according to effective sales. In order to always satisfy customer demand, Monnalisa has adopted an extremely flexible production strategy that allows it to maintain control over the most critical points in the organisation. All production phases involving the conversion of raw materials into finished products are outsourced to small independent workshops, mainly located in central Italy.
The quality control of fabrics, storage of materials and cutting of fabrics are handled by the production unit located in Badia al Pino, which uses cutting-edge technology to guarantee the superior quality of key processing in subsequent phases.

Together with accessories and processing instructions, the cuts then arrive at the tailoring, embroidery, printing and dyeing workshop for subsequent transformation stages. Finally, the finished products return to Monnalisa where they are tracked and stored for customers.
The circular flow of the entire production process is piloted and monitored by internal production units, which guarantee necessary supplies and a successful final outcome.
Though conceptualisation and planning phases are directly supervised by Monnalisa, with the same organisational set-up, finished product procurement activities are managed from both Italy and abroad. In the production process, however, the materials purchase phase depends on the finished product supplier, as does the timing of project phases, which are stringently subject to supplier production and delivery deadlines.

Distribution

Monnalisa products are distributed through five channels:

- *wholesale: independent multi-brand stores;*
- *wholesale retail: single-brand partnerships;*
- *corporate retail: direct mono-brand stores;*
- *e-business retail: direct end-consumer on line sales channel*
- *e-business wholesale: direct end-consumer online multi-brand platforms*

Overall, retail accounts for 36% of turnover through 49 mono-brand stores, as of December 31, 2022, in addition to the online store and shop-in-shops in the most prestigious department stores in the world.
A concept store has also been developed in line with corporate identity, providing for the continuous training of sales staff and systems for the collection and analysis of data, allowing the Company to more thoroughly and quickly understand the dynamics of demand in order to orient company strategies to a more fitting offering.
The share represented by the online channel has stabilised at 6% if we take the proprietary e-commerce platform into consideration, and rises further still to 18% of total turnover when considering the indirect online channel.
The strengths of Monnalisa's distribution are its extensiveness and exclusivity, which distinguish, in particular, the wholesale channel. At December 31, 2022, Monnalisa had over 500 retail customers, accounting for more than 50% of foreign turnover.

Human resources

People represent the most important asset for the Monnalisa Group of today, and for the development of the Monnalisa Group of tomorrow. The Human Resources department works with General Management to develop the potential of personnel through training and internal policies focused on people's needs in synergy with the needs of the Company.
Personnel are selected through continuous collaborations with universities and specialist educational institutions, with an openness to new figures, outside of traditional search processes, for purpose of creating networks of relations and opportunities for the exchange of ideas.
Monnalisa's strong roots in its local community yet international outlook assure it stable foundations and continued growth as a company that is stimulating for all professional profiles and that offers opportunities for horizontal growth and continuous development of knowledge and skills.

Communication

The construction of a brand and product identity demands an effective and coherent communication strategy, which is then applied and moulded to all communications channels.
In-store events, fashion shows and product placement, represent an important investment for the Company, which sees an immediate return in the number and prestige of unpaid editorials regularly featuring in the press, on the web and on television.
Monnalisa's leadership draws from an ability to make choices according to a strong and shared value system. Leadership is based on - before everything else - identity:

- undertaking operations which match its mission and values;
- guaranteeing a transparent governance system;
- making production-related processes ever more efficient and effective with the goal of constantly improving on results.
- making sustainability a central and key element that informs all choices.

MARKETING AND COMMUNICATION | Conception and management of events & fashion shows | Social Network activities | Partecipation at fashion events

Style, Design and Product Development

- Market Analysis
- Collection planning
- Design
- Prototyping

Collection presentation Sales campaign

- Presentation to Pitti Bimbo
- Distribution strategy definition
- Collection initial feedback

Purchase raw materials and finished products

- Fabric and accessory research
- Suppliers selection
- Production planning
- Purchase raw materials and finished products

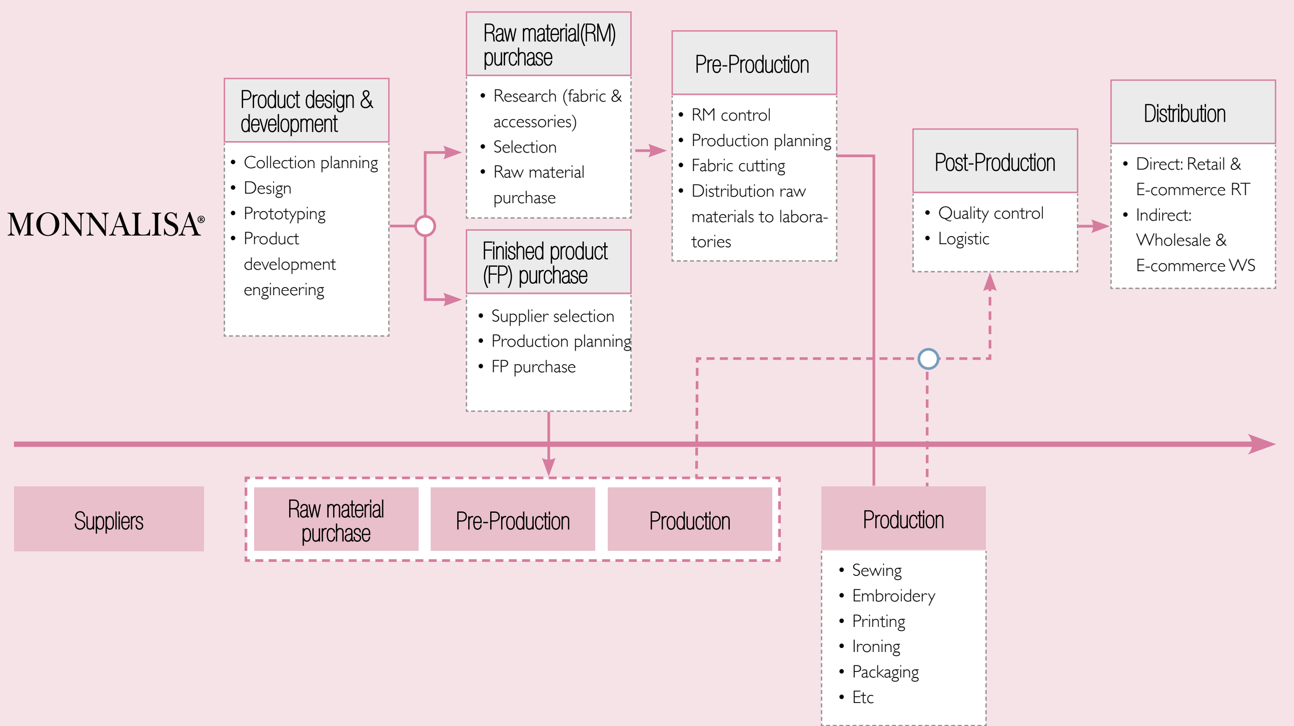
Production and logistics

- RM control
- Fabric cutting
- Distribution RM to laboratories
- Sewing, embroidery, printing, ironing and packaging
- Quality control

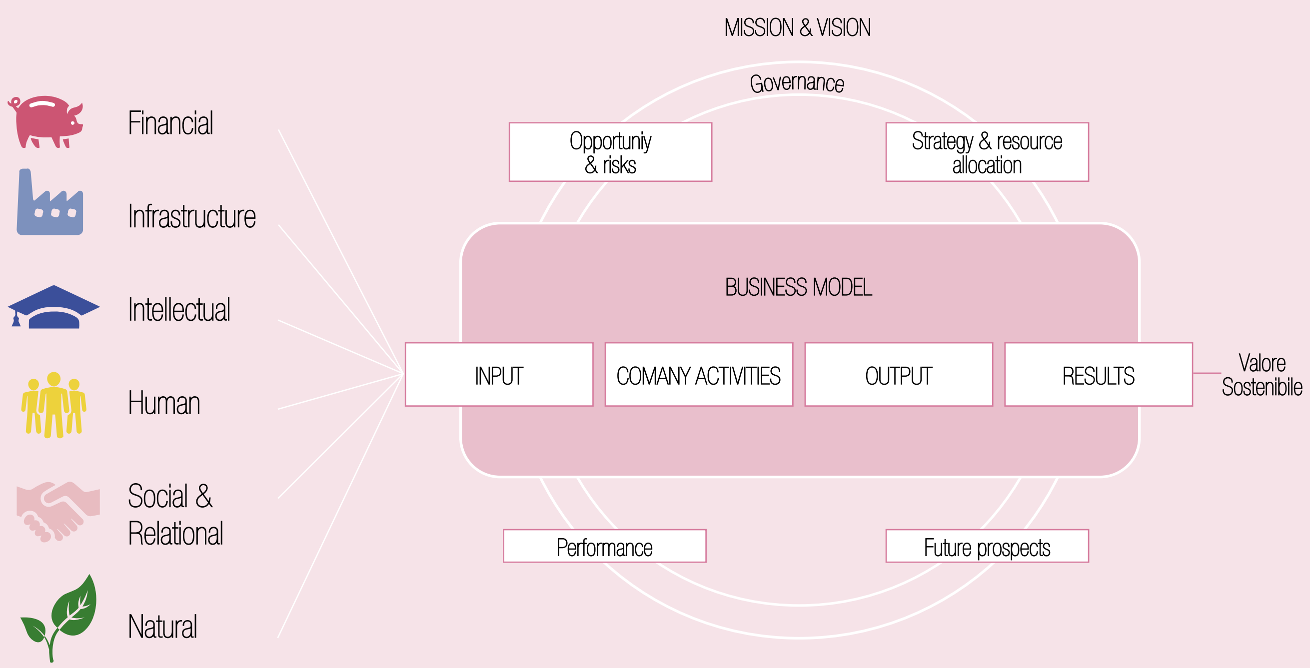
Distribution

- Direct: retail and Ecommerce retail
- Indirect: Wholesale ed E-commerce Wholesale

As previously highlighted, Monnalisa's operating model features a strong identity and deep ties to the local land and people, and the Group owes its stylistic originality and quality to its active involvement in the entire value chain. The Group's strategic objectives inevitably involve the creation of value for all stakeholders (as shown in detail in the chart above and in the diagram below).



The Monnalisa Group's value creation model is based on the careful assessment and monitoring of risks related to the achievement of its strategic performance, environmental, and social objectives, which are defined and summarised in the chart below, and are explained in more detail in the capitals described above:



CAPITAL

Collection of funds which the organisation utilises to produce goods or provide services. These are obtained through various funding sources or generated through operations or investments.

Buildings, infrastructure and physical technological assets which an organisation utilises to guarantee the services offered.

Intangible assets, organised and based on expertise, including intellectual property and intangible assets associated with the brand and the reputation of the organisation.

Skills, capacity and experience of the individual, motivation to innovate, loyalty and motivation to improve processes, products and services, including the capacity to direct, manage and collaborate.

Institutions and relations with the community, the Group of stakeholders and other networks and the ability to share information to relaunch individual and collective well-being.

Natural resources and processes - renewable and non-renewable - which provide products and services supporting (or which have supported) the past, present or future prosperity of the organisation (biodiversity and health of ecosystems, air, water, soil, minerals and forests).

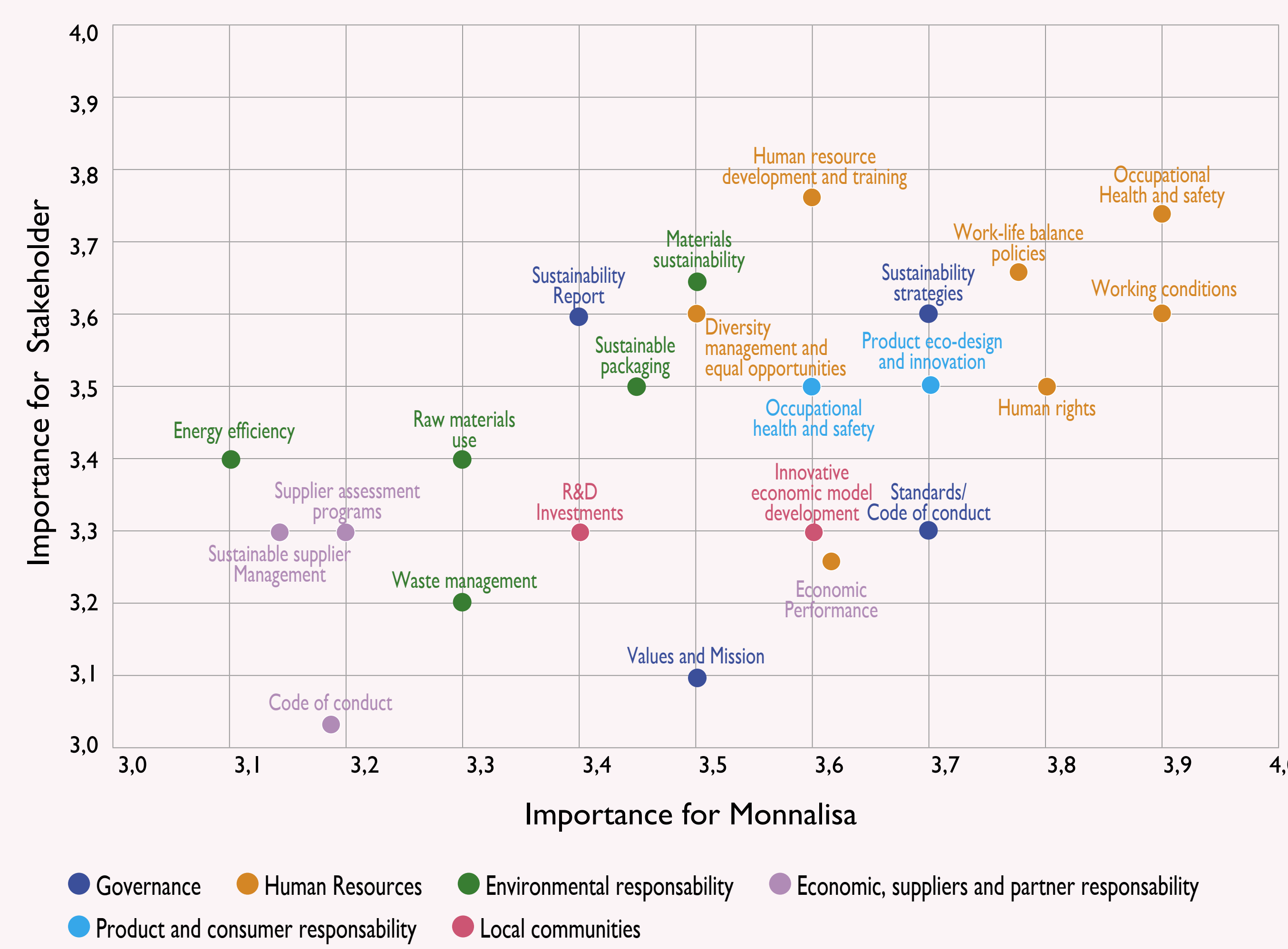
The Group's strategic development involves:

- the achievement of sustainable development goals (the Group has drafted a 2022-2024 Sustainability Plan, approved by the Board of Directors in July 2022, a description of which is provided in the following paragraphs) that comply with the United Nations' Sustainable Development Goals (hereinafter the "SDGs").
- the development of the Monnalisa brand worldwide through direct communication to improve brand awareness
- the development of direct relationships with customers ("D2C") by growing retail and digital sales (omnichannel approach).
- the ongoing improvement of all phases (in line with the Group's culture and philosophy) to increase the efficiency of production and other processes.
- ongoing market analysis to find opportunities for alliances and partnerships.
- ongoing search for input for the purposes of external comparison, as non-self-referential assessments help the Group to understand how its policies and business are perceived (both in the ESG sphere and beyond).

Mantheriality analysis

The key word "materiality" forms the basis in defining the content of this Non-Financial Statement and guarantees that the topics included in this Statement can reasonably be considered important as they either reflect the economic, environmental, and social impacts of the Company's business, including human rights.
The renewal of the GRI framework (GRI 2021) - the application of which is mandatory as of this report - has introduced a new set of universal standards. GRI standards 1, 2 and 3 have replaced the standards GRI 101, 102 and 103. The combination of GRI 1 and GRI 3 (GRI 3 provides the new guidelines on material topics, requiring that organisations specify how they determine and manage these topics), adds more weight to materiality analysis than previous standards, particularly in terms of the assessment of impacts and the stakeholder engagement process.
As a result, the Group updated the materiality analysis through a renewed context analysis and the relaunch of the stakeholder and management dialogue process. The materiality analysis was then supplemented with the elements of the new universal standards, and in particular standards 1 and 3. To ensure that this report provides a comprehensive view of the changes in material topics from the traditional analysis conducted according to GRI 101 to the updated analysis based on the new GRI standards 1 and 3, a summary of the past analyses and their characteristics is provided below.
The structured Materiality Analysis process undertaken in 2019 enabled the Group to identify and pinpoint content to be included in this Statement due to its relevance to Monnalisa and its stakeholders. The Group deemed it appropriate to revise certain aspects of its materiality analysis in 2020, in collaboration with senior management, so that more weight could be given to topics that have emerged as relevant in the wake of the pandemic. These topics relate specifically to People (safety, working conditions, work-life balance, respect for human rights), the environment, and governance (sustainability strategies, eco-design, and product innovation). The analyses conducted in 2019 and the updates made in 2020 were supplemented and confirmed by the results of the update process carried out in 2022.
In the materiality matrix that follows (which represents the materiality analysis carried out according to the criteria of GRI 101), relevant topics are represented by points on a Cartesian plane, according to their relevance for Monnalisa (x-axis) and its stakeholders (y-axis). To render results simpler and easier to use, only topics that have exceeded the **materiality threshold** are shown on the graph, i.e., those that obtained an average rating of +3 on a scale of 0 (negligible) to 4 (very relevant) on both axes. As shown by the graph, many of the topics considered most relevant for Monnalisa and its stakeholders fall into the macro-areas of **Personnel, Product, and Consumer Responsibility, Governance, and Environmental Responsibility.**

Materiality Matrix



This analysis shows that the most significant issues for Monnalisa are in line with the approach that the Company has adopted and intends to pursue, and with the priorities identified for the achievement of the Company's SDGs (Sustainable Development Goals). The "re-thinking" approach currently being adopted by Monnalisa involves and impacts on all business aspects: governance, personnel, products, services and instruments, communication and image, economic sustainability, and business approach. Against this backdrop, the Sustainability Development Goals **guide and support the setting of key company strategies**, on which the policies, objectives and actions to create sustainable value over time should be focused.
Based on the indications of GRI 3, the Group supplemented the materiality analysis. The results of this are set out in the table above, along with a quali-quantitative analysis of the Group's current and potential positive and negative impacts regarding the issues themselves. The impact assessment was carried out on a selection of 19 topics established as material by the materiality analysis carried out according to the previous GRI 101 and reported above.
Each topic was associated with a risk profile and an opportunity profile, which was used to conduct an analysis of negative and positive impacts.
For negative impacts, potentially material topics were evaluated by assigning values from 1 to 3 for the severity of the impact ("scale"), values from 1 to 3 for the extent of the negative impact ("scope"), and values from 1 to 3 for assessing the difficulty of remedying or counteracting the effects of the impacts ("irremediable character"). Finally, each topic was assigned a likelihood of occurrence, which determined the final impact rating. Human rights topics were automatically assigned a maximum likelihood score, in line with the indications of GRI 3.
For positive impacts, the assessment was conducted with the same scales used for negative impacts, with the obvious omission of the assessment of remediability.
The results for the negative and positive impacts of the topics shown in the tables below can be summarised as follows:

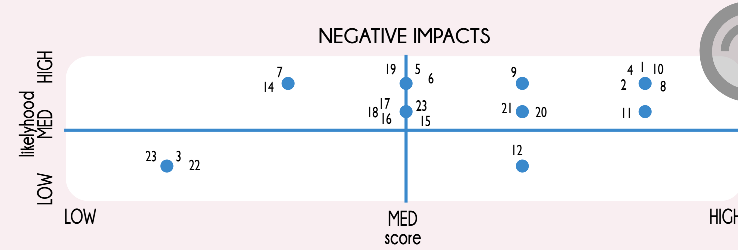
ANALYSIS OF NEGATIVE IMPACTS

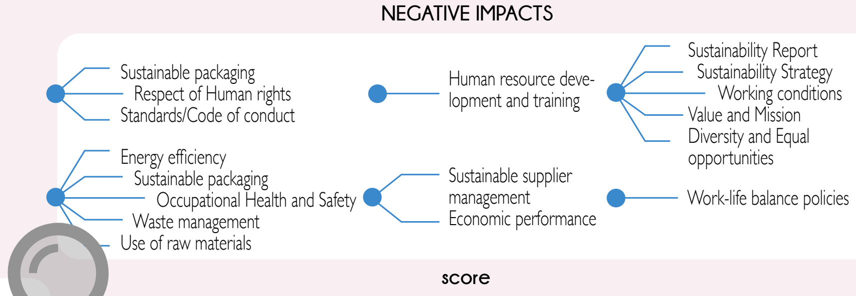
Area	Material topic	Risks	Oversight method
Governance	Sustainability strategies	Lack of a sustainability strategy prevents material topics being included in the Group's strategic plan	The Group approves a three-year sustainability plan every year
	Values and Mission	Lack of codified values and a clear corporate mission prevents the organisation behaving in a manner consistent with the strategic lines of sustainability	The Group has adopted an Ethics Code and all the procedures required to summarise its values and mission in routine processes
	Standards/Ethics Codes	Lack of standards and Ethics Code developed within the entity is reflected in its "tone at the top" on sustainability issues	The Group has adopted an Ethics Code and all the procedures required to summarise its values and mission in routine processes
People	Respect for human rights	Failure to appropriately manage and respect human rights has pervasive impacts on sustainability strategy	The Group has adopted an Ethics Code and all the procedures required to summarise its values and mission in routine processes
	Working conditions	Failure to manage working conditions has social and economic impacts	The Group has adopted an Ethics Code and all the procedures required to summarise its values and mission in routine processes
	Manage diversity and equal opportunities	Failure to manage diversity and equal opportunity has social and economic impacts	The Group has adopted an Ethics Code and all the procedures required to summarise its values and mission in routine processes
	Work/life balance policies	Imbalance in the relationship between private life and work commitment impinges on staff performance and development	The Group has adopted an Ethics Code and all the procedures required to summarise its values and mission in routine processes
	Occupational health and safety	Failure to manage working conditions has social and economic impacts	The Group has adopted an Ethics Code and all the procedures required to summarise its values and mission in routine processes
Environmental responsibility	Use of raw materials	Irresponsible use of raw materials affects the Company's environmental impact	The Group approves a three-year sustainability plan every year, which sets out objectives for each of the various departments
	Sustainable packaging	Irresponsible use of packaging affects the Company's environmental impact	The Group approves a three-year sustainability plan every year, which sets out objectives for each of the various departments
	Sustainability of materials	The use of "responsible" materials contributes to achieving climate impact reduction targets	The Group approves a three-year sustainability plan every year, which sets out objectives for each of the various departments
Economic responsibility, suppliers and partners	Economic performance	Economic and financial balance forms the basis for allocation of value to stakeholders	The Group approves a three-year plan and publishes financial data as at June 30 and December 31
	Sustainable supplier management	Irresponsible management of the "supplier system" negatively impacts sustainability strategy	The Group has adopted a Code of Conduct, which is signed by suppliers. Suppliers are also periodically audited
	Supplier assessment programmes	Irresponsible management of the "supplier system" negatively impacts sustainability strategy	The Group has adopted a Code of Conduct, which is signed by suppliers. Suppliers are also periodically audited
	Code of Conduct	Lack of standards and Ethics Code developed within the entity is reflected in its "tone at the top" on sustainability issues	The Group has adopted an Ethics Code and all the procedures required to summarise its values and mission in routine processes
Consumer and product responsibility	Health and safety	Failure to manage consumer safety has social and economic impacts	The Group has adopted an Ethics Code and all the procedures required to summarise its values and mission in routine processes
	Eco-design and product innovation	Irresponsible approach to eco-design and targeted innovation thwarts efforts to reduce impacts downstream	The Group approves a three-year sustainability plan every year, which sets out objectives for each of the various departments

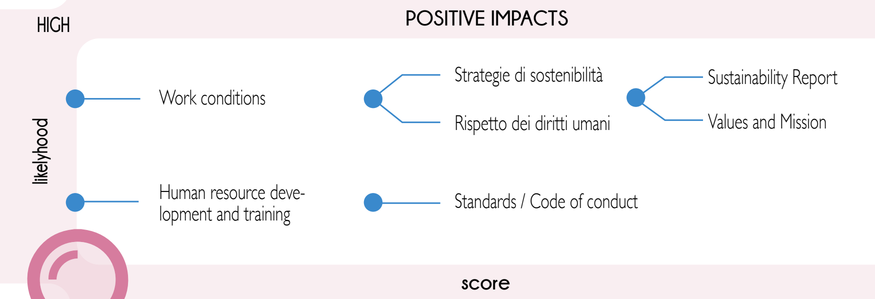
ANALYSIS OF POSITIVE IMPACTS

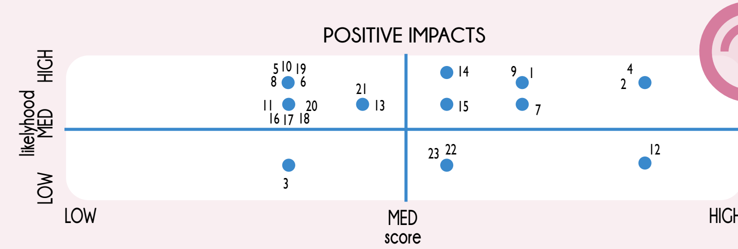
Area	Material topic	Opportunities
Governance	Sustainability strategies	The existence of sustainability strategies and a sustainability plan ensure that sustainability-related risks are managed at the strategic business level, with very high likelihood of a positive impact on a wide range of stakeholders.
	Values and Mission	The existence of codified values and a clear corporate mission allows the entire organisation to behave in a manner consistent with the strategic lines of sustainability
People	Standards/Ethics Codes	The existence of standards and Ethics Code developed within the entity is reflected in its "tone at the top" on sustainability issues
	Development and training of human resources	The ability to develop the skills of the entity's personnel increases its medium- to long-term resilience
	Work/life balance policies	Policies on work-life balance enable the entity to maximise productivity and empathy in the working environment
Environmental responsibility	Energy efficiency	Research into plant optimisation, while not an energy-intensive entity, contributes to the achievement of climate impact reduction targets
	Sustainability of materials	The use of "responsible" materials contributes to achieving climate impact reduction targets
Economic responsibility, suppliers and partners	Economic performance	Economic and financial balance forms the basis for allocation of value to stakeholders

The positive and negative impacts in the materiality analysis can be summarised graphically by placing the assessment score on the x-axis and the likelihood of each event on the y-axis, as follows:









In 2022, the Board of Directors of Monnalisa S.p.A. approved the 2022-2024 Sustainability Plan, which represents senior management's strategic vision and responds to some of the global challenges represented by the United Nations' SDGs, which Monnalisa has aligned with the material topics most relevant to the Group and its stakeholders.
The Plan's objectives relate, in particular, to improving people's well-being (SDG 3), promoting equal opportunities (SDG 5), training (SDG 4), developing talent and providing job security, energy efficiency (SDG 7), in addition to sustainable supply chain management (SDG 8), sustainable material consumption, promoting a culture of sustainability in production patterns, raising awareness of sustainable consumption (SDG 12), reducing the Monnalisa Group's environmental impact (SDG 13), attracting ESG-aware investors, promoting a culture of sustainability among all stakeholders, collaborating with others, and strengthening corporate governance (SDG 17).
The management team has defined specific actions for these objectives, such as: gradually reintroducing a corporate welfare system following its suspension due to the pandemic, halting the use of unnecessary plastic in product packaging, using organic or recycled materials, mapping the raw materials used, the launch of research projects to reduce the environmental impacts of products, extending the "231 compliance" principles to other Group companies and the continual improvement of sustainability governance.
To ensure its Sustainability Plan objectives are achieved, the Group has set up a centralised team (consisting of the HR manager, SA8000 manager, Special Projects Manager, environmental certification contact point and the CFO) with the task of defining the Sustainability Plan's objectives, targets and timelines, monitoring project progress, and keeping the Chief Executive Officer informed. The CEO's role is to oversee the overall management of Group sustainability and to provide strategic direction to the Plan, in line with the Group's business strategies.
The goals will be reported to stakeholders through Sustainability reporting within the Consolidated Non-Financial Statement drawn up on a voluntary basis as per Legislative Decree No. 254 of 2016 and shall be updated annually, beginning with the results as they emerge and in line with the new developing strategies.
Attention to Governance means both internally and externally, and implies a growing commitment to involving and listening to stakeholders. Monnalisa considers the individual to be its main strategic asset, and therefore continues to develop a range of initiatives and measures to guarantee equal opportunities, respectful, fair and flexible working conditions, while avoiding all forms of discrimination: from work-life balance programmes and focus on the individual and to the family, to growth and training courses.
In addition to the aspects covered by its Vision and Mission, Monnalisa also plays close attention to social, environmental, and corporate governance topics, which it takes into account when defining products and services.

Below are the selected SDGs against which the Monnalisa Group has identified its most relevant material topics, defining the corresponding sustainability objectives to be achieved by 2024. For each goal, the plan defines specific actions and targets.

SDG	Material topic	Objective
3 GOOD HEALTH AND WELL-BEING	Work-life balance policies	Improve people's well-being
4 QUALITY EDUCATION	Development and training of human resources	Develop talent Promote a culture of sustainability among external and internal stakeholders
5 GENDER EQUALITY	Managing diversity and equal opportunities	Promote equal opportunities
7 AFFORDABLE AND CLEAN ENERGY	Energy efficiency	Promote energy efficiency and the use of renewable energy sources
8 DECENT WORK AND ECONOMIC GROWTH	Working conditions	Promote a healthy and secure workplace environment Sustainable supply chain management
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Sustainability of materials Eco-design and product innovation	Integrating environmental sustainability into the product Transition to a circular economy Use of environmentally-friendly packaging Extending the life cycle of garments
13 CLIMATE ACTION	Carbon footprint	Reducing Monnalisa's carbon footprint
17 PARTNERSHIPS FOR THE GOALS	Sustainability Report Sustainability strategies Standards/Ethics Codes	Attract ESG-aware investors Strengthen corporate governance

Monnalisa's value creation model

Monnalisa's Business Model aims to create sustainable and shared value over time for the Company and its stakeholders. As already mentioned, the Company has an extremely flexible production strategy. After the internal quality control of materials and the cutting of fabrics, representing the most important phases in guaranteeing the quality of finished products, all raw material transformation phases are outsourced to small independent workshops, with effective control maintained over each critical point in the cycle. For each collection, forecasts made on the outcome of the sales campaign allow the Company to plan purchases and production in advance in support of the sustainable management of the various Business Units of the Group.

Six key factors underlie the business model (Financial, Manufacturing, Natural, Human, Intellectual, Relations). The organisation depends on this to guarantee the originality of its products. Understanding that only by maintaining these factors can sustainable growth and a solid long-term presence take place, Monnalisa has set up a system of values which fit in with a strategy which integrates into the business the sustainability objectives, starting also a process which assesses and deepens the Company's contribution to achieving the sustainable development goals set out by the leaders of the governments of the 193 member countries of the United Nations.

In line with the development of its Business Model, Monnalisa implements an integrated value creation approach, not limiting itself to the disclosure of the most significant financial data or an analysis of its social and environmental impacts, but developing a tight cohesion between the company mission and the model. To this end, a stakeholder value process was initiated to identify the main stakeholders, the responsibilities of Monnalisa towards them, and, more generally, the impacts of the Company's activities.

In particular, Monnalisa's commitment to formulating an innovative and distinctive offering has led to the advancement of an integrated shared value creation model based on enhancing:

- **human capital**, to enable people to constantly develop their skills and knowledge in implementing the organisation's strategies, and to guarantee external stakeholders interactions with resources of the highest professionalism;
- **natural capital**, to monitor and minimise the impacts of its activities on environmental resources;
- **relational capital**, to share values, behaviours and relationship approaches with its customers, suppliers and investors;
- **productive and intellectual capital**, to enhance the development of products through research and innovation throughout their life cycles.

The Monnalisa business model is based on this strategic orientation, which creates, gathers and distributes value over the short, medium and long term in all areas related to the International Integrated Reporting Council's multi-capital International <IR> Framework, and to the 17 United Nations Sustainable Development Goals, to which the Company believes it can and must make an effective and significant contribution.

The "2030 Agenda for Sustainable Development" sets out 17 global Sustainable Development Goals to be achieved by the year 2030. The Sustainable Development Goals (SDGs) are common goals that include the eradication of hunger and extreme poverty, the production of clean energy, the protection and conservation of water resources, responsible consumption and production, and access to health and education. Certain SDGs have been identified as material topics for the Group, that is having particular relevance to its innovative and social-environmental initiatives.

Main RISKS and OPPORTUNITIES

The Board of Directors analyses economic, environmental and social risks and opportunities on a twice yearly basis as part of its Development Plan review. Such reviews may occur more frequently as opportunities arise or in case of any need to manage emerging threats or risks.

Following is a representation of Monnalisa's Risk Model, divided by internal, external and strategy and governance risks. The internal risks are then interpreted in the light of the Company's capital in social, relational, human, productive and intellectual terms.

As in any company, activities and strategies are naturally exposed to a series of risks that must be managed and mitigated before they can have any effect on economic results, financial and capital assets and stakeholders. The main risk factors relate to the Company's mission, its bond with its local area and community, its international outlook, the nature and diversification of its business channels, its growth plan, its strategic objectives, its competitive, regulatory, macro-economic and socio-environmental context, and, finally, the expectations of its stakeholders, which include investors from outside the founder's own family.

EXTERNAL		
Financial • Exchange rates volatility • Interest rates • Market liquidity and financial instrument prices	**Regulatory** • Regulatory and tax framework • Environmental and safety regulations • Tax regulations on transfer pricing • Production plant operations and applicable local regulations	**Market** • Changing consumer preferences • Brand recognition • Competition • Counterfeiting of brands and products • Group international operations • Seasonality • Wholesale distribution channel • Protecting intellectual property rights
INTERNAL		
Share capital and Relations • Relations with sales agents • Relations with designers • Relations with suppliers • Relations with suppliers • Related party transactions • Alternative performance measures • Key statements, estimates and internal processing	**Human capital** • Dependence on key figures • Loss of know-how and talent • Ability to attract, train and retain qualified, motivated staff • Succession plans	**Productive and intellectual capital** • Collection, storage and processing of personal data • Internal Control and Risk Management System • Sales points and direct management • Brand recognition • Implementation 231/01 Model • Ability to effectively interpret, produce and distribute third-party brands
STRATEGIC AND GOVERNANCE		
Oversight • Execution of business plan • Growth strategy and management • Management and co-ordination • Difficult of contesting Monnalisa • Temporary restrictions of sale of shares • Uncertainty surrounding profits and distribution of dividends • Risks associated with level of financial debt and relating to financial covenants		

Though some highlights of the main risk management topics are indicated below, for a more detailed discussion of the main risk factors, please refer to the Directors' Report.

Consolidation of sustainability in business processes

Monnalisa adheres to the main social responsibility and integrated company management standards ISO 26000, SA8000, ISO 9001 and ISO 14001. The commitment requires constant work to improve and manage activities and processes, which are periodically submitted to certification by independent external bodies. The publication of the Integrated Report highlights Monnalisa's commitment to including all of its stakeholders in this beneficial process promoted through its sustainability, quality and environmental policies. A sustainability materiality analysis is a key management tool for improving the effectiveness of reporting and the engagement of stakeholders.

Growth Management

As one of its standard economic and financial planning tools, Monnalisa draws up a three-year development plan, which is updated annually and consists of qualitative and quantitative strategies and actions, with related economic and financial forecasts, which the Company will implement to capitalise on both existing and emerging growth opportunities.

Product originality

Creativity, or the ability to make products distinctive, is a competitive lever par excellence, to be preserved and valued as one of the key components of the Company's intangible assets. This critical element is safeguarded by the leadership of Barbara Bertocci and Diletta Iacomoni, the wife and the daughter of the Company's founder, further evidence of the continuity the Company is committed to maintaining in terms of product identity and distinctiveness. Monnalisa approaches the licensing business with the same care and attention, efficiently interpreting, producing, and distributing third-party brands.

Product quality security and guarantee

Each and every Monnalisa garment is designed and carefully assessed also in terms of health and safety, all the more important considering that children are the end-users. The materials used and the finished products purchased are tested for harmful substances, just as, in design and industrial phases, regulatory standards are upheld regarding the physical safety of items of clothing intended for children. Regulatory requirements, their degree of restrictiveness and lists of substances harmful to consumers' health may vary from country to country; it is therefore necessary to pay close attention to legislative changes and to comply with even the strictest regulations. This issue is managed by raising awareness and monitoring the supply chain through which Monnalisa products are made. To this end, all product health and safety aspects are formally stipulated in the relationship with suppliers through the Supplier Code of Conduct, which forms an integral part of the supply contract. Thus, on signing the Code of Conduct, the supplier undertakes to comply with the principles espoused by the purchasing company.

Employee Health and Safety

Workplace health and safety is an essential right guaranteed to all employees. As the ordinary business activities of Monnalisa are not intrinsically dangerous per se, oversight of this aspect goes beyond legal provisions to cover softer but no less important aspects, such as the workplace climate and work-life balance.

Supply Chain Management

Monnalisa has no internal production, so the control of its supply chain is extremely important from all points of view, including quality, work practices, human rights, the environment and supplied product safety. The selection and evaluation of suppliers is a crucial aspect of the Company's activities, particularly considering the fact that materials, finished products and services are purchased in many different countries and can also be affected by general economic developments. Monnalisa's collaborations with its main suppliers are based on the principle of creating a long-term partnership through shared objectives and tools for the identification of professional solutions of quality and efficiency, and the achievement of results of mutual satisfaction. The methods for selecting and evaluating suppliers, based not only on product aspects, but also on ethical criteria, are critical in the creation of long-lasting collaborations built on common values and principles. The quality of this process is demonstrated by the continuity and stability of the relationships that the Company has established with its main suppliers. Monnalisa tends to favour those suppliers with which it jointly collaborates on research, development and experimentation.

COVID-19 Emergency

People's well-being and health have been a key focus of the Group's initiatives and policies throughout the pandemic. As the pandemic spread across the globe, Monnalisa was forced to rethink its working environments and hours to provide the safest possible working conditions for employees while guaranteeing operational continuity and protecting the health of people who interact with the Group, such as customers, consumers, and suppliers.

Working methods were restructured according to the tasks performed by employees, which contributed to their health and safety. Meanwhile, personnel working in the administrative-financial, sales, style, digital-marketing, design, and production planning departments were encouraged to adopt an agile or remote-working approach. 79 contracts were drawn up as a result, in addition to the remote contracts that were already in place. Working hours were reduced for employees in the production division and a shift rota was introduced to reduce the number of people physically present in the office. Doing so facilitated social distancing and prevented personnel from socialising for any reason other than for emergency management purposes. Employees who did not belong to the previous categories were encouraged to take leave or make use of paid holidays.

As a corporate welfare measure, the Company's management team took out an insurance policy for all Monnalisa Italia employees in the event of contagion from COVID-19 and set up a tele-medicine service.

In terms of foreign subsidiaries, the retail stores managed directly by companies belonging to the Monnalisa Group were gradually closed as the pandemic spread around the world. In mid-March 2020, and on some occasions in 2021 and 2022, stores were closed according to local laws and following the example of eastern countries, where the emergency originated at the end of January.

Governance and organisation

Monnalisa has been listed on the Euronext Growth Milan market since July 12, 2018. To date, 74.48% of its capital is held by Jafin Due, a financial company belonging to the Iacomoni family.
The purpose of the IPO was to facilitate the Group's growth process and international presence, with particular regard to the retail channel and e-commerce.

***Euronext Growth Milan**, previously the **AIM Italia/Alternative Capital Market**, is a Multilateral Trading Facility (MTF) dedicated to high-growth potential Italian small and medium-sized enterprises, regulated and governed by Borsa Italiana. AIM Italia was launched in Italy in 2009 and has developed on the basis of the experience and know-how obtained over the 15 years history of the AIM UK on the London Stock exchange. The market is non-regulated and is therefore not subject to specific regulatory control regarding the organisation and functioning of the market. The absence of regulation concerns the fact that the functioning of this market, the securities and the admitted operators are not subject to specific governance and authorisation by the Market Oversight Authority and are not enrolled in the relative register. Therefore, no Consob investigative activity is carried out during the admission phase.*

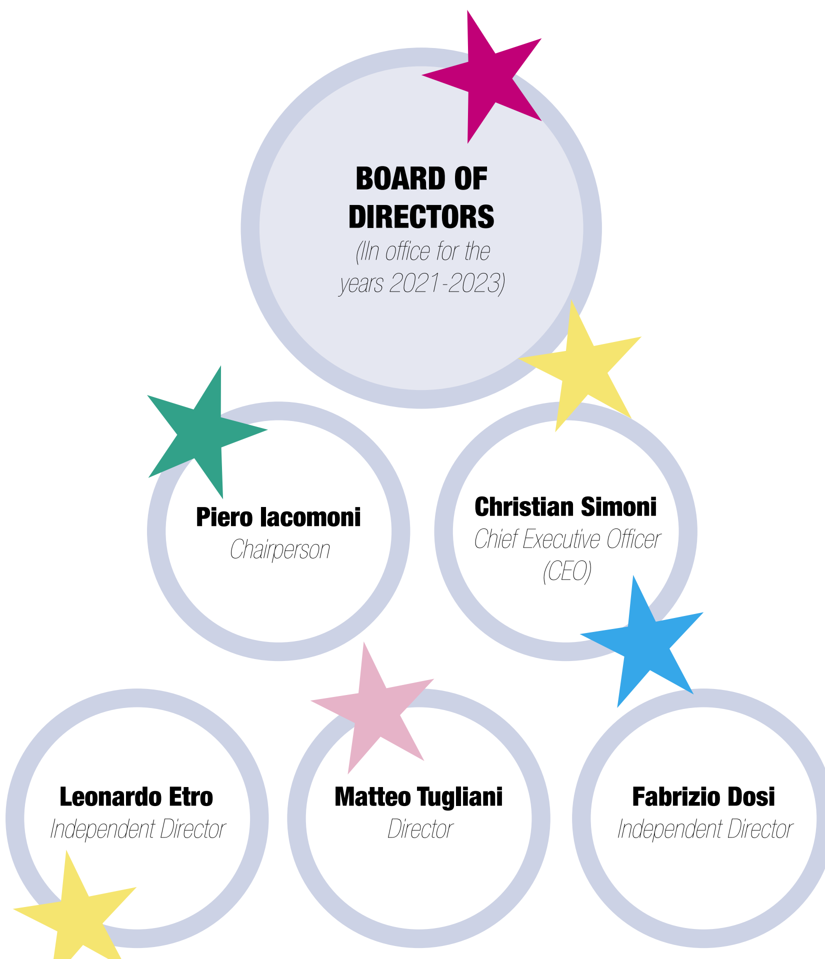
At December 31, 2022 the Monnalisa Group comprises the Company Monnalisa S.p.A., the parent company, and the subsidiaries Monnalisa Hong Kong Ltd, Monnalisa Rus Llc, Monnalisa China Ltd, ML Retail Usa, Inc., Monnalisa Corea Ltd, Monnalisa Brazil Participasoes, Ltda, Monnalisa Bebek Giyim San ve Tic A.S. (Turkey), Monnalisa UK Ltd, Monnalisa Japan Co Ltd, Monnalisa International Limited (Taiwan), Monnalisa Singapore Ltd, and Monnalisa San Marino S.r.l., which was founded in December 2020

Ownership

The Company is organised according to the traditional administration and control model, which includes the Shareholders' Meeting, the Board of Directors, and the Board of Statutory Auditors, which performs the statutory audit. The Company's current By-Laws were approved in extraordinary session by the Shareholders' Meeting on June 15, 2018, and were revised at the 2020 Budget Approval Meeting held in ordinary and extraordinary session on May 31, 2021. Specific articles of the By-Laws were revised to comply with the new Euronext Growth Milan Regulations issued on September 16, 2020.
The By-Laws are the document that establishes the Company's essential characteristics and lays down the main rules for its organisation and functioning, in addition to governing the composition, powers and relations of the corporate bodies. The By-Laws also contain a description of the rights held by the shareholders and the manner in which those rights are exercised.
The main governing body is the Board of Directors, which bears responsibility for setting and pursuing the strategic objectives of the Company and the Group of which it is a part. The current Board was appointed by the Shareholders' Meeting on May 31, 2021. It comprises the following members: Piero Iacomoni (Chairperson), Christian Simoni (Chief Executive Officer), Matteo Tugliani (Director), Leonardo Etro (Independent Director), and Fabrizio Dosi (Independent Director)

MONNALISA SpA

Monnalisa Rus 000	99,9%
Monnalisa Bebek Giyim San ve Tic A.S	100%
Monnalisa International LTD	100%
Monnalisa Korea LTD	100%
Monnalisa UK LTD	100%
Monnalisa Hong Kong LTD	100%
Monnalisa China LTD	100%
Monnalisa Japan Co LTD	100%
Monnalisa Brazil LTDA	99%
ML Retail USA INC.	100%
Monnalisa Singapore Private LTD	100%
Monnalisa San Marino SRL	100%



Members of the parent company's Board of Directors – December 31, 2022

30-50		Over 50		Total	
Male	Female	Male	Female	Male	Female
60%		40%		100%	

BOARD OF STATUTORY AUDITORS *In office for the years 2021-2023*	Chairperson STATUTORY AUDITOR STATUTORY AUDITOR	Marco Mainardi Alessandra Pederzoli Fabrizio Rossi
S.B. *Office held until the approval of the accounts at December 31, 2023*	Responsibility assigned by a BoD motion on June 18, 2021: Marco Mainardi (Chairperson), Alessandra Pederzoli, Fabrizio Rossi	
INDEPENDENT AUDIT FIRM *In office for the years 2021-2023*	E.Y. S.p.A.	

Six Board of Directors meetings were held in 2022. The Chairperson of the Board of Directors does not perform "Senior Executive" functions. The appointment and remuneration of the Directors is the responsibility of the Shareholders' Meeting. The Company has not established a Remuneration Committee.

The **Board of Directors** determines the Company's general management strategies and policies, in addition to the way in which they are enacted. Its duties include:

- approving the strategic guidelines and business plan, which also contain elements relating to sustainability;
- approving the budget and verifying its achievement.
- monitoring environmental and social responsibility certifications through periodic reviews and third-party audits, and the performance of management systems;
- establishing the processes and procedures to ensure that the organisation operates with due diligence to ensure the timely identification and management of its impacts on the environment, economy and people;
- formally approving Monnalisa's Sustainability Report, ensuring that all material topics have been covered.

The **Board of Statutory Auditors** is tasked with overseeing compliance with law and the Company By-Laws, in addition to compliance with the principles of correct administration, specifically the adequacy of the organisation, administrative and accounting structure adopted by the Company and its correct functioning

Members of the parent company's Board of Statutory Auditors – December 31, 2022	30-50		Oltre 50		Totale	
	Male	Female	Male	Female	Male	Female
		33%	33%		66%	33%

The **Independent Audit Firm** is tasked with performing the statutory audit. It expresses a written opinion on the financial statements and consolidated financial statements; it verifies that the accounting records are properly kept and operating events in the year are correctly reported in the accounts;

The **Chief Executive Officer** reports to the Board of Directors. The introduction of this role reflects the further development of the Company's governance which, from a Sole Director has advanced to a collective body (between 2010 and 2011), to then introduce, alongside this latter, a General Manager and thereafter a special attorney and now the Chief Executive Officer. These were generally considered to be major changes and even more so within a first generation family business, whose founders are still closely involved in company operations.

Sustainability in governance

In order to ensure the full operating integration of the sustainability topics at the top levels of the Company, who report to the Chief Executive Officer, the Sustainability Committee, the Special Projects and Environment Manager, and Compliance Team are in place.

The **Sustainability Committee** is involved in preparing the Company's business plan to the extent of its scope. The SA8000 contact person collaborates with this role and each function manager oversees in differing ways, according to the context, also the sustainability aspects. The purchasing and product office staff, in view of the inspections of suppliers, verify also the sustainability topics, having been trained for this purpose. For the main market and the potentially most crucial markets, such as China, the local supply manager is Lead Auditor SA8000 in order to undertake scouting and monitoring focused on Chinese suppliers.

The **Compliance Team** reports to the Chief Executive Officer and performs second-level control. Specifically, it assesses regulatory compliance in consultation with the relevant departments, monitors the adoption of business management systems (EMS), and works to assess principal compliance risks. It is coordinated by the Special Projects and Compliance Manager, who is assisted by experienced consultants. The compliance team reports twice a year on its activities to the Chief Executive Officer and Supervisory Board. In 2022 its main objectives were the management of 231 Model training activities, updating the risk assessment in line with the regulatory changes introduced in Legislative Decree No. 231/2001, and following up on the audits conducted in 2021. It achieved these goals through co-ordination with the various corporate functions involved.

Assessment means and processes

The Board of Directors and the Chief Executive Officer have a three-year mandate, on the conclusion of which they are assessed by the Shareholders' Meeting in terms of their actions and who may propose their renewal or the appointment of others to the role. The operational assessment is carried out periodically on preparing and approving the financial statements.
In particular, the Chief Executive Officer assessment on the closing of the financial statements is carried out by the Chairperson of the Board of Directors.

Roles and responsibilities of the various decision-making bodies	
Shareholders' Meeting	Appoint and dismiss Directors and Statutory Auditors; approve the annual financial statements; set the remuneration of Directors and Statutory Auditors; approve any responsibility actions to be taken; fulfil all other obligations required by law or the By-Laws; fulfil all specific corporate acts.
BoD	Fulfil legal obligations; prepare the annual and interim financial statement proposals; set the powers of the Chairperson, the Chief Executive Officer and the General Manager; appoint the Chief Executive Officer and the General Manager, the non-family members by simple majority; assess the annual performance of family members working at the company, identifying specific career paths; approve the strategies, plans, budgets and results within the scope of the company mission; approve non-budget investments; approve special projects. the Board of Directors defines the guidelines for the Internal Control and Risk Management System, so that the primary risks can be correctly identified, assessed, managed, and monitored in compliance with the identified strategic objectives.
Chief Executive Officer	Represent the company; establish the means to implement the general operating and development strategies and policies of the company set by the BoD; monitor the activities of the Executive Directors; establish the means to enact the commercial, marketing and communication policies and the means to enact the personnel strategies and policies set by the BoD; define all agreements, commitments and all contracts concerning all business matters, included in or however related to the corporate scope. The CEO identifies the main business risks, taking into account the characteristics of the business operations of the Company and its subsidiaries, reporting to the Board of Directors at least once a year.

Investor Relator

In accordance with Article 6-bis of the Euronext Growth Milan Issuers' Regulation (October 25, 2021 edition), a professionally qualified individual (investor relations manager) must be identified and appointed by the Company and tasked with (not necessarily exclusively) the management of investor relations. The investor relator serves the need for the Company to ensure complete and transparent outside communication.
Stefano Paoletti is the Investor Relator at Monnalisa. The Group has a dedicated e-mail address to which communications can be sent: investorelations@monnalisa.eu.
http://monnalisa.com contains economic and financial data, corporate presentations, periodic publications, and official press releases, which are also available on the SDIR (regulated disclosure system) platform.
The parent company Monnalisa S.p.A. and the Group have not carried out atypical and/or unusual transactions, i.e. those transactions which, owing to their significance, the nature of the counterparties, the subject-matter of the transaction, the transfer price calculation method or the timing of the event, may give rise to doubts concerning the accuracy/completeness of the information in the financial statements, conflicts of interest, the safeguarding of corporate assets and the protection of minority shareholders.

14 press releases were uploaded to the SDIR platform in 2022.

The Internal Control and Risk Management System

Over time, Monnalisa has equipped itself with organisational tools to ensure its business activities adhere to regulations and the voluntary standards adopted by the Group to ensure its effective, efficient, transparent, and sustainable management.
The following table summarises the management and control systems adopted by the Company in specific areas.

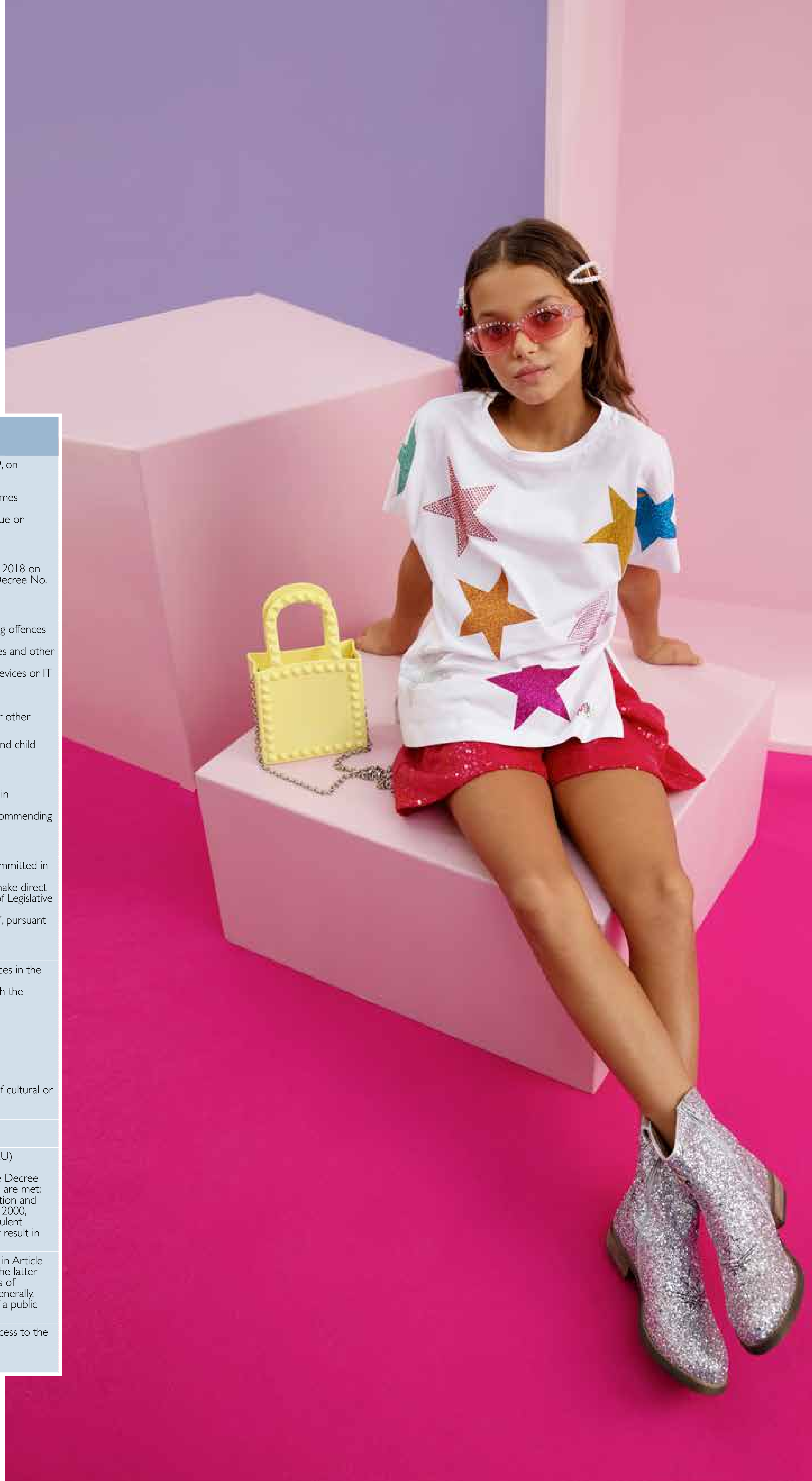
System	Quality	Occupational safety	Data security	Environmental protection	Social responsibility	Financial disclosure	Administrative responsibility
Obligatory regulations		Legislative Decree No. 81/2008 Consolidated safety act	European Regulation No. 2016/679 Privacy and data protection	Legislative Decree No. 152/2006 Consolidated environmental act	Law 300/1970 Workers' Statute	Euronext Growth Milan Regulations	Legislative Decree No. 231/2001 Administrative liability of legal persons in criminal proceedings
Voluntary standards	ISO 9001 Certification (Quality Management System) Valid until July 31, 2023	Health and safety management	Adapting safeguards in accordance with the European regulation	ISO 14001 Certification (Environmental Management System) Valid until March 22, 2024	SA 8000 Certification (Social Accountability Management System) Valid until August 5, 2023	Adoption of specific protocols published on the Company's website	Adoption and update of Ethics Code and 231 Model

Organisation, management and control model pursuant to Legislative Decree No. 231/01

The 231 Model seeks to prevent the arising of administrative liability for the Company with regards particularly to offenses which may be committed by top management or persons under the direction or supervision of top managers, in exercising their functions and in the interest or to the benefit of the Company.
The Company adopted the 231 Model on December 20, 2017, ensuring that it remains up-to-date over time in line with changes to regulations and the corporate structure. The revision process was carried out by the Compliance Team, comprising internal experts and consultants, and overseen by the Supervisory Board, who updated the 231 Model on November 19, 2021 and again on August 05, 2020. A further update is currently underway in line with the regulatory changes made between the last revision and the transposition of Legislative Decree No. 150 of October 10, 2022, effective December 30, 2022, and which in brief includes the following amendments/supplements to Legislative Decree No. 231/2001:

Legislative developments	Article of Legislative Decree No. 231/01 as amended	Summary of changes/additions made
Legislative Decree No. 184 of November 8, 2021 in force from December 14, 2021	Article 25-octies.1	The implementation of Directive (EU) 2019/713 of the European Parliament and of the Council of April 17, 2019, on **combatting fraud and counterfeiting of non-cash means of payment** added the following cases: • Article 493-ter Penal Code: "Undue use and forgery of non-cash payment instruments"; • Article 493-quater Penal Code: "Possession and dissemination of computer equipment, devices or programmes designed to commit crimes regarding non-cash payment instruments"; • Article 640-ter Penal Code: "Computer fraud aggravated by carrying out a transfer of money, monetary value or virtual currency."
Legislative Decree No. 195 of November 8, 2021 in force from December 15, 2021	Article 25-octies	The implementation of Directive (EU) 2018/1673 of the European Parliament and of the Council of October 23, 2018 on combatting money laundering through criminal law amended the offences under Article 25-octies of Legislative Decree No. 231/2001.
Law 238/2021 in force from February 1, 2022	Article 24-bis	Compliance with Directive No. 2013/40/EU on attacks against IT systems resulted in amendments to the following offences in the category of "IT Crimes": • Article 615-quater Penal Code: "Unauthorised possession, dissemination and installation of equipment, codes and other means of access to computer or telematic systems"; • Article 615-quinquies Penal Code: "Unauthorised possession, dissemination and installation of equipment, devices or IT programmes to damage or interrupt an IT or computerised system"; • Article 617-quater Penal Code: "Illegal interception, impediment or interruption of IT or computerised communications"; • Article 617-quinquies Penal Code: "Unauthorised possession, dissemination and installation of equipment or other means to intercept, impede or interrupt IT or computerised communications".
	Article 25-quinquies	Compliance with Directive No. 2011/93/EU on combatting the sexual abuse and sexual exploitation of children and child pornography resulted in amendments to the following crimes in the category of "Crimes against the individual": • Article 600-quater Penal Code: "Possession of or access to pornographic material"; • Article 609-undecies Penal Code: "Solicitation of minors".
	Article 25-sexies	The regulations on market abuse, adopted in response to infringement proceedings initiated against Italy, resulted in amendments to the following offences in the category of "**Market Abuse**": • Article 184 CFA (Legislative Decree No. 58/1998): "Abuse of unlawful disclosure of inside information. Recommending or inducing another person to engage in insider dealing"; • Article 185 CFA (Legislative Decree No. 58/1998): "Market manipulation".
Decree-Law No. 13 of February 25, 2022, in force from February 26, 2022	Article 24	The objective of the change is to broaden the scope of the aforementioned criminal offences to include fraud committed in connection with recent government grants to aid economic recovery. Decree-Law No. 13/2022, specifically in Article 2, on "**Sanctions against fraud in public disbursements**," did not make direct changes to Legislative Decree No. 231/2001, but it did amend the following predicate offences under Article 24 of Legislative Decree No. 231/2001: • Embezzlement to the detriment of the state, now more generically "Embezzlement of public disbursement", pursuant to Article 316-bis Penal Code; • "Undue receipt of public funds", pursuant to Article 316-ter Penal Code; • "aggravated fraud for the receipt of public funding" pursuant to Article 640-bis Penal Code
Law No. 22 of March 9, 2022 in force from March 23, 2022	Article 25-septiesdecies	• This Law significantly reforms the criminal provisions to protect cultural heritage by including criminal offences in the Penal Code, changing the governance of confiscation, and significantly strengthening sanctions. • As regards the liability of legal persons, in particular, the catalogue of predicate offences is expanded through the addition of two new Articles to Legislative Decree No. 231/2001: • Article 518-bis: "Theft of cultural property" • Article 518-ter: "Misappropriation of cultural property" • Article 518-quater: "Receipt of cultural property" • Article 518-octies: "Forgery in private writing relating to cultural property" • Article 518-novies: "Violations regarding the sale of cultural property" • Article 518-decies: "Unlawful import of cultural property" • Article 518-undecies: "Unlawful removal or export of cultural property" • Article 518-duodecies: "Destruction, dispersal, deterioration, defacement, contamination, and unlawful use of cultural or scenic property" • Article 518-quaterdecies: "Counterfeiting of works of art"
	Article 25-duodevicies	• Article 518-sexies: "Laundering of cultural property" • Article 518-terdecies: "Destruction and looting of cultural or scenic property"
Legislative Decree No. 156 of October 4, 2022 In force from November 6, 2022	Article 25-quinquiesdecies	Corrective and supplementary provisions of Legislative Decree No. 75 of July 14, 2020, implementing Directive (EU) 2017/1371, specifically: • changes introduced regarding penalties for attempting the crimes set out in Articles 2, 3 and 4 of Legislative Decree No. 74 of 2000, where the conditions under the amended paragraph 1-bis of Article 6 of the same Decree are met; • provision for legal persons to be liable for punishment for the crimes of misrepresentation, omitted declaration and undue compensation referred to in Articles 4, 5 and 10-quater respectively of Legislative Decree No. 74 of 2000, where they are "committed in order to evade value added tax within the framework of cross-border fraudulent schemes connected to the territory of at least one other member state of the European Union, which may result in total damage equal to or exceeding Euro 10 million".
	Article 25	• Amendment to Article 322-bis of the Penal Code which inserted reference to the crime of abuse of office in Article 323 of the Civil Code into the heading and body of the Article, thereby also extending the applicability of the latter provision to acts committed by the persons indicated in the same Article 322-bis Penal Code (i.e. members of international courts, bodies of the European Communities and international organisations, etc., and, more generally, persons exercising functions or activities corresponding to those of public officials and persons in charge of a public service within non-EU states, when the act offends the interests of the European Union)
Legislative Decree No. 150 of October 10, 2022 In force from December 30, 2022	Article 64, paragraph 1 Legislative Decree No. 231/2001 *Proceedings by Decree*	• Implementation of Law No. 134 of September 27, 2021, delegating the efficiency of the criminal justice process to the government, and regarding restorative justice and provisions for the rapid execution of judicial proceedings

The review process will conclude in H1 2023



The Company's **Supervisory Board** ("SB"), initially comprising a single member, merged with the Board of Statutory Auditors in June 2021 once it had been established that the professional profiles of its members complied with requirements of the 231 Model for holding office. This organisational solution – provided for by Article 6, Paragraph 4-bis of Legislative Decree No. 231/2001 and Article 6, Point 33, Letter E of the new Self-Governance Code issued by the Italian Stock Exchange – was facilitated by the closely coordinated internal information channel previously established between the Supervisory Board and the Board of Statutory Auditors.
The SB ensures that the controls required by the 231 Model and Ethics Code are adequate and implemented by all addressees. It also communicates the need to update the 231 Model if changes are made to the regulatory framework, management processes, or the Company's organisational structure.

The SB draws up the following documents and circulates them among the governance bodies: the annual supervisory plan, six-monthly activity report, and any potential reports on contingency aspects brought to the SB's attention by senior management.
For 2022, the Company developed a special 231 training/information plan, which provides for training modules as part of thematic sessions in the areas of quality, social responsibility, environment and privacy. On conclusion of the sessions, learning levels were verified through specific questionnaires. Again in 2023, sessions dedicated to 231 compliance have been included within the training plan, both as part of the same thematic sessions and as ad hoc training activities on the ethical principles referred to in the Group's Ethics Code and on updates to the 231 Model.

Monnalisa S.p.A. has enhanced the synergy between the principals of the 231 Model and the document structure derived from the ISO 9001 (Quality) and SA8000 (Social Responsibility) Integrated Management System and the ISO 14001 Environmental Management System, in order to more effectively prevent risk. This synergy has led to appreciable benefits in streamlining and improving the sustainability of prevention systems, and is achieved not only by integrating the certified management system principals into Monnalisa's 231 Model, but also thanks to the participation of the Supervisory Board and the Compliance Team in the audits of the certifying body, in order to share any ideas for improvement to be applied to the 231 Model.

This synergy is also ensured by the information flows from the Prevention and Protection Service Manager (PPSM) in relation to occupational health and safety and the Data Protection Officer (DPO) as regards privacy.

Quality, Environment and Social Responsibility Policy

Monnalisa has long implemented specific policies across the Company aimed at regulating issues of quality, the environment and sustainability. Such implementation is partly carried out via certified management systems, as per internationally recognised voluntary standards such as ISO 14001 for the environment, ISO 9001 for quality, and SA8000 for social responsibility.
Regarding its environmental policy, Monnalisa undertakes to define and implement strategies and action plans for the optimisation of business processes that consider the matrix of environmental issues and the safeguarding of natural and energy resources.
Regarding its quality and social responsibility policies, Monnalisa is committed to maintaining and improving the quality standards of its manufactured and marketed products, and to guaranteeing that, for stakeholders, the Company is a reliable, transparent and proactive partner.
Therefore, Monnalisa commits to:

- establishing long-term trusting relationships with its consumers;
- consolidating, over the long term, a strong partnership with both its customers and its suppliers, contractors, service cooperatives and agents;
- protecting the investment in the Company by its shareholders and its relationships with banks and credit institutions, while guaranteeing the maximum transparency of information;
- motivating its employees, through targeted training programmes and a proactive approach to promote engagement in company performance, as well as guaranteeing workplace safety, the total absence of any discrimination in terms of gender, race or political, sexual or religious orientation, and the prevention of child labour.

Monnalisa is subject annually to at least five third-party audits by accredited bodies on its ISO 9001, SA8000, and ISO 14001 certifications, and to certify the sustainability section of its Annual Report.
Voluntary audits are carried out in addition to periodic audits by third parties (Media Companies who make licencing agreements with Monnalisa, allowing the latter to use their characters upon payment of royalties). Regular control over its processes allows the Company to maintain a high level of attention and performance across all areas.
Similarly, Monnalisa performs audits on its suppliers of materials, processing and finished products, either directly through qualified personnel, or by commissioning third parties. Such action greatly limits and facilitates effective management of the risk of any loss of reputation in relation to customers and final consumers

SA8000 operating system

Certified to SA8000 since 2001, in 2022, Monnalisa was subjected to two audits by the certifying body, a management review and two internal audits

Descrizione	2020	2021	2022
No. of major RACs* identified by the certifying body	0	0	0
No. of minor RACs identified by the certifying body	0	0	0
No. of suggestions or improvement opportunities identified by the certifying body	8	2	4
No. of RACs and RAPs** issued by Monnalisa	17	35	27
Percentage of RACs/RAPs resolved over those issued	82%	94%	85%
No. of goals in the 2020 improvement plan	16	10	15
Percentage of goals achieved over total 2020 goals	50%	60%	73%

**RAC = Request for Corrective Action, issued when a non-conformity with the certification standard is detected, in order to identify and eliminate the causes*
***RAP = Request for Preventive Action, an improvement action aimed at eliminating the causes of possible future non-conformities*

Monnalisa annually draws up an improvement plan containing a series of initiatives aimed at continuously reviewing and implementing its social responsibility policy.
The initiatives, shared via the Social Performance Team (SPT), are built on reports and proposals from stakeholders, in particular personnel, and from the Company's response to requests for corrective or preventive actions under its commitment to continuously improving the social responsibility system.

Social Performance Team

The Social Performance Team comprises a balanced selection of SA8000 worker representatives and members of senior management. One of the tasks of the SPT is to report all criticalities and reports and complaints that might emerge from stakeholders relating to social responsibility to the Board of Directors and CEO. The Social Performance Team is composed as follows:

Name*	Age	Role
Piero Iacomoni	78	Chairperson
Christian Simoni	52	Chief Executive Officer
Michela Panichi	39	HR Manager
Chiara Menicatti	53	SA8000 Manager
Eleonora Belliconi	41	Workers' representative
Marco Carleschi	52	Workers' representative

**Participants at December 31, 2022*

The workers' representatives are responsible for informing the SPT on all related reports, complaints and requests for clarification regarding the issues in question.
In order to ensure greater transparency, Monnalisa has made available to all stakeholders specific channels for making complaints and suggestions and for contacting the Board of Directors, Chief Executive Officer or SPT on such matters. The reports are confidential and can be made by telephone, post and e-mail to the following contacts:

- Reception: 0575/98501
- etica@monnalisa.eu
- risorseumane@monnalisa.eu
- sa8000@sgs.com (fax: 051/6389926)
- Saas, 220 East 23rd Street, Suite 605, New York 10010, USA
  email.saas@saasaccreditation.org
  fax +212-684-1515.

Whistleblowing

The entity has established a dedicated post office box for reporting.

Legality rating obtained in 2022

In January 2022, the Italian Anti-Trust Authority awarded Monnalisa the legality rating with the score ★★+ (two stars +).
The legality rating, of 2 year duration and renewable on request, is an indicator of the meeting of high legality standards by such requesting companies. This recognition ranges from one to a maximum three "stars", based on the level of compliance with partly regulatory and partly non-regulatory requirements. The assignment of a legality rating demonstrates the transparency of the Company towards the market, supports lending timing and conditions and allows companies to benefit from potential public funding opportunities.
Obtaining this rating responds to the need of the Monnalisa Group to have continuous comparisons and not self-referential with third parties and independent in order to enhance the level of attention given to the correct management of the business and the adoption of the principles of ethical behaviour. Finally, measuring ourselves against the outside world allows us to begin a process of continuous improvement, in line with the Monnalisa Group's philosophy and corporate culture.

Data security

Monnalisa is equipped with a personal data organisational and management model capable of protecting data subjects and guaranteeing the proper application of personal data protection legislation.
The Company's Data Protection Officer (DPO) prepares a semi-annual report for Senior Management and the Supervisory Board on the Company's personal data protection activities in accordance with Regulation (EU) 2016/679. In particular, the reports concern regulatory updates, specific activities performed, any aspects for improvement and any criticalities in complying with the Company's privacy obligations.
During 2022:

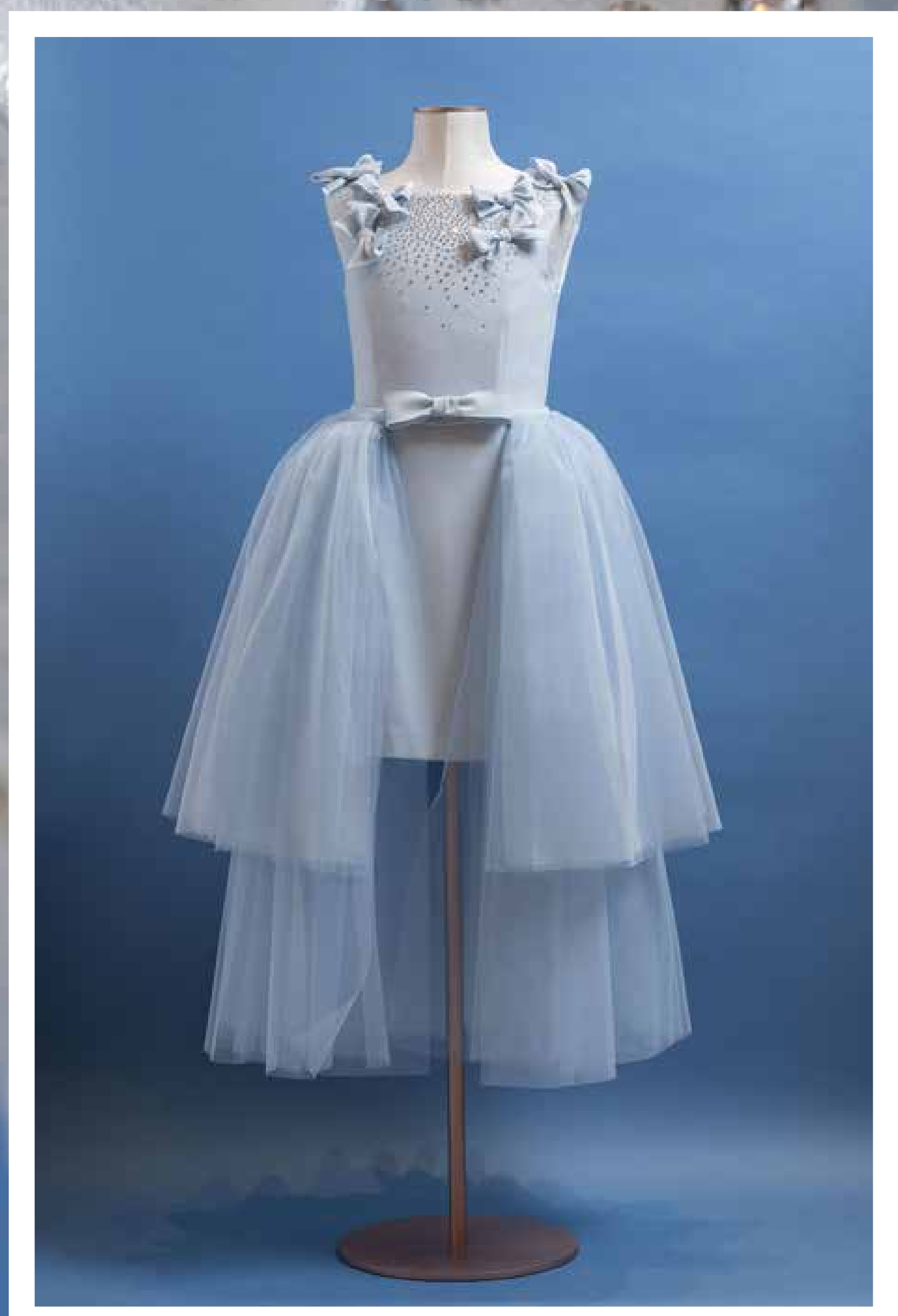
- An "in-house" course on GDPR topics, with reference to the principles of the 231 Model, was provided for store managers on October 12, 2022;
- The Social Network Management "Instruction 31.1" was drafted;
- the Register of Processing Activities was updated in accordance with Article 30 of the GDPR;
- The list of "corporate assets" at outlets in Italy was defined.

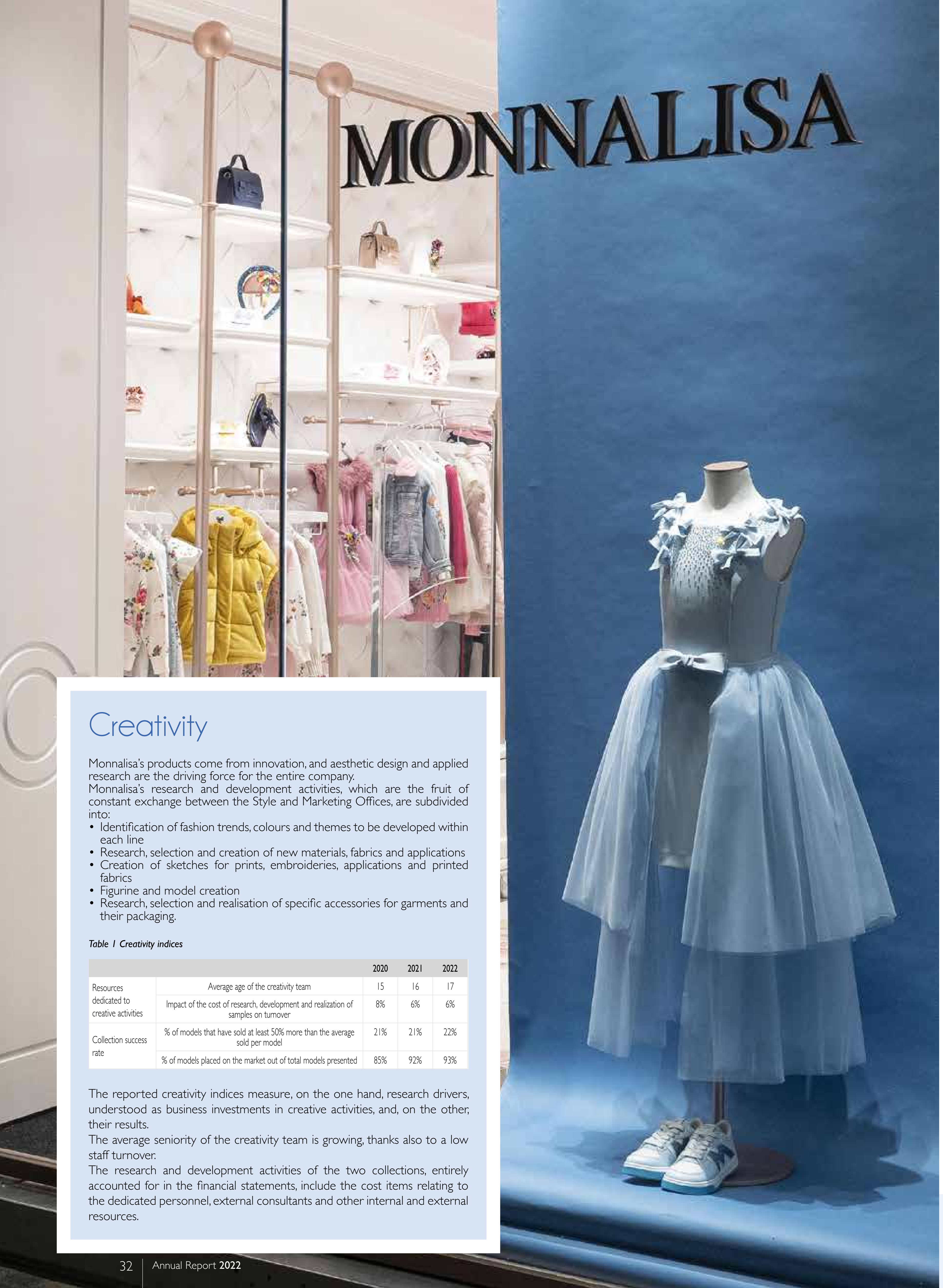
PRODUCTIVE AND INTELLECTUAL CAPITAL

By productive and intellectual capital, we respectively mean the set of tangible (manufactured physical objects as opposed to natural physical objects) and intangible knowledge-based assets (legal rights to property, technology, patents, copyright, strategies, culture, structures, systems, organisational practices and procedures) that an organisation can use to produce goods or offer services.

With specific reference to Monnalisa, productive and intellectual capital is not only a manual and creative skill contained within a corporate infrastructure equipped with the most advanced systems in terms of product quality and safety, but also experience, extreme care and attention to detail, and constant research and development into new materials and technologies as levers for improving efficiency, quality and competitiveness.

Another critical success factor for Monnalisa is innovation throughout the entire supply chain, substantiated by supplier collaboration aimed not only at sharing objectives and tools, but also at jointly identifying professional solutions able to satisfy the highest standards of quality, sustainability and efficiency





Creativity

Monnalisa's products come from innovation, and aesthetic design and applied research are the driving force for the entire company.
Monnalisa's research and development activities, which are the fruit of constant exchange between the Style and Marketing Offices, are subdivided into:

- Identification of fashion trends, colours and themes to be developed within each line
- Research, selection and creation of new materials, fabrics and applications
- Creation of sketches for prints, embroideries, applications and printed fabrics
- Figurine and model creation
- Research, selection and realisation of specific accessories for garments and their packaging.

Table 1 Creativity indices

		2020	2021	2022
Resources dedicated to creative activities	Average age of the creativity team	15	16	17
	Impact of the cost of research, development and realization of samples on turnover	8%	6%	6%
Collection success rate	% of models that have sold at least 50% more than the average sold per model	21%	21%	22%
	% of models placed on the market out of total models presented	85%	92%	93%

The reported creativity indices measure, on the one hand, research drivers, understood as business investments in creative activities, and, on the other, their results.
The average seniority of the creativity team is growing, thanks also to a low staff turnover.
The research and development activities of the two collections, entirely accounted for in the financial statements, include the cost items relating to the dedicated personnel, external consultants and other internal and external resources.

Product safety

Just as any item of clothing, and even more so when intended for children, Monnalisa's products are designed and tested according to various health and safety aspects. Since regulations may differ from country to country, Monnalisa has chosen as a reference those of the countries of China and the United States which, to date, represent the most stringent regulations in terms of health and safety requirements for the marketing of children's clothing products.
Testing is performed on both finished garments and fabrics and accessories. The most performed tests for the Chinese market include analyses for the presence of azo dyes, carcinogenic dyes, dispersed allergenic dyes, formaldehyde and heavy metals, and analyses of pH, and of colour resistance to saliva, transpiration, washing, light, and rubbing. If colour fastness performance falls below the standards set at local level, the order for that country is revised, as colour-run minimums certify that no chemical fixatives that are harmful to people's health have been used in very bright colours.
All materials with unsatisfactory results (in almost all cases concerning pH values) have been retreated and brought in line with standards. For the last few years, pH tests have been carried out internally in order to prevent and correct any anomalies in-house before testing is carried out on site. Unsatisfactory testing levels were minimised after the process was brought in house.
Among the most performed tests for the American market were analyses for the presence of lead, cadmium, nickel, formaldehyde and phthalates, and flammability testing. Only garments that met the requirements were placed on the market. The responsibility and burden of testing is distributed equally between suppliers and Monnalisa as part of a joint effort. With the first orders are submitted for the season, suppliers are given a list of fabrics and accessories that will be tested against Chinese and American standards. This policy is aimed at raising the awareness and responsibility of suppliers on product health and safety issues by incentivising the creation of compliant products. All zips and metal accessories used by Monnalisa are nickel free. All suppliers of fabrics, accessories, and items for sale are sent a notice concerning the obligation to comply with the parameters of the GB18401 standard (Chinese National General Safety Technical Code for Textile Products). The standard has since been replaced by the much stricter GB31701 standard, which introduces additional constraints on the presence of heavy metals in dyes and also requires that a flammability test be performed.
Falling within the topic of product health and safety is the application of the REACH regulation[2, which is expressly provided for in the Monnalisa Supplier Code of Conduct, which represents a specific contractual obligation for suppliers. Suppliers are progressively conforming to these rules, submitting their consent and indicating their commitment to guaranteeing regulatory compliance. To date, 95% of suppliers have sent Monnalisa their consent to the REACH commitment.
For the last two years, all fabric and finished product suppliers have been sent a new Product Restricted Substances List (PRLS), containing specifications to adopt in order to comply with the most stringent export market.

In compliance with national and international regulations, all Monnalisa products contain information on the label regarding their composition and maintenance. The following specific information is provided: model, article, size, washing symbols, additional maintenance instructions, information on where the product was manufactured (Made in...), royalty marks, and information on the origin of leather (if used). This global label is translated into ten languages. To provide customers with the maximum clarity and transparency on its labels, Monnalisa requests the technical specifications of the materials used by its suppliers. This information is uploaded to a central system and entered into special management software. The accuracy of the information is also tested in the raw material quality control area at the Group's Italian headquarters. At the end of 2020, Monnalisa began the process of updating the information on its product labels to comply with the international provisions in place in its new export markets.

2 2 The Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation aims to raise awareness on the dangers and risks of chemical products and improve the protection of human health and the environment from such risks. Furthermore, the regulation promotes the development of alternative methods to those requiring the use of animals for assessments on the dangers of substances. Since 2013, all Monnalisa suppliers must immediately notify all unauthorised chemical substances and substance concentrations higher than the minimum safety levels established by the regulation used in their production processes.

The value of the brand

Monnalisa's market competition includes several well-known luxury brands, which also operate in the adult clothing segment, and specialist players operating mainly through licensed brands.
Monnalisa has always strived to enhance its brands, and its new "Chiara Ferragni" licence will allow the Company to integrate a selective manufacturing and distribution licensing strategy into its business model. The Group operates through innovative and cutting-edge synergies and the in-housing of all collection design and development, prototyping and model creation.
Brand value of therefore represents a critical corporate asset both from a strategic and a financial point of view. The brand is the fundamental element communicating an orientation to customers and positioning the Company and its offerings within the competitive context.
Over the years, Monnalisa has pursued a constant process of internationalisation, with the aim of strengthening brand awareness and value. Enhancement of brand awareness and value has also been pursued through Monnalisa' s entry into segments connected or close to that of children's clothing, with the aim of strengthening the identity of the Monnalisa lifestyle. In this regard, the Company has extended its business to furniture and furnishings, with the launch of the "Monnalisa Living" line, in addition to cosmetics and bedding. Footwear, bags and accessory ranges, again in the children's sector, have also been extended. Since 2022, moreover, Monnalisa has enriched its proposal in the world of early childhood, signing a new line of strollers for LECLERC BABY. Monnalisa expands its New Born offer - thus far focused mainly on layette and skincare products - with its unmistakable floral pattern appearing on Leclerc Baby high-performance strollers. The three-year renewable license agreement covers multi-channel international distribution and provides a dual margin source for Monnalisa: on sales made by Leclerc Baby, Monnalisa will receive a royalty and Monnalisa will also sell this line of products through its wholesale, retail and e-commerce channels, acting substantially as a distributor.

Actions to protect brand reputation

The Monnalisa trademark is an intangible asset that affects the Company's business performance and a fixed asset that is included in the accounts, giving its owner the exclusive right to use it in conjunction with certain products and services.
This right allows the Company to prevent its competitors from using a symbol that is identical, similar, or is in any way likely to be confused with its protected trademark. As a rule, trademarks must be distinctive and allow consumers to distinguish the products and services offered by different businesses.
Monnalisa owns several verbal and figurative trademarks (Monnalisa, Monnalisa Bimba, Monnalisa Junior, Monnalisa Fun, Monnalisa with flowers, Hitch Hiker), which are protected in around 100 countries around the globe. Monnalisa has launched a trademark monitoring and surveillance service to bolster actions to protect its trademark and prevent similar or identical trademarks from being registered. The service checks for the registration of similar trademarks in the same product categories. It also allows the Group to prevent potential conflicts on the market by issuing warnings. No warning letters were sent, nor were any administrative proceedings initiated for the same purpose in 2021.
The various Monnalisa trademark is always visible on products, in direct stores, and on product promotion materials. This ensures that trademarks remain well-recognised and reinforces their image and visibility in the public eye. The Monnalisa trademark has become associated with style, quality, identity, and innovation in Italy over the decades. In addition, it has become a point of reference in the children's clothing sector, thus reinforcing people's positive perception of the brand and adding to its value.
The Monnalisa trademark has not yet been included in the Company accounts. Valuation of the Monnalisa trademark was entrusted to an industrial property protection firm for internal use. This activity in itself establishes the presence of an entity that is distinct from the Company's assets and the existence of several interconnected and indispensable features, including identifiability, separability from other Company assets, and the length of time for which the trademark will contribute positively to the Company's profitability.

The supply chain

The production process is mainly carried using an industrialized methodology, that is, using independent third-party contractors exclusively for garment production and processing phases, excluding cutting, which is performed internally. A commercial production method is also used, i.e. the direct procurement of finished products. In both cases, the third-party manufacturers operate under the strict supervision of Monnalisa, which defines the procedures for the assignment of production batches and product realisation times, and implements quality control checks.
Monnalisa's collaborations with its main suppliers are based on the principle of creating a long-term partnership through shared objectives and tools for the identification of professional solutions of quality and efficiency, and the achievement of results of mutual satisfaction.
The quality of this process is demonstrated by the continuity and stability of the relationships that the Company has established with its main suppliers. Monnalisa tends to favour those suppliers with which it jointly collaborates on research, development and experimentation. With such companies, Monnalisa establishes a strong relationship that tends to be continuous and stable over time.
The suppliers analysed here are exclusively the suppliers of products and services with a direct impact on the Company's production activity, including suppliers of fabrics, accessories, finished products, and processing services (e.g. cutting, sewing, ironing and accessory phases).
Evidencing the stability and robustness of the relationships is the fact that, on average, more than half of the consolidated suppliers (with which the Company has worked in at least two of the last four seasons) consist of continuous suppliers (from which the Company has purchased in all four of its latest collections).
Reasoning in terms of procurement volumes, we can obtain the supplier dependency index, representing the percentage of procurement volumes from the top ten suppliers over the total volumes procured by procurement type. The index is stable for all the categories considered.
The payment terms established with suppliers vary with the type of product procured. For fabrics, longer payment terms are justified by the risk assumed by Monnalisa in buying the materials "in the dark"[2], that is a long time in advance and before the collections have been sold, which is necessary in order to anticipate production process times so that prompt delivery can be guaranteed to the customer.
Monnalisa, except in cases of dispute over purchased goods or services, regularly observes the contractual terms agreed with the supplier. This, together with the approach to building lasting partnerships with suppliers, protects the Company from any non-compliance with supply agreements.

Monnalisa has a reverse factoring agreement in place with a major banking institution. Monnalisa informs the bank of its most stable suppliers, who are offered the possibility of assigning credit to Monnalisa, managing and anticipating, under particularly favourable conditions, receivables due from the purchaser. Monnalisa, as partner company, thus collaborates in the development of the project with the aim of meeting the financial needs of the largest number of suppliers. The advantage is, for suppliers, the anticipation of receivable cash flows, and, for both parties, the strengthening of relations. With the pandemic, a similar solution was agreed with foreign suppliers, with the opening of import credit letters with deferred payments and discount clauses in favour of the beneficiary, and paid by the customer. While Monnalisa benefitted from deferred payment - taking advantage of the favourable conditions granted by the banking circuit - the suppliers, in a particularly challenging moment from a financial point of view, were able to collect payment on demand, or, in any case, in a very short time.

Tab. 2 Number of suppliers by type (listed; consolidated; ongoing)

Supplier type	No. of suppliers listed	Of which Consolidated suppliers (at least 2 out of 4 seasons)	Of which Ongoing suppliers (4 out of 4 seasons)
Textiles	675	41	19
Accessories	303	53	32
Processing	333	24	15
Finished product	506	39	22

Tab. 3 Supplier relationship stability index

Supplier type	% Continuous / consolidated		
	2020	2021	2022
Textiles	38%	44%	46%
Accessories	48%	40%%	60%
Processing	70%	86%	63%
Finished product	63%	57%	56%
Global %	52%	52%	56%

Tab. 4 Supplier dependency index

Supplier type	2020	2021	2022
Textiles	75%	76%	74%
Accessories	78%	70%	66%
Processing	69%	67%	69%
Finished product	75%	75%	72%

Tab. 5 Contractual payment terms by type of supplier (actively listed)

Supplier type	30 days	60 days	90 days	120 days	# Suppliers
Textiles	125	76	222	252	675
Accessories	50	91	102	60	303
Processing	44	278	6	5	333
Finished product	193	286	13	4	506

2 - In companies working in a programmed way for customers, an order "in the dark" is an order from suppliers of raw materials that is not based on sales forecasts, but only on historical data and on an estimation that considers the specifics of the relevant collection. This represents a risk factor and a financial commitment for the Company in advance of forecast-based and final orders.

The guarantee of production chain quality

Monnalisa, in the management of its supply chain, adopts an active collaboration approach with its suppliers, going beyond its own corporate boundaries to work on upstream activities oriented to suppliers, and downstream activities, oriented to customers. The company has thus forged relationships of collaboration and trust with stakeholders. Thus a network of companies has been created, which, by working together for the same purpose, is able to deliver greater added value for the products and services offered to customers, and reductions in supply times and costs, thus guaranteeing better competitiveness in the marketplace. The goal is to move towards a supply chain management that involves all companies in the cycle, both upstream and downstream, precisely because such collaboration is strategic for the acquisition of a competitive advantage in the market.

Product and process quality

At the end of each season, Monnalisa evaluates all its materials, processing and finished product suppliers on the basis of: quality of the product or service provided, value for money, flexibility, creativity and versatility. The percentage of suppliers with fair, good and excellent quality indices, out of all suppliers evaluated, is high, evidencing the significant wealth of skills and knowledge capitalised in Monnalisa's management of its supply chain.

Tab. 6 Evaluation of summer season providers of fabric, design, finished products and accessories

	Textiles					Processing and finished product					Accessories					Tot
	E	D	C	B	A	E	D	C	B	A	E	D	C	B	A	
2019	0	7	11	14	1	6	14	10	33	3	1	6	13	9	17	145
2020	0	7	7	14	3	2	4	9	22	14	1	3	10	10	17	123
2021	0	5	11	13	5	0	5	14	26	6	2	5	6	5	21	124
2022	0	1	15	14	7	0	3	13	26	8	1	5	7	16	16	132

E = unsatisfactory; D = adequate; C = fair; B = good; A = excellent

Tab. 7 Evaluation of winter season providers of fabric, design and finished products

	Textiles					Processing and finished product					Accessories					Tot
	E	D	C	B	A	E	D	C	B	A	E	D	C	B	A	
2019	1	4	16	20	2	0	8	17	27	5	0	9	12	3	18	142
2020	0	4	8	16	7	2	8	22	22	4	0	4	17	5	14	133
2021	0	3	16	11	10	0	8	13	29	3	1	6	14		22	143
2022	0	11	19	13	5	0	6	15	26	5	0	8	10	12	18	148

E = unsatisfactory; D = adequate; C = fair; B = good; A = excellent

% of suppliers with fair, good and excellent quality indices out of all suppliers evaluated*	88%

** average of the two seasons analysed*

Ethics quality
An analysis of the supply chain from a global point of view evidences the predominance of Italian suppliers. Indeed, including raw materials, processing and finished products, in 2022 around 45% of procurement volumes came from suppliers located abroad, of which most were concentrated in China, Bulgaria, Egypt and Turkey.
The application of SA8000 certification and the Supplier Code of Conduct in such countries mitigates the risk of human rights violations. Standard SA8000 contains specific requirements on the extension of control processes to the supply chain, allowing the Company to monitor (via an evaluation questionnaire on supplier commitments to complying with the standard requirements, and audits at supplier premises) suppliers throughout the entire supply chain, including potential new suppliers. The Supplier Code of Conduct, in addition to the requirements of SA8000, includes clauses relating to the environment, the 231/01 Model, product safety, and the protection of company know-how. All Monnalisa supply contracts include clauses on work practices and social, environmental and sustainability aspects. All suppliers are required to comply with SA8000 requirements and the provisions of the Monnalisa Code of Conduct. In signing a supply contract, of which the code represents a clause, the supplier undertakes to ensure the implementation of the code and to accept any inspection visits aimed at verifying its correct implementation.
In addition to this commitment, oversight activities are carried out, which include audits of suppliers both by third parties and by Monnalisa directly. These are scheduled on a regular basis depending on various factors such as the type of processing, the size and location of the Company, and the outcome of previous inspections. The pandemic prevented or severely limited travel, therefore audit activities in 2020 and 2021 were limited compared to in 2019 and previous years, and began again in 2022.

Tab. 8 Audits at supplier premises

	2020	2021	2022
No. of visits to suppliers made	3	2	8
of which in Italy	0	1	8
of which abroad	3	1	0

Areas for improvement were identified and shared with the companies, though the audits found no critical non-conformities.
Monnalisa recognises the importance of all relationships established with its suppliers in the value generation process, and therefore is committed to promoting such relationships based on transparency and fairness, in order to guarantee the right conditions for the creation of products that can compete profitably on the market.

Environmental quality
Adding to those relating to quality and social responsibility, an environmental evaluation was introduced five years ago.
The purpose of these activities is to assess the environmental technical and organisational capacities of all suppliers involved in the production process. These include suppliers of raw materials (fabrics and accessories), stylists, and the suppliers of commercialised products, all over the world.
The self-assessment questionnaires summarise the concepts expressed by the standard UNI EN ISO 14001. The application of these requirements was more or less thorough, depending on the technical and organisational capacity of the suppliers and the environmental relevance of their business activities.
Analysis of the results gave a response rate from Italian suppliers and stylists of approximately 40%, and from foreign suppliers of approximately 32%.
Those in possession of environmental certification, such as ISO 14001, fully answered the questionnaire, demonstrating greater awareness by providing numerous details on the environmental aspects of their business activities.
It also emerged that approximately 13% of the suppliers without an environmental certification responded positively to the question on the use of procedures for the control and management of their environmental performance, especially regarding waste and water discharge management, for which they demonstrated possession of specific authorisations.
Among improvement actions, the most cited were the introduction of solar power systems, the replacement of traditional lighting with LEDs, and other activities to reduce electricity and water consumption.
The most interesting aspect emerging from the analysis is that, during the year, approximately 23% of the suppliers obtained environmental certifications for their products. The information collected concerns several standards that are currently gaining traction within the sector:

- GRS (Global Recycle Standard). This standard applies to companies producing or selling semi-finished or finished products containing recycled materials. The standard applies to the entire production chain, including such aspects as traceability, environmental principles, social conditions, and labelling.
- OEKO-TEX Standard 100. This is an independent audit and certification system for textile products throughout all their processing stages. It guarantees that the textiles do not contain or release substances harmful to human health.
- GOTS (Global Organic Textile Standard). This standard was developed by leading international organic agricultural organisations in order to guarantee that textile products labelled as organic satisfy stringent environmental and social criteria at all production levels

Supply chain monitoring activities also include audits to verify ethical, social and environmental performance in compliance with applicable laws and the principles of the Ethics Code and Supplier Code of Conduct. The audit team is made up of staff from the Certification and Compliance Office, specially trained to carry out independent audits.
Considering the high number of suppliers, audits were prioritised for those suppliers with turnovers above Euro 10,000 who have worked with Monnalisa for at least three consecutive years and whose work contributes to adding value to the garments produced.
In addition to product suppliers are those providing services such as maintenance, transport and waste collection and disposal. This group of suppliers is evaluated via the Environmental Management System, with appropriate objective assessment parameters approved by the relevant certification body, giving the supplier a score based on environmental and regulatory criteria. From 2018, the service providers of the operational headquarters are also evaluated.
The analysis performed indicates that of the suppliers around 67% obtained a score of "Excellent" and the remaining 33% a score of "Good". This confirms that most of the service providers are reliable, thanks to the partnerships that Monnalisa has consolidated over the years.

Supplier assessment process
The criticality of the supplier in relation to the requirements of the standards SA8000, ISO 9001 and ISO 14001 is established on the occurrence of one or more of the following conditions:
1. small-scale or craft supplier
2. supplier location in areas at risk
3. service providers in sectors where workers' rights are more easily abused

Not all service providers are subjected to assessment, only those that provide services that form part of the main production cycle, thus excluding secondary suppliers.
The supply relationship is governed by supply orders, order confirmations, contracts and written agreements. All suppliers receive a document of presentation of the Company, illustrating the values and mission of Monnalisa, its quality, social responsibility and environment, the standards SA8000, ISO 9001 and ISO 14001 to which it complies, as well as the Code of Conduct, which includes clauses relating to the environment, product safety and the protection of company know-how. The document must be returned to the Company countersigned by the supplier for acceptance.
At the beginning of the collaborative relationship, all suppliers receive a self-assessment questionnaire containing a variety of questions on the supplier, including aspects relating to human resources, health and safety, data processing and compliance with the standards SA 8000, ISO 9001 and ISO 14001. The supplier must return the digitally completed questionnaire, undertaking to comply with the requirements of the standards and accepting both scheduled and unscheduled inspection visits from Monnalisa.
The submission of the required documentation may be followed by a Monnalisa audit aimed at assessing the supplier's effective compliance with the answers given in the self-assessment questionnaire.
Any non-conformities detected during the audit are recorded in the evaluation system, and reported to the supplier in writing, indicating, where possible, any corrective actions to be taken within certain deadlines.
Following any negative outcome of the visit, the supplier must provide an improvement plan to the non-conformities encountered.
If, on the other hand, the assessment is positive with some reservations, the supplier in is put in stand-by, informed of the issues that have emerged, and will be subjected to further evaluations and audits. Suppliers must guarantee the compliance of any sub-suppliers they use with the requirements of Monnalisa.

The wholesale channel

Wholesale distribution is carried out through multi-brand stores and third-party operated stores (TPOS), which include so-called third-party shop-in-shops (TPSIS), or mono-brand sales points, of limited floor space, located within department stores.
At December 31, 2022, Monnalisa distributed to more than 500 wholesale sales outlets.
Before stipulating supply contracts with its customers, Monnalisa makes a careful selection based on their location, the visibility that they can give to the products, coherence with the Monnalisa brand and their good standing, in order to reduce the risk of insolvency or late payments of orders. Furthermore, the Company ensures that the products will be presented to the public in the manner most in keeping with its own standards and tastes, and in the most suitable light compared to the presentation of the products of its main competitors.
To serve the wholesale distribution channel, Monnalisa mainly uses directly managed showrooms with the aim of having the most effective control over customers, and the quantity and assortment of orders. To date, the Company has six showrooms located in Arezzo, Naples, Milan, Viernheim, Moscow and London.

The direct retail channel

The retail channel consists of single-brand stores managed directly by Monnalisa in Italy and by its subsidiaries worldwide. At December 31, 2022, the Group had 49 direct stores, 14 of which outlets and 35 of which full-price stores. Almost 30% of the stores are located in Italy, while the rest are located in China, the USA, Hong Kong, Russia, Taiwan, Singapore and other European countries. At December 31, 2022, approximately 50% of the existing stores had been opened in the preceding five years, while more than 90% of the entire retail network had been opened in the preceding seven years
The location of retail boutiques in the most prestigious shopping streets in the world (Milan, Rome, New York, Beverly Hills, Moscow, Madrid and Hong Kong) and the presence of the brand in major luxury department stores and malls are further significant contributions in communicating the Monnalisa brand as a synonym of luxury able to compete with the best players in this market. Monnalisa intends to continue developing its direct retail distribution network through the opening of new stores in exclusive and internationally important locations, in line with the brand's standing and visibility.
The direct management of the points of sale also makes it possible to standardise distribution, marketing and communication activities, to better manage inventories and the integration of online and offline platforms, and to better plan production cycles and the procurement of materials

Country	No. of Stores
Belgium	1
China	11
France	3
Hong Kong	1
Italy	13
Russia	5
San Marino	1
Singapore	1
Spain	5
Taiwan	1
Turkey	1
UK	1
USA	5
Total	**49**

Digital innovation

Creativity and innovation are among the fundamental values of Monnalisa. Innovation also passes through the digital transformation that Monnalisa has been pursuing and implementing for some time. Its B2B portal and B2C channel have leading roles in this transformation. These are two touch points dedicated to the retail world and end customers, which represent two fundamental assets for the Company.

B2B
The B2B service is an e-commerce platform for retail customers, where they can view finished products in stock and available for restocking and independently select and purchase them. The service offered by the platform includes a series of functions aimed at making communications between the Company and the sales network, and between the Company and retailers, much easier and more immediate.

B2C
The building up of relationships which improve customer loyalty is achieved by offering quality products and services that respond in a reliable, personalised and appropriate manner to various needs, also through the technological development of new communication channels.
Other technological components were introduced alongside the launch of the e-commerce platform, including Inventory Visibility, which allows users to view warehouses located in the various parts of the world in which the Company has direct stores. This facilitates stock optimisation, order fulfilment and returns management.
A CRM system has been introduced to collect customer data and information via both online and offline channels. This was done both to improve relationship with customers and shift the management of customer care onto other Monnalisa offices, thereby allowing the customer to work in the local time zone and language.

Tab. 9 B2C e-commerce indicators

	2020	2021	2022
Number of new subscribers*	4,490	4,059	9,587
Number of visits	1,028,31	2,176,323	2,116,338**
Number of pages viewed	5,789,737	10,658,309	9,382,837**
Number of pages viewed per visit	5,63	4,90	4,43
Average time spent on the site	4' and 16"	3' and 09"	2' and 47"

** The KPI indicates the number of new subscribers to the Monnalisa database for marketing communications (e.g. newsletter, SMS, dedicated e-mail). Data are available from 2020, when the new Salesforce CRM was launched. The number of visits and page views is lower than the total recorded because from we activated the new cookie banner in February 2022, in compliance with the European Data Protection Cookie Law (EDPB)*

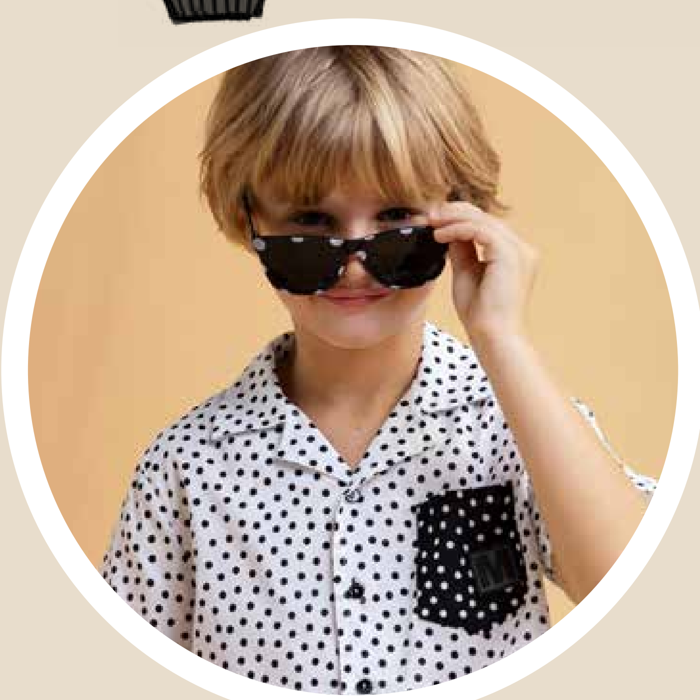
*** The number of visits and page views is lower than the total recorded because from we activated the new cookie banner in February 2022, in compliance with the European Data Protection Cookie Law (EDPB) In practice, any user who visits monnalisa.com for the first time (regardless of device, browser etc.) is shown a banner asking them to accept, reject or customize the tracking cookies they are exposed to by accessing the site. Users who click "reject" are not tracked by digital analytics tools. As a result, their visits and page views are not counted.*

The increase in website visitors confirmed the relational importance of this tool. The channel saw its performance grow thanks to the reputation of the online boutique, the improvement of various business processes connected to the service, the growth in the range and depth of offerings, and the improvement in customer care through a personalised and constant communications policy in relation to final consumers.

Monnalisa uses secure payment systems managed by certified companies that employ the best security protocols. Internal controls are applied to ensure that transactions are formally and substantially correct.

The end of 2020 saw the launch of the **Monnalisa app**, which connects to the brand's B2C e-commerce platform and offers a range of features, such as displaying collections, a photo booth feature, stickers with patterns from the Monnalisa collections, which are being extended to include gaming.

Download on the App Store
GET IT ON Google Play



SOCIAL AND RELATIONAL CAPITAL

The ability of an organisation to create value is closely related to the value it can create for other stakeholders in its target market. This value comes from a wide range of interactions, activities, relationships, causes and effects, in addition to aspects directly related to changes in financial capital. In this regard, Monnalisa's approach to its social and relational capital hinges on its ability to create and maintain robust relationships with employees, customers, investors and the community at large. The aim is to improve the well-being and competitiveness of the communities and of the context in which the Company and the Group live and work.

The stakeholders

In carrying out its business, Monnalisa comes into contact with numerous parties, who, for various reasons, enter into relations with the Company. These parties are stakeholders, those who may more or less directly influence the Company's activities, and who are in turn influenced by Monnalisa's vision of Sustainability. Relationships based on listening, continuous dialogue and the active engagement of stakeholders are therefore not only a form of responsibility of the Group towards the context in which it operates, but also a source of valuable information and ideas contributing to a better understanding of and response to the needs of the local community. The process of listening to stakeholders through structured initiatives and channels generates shared and long-lasting value in the interests of both the Group and its stakeholders.

Tab. 1 - Stakeholders, dialogue methods and expectations

Stakeholder	Dialogue channel	Stakeholder expectations
Employees	Dialogue with the human resources function	Responsible business management
	Education and training	Equal opportunities, diversity, inclusion
	Social Performance Team	Promotion of well-being
	Idea Box	Involvement
	Internal surveys	Training and professional development
	Corporate intranet	Information on Group strategies and achievements
	Induction programmes for new recruits	Clarity, transparency and accountability of management
	231 Desk	Attractive, stimulating and positive working environment
	Awareness meeting on health and safety, environment and social responsibility issues	
Financial Community (Investors, Shareholders, Banks)	Shareholders' meeting	
	Investor days, roadshows, industry conferences	Readiness for dialogue
	Conference calls or meetings with shareholders and analysts	Timeliness and completeness of information
	Price-sensitive communications	Careful risk management, including ESG risks
	Investor relations section of corporate website	
	Dedicated IR email address	
Suppliers	Daily reports	
	Supplier visits	Compliance with the contract
	Sharing of quality and ESG standards	Stability of the supply relationship
	Supplier Code of Conduct	
	231 Desk	
Wholesaler Clients	Daily telephone and e-mail reports	Timeliness and completeness of deliveries
	Portal	Product innovation and quality
	Fashion shows and events	Brand reputation and visibility
	Meeting in the showroom and virtual showroom	Product safety
	Training	
Customers	Interaction via telephone, mail, email, social media	Product innovation, quality and durability
	Direct relationship with customer care at head office and sales staff in shop	Brand reputation and visibility also on ESG issues
	Product labelling	Product safety
	Customer experience	Pleasant and personalised shopping experience
	Newsletter	Competent and professional sales staff
		High level of service during and after the sale
Local community, schools, institutions, public administration	Meeting	Support for initiatives and projects
	Internet site	Collaboration with universities to set up apprenticeships and to illustrate the Monnalisa case study
	Participation in working group	Opening up to new resources
	Participation in career days	Sponsorships
	Cooperation with professional associations	Support and financing of initiatives
		Availability for dialogue

With a view to further scrutinising the list, the stakeholders were assigned a score from 1 (low) to 5 (high) indicating the degree of relative influence that each party has on the Company or the Company has on the party. These scores were then used to create a stakeholder map.

The stakeholders that exert the greatest influence on Monnalisa are **employees**, **consumers**, **shareholders** and top **management**, while those on which Monnalisa has the greatest influence are **employees**. (Chart 1).

Chart 1 Stakeholder map

The company, as an autonomous body, is also a stakeholder, since it is a direct beneficiary of the value generated by its business activities. Added value capitalised by the Company will allow it to last over time, and therefore honour its commitment to social responsibility.

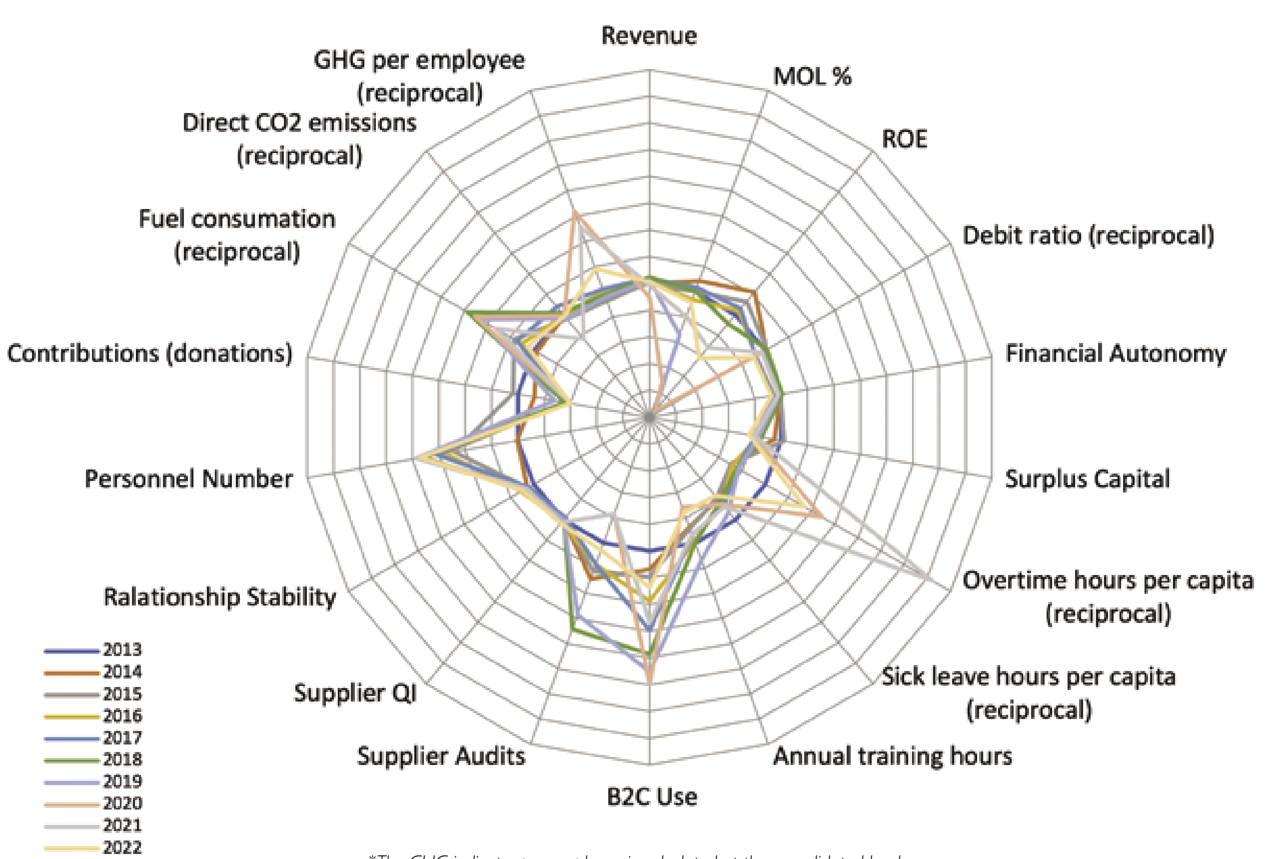
In order to better understand its relationships and create structured dialogue with its stakeholders, Monnalisa has always engaged in a variety of initiatives, such as workshops, focus groups, surveys, questionnaires, and interviews. The continued dialogue over the years has established a relationship through which both critical and positive aspects, suggestions and ideas can emerge. Thus, increasingly constructive improvement commitments are formulated over time between the Company and its stakeholders.

To better understand the value and impacts the Company has generated over in relation to its stakeholders, three indicators have been selected to represent the relationship with each. For employees, these were overtime, sick hours, and training hours, and for customers, the use of B2C resources, the number of items returned for commercial reasons, and the retention rate. The following dartboard chart shows the change in the indicators since 2013, giving an indication of the evolution of the Company's relationships with its stakeholders and the effectiveness of its initiatives to improve such relationships. The widening of the graph denotes an improvement in the specific dimension compared to 2013, while its shrinking indicates a deterioration. The chart not only shows the creation of value for stakeholders, but also the inevitable trade-offs in relating to all stakeholders. The evolution in points towards or away from the centre is less significative in absolute values than it is in revealing differences in the evolution of the relationships with different stakeholders in response to the Company's strategies and policies over time.

Stakeholder relations

Monnalisa operates in total transparency and approachability in relation to its stakeholders. Thus stakeholders may, at any time, easily contact corporate management bodies through the main channels provided. In the case of employees, stakeholder consultation is articulated by directly engaging their representatives via the Social Performance Team. Consultations with the other stakeholders are managed via focus groups, questionnaires, surveys and interviews.
Regarding employees, Monnalisa has also had, for some time, a Suggestions Box that anyone can use to propose new ideas or highlight particular issues. Moreover, the positive work environment and flat hierarchical structure of Monnalisa facilitates the sharing of employees' needs with managers and the general management.
Relationships with suppliers are managed by their commitment to the Supplier Code of Conduct, as well as by periodic audits performed by Monnalisa. Furthermore, suppliers complete self-assessment questionnaires on their human resources, health and safety, environmental aspects, quality and social responsibility.
The results of the audits, controls and questionnaires are directly reported to the Chief Executive Officer and to the Board of Directors, in order to maintain a continuous assessment of suppliers and of their compliance with the Code of Conduct.

Graf. 2 Stakeholder value (capogruppo)*



**The GHG indicator per employee is calculated at the consolidated level*
Source: Bonacchi, M. and Rinaldi, L., 2007. Dartboards and clovers as new tools in sustainability planning and control. Business Strategy and the Environment 16 (7): 461-473. http://dx.doi.org/10.1002/bse.596

Customers

Monnalisa distributes its product through several distribution channels: directly operated stores, retail sales through proprietary stores (directly as Monnalisa or indirect through subsidiaries abroad); mono-brand wholesale, sales through mono-brand stores managed by independent customers with distribution agreements; multi-brand wholesale, sales to independent multi-brand retail stores, including department stores; e-commerce, both mono-brand, direct and indirect, and multi-brand.

Table 2 - Loyalty (parent company)

	2020	2021	2022
Year-on-year change in turnover*	-30%	30%	6%
% retained customers over total customers	81%	80%	85%
Outgoing turnover rate (customers lost over total)	36%	15%	4,87%

**the change has been calculated by comparing revenues from the statutory reclassified income statement in the Directors' Report*

All the indicators relating to 2020 were strongly affected by pandemic events. Monnalisa strongly supports all distribution channels, demonstrating its commitment to the partnership between customers and suppliers. Among various support initiatives are personalised assistance in planning the layout and design of sales points or corners, ordering equipment, monitoring the range of products, training sales staff in visual merchandising, with direct interventions from Monnalisa and remote support, and the co-management and organisation of in-store events.
In order to mitigate the risk of customer insolvency, Monnalisa insures its overseas credit with a leading insurance company. A service that provides online access to commercial information in real time is also used to decide upon the granting of credit to customers in a more knowledgeable way, monitoring developments over time.
The company also contributes to customer service quality through the quality of deliveries in terms of both the number of shipments and the percentage of fulfilled orders. Compared to previous years, the average number of shipments per order has decreased, while the percentage of orders fulfilled has increased from 98 to 100%.

Tab. 3 Reliability

	2020	2021	2022
Average no. of shipments per order	3,93	4,31	3,63
% fulfilled orders with fulfilment % between 98% and 100%	78,68%	83%	87,58%
Replenishments/trade returns (in garments)	1,01	1,40	1,58

**The 2021 figure is a Group figure, while the 2020 and 2019 figures refer only to the Parent Company. The comparative figure for 2020 would be 64% if calculated on the entire Group consistently with the figure for 2021.*

Goods may be returned by customers for not meeting expected quality requirements, or, more frequently as a trade lever under a customer service agreement, by which certain slow-selling goods are replaced with more suitable products for the local market.

Investors and financial communication

Following listing on the non-regulated Euronext Growth Milan (formerly Borsa Italiana AIM) market, which took place on July 12, 2018, communications with investors must respond to specific regulations governing minimum and mandatory disclosures, as well as their timings and procedures.
14 press releases were uploaded to the SDIR platform and the Company's website in 2022.

Corporate communication

Stakeholders often ask Monnalisa to communicate its identity and make its choices known. In this regard, Monnalisa is committed to implementing communicative and informative initiatives addressed to both employees (via internal communications) and stakeholders in general, with a common approach inspired by the principles of transparency, clarity, effectiveness and adequacy.

Internal communications

The internal portal is the primary system for circulating information within the Company. A bulletin board on the first page of the portal allows authorised departments (e.g. Human Resources, Communications, General Management) to circulate information, communications and notices to all or only certain offices. This guarantees both the widespread circulation of information and its official status, in addition to allowing addressees to respond via a "comment" function.

The human resources area of the portal contains all the documentation on individuals' employment relationships and pay packets. It also publishes presentation or meeting videos of general interest so that even those working off-site can access the content.

External communications

The primary form of external communication is advertising, which - through products and press releases - conveys the identity of the brand and the Company to all external stakeholders. During 2022, Monnalisa did not invest in advertising campaigns but benefited from a strong resonance of the brand and Group activities through numerous free editorials in a range of both sector and financial publications.

Currently, Monnalisa does not adhere to specific voluntary codes or standards relating to marketing and advertising practices. In any case, in addressing a market specifically dedicated to children, Monnalisa opposes, in all possible forms of advertising, attitudes and images that might, in any way, be disrespectful of the dignity of children. Cases of non-compliance with voluntary regulations or codes regarding marketing activities including advertising, promotion and sponsorship.

Supplementing traditional forms of advertising is that conveyed through the web, including institutional communications via the Company website (www.monnalisa.com) and via social media.

Engagement

The engagement initiatives periodically carried out by Monnalisa collect stakeholders' expectations and identify areas for improvement. This policy of engagement was initiated over ten years ago, and represents the Company's commitment to responding to stakeholders and recording its responses through this report.
In the course of its business, Monnalisa, just like any other organisation, comes into frequent contact with a wide range of parties who, for various reasons, have an interest in the Company's corporate mission, and who, therefore, expect to receive information on its activities and performance.
What stakeholders have in common is their object of interest, the Company. However, their expectations may vary widely, and, therefore, it is up to the Company to:

- Confirm, through its conduct and the reporting of its activities, the bond of trust established in various ways with both internal and external stakeholders.
- Mediate between the implicit and explicit expectations of the various stakeholders, objectively considering the interests of the Company in light of the common interests of all current and potential future stakeholders.

Employee communication and engagement

As part of the SA8000 standard, Monnalisa approved a management policy establishing a Social Performance Team (SPT) as a reformulation of the previous Ethics Committee and consisting of a balanced representation of workers' representatives and management. One of the tasks of the SPT is to report all criticalities and reports and any complaints received from stakeholders relating to social and environmental responsibility to the Board of Directors and CEO.
In 2022, nine reports were received, up from 10 in the previous year. All were analysed by the SPT at its periodic meetings in February, May, September and December.
Reports came via the central offices and operational headquarters, through direct communications with the SA8000 workers' representatives, or through the Suggestions Box, which guarantees anonymity.
Certain reports expressed requests for specific improvement actions by the Company. Others gave the management the opportunity to explain and give reasons for the implementation of certain rules and decisions. Further reports came via the Human Resources Office, in the form of suggestions, requests, remarks, complaints and notifications of potential non-conformities, supplementing information emerging from the internal audits of the Company's management systems.
Of all reports received in 2019, 2020, 2021 and 2022, none concerned any violations of human rights. All reports were responded to, including all cases of anonymous reporting. 100% of the reports were therefore accepted and managed.

Breathing life into the non-financial statement

One of the main qualities of this report comes from the Company's decision to engage employees in its preparation. A fundamental consequence of such engagement is raising the awareness of a numerically significant group of employees about the Company's performance over the reference year. Furthermore, widening the dissemination of this report means engaging a greater number of people in collecting, commenting on and analysing the valuable data. In particular, specific engagement initiatives involved the managers of the various corporate departments in collecting and commenting on the data necessary for the preparation of the report.

External communications: consumers

In an increasingly social marketplace, in which time spent on the web grows exponentially every year, the rules of sociality are changing with the evolution in consumer behaviour, making the creation of institutional accounts across major networks fundamental.
Monnalisa is present on Facebook, Instagram, Pinterest, YouTube and Tik Tok, with an editorial plan and specific content for each individual channel. The social network audience as a whole encompasses an ever-growing community of approximately 424,000 followers, up 13% on the previous year. The most active social network in 2022 continued to be Instagram, with 239K followers as of December 31, 2022, representing 8% growth in the fan base over 2021. A plan to develop the TikTok channel was also launched in 2022, resulting in the fan base reaching 31k followers - growth of 200% on 2021.
Product posts, company news, catalogue images and e-commerce links are accompanied by in-depth information on a range of topics related to the target market. Responses to such social media activities allow the Company to listen to the needs of users and consumers, to convert them into ad-hoc products and services, and to monitor chatter and conversations emerging around the brand, in order to improve the relations with consumers, and to develop content that generates added value and creates opportunities for people to feel more connected to the world of Monnalisa.
These are the main goals the Company has set itself, in addition to an intensification in relationship marketing and the identification and engagement of opinion leaders able to transmit trust, generate enthusiasm for the brand and improve the reputation of the Company.

The local community

Monnalisa considers the new generations to be important stakeholders. It has therefore established ties with numerous educational institutions, with which it actively organises initiatives of teaching, project work tutoring, internships and research. For example, partnerships with the Department of Business and Legal Studies of the University of Siena, the University of Oklahoma, and the Management Department of the University of Turin have been ongoing for decades.
Monnalisa annually prepares an internship plan divided up into areas of professional expertise. Applications can be submitted directly by potential interns or can be proposed by universities, educational institutions, and training and specialisation schools. Monnalisa on occasion itself actively searches for young people at such institutions in order to offer them internship projects.
The interns can make use of the internships for different purposes, such as:

- to complete his or her university education, with the writing of a thesis.
- to fulfil a specific curriculum requirement for educational credits,
- to join the world of work,
- to start in the world of work for people with physical or mental handicaps.

Tab. 5 Internships in 2022

Promoting Body	No. interns	Duration (months)	Internship Area
University Ca'Foscar	2	4	Retail office and Overseas office
Employment center of Arezzo	2	6	Style and prototyping office
University of Florence	2	4	Human Resource and Communications office
University of Siena	4	12	Special Projects Office, Accounting, Visual Office and Communication Office
University of Sapienza Rome	1	3	Visual Office
IULM	2	7	Visual Office and Milan Press Office
IED	1	3	Style Office
LABA- Free Academy of Fine Arts	1	3	Design

Intern Policy

Monnalisa guarantees all trainees the presence of a tutor, who supervises them throughout the internship, an agreed training project in line with the intern's training and previous experience, a dedicated workstation within the Company (with a pc and e-mail address), participation in internal meetings relating to the content of the internship, lunch at an external partner restaurant, and, under certain conditions, monthly reimbursements for expenses up to a maximum of Euro 500..

Applications for Thesis Projects and Internships

Open positions for company internships are published on the "portal.monnalisa.eu" corporate portal, in the "Thesis Projects and Internships" section, allowing for direct application on-line via the relevant form. The same section features suggested themes of corporate interest for internship theses that can used in applications.

Internships for employee children

The welfare policies of Monnalisa have also introduced the opportunity for the children of employees to carry out internships in the Company. Every year, five internship positions are reserved for the children of employees in any of the Company's local units and professional fields. If the internship is extracurricular, then reimbursement of expenses are guaranteed to a variable amount depending on the region in which the internship takes place. If the internship is under an alternating school-work programme or a curricular internship, no reimbursement of expenses is currently provided. The canteen service is offered for all types of internships

Monnalisa uses a web-based tool for archiving and managing CVs, linked to the "Work with us" page of the company portal. All the CVs that arrive in the Company in any way are channelled into the same management software, so that the Company has an updated database that allows for filtered searches of suitable profiles. The same tool keeps track of the interviews given and their outcomes. External users who send their CVs to Monnalisa may make changes to their own data at any time.

Tab. 6 CVs, interviews and hiring

	2020	2021	2022*
CVs received	517	1,136	993
Interviews	42	299	91
Hires	993	322	94

** Consolidated total*

Tab. 7 Interviews, internships and hires under 30

	2020	2021	2022
Interviews held	42	299	322
Training internships completed (as a percentage over the number of employees)	2%	2%	5%
Under-30s hired over the total number of people hired	50%	34%	40%

The above figures were affected by pandemic effects severely limiting new internships and hires, which only concerned the opening of new stores during the year.

Relations with organisations, institutions and associations

Monnalisa is part of a number of organisations and associations, in order to contribute to various areas of dialogue and development, ranging from training to business development and social responsibility. Its main memberships are as follows:

Made in Tuscany Academy

Monnalisa is a founding member of the Fondazione Istituto Tecnico Superiore (Made in Italy Tuscany Academy) (MITA), the only higher education specialisation school in Tuscany and in the "Made in Italy" sector. The Academy seeks to guarantee a supply of qualified technicians at the post-secondary graduate level to satisfy the demand from the "Made in Italy" sector, with particular regard to that of fashion, to support innovation and the transfer of technologies to SMEs, to disseminate technical and scientific culture, and to support integration between education, training and the world of work.

Sviluppo Pratacci Consortium

brings companies operating in the Arezzo industrial area together to work on the redevelopment, improvement and maintenance of the Pratacci urban area to the benefit of the individual companies. Among proposals from consortium members was a project to improve the state of road access, lighting, traffic and signage in the area, which was immediately welcomed by the public administration.

Confindustria Toscana Sud

An association of industrialists in the provinces of Arezzo, Grosseto and Siena, bring together various local associations. With its three divisions, it is the second largest association in the Tuscan industrial system, boasting over 1,500 associated companies, including national and international, small, medium and large goods manufacturers and service provider across all sectors, employing over 40,000 people and thus contributing to the growth and well-being of an area equal to over half of Tuscany. The mission of Confindustria Toscana Sud is the development of local industry and entrepreneurship. For such purposes, the association promotes partnerships between associate companies, and carries out actions to protect and represent the interests of the companies in relation to institutions, the public administration, political entities, trade unions, and society in general.

Arezzo Fashion Consortium

created to revive Arezzo's fashion and goldsmithery industries through the promotion of new brands, ad-hoc training for young students and the creation of professional figures to satisfy demand in the local labour market. Leading proponents of the consortium include the Institute of Higher Education "Piero della Francesca" in Arezzo and ten companies active in fashion, accessory and jewellery sectors, with the full support and enthusiasm of the Italian Cultural Recreational Association (ARCI), the Provincial public administration and the relevant trade associations.

Polo Universitario Aretino

A university foundation for the development of degree courses and other academic activities of the University of Siena in the Province of Arezzo. In February 2019, the organisation was restructured to respond with greater flexibility and efficiency to the evolving needs of the local area. The organisation was transformed from a consortium into a holding foundation, with a legal status recognised by the Tuscany Region.

SMI (Sistema Moda Italia)

One of the world's largest organisations representing textile and fashion industrialists. SMI's activities contribute to making textiles and fashion one of the most economically important sectors of Italian industry.

Fondazione Monnalisa

The Monnalisa Foundation was founded in 2006 by Piero Iacomoni and Barbara Bertocci, to share with the local community the desire to improve situations of both social and health vulnerability.

Over time, the Foundation has become a true community institution, seeking to improve the quality of life of vulnerable individuals and to strengthen important solidarity ties which have enabled support for specific causes, including by reinforcing the means to finance them.

Following its establishment, Monnalisa has been able to concentrate corporate donations in order to implement targeted aid projects consistent with the values of the Company and the owner family. From a body created by the contributions of the founding members, the Foundation has evolved to become a community in which all social actors (including institutions, for-profit companies, non-profit organisations and individual citizens) feel actively engaged in initiatives that benefit the whole community and are designed to generate local welfare.

In 2022, the Foundation confirmed its continuing commitment to educational projects, strengthening important partnerships that share the mission of "educating communities" in the local area and beyond. For example, the Arezzo Ethic Academy, establishing an ethical accelerator of youth entrepreneurship in Arezzo obtained important European Community recognition by winning an award under the funding call entitled Make SENSE (Social Entrepreneurship for School Education), allowing the accelerator to continue operating locally, and exchange best practices with similar projects in other European countries. Continued support was provided in helping develop the musical skills of children in situations of economic or social vulnerability, allowing them to rent musical instruments and attend music courses for free, and providing them with personalised attire for musical recitals. Finally, through partnerships with Third Sector Associations, in early 2022 the Monnalisa Foundation began to take on board people with mental disabilities, who are given the opportunity to pursue a real socio-therapeutic path of personal growth.

This is an important inclusion project which seeks to provide professional dignity in contexts where opportunities for personal and social empowerment are not easy to find.

HUMAN CAPITAL

Human capital refers to the totality of the individuals that contribute to Group results, with their wealth of skills, experience and mutual relationships.

Monnalisa bases its corporate culture on human capital, in line with the values that have always distinguished and guided the Company's choices: passion, professional competence, reliability and spirit of belonging are the distinctive traits that represent Monnalisa's people.

The Company fully supports its employees throughout their working lives, listening to their needs, promoting their skills and personal growth, and helping them to progress in careers designed to develop their competences and talents.

Monnalisa is committed to creating a dynamic work environment that constantly stimulates the desire to learn and develop, balances the spheres of life and work, promotes initiatives to protect health and safety, and effectively prevents and remedies any conflicts that might harm a healthy and positive working environment.

Such a commitment lays the foundations for continually improving and enhancing people's satisfaction and motivation.

The reporting scope includes the Group companies. Where reporting for the entire scope is not possible for certain indicators, exclusions are indicated and explained in the text, in accordance with the "*comply or explain*" principle.

Breakdown of personnel

In 2022, the results of the Monnalisa Group were made possible by the contribution of 312 people across 15 countries around the world: in addition to Italy, the area defined as the "Europe zone" includes Turkey, San Marino, Great Britain, Spain, France, Belgium and Germany. The "Americas zone" includes the U.S.A. and Brazil, the "Asia zone" includes Hong Kong, China, Singapore, and Taiwan, and finally, the "Russia zone" includes the eponymous country. Compared with the previous year, staff numbers decreased by 18. In 2022, the majority of staff worked in stores and showrooms (57%), followed by the style and design area (11%). White-collar staff make up 75% of Monnalisa's personnel.

Tab. 1 Employee breakdown

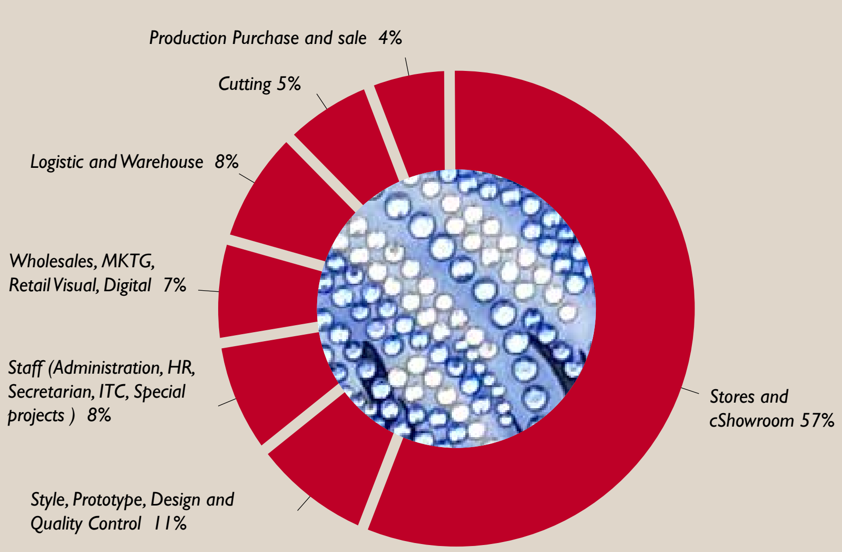
	2020	2021	2022
Manager	10	10	11
Store Manager	36	34	35
White-collar	234	254	234
Blue-collar	36	32	32
Total	**316**	**330**	**312**

For the parent company, Managers are understood to be Executives and middle managers. For foreign companies, Managers are all those in roles with directive management responsibilities.

Tab. 2 Staff in the three-year period '20-'22 by geographical area

	2020	2021	2022
Italy (parent company)	197	201	197
Europe	23	36	31
Asia	52	49	42
America	24	22	19
Russia	20	22	23

Chart 1 Distribution by area/office



3 -The 15 countries are: Italy, the Republic of San Marino, Spain, France, Great Britain, Germany, Belgium, the USA, China, Singapore, Taiwan, Hong Kong, Russia, Turkey, and Brazil. These do not precisely match up to the Group's organisational chart, because certain companies are currently inactive and without employees.

Diversity and Inclusion

Monnalisa is committed to ensuring equal opportunity in all roles and processes at the basis of the employment relationship, from staffing to training, development and termination. Monnalisa's workforce is 82% female, with a female/male ratio of 4.7. In making fashion, Monnalisa reacts to societal changes, and is able to influence and inspire younger generations, and thus believes it has a responsibility to raise awareness in valuing diversity and in rejecting stereotypes and all forms of discrimination, including in terms of aesthetic standards traditionally associated with the sector.
While in 2021 the Board of Directors approved a Group policy on diversity and inclusion that summarises the Group's commitments on these issues, in 2022 the promotion of diversity, equality and inclusion issues as levers for the development of a culture that is attentive to the needs of everyone was made an integral part of the discussions held at the level of the corporate Executive Committees on sustainability and development. The concept of diversity, whereby all the particularities and characteristics of each individual deserve to be integrated and positively valued within the corporate context and as part of business development processes and strategies, underlies the actions promoted and implemented by Monnalisa for the benefit and protection of employees. These include processes to enable work-life balance, remuneration and professional development policies founded on objective criteria that value individual skills, aptitudes, and performance, the guarantee of a safe and serene work environment that tolerates no form of bullying, harassment, discrimination, intimidation, threat or offence against any employee and where channels are made available to report any act of this nature (through the involvement of internal entities such as human resources, and external ones, namely the Supervisory Board). Every year, Monnalisa monitors the evolution and effectiveness of its inclusion strategies, especially as regards gender balance in positions of responsibility and the gender pay gap, and is committed to fostering interculturalism as a driver of dynamism, creativity and dialogue within the entire Group.

Tab. 3 Personnel by age and gender 2022

	Male Staff							Female Staff						
	<30		30-50		>50			<30		30-50		>50		
	nr	%	nr	%	nr	%	Tot	nr	%	nr	%	nr	%	Tot
Manager	0	0%	4	67%	2	33%	6	0	0%	4	80%	1	20%	5
Store Manager	1	33%	2	67%	0	0%	3	3	9%	25	78%	4	13%	32
White-collar	2	8%	11	42%	13	50%	26	28	14%	146	70%	34	16%	208
Blue-collar	0	0%	11	55%	9	45%	20	0	0%	7	58%	5	42%	12

The average staff age was 42. The largest percentage of managerial positions is held by people in the age range of 30 to 50, of which 63% are women. Table 4 shows the distribution of personnel by gender and role/category. Like any large organisation, Monnalisa has a hierarchical structure which values roles featuring expertise derived from the Company's family origin and history. In many cases, this is the result of figures who, over time, have played different roles within the organisation, or who hold different roles simultaneously. In addition, we report the number of store managers in the three-year period, regardless of the contractual framework, in order to highlight a further share of people with professional managerial profiles at the middle management level. In 2022, 91% of Store Manager positions were held by women

Tab. 4 Personnel by gender and category '20-'22

	2020					2021					2022				
	M	%	W	%	TOT	M	%	W	%	TOT	M	%	W	%	TOT
Manager	4	40%	6	60%	10	4	40%	6	60%	10	6	55%	5	45%	11
Store Manager	3	8%	33	92%	36	3	9%	31	91%	34	3	9%	32	91%	35
White-collar	27	12%	207	88%	234	25	10%	229	90%	254	26	11%	208	89%	234
Blue-collar	23	64%	13	36%	36	20	63%	12	38%	32	20	63%	12	37%	32

The Manager category is here given to include Executives and middle managers. The blue-collar category includes "intermediates".

Regarding subsidiaries and foreign branches, all personnel, including managerial staff, are employed directly in the local community in which they are located. Most employees and managers at the parent company come from provincial and regional areas. At December 31, 2022, 14 people protected by Law No. 68/1999 on the "Working Rights of the Disabled" were working within the parent company. The composition has changed from the previous three-year period, as during 2022 the Company remedied both its position on Article 18, which was uncovered, and on lack of coverage of Article 3. Every country has a different approach to the work placement of people with disabilities. In several countries, such as France, Spain and Germany, legislation similar to that provided for by Italian Law No. 68/99 is applied, imposing a certain quota of disabled people among the total number of workers employed by a company. Other countries, including the United Kingdom, do not have any mandatory quotas. In all the overseas countries where Monnalisa is present, employee numbers are relatively low. The only exception is China, the United States and Russia, which together represent 60% of the average workforce of the subsidiaries and branches. In the United States, there is no specific legislation for mandatory employment placements, though there are general polices of inclusion and non-discrimination which companies are called on to respect, and this is specifically reflected in the Employee Handbook of the American subsidiary. In China, there is a regulation regarding employment placements. However, to date, this has not resulted in any obligation for the Chinese subsidiary. In Russia, there is specific legislation, which, however, does not apply to the subsidiary there, which due to its limited size does not meet the criteria of the legislation. 47% of employees have worked at Monnalisa for less than five years, reflecting the establishment of new subsidiaries around the world, from 2015 onwards, and the opening of new stores in recent years. 6% of employees have been at the Company for more than 25 years (the figure mainly comprises parent company employees). 32% of employees have worked at Monnalisa for over 10 years.

Tab. 5 Seniority

Seniority (years)	Manager	Store Manager	White-Collar	Blue-Collar
0-5	5	25	111	5
6-10	2	7	51	7
11-15	2	1	31	11
16-25	0	1	28	7
oltre 25	2	1	13	2
Total	**11**	**35**	**234**	**32**

The average seniority in the Company is nine years. The average figure - which shows a constant, steady increase in the three-year period, as shown in table 6 - is significantly influenced by the aforementioned recent establishment of subsidiaries. The figure referring only to Group headquarters staff is significantly higher, given the important bond that is created between the Company and its long-term employees. The figure demonstrates that the turnover percentage at the Company is mainly concentrated within the group with the lowest company seniority (0-5 years). All corporate transactions, acquisition of company branches or the centralisation of functions previously delegated to other Group companies, have always guaranteed employees' acquired seniority.

Tab. 6 Average seniority in the three-year period

	2020	2021	2022
Average company seniority in years	7	8	9

Breakdown by contract

Of the 312 employees, 83% are on permanent contracts (208 women and 51 men), and the remaining 17% are on temporary contracts (49 women and 4 men). At the parent company, five short-term contracts were converted into permanent contracts during the year: four of which in direct sales outlets, and one of which at the offices of the parent company. Adding to these contract conversions were those that took place in the other companies or branches of the Group, including two permanent contracts in San Marino.

Tab. 7 Personnel by geographical area, gender and contract type

	Temporary			Permanent		
	M	W	TOTAL	M	W	TOTAL
Italy (Parent Company)	1	6	7	50	140	190
Europe	1	6	7	0	24	24
Asia	1	30	31	0	11	11
America	1	5	6	1	12	13
Russia	0	2	2	0	21	21

Of the 53 fixed-term contracts, 46 are in the store and showroom area, one is in logistics, and two are in the digital area. The average age of workers on temporary contracts is 34. Out of the total of 312 employees, 14% have part-time contracts (18% considering the parent company alone), personalised in terms of both total weekly hours, and their distribution over week days and during the day. 98% of the part-time contracts are held by women. The 45 people with part-time employment contracts make use of part-time work ranging from a minimum of 20% to a maximum of 92% of their full-time contract (average 72%). In order to balance the needs of work and one's personal life, it is possible to request fixed-term part-time work even for specific and temporary needs. At the parent company, supplementing the opportunity of part-time work is that of teleworking, which of which nine people (three men and six women) made use in order to reconcile their family and work needs. The average age of remote workers is 46. Agile working, which was introduced at the beginning of the COVID-19 pandemic, continued in 2022, first in an emergency form, and later (from September 1) through the establishment of 81 individual agreements to regulate the performance of work in agile mode. These gave increased structure to a way of working that was deemed strategic in effectively addressing the challenges imposed by an ever-changing labour market. Though Monnalisa believes that in-person collaboration is essential in developing a strong corporate culture and achieving positive performance within the Group as a whole, it also considers it appropriate to maintain agile working arrangements by properly and fruitfully regulating the Company's re-entry programme, seeing improved of work flexibility as a tool to support both personal life and the achievement of corporate goals. This way of working has significant advantages in terms of work-life balance, and, therefore, of the satisfaction of workers, especially of those with family care needs. Adding to these is the environmental sustainability benefit of reduced travel to and from work. Clearly, however, agile work requires some form of internal regulation and necessitates (if this mode of work is to be effective in achieving the Company's long-term goals) a rethinking of operational processes and work organisation from an "agile" perspective, supporting staff in developing effective time management and achieving the goals assigned to them.

Turnover

Net turnover is negative, with 94 hires against 112 departures (-18). The high turnover rate is mainly attributable to staff departures in sales positions with low company seniority and relates mainly to Europe (especially France) and the United States. The higher percentages among female workers is due to the clear preponderance of women in these positions.

Tab. 8 Incoming employees 2022 by gender, age group and country

	<30		30-50		>50		Totale		Turnover %	
	M	W	M	W	M	W	M	W	M	W
Italy (Parent Company)	1	3	1	13	1	1	3	17	1%	8%
Europe	1	17	0	15	0	2	1	34	3%	94%
Asia	0	4	1	12	0	1	1	17	2%	35%
America	2	8	0	7	0	2	2	17	9%	77%
Russia	0	1	0	1	0	0	0	2	0%	9%
TOTAL	**4**	**33**	**2**	**48**	**1**	**6**	**7**	**87**	**2%**	**26%**

The 94 hires were in relation to the opening of new stores, the substitution of resources due to maternity leave or resignations, and the strengthening of the workforce at certain offices.

Tab. 9 Outgoing employees 2022 by gender, age group and country

	<30		30-50		>50		Totale		Turnover %	
	M	W	M	W	M	W	M	W	M	W
Italy (Parent Company)	1	2	0	15	1	5	2	22	1%	11%
Europe	0	14	0	25	0	1	0	40	0%	111%
Asia	0	6	1	18	0	0	1	24	2%	49%
America	0	7	1	13	0	1	1	21	5%	95%
Russia	0	0	0	1	0	0	0	1	0%	5%
TOTAL	**1**	**29**	**2**	**72**	**1**	**7**	**4**	**108**	**1%**	**33%**

The 112 departures in the year were the result of:
- conclusion of contract (27 people);
- resignations (61 people);
- dismissal with just cause (4 people);
- dismissal for objective reason (2 people);
- closure of sales point (10 people);
- failure to pass the probationary period (7 people);
- retirement (1 person);

Tab. 10 Incoming and outgoing turnover 2020-2022

	2020	2021	2022
Incoming turnover (number of hirings out of total employees at the beginning of the period)	15%	27%	28%
Outgoing turnover (number of resignations out of total employees at the beginning of the period)	27%	22%	34%

Working hours and flexibility

In Italy, the parent company has three contracts in place: one for managers of industrial companies, one for tertiary workers, and one for textile and clothing industry employees. The contract working hours for tertiary workers is 40 hours per week scheduled to guarantee coverage of store opening times, without the possibility for flexible hours, due to the need to guarantee service to end consumers. Standard hours for textile and clothing industry contracts are 40 hours per week, distributed over five working days of eight hours from 8:30am to 12:45pm and 1:45pm to 5:30pm. The internal work time policy (which seeks to provide work-life balance) provides for working flexibility, and therefore the possibility of working extra hours to cover absences. The Company's production process is chiefly divided into two seasons over the year, with consecutive and overlapping activities, including sample creation, sales, production and shipping. Peak work times ordinarily occur in January, February, December and the summer months, characterised by sales activities of the coming collection, and by the shipment of the collection already sold to customers. The volume of overtime worked in 2022 increased just 1% on the previous year. We note, however, that in 2021 the volume of overtime was practically zero, and as such, the 2022 increase should be considered minimally comparable with the average pre-pandemic figure.

Paid absences included those for reasons contemplated by Law No. 104 [4] and extraordinary leave, to which 15 employees were entitled, totalling 3,956 hours of leave used in 2022. Upon returning from maternity leave, many employees enjoyed a personalised work schedule, greater work hour flexibility, a part-time working period, and, in some cases, where compatible with specific roles, teleworking arrangements, albeit on a temporary basis.

The management of absences and lockdowns during the COVID-19 pandemic

The COVID-19 health emergency continued through part of last year, resulting in lockdowns in various countries around the world, and, after such lockdowns had ended, many periods of reduced work activities, including mandatory reduced staffing of direct sales outlets open to the public. The resulting absences were managed using holidays, accrued leave, social safety nets where provided by local legislation, and leave that was either unpaid or partially reimbursed by the state.

Disciplinary practices and disputes

Monnalisa, if and when necessary, applies the disciplinary procedures envisaged by collective bargaining, where applicable, or defined by corporate regulations. Disputes are extremely rare, and are primarily managed by conciliation, in order to minimise the impacts of any disputes in terms of time and costs. There were no disputes in 2022..

Remuneration policies

At parent company level, Monnalisa has adopted a remuneration policy directly defined and approved by the Board of Directors. This policy has been published on the Company's internal portal, and is thus available to internal stakeholders, who are able to request clarifications or make improvement proposals via the appropriate channels (SPT, Suggestions Box,, Human Resources Department). The remuneration definition process is completely managed internally, and involves the Human Resources Department, the Chief Executive Officer and the Board of Directors, bound by the By-Laws, internal policies, the decisional limits of each individual and the related party policy, where applicable. The company has introduced a position weighting system based on objective and homogeneous parameters. The characteristics of each role and homogenous professional groupings are outlined and identified according to the criteria of organisational position (in terms of hierarchy, managed resources and responsibilities), role complexity and strategy (influence on the strategic factors defined in the business plan). In line with real wages, pay bands were created for each grouping. Personal remuneration growth depends on the degree of seniority (experience, skill and effectiveness) of the person and his or her constancy and capacity in achieving goals. Promotions in terms of revising an individual's category or remuneration are decided during the preparation of the annual budget, as well as in the months of December and May. In any case, such decisions become effective in January and June. The remuneration decision-making process envisages the following steps:

1. Line supervisor proposal.
2. The Human Resources Manager analyses the proposal on the basis of the equity analysis, the current category of the employee and the weighting of positions, and then presents the request to the Chief Executive Officer.
3. The Chief Executive Officer makes an assessment and decision within his own decision limits. If these are not sufficient to make the decision, the decision-making process passes to the Board of Directors, and, if necessary, the Related Parties Committee is involved.
4. Finally, the line manager informs the employee of the decision taken.

The remuneration of the members of the Board of Directors is fixed, and does not provide for stock options or any form of monetary incentivisation. The only exception is the Chief Executive Officer, for whom a long-term incentivisation plan was approved in June 2018. This plan aims to incentivise the Chief Executive Officer to increase the value of the Company, and, with a view to retention, provides for the free and personal attribution free of an incentive and cash amount on the meeting of certain conditions. None of the Board members have a post-mandate indemnity. For the top levels of the Company, the applicable national contract is applied, together with an allowance over basic pay established by negotiation and - in some cases - includes a variable portion linked to specific personal targets (MBO). Following is a table showing the ratio - at parent company level - between the remuneration paid to the top managers and the median of that paid to employees in 2022.

	Ratio of real values
Chairperson of the Board of Directors' remuneration and the median of employee remuneration	4.97
CEO remuneration and the median of employee remuneration	3.97
Remuneration for the highest paid figure and the median of employee remuneration	6.44

Equity analysis

The position weighting system has allowed the creation of homogeneous groupings of Monnalisa personnel, who, though they have differing roles, are equivalent in terms of task complexity, integration, strategic and organisational contributions, and responsibilities. Within the groupings, positions were compared in terms of remuneration to obtain the median of the remuneration for each grouping and the deviation in the remuneration of each from the median.

Tab.12 Remuneration deviation per grouping (parent company; includes trade and industry)

Profile	Deviation between minimum and median GAI of the grouping	Deviation between the maximum and median GAI of the grouping	% of grouping employees with GAI ≥ the median
Manager	-32%	125%	50%
Line manager and professional A	-28%	77%	54%
Line manager and professional B	-17%	57%	53%
Specialist A	-18%	32%	50%
Specialist B	-10%	49%	50%
Specialist C	-8%	55%	51%
Employee	-8%	12%	54%

The analysis shows a general prevalence, within each grouping, of remunerations higher than the median. Furthermore, where there is a significant negative deviation from the median of the grouping, this is attributable to the lesser seniority of the role. The analysis was extended to the other geographical areas in which Monnalisa is present with its own staff. In certain countries, such as Russia, for example, such analysis is not meaningful, since, within the same company and for the same job, regardless of seniority or market negotiation, the same remuneration must be guaranteed.

Profile	Deviation between minimum and median GAI of the grouping	Deviation between the maximum and median GAI of the grouping	% of grouping employees with GAI ≥ the median
Europe (UK, Belgium, Spain, France, Turkey, San Marino)			
Line manager B and professional B	-18%	70%	50%
Specialist C	-80%	31%	53%
Asia			
Line manager B and professional B	-46%	190%	64%
Specialist C	-63%	25%	52%

The deviations are analysed only for professional profiles having at least two members of staff, otherwise the analysis is not considered to be meaningful.

4 - Italian Law 104/92 provides for leave paid by the National Institute for Social Security (INPS) specifically for: regular employees with severe disabilities (entitled to 2 hours per day or 3 days per month, also divisible in hours); regular employees who are parents to children with severe disabilities under the age of three (entitled to an extension of optional leave, 2 hours per day or 3 days per month up until the child reaches the age of 3, also divisible in hours); regular employees who are spouses or up to 2nd degree relatives, or similar, of people with severe disabilities, (entitled to 3 days per month, also divisible in hours).

Not all countries where Monnalisa is present provide national collective bargaining agreements to refer to, although certain regulations are applied to the employment relationship. In such cases, salary levels are the result of direct bargaining between the parties, in addition to the sector and market context. Monnalisa is committed to guaranteeing Group personnel access to better employment, health and safety and work-life balance conditions and benefits than provided for by local applicable legislation. In order to make a comparison with the standard Monnalisa remuneration policy, the living and statutory minimum wages of each of the countries in which Monnalisa is present were considered, with the exception of European countries.

Tab. 13 Living and statutory minimum wages by country

Country	Statutory Minimum Wage	Source SMV	SMW €	Living Wage single adult (currency)
Cina (media di Pechino, Shanghai, Tianjin e Chongqing)	2.298	https://wageindicator.org/salary/minimum-wage/china-custom	312,30 €	4.152
Hong Kong	6.495	https://www.labour.gov.hk/eng/public/content2_smw.htm#:~:text=The%20current%20SMW%20rate%20is,effect%20from%201%20May%202023.	878,30 €	10.658
Russia	15.279	https://tradingeconomics.com/russia/minimum-wages	198,63 €	58.092
Taiwan	26.400	https://wageindicator.org/salary/minimum-wage/taiwan	818,40 €	56.416
Turchia	7.307	https://wageindicator.org/salary/minimum-wage/minimum-wages-news/2022/minimum-wage-increased-in-turkey-turkiye-from-01-july-2022-july-20-2022	380,91 €	Nd
USA (media stati di NY, California e Florida)	2.350	https://www.dol.gov/agencies/whd/minimum-wage/state	2.289,62 €	3.026
USA (Guam)	1.602	https://www.dol.gov/agencies/whd/minimum-wage/state#gu	1.561,10 €	1.450

In labour law, the statutory minimum wage is the lowest remuneration or hourly, daily or monthly wage that, by the law of that country, employers must pay to their own employees, including both administrative staff and manual workers. The living wage is the minimum wage necessary for a worker to satisfy his or her basic needs (food, housing, and other essentials such as clothing).

Tab. 14 Comparison between average salaries at the Monnalisa Group and the average living wage

Country	Average salary for nonmanagerial positions (local currency)	Delta % compared to max living wage	% employees with a salary exceeding the max living wage
China	5,603	135%	53%
Hong Kong	17,000	160%	100%
Russia	53,885	93%	7%
Taiwan	56,721	101%	50%
Turkey	11,094	152%	100%
USA	2,976	98%	25%
USA Guam	2,329	161%	100%

The average exchange rates for the year were used for the purpose of converting currencies into Euro

For all the countries where Monnalisa is present, the average salary of non-managerial positions is generally higher than the average living wage threshold. The positive deviation between average wages and average living wage is quite high in all countries covered. In fact, the deviation is even more positive, since, for the purposes of comparison, only basic pay data was considered, excluding commissions, bonuses and other forms of compensation.

In the parent company, in addition to the industrial executive collective bargaining contract, two other collective bargaining contracts are applied, one "Commercial" and the other referring to the "Textile and Clothing Industry". For the workforce dedicated to retail (sales employees and store managers), the national contract applicable is the tertiary distribution and services contract. For the remaining collaborators, the work contract applied is that of the textile-clothing industry, formally renewed by the trade unions Filctem-Cgil, Femca-Cisl, Uiltec-Uil, together with SMI (Sistema Moda Italia), the Italian association of textile businesses belonging to Confindustria, of January 31, 2022. In numerical terms, out of the total number of employees at December 31, 2022, 55 corresponded to the commercial sector, 139 to the industrial sector and 3 Executives.

Tab. 15 Remuneration deviation between Monnalisa and the national collective bargaining agreements (parent company)*

Category (white- and blue-collar	No. staff	M	F	Col. Bar. basic pay	Average Monnalisa*	Average deviation	Average deviation %
8th level	6	4	2	2,198.64	5,517.75	3,319.11	151%
7th level	11	5	6	2,073.70	3,608.45	1,534.75	74%
6th level	20	4	16	1,946.89	2,674.75	727.86	37%
5th level	66	9	57	1,823.76	2,051.15	227.39	12%
4th level	29	18	11	1,734.95	1,862.58	127.63	7%
3rd level	7	5	2	1,657.33	1,680.52	23.19	1%
2nd level	0	-	-	-	-	-	0%

**The Monnalisa remuneration is calculated net of seniority allowances*

The difference between the contractual remuneration and the Monnalisa remuneration increases progressively with the category level, resulting at the highest levels of the Company in a greater remuneration relative to the market offer for the same role, especially for staff with less seniority.

Tab. 16 Remuneration deviation between Monnalisa and the national collective bargaining agreements (parent company)*

Category (white- and blue-collar	No. staff	M	F	Col. Bar. basic pay	Average Monnalisa*	Average deviation	Average deviation %
1st level	10	2	8	2,248.08	2,501.76	253.68	11%
2nd level	4	1	3	2,012.45	2,108.72	96.27	5%
3rd level	8	0	8	1,793.12	1,857.27	64.15	4%
4th level	34	0	34	1,618.75	1,622.93	4.18	0%

**The Monnalisa remuneration is calculated net of seniority allowances*

The deviation between male and female remuneration is minimal

Tab. 17 Scostamento tra retribuzione media maschile e femminile (industria capogruppo)*

Category	Level	M	W	M/F remuneration ratio
White-Collar	8th	4	2	90%
White-Collar	7th	5	6	90%
White-Collar	6 th	4	16	87%
White-Collar	5 th	6	52	100%
White-Collar	4 th	6	10	95%
White-Collar	3rd	0	1	n.a.
Blue-Collar	5 th	3	5	95%
Blue-Collar	4 th	12	1	99%
Blue-Collar	3rd	5	1	100%
Blue-Collar	2nd	0	0	n.a.

**The average remuneration here is calculated to include seniority allowances*

All except three employees with commercial contracts are women. Similarly, in the subsidiaries and branches, there are only two men with such contracts, and the comparison between male and female remuneration is therefore not significant in this case.

Development of human capital

In its relations with collaborators, Monnalisa sets itself the primary objective of bringing out that additional, often unexpressed, element, that goes beyond the mere contractual relationship, and is made up of vitality, energy, knowledge and dedication. The company's initiatives in the field of human resources aim to promote this element in each individual, with the effect of reinforcing the relationship and bond of trust, improving the quality of work and well-being, both in and out of the work corporate environment. All new hires (graduates or not) are categorised according to the levels envisaged by the contracts for their assigned roles, and subsequently participate in the appraisal and career development mechanisms that apply to all personnel and are defined in the Company's remuneration policy approved by the Board of Directors. Where there are no collective bargaining agreements to refer to, remuneration is determined by negotiation between the parties and by monitoring sector and local area benchmarks applying to the specific role. On a periodic basis, an internal and external equity analysis is elaborated, aimed at a comparative assessment of the category levels and remunerations of resources. For higher qualifications, a similar analysis is performed in comparison with the market offer (i.e. an external equity analysis). Such analyses, associated with an appraisal of employee performance, are used to elaborate periodic personal development initiatives. The pandemic has resulted in a general slowdown in unplanned growth initiatives.

Tab. 18 Personnel growth initiatives

TYPE	2020	2021	2022*
Salary increase	2	7	12
Level movement	0	3	9
Transfer from temporary to permanent	6	8	6
Category movement	1	0	3
Contract renewal	5	19	18
Change of roles with new responsibilities	2	4	3

*The reporting scope for 2022 is consolidated.

95% of growth initiatives involved women. The change of job with new responsibilities involved two parent company staff members who moved office. For one of the two employees it was possible to carry out a process of internal growth rather than recruiting externally, further enhancing the professionalism gained within the work environment. It is common to have the opportunity for development by changing or broadening one's role. This leads to a high number of resources capable of performing various roles with professionalism and competence, as expressed by the versatility index representing the percentage of resources that have covered other positions in the Company than their current one. This aspect undoubtedly reflects the intellectual vivacity and propensity for change of both the Company and its people.

Tab. 19 Versatility index

	2020	2021	2022*
Versatility index	29%	21%	23%

*The reporting scope of the index for 2022 is consolidated.

Supplementary health care and initiatives

All employees of the parent company with a permanent national collective bargaining agreement are entitled to a supplementary health care under Plan A+ of the FasiOpen package, while the Purple plan has been introduced for managers from 2021 onwards. The health coverage can be extended at the request of the employee, and, through a contribution, to family members. FasiOpen's health coverage does not involve risk selection, operates through a widespread network of affiliated branches and professionals, intervenes across all prevention areas, and has become of primary importance in providing complementary assistance. The average annual investment for the Company is around Euro 20,000. During the COVID-19 pandemic, employees were provided with insurance for care and hospitalisation and a digital health service using a mobile app. Though not compulsory, health insurance is an important aspect of the salary package in certain countries around the world, such as Singapore, the United States, and Hong Kong.

Supplementary Pension

As part of the welfare project, and with the aim of raising employee awareness of the importance of supplementary pension provisions, Monnalisa has signed a multi-faceted agreement at parent company level for collective participation in the Azimut Previdenza's open pension fund. The fund represents an additional and alternative opportunity to the contractual one (Previmoda for industry and Fon.Te for commerce). The Azimut fund is aimed at those wanting a supplementary pension plan on an individual basis. Participation is free and voluntary, and, for each participating employee, Monnalisa undertakes to pay 1.5% of their gross annual remuneration, excluding any variable remuneration elements. At December 31, 2022, 53 employees had adhered to the plan.

Business Trip Policy

The Company's high degree of internationalisation means that many employees have to travel abroad for business during the year. Monnalisa has, therefore, undertaken a globally valid insurance policy covering all the most significant illnesses and accidents, in order to guarantee safer travel to all employees on business trips.

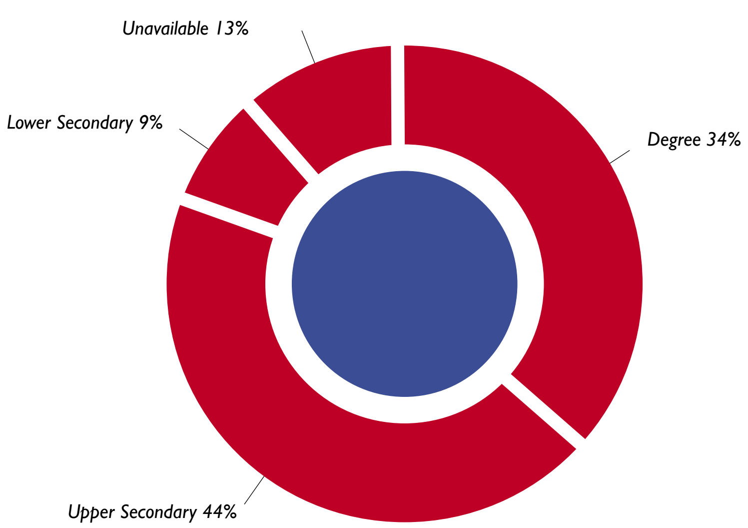
Travel Policy

An internal Travel Policy has also been introduced to reimburse employee travel expenses on company-approved business trips and missions. The policy also establishes procedures to guarantee the adequate planning and booking of essential travel services based on the principles of: employee safety, minimisation of environmental impacts, the right balance of comfort, efficiency and reduced costs, and fairness for all employees. Also introduced in 2022 was a new regulation for the management and use of company credit cards assigned to employees who purchase goods and services on behalf of the Company, and those required to travel for reasons related to their role.

Skills development

The breakdown of employees by educational qualification has been extended to the consolidated level. For a limited number of foreign employees, it was not possible to gather the data. In such cases, an average level of education equal to a high school diploma was assumed.

Chart 24 Employee education



By attributing an increasing educational score (from primary school diploma through to graduate), a summary employee educational index can be calculated as equal to 3.18 on a scale of 1 to 4.

Tab. 20 Education index

	2020	2021*	2022*
Summary employee educational index	3.14	3.18	3.25

**Unlike in previous years, the reporting scope is consolidated*

4362 training hours were delivered in 2022. Training during the year emphasised the following areas of the training plan: technical training for role-based skills, safety training to improve levels of professionalism among employees and ensure their skills remain up to date, training related to new hires, language skills, and pathways to develop soft relational and team management skills. As regards the latter area, in H2 2022, two individual and group coaching projects were carried out within the parent company to address the following issues: developing efficient relationships within the team, learning to manage conflict, and communicating effectively to improve work group performance. In November 2022, a new procedure was introduced for parent company employees to govern entry into the company ("onboarding") and the related introductory training required to be effective in the role. This training requires that in the first few days after being hired, each employee is comprehensively trained on sustainability, ethics and compliance, data protection and confidentiality, and the basic principles of the Company's organisation, management and control model pursuant to Legislative Decree No. 231/01, and on other internal issues required for the role and for regulatory compliance.

*Tab. 21 Training and education (consolidated scope since 2021)**

	2020	2021	2022
No. employees involved in training	51	207	163
No. overall hours of training and education	662	5,785	4,362
No. of education hours for new employees (internal instructors)	320	3,522	3,680
No. of internal training hours with internal instructors (education excluding)	8	72	88.5
No. of internal training hours with external instructors (including online training)	287	2001	389
No. of external training hours	47	190	205
No. average hours of training and education per employee	3.34	18.72	13.98
No. of average hours of training per employee	1.11	7.32	2.19

**The calculation of training hours for new hires and employees with new roles estimates the time required for the achievement of complete autonomy in the role in question. This type of training involved new hires and employees changing roles, excluding returning seasonal workers trained in previous years.*

Almost 461 hours, equal to approximately 11% of the total, were given over to health and safety topics. Though each course is specifically addressed to a subset of employees, the training materials are made available as a common resource to everyone via the corporate intranet.

Tab. 22 Training by gender

	No. training and/or education hours by gender	Average hours of training and/or education by gender per trainee	Average* hours of training and/or education by gender
Female	3,851.5	30.25	14.95
Male	520.5	15.31	9.46

**Ratio of the number of hours of training/education by gender to total employees by gender in December.*

Tab. 23 Training by category

	No. training and/or education hours by category	Average hours of training and/or education by category per trainee	Average* hours of training and/or education by category
Manager	146.5	13.32	29.3
Store Manager	404	11.54	19.24
White-collar	3,648.5	15.59	28.28
Blue-collar	163	5.09	20.38

**Ratio of the number of hours of training/education by category to total employees by category in December.*

Tab. 24 Role-specific training

	2020	2021	2022
Number of people involved in role specific training	11	36	11
No. of role specific training activities	7	10	4

**of a total of 33 women and 3 men*

Tab. 25 Investment in training

	2020	2021	2022
Per capita investment in training (in €)*	44.94	114.52	105.34
% of turnover invested in training	0.03%	0.06%	0.045%

** Ratios were calculated using the average number of employees for the year*

The per capita investment and percentage of turnover invested in training accounts not only of training costs itemised in the income statement, but also of the promotion of external training by internal instructors, financed training (from funds awarded by Fondimpresa or provincial entities), and an estimate of the opportunity cost of employees in training. The training expenditure also indirectly includes the purchase of books and periodical publications for the professional updating of employees. Fondimpresa is the inter-professional fund for continuous training promoted by Confindustria, CGIL, CISL and UIL. It is the most important training fund in Italy, and is available to companies of every sector and size.

Health and safety

The collective national labour contracts applied in the Company - and more generally the workplace regulations applicable in all the countries in which the Group operates - prioritise workplace health and safety initiatives to consolidate and disseminate informed and participatory behaviours in compliance with obligations of applicable law. The objective is to eliminate or progressively reduce risks at their source, improving workplace conditions, ergonomics, organisation, and the quality of health and environmental protection. For the parent company, occupational health and safety protection is guaranteed by the Safety Office, which provides for the effective organisation of the prevention and protection service according to the legal provisions of Legislative Decree No. 81 of April 9, 2008. Adequate information and training on health and safety, with particular attention to one's own workplace and duties, was also addressed to employees of the Company's sales points. In addition, periodic updates were made to the risk assessment documents relating to the various premises. At the end of the year, the periodic Risk Prevention and Protection Meeting was held at headquarters, as per Article 35 of Legislative Decree No. 81/0, and was attended by: the Employer Delegate, the Head of the Prevention and Protection Service (RSPP), the Prevention and Protection Service Officer (ASPP), the Company Doctor, and the Employee Health and Safety Representatives (RLS).

Analysing work-related stress

In compliance with Legislative Decree No. 81 and in agreement with the company safety team, an assessment was carried out on work-related stress that involved all employees. Compared to previous years, the assessment was conducted by administering special questionnaires to all employees at the parent company, with the exception of the Badia al Pino operating office, where semi-structured interviews were conducted by an industry professional. In 2022, the assessment questionnaire was also for the first time translated and extended to all overseas employees, enabling their perceptions of the parameters used to detect factors associated with work-related stress - understood according to the parent company's national guidelines - could also be recorded. The objective of this extended assessment was to analyse all employees' perceptions of the quality of working life within the Monnalisa Group, on the basis of a number of specific variables: communication, relationship, responsibility/role, and personal ecology. Compared with previous assessments, parent company workers were positive in their assessment and perception of working life in terms of personal ecology, and no problems relating to the work itself were reported. The assessment does highlight a need, however, to improve some aspects of communication and involvement within the company, to implement training on posture and movement in production areas, in addition to noting a reporting aspect related to the compensation and benefits system, which employees generally feel could be improved (partly as a result of the suspension of the flexible benefit systems introduced during the COVID-19 pandemic). Similarly, employee communication and engagement and the compensation and benefits system emerged as areas for improvement in the survey of employees hired abroad. Data from outside the parent company, however, will be further analysed in early 2023.

Training and safety

At the end of the year, the periodic Risk Prevention and Protection Meeting was held at headquarters, as per Article 35 of Legislative Decree No. 81/0, and was attended by: the Employer Delegate, the Head of the Prevention and Protection Service (RSPP), the Prevention and Protection Service Officer (ASPP), the Company Doctor, and the Employee Health and Safety Representatives (RLS).
Two Italian outlets were audited by the company PPSM in 2022. The inspection saw a report issued for each store in order to take stock of technical and documentary security. All the observations made were managed accordingly. During the year, a special hard hat holder was constructed and installed on the first level of the Available Warehouse, making this type of PPE more easily accessible for access to this work area.
Training aspects and related updates regarding workers and supervisors were constantly monitored in 2022, in reference to Article 37 of the Consolidated Workplace Safety Act No. 81 of April 9, 2008, fire prevention and first aid officers, and periodic monitoring is also carried out by means of an updated report shared between the HR Department, the Certification Office, and the Prevention and Protection Service Officer. In-person training resumed alongside e-learning.

Injuries

The rate of recordable work-related injury for the year was 6,19*. The figure is calculated using a total of two injuries (one of which with a prognosis of less than three days) which occurred in the logistics and Italian stores areas.
One Incident Report was made in 2022. This was resolved without consequences thanks to the timely application of company procedures and corrective actions.

Rate and number of injuries	UdM	2022
Number of recordable injuries	N.	2
Number of hours worked	N.	322,926.50
Rate of recordable occupational accidents	N.	6.19
Number of deaths	N.	0

The following methodology was used to calculate the injury indices. Recordable work-related injury rate: ratio of the number of recordable work-related injuries to the total number of hours worked, multiplied by 1,000,000.

** The injury rate is calculated for the parent company as follows: 2 injuries in 2022 / 322,926.50 hours worked in 2022 * 1,000,000.*

Corporate climate

Monnalisa has always paid particular attention to the quality of the working environment in the Company's various departments. The objective of the Company's management, especially in the wake of the COVID-19 pandemic, which (among other effects) has introduced new perspectives on work-life balance, is to monitor the quality of the working environment in order to plan and introduce concrete action to create a positive, engaging, dynamic and stimulating work climate that allows every worker to feel not only comfortable but also motivated to learn, challenge and further develop themselves.
In H2 2022, a survey was conducted to analyse the business climate as perceived by all Monnalisa Group employees. As a change from previous years, the survey was translated into five languages (English, Spanish, French, Russian, Mandarin Chinese) and sent to all Monnalisa employees worldwide.
The following variables were analysed:

- overall perceived quality of the climate at the company and within their department;
- employee communication and engagement;
- clarity in the definition of organisational roles and responsibilities;
- feedback culture;
- perception of individual professional development;
- alignment with corporate objectives;
- teamwork within the company;
- individual motivation and respect for people.

62% of employees participated in the survey (the highest response rate was in China, where 80% of employees responded). In the data analysis, the responses "very good," "good," "very much," and "quite a lot" were grouped as positive indicators, while the responses "poor," "sufficient," "not at all," and "little" were grouped among the negative indicators.

Tab. 26 Age of participants in the business climate survey

Location	Under 35 years	Between 36 and 45 years	Più di 45 anni
Italy	27%	34%	39%
Abroad	45%	42%	13%

Tab. 27 Location of participants in the business climate survey

Location	Shop	Office or HQ	Other
Italy	25%	73%	2%
Abroad	84%	14%	2%

The survey generated some interesting results, which are reported below.
The company climate is perceived very positively abroad (both in general and within specific departments), while in Italy, the general company climate is perceived less positively than the specific climate of individual departments: this perception is true for around 50% of the respondents.
In general, both in Italy and abroad, the following factors were perceived positively:

- clarity regarding their own and others' roles and responsibilities (84%);
- acknowledgement from direct supervisors, both in terms of feedback (63% Italy and 82% abroad), recognition of skills and as an individual (65% Italy and 89% abroad), or support in recognising one's mistakes and learning from them (69% Italy and 88% abroad);
- the level of goal sharing from managers (68% Italy and 92% abroad);
- individual motivation levels (63% Italy and 97% abroad) and mutual respect for people working at the Company (above 80%).

The level of encouragement to share or make suggestions for improvement at work was rated positively in 91% of cases abroad, while in Italy the figure was just 55%.
Just 45% of Italians responded positively on their manager's attention to their individual professional development, while satisfaction with this specific parameter outside Italy was 86%. As regards whether or not teamwork is encouraged at the Company, 50% of Italians expressed a negative perception while 91% of employees abroad were positive.
The most critical element emerging from the survey related to communication and employee engagement, on which (considering the aggregate data both for Italy and abroad) 52% of participants expressed a non-positive perception.
Also in terms of qualitative feedback, employees made suggestions and direct requests to improve corporate communication programmes and employee involvement in the Company's strategies, programmes, goals and plans. The following qualitative topics emerged as useful for improving individual climate, engagement and motivation:

- encourage more teamwork and create more opportunities for clarification regarding the Company's organisation;
- make wages more competitive (including by reinstating welfare and benefits plans) and increase appreciation of individual performance, including through feedback programmes;
- strengthen specialised cross-functional training programmes;
- create programmes that allow greater focus on employees' psychological experience;
- reinforce company culture;
- reintroduce events that allow staff to gather.

NATURAL CAPITAL

In recent years, the gap between the exploitation of the Earth's natural resources and their availability has been widening rapidly.
In this scenario, companies play a crucial role in safeguarding the environmental conditions in which they operate.
Therefore, while, on the one hand, they must create value for their stakeholders and maintain their competitive advantage over time, on the other, they must work towards the implementation of environmental policies that protect the well-being of both current and future generations.
Furthermore, consumers are increasingly concerned about sustainability issues, so much so that they are actively choosing lower environmental impact products.
Monnalisa is particularly sensitive to such issues, and so has adopted a proactive approach to environmental protection. A sign of this commitment is the Company's certification, from March 2015, to the environmental standard UNI EN ISO 14001 for the Arezzo headquarters and from 2019 for the operational offices in Badia al Pino (AR), which promotes environmental management system control and analysis and measurable improvement plans.

Environmental performance indicators

Given Monnalisa's business model - which sees production commissioned from fashion designers and the supply of fabrics, accessories and final products through suppliers across the world - the most significant environmental impacts are those by the parent company , and in particular those relating to:- fabric quality control and cutting;

- logistics, i.e. receipt and storage of raw materials (fabrics and accessories) and finished products, and item packaging before international shipping;
- business travel, using company-owned and/or rented vehicles, in addition to national (trains) and international (air) transportation.
- employee commuting;
- office activities to manage the entire garment production cycle, from the creation of models to the distribution of finished products;
- sales activities at direct stores.

Branches and subsidiary companies, on the other hand, perform a commercial function. Their environmental impacts are therefore generated by customer sales activities.
These activities, for the purposes of this chapter and as regards limitations regarding reporting scope and estimates, are better described in the following paragraphs.
Conscious of its direct and indirect environmental impacts, the Group has developed a monitoring system based on indicators to measure its environmental performance, and designed to allow the Company to intervene immediately if values exceed set thresholds.
Monnalisa has never received any fine or non-monetary sanction for failure to comply with environmental regulations or laws.

5-The marketed products are finished products purchased by Monnalisa
6- The following regard the parent company:
- the headquarters, in via Madame Curie, 7 Arezzo (AR);
- the operational offices, in via di Basserone, 12 Civitella in Val di Chiana (AR);
- the external office, in via Mencattelli, 38/E Montepulciano (SI);
- direct stores in: Via del Babuino, 136/137 Rome, Lazio 00187; Via Della Spiga, 52 Milan, Lombardy 20121; Piazza Dei Martiri, 52 Naples, Campania 81121; Strada Sannitica, 336 Marcianise, Campania 81025; Via Pasqui 9 Arezzo, Tuscany 52100; Via degli Strozzi, 22r Florence, Tuscany 50123; Via Meucci s.n.c. Unità 78 Barberino Del Mugello, Tuscany 50031; Via Vittorio Veneto, 4/E Forte Dei Marmi, Tuscany 55042; Via Federico Fellini, 1 Fidenza, Emilia Romagna 43046; Via Della Moda, 1 Serravalle, Piedmont 15069; Via Marco Polo, 1 Unità 197 Noventa di Piave, Veneto 30020; Contrada Mandre Bianche Agira, Sicily 94011.
- showrooms in: Corso Buenos Aires, 1 Milan, Lombardy 20124; Via Toledo, 235 Naples, Campania 80132

Travel and shipments

The international aspect of Monnalisa's business involves the movement of sizeable volumes of goods, for both purchase and sale, to and from abroad, and the management of a dense network of relations with a range of parties, be they customers, agents, importers or suppliers, located everywhere in the world.
The environmental impacts generated by such activities derive mainly from:
- The mobility of people: trips by parent company personnel to manage their own network of business relations
- The mobility of goods: incoming, for the purchase (and often import) of raw materials and finished and packaged products which are checked and warehoused at the parent company headquarters and operational offices, and outgoing, for the shipment of finished products to end customers in Italy and the rest of the world.

The impacts of both types of mobility have been estimated by using online calculators, based on the quantity of shipped goods and the number of passengers per trip.

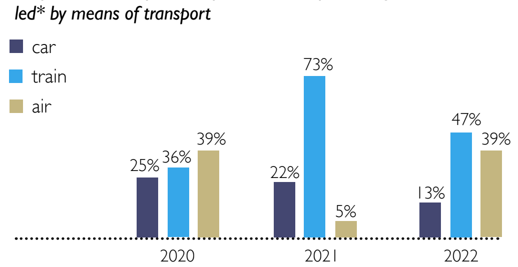
Tab. 1 - Year-on-year comparison of km travelled by means of transport

Means of transport	Km 2020	Km 2021	Km 2022
Car	7,950	35,145	42,748
Train	44,175	119,697	155,116
Air	47,587	8,544	128,897
TOTAL	99,712	163,386	326,761

Employee mobility

2022 saw the gradual relaxation of anti-COVID restrictive measures. The recovery also affected Monnalisa employees' business travel. Though online meetings continued to be preferred where meeting goals could be achieved equally efficiently in this mode, the number of kilometres travelled doubled on the previous year, partly due to the use of the Virtual Showroom launched in 2020. Air travel had the greatest impact, with the return of long-distance travel. The latter, however, was lower than in the pre-COVID period, when the total number of kilometres travelled was 80% higher than in 2022[7].

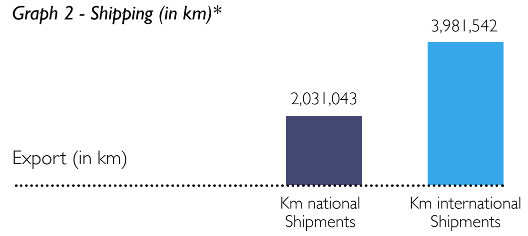
Graph 1 - Year-on-year comparison of the percentage of km travelled by means of transport*



Goods mobility

In 2022, the number of kilometres travelled by finished garments to reach Monnalisa's customers is slightly down (around 0.49%) on the previous year.
Air travel accounted for just over half of these kilometres (about 52%). This was because there was an approximately 4% increase in shipments to EU and non-EU areas compared to 2021.
In addition to outgoing shipments, incoming shipments of mainly finished products to the Company from abroad must also be considered.
Also in this case, the total number of routes travelled is in line with the previous year.
Of a total of 104 shipments arriving in Italy, the kilometres travelled by different transport means were approximately 73% by plane and 27% by lorry.

*Graph 2 - Shipping (in km)**



**The km travelled are estimated by default, as they are calculated not from actual journeys of goods to their destinations but from the distance between Monnalisa's head office and the provincial capital corresponding to the destination, in the case of shipments within Italy, and the distance between Monnalisa's head office and the capital of the foreign state corresponding to the destination, in the case of shipping abroad. The www.ecotransit.org web distance calculator was used.*

7 - The figure reported here is for 2019, immediately preceding the COVID-19 emergency period.

Consumption of materials

The following analyses report the consumption of fuel, water, electricity and gas for heating.
Where the relationship between electricity consumption and the number of users is significant, this figure is calculated using the total number of workers at each site.
In addition, the consumption of electricity, gas and water relate to the average number of hours worked in the reference periods.
Regarding branches and subsidiaries, the hours worked were measured by comparing the workable hours and the days worked during the year.
The consumption of electricity, gas and water refers only to non-industrial use.

Fuel

Fuel consumption refers solely to company cars used by the employees and Directors of the Parent Company Monnalisa S.p.A.
Compared to 2021, a 60% increase in consumption was reported, equal to approximately 4,673 litres more. This was influenced by a greater number of vehicles provided to certain employees of the Company.

*Tab. 2 - Fuel consumption 2020-2022**

	Litres 2020	Litres 2021	Litres 2022	GJ 2022	Change %
Unleaded 98	3,297.13	4,842.51	6,613.34	213.92	37%
Diesel	2,780.18	2,725.69	5,799.85	207.01	113%
Diesel +	194.16	205.81	23.58	0.84	-89%
Blu Diesel Tech		28.34	38.55	1189.98	36%
Total	**6,271**	**7,802.35**	**12,475.32**	**1611.7466**	**60%**

**To calculate fuel energy in GJ, the specific weights of the fuels were taken from Eni technical data, and product tons were multiplied by Net Calorific Values, as stated in the National Standard Coefficients 2022*

Water

Given the Group's activities and the fact that the supply of raw materials and the packing of garments is carried out by external suppliers, water consumption refers entirely to employee use of hygiene facilities. Compared to the previous year, consumption increased both in absolute terms and per employee. We note that the difference is due to recalculations and adjustments made for the two-year period 2021-2022 by the water supplier of one of the Company's showrooms.

Water is drawn exclusively from municipal mains water supply.

Tab. 3 Water consumption 2020-2022

Year	m3	m3/employee	m3/effective hr worked
2020	10,486	169.96	0.2077
2021	1,761	31.18	0.0227
2022	2,181	32.01	0.0227

8 *To the extent of their availability, in the reporting period and within the reporting scope, the various consumption data were as follows:*
- *Water consumption for the three-year period 2020-2022 refers to the parent company alone (headquarters, operational offices, external office, direct stores and Italian showrooms);*
- *Effective electricity consumption as per invoices refers to Monnalisa S.p.A. (headquarters, operational offices, external office and Italian direct stores, three-year period 2020-2022), five stores and an office owned by Monnalisa China Ltd (three-year period 2020-2022), two stores owned by Monnalisa RUS 000 (three-year period 2020-2022) and two stores owned by the Spanish Branch (three-year period 2020-2022). For stores for which a precise figure was not available, consumption was estimated by relating a building's energy performance to its square footage;*
- *Consumption of gas for heating refers to Monnalisa S.p.A. only. Data is given for the headquarters and the operating offices, while data from the external office and direct stores are excluded since they are heated by electrical air conditioning systems. Hot water is produced using electric boilers.*

9 *Excluding consumption managed by department stores and fixed-rate consumption included in rental costs.*

Energy

Electricity

Monnalisa's electricity consumption is related to lighting, cooling/heating, IT equipment at the Group's corporate sites and stores, and the use of fabric cutting and inspection machines at its Italian operational offices.
75% of the electricity purchased by the Group was certified by the supplier as of renewable origin.

A slight increase in consumption (approx. 3%) was recorded in 2022. This increase is due to consumption at the operating headquarters of the parent company Monnalisa S.p.A., following an increase in operations compared to the previous year.

Monnalisa has four photovoltaic plant installed at its headquarters in Arezzo and at the operating unit in Civitella, Val di Chiana. 14,894.42 kWh was generated on average per month. Compared to the previous year, self-generated energy is approx. 5% lower following a pause in operations for scheduled maintenance at one of the plants at the headquarters.

*Tab. 4 - Purchases of electricity years 2020-2022**

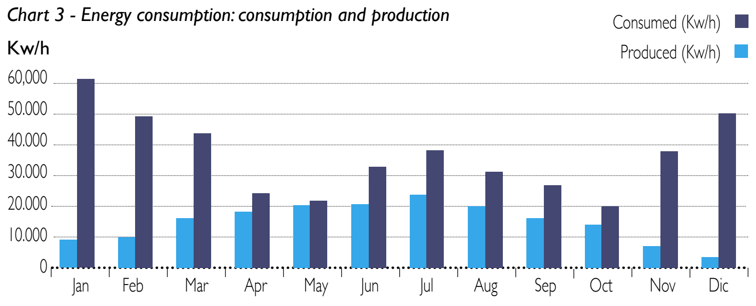
Year	kWh	GJ	per employee	per month	per employee/month	Per effective hour worked
2020	865,725.15	3,117	2,445.55	72,143.76	203.80	2.43
2021	973,655.70	3,505	3,014.41	81,137.97	251.20	2.01
2022	1,066,265,.30	3,623	3,225.21	83,855.44	268.77	1.96

**The data expressed in GJ has been calculated using the following equation: 1kWh = 0.0036 GJ*

Tab. 5 - Purchases of electricity compared to self-produced 2020-2022

Year	kWh purchased	kWh produced
2020	865,725	172,125
2021	973,656	187,872
2022	1,006,265	178,733

Chart 3 - Energy consumption: consumption and production



Gas for heating

Methane consumption relates to the use of three boilers at the headquarters and two at the Italian operational offices.
The 2022 data show that gas consumption decreased by approx. 20%. This was due to milder weather than in previous years.

With its supplier[10] Monnalisa agreed a supply plan to offset[11] gas consumption CO2eq emissions with actions to reduce atmospheric impacts by developing Gold Standard Voluntary Emissions Reduction certified renewable energy projects.

Tab. 6 Consumption of gas for heating in the period 2020-2022

Year	m3	GJ	m3 per m2	m3 per employee	m3 per month	m3 per employee per month	m3 per hours worked
2020	38,546.20	1,359.95	8.96	972.64	3,212.18	81.05	0.74
2021	50,763.29	1,790.98	5.68	1,227.43	4,230.27	102.29	0.73
2022	40,773.00	1,440.80	4.56	1,043.12	3,397.75	86.93	0.59

** The data expressed in GJ has been calculated using the Net Calorific Value for methane, as stated in the National Standard Coefficients 2022 (35,337 GJ/1000 standard m3). In order to ensure data consistency with the previous year, the finished product storage unit (not equipped with a heating system) was included in the calculation of m3 per employee, and excluded from the calculation of m3 per average hours worked, thus ensuring more objective hourly consumption data.*

10 -The contract entered into effect in September 2021
11 - The emissions offsetting project is managed by AzzeroCO2. Monnalisa duly received a declaration from its methane supplier certifying that the emissions had indeed been offset.

Raw materials

Paper and cardboard packaging

Monnalisa packages garments destined for customers across the world at its central headquarters warehouse in Arezzo, guaranteeing that products are protected during shipment.
Total paper and cardboard packaging[12] decreased 6% in 2022, due to the reduction in garments produced.
Packaging per garment decreased by 15%.
Regarding all materials, Monnalisa has made full payment to the national packaging consortium Conai in support of separate waste collection and packaging waste recycling.
In 2022, Monnalisa made Conai environmental contributions in relation to paper totalling Euro 3,184.05.

2022 data on packaging waste destined for paper and cardboard recovery, inferable from the FIR (Formulario di Identificazione dei Rifiuti) register, reports a value of 27.44 tonnes[13], and relates to the headquarters and production sites.
Furthermore, it should be noted that Monnalisa supplies mono-brand stores and top customers (shop-in-shops, corners, spaces) with shopping bags and boxes made from FSC Mix paper, purchasable by customers on the B2B website.

The pallets on which Monnalisa receives incoming goods are returned to the supplier for the reuse of packaging.

Tab.7 Paper and cardboard packaging purchased in the period 2020-2022

Year	boxes	boxes per garments produced	kg of paper per garment produced	weight (in tonnes) purchased
2020	50,640	0.078	0.01760	147.4
2021	62,599	0.069	0.01379	180.8
2022	58,921	0.065	0.01175	134.1

The total weight of the boxes was calculated by multiplying the weight of each type of box by the respective quantity purchased. The data was taken from purchase invoices and the material data sheets.

Tab. 8 - Purchases of shopping bags and boxes

Year	Quantity	Weight (in tonnes) purchased
2020	110,790	16.9
2021	209,230	32.5
2022	169,640	26.1

Il peso totale delle scatole è stato calcolato moltiplicando il peso di ogni tipologia di scatola per la rispettiva quantità acquistata. I dati sono stati ricavati dalle fatture di acquisto e dalle schede materiali.

Office paper

Office paper purchases decreased by 15% on the previous year, due to reduced paper usage by company staff.
Additional consumption includes that of thermo-adhesive plotter paper (4.74 t), backing card (2.13 t) and microperforated paper (2.49 t) for the laying out of fabric and modelling card (0.99 t), all materials used in fabric cutting.
Paper for internal use is always reused where possible, and, when no longer useful, is disposed of by separate waste collection for subsequent recycling.
As for packaging, all the paper used for both printers and plotters, equivalent to 47% of the total, is marked FSC Mix.

Tab. 9 - Paper consumption years 2020-2022

Year	Reams	Weight in tonnes	Reams/ Employee	Continuous form	Plotter paper (kg)
2020	1,250	1.87	6.35	804,000	514.4
2021	419	1.00	3.17	1,414,000	0
2022	356	0.26	2.54	816,000	520.4

12 - *This figure includes both packaging destined for sales channel distribution and packaging for other product categories.*

13 -This figure refers to paper and cardboard packaging materials arriving from suppliers of raw materials and finished products

Plastic packaging

The packaging in plastic consists of: bags for hanging garments, resin or plastic hangers, and PVC boxes for transporting garments. Compared to the previous year, there was an 8% reduction in plastic packaging purchased.
The plastic packaging purchased refers to the weight per item communicated by suppliers or stated in invoices for the purposes of Conai.
The quantities of hangers include, in addition to those purchased directly during the year, those that come with imported garments.
In 2022, Monnalisa made Conai environmental contributions in relation to plastic totalling Euro 13,430.50.

Tab. - 10 Plastic packaging purchased (items and weight)

Acquisti di imballaggi in plastica						
	2020		2021		2022	
Material	Qty	Weight (tonnes)	Qty	Weight (tonnes)	Qty	Weight (tonnes)
envelopes	625,700	7.92	817,725	13.55	766,090	12.72
hangers	219,928	12.77	225,860	12.77	189,079	10.44
pvc boxes	28,021	1.924	22,918	1.836	26,408	1.996
total	**873,649**	**22.62**	**1,066,503**	**28.16**	**981,577**	**25.16**

The total weight of each category was derived from the weights indicated in invoices. The data was taken from the material data sheets or from accounting documents

Toners, cartridges and ribbons for printers

In 2022, Monnalisa only used toners under a copy contract, where the cost of toners is based on the number of copies or prints made.
In order to keep track of the effective consumption of toners under the copy contract, an internal register was kept indicating the number of toners returned to the supplier. Throughout 2022, 79 toners were recorded as consumed.

Tab. 11 - Toners, cartridges and ribbons purchased in 2020-2022

	Toner			Cartridges			Ribbons		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
total purchases	0	0	0	3	5	31	9	9	7

Fabric

The total amount of fabric purchased fell by 3.67% on 2021. The greatest share among the different types of fabric came from natural fibres, with purchases, in any case, down approximately 22% compared to the preceding year. Technofibers, on the other hand, increased by about 38%.
Though the tables below make references to calendar years, the calculation is based on the reference calendar years of the actual production seasons.

Tab. 12 - Metres of fabric purchased over the last three years

textile fibers	2020	2021	2022
Natural	210,258	228,398	177,880
Technical fibres	122,559	101,205	139,634
synthetic	86,823	77,232	110,220
artificial	35,735	23,974	29,413
Total	**332,817**	**329,603**	**317,514**

Natural fibres exist in nature, while technical fibres are defined as produced by man. Technical fibres are then considered artificial if they are made from organic polymers of natural origin, and synthetic if they are made from synthetic polymers.

Consumption of fabric for products brought to market, however, decreased by about 16% in terms of metres used.

Tab. 13 - Metres of fabric consumed in products brought to market over the last three years

textile fibers	2020	2021	2022
Natural	234,567	314,417	262,707
Technical fibres	160,158	129,552	109,742
synthetic	153,969	125,587	104,833
artificial	6,189	3,964	4,909
Total	**394,725**	**443,969**	**372,449**

For the 2021 production seasons, Monnalisa launched a sustainability and circularity assessment of fabrics used, in view of planning its own fabric circularity roadmap for the future. The same analysis was carried out for garments produced in 2022.
The assessment was divided up between summer and winter collections.
It emerged that the largest percentage of fabrics used in the year are organic-based materials deriving from biomass[14].

14 - *Biomass means materials of organic origin, excluding materials derived from geological or fossilised formations.*

Chart 4 - Origin of fabrics for summer collection

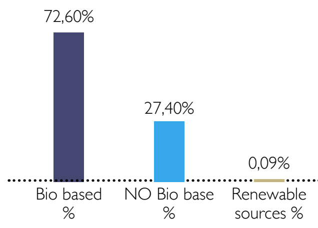
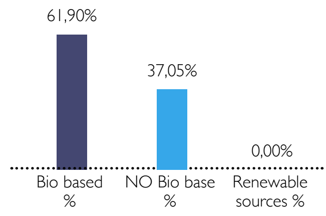


Chart 5 - Origin of fabrics for winter collection



It also emerged that 22.40% of the materials used for the winter collection and 10.62% of the summer collection materials were environmentally certified.
In both collections, 22.40% and 10.44% of the materials, respectively, were covered by OEKO-TEX® Standard 100 certification, guaranteeing that the textile products do not contain or release substances harmful to human health.
Furthermore, 0.18% of the fabrics in the summer collection were GRS-certified, which attests to the percentage of recycled content, and 0.09% was GOTS-certified, guaranteeing that the yarn fibre came from organic farming.
Cold (30°) washing, whether by hand or in the washing machine, remains the type of washing indicated for most of the items produced and bought as finished products from suppliers.

Waste

Monnalisa is committed to implementing a series of initiatives and procedures for improved management of waste.

Monnalisa is committed to minimising textile offcuts produced during the cutting phase, paying particular attention to the preceding phases of production. To do this, the Company makes use of specific software to support model design, cutting and placing. The use of latest-generation machines also leads to more accurate cuts, reducing the chance of error and therefore minimising offcuts.
The other waste attributable to the Company is generated on a daily basis by intra-logistic activities. For the most part, this waste comes from primary and secondary packaging of garments arriving in warehouse sorting areas.
Paper and plastic waste is carefully separated and collected via Eco-Boxes situated in all Monnalisa offices.
The company has implemented an Environmental Management Policy compliant with standard UNI EN ISO 14001, which requires products and waste to be handled and collected exclusively by certified and authorised transporters and service suppliers. The company does not produce or manage any hazardous waste.

CO_2 EMISSIONS

Greenhouse gas emissions are the main cause of climate change. One such emission gas is carbon dioxide (CO2), which builds up in the atmosphere due to human activity in the burning of fossil fuels, deforestation and changes in the use of agricultural land. The direct and indirect greenhouse gas emissions calculated by the Company refer only to CO2, and are associated with the following activities:
- Electricity consumption
- Consumption of gas for heating
- Transportation of products for purchase and sale
- Personal transport for business trips
- Employee commuting.

In relation to transport for business trips, it should be noted that Monnalisa uses:
1. long-term rental cars;
2. short-term rental cars.

For the purposes of this report, the emissions from the first two are considered direct, while those from short-term rentals are included in the category "other indirect emissions".

Glossary
Direct emissions: greenhouse gas emissions from sources that are owned or controlled by the organisation. For example, direct emissions deriving from combustion aimed at energy production within the organisation's operational scope.
Indirect emissions: emissions resulting from the activities of the organisation, but which have been generated by sources owned or controlled by other organisations. These include, for example, greenhouse gas emissions for the production of electricity, heating and steam supplied to and then consumed by the organisation.
Other indirect emissions: emissions, different from the other emissions that may include, by way of non-exhaustive example, journeys to the workplace, or the transport of an organisation's products, materials, people or waste.

Direct emissions – Scope 1

Direct emissions in 2022	t CO2
Heating*	81.17
Own and long-term rental cars**	5.48
Tot CO2	86.66

**The national standard parameters table was used for the calculation: Coefficients used for the inventory of CO2 emissions in the UNFCCC national inventory (average values for years 2019-2021). This data can be used for the calculation of emissions from January 1, 2022 to December 31, 2022*
***For the purposes of calculation, the database of the United Kingdom's environmental agency was used.*

In 2022, CO2 equivalent emissions associated with methane consumption decreased by approximately 19.48 tonnes[15] down 19% on the previous year.
As required by standard UNI ISO 14064-1, incorporating the Greenhouse Gas Protocol, the category of direct emissions must include those relating to leased or long-term rental vehicles, which, in the case of the Company, generated approximately 5.48 equivalent tonnes of CO2 emissions.

*Tab. 14 km and emissions relating to owned and/or long-term rental vehicles**

Vehicles	2019		2020		2021	
	Km	t CO_2	Km	t CO_2	Km	t CO_2
POwned/ Long-term rental [16]	6,659.00	0.91	1,600.00	0.22	7,503.00	0.78
Long-term rental Corporate	22,776.00	3.30	30,368.00	4.60	30,368.00	4.70
Total	**29,435**	**4.21**	**31,968**	**4.82**	**37,871**	**5.48**

**The figure was estimated on the basis of the use of owned cars for business trips. The website http://www.viamichelin.it/ was used to estimate the km travelled. The calculation includes travel for Pitti events and general company errands. For CO2 emissions, the database of the United Kingdom's environmental agency was used.*

15 - *In 2021, there was an error in calculating CO2 from methane consumption. The figure has been updated in this document*
16 - *Since 2022, the Company's entire vehicle fleet has been covered by long-term rental agreements. To ensure that the figure is consistent with previous years, consumption related to the vehicle used by management and that related to the cars used by sales employees were kept separate.*

Indirect emissions – Scope 2

Indirect CO2 emissions include all emissions relating to the production of electricity purchased and consumed by the Company. Regarding Scope 2 emissions, the Greenhouse Gas Protocol Scope 2 Guidance requires companies operating in liberalised markets to report two values determined by two different approaches:
- Location-based method: greenhouse gas emissions from the production of purchased energy calculated on the basis of the average emission factors of the grid and without considering specific information about the supplier or any supply contracts stipulated by the Company.
- Market-based method: greenhouse gas emissions calculated on the basis of the origin of energy, reflecting purposeful choices made by the Company regarding its supply. To be able to consider the specific characteristics of the purchased energy, however, its origin must be certified by contractual instruments that meet "minimum quality criteria", as defined in the GHG Protocol Scope 2 Guidance. Otherwise the calculation must be made considering the so-called residual mix, that is, using the default emission factors representing untracked or unclaimed emissions.

In 2022, 25% of electricity consumption was not certified by Guarantees of Origin (GO).
In order to determine the emissions according to the following approaches, the following considerations were made:

- ***location-based method:***
  - o for the parent company, the "grid mix" emission factor, obtained from the National Inventory Report 2022 - Italian Greenhouse Gas Inventory 1990-2020 (equal to 260 g CO2/kWh) was used to obtain indirect emissions equal to:
    - 196.62 tonnes of CO2 for electricity with Guarantees of Origin
  - o For the branches in Spain, Belgium and France, the emission factor refers to the total gross production of each country published by Terna on its website (source: Terna, International Comparisons 2019) (equal to 210 gCO2, 176 gCO2 and 56 gCO2, respectively), obtaining total indirect emissions of:
    - 7,49 tonnes of CO2
  - o For the subsidiary companies, the emission factor refers to the total gross production of each country published by Terna on its website (source: Terna, International Comparisons 2019), obtaining total indirect emissions of:
    - 87,28 tonnes of CO2
- ***Market-based method:*** the indirect emissions according to this method were::
  - o For the Spanish, Belgian and French branches, 12.40 tonnes of CO2;
  - o For the Company's UK and San Marino subsidiaries, 12.51 tonnes of CO2.

The specific conversion factors for each European country were applied, as per AIB's European Residual Mixes 2021.

Electricity consumption (kwh)	Kwh	CO_2 Emissions (tCO_2)		
		Location-based method (renewable and fossil mix)	Market based method	
		ton CO_2	ton CO_2 (residual mix)	ton CO_2 (100% fonte rinnovabile con GO)
Photovoltaic energy	178,733.00 kWh	0.00 ton CO2	-	0.00 ton CO2
Energy GO certified (Parent Company)	756,249.50 kWh	196.62 ton CO2	-	0.00 ton CO2
Energy not GO certified (Branch)	56,386.00 kWh	7.49 ton CO2	12.40 ton CO2	-
Energy not GO certified (Subsidiaries)	193,629.80 kWh	87.28 ton CO2	12.51 ton CO2	-

Other indirect emissions – Scope 3

The other indirect emissions are those resulting from the activities of the organisation, but which have been generated by sources owned or controlled by other organisations.
The first step in determining such emissions was the identification of the categories of activities from which they derive. However, sources and categories whose contribution was not significant or whose quantification is not technically or economically feasible have been excluded.
Emissions have thus been calculated relating to:

- the transport of finished products (incoming and outgoing);
- staff mobility for business trips (with short-term rentals);
- commuting from home to office and vice versa.

Tab. 15 - CO_2 emissions for the transport of products in the period 2020-2022

	2020			2021			2022		
	Incoming	Outgoing	**Total**	Incoming	Outgoing	**Total**	Incoming	Outgoing	**Total**
Truck	6.34	14.42	**20.76**	12.99	15.87	**28.86**	10.14	15.89	**26.03**
Air	88.63	239.03	**327.66**	237.60	232.27	**469.87**	553.28	222.80	**776.08**
Ship	4.00	0.00	**4.00**	0.60	0.00	**0.60**	0.00	0.00	**0.00**
Total	98.970	253.45	**352.42**	251.184	248.14	**499.33**	563.424	238.69	**802.11**

**The quantity of emissions produced was calculated using the website http://www.ecotransit.org/, with reference to EN 16258 Guidelines: 2013 "Methodology for calculation and declaration of energy consumption and GHG emissions of transport services (freight and passengers)". For each trip, the quantity of goods shipped (expressed in gross weight) and transport means used were determined from transport and customs documents. The outgoing goods relate to the shipments referred to in Graph 8.7.Emissions of CO2 are not directly proportional to the kilometres travelled for incoming and outgoing goods, as they depend on the combination of km travelled, the transport means used, and the weight of the goods transported.*

Tab. 16 - Number of shipments and km travelled by destination

	Italy		EU and non-EU	
	no. shipments	km covered	no. shipments	km covered
2020	4,427	1,905,658	1,396	3,458,913
2021	5,414	2,216,050	1,580	3,825,945
2022	4,607	2,031,043	1,632	3,981,542
Delta	**-14.91%**	**-8.35%**	**3.29%**	**4.07%**

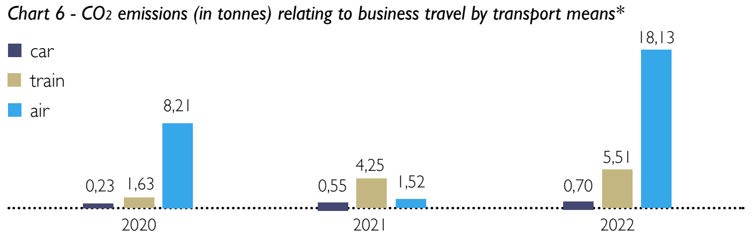
The table below details CO2 emissions by destination country.

Tab. 17 - CO_2 emissions by weight and destination (Italy, EU and non-EU)

	Italy		EU and non-EU	
	Gross weight kg	Tonne CO2	Gross weight kg	Tonne CO2
2020	112,598.74	3.60	153,460.56	249.85
2021	144,087.36	4.56	165,464.89	243.58
2022	98,472.34	3.67	160,582.06	235.02
Delta	**-31.66%**	**-19.62%**	**-2.95%**	**-3.51%**

Emissions relating to personnel travel refer to mobility for business trips, by plane, train and car.
Compared to 2021, in this case, there was a clear increase (200%) in CO2 emissions. Air travel had the greatest impact, with the return of long-distance travel to non-European destinations. We note, however, that the figure is around 75% lower than the emissions recorded in the period[17] before the COVID emergency.

*Chart 6 - CO_2 emissions (in tonnes) relating to business travel by transport means**



**The sources and estimation criteria used differ according to the transport means used. For all means of transport used for business trips in 2021, CO2 emissions were calculated using the database of the United Kingdom's environmental agency.*

Finally, we analyse CO2 emissions from employee commuting.
In 2022, the canteen service operating before to the COVID-19 emergency period reopened. All employees at headquarters have also returned to in-person attendance since the beginning of the year.
The carbon emission measurement methodology reported therefore considers the "normal" operation of personnel. For the purposes of the calculation, the entire corporate population of Arezzo (Monnalisa's headquarters, warehouse and production site) was considered, distinguishing between part-time and full-time employees. Part-time employees are considered to make two daily trips: one to go to work, and one to return home. For full time employees, on the other hand, a further distinction is required as there are those who use the external company canteen and those who return home for lunch, thus making four daily commuting trips.

Tab. 18 - CO_2 emissions for employee commuting

	2020		2021		2022	
	km	CO2 (tonne)	km	CO2 (tonne)	km	CO2 (tonne)
Monnalisa	304,572.67	45.19	608,568	102.50	1,129,891	193.013
Operational offices	38,920.72	5.77	425,408	71.65	126,057	21.534
Stores and Showrooms	595,138.13	126.87	477,325	80.40	417,077	71.247
total	**343,493.39**	**50.96**	**1,033,976.42**	**174.15**	**1,255,948**	**214.55**
total with stores	**471,962.57**	**106.09**	**1,511,301**	**254.55**	**1,673,025**	**285.79**

The figures for 2022 increased around 10% on the previous year as a result of the increase in staff numbers, the return to full operativity and the reopening of the company canteen.
Until August 31, 2022, some of the staff at the parent company Monnalisa's headquarters worked remotely, as provided for by the Presidential Decree of March 1, 2020, which encouraged agile work to prevent the spread

17 - Le emissioni confrontate riguardano gli anni 2019 e 2022 e sono pari rispettivamente a 95,87 ton. CO2 e 24,34 ton.CO2

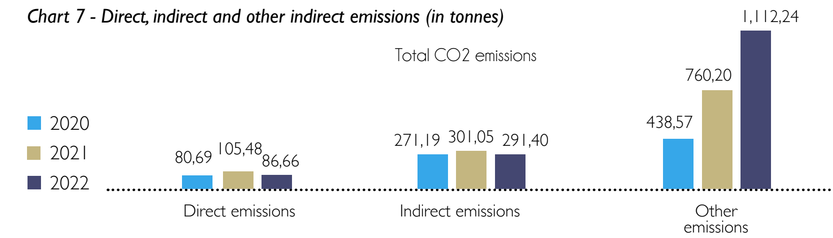
of COVID-19. From September 1, 2022, on the other hand, individual agreements have been in place to allow these remote working arrangements to continue. 68% of employees took up the offer.
In light of current regulations and its own sustainability goals, Monnalisa has introduced a sustainable Mobility Management Plan to encourage less environmentally impactful ways of getting to work.
In November 2021, for the Arezzo headquarter[18], the Company appointed its own Mobility Manager, and drafted and approved a Home-Work Travel Plan to encourage employees to make use of alternative and sustainable mobility over individual private motor vehicles, based on analyses of employees' home-to-work trips, their mobility needs, and the transport available in the local area.
Consistent with the Guidelines for the Drafting and Introduction of Home-Work Commute Plans (HWCP) published in the Official Gazette through Interministerial Decree No. 179 of May 12, 2021, a calculation was made of the daily reduction in employees' car travel (Δkm car), and the environmental benefit in terms of CO2 saved in the year for employees agreeing to work remotely.

Tab. 19 - Estimated annual environmental benefits from remote working.

ESTIMATE ANNUAL ENVIRONMENTAL BENEFITS				
MISURA PROPOSTA	TARGET (users)	Average daily km Round trip	Reduction of daily mileage by car (Δ Km by car)	CO2 saved (Kg/year)
smartworking	68%	39.15	2,577.55	44,777.29

Direct stores and company showrooms have been excluded from calculations for the following graphs so that comparisons could be made on a linear perimeter shared by all recorded data.

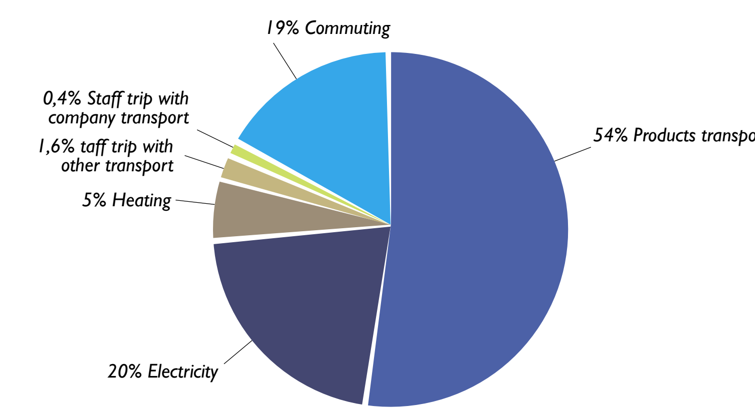
Chart 7 - Direct, indirect and other indirect emissions (in tonnes)



Direct emissions: *heating, car trips and long-term car rentals*
Indirect emissions: *electricity consumption - location-based approach*
Other emissions: *import and export of products, employee commuting, short-term car rentals, train and air travel by employees*

Total CO2 emissions were up 28% on 2021.
Of all the sources of emissions analysed, the most significant is that of transporting products (46%).

Chart 8 - Direct, indirect and other indirect CO2 emissions (in tonnes) by source



In accordance with the GRI Standards, the Company has determined the GRI 305-4 greenhouse gas (GHG) emission intensity index for 2022 by relating the sum of CO2 emissions (direct, indirect and other) to the number of Group employees.

Tab. 20 - Intensity index of greenhouse gas emissions (GHG)- environmental performance index: Number of employees

	Unit	2020	2021	2022
GHG emitted per employee (scope 1 and 2)	(tonne CO_2 eq.)	1.09	1.56	1.21
GHG emitted per employee (scope 3)	(tonne CO_2 eq.)	2.3785	3.7821	5.6459

Tab. 21 - Intensity index of greenhouse gas emissions (GHG)- environmental performance index: Effective hours worked

	Unit	2020	2021	2022
GHG emitted per employee (scope 1 and 2)	(tonne CO_2 eq.)	0.0012	0.0010	0.0007
GHG emitted per employee (scope 3)	(tonne CO_2 eq.)	0.0025	0.0027	0.0034

Finally, the emissions of the pollutants SOx and NOx relating to goods import and export activities are reported.

Tab. 22 - NOx and SOx

Other atmospheric emissions	Unit	2020	2021	2022
NOx	(Kg)	1,381.63	1,839.61	2,922.79
SOx	(Kg)	258.61	289.49	452.98

18 - Law No. 77 of July 17, 2020 established that the Home-Work Travel Plan shall apply to companies with single site of more than 100 employees located in a regional capital, a metropolitan city, a provincial capital, or a municipality with a population exceeding 50,000 inhabitants.

ECONOMIC AND FINANCIAL CAPITAL

Direct economic value generated and distributed

The statement of economic value generated and distributed provides an indication of the creation of wealth by Monnalisa for its stakeholders.

Tab. 1 Statement determining the economic value generated and distributed (consolidated)

	2020	2021	2022
Revenues	33,612,162	43,653,303	46,375,300
Other revenues and income	797,208	1,555,328	953,561
Financial income	58,415	16,838	24,405
Total generated value	**34,467,785**	**45,225,469**	**47,353,266**
Operating costs (suppliers)	-30,727,450	-33,720,986	-29,106,010
On which processing companies	*-3,084,831*	*-3,567,589*	*-3,105,505*
Personnel remuneration	-9,473,561	-10,772,126	-11,952,838
Financiers remuneration	-407,890	-402,136	-1,292,585
Investors remuneration	-	-	-
Public Administration remuneration	676,980	893,442	-60,172
External donations	-	-	
Economic value distributed	**-39,931,921**	**-44,001,805**	**-42,411,604**
Bad debts provision	-504,397	-197,019	-274,210
Unrealized exchange rate differences	-943,236	668,132	-48,285
Value adjustments of tangible and intangible assets	-	-	-
Value adjustments of financial assets	-19,744	-16,500	-13,455
Amortization	-881,187	-3,413,240	-7,840,717
Provisions	-	-167,841	-13,956
Reserve (loss coverture)	7,812,699	1,902,804	3,248,961
Economic value retained (=Differences between E.V. retained and E.V. distributed)	**-5,464,136**	**1,223,664**	**4,941,661**

The statement reconsiders the year's income statement, on the one hand, from the point of view of revenues, other income and financial income, which contribute collectively to the economic value generated. On the other hand, operating costs are considered, whose counterpart is represented by suppliers, and income statement items relating to employees, lenders, investors, public administrations and external donations that represent the remuneration of stakeholders as economic value distributed by the Company. The difference between the economic value generated and the economic value distributed represents the economic value retained for the benefit of the corporate system, used for credit write-downs, currency exchange differences, financial asset value adjustments, depreciation, and reserves. The recorded loss will be covered through the use of profits relating to previous years that have not been distributed, therefore, the Company system has not been remunerated but the shareholders' equity has been reduced, which, nevertheless, continues to be substantial enough (Euro 29.5 million) to demonstrate the Company's solidity.
With the reduction in revenue volumes in 2020 following the pandemic, the remuneration of the various stakeholders, especially contractors and employees, decreased in absolute value while remaining substantially in line in terms of percentage incidence on the total distributed economic value. In 2022, thanks to the recovery in volumes, while not yet at the levels of 2019, the remuneration maintained proportional values compared to preceding years.
The "Other income" item includes contributions received by the Company for various reasons.

Approach to tax

In carrying out its activities, the Monnalisa Group acts in compliance with the legislation and all regulations in force in the territories in which it operates as well as with the Ethics Code and company procedures, applying them fairly and honestly. Monnalisa requires addressees of the Ethics Code to comply with ethical standards and principles of behaviour that may sometimes be more restrictive than the mandatory regulations applied in the countries where it operates.
The Group is committed to informing all stakeholders in a clear and transparent manner regarding its policies, strategies, impacts and results achieved without favouring any interest group or individual. Monnalisa, aware of its social role, operates taking into account the needs of the community in which it operates and contributing to the promotion of quality of life, and economic, social, cultural and civil progress.
The Group's commitment outlined in the Ethics Code, in its general principles and rules, are also applicable to the tax field, with the conviction that compliance with tax regulations in the various countries in which the Group operates constitutes the basis for economic development and the social security of the local communities concerned, and that the tax burden should be consistently distributed across the various countries. The Group is committed to establishing long-standing relationships of trust and transparency with tax authorities.
In order to effectively identify and manage any potential tax risks and incentives, the Group promotes training activities to build on the tax awareness of employees, regardless of the role they have, through specific courses and information campaigns on regulatory changes and relevant topics.
Regarding the tax jurisdictions in which the Group operates, please refer to the Directors' Report, which includes the Group's organisational chart. For detailed information on the tax scenario for the year and applied accounting criteria, please refer to the Notes to the Statutory and Consolidated Financial Statements.

Climate Change

In terms of strategic risks, climate change and public focus on the issue could affect customer preferences, leading to possible changes in the purchase of some particular product categories that are marginal parts of the Group's business, and in the potential procurement of certain raw materials. Currently, however, a reduction in the quality of raw materials used in the production cycle is not envisaged. The Group therefore monitors climate change risks to reduce the impact on its operations. The Group currently reports no significant impacts of climate change on operational risks.
As regards financial risks, the Group may be exposed to potentially higher costs and investments relating to adjustments in its production and distribution structure to mitigate the impact of climate change on its business. No estimates of significant costs and investments in this regard are currently available.
Finally, the compliance risks related to sustainability concern non-compliance with environmental rules and regulations to which the Group may be subject. The Group monitors the ongoing changes in both national and international regulatory frameworks. It also considers the possible introduction of additional regulations to reduce the environmental impacts of business.

European Tassonomy

In order to achieve the goals of the European Green Deal, it is essential to incentivise investments in sustainable projects and activities. It is accordingly necessary to create a common language and develop a shared framework of definitions to maintain clarity and comparability. To this end, EU Regulation 2020/852 introduced an EU Taxonomy into the European regulatory system establishing four criteria to be jointly met for business activities to be defined as environmentally sustainable. The activities must therefore:

- Contribute to the achievement of one or more environmental sustainability goals[19];
- Cause no harm to any of the aforementioned environmental sustainability goals;
- Be carried out in compliance with minimum social safeguards[20];
- Comply with the technical screening criteria established by the European Commission.

For the reporting year 2021, companies having to make Non-Financial Declarations must also communicate the economic activities that are eligible or ineligible under the EU Taxonomy. Furthermore, from the reporting year 2022 onwards, companies will be required to disclose which of their eligible economic activities are deemed to be aligned or not aligned with the EU Taxonomy.
Alignment with the EU Taxonomy can be communicated using the following indicators:

- The share of turnover from products or services associated with economic activities considered environmentally sustainable;
- The share of asset and process capital expenditure and operating expenses associated with economic activities considered environmentally.

To date, only information on 2 of the 6 goals set out in Article 9 of EU Regulation 2020/852 have been made available: Climate change mitigation and Climate change adaptation.
The Monnalisa Group has examined the relevant reference technical documentation regarding the two goals of Climate change mitigation and Climate change adaptation Applicable Nomenclature of Economic Activities (NACE) codes were then used to identify that the Group's economic activities belong to one of the sectors for which technical screening criteria have been established and included in the EU Taxonomy. The analysis finally concluded that, on the basis of interpretations currently available regarding requirements, the Group's prevailing economic activities are not among those identifiable by the reference legislation for the two aforementioned goals. Therefore, they can be considered as ineligible as of the date of this document.
Further investigations will be carried out in 2022, in line with the progressive evolution of Regulation (EU) 2020/852, and in reference to the additional Delegated Acts for the remaining environmental goals.

Please refer to the specific chapter relating on Natural Capital for further details on the Group's environmental commitment and plans.

19 - Climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, or protection and restoration of biodiversity and ecosystems.
20 - These minimum social safeguards are company procedures to ensure alignment with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Charter of Human Rights.
21 - The technical screening criteria are specified in the Delegated Acts of Regulation 2020/852, including the Delegated Regulations 2021/2139 (named the "Climate Act") and 2021/2178.
22 - An economic activity as described in the Delegated Acts, as per Articles 10 (3), 11 (3), 12 (2), 13 (2), 14 (2) and 15 (2) of EU Regulation 2020/852, regardless of whether that economic activity meets one or all of the technical screening criteria set out in those Delegated Acts.
23 - An economic activity not described in the Delegated Acts, as per Articles 10 (3), 11 (3), 12 (2), 13 (2), 14 (2) and 15 (2) of EU Regulation 2020/852.
24 - Only activities relating to the manufacture and marketing of clothing, footwear and accessories were considered. Activities relating to leasing concessions of owned properties and sub-letting of leased properties were excluded, as these were considered secondary.

External Assurance

In addition to internal audits, the Group has decided to subject the Annual Report to external and independent checks in line with applicable auditing standards. As such, the IFRS financial statements were audited on the basis of a three-year assignment assigned to the independent audit firm EY, and the Consolidated Non-Financial Statement was subject - following a voluntary assignment to the independent audit firm BDO - to a limited audit on the basis of ISAE Auditing Standard 3000 (Revised).

TABLE OF TOPICS RELATED TO LEGISLATIVE DECREE NO. 254/16

LEG. DECREE NO. 254/2016 SCOPE:	MATERIAL TOPIC	GRI STANDARDS
Personnel	Manage diversity and equal opportunities	GRI 405 "Diversity and equal opportunity"
	Development and training of human resources	GRI 404 "Training and education"
	Occupational health and safety Working conditions	GRI 403 "Occupational health and safety"
Social	Sustainable supplier management Supplier assessment programmes	GRI 204 "Procurement practices" GRI 308 "Supplier environmental assessment" GRI 414 "Supplier social assessment"
	Health and safety	GRI 416 "Customer Health and Safety"
	Economic performance	GRI 201 "Economic performance"
Active and passive corruption	Standards/Ethics Codes	GRI 205 "Anti-corruption"
The environment	Use of raw materials Sustainable packaging Sustainability of materials	GRI 301 "Materials"
	Energy efficiency	GRI 302 "Energy" GRI 305 "Emissions"
Human Rights	Respect for human rights	GRI 406 "Non-discrimination" GRI 407 "Freedom of association and collective bargaining" GRI 408 "Child labor" GRI 409 "Forced or compulsory labor"

GRI CONTENT INDEX

Statement of use	Monnalisa S.p.A. has reported in accordance with the GRI Standards for the period 1-1-2022 to 31-12-2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	NA

GRI STANDARDS/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	Page 8; Page 24	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	2-2 Entities included in the organization's sustainability reporting	Page 24			
	2-3 Reporting period, frequency and contact point	Page 6; Page 25			
	2-4 Restatements of information	Page 6			
	2-5 External assurance	Page 71			
	2-6 Activities, value chain and other business relationships	Page 9			
	2-7 Employees	Page 47 to 57			
	2-8 Workers who are not employees	Page 44			
	2-9 Governance structure and composition	Page 24			
	2-10 Nomination and selection of the highest governance body	Page 25			
	2-11 Chair of the highest governance body	Page 24			
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 25			
	2-13 Delegation of responsibility for managing impacts	Page 25			
	2-14 Role of the highest governance body in sustainability reporting	Page 25			
	2-15 Conflicts of interest	IFRS Financial Statements			
	2-16 Communication of critical concerns	Page 25; page 28			
	2-17 Collective knowledge of the highest governance body	Page 16			
	2-18 Evaluation of the performance of the highest governance body	Page 25			
	2-19 Remuneration policies	Page 52			
	2-20 Process to determine remuneration	Page 52			
	2-21 Annual total compensation ratio	Page 52			
	2-22 Statement on sustainable development strategy	Page 6			
	2-23 Policy commitments	Page 14; Page 27;Page 44; Page 48; Page 50; Page 52			
	2-24 Embedding policy commitments	Page 14; Page 27;Page 44; Page 48; Page 50; Page 52			
	2-25 Processes to remediate negative impacts	Page 28; Page 43; Page 44			
	2-26 Mechanisms for seeking advice and raising concerns	Page 28; Page 43; Page 44			
	2-27 Compliance with laws and regulations	Page 28; Page 43; Page 44			
	2-28 Membership associations	Page 44			
	2-29 Approach to stakeholder engagement	Page 18			
	2-30 Collective bargaining agreements	Page 53			
MATERIAL TOPICS					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 18	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	3-2 List of material topics	Page 20			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 18			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Page 70			
	201-2 Financial implications and other risks and opportunities due to climate change	Page 71			
	201-3 Defined benefit plan obligations and other retirement plans	Page 47			
	201-4 Financial assistance received from government	Relazione sulla gestione			
Market presence					
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Page 47 e ss			
	202-2 Proportion of senior management hired from the local community	Page 47 e ss			
Indirect economic impacts					
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Page 44			
	203-2 Significant indirect economic impacts	Page 44			
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 18			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Page 34			

GRI STANDARDS/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Anti-corruption					
GRI 205: Anti-corruption 2016	3-3 Management of material topics	Page 25 e ss			
	205-1 Operations assessed for risks related to corruption	Page 25 e ss			
	205-2 Communication and training about anti-corruption policies and procedures	Page 25 e ss			
	205-3 Confirmed incidents of corruption and actions taken	Page 25 e ss - During the reporting period no incident or behaviour in conflict with anti corruption laws was recorded			
Anti-competitive behavior					
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	During the reporting period no fines or significant sanctions were registered			
Tax					
GRI 207: Tax 2019	207-1 Approach to tax	Page 71			
	207-2 Tax governance, control, and risk management	Page 71			
	207-3 Stakeholder engagement and management of concerns related to tax	Page 71			
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 18			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Page 61			
	301-2 Recycled input materials used	Page 61 e ss			
	301-3 Reclaimed products and their packaging materials	Page 61 e ss			
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 18			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Page 64 e ss			
	302-2 Energy consumption outside of the organization	Page 64 e ss			
	302-3 Energy intensity	Page 64 e ss			
	302-4 Reduction of energy consumption	Page 64 e ss			
	302-5 Reductions in energy requirements of products and services	Page 64 e ss			
Water and effluents					
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Page 61 e ss			
	303-2 Management of water discharge-related impacts	Page 61 e ss			
	303-3 Water withdrawal	Page 61 e ss - There are no significant direct withdrawals from water sources such as lakes, rivers, etc.			
	303-5 Water consumption	Page 61 e ss			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 18			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 66 e ss			
	305-2 Energy indirect (Scope 2) GHG emissions	Page 66 e ss			
	305-3 Other indirect (Scope 3) GHG emissions	Page 66 e ss			
	305-4 GHG emissions intensity	Page 66 e ss			
	305-5 Reduction of GHG emissions	Page 66 e ss			
	305-6 Emissions of ozone-depleting substances (ODS)			Not applicable	The company does not produce a relevant amount of ODS.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Page 66 e ss			
Waste					
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Page 66 e ss			
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 18 e ss			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Page 34			
	308-2 Negative environmental impacts in the supply chain and actions taken	Page 23 e ss			
Employment					
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 47 e ss			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 47 e ss			
Labor/management relations					
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Page 47 e ss - In case a reorganization or a revision in the company structure takes place, employees and their representatives are previously informed in full respect of local law, collective labor contracts and agreements with trade unions.			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 18			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Page 47 e ss			
	403-2 Hazard identification, risk assessment, and incident investigation	Page 47 e ss			
	403-3 Occupational health services	Page 47 e ss			
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 47 e ss			
	403-5 Worker training on occupational health and safety	Page 47 e ss			
	403-6 Promotion of worker health	Page 47 e ss			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 47 e ss			
	403-8 Workers covered by an occupational health and safety management system	Page 47 e ss			
	403-9 Work-related injuries	Page 47 e ss			
	403-10 Work-related ill health	Page 47 e ss - In the company processes no employees with high incidence or with high risk of work related deseases are registered			
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 18			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Page 47 e ss			
	404-2 Programs for upgrading employee skills and transition assistance programs	Page 47 e ss			
	404-3 Percentage of employees receiving regular performance and career development reviews	Page 47 e ss			
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 18			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 47 e ss			
	405-2 Ratio of basic salary and remuneration of women to men	Page 47 e ss			
Non-discrimination					
GRI 406: Non-discrimination 2016	3-3 Management of material topics	Page 47 e ss			
	406-1 Incidents of discrimination and corrective actions taken	Page 47 e ss - During the reporting period no discrimination case was registered			
Freedom of association and collective bargaining					
GRI 407: Freedom of Association and Collective Bargaining 2016	3-3 Management of material topics	Page 47 e ss			
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Page 47 e ss			
Child labor					
GRI 408: Child Labor 2016	3-3 Management of material topics	Page 47 e ss			
	408-1 Operations and suppliers at significant risk for incidents of child labor	Page 47 e ss			
Forced or compulsory labor					
GRI 409: Forced or Compulsory Labor 2016	3-3 Management of material topics	Page 47 e ss			
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Page 47 e ss			

GRI STANDARDS/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Security practices					
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Page 74 e ss - In the reporting boundaries there is no security personnel			
Local communities					
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Page 47 e ss			
	413-2 Operations with significant actual and potential negative impacts on local communities	Page 47 e ss			
Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 18			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Page 23			
	414-2 Negative social impacts in the supply chain and actions taken	Page 23			
Public policy					
GRI 415: Public Policy 2016	415-1 Political contributions	Relazione sulla gestione			
Customer health and safety					
GRI 416: Customer Health and Safety 2016	3-3 Management of material topics	Page 33			
	416-1 Assessment of the health and safety impacts of product and service categories	Page 33			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Page 33 - During the reporting period no incidents of non-compliance concerning the health and safety impacts of products and services were registered			
Marketing and labeling					
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Page 33			
	417-2 Incidents of non-compliance concerning product and service information and labeling	Page 33 - During the reporting period no incidents of non-compliance concerning product and service information and labeling were registered			
	417-3 Incidents of non-compliance concerning marketing communications	Page 33 - During the reporting period no incidents of non-compliance concerning marketing communications were registered			
Customer privacy					
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 29 - During the reporting period no incidents of non-compliance concerning the health and safety impacts of products and services were registered			
Other material aspects					
Eco design and product innovation	3-3 Management of material topics	Page 33 e ss			
Human rights	3-3 Management of material topics	Page 47 e ss			

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Relazione della società di revisione indipendente

sulla dichiarazione consolidata di carattere non finanziario ai sensi dell'art. 3, comma 10, del D.Lgs. 254/2016 e dell'art. 5 del Regolamento CONSOB adottato con delibera n. 20267 del 18 gennaio 2018

Al Consiglio di Amministrazione di
Monnalisa S.p.A.

Ai sensi dell'articolo 3, comma 10, del Decreto Legislativo 30 dicembre 2016, n. 254 (di seguito "Decreto") e dell'articolo 5 del Regolamento CONSOB n. 20267/2018, siamo stati incaricati di effettuare l'esame limitato ("*limited assurance engagement*") della dichiarazione consolidata di carattere non finanziario della Monnalisa S.p.A. e sue controllate (di seguito il "Gruppo") relativa all'esercizio chiuso al 31 dicembre 2022, predisposta ai sensi degli artt. 4 e 7 del Decreto e approvata dal Consiglio di Amministrazione in data 31 marzo 2023 (di seguito "DNF").

L'esame limitato da noi svolto non si estende alle informazioni contenute nel paragrafo "*Tassonomia Europea*" della DNF, richieste dall'art. 8 del Regolamento (UE) 2020/852.

Responsabilità degli Amministratori e del Collegio Sindacale per la DNF

Gli Amministratori sono responsabili per la redazione della DNF in conformità a quanto richiesto dagli articoli 3 e 4 del Decreto e ai "*Global Reporting Initiative Sustainability Reporting Standards*" definiti dal GRI - *Global Reporting Initiative* (di seguito "GRI Standards"), da essi individuati come standard di riferimento per la rendicontazione.

Gli Amministratori sono altresì responsabili, nei termini previsti dalla legge, per quella parte del controllo interno da essi ritenuta necessaria al fine di consentire la redazione di una DNF che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili inoltre per l'individuazione del contenuto della DNF, nell'ambito dei temi menzionati nell'articolo 3, comma 1, del Decreto, tenuto conto delle attività e delle caratteristiche del Gruppo e nella misura necessaria ad assicurare la comprensione dell'attività del Gruppo, del suo andamento, dei suoi risultati e dell'impatto dallo stesso prodotti.

Gli Amministratori sono infine responsabili per la definizione del modello aziendale di gestione e organizzazione dell'attività del Gruppo, nonché, con riferimento ai temi individuati e riportati nella DNF, per le politiche praticate dal Gruppo e per l'individuazione e la gestione dei rischi generati o subiti dallo stesso.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sull'osservanza delle disposizioni stabilite nel Decreto.

Indipendenza della società di revisione e controllo della qualità

Siamo indipendenti in conformità ai principi in materia di etica e di indipendenza del *Code of Ethics for Professional Accountants* emesso dall'International *Ethics Standards Board for Accountants*, basato su principi fondamentali di integrità, obiettività, competenza e diligenza professionale, riservatezza e comportamento professionale. La nostra società di revisione applica *l'International Standard on Quality Control 1 (ISQC Italia 1)* e, di conseguenza, mantiene un sistema di controllo qualità che include direttive e procedure documentate sulla conformità ai principi etici, ai principi professionali e alle disposizioni di legge e dei regolamenti applicabili.

Responsabilità della società di revisione

È nostra la responsabilità di esprimere, sulla base delle procedure svolte, una conclusione circa la conformità della DNF rispetto a quanto richiesto dal Decreto e dai GRI Standard. Il nostro lavoro è stato svolto secondo quanto previsto dal principio *"International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information"* (di seguito *"ISAE 3000 Revised"*), emanato dall'*International Auditing and Assurance Standards Board (IAASB)* per gli incarichi *limited assurance*. Tale principio richiede la pianificazione e lo svolgimento di procedure

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al fine di acquisire un livello di sicurezza limitato che la DNF non contenga errori significativi. Pertanto, il nostro esame ha comportato un'estensione di lavoro inferiore a quella necessaria per lo svolgimento di un esame completo secondo l'ISAE 3000 Revised ("*reasonable assurance engagement*") e, conseguentemente, non ci consente di avere la sicurezza di essere venuti a conoscenza di tutti i fatti e le circostanze significativi che potrebbero essere identificati con lo svolgimento di tale esame.

Le procedure svolte sulla DNF si sono basate sul nostro giudizio professionale e hanno compreso colloqui, prevalentemente con il personale della società responsabile per la predisposizione delle informazioni presentate nella DNF, nonché analisi di documenti, ricalcoli ed altre procedure volte all'acquisizione di evidenze ritenute utili.

In particolare, abbiamo svolto le seguenti procedure:

1. analisi dei temi rilevanti in relazione alle attività e alle caratteristiche dell'impresa rendicontati nella DNF, al fine di valutare la ragionevolezza del processo di selezione seguito alla luce di quanto previsto dall'art. 3 del Decreto e tenendo presente lo standard di rendicontazione utilizzato;
2. analisi e valutazione dei criteri di identificazione del perimetro di consolidamento, al fine di riscontrarne la conformità a quanto previsto dal Decreto;
3. comparazione tra i dati e le informazioni di carattere economico-finanziario incluse nella DNF ed i dati e le informazioni inclusi nel Bilancio Consolidato del Gruppo Monnalisa;
4. comprensione dei seguenti aspetti:
   - modello aziendale di gestione e organizzazione dell'attività del Gruppo, con riferimento alla gestione dei temi indicati nell'art. 3 del Decreto;
   - politiche praticate dall'impresa connesse ai temi indicati nell'art. 3 del Decreto, risultati conseguiti e relativi indicatori fondamentali di prestazione;
   - principali rischi, generati o subiti connessi ai temi indicati nell'art. 3 del Decreto.

   Relativamente a tali aspetti sono stati effettuati inoltre i riscontri con le informazioni contenute nella DNF ed effettuate le verifiche descritte nel successivo punto 5, lett. a);
5. comprensione dei processi che sottendono alla generazione, rilevazione e gestione delle informazioni qualitative e quantitative significative incluse nella DNF.

   In particolare, abbiamo svolto interviste e discussioni con il personale della Direzione della Monnalisa S.p.A. e abbiamo svolto limitate verifiche documentali, al fine di raccogliere informazioni circa i processi e le procedure che supportano la raccolta, l'aggregazione, l'elaborazione e la trasmissione dei dati e delle informazioni di carattere non finanziario alla funzione responsabile della predisposizione della DNF.

   Inoltre, per le informazioni significative, tenuto conto delle attività e delle caratteristiche del Gruppo:

   - a livello di Capogruppo,

     a) con riferimento alle informazioni qualitative contenute nella DNF e, in particolare, al modello aziendale, politiche praticate e principali rischi, abbiamo effettuato interviste e acquisito documentazione di supporto per verificarne la coerenza con le evidenze disponibili;

     b) con riferimento alle informazioni quantitative, abbiamo svolto sia procedure analitiche che limitate verifiche per accertare su base campionaria la corretta aggregazione dei dati.

Conclusioni

Sulla base del lavoro svolto, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che la DNF del Gruppo Monnalisa relativa all'esercizio chiuso al 31 dicembre 2022 non sia stata redatta, in tutti gli aspetti significativi, in conformità a quanto richiesto dagli articoli 3 e 4 del Decreto e dai GRI Standards.

Le nostre conclusioni sulla DNF del Gruppo Monnalisa non si estendono alle informazioni contenute nel paragrafo "*Tassonomia Europea*" della stessa, richieste dall'art. 8 del Regolamento (UE) 2020/852.

Firenze, 7 aprile 2023

BDO Italia S.p.A.

Luigi Riccetti
Socio

DIRECTOR'S REPORT

at December 31, 2022

Corporate Boards

Board of Directors

The Board of Directors, appointed on May 31, 2021, will remain in office for three years, until the approval of the financial statements at December 31, 2023. The Board of Directors

Piero Iacomoni
Chairperson

Christian Simoni
Chief Executive Officer

Matteo Tugliani
Director

Fabrizio Dosi
Independent Director

Leonardo Luca Etro
Independent Director

Board of Statutory Auditors

Marco Mainardi
Chairperson

Fabrizio Rossi
Statutory Auditor

Alessandra Pederzoli
Statutory Auditor

Independent Auditors

EY S.p.A

Euronext Growth Advisor

CFO Sim S.p.A.

Dear Shareholders,

The consolidated net profit for 2022 amounted to Euro 3,248,961, including a minority interest share of Euro 563. The parent company Monnalisa S.p.A. however reports substantial breakeven, with a net loss of Euro 195,016.

GROUP OPERATIONS AND STRUCTURE

Monnalisa S.p.A. (hereinafter "Monnalisa" or the "Company") designs, manufactures and distributes high-end childrenswear for ages 0-16 under the brand of the same name through various distribution channels. The company's philosophy has always combined entrepreneurship, innovation, the search for new markets, original styling and a particular focus on the development of company resources and skills. The Monnalisa Group (hereinafter the "Group") has a centralised business structure where almost all activities relating to its organisational model are performed, except for distribution and management of points of sale in the various geographical areas, which are instead handled directly by the Group's various commercial entities in their target markets.
Monnalisa is thus an operational holding company, which in addition to holding interests in the international trading companies, manages all phases of the production process, from product design and creation to marketing, only outsourcing certain phases of production.
For 50 years, Monnalisa's philosophy has been based on a unique combination of entrepreneurship, innovation, the search for new markets and original styling. Today, the Group 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.
Insourcing of the product design and creation process, in addition to representing a highly distinctive aspect of the Monnalisa Group, is also intended to pursue the key objective of achieving a high degree of industrialization of this process. The Group is therefore capable of handling all strategic processes internally, with the resulting benefits in terms of managing sales and margins.
The Group is organized according to a model in which product strategies and communications activity are intertwined, so as to ensure consistency with Monnalisa's brand image and style. This model features constant, careful monitoring by the Company of its value chain.
The structure of the Monnalisa Group at December 31, 2022, corresponding to the scope of consolidation, is presented below: No changes are reported compared to the structure at December 31, 2021:

MONNALISA

Monnalisa International LTD
Monnalisa Korea LTD
Monnalisa Bebek Giyim San ve Tic A.S.
Monnalisa Singapore Private LTD
Monnalisa Hong Kong LTD
Monnalisa San Marino SRL
Monnalisa UK LTD
Monnalisa Japan Co LTD
Monnalisa China LTD
ML Retail USA INC.

100%

Monnalisa Rus 000
Monnalisa Brazil LTD

99%

The Monnalisa Group at December 31, 2022 includes Monnalisa S.p.A. and the fully consolidated subsidiaries (listed below), in which the parent company holds, directly or indirectly, the majority of voting rights and exercises control:

- **Monnalisa Hong Kong Ltd**: incorporated on August 25, 2015 and based in Hong Kong, it is a fully owned subsidiary of Monnalisa S.p.A. intended to pursue development of the local retail market. At the reporting date, the subsidiary operates one mono-brand store;
- **Monnalisa Russia Llc**: incorporated on January 14, 2016 with the aim of increasing the efficiency of management of the local wholesale market and entry into the retail market through the direct opening of monobrand stores (5 at year-end, 3 DOS and 2 DOO). The subsidiary is held 99.99%;
- **Monnalisa China Ltd**: incorporated on February 17, 2016, with registered office in Shanghai and wholly-owned by Monnalisa S.p.A. The company was established to develop the local retail market through the opening of monobrand stores in the best-known malls in Shanghai, Beijing and other major cities (12 at December 31, 2022). In addition to the retail channel, the company since 2018 has operated also through the B2C distribution channel;
- **ML Retail Usa Inc.**: incorporated on September 22, 2016, wholly-owned by Monnalisa S.p.A., managing local retail operations. The company has five stores in America (4 DOS and 1 DOO);
- **Monnalisa Korea Ltd**: incorporated in December 2016, wholly-owned by Monnalisa S.p.A. The company is temporarily inactive;
- **Monnalisa Brazil Participasoes Ltda**: incorporated on December 22, 2016 to manage retail market operations in Brazil. The company was permanently closed during the year;
- **Monnalisa Bebek Giyim Sanayi ve Ticaret A.Ş.**: incorporated on December 11, 2018, based in Turkey and fully owned by Monnalisa S.p.A. The company owns a single store at Istinye Park, which opened in January 2021;
- **Monnalisa UK Ltd**: incorporated in January 2019, with registered office in London, the company currently manages a concession outlet at Harrods. The Company is a wholly-owned subsidiary of Monnalisa S.p.A.;
- **Monnalisa International Limited**: incorporated in May 2019, based in Taiwan and wholly-owned by Monnalisa S.p.A., to develop the local retail market, with a store in the city of Taipei opened in September 2020;
- **Monnalisa Japan Co Ltd**: a wholly-owned subsidiary of Monnalisa S.p.A.; The company incorporated in 2019 was set up to develop the local retail market. Following the management of a number of temporary stores in 2020, at the reporting date the company is inactive;
- **Monnalisa Singapore Ltd.**: a wholly-owned subsidiary of Monnalisa S.p.A.; The company operates a single outlet at Marina Bay Sands;
- **Monnalisa San Marino S.r.l.**: wholly-owned subsidiary of Monnalisa S.p.A. set up to develop the local retail market. The company has been operating since June 2021 the store opened at The Market outlet in San Marino.

STOCK MARKET HIGHLIGHTS

On July 10, 2018 the ordinary shares of the parent company Monnalisa S.p.A. were admitted to trading on the Euronext Growth Milan market (previously AIM Italia - Alternative Capital Market), a multilateral trading facility organized and managed by Borsa Italiana S.p.A. Trading of the company's ordinary shares began on July 12, 2018.
Admission to trading followed the placement of a total of 1,290,800 ordinary shares, of which 1,236,300 shares associated with the capital increase, undertaken by placement primarily with qualified Italian and international institutional investors, and 54,500 shares sold by the controlling shareholder Jafin Due S.r.l. (previously Jafin Due S.p.A.).
The share performance is reported below.

Prezzo ufficiale al 30 dicembre 2022	2,70
Prezzo minimo 19/12/22	2,93
Prezzo massimo 01/04/22	3,67
Capitalizzazione borsistica al 31 dicembre 2022	15.342.359
N° di azioni che compongono il capitale sociale al 31/12/2022	5.236.300

The Group's current Stock market capitalisation reflects the general financial market conditions and the challenging overall economic environment in 2022, and is lower than the Group's shareholders' equity. The Directors consider that this valuation is not representative of the Group's actual value.
In accordance with Article 18 of the Euronext Growth Milan Issuers' Regulation, updated on October 25, 2021, the company is required to publish its annual financial report within three months of financial year-end.
Therefore, the Board of Directors of Monnalisa S.p.A. on March 31, 2023 approved the annual financial report for the year ended December 31, 2022, publishing it on the Investor Relations section of the Monnalisa S.p.A. website and on the Borsa Italiana required channels.

OPERATING OVERVIEW

From 2022, the Group adopts International Financial Reporting Standards (IFRS). The figures commented upon below are therefore IFRS figures. Reference should be therefore made to the specific "Transition to International Financial Reporting Standards IAS/IFRS" sections of the Explanatory Notes to the consolidated financial statements and to the statutory financial statements at December 31, 2022.

Revenues by distribution channel
Revenues from contracts with customers totalled Euro 46.4 million, compared to Euro 43.6 million in the previous year, up 6% at current exchange rates and up 5% at constant exchange rates. Revenues increased despite the outbreak of the conflict in Ukraine and the continued effects of the COVID-19 pandemic in the initial part of the year, with stoppages or limitations - particularly in China and the surrounding regions - to commercial activity and international traffic.

The retail channel reported a 20% increase in sales volumes over 2021, with revenues of Euro 16.8 million (Euro 14 million in the previous year). The channel's share of revenues increased from 32% in 2021 to 36% in 2022.
Wholesale channel revenues, considering the impacts from the Russia-Ukraine crisis, were in
line with the previous year at Euro 26.7 million (Euro 26.6 million in 2021).
Direct e-commerce channel revenues were in line with the previous year at Euro 2.93 million (Euro 2.97 million in 2021). E-commerce sales concern the proprietary platform and T-Mall China sales. Online channel sales (direct and indirect) accounted for 18% of total revenues (18% in 2021).

31 December at current exchange rates

In thousands of €	2022	Inc. %	2021	Inc. %	Var	Var %
Retail	16,763	36%	13,996	32%	2,767	20%
Wholesale	26,680	58%	26,667	61%	14	0%
B2C	2,932	6%	2,968	7%	-37	-1%
Total	46,375	100%	43,631	100%	2,744	6%

31 December at constant exchange rates

In thousands of €	2022	Inc. %	2021	Inc. %	Var	Var %
Retail	16,510	36%	13,996	32%	2,514	18%
Wholesale	26,389	58%	26,667	61%	-277	-1%
B2C	2,922	6%	2,968	7%	-46	-2%
Total	45,822	100%	43,631	100%	2,191	5%

Revenues by geographic area
Revenues by geographic area highlight growth in Italy and Europe (respectively of 8% and 15%), partially offset by a 3% decrease in the Rest of the World, mainly due to the continued impacts of the pandemic until the initial months of the year, with stoppages or limitations - particularly in China and the surrounding regions - to commercial activity and international traffic. The percentage distribution of revenues by zone therefore altered on the previous year.

31 December at current exchange rates

In thousands of €	2022	Inc. %	2021	Inc. %	Var	Var %
Italy	17,230	37%	15,982	37%	1,248	8%
Europe	13,916	30%	11,943	27%	1,973	17%
Rest of the world	15,230	33%	15,707	36%	-477	-3%
Total	46,375	100%	43,631	100%	2,744	6%

31 December at constant exchange rates

In thousands of €	2022	Inc. %	2021	Inc. %	Var	Var %
Italy	17,230	38%	15,982	37%	1,248	8%
Europe	14,356	31%	11,943	27%	2,413	20%
Rest of the world	14,236	31%	15,707	36%	-1,471	-9%
Total	45,822	100%	43,631	100%	2,191	5%

The Group continued in 2022 to execute its development plan, with the opening of previously contracted sales points.
In this regard, during the year the new Chengdu SKP sales point in China was opened, with three low-traffic sales points located at Florence airport (Italy), Madrid ECI (Spain) and Nanjing Deji Plaza (China) closed.
A temporary store in France (La Vallèe) was also opened in 2022.

***

Adjusted EBITDA was Euro 5.86 million. The adjustments concern the extraordinary costs related to the non-recurring events in 2022 and the result of a number of stores opened over the last 12 months and therefore not yet at breakeven. Reported EBITDA was Euro 5.79 million, compared to Euro 5.12 million in 2021.

Despite the numerous difficulties related to the political-economic backdrop, in 2022 revenues increased and the focus on recovering margins compared to the previous year continued, while however held back by the rising costs and logistical difficulties emerging in the year. Both years were impacted by the continued effects of the pandemic in a number of regions in which the Group operates. In particular, in addition to the impacts of the general economic situation, the Russia-Ukraine conflict significantly impacted the market in general and tourist numbers. The latter was also affected by continued pandemic and the post-pandemic impacts in China and parts of Asia. This particularly affected the Group's operational-financial performance in key areas such as China, Hong Kong, Taiwan and the United States.

The cost review policy to contain non-strategic and deferrable costs continued in the year, without affecting the quality of products and the medium-term outlook and in relation to which we highlight the reduction and deferment of recurring overheads and the renegotiation of leases.

After amortisation and depreciation of Euro 7.8 million (Euro 7.9 million in 2021), EBIT reported a loss of Euro 2 million (loss of Euro 2.7 million in 2021). A Net Loss of Euro 3.3 million is reported (loss of Euro 2.1 million in 2021).
The net financial debt (Net Financial Position), including the effects from applying IFRS 16, was Euro 28.9 million (Euro 29.4 million at December 31, 2021). The adjusted net financial debt, defined at paragraph 5 below under "Alternative performance measures" and calculated excluding current and non-current liabilities relating to leasing contracts, was Euro 8.6 million (Euro 8.6 million at December 31, 2021).
Investment activities absorbed resources of approx. Euro 747 thousand, specifically concerning expenses incurred on third party assets for the upgrade/restyling of existing outlets (in particular the Via della Spiga store in Milan), expenses for the opening of the new outlet in China, software investments and the purchase of equipment for Monnalisa S.p.A.'s headquarters.
The Group reports Shareholders' Equity of Euro 24 million. The Shareholders' Equity of the parent company Monnalisa S.p.A. amounts to Euro 40.9 million. The Monnalisa Group confirms its commitment to improve the strategic positioning of its collections and to ongoing brand development, in particular through the online channels.

OPERATING AND FINANCIAL OVERVIEW

The operating and financial overview is based on the reclassified Balance Sheet and Income Statement drawn up as per IFRS, issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. Reference should be made to the "Transition to International Financial Reporting Standards IAS/IFRS" section of the Explanatory Notes to the consolidated financial statements and to the separate financial statements at December 31, 2022.
The Monnalisa Group in addition utilises alternative performance indicators, which are not recognised under Italian GAAP, to better assess Group and parent company performance. The criterion applied by the Group and the relative results may therefore not be uniform and comparable with those of other groups. These indicators are based solely on the Group's and parent company's historical data for the reporting period and the comparative periods, without referring to the Group's and Monnalisa S.P.A.'s expected performance, and should not be considered as replacements for the indicators required by the applicable accounting standards (IFRS).
The alternative performance indicators utilised are the following

EBITDA (Earnings Before Interest, Taxes, Depreciation, Amortization): Indicates the result before financial income and charges, income taxes, amortisation and depreciation and exchange gains/losses. EBITDA so calculated is used by Monnalisa's directors to monitor and assess the company operating performance. As EBITDA is not indicated as an accounting measure under Italian GAAP, it should not be considered as an alternative measure to assess the company operating performance. As the composition of EBITDA is not regulated by the applicable accounting standards, the criterion used by Monnalisa in the calculation of EBITDA may not be uniform with that adopted by other entities and, therefore, may not be comparable.

ADJUSTED EBITDA: The result before financial income and charges, income taxes, amortisation and depreciation and exchange gains/losses, adjusted for one-off costs, the negative margin of stores opened and closed during the year, losses and any exceptional items (i.e. extraordinary inventory obsolescence).

EBIT (Earnings Before Interest and Taxes): EBIT reports the results before financial income and charges, exchange gains/losses and income taxes. EBIT so calculated is used by Monnalisa's directors to monitor and assess the company performance. As EBIT is not indicated as an accounting measure under Italian GAAP, it should not be considered as an alternative measure to assess Monnalisa's performance. As the composition of EBIT is not regulated by the applicable accounting standards, the criterion used by the company in the calculation of EBITDA may not be uniform with that adopted by other entities and, therefore, may not be comparable..

Net Financial Debt: In accordance with CONSOB communication No. DEM/6064293 of July 28, 2006, integrated by the call to attention No. 5/21, the net financial debt is the sum of cash and cash equivalents, current financial assets and short and long-term financial liabilities (current and non-current financial liabilities)..

Adjusted Net Financial Debt: this concerns the Net Financial Debt excluding Current and non-current lease liabilities.

Reclassified income statement

Profitability represents the company's ability to generate income adequate to the capital invested in it over the long term.

Consolidated earnings reported a strong recovery over 2021, which was significantly impacted by the pandemic. Revenues in fact returned to higher levels, although not yet fully recovering 2019 levels, also due to the continued impacts of the pandemic, although divergent and uneven across the various region in which the Group operates.
Reference should be made to the preceding paragraphs with regards to all the initiatives undertaken in 2021 and maintained to the extent possible and necessary in 2022 by the Group in order to contain costs.

Tab. 1 Reclassified income statement of the parent company

(Eur)	31.12.2022	Inc %	31.12.2021	Inc %
Revenues from contracts with customers	39,689,167		36,919,266	
Gross Margin	22,104,002	56%	20,639,880	56%
Costs for services and rental expenses	(9,134,390)		(8,099,555)	
Personnel costs	(9,258,148)		(8,223,943)	
Other operating costs	(278,937)		(539,391)	
Other income and revenues	1,297,480		1,413,938	
EBITDA	4,730,008	12%	5,190,930	14%
Amortization and depreciation	(4,498,977)		(4,740,415)	
Financial charges	(1,221,036)		(1,259,220)	
Financial income	787,617		491,926	
EBT	(202,390)	-1%	(316,780)	-1%
Income Taxes	7,373		1,099,528	
Net profit/(loss) for the period	(195,017)	0%	782,748	2%

Tab. 2 Reclassified consolidated income statement

(Eur)	31.12.2022	Inc %	31.12.2021	Inc %
Revenues from contracts with customers	46,375,300		43,631,186	
Gross Margin	28,244,667	61%	25,983,048	60%
Costs for services and rental expenses	(10,936,243)		(10,562,033)	
Personnel costs	(11,952,838)		(10,645,647)	
Other operating costs	(660,534)		(1,067,489)	
Other income and revenues	1,093,180		1,417,928	
EBITDA	5,788,232	12%	5,125,807	12%
Amortization and depreciation	(7,840,717)		(7,872,701)	
Financial charges	(2,216,800)		(1,826,144)	
Financial income	874,330		1,237,346	
EBT	(3,394,955)	-7%	(3,335,692)	-8%
Income Taxes	145,995		1,224,216	
Net profit/(loss) for the period	(3,248,960)	-7%	(2,111,475)	-5%

Net Financial Position

The net financial position, which refers to the Group's and parent company's net financial debt, is a concise representation of the balance of sources and investments of a financial nature. It is calculated as current cash and equivalents, plus financial receivables, less financial payables (i.e., not attributable to the commercial cycle) of both a short-term and a medium-to-long-term nature.

Tab. 3 Parent company net financial position

In thousands of €	31.12.2022	31.12.2021
A. Cash	1,904	2,443
B. Cash equivalents	-	355
C. Other current financial assets	2,436	2,275
D. Cash and cash equivalents A+B+C	4,340	5,073
E. Current financial payables	5,676	4,783
F. Current portion of non-current financial payables	2,305	3,153
G. Current financial debt (E+F)	7,981	7,936
H. Current financial debt, net (G-D)	3,640	2,863
I. Non-current financial payables	15,370	18,787
J. Debt instruments	-	-
K. Trade and other current payables	-	-
L. Non current financial debt (I+J+K)	15,370	18,787
M. Net financial debt (H+L)	19,010	21,650
Current lease liabilities	1,897	2,431
Non current lease liabilities	9,234	10,780
Adjusted Net financial debt	7,878	8,439

Tab. 4 Group net financial position

In thousands of €	31.12.2022	31.12.2021
A. Cash	3,408	4,205
B. Cash equivalents	-	355
C. Other current financial assets	220	380
D. Cash and cash equivalents A+B+C	3,628	4,940
E. Current financial payables	8,317	6,897
F. Current portion of non-current financial payables	2,305	3,153
G. Current financial debt (E+F)	10,622	10,050
H. Current financial debt, net (G-D)	6,994	5,110
I. Non-current financial payables	21,859	24,288
J. Debt instruments	-	-
K. Trade and other current payables	-	-
L. Non current financial debt (I+J+K)	21,859	24,288
M. Net financial debt (H+L)	28,853	29,398
Current lease liabilities	4,538	4,545
Non current lease liabilities	15,724	16,280
Adjusted Net financial debt	8,591	8,573

The net financial position was presented according to the format set out by Consob Communication No. DEM/6064293 of July 28, 2006, supplemented by Consob's call to attention No. 5/21, which updates the references to the ESMA disclosure guidelines under EU Regulation No. 2017/1129. The comparative figures were restated, although no differences emerged from the adoption of the new presentation format of the net financial position.
A negative "net financial position" indicates that financial receivables and liquidity are greater than financial payables.

The adjusted financial debt is calculated by excluding from the net financial debt current and non-current financial liabilities from lease contracts.

GROUP'S MAIN RISKS AND UNCERTAINTIES

In managing its business and implementing its strategy, the Group, like all companies, is naturally exposed to a series of risks that, where not properly managed and mitigated, may affect its operating results, as well as its current and prospective financial position. Monnalisa S.p.A. has implemented risk management procedures for the most exposed areas with the aim of eliminating or reducing positive negative impacts on the Company's financial situation

Business interruption risks caused by natural, economic, geopolitical events, including pandemic events
The risk is related to the possibility that natural, economic, geopolitical events, including pandemic events, could cause a significant disruption or blockage to business continuity, resulting in economic/financial and/or reputational repercussions due to the inadequacy of company-defined recovery strategies.

Market risks
The Monnalisa Group is responsible for the creation, development, industrialisation, production, marketing, advertising, promotion and distribution of the Products globally. Its business is consequently subject to the typical risks of a manufacturer and distributor in the fashion industry. General market risks include competition, Product positioning, challenging demand conditions and fluctuating commodity costs. In particular, the fashion industry is subject to highly sensitive consumer trends, which are in constant flux, in addition to spending power.
Therefore, the Group is inevitably subject to the risk that, for whatever reason, collections may not be well received by the market. In addition, the general economic environment shapes consumer's disposable income for luxury spending. In both circumstances, the Group's sales may be lower than forecast and is therefore subject to the risk that revenues are insufficient to cover operating expenses. This risk is accompanied by that associated with the countries in which the company does business, each of which has its own economic and political situation, and in particular with those nations where the Group maintains a direct presence. These risks are managed by investing in innovation and research, encouraging creativity through constant stimuli and challenges. In addition, having a widespread presence in a significant number of global markets enables the Group to mitigate the risk associated with a potential deterioration in the economic or political situation in certain markets

Risks related with image
The market in which the Monnalisa Group operates is influenced by the retailer and end customer's perception not only of the style proposed by the company, but also of the intrinsic quality of the product and the brand's reputation. In order to mitigate these risks, the image of the product and the brand is carefully managed (brand, product, company and group communication). The public relations function is internal, in order to ensure more effective coverage of the messages to be communicated externally, ensuring that they are consistent in terms of brand identity and the group situation. In order to protect the end consumer and safeguard against the resulting reputational risk, considerable attention is devoted to product safety and the materials used, through quality control, chemical and physical tests on specific products, compliance with the REACH Regulation and satisfaction of very stringent requirements for access to large international malls, through specific product certifications.

Distribution network risks
The risks associated with the wholesale channel relate to the solvency and solidity of clients, which are regularly monitored by prudently assessing the credit limits to be granted, in addition to relying on a credit insurance and management service. An additional service that provides online access to commercial information in real time is also used to monitor whether the credit limits granted remain sound over time.
The Group invests constantly in the distribution channel, according to a win-win approach for both the client and supplier, by providing personalized support for store layout and set-up, assistance in preparing the initial order, monitoring of the mix of products stocked, training for sales personnel, visual merchandising initiatives, management and co-management of in-store events, product exchange service and modular support with the management of unsold articles.
In the retail sector, it is essential to be able to obtain and to maintain the most desirable locations in the world's most important cities and prestigious department stores. The main risk associated with this type of channel relates to the term of the lease agreements, their possible renewable and the revision, if any, of the conditions applied.

Risks related to relations with manufacturers and suppliers
Production is outsourced to small local workshops (contract manufacturers) and manufacturers that also produce their own product lines based on Italy and internationally (China, Turkey and Egypt). Collaboration with our main suppliers is based on an approach oriented towards long-term partnership, founded on common goals and methods to identify quality professional solutions and achieve mutually satisfactory results, with a focus on relationship stability, limiting the risk of dependency on key suppliers, in terms of workload or the type of product/service offered. Although the Group is not significantly dependent on any single supplier, there is still a potential risk that existing supply arrangements may be interrupted. Accordingly, the workloads assigned to each supplier are regularly monitored and intense worldwide scouting of new suppliers is conducted.

Risks related to the loss of know-how and talent
The Group's success depends strongly on the people who work with it, their expertise and their professionalism. Accordingly, it is sought to prevent the loss of talent by ensuring a stimulating, challenging working environment offering a wealth of opportunities for learning and growth. The sharing of individual knowledge is promoted, in the form of the transversal growth and spread of skills through direct training of colleagues and publication on the server of everything that can be codified into procedures and instructions.
When new international branches are opened in countries with cultures profoundly different from those of the parent company, it also becomes crucial to understand how individuals of another nationality approach their work and what motivates them, by developing ad hoc policies and taking account of a different attitude to company loyalty over time.

Risks related to the loss of information and data
The Monnalisa Group has added data management and back-up procedures to the instructions contained in the Parent Company Monnalisa's ISO 9001 manual, even though the obligation to prepare and update the security planning document has ceased to apply. No complaints regarding privacy breaches or data losses have ever been received. One of the three individuals in the IT office is tasked with constantly updating IT systems to avoid the risk of obsolescence, and there is also a management committee that focuses on technological development at the level of software. Secure payment systems managed by certified companies that employ the best security protocols are used in online product marketing systems. Internal controls are applied to ensure that transactions are formally and substantially correct.

Environmental and sustainability risks
With respect to strategic risks, climate change and public attention on the issue could have impacts on customer preferences, leading to possible changes in the purchase of some particular product categories, marginal with respect to the Group's business, and in the possible procurement of certain raw materials, without at the moment a reduction in the quality of raw materials used in the production cycle being conceivable. Therefore, the Group monitors climate change risks in order to reduce the impact on its operations. The Group currently reports no significant impacts of climate change on operational risks.
With regard to financial risks, the Group may be exposed to possible increased costs and investments in the future in connection with the adjustment of its production and distribution structure to mitigate the climate change impacts of the business. To date, no estimates of significant costs and investments in this regard emerge.
Finally, with regard to compliance risks, the sustainability impacts are related to non-compliance with environmental rules and regulations to which the Group may be subject. The Group follows the continuous evolution of the regulatory framework, both national and international, and the possible introduction of additional regulations related to reducing the environmental impacts of business

Liquidity risks
The Monnalisa group undertakes financial planning so as to reduce its liquidity risk. On the basis of its financial needs, the group makes use of lines of credit provided by the banking system, relying on the most appropriate sources, from the standpoint of term, in view of the uses of the funds. In order to optimize the use of liquidity due to the increase in working capital, the volume and composition of the liquidity used are constantly monitored, seeking to contain it or render it uniform in its various components (accounts receivable, accounts payable and inventory) in terms of both volume and duration.

Financial risks
Financial risks, i.e. the possibility that the group may not be in a position to weather adverse events of an external or internal nature, are thoroughly mitigated by the policy adopted by the company, which resulted in retention of earnings over a considerable period, demonstrated by the importance of equity with respect to capital employed.

Exchange rate risk
The geographic spread of production and commercial activities gives rise to currency risk for the Group, both of a transactional and translational nature. Transaction exchange rate risk is generated by commercial and financial transactions carried out by individual Group companies in currencies other than the functional currency, as a result of fluctuations in exchange rates between the time when the commercial/financial relationship is established and the time when the transaction is completed (collection/payment). Since the volume of the parent company's purchases in U.S. dollars is out of alignment with the schedule according to which price lists are set, where it is deemed appropriate to do so the exchange rates fixed when the bill of materials is drawn up are hedged using flexible forwards, solely for protection purposes, and never with speculative intent, in view of ensuring that the planned margins are achieved. According to the same rationale, where the requirements are met, payment flows in foreign currencies relating to sales transaction on international markets are also hedged.
Monnalisa holds controlling interests in companies which prepare financial statements in currencies other than the Euro, used for the preparation of the consolidated financial statements. This exposes the Group to currency conversion risk, as a result of the conversion into Euro of the assets and liabilities of subsidiaries operating in currencies other than the Euro.

Risks related to corruption
Since the group does not work with either the public administration or large retail chains, the risk of corruption is considered to be low. Contributing to keeping the risk level low are the Company's governance system and processes, which provide for the separation of functions, and the Company's Board of Statutory Auditors in its supervisory role, which has also assumed the role of Supervisory Board since June 18, 2021. Management of activities relating to the management of the risk of corruption falls within the areas contemplated when preparing the 231/01 system, the general and special sections of the model for which – along with the code of ethics – were approved by the Board of Directors in December 2017. The process of voluntarily implementing an Organization, Management and Control Model pursuant to Legislative Decree No. 231/2001 made it possible to refine risk analysis further, and in particular to enter into further detail regarding risks giving rise to criminal liability under the Decree. The reporting mechanisms in place within the organization, and also extending beyond it, contribute to mitigating this risk, by making it possible to enter into direct contact with the external certification authority or even the SA8000 accreditation authority. As in previous years, no reports of possible attitudes or phenomena of corruption were received during the year.

Risks related to governance
The parent company is a first-generation family business in which the founders are still actively involved in terms of contributions and guidance. Accordingly, there are clearly potential continuity and succession risks. In order to mitigate this type of risk, a Board of Directors was established in 2010, and reappointed in 2021, with members currently including, in addition to Chairperson Piero Iacomoni and the director Matteo Tugliani, three external members, including Chief Executive Officer Christian Simoni, and two independent directors.

Risks related to accounting activities and tax activities
The parent company Monnalisa's accounting activity is internal and is conducted by individuals with an average of 20 years of experience in their roles. The professionalism ensured by our personnel is accompanied by ongoing training and support from high-profile external consultants. The auditing firm EY S.p.A. has been named the company's independent auditors, in addition to being commissioned to certify the separate financial statements of the parent company and the consolidated financial statements. At the level of the subsidiaries, accounting is entrusted to local consultancy firms with international experience. The subsidiary companies with the greatest revenues (Russia and China) are audited by local auditors. There have never been any cases of fines or other penalties for breaches of laws and regulations.
There were no ongoing disputes with the revenue authorities at the reporting date.
In the initial months of 2021, the Tax Agency served an assessment notice on Monnalisa S.p.A. concerning the research and development tax credit, utilised as an offset in the years 2015-2016-2017-2018-2019. While restating our belief in the correctness of our actions, it is considered that, although this assessment may constitute a potential liability, it is neither probable nor quantifiable. Finally, we report that the Group operates in various countries (in Europe and beyond). Within this framework, goods are sold and services are rendered between the various Group entities residing in the various countries. In particular, relationships between the parent company and its international subsidiary companies are subject to transfer-pricing rules. In the management's opinion, the transactions between the parent company and other group company have been undertaken in the course of ordinary business operations and carried out in full accordance with the arm's-length principle, as incorporated into Italian legislation and defined (at the international level) by the guidelines provided by the OECD.

Risk of unsold inventory
Unsold inventory risk arises from changes in consumer trends or in other factors that reduce the value of products in inventory. This risk is limited as Monnalisa operates mainly on the basis of specific production orders (with the exception of blind-orders made on some raw materials), which establish in advance the quantities to be produced. With the development of the retail channel, the risk may potentially increase, while however managed through the outlet sub-channel (both physical and online). In managing the industrialisation, production and marketing of products, Monnalisa requires the retail stores owned by the Group to display a representative mix of the entire collection, so as to promote sales of all products globally. It consequently guarantees the Group distribution companies the option to return the products at their original

purchase price where they remain unsold on their own outlet channel. In particular, at the end of each season, excess stock is managed according to whether each local market has an outlet channel: (i) in countries without an outlet, end-of-season returns are mainly reallocated to Monnalisa, while (ii) in countries with an outlet, end-of-season returns are sold through the local outlet. In the first case, the Group is subject to the risk of unsold goods.

Risks related to consolidation of sustainability in business processes
Monnalisa adheres to the main social responsibility and integrated company management standards ISO 26000, SA8000, ISO 9001 and ISO 14001. The commitment requires constant work to improve and manage activities and processes, which are periodically submitted to certification by independent external bodies. The publication of the Integrated Report highlights Monnalisa's commitment to including all of its stakeholders in this beneficial process promoted through its sustainability, quality and environmental policies. A sustainability materiality analysis is a key management tool for improving the effectiveness of reporting and the engagement of stakeholders.

Risks related to growth management
As one of its standard economic and financial planning tools, Monnalisa draws up a three-year development plan, which is revised annually and consists of qualitative and quantitative strategies and actions, with related economic and financial forecasts, which the Company will implement to capitalise on both existing and emerging growth opportunities.

Risks related to product distinctiveness
Creativity, or the ability to make products distinctive, is a competitive lever par excellence, to be preserved and valued as one of the key components of the Company's intangible assets. This critical element is safeguarded by the leadership of Barbara Bertocci and Diletta Iacomoni, the wife and the daughter of the Company's founder, further evidence of the continuity the Company is committed to maintaining in terms of product identity and distinctiveness. Monnalisa approaches the licensing business with the same care and attention, efficiently interpreting, producing, and distributing third-party brands.

Risks related to product quality security and guarantee
Each and every Monnalisa garment is designed and carefully assessed also in terms of health and safety, all the more important considering that children are the end-users. The materials used and the finished products purchased are tested for harmful substances, just as, in design and industrial phases, regulatory standards are upheld regarding the physical safety of items of clothing intended for children. Regulatory requirements, their degree of restrictiveness and lists of substances harmful to consumers' health may vary from country to country; it is therefore necessary to pay close attention to legislative changes and to comply with even the strictest regulations. This issue is managed by raising awareness and monitoring the supply chain through which Monnalisa products are made. To this end, all product health and safety aspects are formally stipulated in the relationship with suppliers through the Supplier Code of Conduct, which forms an integral part of the supply contract. Thus, on signing the Code of Conduct, the supplier undertakes to comply with the principles espoused by the purchasing company.

Risks related to employee health and safety
Workplace health and safety is an essential right guaranteed to all employees. As the ordinary business activities of Monnalisa are not intrinsically dangerous per se, oversight of this aspect goes beyond legal provisions to cover softer but no less important aspects, such as the workplace climate and work-life balance. People's well-being and health have been a key focus of the Group's initiatives and policies throughout the pandemic. As the pandemic spread across the globe, Monnalisa was forced to rethink its working environments and hours to provide the safest possible working conditions for employees while guaranteeing operational continuity and protecting the health of people who interact with the Group, such as customers, consumers, and suppliers.

Risks related to supply chain management
Monnalisa has no internal production, so the control of its supply chain is extremely important from all points of view, including quality, work practices, human rights, the environment and supplied product safety. The selection and evaluation of suppliers is a crucial aspect of the Company's activities, particularly considering the fact that materials, finished products and services are purchased in many different countries and can also be affected by general economic developments. Monnalisa's collaborations with its main suppliers are based on the principle of creating a long-term partnership through shared objectives and tools for the identification of professional solutions of quality and efficiency, and the achievement of results of mutual satisfaction. The methods for selecting and evaluating suppliers, based not only on product aspects, but also on ethical criteria, are critical in the creation of long-lasting collaborations built on common values and principles. The quality of this process is demonstrated by the continuity and stability of the relationships that the Company has established with its main suppliers. The Company tends to favour those suppliers with which it jointly collaborates on research, development and experimentation.

RELATIONS WITH LENDING INSTITUTIONS

The debt mainly concerns the parent company alone. Bank-company relations involve mortgage credit, foreign exchange hedging, factoring, collection and payment services, financing and credit facilities and documentary credits. Debt structure is well balanced between short- and long-term elements.

Use of financial instruments
Derivative financial instruments can be used to hedge the financial risks related to fluctuations in the exchange rate on commercial transactions in foreign currencies and to hedge the financial risks related to fluctuations in the variable interest rates associated with specific medium-to-long-term financing transactions. The Group currently has only hedges in place for risks arising from changes in interest rates. For further details, please see the notes to the condensed consolidated half-year financial statements.

INVESTMENTS

During the period, the Group made investments in the following areas:

Fixed Assets	Acquisitions in the year
Industrial patent rights	152,276
Work in progress & advance payments	33,360
Other intangible assets	226,060
Plant and machinery	105,095
Industrial and commercial equipment	4,501
Other assets	225,656
Total	746,949

DISCLOSURES ON ENVIRONMENTAL AND PERSONNEL RELATIONS

The following information is provided in accordance with Art. 2428, paragraph 2, of the Italian Civil Code:

- no complaints regarding damages to the environment were filed during the year;
- no definitive fines or penalties for criminal offences or environmental damages were imposed;
- no violations of environmental protection legislation were alleged

The Group has not adopted particular environmental impact policies because they are not required in respect of its activity.
The parent company has an ISO 14001 certified environmental management system. Environmental improvement objectives are set annually and their achievement is then presented in the integrated report, together with the GRI (Global Reporting Initiative) environmental indicators. Supplementing the information reported in the Notes to the consolidated financial statements at December 31, the following is noted::

- no employee deaths took place during the year;
- no serious workplace accidents of employees took place during the year involving serious injury;
- no issues in relation to workplace health matters concerning employees or ex-employees or misconduct against the company arose in the year;
- your company has implemented safety measures for its personnel in order to ensure compliance with the relevant legal requirements.

The Parent Company adopts all measures appropriate to protecting health and safety in the workplace by applying traditional procedures (risk assessment and health monitoring plan) and obtaining support from competent professionals (executives, officers, company-appointed physician and head of the prevention and protection service pursuant to Legs. Decree 81/2008). Prevention of work-related risks is a fundamental principle that inspires the Company and that represents an opportunity for improving quality of life in the Company's facilities and offices. In view of this goal, initiatives continued with the aim of training and raising awareness amongst employees and all workers generally regarding workplace safety issues. The process involved training and information sessions (in the form of specific courses), the implementation of a health monitoring plan, and the circulation of notices and circulars in accordance with the relevant legislation. In accordance with Law Decree 81 of 2008, additional investments were made to improve the compliance of installations and equipment with the legislation concerned.

In view of the COVID-19 pandemic, an internal Committee was set up, comprising company representatives, the worker's safety representative, the Head of Health & Safety Protection and Prevention (RSPP) and the competent doctor, in order to monitor and verify on an ongoing basis the operating measures introduced to deal with the health emergency and its impacts on the workplace. A Monnalisa protocol was adopted to combat the COVID-19 virus, taking into account the "shared protocol governing measures to combat and contain the spread of COVID-19 in the workplace", which was signed by trade unions and sector associations on March 14, 2020. The protocol is periodically updated in light of new regulatory provisions introduced by the legislature in this area.

RESEARCH AND DEVELOPMENT

In accordance with point 1) of paragraph three of Article 2428 of the Civil Code, research and development on projects considered particularly innovative, both through in-house personnel and consultancy, are expected to continue in 2022. The costs incurred for research and development of processes and products are not capitalised but included in operating costs and as such are therefore entirely recharged to the income statement.

RELATED PARTY TRANSACTIONS

Transactions between the various companies take place at current market conditions. Significant related party transactions for 2022 are broken down below by company
Jafin S.r.l.: finance company with which Monnalisa has in place a lease contract for a number of properties utilised for company operations

- Monnalisa Foundation: non-profit entity undertaking philanthropic activities in Aretino
- Hermes&Athena S.r.l.: commercial area consultancy firm
- Barbara Bertocci: Monnalisa's creative director
- Diletta Iacomoni: fashion coordinator of Monnalisa
- Monnalisa Hong Kong Ltd: retail development in HK
- Monnalisa China Ltd: retail development in China
- Monnalisa Korea Ltd: retail development in South Korea
- Monnalisa Rus Llc: retail and wholesale development in Russia
- Monnalisa Brasil Ltda: retail development in Brazil
- ML Retail USA Inc: retail development in the USA
- Monnalisa Bebek Gygim Sanayi Ve Ticaret A.S.: retail development in Turkey
- Monnalisa Japan: retail development in Japan
- Monnalisa International: retail development in Taiwan
- Monnalisa UK Ltd: retail development in Great Britain.
- Monnalisa Singapore: retail store development in the local market
- Monnalisa San Marino srl: retail store development in the local market

The following table presents the transactions at December 31, 2022 in economic and financial terms

Description	Trade Receivables	Financial Receivables	Other receivables	Trade payables	Sales	Purchases
Jafin S.r.l.	12,200		360,000		10,000	410,208
Fondazione Monnalisa	194,193				52,913	
Hermes & Athena Consulting S.r.l.				120,000		200,000
Barbara Bertocci						127,500
Diletta Iacomoni						227,272
Monnalisa Hong Kong Ltd	1,641,250	970,000		127,489	58,441	12,902
Monnalisa Brazil Ltda						
Monnalisa China LLC	3,492,714	1,803,264		445,290	811,125	108,057
Monnalisa Rus OOO	595,986				1,545,469	
ML Retail Usa Inc	2,004,246	1,768,273		345,012	635,044	111,106
Monnalisa Bebek Giyim Sanayi ve Ticarted	400,981			137,677	259,791	34,889
Monnalisa UK Ltd	511,561	338,245			383,870	
Monnalisa Korea Ltd						
Monnalisa Taiwan	225,227	80,000			45,061	
Monnalisa Japan	30,215	80,000			800	
Monnalisa Singapore Ltd	460,231				139,118	
Monnalisa San Marino S.r.l.	299,778	199,408			163,509	88
Total	9,868,583	5,239,191	360,000	1,175,468	4,105,141	1,232,022

The shares in Monnalisa are 75% held by Jafin Due S.r.l., which exercises management and coordination pursuant to Article 2497-sexies of the Italian Civil Code

TREASURY SHARES AND SHARES IN PARENT COMPANIES

At year-end, the company Monnalisa S.p.A. held 18,075 treasury shares for a value of Euro 149,915, acquired under the programme for the purchase and disposal of treasury shares of the company approved on January 16, 2019 by the Board of Directors of Monnalisa S.p.A. in execution of Shareholders' Meeting motion of June 15, 2018.

Treasury shares may be disposed of at any moment, in full or in part, on one or more occasions, through disposals on the market, in blocks or otherwise off-market, accelerated bookbuilding, or through the sale of any secured and/or unsecured rights thereto (including, for example purposes, securities lending), and also as part of industrial projects or corporate finance transactions, through exchanges, conferments or other means requiring the transfer of treasury shares, at a price or value which is appropriate and in line with the transaction, taking account also of the market performance.

OTHER INFORMATION

In order to comply with the provisions of the Euronext Growth Milan Issuers' Regulation (formerly AIM Italia – Alternative Capital Market Issuers' Regulation), as updated on October 25, 2021, the Company has adopted specific corporate governance procedures such as:

- internal dealing procedures governing reporting obligations applicable to certain transactions undertaken by the Company's directors;
- a regulation on the management and processing of company information and external disclosure of inside information;
- related-party transactions procedure governing the identification, approval and execution of transactions undertaken by the Company with related parties in order to ensure that such transactions are transparent and correct both in substance and from a procedural viewpoint;
- procedure for fulfilling reporting requirements to the Euronext Growth Advisor

SUBSEQUENT EVENTS AND OUTLOOK

In accordance with point 5), third paragraph of Article 2428 of the Civil Code, no subsequent events which may significantly impact the Group performance are reported.

The climate of uncertainty which was a feature of 2022 due to the impacts of the COVID-19 pandemic and the geopolitical tensions related to the Russia and Ukraine conflict, which brought another challenge to the general economy and specifically in terms of the growth and consolidation of revenues and international business opportunities, may continue to affect consumption and the habits and movement of individuals, with a potential impact on forecast revenues.
In particular, the post-pandemic situation in China, Hong Kong and Taiwan has seriously challenged an economic recovery, with the expected signs of recovery therefore not yet apparent in the Group's operating and financial performance.
The monetary policy adopted by the European central bank and the inflationary pressures that have not yet abated have disrupted the sector production chain.
Against this backdrop, the Group seeks to maintain and consolidate strategic relations with its industrial and financial partners in order to weather the current phase of economic transition by tapping into the strategic opportunities expected to emerge in the Group's sectors.
On March 24, 2023, the company Monnalisa S.p.A. acquired a store-use building in the centre of Florence. The property is currently leased to third parties, and the purchase was financed through medium to long-term financing.

for the Board of Directors of Monnalisa S.p.A.

Chairperson

Piero Iacomoni

CONSOLIDATED FINANCIAL STATEMENT AT DECEMBER 31, 2022

FINANCIAL STATEMENTS

Consolidated Income Statement

(Euro)	Notes	31/12/2022	of which with related parties	31/12/2021	of which with related parties
Revenues from contracts with customers	5	46,375,300	62,913	43,631,186	41,977
Other income and revenues	6	1,093,180		1,417,928	10,000
Revenues		**47,468,480**	**62,913**	**45,049,114**	**51,977**
Changes in inventories of work in progress, semi-finished goods and finished products	7	(1,742,488)		(1,123,839)	
Raw materials, finished products and consumables used	7	(12,057,107)		(11,710,292)	
Costs for services	8	(15,267,281)	(737,708)	(15,376,041)	(898,630)
Personnel costs	9	(11,952,838)	(227,272)	(10,645,647)	
Amortization, depreciation and write-downs	10	(8,114,926)		(8,069,720)	
Other operating costs		(386,325)		(870,470)	
Operating profit/(loss)		**(2,052,485)**		**(2,746,894)**	
Financial charges	11	(1,306,040)		(1,261,218)	
Financial income	11	11,855		4,288	
Gains/(losses) on exchange rate differences	11	(48,285)		668,132	
Profit before taxes		**(3,394,955)**		**(3,335,692)**	
Income Taxes	12	145,995		1,224,216	
Net profit/(loss) for the period		**(3,248,960)**		**(2,111,475)**	
Net profit/(loss) for the period		(3,248,397)		(2,110,890)	
Net profit/(loss) – minority interests		(563)		(585)	

(Euro)	31/12/2022	31/12/2021
Net profit/(loss) – Group	(3,248,397)	(2,110,890)
# shares	5,236,300	5,236,300
Basic earnings/(loss) per share	(0.62)	(0.40)
Diluted earnings/(loss) per share	(0.62)	(0.40)

Consolidated Comprehensive Income Statement

(Euro)	Note	31/12/2022	31/12/2021
Net profit/(loss) for the period		**(3,248,960)**	**(2,111,475)**
Net gain/(Loss) from hedging derivatives	24	208,105	32,971
Currency translation differences of foreign operations	24	86,276	(114,721)
Total other income/(losses) that will be subsequently reclassified to net profit/(loss) for the period, net of taxes		**294,381**	**(81,750)**
Net gain/(loss) from recognition of defined-benefit plans for employees	24	298,358	(99,113)
Total other gains / (losses) that will not be subsequently reclassified to net profit/(loss) for the period, net of taxes		**298,358**	**(99,113)**
Total other gains / (losses) net of taxes		**592,739**	**(180,863)**
Total comprehensive income for the period, net of taxes		**(2,656,222)**	**(2,292,338)**

Consolidated Balance Sheet

(Euro)	Notes	31/12/2022	of which with related parties	31/12/2021	of which with related parties	31/12/2020	of which with related partie
NON CURRENT ASSETS							
Property, plant and equipment	13	16,094,084		17,549,199		19,361,466	
Right of use assets	14	20,222,813		20,964,119		23,530,348	
Intangible assets with a finite useful life	15	809,347		946,590		1,248,909	
Other non current financial assets	16	837,046		753,427		2,413,738	1,230,000
Deferred tax assets	12-17	4,005,806		4,825,213		3,670,778	
TOTAL NON CURRENT ASSETS		**41,969,096**	**0**	**45,038,547**	**0**	**50,225,238**	**1,230,000**
CURRENT ASSETS							
Inventories	18	14,538,012		15,309,704		16,434,588	
Trade Receivables	19	7,858,954	206,393	7,636,463	196,919	6,800,202	165,033
Tax Receivables	20	1,778,826		1,497,248		1,956,740	
Other current assets	21	1,245,169	360,000	1,266,056	540,000	594,872	
Other current financial assets	22	510,009		399,838		3,833	
Cash and cash equivalents	23	3,408,163		4,560,070		4,078,887	
TOTAL CURRENT ASSETS		**29,339,133**	**566,393**	**30,669,379**	**736,919**	**29,869,123**	**165,033**
TOTAL ASSETS		**71,308,229**	**566,393**	**75,707,926**	**736,919**	**80,094,361**	**1,395,033**

SHAREHOLDERS' EQUITY							
GROUP SHAREHOLDERS' EQUITY							
Share capital	24	10,000,000		10,000,000		10,000,000	
Reserves	24	17,265,461		18,722,623		26,709,471	
Net profit/(loss) - Group	24	(3,248,398)		(2,110,890)		(7,805,982)	
TOTAL GROUP SHAREHOLDERS' EQUITY	**24**	**24,017,063**		**26,611,732**		**28,903,488**	
Share capital and reserves - minority terests	24	558		(2,362)		(1,746)	
TOTAL SHAREHOLDERS' EQUITY		**24,017,621**	**0**	**26,609,371**	**0**	**28,901,742**	
NON CURRENT LIABILITIES							
Non current financial liabilities		6,135,390		8,007,615		10,140,004	
Provisions for risk and charges	25	728,984		710,425		899,019	
Employee benefit liabilities	26	2,309,858		2,563,553		2,254,651	
Other non current liabilities	27	142,977		218,926		293,256	
Non current lease liabilities	28	15,723,594		16,280,240		18,765,579	
Deferred tax liabilities	12	304,493		1,117,930		1,268,232	
TOTAL NON CURRENT LIABILITIES		**25,345,296**	**0**	**28,898,690**	**0**	**33,620,741**	
CURRENT LIABILITIES							
Trade payables	29	8,291,096	120,000	7,289,430	135,400	6,788,986	515,446
Current financial liabilities	30	6,083,387		5,504,377		4,204,347	
Tax payables	29	490,021		429,106		506,745	
Other current liabilities	29	2,542,405		2,428,685	16,640	2,156,546	1,113
Current lease liabilities	28	4,538,402		4,545,068		3,718,190	
Other current financial liabilities		0		3,199		197,063	
TOTAL CURRENT LIABILITIES		**21,945,313**	**120,000**	**20,199,865**	**152,040**	**17,571,878**	**516,559**
TOTAL LIABILITIES		**47,290,609**	**120,000**	**49,098,555**	**152,040**	**51,192,620**	**516,559**
TOTAL LIABILITIES & SHARE. EQUITY		**71,308,229**	**120,000**	**75,707,926**	**152,040**	**80,094,361**	**516,559**

Statement of changes in consolidated shareholders' equity

(Euro) Note 24	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 interests	Total shareholders' equity
As at 01.01.2021	**10,000,000**	**1,108,276**	**3,969,584**	**(21,243)**	**6,890,393**	**-**	**14,762,460**	**(7,805,982)**	**28,903,488**	**(1,746)**	**28,901,742**
Allocation of result							(7,805,982)	7,805,982			
Other movements											
Net profit/(loss) for the period								(2,110,890)	**(2,110,890)**	(585)	**(2,111,475)**
Other comprehensive income/(loss)				32,971	(114,721)	(99,113)			**(180,863)**	(31)	**(180,894)**
As at 31.12.2021	**10,000,000**	**1,108,276**	**3,969,584**	**11,728**	**6,775,672**	**(99,113)**	**6,956,478**	**(2,110,890)**	**26,611,734**	**(2,362)**	**26,609,371**
As at 01.01.2022	**10,000,000**	**1,108,276**	**3,969,584**	**11,728**	**6,775,672**	**(99,113)**	**6,956,478**	**(2,110,890)**	**26,611,732**	**(2,362)**	**26,609,371**
Allocation of result		34,930			352,053		(2,497,873)	2,110,890	-		-
Other movements			60,989						60,989		60,989
Net profit/(loss) for the period								3,248,398	(3,248,398)	(563)	(3,248,961)
Other comprehensive income/(loss)				208,104	86,276	298,358			592,739	3,483	596,222
As at 31.12.2022	10,000,000	1,143,206	4,030,573	219,832	7,214,001	199,245	4,458,605	3,248,397	24,017,062	558	24,017,621

CONSOLIDATED CASH FLOW STATEMENT

(Euro)	31.12.2022	of which with related parties	31.12.2021	of which with related parties
Net Profit/(loss) for the period	**(3.248.960)**		**(2.111.475)**	
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	7,840,716		7,872,703	
Income taxes	145,995		(1,224,216)	
Provision for employee benefit plans	328,658		298,632	
Allocation to/(use of) the provision for obsolete inventory	0		0	
Losses and provision for bad debt	264,391		197,000	
Losses/(gains) on disposal of tangible/intangible assets	0		0	
Interest expense and interest expense on lease liabilities	1,306,040		1,261,219	
Interest income	(11,855)		(4,288)	
Other non-monetary items	(23,997)		275,251	
Changes in operating assets and liabilities				
Inventories	771,691		1,159,268	
Trade receivables	(222,491)	(9,474)	(858,328)	(31,886)
Trade payables	1,001,666	(5,000)	500,444	(390,046)
Other receivables and tax payables	116,624		79,472	
Other assets and liabilities	820,261		700,519	
Employee benefits payments	(133,026)		(117,137)	
Income taxes paid	(1,003,927)		(271,020)	
Interest expense and interest expense on lease liabilities paid	(1,225,395)		(1,261,219)	
Interest income received	11,851			
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**6,734,244**	**(14,474)**	**6,496,825**	**(421,932)**
Cash flow from investing activities				
Purchase of tangible assets	(561,313)		(482,011)	
Purchase of intangible assets	(174,476)		(479,942)	
Proceeds from the sale of tangible and intangible assets	0		0	
NET CAS FROM (USED IN) INVESTING ACTIVITIES	**(735,789)**	**0**	**(961,953)**	**0**
Cash flow from financing activities				
Net change in financial receivables	0		739,909	
Net change in financial payables	(1,293,256)		(832,359)	
Repayment of lease liabilities	(5,857,104)		(4,961,239)	
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**(7,150,360)**	**0**	**(5,053,689)**	**0**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,151,907)**	**(14,474)**	**481,183**	**(421,932)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**4,560,070**		**4,078,887**	
Increase /(decrease) in cash and cash equivalents	(1,151,907)		481,183	
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**3,408,163**		**4,560,070**	

Notes to the CONSOLIDATED FINANCIAL STATEMENTS

AT December 31, 2022

1. GENERAL INFORMATION

Company information

Monnalisa S.p.A. (hereafter also the "Company" or the "Parent Company") is a company incorporated and domiciled in Italy, with registered office at Via Madame Curie No. 7, as a joint-stock company governed by Italian law and organised according to the legal system of the Italian Republic. The company is organised according to the traditional administration and control model, which includes the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors. The company's shares are traded on the Euronext Milan managed by Borsa Italiana S.p.A..The Monnalisa Group is engaged in a single operating segment, identified as the design, production, and distribution of childrenswear for the high-end 0-16 age bracket, under a brand of the same name and through multiple distribution channels.
The consolidated financial statements at December 31, 2022 were approved by the Board of Directors on March 31, 2023 and are based on the financial statements for the year of the parent company and of the companies in which it directly or indirectly holds a controlling interest or exercises control.

Management and control

The Company Monnalisa S.p.A is subject to the management and coordination, in accordance with Article 2497 and subsequent of the Civil Code, of the company Jafin Due S.r.l., with registered office at Via Madame Curie, Arezzo. In accordance with Article 2497-bis, paragraph 4 of the Civil Code, the key financial highlights for 2021 and 2020 of the company Jafin Due S.r.l. are presented below.:

(Euro)	31/12/2021	31/12/2020
A) Subscribed capital unpaid		
B) Fixed Assets	6,922,365	6,934,068
C) Current Assets	480,928	521,584
D) Accrued income and prepaid expenses	237	237
TOTAL ASSETS	7,403,530	7,455,889
Share capital	800,000	800,000
Reserve	6,627,427	6,729,967
Profit (loss) for the period	(57,963)	(102,540)
A) Total Shareholders' equity	**7,369,464**	**7,427,427**
B) Provisions for risks and charges		
C) Employee termination indemnities		
D) Payables	34,066	28,462
E) Accrued liabilities and deferred income		
TOTAL LIABILITIES	7,403,530	7,455,889

2. MAIN ACCOUNTING POLICIES

Content and form of the consolidated financial statements

The consolidated financial statements of the Company were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union and in force at the reporting date.
The Group during the year undertook the transition to International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") endorsed by the European Union and in force at the reporting date. The consolidated financial statements at December 31, 2021 were the last consolidated financial statements prepared in accordance with Italian GAAP.
The Group consolidated financial statements comprise the consolidated balance sheet, the consolidated income statement, the consolidated comprehensive income statement, the consolidated cash flow statement, the statement of changes in shareholders' equity and the relative notes.
The financial statements and the relative classification criteria adopted by the Group, within the options permitted by IAS 1 Presentation of financial statements are illustrated below:

Consolidated Balance Sheet: presenta una distinzione tra attività e passività correnti e non correnti, dove lpresents a distinction between current and non-current assets and liabilities, where non-current assets include asset balances with a realisable cycle beyond twelve months and include intangible assets, property, plant and equipment and financial assets and deferred tax assets; current assets include asset balances with a realisable cycle within twelve months; non-current liabilities include payables due beyond twelve months, including financial payables, provisions for risks and charges and employee benefit liabilities and deferred tax liabilities; current liabilities include payables due within twelve months, including the short-term portion of medium- to long-term loans, provisions for risks and charges and employee benefit liabilities;

Consolidated Income Statement: is presented, according to a classification of costs by nature, which is considered the most representative and reliable form of presentation of expenses and charges incurred by the Group during the period. The "Operating Income" intermediary result (defined as the difference between operating revenues and operating costs) is presented as an essential margin to understand the Group's ordinary earning capacity, before remuneration of third-party investors, the State and shareholders;

Comprehensive Income Statement: the Group has decided to present the income statement and the comprehensive income statement in two separate statements. The latter accommodates other income statement components, which may be reversed to the income statement in later periods or which will not be reversed to the income statement in later periods;

Cash Flow Statement: the consolidated cash flow statement presents cash flows from operating, investing and financing activities and is presented in accordance with IAS 7. The cash flow statement is presented in accordance with the indirect method, whereby net income is adjusted for the effects of non-cash transactions, any deferrals or provisions for previous or future operating cash receipts or payments, and items of income or expense associated with cash flows from investing or financing activities;

Statement of changes in consolidated shareholders' equity The statement of changes in consolidated shareholders' equity shows the comprehensive income for the year and the effect, for each equity item, of changes in accounting policies and correction of errors as required by International Accounting Standard No. 8. In addition, the statement presents the balance of accumulated gains or losses at the beginning of the period, movements during the year and the balance at the end of the year.

The consolidated financial statements are presented in Euro, which is the currency in which the Group mainly operates, and all amounts are rounded to the nearest thousands of Euro, where not otherwise indicated.
The main accounting policies adopted in the preparation of the consolidated financial statements are described below. In accordance with IAS 24, the following paragraphs highlight related party transactions with the Group and their impact, if significant, on the Group's financial position, results of operations, and cash flows.
The consolidated financial statements are compared with the balance sheet at December 31, 2021 and the consolidated income statement for 2021.

Accounting policies used to draw up the consolidated financial statements

The consolidated financial statements have been prepared on a historical cost basis, except for derivative instruments and financial assets held for sale (if any), which are recorded at fair value, and on a going concern basis.
The main policies adopted to prepare the consolidated financial statements are presented in the following points:

Plant, property and equipment

Property, plant and equipment are recorded at historical cost, net of the related provision for
depreciation and accumulated impairment losses, including directly attributable accessory expenses necessary to make assets ready for use.
The carrying value of property, plant and equipment is subsequently adjusted by depreciation calculated on a straight-line basis from the time the asset is available and ready for use, based on the estimated useful life, defined as the estimated period over which the asset will be used by the enterprise, and any accumulated impairment loss.
The Group reviews the estimated residual values and expected useful lives of property, plant and equipment at least annually. In particular, the Group considers the impact of health, safety and environmental legislation when assessing expected useful lives and estimated residual values. The carrying amount of property, plant and equipment and any significant component initially recognised is derecognised upon disposal (i.e. on the date the acquirer obtains control) or when no future economic benefit is expected from its use or disposal. The gain/loss arising when the asset is derecognised (calculated as the difference between the net carrying amount of the asset and the consideration received) is recognised in the income statement when the item is derecognised.

The residual values, useful lives, and depreciation methods of property, plant, and equipment are reviewed at each fiscal year-end and, where appropriate, adjusted prospectively. If major components of such tangible fixed assets have different useful lives, such components are accounted for separately. Land, whether free of construction or related to buildings, is recognised separately and is not depreciated as elements of unlimited useful life. Costs for improvements, modernisation and transformation that are incremental in nature to property, plant and equipment are charged to capital assets when they are likely to increase the expected future economic benefits from the use or sale of the asset. The expense incurred for maintenance and repairs is directly charged to profit or loss in the year in which it is incurred. The annual depreciation rates used are as follows

Category	%
Industrial Buildings	3%
Machines,tools,equipments	12,50%
Cutting Machines and Automatic Machines	17,50%
Furniture and office equipments	12%
Electro-mechanical and electronic office machines	20%
Goods transportation vehicles	20%
Vehicles	25%
Cars	25%
Photovoltaic System	9%
Leasehold improvements	Lower between the useful life of the asset and the residual duration of the contract

It should be noted that in accordance with the provisions of Accounting Standard IAS 16, leasehold improvements previously recorded under intangible assets were reclassified to the category of relevant assets in the item under analysis here.
The carrying amount of property, plant and equipment is reviewed for impairment when events or changes in economic situations indicate that the carrying amount cannot be recovered. If there is such an indication and where the carrying amount exceeds the recoverable amount, assets are written down accordingly by aligning the carrying amount with the recoverable or realisable amount. The realisable value of the property, plant and equipment is the higher between the net sales price and the value in use. In defining the value in use, the expected future cash flows are discounted using a discount rate that reflects the current market assessment of the value of money and the risks specific to the asset. For assets that do not generate independent cash flows, realisable value is calculated in relation to the cash-generating unit to which the entity belongs. Impairment losses are shown in the income statement under depreciation, amortisation and write-downs. Such losses are restated when the reasons for their write-down no longer exist.

Intangible assets

Intangible assets acquired separately are initially recognised at cost, while those acquired through business combinations are recognized at fair value on the acquisition date. After initial recognition, intangible assets are recognised at cost, net of accumulated amortisation and accumulated impairment, if any. Intangible assets internally generated, with the exception of development costs, are not capitalised and are recorded in the income statement of the year in which they were incurred.
The useful life of the intangible assets is measured as finite or indefinite. Intangible assets with a finite useful life are amortised over their useful life and tested for impairment whenever there is evidence of an impairment loss. The amortisation period and the amortisation method of an intangible asset with finite useful life are reviewed at least at each year-end. Changes in the expected useful life or in the manner in which the future economic benefits related to the asset will be realised are recognised through the change in the period or amortisation method, as the case may be, and are considered changes in accounting estimates. The amortisation rates applied to the Group's intangible assets with a finite useful life are as follows:

Category	%
Software	Duration of the contract
Key money	Residual duration of the related contract

Intangible assets with indefinite useful life are not amortised but are subject to an annual impairment test at an individual level or at cash-generating unit level. We report that as of December 31, 2022, there are no intangible assets with indefinite useful lives. Intangible assets related to charges incurred upon entering into new lease agreements, hereafter also referred to as "key money" paid for the opening of direct DOS stores, are considered to be severance costs related to a real estate lease agreement and are generally assets with a finite useful life determined over the period of the underlying agreement.
The Group verifies at least once a year whether there is any indication that intangible assets with finite useful lives may be impaired. Where there are indications of impairment, the carrying amount of the asset is reduced to its recoverable amount. Where it is not possible to estimate the recoverable value of an asset individually, the Group estimates the recoverable value of the cash-generating unit to which the asset belongs. The recoverable value of an asset is the higher between the fair value less costs to sell and its value in use. The value in use of a Group asset is calculated on the basis of the present value of the estimated future cash flows, gross of taxes, applying a discount rate which reflects the current market assessment of the time value of money and the risks specific to the asset. An impairment loss is recognised when the recoverable amount is less than the carrying amount. Research and development costs are recognised to the income statement in the year in which they are incurred.

Leased assets

The Group assesses, at the time of signing, whether the contract is, or contains, a lease. As required by IFRS 16, the determining element is to identify whether through the contract, the risks and benefits associated with ownership are substantially transferred to the Group or whether it confers the right to control the use of an identified asset for a period of time in exchange for consideration.
The Group adopts a single recognition and measurement model for all leases, except for short-term leases and leases of low-value assets, by recognising, at the effective date of the lease, the right-of-use asset representing the right to use the asset underlying the contract and the liabilities related to lease payments. The right-of-use asset is initially measured at cost, including the amount of the initial valuation of the lease liability, adjusted for payments due for leases undertaken at the commencement date or before, plus initial direct costs incurred and an estimate of the costs which the lessee is expected to incur for the dismantling or removal of the underlying asset or for the refurbishment of the underlying asset or of the site at which it is located, net of the leasing incentives received. The right-of-use asset is depreciated successively on a straight-line basis from the effective date to the end of the lease term, unless the estimated useful life of the asset is shorter. In addition, the right-of-use asset is regularly reduced by any impairment losses and adjusted to reflect any changes arising from subsequent valuations of the lease liability. The Group measures the lease liability at the present value of unpaid lease payments due on the effective date, discounting them using the lease's implicit interest rate or, when the implicit interest rate is not easily determinable, using the incremental borrowing rate ("Incremental borrowing rate" or "IBR"). The IBR is determined by identifying each country in which the Group operates as a portfolio of contracts with similar characteristics, and is calculated as the rate of a risk-free instrument of the country in which the lease was stipulated, plus the average spread recognised by the Group to its lenders. Lease payments due included in the measurement of the lease liability include: fixed payments (including payments that are substantially fixed); payments due for leases that depend on an index or rate, measured initially using an index or rate on the effective date; amounts expected to be paid as security over the residual value; and payments due for leases in an optional renewal period if the Group has reasonable certainty of exercising the renewal option, and early lease termination penalties, unless the Group has reasonable certainty not to terminate the lease early. The lease liability is measured at amortised cost using the effective interest method and is remeasured in the event of a change in the future lease payments resulting from a change in the index or rate, in the event of a change in the amount that the Group expects to have to pay as a guarantee on the residual value or when the Group changes its valuation with reference to the exercise or not of an option to purchase, extend or terminate, or in the event of a revision of the payments due for the lease which are fixed in substance. When the lease liabilities are remeasured, the lessee correspondingly alters the right-of-use asset. In the balance sheet, the Group presents assets for the right-of-use that do not meet the definition of investment property under "Property, plant and equipment" and lease liabilities under "Financial payables". Concessions obtained from lessors as a result of the COVID-19 pandemic ("rent concessions") are accounted for as negative variable fees and recognized in the income statement when they meet the following conditions: - they relate to reductions in only the payments due by June 30, 2022; - the total contractual payments after the rent concession are substantially equal to or less than the payments that were provided for in the original contract; - no other substantial contractual changes have been agreed with the lessor.
As illustrated, the Group applies the exemption for the recognition of short-term leases (leases term of 12 months or less from the inception date and do not contain a purchase option) and leases related to low-value assets. The short-term lease instalments and those for low value assets are recognised as costs on a straight-line basis over the lease duration.
When acting in the capacity of lessor, the Group recognizes the related lease payments due as an expense on a straight-line basis over the lease term, and they are included as revenue in the income statement given their operational nature.

Impairment test

lThe carrying amounts of Property, plant and equipment, Investment property, Intangible assets with a finite useful life, and Right-of-use assets are tested for impairment in cases where there are indicators of impairment (events or changes in circumstances that indicate that the carrying amount cannot be recovered) that require immediate assessment of any impairment, or where events have occurred that otherwise require the procedure to be repeated. An impairment occurs when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of fair value less costs to sell is based on data available from sales transactions between free and independent parties, of similar assets or observable market prices, less the higher costs related to the disposal of the asset. Value in use is calculated through the use of discounted cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and specific risks of the assets. The impairment test is undertaken on individual assets. If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs ("Cash Generating Units" or "CGUs"), i.e. the individual geographic areas in which the Group operates, usually coinciding with the Group's individual legal entities. Cash flows are derived from estimates prepared by company management, which represent the best estimate that can be made of the economic conditions expected over the plan period. The plan projections cover a time span of three fiscal years. Cash flows do not include restructuring activities for which the Company does not already have a present obligation, nor significant future investments that will increase the return on the assets comprising the cash-generating unit being evaluated. The recoverable amount significantly depends on the discount rate used in the discounted cash flow model and the expected future cash flows and the growth rate. Goodwill is tested for impairment at least once a year (with reference to December 31) or more frequently when circumstances suggest that the carrying value may be subject to impairment.

Inventories

Inventories of raw materials, semi-finished and finished goods are valued at the lower of cost of production or purchase and net realisable value represented by the amount the enterprise expects to obtain from their sale in the normal course of business. The cost of production includes the purchase cost of materials used, the cost of internal and external processing and other accessory charges reasonably attributable to the product with the exclusion of financial charges and general, administrative and commercial expenses.
The Group's valuation criterion for inventories of finished goods, semi-finished goods and raw materials is the weighted average cost.
For such values, it was verified that they were not higher than market values and where necessary making corresponding adjustments. Obsolete and slow-moving stocks are written down in relation to their possible utility or realisable value.
The raw materials and finished products obsolescence provision is calculated to return cost to net realisable value based on estimates that take into account the length of the production season and the possibility of using the raw materials in production and selling finished products through the various distribution channels (outlets and stocks).

Derivative financial instruments

The Group uses derivative financial instruments only to (i) hedge financial risks related to changes in exchange rates on foreign currency commercial transactions and (ii) hedge risks of changes in interest rates in the case of medium- and long-term financing.
They have been accounted for according to the hedge accounting approach inasmuch as:

- the hedging instrument is formally designated and documented at the start of hedging;
- the hedge is expected to be highly effective;
- such efficacy can be reliably measured;
- the hedge is highly effective during the various accounting periods for which it is designated.

These derivative financial instruments are initially recognized at fair value at the date on which they are underwritten, and this fair value is periodically remeasured.
As permitted by IFRS 9 paragraph 7.2.21, the Group has opted to apply IAS 39 regarding hedge accounting. Consistent with IAS 39, paragraph 88 and taken up by IFRS 9, paragraph 6.4.1, when derivative instruments qualify for hedge accounting, the following accounting treatments apply:

- Fair value hedge - if a derivative financial instrument is designated as a hedge to the exposure of changes in the fair value of an asset or liability which can have effects on the income statement, the change in the fair value of the hedge instrument is recognised through profit or loss, and the change in the fair value of the hedged item, attributable to the risk hedged, is recognised as part of the carrying value of that item and recognised through profit or loss,
- Cash flow hedge - If a derivative financial instrument is designated as a hedge to the exposure of the changes in the cash flows of an asset or liability or of an operation considered highly probable and which may have effects on the income statement, the effective portion of the profits or of the losses of the financial instrument is recognised under equity and shown in the comprehensive income statement. The cumulative profits or losses are reversed from net equity and recognised to the income statement in the same period in which the operation subject to hedging influences the income statement; the profit or loss related to a hedge or the part of the hedge becoming ineffective is recognised to the income statement when such inefficacy is recognised. If hedge accounting cannot be applied, gains or losses deriving from the fair value of the financial derivative instrument are recognised directly in the income statement

Trade, financial and other receivables (current and non-current)

Trade receivables and other receivables arising from the provision of financial assets, goods or services by the Group to third parties are classified as current assets except when they mature more than twelve months after the reporting date with reference to non-trade receivables. Current and non-current financial receivables, other current and non-current receivables and trade receivables, with the exception of assets deriving from derivative financial instruments, are measured, if they have a fixed maturity, at amortised cost calculated using the effective interest method. When the financial assets do not have a fixed maturity they are measured at acquisition cost. Receivables due beyond one year, non-interest bearing or which mature interest below market rates are discounted using market rates. The financial assets listed above are measured based on the impairment model introduced by IFRS 9, i.e. adopting an Expected Loss rationale, replacing the IAS 39 framework typically based on the measurement of incurred losses (Incurred Loss). For trade receivables the Group adopts a simplified approach to valuation which does not require the recording of periodic changes in credit risk, but rather the estimation of an Expected Credit Loss ("ECL") calculated over the entire life of the receivable (so-called lifetime ECL). Specifically, the policy implemented by the Group involves stratifying trade receivables based on days past due and an assessment of the counterparty's creditworthiness, and applies different write-down percentages that reflect relative recovery expectations. The Group then applies an analytical assessment based on the customer's reliability and ability to pay the amounts due, for impaired receivables. The value of accounts receivable is shown in the balance sheet net of related allowances for doubtful accounts. Write-downs made in accordance with IFRS 9 are recognised in the consolidated income statement net of any positive effects associated with releases or reversals of impairment.

Cash and cash equivalents

Cash and cash equivalents includes cash, bank deposits on demand and units in money market securities that are readily convertible into cash and for which the risk of changes in value is insignificant. Bank overdrafts are reported as financial liabilities in the Group's balance sheet.
For the purposes of presentation in the consolidated cash flow statement, cash and cash equivalents are represented by cash and cash equivalents as defined above, net of bank overdrafts as these are considered an integral part of the Group's cash management.

Treasury shares

Treasury shares are recognised at cost and recognised as a reduction in equity. The original cost of treasury shares and the effects of any subsequent sales are recognized as a movement in equity in a specific reserve and do not give rise to any profit or loss in the income statement.

Trade payables, financial payables and other current and non-current payables

Trade and other payables that arise upon purchase from a third-party supplier of money, goods or services are classified as current liabilities except when maturity exceeds 12 months from the date of the financial statements with respect to non commercial payables. Current and non-current financial payables, other current and non-current liabilities, and trade payables are recorded, upon initial recognition in the financial statements, at fair value normally represented by the cost of the transaction that originates them, including incidental transaction costs. Subsequently, with the exception of derivative financial instruments, all financial liabilities are recorded at amortised cost using the effective interest method. Financial liabilities hedged by derivative instruments are measured in accordance with the procedures established for hedge accounting..

Post-employment benefit provision

The Group's net obligation deriving from defined benefit plans is calculated separately for each plan by estimating the amount of the future benefit that employees have accrued in exchange for the activity performed in the current year and in previous years; this benefit is discounted to calculate the present value.
Actuarial gains and losses are recognised directly in the comprehensive income statement as required by IAS 19. In Italy, as of January 1, 2007, the 2007 Budget Law and its implementing decrees introduced significant changes in the rules governing post-employment benefits, from which resulted the mandatory allocation of severance pay to supplementary pension forms or to the Treasury Fund managed by INPS, which from that date, pursuant to IAS 19, takes on the nature of "Defined Contribution Plans," while the accrual registered until 31/12/2006 to the Post employment benefit provision maintain the nature of "Defined Benefit Plans". The actuarial valuation of the liability was entrusted to independent actuaries.

Provisions for risks and charges

Provisions for risks and charges are recognised when, at the reporting date, a legal or
implicit obligation exists that derives from a past event and a payment of resources is a probable requirement to satisfy the obligation, and the amount of this payment can be estimated. Where the effect is significant, provisions are determined by discounting the expected future cash flows at a discount rate that reflects the current market valuation of the time value of money and, if applicable, the specific risk referable to the obligation. When the amount is discounted, increases resulting from the passage of time are recognised as financial costs. Where the liability relates to tangible fixed assets, the provision is recorded against the fixed asset to which it relates, and the recognition of the charge in the income statement is achieved through the depreciation process of the tangible fixed asset to which the charge relates

Revenue from contracts with customers

On the basis of the five-stage model introduced by IFRS 15, the Group recognises revenue after identifying the contracts with its customers and the related services to be provided (transfer of goods and/or services), determining the consideration to which it believes it is entitled in exchange for the provision of each of these services, and assessing the way in which these services will be provided (fulfilment generally occurs at a particular time). Revenue from the sale of goods in the wholesale channel are recognised when control of the goods passes to the client or at the same time as the transfer of ownership with its risks and benefits, which normally occurs with delivery or shipment depending on the clauses applied.
In calculating the sales transaction price for goods, the Group considers the effects from variable fees, significant financial components and monetary and non-monetary fees to be paid to the client (if existing).
Sales in the retail channel are recognised on the date of direct sale of the goods to the end customer.
The Group, upon receipt of an advance payment made by the customer, recognises under "Other current liabilities" the amount of the advance payment for the obligation to transfer goods in the future and eliminates this liability by recognising the revenue when it transfers these goods.

Right of return

Some contracts include a recognised right of the customer to return goods within a predetermined period of time. The provision for returns and discounts is estimated on the basis of forecasts, taking into account historical trends and is accounted for as a variable component of the contractual consideration with the simultaneous presentation of a liability for returns.
For products that the Company expects to receive as returns, revenue is adjusted and a liability for refunds is recognised

Royalties
Royalty revenues are recognised on an accrual basis based on the terms and amounts stipulated in the license agreement, generally based on sales volumes.

Government grants
Public grants are recognised when there is reasonable certainty that they will be received and that all conditions attached to them are met. Grants related to cost components are recognised as revenue, but are allocated systematically between periods so as to be commensurate with the recognition of the costs they are intended to offset. Grants related to an asset are recognised as revenue on a straight-line basis over the expected useful life of the asset to which they refer.
Where the Group receives a non-cash contribution, the asset and the related contribution are recognised at nominal value and released to the income statement on a straight-line basis over the expected useful life of the relevant asset.

Cost allocation
Costs, where not governed by a specific standard, are recorded when relating to goods and services sold or consumed in the year or when there is no future utility. The accrual of costs for purchase of goods is determined by reference to the time of transfer of ownership of the goods. Service costs are accounted for when the service is completed.

Financial income/(charges)
Financial charges that are directly attributable to the acquisition, construction or production of an asset which requires a lengthy period before availability for use shall be capitalised as part of the cost of that asset. All other financial charges are recognised as a charge in the period in which they are incurred. Financial charges consist of interest and other costs that an entity incurs in connection with obtaining financing.

Income taxes
Income taxes represent the amount for current and deferred taxes.

Current income taxes
Tax receivables and payables for the year are measured at the amount expected to be paid to / received from the tax authorities. The tax rates and regulations used to calculate such amounts are those issued or substantially in force at the reporting date of the financial statements, in the countries in which the Group operates and generates its assessable income.
Current taxes related to items recognised directly in equity or in the comprehensive income statement are also recognised directly in equity or in the comprehensive income statement. The Group calculates income taxes for the year using the tax rate applicable to total expected annual income.

Deferred taxes
Deferred taxes are calculated based on the temporary differences at the reporting date between the fiscal values of the assets and liabilities and the corresponding values in the financial statements. Deferred tax assets and liabilities are calculated on the basis of the tax rates expected to be applied in the year in which the assets are realised or the amounts are paid, considering the rates in effect and those already issued or substantially issued as of the closing date of the financial statements. On initial recognition, management considers the existence of positive and negative elements in estimating the probability of sufficient future taxable income. The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent it is unlikely that sufficient future taxable income will be available, so that some or all of the asset may be used. Unrecognised deferred tax assets are reviewed at each reporting date and are recognised to the extent of the probability that the taxable income is sufficient to permit such deferred tax assets to be recovered. Deferred taxes concerning items recognised outside of the income statement are also recognised outside of the income statement and therefore to equity or to the comprehensive income statement, in line with the item to which they refer. The Group offsets deferred tax assets and deferred tax liabilities if, and only if, there is a legal right to offset current tax assets and current tax liabilities and if deferred tax assets and liabilities relate to income taxes due to the same tax authority by the same taxpayer or other taxpayers who intend to settle the current tax assets and liabilities on a net basis, or realise the asset and settle the liability simultaneously, with reference to each future period in which the assets and liabilities for deferred taxes are expected to be settled or recovered.

Indirect taxes
Costs, revenues, assets and liabilities are recognised net of indirect taxes, such as value added tax, with the following exceptions:

- the tax applied to the purchase of goods or services is non-deductible; in this case, it is recognised as part of the purchase cost of the asset or part of the cost recognised in the income statement,
- trade receivables and payables include the indirect tax applicable.

The net amount of indirect taxes to be recovered or paid to the tax authorities is included in the financial statements as receivables or payables.

Earnings per share
The basic earnings per share is calculated by dividing the profit attributable to the ordinary shareholders of the Group by the average weighted number of ordinary shares outstanding during the year. In order to calculate the diluted earnings per share, the average weighted number of shares outstanding is adjusted assuming the conversion of all shares with potential dilution effect.

Fair value measurement
IFRS 13 is the only source of reference for fair value measurement and for the relevant information when such a measurement is required or permitted by other accounting standards. The fair value is the price that would be received for the sale of an asset, or that would be paid to transfer a liability in an arm's length transaction at the measurement date. The fair value of an asset or liability is measured adopting the assumptions which market operators would utilise in the determination of the price of the asset or liability, assuming they act to best satisfy their economic interests. The fair value measurement of a non-financial asset considers the capacity of a market operator to generate economic benefits utilising the asset to its maximum and best use or by selling to another market operator that would utilise the asset to its maximum or best use.
IFRS 13 establishes a fair value hierarchy that classifies the valuation technique inputs used to measure fair value in three levels. The levels provided for, in hierarchical order, are as follows:

- Level 1 - listed prices (not adjusted) on active markets for identical assets or liabilities which the entity can access at the measurement date;
- Level 2 - inputs other than listed prices included in Level 1, directly or indirectly observable for the asset or the liability;
- Level 3 - measurement techniques for which the input data are not observable for the asset or for the liability.

At each reporting date, the Group Finance Department analyses the changes in the values of assets and liabilities for which the revaluation or recalculation is required, based on the Group's accounting policies.

Segment disclosure
With reference to the provisions of IFRS 8 "Operating Segments," it should be noted that the Group, as currently constituted, due to the homogeneity of products and services offered and similarity in customer type
and class, operates in a single operating sector identified as the design, production and distribution of high-end childrenswear 0-16 years, with the brand of the same name, through multiple distribution channels.

Hyperinflation
Under the standard "Financial Reporting in Hyperinflationary Economies" ("IAS 29"), the financial statement values of entities whose functional currency is considered hyperinflationary are restated using a general price index that reflects changes in general purchasing power. For this purpose, all elements of the financial statements of Group entities subject to the application of this standard are separated into monetary and non-monetary elements. Monetary items are not restated as they are already expressed in terms of the current monetary unit. The effects of the restatement of non-monetary items recorded in the balance sheet of a subsidiary whose currency is deemed to be hyperinflationary according to the criteria identified by Accounting Standard IAS 29 are recorded in an equity reserve. After each restatement of the values of a subsidiary, the Group proceeds to assess the recoverability of the restated values, making any impairment if necessary.

Share-based payments
The Group grants additional benefits to the Chief Executive Officer through the 2018-2023 Long Term Incentive Plan (the "Plan") approved by the Shareholders' Meeting on June 15, 2018 upon the Board of Directors' proposal. The plan provides an award to the beneficiary in the form of a cash amount. The incentive is awarded free of charge.
In the case of cash-settled share-based payment transactions, the transaction cost is initially measured at fair value. Until the liability is settled, the fair value is recalculated at each reporting date, expensing all changes to the income statement.

Current/non-current classification
Assets and liabilities in the financial statements of the Group are classified according to the current/non-current criterion.
An asset is current when:

- it is expected to be realised, or is intended for sale or consumption, in the normal operating cycle;
- it is held principally for trading;
- it is expected to be realised within twelve months from year-end; or
- it comprises cash or cash equivalents, upon which no prohibition exists on their exchange or utilisation to settle a liability for at least 12 months from year-end.

All other assets are classified as non-current.
A liability is considered current when:
- it is expected to be settled within the normal operating cycle;
- it is held principally for trading;
- it must be settled within twelve months of year-end; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months of year-end.

The contractual terms of the liability that could, at the option of the counterparty, result in its settlement through the issue of equity instruments do not affect its classification.
The Group classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Translation of accounts in foreign currencies
The consolidated financial statements are presented in Euro, which is the Parent Company's functional currency. Each Group company decides the functional currency to be used to measure the accounts in the financial statements. The Group uses the line-by-line consolidation method. Foreign currency transactions are initially recorded in the functional currency, applying the exchange rate at the transaction date. Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.
Exchange rate differences realised or arising on the translation of monetary items are recorded in the income statement, with the exception of monetary items which hedge a net investment in a foreign operation. These differences are recorded in the comprehensive income statement until the sale of the net investment, and only then is the total amount reclassified to the income statement. The income taxes attributable to the exchange differences on the monetary items are also recorded in the comprehensive income statement. Non-monetary items, measured at historical cost in foreign currency, are translated using the exchange rates on the date the transaction was first recorded. Non-monetary items recorded at fair value in foreign currencies are translated using the exchange rate at the date this value was determined. The gain or loss deriving from the translation of non-monetary items is treated in line with the recognition of the gain or loss recorded on the change in the fair value of these items (i.e. the translation differences on the accounts to which the fair value changes in the comprehensive income statement or in the income statement are recorded, respectively in the comprehensive income statement or in the income statement).

Accounting policies, Change of estimates and correction of an error
Accounting standard IAS 8 governs the following aspects:

1) selection and application of accounting policies;
2) change in accounting policies;
3) review of accounting estimates;
4) correction of errors made in previous exercises.

These aspects are addressed with the aim of improving the relevance and reliability of the financial statements and ensuring their comparability over time (financial statements of the same enterprise in successive fiscal years) and space (financial statements of different enterprises for the same fiscal year).
Specifically, in the absence of a specific IFRS applicable to a transaction, event, or situation, the entity is required to apply an appropriate level of professional judgment to develop and apply an accounting policy that results in information that is relevant and reliable. Also under IAS 8, errors may arise with respect to recognition, measurement, presentation or disclosure within the financial statements. Errors detected in later periods are corrected in comparative data presented in financial statements of subsequent periods.

Amendments to International Accounting Standards

The Group has not early adopted any standards, interpretations or European enhancements issued but not yet in effect.

Accounting standards, amendments and interpretations adopted from January 1, 2023
The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group from January 1, 2022.

Document	Date of issue	Effective date	Registration date	UE Regulation and publication date
Amendment IFRS (2018–2020 annual improvements) [Amendment to IFRS 1, IFRS 9, IFRS 16 and IAS 41]	May 2020	January 1, 2022	June 28, 2021	(UE) 2021/1080 July 2, 2021
Property, Plant and Equipment: Proceeds before Intended Use (Amendment to IAS 16)	May 2020	January 1, 2022	June 28, 2021	(UE) 2021/1080 July 2, 2021
Onerous Contracts – Costs of Fulfilling a Contract (Amendment to IAS 37)	May 2020	January 1, 2022	June 28, 2021	(UE) 2021/1080 July 2, 2021
Reference to the Conceptual Framework (Amendment to IFRS 3)	May 2020	January 1, 2022	June 28, 2021	(UE) 2021/1080 July 2, 2021

The adoptions of these amendments do not have any effects on the Group consolidated financial statements.

Accounting standards and amendments not yet effective and not adopted in advance by the Group
At the reporting date, the European Union had not yet completed its endorsement process for the adoption of the following standards and amendments. With regard to the applicable standards, the Group has decided not to exercise the option that provides for early adoption where applicable.

Document	Date of issue	Effective date	Registration date	UE Regulation and publication date
Disclosure of Accounting Policies— Amendments to IAS 1 and IFRS Practice Statement 2 e Definition of Accounting Estimates— Amendments to IAS 8	February 2021	January 1, 2023	March 2, 2022	(UE) 2022/357 March 3, 2022
IFRS 17 Contracts Insurance (included amendments issued on June 2020)	May 2017 June 2020	1° January 1, 2023	November 19, 2021	(UE) 2021/2036 November 23, 2021 July 2, 2021

From the adoption of these amendments, significant impacts are not expected on the Group consolidated financial statements. At the reporting date, the European Union had not yet completed its endorsement process for the following standards and amendments:

Document	Date of issue	Effective date	Registration date
Standards			
IFRS 14 Regulatory Deferral Accounts	January 2014	January 1, 2016	Homologation process suspended, waiting for the new accounting standard on "rate-regulated activities"
Amendments			
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	September 2014	Postponed until the completion of the project IASB on equity method	Homologation process suspended, waiting for the new accounting standard on "equity method"
Classification of Liabilities as Current or Non-current (Amendments to IAS 1), including subsequent amendment issued in July 2020	January 2020, July 2020	January 1, 2023	TBD
Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2)	February 2021	January 1, 2023	TBD
Definition of Accounting Estimates (Amendments to IAS 8)	February 2021	January 1, 2023	TBD
Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)	May 2021	January 1, 2023	TBD
Initial Application of IFRS 17 and IFRS 9 Comparative Information (Amendment to IFRS 17)	December 2021	January 1, 2023	TBD

From the adoption of these amendments, significant impacts are not expected on the Group consolidated financial statements.
For illustrative purposes, the Group has described in detail the new standards and amendments and interpretations that are applicable as of January 1, 2022 (unless otherwise stipulated), regardless of whether they impact the Group's financial statements

Consolidation method

The consolidated financial statements are based on the financial statements of Monnalisa S.p.A. as parent and the companies in which the parent directly or indirectly holds a controlling interest. The financial statements of companies included in the consolidated financial statements are incorporated on a line-by-line basis. The list of these companies is provided below. In 2022, the Group composition did not change compared to 2021.

Company	Registered Office	Share capital		Soci	Holding	Consolidated
		Currency	Amount			
Monnalisa Brazil Ltda	San Paolo (Brazil)	Real	1.680.390	Monnalisa SPA; Jafin S.r.l.	99%	100%
Monnalisa China LLC	Shanghai (Cina)	Yuan	36.505.707	Monnalisa SPA	100%	100%
Monnalisa Hong Kong LTD	Hong Kong	HKD	5.106.185	Monnalisa SPA	100%	100%
Monnalisa Korea LTD	Seoul (Korea)	WON	100.000.000	Monnalisa SPA	100%	100%
Monnalisa Russia OOO	Mosca (Russia)	RUB	41.410.000	Monnalisa SPA; Jafin S.r.l.	99,99%	100%
ML Retail Usa Inc	Houston Texas (USA)	USD	644.573	Monnalisa SPA	100%	100%
Monnalisa Bebek Giyim Sanayi ve Ticaret	Istanbul (Turchia)	TRY	7.450.000	Monnalisa SPA	100%	100%
Monnalisa UK LTD	London (UK)	GBP	199.993	Monnalisa SPA	100%	100%
Monnalisa Japan Co Ltd	Tokyo (Giappone)	JPY	1.000.000	Monnalisa SPA	100%	100%
Monnalisa International Limited	Taipei (Taiwan)	TWD	7.000.000	Monnalisa SPA	100%	100%
Monnalisa Singapore LTD	Singapore	SGD	600.000	Monnalisa SPA	100%	100%
Monnalisa San Marino Srl	Repubblica di S.Marino	EUR	25.500	Monnalisa SPA	100%	100%

No companies are consolidated proportionally and none of the companies are held for an amount under the 20% threshold.
For the consolidation, the financial statements at December 31, 2022 of the individual companies were used, reclassified and adjusted in line with the accounting principles and policies adopted by the Group.
In accordance with Article 31, paragraph 1 of Legislative Decree No. 127 of April 9, 1991, the reporting dates of these consolidated financial statements coincides with December 31, 2022.
It should be noted that as the Parent Company directly promoted and participated in the incorporation of the individual consolidated companies, following the subscription of the nominal share capital it was not necessary to eliminate the value of the equity investments and thus to allocate the resulting consolidation difference, with the exception of that verified for the Brazilian subsidiary. The consolidated financial statements of subsidiaries are consolidated from the date on which control was acquired until the date on which such control ceases.

The main consolidation principles were as follows:

- All subsidiaries are consolidated line-by-line. The minority interests' share in equity is shown separately in the balance sheet. Their portion of the result for the period is likewise shown separately in the income statement;
- Transactions and balances between consolidated companies are fully eliminated. Gains and losses from transactions between consolidated companies not arising from transactions with third parties are eliminated from the relevant items of the financial statements. In particular, intra-Group gains on period-end inventories due to intra-Group purchases of finished goods are eliminated;
- On pre-consolidation, the exclusively fiscal items were eliminated and the relative deferred taxes provisioned;
- The consolidated financial statements are presented in Euro. The conversion of overseas subsidiary company financial statements was undertaken at the reporting date exchange rate for assets and liabilities and at the average exchange rate for the income statement items. Non-monetary items valued at historical cost in foreign currency are translated by using the exchange rates in effect on the date the transaction was first recorded. The net effect of translating the financial statements of investee companies into the reporting currency is recognised directly in equity in a specific reserve and shown in the comprehensive income statement. For the conversion of the financial statements in foreign currencies, the exchange rates reported on the official Bank of Italy website were utilised, as indicated in the following table. The average is calculated as the average of the individual month average exchange rates:

Currency	at 31/12/2022	Average 2022
Real	5.6386	5.4432
Renminbi (Yuan)	7.3582	7.081
Won Sud	1.344.09	1.358.07
Yen Giapponese	140.66	138.0051
Dollaro Hong Kong	8.3163	8.2512
Sterlina Gran Bretagna	0.886	0.85261
Rublo Russia	78.968	73.313
Dollaro USA	1.0666	1.0539
Dollaro Taiwan	32.7603	31.3303
Dollaro Singapore	1.43	1.452
Lira Turchia (nuova)	19.9649	17.3849

- The profit/(loss) and each of the other statement of comprehensive income items are allocated to the shareholders of the parent company and minority shareholders, even if this implies that the minority shareholder investments have a negative balance. Where necessary appropriate adjustments are made to the financial statements of the subsidiaries, in line with the accounting policies of the Group.

All assets and liabilities, shareholders' equity, revenues and costs, and inter-company cash flows relating to transactions between entities of the Group are completely eliminated on consolidation. Changes in the holdings of subsidiaries which do not result in the loss of control are recognised under equity.

Directors' assessment of the going concern assumption

The Directors are responsible for assessing the capacity of the Group to pursue operating activities and, in preparing the consolidated financial statements, the appropriateness of applying the going concern principle, in addition to the provision of adequate disclosure. The Directors apply the going concern principle in preparing the consolidated financial statements unless they have assessed that the conditions for the winding up of the parent company Monnalisa S.p.A. or for the interruption of operations exist or that they have no realistic alternatives to these options.
These consolidated financial statements have been prepared on the going concern basis, as the Directors consider, based on the company's operating performance and sound financial position, that there is no doubt regarding the company's ability to continue as a going concern for a period of at least 12 months from the reporting date.

3. USE OF DISCRETIONARY ESTIMATES AND JUDGMENTS IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of the financial statements requires the directors to apply accounting policies and methods that, in some circumstances, are based on difficulties and subjective valuations and estimates based on the historical experience and assumptions which are from time to time considered reasonable and realistic based on the relative circumstances. The application of these estimates and assumptions impact upon the amounts reported in the financial statements, such as the balance sheet, the income statement and the cash flow statement, and on the disclosures in the notes to the accounts. The final outcome of the accounts in the financial statements, which use the above-mentioned estimates and assumptions, may differ from those reported in the financial statements due to the uncertainty which characterises the assumptions and conditions upon which the estimates are based. The accounting policies which require greater judgement by the directors in the preparation of the estimates and for which a change in the underlying conditions or the assumptions may have a significant impact on the condensed financial statements are briefly described below:

Estimates:

(i) Depreciation and amortisation of property, plant and equipment and intangible assets: the cost of property, plant and equipment and intangible assets is depreciated or amortised on a straight-line basis over the estimated useful life of each asset. The useful life of the tangible and intangible fixed assets is determined by the directors when the fixed assets are purchased. This is based on the historical experiences for similar fixed assets, market conditions and considerations relating to future events which could have an impact, such as changes in technology. The effective useful life may therefore be different from the estimated useful life. The Group annually assesses technological and industry changes, any changes in contractual terms and regulations related to the use of property, plant and equipment and intangible assets, and the recovery value to update the remaining useful life. The result of these analyses can change the depreciation period and thus also the depreciation charge for the year and future years.

(ii) Measurement of receivables: trade receivables are adjusted by the doubtful debt provision, taking into account the effective recoverable value. The calculation of the impairment losses requires the directors to make judgements based on the documentation and the information available relating to the solvency of the customers, and from market and historical experience.

(iii) Risk provisions: the identification of the existence of a present obligation (legal or constructive) in some circumstances may be difficult to determine. The directors evaluate these factors case-by-case, together with the estimate of the amount of the economic resources required to fulfil the obligation. When the directors consider that a liability is only possible, the risks are disclosed in the notes under the section on commitments and risks, without any provision.

(iv) Recovery deferred taxes: these are recognised to the extent where it is likely there will be adequate future taxable income against which temporary differences or any tax losses can be utilised. In this regard, the Group's management estimates the probable timing and the amount of the future taxable income.

(v) Employee benefits: the values of which are determined on the basis of actuarial estimates; for the main actuarial assumptions, please refer to that outlined below;

(vi) Lease discount rate definition: since there is no implicit interest rate in most of the leases the Group has calculated an Incremental Borrowing Rate (IBR) to measure the lease liability. In order to determine the IBR to be used for discounting future lease payments, the Group has identified the rates applied on loan contracts of similar duration for each Group company; the Group estimates the marginal borrowing rate using observable data (such as market interest rates) if available, and making specific considerations about the conditions of the investee;

(vii) Inventory obsolescence provisions and estimated net realisable value: the Group estimates the future utilisation capacity of such products and materials by calculating appropriate turnover ratios and/or historical realisable experience based also on the ageing of the collections, to each of which a specific inventory write-down rate is applied;

(viii) Estimated returns: the provision reflects management's expectations of future merchandise returns and the associated liability for returns. The Group has determined that the expected value method is the most appropriate method for estimating expected returns to be recognised as an adjustment to revenues from contracts with customers;

(ix) Measurement of derivative financial instruments: the determination of the fair value of unlisted financial assets, such as derivative financial instruments, is undertaken through commonly used financial valuation techniques that require basic assumptions and estimates. Such assumptions may not occur according to the timeframe and manner predicted. Therefore, estimates of these derivative instruments may differ from the actual data;

(x) IAS 29 Hyperinflation: It should also be noted that accounting standard IAS 29, which was irrelevant as of December 31, 2021 as no Group company was operating in hyperinflationary markets as of that date, was applied for the first time as of June 30, 2022 in relation to the subsidiary in Turkey, a country for which the conditions for qualification as a hyperinflationary economy became apparent during the year.

Discretionary valuations:

(i) Lease term: the identification of lease term is a very relevant issue since the form, legislation and business practices on leases vary significantly from one jurisdiction to another, and the assessment of the effects of renewal options at the end of the non-cancellable period on the lease term estimate involves the use of assumptions. The IFRS Interpretation Committee has clarified that for the purpose of identifying the period of applicability, a lessee must consider the contractual point in time when both parties involved can exercise their right to terminate the contract without incurring penalties that are not irrelevant; the concept of penalty should not be understood as merely contractual but should be seen by considering all economic aspects of the contract. The Group considered these conclusions when identifying the duration of leasing contracts. In addition, the Group also considered the presence of renewal and cancellation options when defining the lease term, and considered the existence or absence of significant economic disincentives in refusing the renewal request;

(ii) The identification of Cash Generating Units (CGUs): a CGU represents the smallest group of assets that generates largely independent cash flows. In the process of identifying the aforementioned CGUs, management took into account the specific nature of the activity and the business to which it belongs (geographic area, business areas, relevant regulations, etc.), verifying

that the cash flows from one group of activities were strictly interdependent and largely independent of those from other activities (or groups of activities). The activities included in each CGU were also identified on the basis of the ways in which Management manages and monitors them under the business model adopted. .

Climate change - Impact Assessment:
Currently, the impact of climate-related issues is not significant on the Group's financial statements. The Group will assess whether and how the introduction of emission reduction regulations may increase production costs and, if they have a significant impact, will include such assumptions in the estimates.

4. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS IAS/IFRS

During this fiscal year 2022, the Group adopted IFRS accounting standards in the version adopted by the European Union (hereinafter also "IFRS") designating January 1, 2021 as the transition date to the new accounting standards. The last consolidated financial statements prepared in accordance with Italian GAAP (OIC) refer to the year ended December 31, 2021.
The present attachment discloses the information required by IFRS 1 and, in particular, the description of the impacts from the transition to IFRS on the balance sheet and income statement of the Group. For this purpose, the following were drawn up:

- a description of the accounting policies regarding the application rules of IAS/IFRS and the accounting treatments chosen under the accounting options permitted by those standards;
- the reconciliation between the balance sheets of the Group (i) at January 1, 2021 (Transition Date), (ii) at December 31, 2021 (date of the last financial statements prepared in accordance with Italian GAAP), drawn up in accordance with Italian GAAP and with IFRS;
- the reconciliation of the income statement and the comprehensive income statement for the year ended December 31, 2021 prepared in accordance with Italian GAAP and with IFRS;
- the reconciliation between the shareholders' equity and net result at January 1, 2021 and December 31, 2021 prepared in accordance with Italian GAAP and with IFRS;
- the reconciliation of the cash flow statement at December 31, 2021 prepared in accordance with Italian GAAP and reclassified in accordance with the classification criteria chosen by the Group for IFRS financial statements and the cash flow statement prepared in accordance with IFRS;
- the explanatory notes relating to the adjustments and reclassifications included in the above-mentioned reconciliation statements, which describe the significant effects of the transition, with regard to the classification of the various accounts in the financial statements and in relation to their measurement and, therefore, to the consequent effects on the balance sheet, financial position and income statement.

Basis of presentation of reconciliation statements

The reconciliation statements show the IFRS adjustments and reclassifications made to reflect changes in the presentation, recognition and measurement criteria required by IFRS compared to the Group's historical data prepared in accordance with Italian GAAP.
It should also be noted that the reconciliation statements have been prepared in accordance with IFRSs in effect at the date of their preparation, including: the IFRSs recently adopted by the International Accounting Standards Board ("IASB"), International Accounting Standards (IAS), and interpretations by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC). The effects of the transition to IFRS derive from changes in accounting policies and, consequently, as required by IFRS 1 are reflected in the opening equity at the transition date (January 1, 2021) in a specific "FTA Reserve".
The transition to IFRS has required maintaining the estimates previously made as per Italian GAAP ("OIC"), unless the adoption of IFRS has required the drafting of estimates using different methods.
No exceptions to the application of IFRS were applied in the preparation of these reconciliation statements.

Application rules and accounting options on adoption of IFRS and selected policies

The balance sheet as of January 1, 2021 reflects the following differences in treatment compared to the balance sheet values measured in accordance with Italian GAAP on the same date:

- all and only assets and liabilities recognisable under IFRS were recognised; including those not provided for in application of the OICs;
- all assets and liabilities whose recognition is required by the OICs but not permitted by IAS/IFRS have been eliminated;
- the accounts previously indicated in a manner differing from that established under IFRS were reclassified;
- assets and liabilities were recognised at the values that would have been determined had the new standards always been applied except for the exemptions/options allowed under IFRS 1;
- all adjustments resulting from the first-time application of IFRS were recognised with a balancing entry in shareholders' equity net of the tax effect from time to time recognised in the deferred tax provision or in deferred tax assets; the latter were recognised to the extent that it was considered probable that future taxable income would be available against which they could be recovered.

IFRS 1 provides a retrospective approach to the application of IFRS, however permitting some "exemptions": optional and mandatory, the latter are called "exceptions."
The Group has applied the provisions of IFRS 1. The main choices made, including exemptions under IFRS 1, are shown below, indicating those used in the preparation of the opening balance sheet as of January 1, 2021 and the financial statements as of December 31, 2021:

- presentation of the financial statements: the "current/non-current" presentation and classification has been adopted for the balance sheet. For the Income Statement, the format of classifying costs according to their nature was adopted. For the Income Statement, the Group has, in addition, decided to present two separate statements: the income statement and the other items of the comprehensive income statement;;
- *choosing to use the following exemptions provided by IFRS 1, paragraph 13, when first applying IFRS (January 1, 2021):*
  - o *valuation estimates: IFRS 1 establishes that the estimates utilised in the restatement at the Transition Date shall be consistent with estimates made for the financial statements under the previous GAAP (after adjustments to reflect any difference in accounting policies);*
  - o *business combinations: IFRS 3 was not applied retrospectively to business combination transactions that occurred before the IFRS Transition Date. Therefore, business combinations that occurred until January 1, 2021 remain accounted for based on the Previous GAAP;*
  - o *employee benefits: all cumulative actuarial gains and losses existing as of January 1, 2021 were fully recognised in Equity as of the IFRS Transition Date, specifically in the FTA Reserve. Subsequent actuarial gains and losses will be recognised in a specific reserve, called the IAS 19 Reserve;*
  - o *translation differences: the accounting treatment of translation differences adopted by the Group on the basis of Previous GAAP is consistent with IFRS. However, it was chosen to use the exemption provided by IFRS 1, which allows the accumulated translation differences up to the Transition Date to be set to zero with retained earnings as a balancing entry. This exemption was applied to all subsidiaries, as required by IFRS 1;*
- *accounting treatments chosen under the accounting options provided by IFRSs endorsed by the European Union:*
  - o *valuation of property, plant and equipment and intangible assets: subsequent to the initial recognition at cost, IAS 16 - Property, plant and equipment and IAS 38 - Intangible assets provide that property, plant and equipment and intangible assets, which have an active market value, may be measured at cost net of accumulated amortisation and depreciation and impairments, or periodically by determining the market value and adjusting the carrying amount to this value ("Revaluation Model"). The Group chose to maintain the cost as the measurement criterion of property, plant and equipment and intangible assets.*
  - o *inventories: according to IAS 2, the cost of inventories should be stated according to the FIFO method or the weighted average cost method. The Group has adopted the weighted average cost method.*

Main impacts of applying IFRS on the balance sheet as of January 1, 2021 and December 31, 2021, and on the income statement for the year ended December 31, 2021

The differences arising from the application of IFRS versus Italian GAAP, as well as the choices made by the Group in the accounting options under IFRS illustrated above, entail the restating of the financial statements prepared under Italian GAAP, indicating the effects on shareholders' equity and result for the year which are summarised in the statements below. The adjustments required by IFRS are described in detail in the explanatory notes presented below. Presented below are the balance sheets as of January 1, 2021, and December 31, 2021, and the income statement for the year ended December 31, 2021, showing each item in the individual columns:

- the carrying amounts according to Italian GAAP ("ITA GAAP") reclassified as per IFRS;
- the adjustments for compliance with IFRS;
- the values according to IFRS

Reconciliation statement of the balance sheet at January 1, 2021

The reconciliation is presented below between the balance sheet at January 1, 2021 prepared in accordance with Italian GAAP and reclassified based on the criteria chosen by the Group for the IFRS financial statements and the balance sheet prepared in accordance with IFRS.

(Euro)	01/01/2021 OIC	Changes	Notes	01/01/2021 IFRS
NON CURRENT ASSETS				
Property, plant and equipment	19,660,150	(298,684)	a)	19,361,466
Right of use assets	0	23,530,348	b)	23,530,348
Intangible assets with a finite useful life	2,598,897	(1,349,988)	c)	1,248,909
Other non current financial assets	2,413,738	0		2,413,738
Deferred tax assets	2,612,846	1,057,932	e)	3,670,778
TOTAL NON CURRENT ASSETS	**27,285,630**	**22,939,608**		**50,225,238**
CURRENT ASSETS				
Inventories	16,434,588	0		16,434,588
Trade Receivables	7,202,591	(402,389)	d)	6,800,202
Tax Receivables	1,956,740	0		1,956,740
Other current assets	1,266,450	(671,578)	b)	594,872
Other current financial assets	3,833	0		3,833
Cash and cash equivalents	4,078,887	0		4,078,887
TOTAL CURRENT ASSETS	**30,943,090**	**(1,073,967)**		**29,869,123**
TOTAL ASSETS	**58,228,720**	**21,865,641**		**80,094,361**
SHAREHOLDERS' EQUITY				
GROUP SHAREHOLDERS' EQUITY				
Share capital	10,000,000	0		10,000,000
Reserves	28,314,944	(1,605,474)	f)	26,709,471
Net profit/(loss) - Group	(7,805,982)	0		(7,805,982)
TOTAL GROUP SHAREHOLDERS' EQUITY	**30,508,962**	**(1,605,474)**		**28,903,488**
Share capital and reserves - minority interests	(1,746)	(0)		(1,746)
TOTAL SHAREHOLDERS' EQUITY	**30,507,216**	**(1,605,475)**		**28,901,742**
NON CURRENT LIABILITIES				
Non current financial liabilities	10,140,004	0		10,140,004
Provisions for risk and charges	524,019	375,000	b)	899,019
Employee benefit liabilities	2,020,841	233,810	g)	2,254,651
Other non current liabilities	87,804	205,452	h)	293,256
Non current lease liabilities	0	18,765,579	i)	18,765,579
Deferred tax liabilities	795,148	473,084	j)	1,268,232
TOTAL NON CURRENT LIABILITIES	**13,567,816**	**20,052,925**		**33,620,741**
CURRENT LIABILITIES				
Trade payables	6,788,986	0		6,788,986
Current financial liabilities	4,204,347	0		4,204,347
Tax payables	506,745	0		506,745
Other current liabilities	2,456,546	(300,000)	c)	2,156,546
Current lease liabilities	0	3,718,190	i)	3,718,190
Other current financial liabilities	197,063	0		197,063
TOTAL CURRENT LIABILITIES	**14,153,688**	**3,418,191**		**17,571,878**
TOTAL LIABILITIES	**27,721,504**	**23,471,116**		**51,192,620**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**58,228,720**	**21,865,641**		**80,094,361**

Reconciliation statement of the balance sheet at December 31, 2021

The reconciliation is presented below between the balance sheet at December 31, 2021 prepared in accordance with Italian GAAP and reclassified based on the criteria chosen by the Group for the IFRS financial statements and the balance sheet prepared in accordance with IFRS.

(Euro)	31/12/2021 OIC	Changes	Notes	31/12/2021 IFRS
NON CURRENT ASSETS				
Property, plant and equipment	19,252,770	(1,703,571)	a)	17,549,199
Right of use assets	0	20,964,119	b)	20,964,119
Intangible assets with a finite useful life	1,819,773	(873,183)	c)	946,590
Other non current financial assets	753,427	0		753,427
Deferred tax assets	3,636,385	1,188,828	e)	4,825,213
TOTAL NON CURRENT ASSETS	**25,462,355**	**19,576,192**		**45,038,547**
CURRENT ASSETS				
Inventories	15,275,320	34,384		15,309,704
Trade Receivables	8,060,919	(424,456)	d)	7,636,463
Tax Receivables	1,497,248	0		1,497,248
Other current assets	1,840,956	(574,900)	b)	1,266,056
Other current financial assets	399,838	0		399,838
Cash and cash equivalents	4,560,070	0		4,560,070
TOTAL CURRENT ASSETS	**31,634,351**	**(964,972)**		**30,669,379**
TOTAL ASSETS	**57,096,706**	**18,611,220**		**75,707,926**
SHAREHOLDERS' EQUITY				
GROUP SHAREHOLDERS' EQUITY				
Share capital	10,000,000	0		10,000,000
Reserves	21,441,798	(2,719,175)	f)	18,722,623
Net profit/(loss) - Group	(1,902,218)	(208,672)		(2,110,890)
TOTAL GROUP SHAREHOLDERS' EQUITY	**29,539,579**	**(2,927,847)**		**26,611,732**
Share capital and reserves - minority interests	(2,362)	0		(2,362)
TOTAL SHAREHOLDERS' EQUITY	**29,537,218**	**(2,927,847)**		**26,609,371**
NON CURRENT LIABILITIES				
Non current financial liabilities	8,007,615	0		8,007,615
Provisions for risk and charges	335,425	375,000	b)	710,425
Employee benefit liabilities	2,237,153	326,400	g)	2,563,553
Other non current liabilities	93,304	125,622	h)	218,926
Non current lease liabilities	0	16,280,240	i)	16,280,240
Deferred tax liabilities	1,081,193	36,738	j)	1,117,931
TOTAL NON CURRENT LIABILITIES	**11,754,690**	**17,144,000**		**28,898,690**
CURRENT LIABILITIES				
Trade payables	7,289,430	0		7,289,430
Current financial liabilities	5,504,377	0		5,504,377
Tax payables	429,106	0		429,106
Other current liabilities	2,578,685	(150,000)	c)	2,428,685
Current lease liabilities	0	4,545,068	i)	4,545,068
Other current financial liabilities	3,199	0		3,199
TOTAL CURRENT LIABILITIES	**15,804,797**	**4,395,068**		**20,199,865**
TOTAL LIABILITIES	**27,559,487**	**21,539,068**		**49,098,555**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**57,096,706**	**18,611,220**		**75,707,926**

Reconciliation statement of the consolidated income statement for the year ended December 31, 2021

Below shows the reconciliation between the income statement for the year ended December 31, 2021 prepared in accordance with Italian GAAP and reclassified based on the criteria chosen by the Group for the IFRS financial statements and the income statement prepared in accordance with IFRS.

(Euro)	31/12/2021 OIC	Variazione	Note	31/12/2021 IFRS
Revenues from contracts with customers	43,653,253	(22,067)	d)	43,631,186
Other income and revenues	1,567,928	(150,000)	c)	1,417,928
Revenues	**45,221,181**	**(172,067)**		**45,049,114**
Changes in inventories of work in progress, semi-finished goods and finished products	(1,158,222)	34,383	c)	(1,123,839)
Raw materials, finished products and consumables used	(11,710,292)	0		(11,710,292)
Costs for services	(20,337,280)	4,961,239	b)	(15,376,041)
Personnel costs	(10,772,126)	126,479	g)	(10,645,647)
Amortization, depreciation and write-downs	(3,610,259)	(4,459,461)	b)	(8,069,720)
Other operating costs	(870,470)	0		(870,470)
Operating profit/(loss)	**(3,237,468)**	**490,574**		**(2,746,894)**
Financial charges	(418,635)	(842,583)	i)	(1,261,218)
Financial income	4,288	0		4,288
Gains/(losses) on exchange rate differences	668,132	0		668,132
Profit before taxes	**(2,983,683)**	**(352,009)**		**(3,335,692)**
Income Taxes	1,080,880	143,336	e), j)	1,224,216
Net profit/(loss) for the period	**(1,902,803)**	**(208,672)**		**(2,111,475)**
Net profit/(loss) – Group	(1,902,218)			(2,110,890)
Net profit/(loss) – minority interests	(585)			(585)

Reconciliation statement of the consolidated comprehensive income statement for the year ended December 31, 2021

Below shows the reconciliation between the comprehensive income statement for the year ended December 31, 2021 prepared in accordance with Italian GAAP and reclassified based on the criteria chosen by the Group for the IFRS financial statements and the comprehensive income statement prepared in accordance with IFRS.

Consolidated Comprehensive Income Statement

(Euro)	31/12/2021 OIC	Changes	31/12/2021 IFRS
Net profit/(loss) for the period	**(1.902.803)**	**(208.672)**	**(2.111.475)**
Net gain/(Loss) from hedging derivatives		32,971	32,971
Currency translation differences of foreign operations		(114,721)	(114,721)
Total other income/(losses) that will be subsequently reclassified to net profit/(loss) for the period, net of taxes		**(81,750)**	**(81,750)**
Net gain/(loss) from recognition of defined-benefit plans for employees		(99,113)	(99,113)
Total other gains / (losses) that will not be subsequently reclassified to net profit/(loss) for the period, net of taxes		**(99,113)**	**(99,113)**
Total other gains / (losses) net of taxes		**(180,863)**	**(180,863)**
Total comprehensive income for the period, net of taxes	**(1,902,803)**	**(180,863)**	**(2,292,338)**

Reconciliation statement of consolidated shareholders' equity at January 1, 2021 restated in accordance with IFRS

Below is a reconciliation between the consolidated shareholders' equity at January 1, 2021 prepared in accordance with Italian GAAP and the consolidated shareholders' equity as of that date prepared in accordance with IFRS.

(Euro)	Shared capital	Legal reserve	Revaluation reserve	Cash flow hedge reserve	Other reserves	Reserve FTA	Retained earnings	Net profit/ (loss) for the period	Group shareholders' equity	Minority interests	Total shareholders' equity
As at 01.01.2021 OIC	**10,000,000**	**1,108,276**	**2,959,446**	**(21,243)**	**9,506,005**	**0**	**14,762,460**	**(7,805,982)**	**30,508,962**	**(1,746)**	**30,507,216**
Adjustment IFRS 15/IFRS9						(301,822)			(301,822)		(301,822)
Adjustment IAS 19						(177,696)			(177,696)		(177,696)
Adjustment IFRS 2						(156,144)			(156,144)		(156,144)
Adjustment IAS 38						(288,173)			(288,173)		(288,173)
Restoration depreciation 2020						(1,691,778)			(1,691,778)		(1,691,778)
Revaluation fixed assets						1,010,138			1,010,138		1,010,138
Reclassification reserves IFRS 1					1,159,058	(1,159,058)			0		0
As at 01.01.2021 IFRS	**10,000,000**	**1,108,276**	**2,959,446**	**(21,243)**	**10,665,063**	**(2,764,533)**	**14,762,460**	**(7,805,982)**	**28,903,487**	**(1,746)**	**28,901,742**

Reconciliation statement of consolidated shareholders' equity at December 31, 2021 restated in accordance with IFRS

Below is a reconciliation between the consolidated shareholders' equity at December 31, 2021 prepared in accordance with Italian GAAP and the shareholders' equity as of that date prepared in accordance with IFRS.

(Euro)	Shared capital	Legal reserve	Revaluation reserve	Cash flow hedge reserve	Other reserves	Reserve FTA	Retained earnings	Net profit/ (loss) for the period	Group shareholders' equity	Minority interests	Total shareholders' equity
As at 31.12.2021 OIC	**10,000,000**	**1,108,276**	**3,969,582**	**11,727**	**9,395,734**		**6,956,478**	**(1,902,218)**	**29,539,579**	**(2,362)**	**29,537,218**
Riserva FTA						(3,774,671)			**(3,774,671)**		**(3,774,671)**
Impatto economico IFRS 16					(4,450)			(580,344)	**(584,794)**		**(584,794)**
Impatto economico IFRS 15								53,408	**53,408**		**53,408**
Impatto economico IAS19					(99,113)			28,745	**(70,368)**		**(70,368)**
Adeguamento IFRS 2								56,680	**56,680**		**56,680**
Adeguamento IAS 38								340,989	**340,989**		**340,989**
Storno contributo quotazione AIM								(108,150)	**(108,150)**		**(108,150)**
Riclassifica riserve IFRS 1					1,159,058				**1,159,058**		**1,159,058**
As at 31.12.2021 IFRS	**10,000,000**	**1,108,276**	**3,969,582**	**11,727**	**10,451,229**	**(3,774,671)**	**6,956,478**	**(2,110,890)**	**26,611,731**	**(2,362)**	**26,609,371**

Reconciliation statement of the consolidated cash flow statement for the year ended December 31, 2021

Below shows the reconciliation between the cash flow statement for the year ended December 31, 2021 prepared in accordance with Italian GAAP and reclassified based on the criteria chosen by the Group for the IFRS financial statements and the cash flow statement prepared in accordance with IFRS.

Consolidated Cash Flow Statement	31.12.2021 OIC	Changes	31.12.2021 IFRS
NET CASH FROM (USED IN) OPERATING ACTIVITIES (A)	1,535,584	4,961,239	6,496,823
NET CAS FROM (USED IN) INVESTING ACTIVITIES (B)	(222,044)	0	(222,044)
NET CASH FROM (USED IN) FINANCING ACTIVITIES (C)	(832,359)	(4,961,239)	(5,793,598)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	**481,183**	**0**	**481,183**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**4,078,887**	**0**	**4,078,887**
Increase /(decrease) in cash and cash equivalents	(481,183)		(481,183)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**4,560,070**	**0**	**4,560,070**

Explanatory notes to the reconciliation statements of the consolidated balance sheet at January 1, 2021 and at December 31, 2021, the consolidated income statement, the consolidated comprehensive income statement, and the consolidated cash flow statement for the year ended December 31, 2021

For the main adjustments, explanatory notes and references to the adjustments included in the reconciliations of equity and net income shown above are provided below.

Balance sheet at January 1, 2021 and December 31, 2021

a) Property, plant and equipment
During fiscal year 2020, also in light of the provisions of Interpretative Document OIC 9, the parent company Monnalisa S.p.A. availed of the option not to carry out the annual depreciation of the cost of tangible fixed assets provided by Article 60, paragraphs 7-bis to 7-quinquies of Decree Law 104 of 2020 (converted by Law 126 of 2020). The transition to international accounting standards resulted in the reinstatement of depreciation not carried out in 2020 in the amount of Euro 1,592 thousand, before the tax effect.
At January 1, 2021, the cost of the industrial building located in the municipality of Civitella Valdichiana, where the Group's cutting centre is located, was aligned with the "deemed cost" values, as required by IFRS 1, based on an independent appraisal report. The alignment value is Euro 1,401 thousand before the tax effect (calculated as Euro 391 thousand). The effects of the related depreciation are reflected in the depreciation schedules at December 31, 2021. As the revaluation was carried out, according to Legs. Decree 104 of 2020, also in Monnalisa S.p.A., the revalued amounts are presented in equity in the revaluation reserve and not in the FTA reserve.

b) Right of use assets
Right of use assets in the balance sheet at January 1, 2021 and December 31, 2021 increased by Euro 23,530 thousand and Euro 20,964 thousand, respectively, due to the application of IFRS 16 on leases, mainly related to the leased stores managed by the Group. Included within the item Right of use Assets was an estimate of the cost of restoring premises used primarily for retail outlets whose payment was deemed probable, with an offset to a provision for future charges.
For each lease, with the exception of low-value and short-term contracts, the Group has applied IFRS 16 as of the Transition Date according to the following approach:

- the lease liability was measured as the present value of the remaining lease payments as of the Transition Date, discounted using the IBR as of that date;
- the value of the related right-of-use asset was determined to be equal to the lease liability, adjusted for the amount of any accruals related to the lease recognised in the balance sheet immediately prior to the transition to IFRS.

Sections 3.3.3 and 4 below explain the criteria adopted by the Group and the significant estimates made in accounting for leases.

c) Intangible assets
During fiscal year 2020, also in light of the provisions of Interpretative Document OIC 9, the parent company Monnalisa S.p.A. availed of the option not to carry out the annual amortisation of the cost of intangible assets provided by Article 60, paragraphs 7-bis to 7-quinquies of Decree Law 104 of 2020 (converted by Law 126 of 2020). The transition to international accounting standards resulted in the reinstatement of depreciation not carried out in 2020 in the amount of Euro 754 thousand, before the tax effect.
Intangible Assets with a finite useful life at January 1, 2021 and at December 31, 2021, decreased by Euro 1,349 thousand and Euro 873 thousand, respectively, due to the derecognition of start-up and expansion costs and deferred charges, which do not meet the capitalisation requirements of IAS 38. The change in the accounting treatment of start-up and expansion costs also resulted in the direct allocation to the periods concerned of the related grants, which were previously charged to the income statement in proportion to amortisation, with a negative impact at January 1, 2021 and at December 31, 2021 of Euro 300 thousand and Euro 150 thousand, respectively.

d) Trade receivables and revenue from contracts with customers
Trade receivables related to revenues from contracts with customers were adjusted in application of IFRS15, decreasing by Euro 402 thousand at January 1, 2021 and by Euro 424 thousand at December 31, 2021, before tax effect. As a result of this adjustment, revenues decreased by Euro 22,067 for the year ended December 31, 2021; consequently, the related stock increased by Euro 34,383.
e) Deferred tax assets - Deferred tax assets at January 1, 2021 and December 31, 2021 increased by Euro 1,058 thousand and Euro 1,188 thousand respectively due to the recognition of the tax effects related to other adjustments made in the transition to international accounting standards as detailed below:

Standard	01.01.2021	31.12.2021
IFRS 15	100,567	141,658
IAS 19	56,114	87,413
IFRS 2	49,308	26,158
IAS 16 / IAS 38	851,943	719,993
IFRS 16	-	213,606
Total	**1,057,932**	**1,188,828**

f) Shareholders' Equity
The "FTA reserve" at January 1, 2021 reports a negative balance of Euro 3,774 thousand, as a result of IFRS adjustments, including positive and negative tax effects, made to the items recorded under Italian GAAP (the FTA reserve does not include the amounts of the cutting centre revaluation presented within the revaluation reserve). The table in Section 2.3.8 above details the adjustments resulting from the application of IFRS and recognised to the FTA reserve as of the Transition Date.

g) Employee benefit liabilities
Employee benefit liabilities relates to the liabilities connected with severance pay to employees. This balance sheet item at January 1, 2021 and at December 31, 2021 increased by Euro 234 thousand and Euro 326 thousand, respectively. This adjustment refers to the application of actuarial methods adopted in the valuation of post-employment benefits in accordance with IAS 19.

h) Long-term incentive plan
In application of IFRS2, a liability was recorded for the long-term incentive plan in the amount of Euro 205 thousand, gross of the tax effect.
For more information regarding the incentive plan, please refer to Section 3.3.21.

i) Finance lease liabilities - current and non current
Current and non current financial liabilities related to lease agreements, mainly of rented premises used for retail outlets, recorded as a result of the application of IFRS 16, amounted to Euro 22,484 at January 1, 2021 and Euro 20,825 thousand at December 31, 2021.
For each lease, with the exception of low-value and short-term contracts, the Group has applied IFRS 16 as of the Transition Date according to the following approach:

- the lease liability was measured as the present value of the remaining lease payments as of the Transition Date, discounted using the IBR as of that date;
- the value of the related right-of-use asset was determined to be equal to the lease liability, adjusted for the amount of any accruals related to the lease recognised in the balance sheet immediately prior to the transition to IFRS.

Sections 3.3.3 and 4 below explain the criteria adopted by the Group and the significant estimates made in accounting for leases.

j) Deferred tax liabilities
Deferred tax liabilities at January 1, 2021 and December 31, 2021 increased by Euro 473 thousand and Euro 37 thousand respectively due to the recognition of the tax effects related to other adjustments made in the transition to international accounting standards as detailed below

Standard	01.01.2021	31.12.2021
IAS 16 / IAS 38	473,084	40,350
IAS 19	-	9,077
IFRS 16	-	(12,689)
Total	**473,084**	**36,738**

Consolidated income statement for the year ended December 31, 2021
The most significant effects on the income statement concern the items "Costs for services and rental expenses", "Amortisation, depreciation and write-downs" and "Financial charges", which include adjustments related to the application of IFRS 16 on leases that resulted in the reversal of leases and the charging of amortisation, depreciation and interest to the income statement.

EXPLANATORY NOTES TO THE MAIN INCOME STATEMENT ACCOUNTS

Notes on the Group's main income statement accounts are presented below. For a better understanding of the performance of the income statement, please also refer to the comments included in the Directors' Report.

5. REVENUES FROM CONTRACTS WITH CUSTOMERS

Revenues from contracts with customers in 2022 amounted to Euro 46,375 thousand, compared to Euro 43,631 thousand in 2021 (up 6%). Breakdown by sales channel and geographic area for 2022 and 2021 is presented below:

	31 December at current exchange rates					
In thousands of €	2022	Inc. %	2021	Inc. %	Var	Var %
Retail	16,763	36%	13,996	32%	2,767	20%
Wholesale	26,680	58%	26,667	61%	14	0%
B2C	2,932	6%	2,968	7%	-37	-1%
Total	**46,375**	**100%**	**43,631**	**100%**	**2,744**	**6%**

	31 December at current exchange rates					
In thousands of €	2022	Inc. %	2021	Inc. %	Var	Var %
Italy	17,230	37%	15,982	37%	1,248	8%
Europe	13,916	30%	11,943	27%	1,973	17%
Rest of the world	15,230	33%	15,707	36%	-477	-3%
Total	**46,375**	**100%**	**43,631**	**100%**	**2,744**	**6%**

For greater details on the development of revenues in the year, reference should be made to the preceding section of the Directors' Report.
The Group presents the revenue breakdown disclosure following a qualiquantitative approach. The timing of revenue recognition, for sales of goods, whether through the retail or wholesale channel, occurs when control of the goods has been transferred to the customer, generally at the time of delivery

6. OTHER INCOME

Other income in 2022 mainly includes
- income from property leases benefiting the parent company for Euro 85,100, regarding the subleasing of leased spaces,
- photovoltaic plant grant recognised by Monnalisa S.p.A. for Euro 45,508,
- rebates and discounts of Euro 39,795,
- insurance damage recovery of Euro 50,622,
- operating grants of Euro 241,743, mainly related for Euro 119,993 to the research and development tax credit related to fiscal year 2022,
- grant received by the US subsidiary ML Retail for Euro 51,859 for the Employee Retention Credit project, which provided for the U.S. government to award a grant to partially cover some facility costs under the COVID-19 health emergency. Pursuant to Article 1, Paragraph 125 of Law No. 124 of August 4, 2017, in compliance with the obligation of transparency, it should be noted that on an accrual basis, the Group received the following contributions during fiscal year 2022:
- contributions for curricular internships amounting to Euro 3,760,
- energy bonus of Euro 39,689,
- tax credit for capital goods investment of Euro 14,714.

7. COST OF SALES AND OPERATING COSTS

The costs of sales and operating costs in 2022 amounted to Euro 49,520,966, compared to Euro 47,796,009 in 2021, increasing 4% on 2021, as a direct consequence of the increased revenues in the year. They are broken down by nature of expense in the following table:

Description	31/12/2022	31/12/2021	Changes
Change in inventories of goods	1,742,488	1,123,839	618,649
Raw materials, consumables and goods	12,057,107	11,710,292	346,815
Cost for services and use of third-party assets	15,267,281	15,376,041	(108,760)
Personnel costs	11,952,838	10,645,647	1,307,191
Amortisation and Depreciation	8,114,926	8,069,720	45,206
Other operating costs	386,325	870,470	(484,145)
Total	**49,520,966**	**47,796,009**	**1,724,957**

This item includes the costs required to produce the goods involved in core business activity. The costs of purchasing goods are taken to the income statement when the goods are delivered. Revenues and income, and costs and charges are recorded net of returns, discounts, rebates and premiums.
Costs of raw materials, goods and consumables including the change in inventories of finished products, are strictly related to that outlined in the Directors' Report and in the revenue performance section, and are recognised in accordance with the principle of correlation with revenues for the period. An 8% increase is reported due to the increase in revenues.

8. SERVICE COSTS AND RENT, LEASE AND SIMILAR COSTS

Service costs in 2022 amounts to Euro 15.3 million, in line with the comparative year and including costs for the acquisition of services for core operations which are recognised to the Income Statement on completion. Specifically, they mainly relate to the following accounts;
- Production services costs (sewing, ironing, embroidery, printing & other services) for Euro 3.1 million, related to the production of finished products,
- technical, industrial, administrative and commercial consultancy for Euro 1.9 million,
- transportation costs (on sales and/or purchases) of Euro 2.7 million,
- national and local advertising for Euro 800 thousand,

With regard to lease costs, it should be noted that some lease agreements that the Group has in place provide for payments based on turnover volumes achieved during the year (variable payments) that are recorded on an accrual basis and not included in the determination of the financial liability for leases.

9. PERSONNEL COSTS

The personnel costs incurred during the year amounted to Euro 11,952 thousand, an increase of 12% on the comparative year, which were significantly impacted by the lockdown and the use of social security schemes. The change at consolidated level also reflects the strengthening of a number of currencies with which the Group operates.
This account includes all costs for personnel including raises, promotions, vacation days not taken and provisions in accordance with law and national collective contractual agreements.
Employee termination indemnities, in addition to the portion accrued during the year, include the amount accrued and paid to personnel engaged and dismissed during the period and the amount contributed to external pension funds.

10. AMORTISATION, DEPRECIATION & WRITE-DOWNS

Amortisation and depreciation has been calculated based on the duration of the useful life of the asset or its use in production. They are broken down as follows:

Description	31/12/2022	31/12/2021	Changes
Depreciation of Tangible assets	2,006,193	2,354,969	(348,776)
Amortisation of Intangible assets	341,504	585,334	(243,830)
Amortisation of Right of use assets	5,493,019	4,932,400	560,619
Write-off of trade receivables	273,849	197,017	76,832
Total	**8,114,565**	**8,069,720**	**44,845**

The depreciation and amortisation was calculated considering the measurement criteria outlined in the relative paragraph above of these notes. Reference should be made to paragraphs 6.1, 6.2 and 6.3 for further details on investments in the year.
Write-downs include the write-down of trade receivables for Euro 273 thousand (Euro 197 thousand in 2021).

11. FINANCIAL MANAGEMENT

Financial income and charges in 2022 presents a net charge of Euro 1,342 thousand, compared to a net charge of Euro 589 thousand in the previous year.

Description	31/12/2022	31/12/2021	Changes
Interest income	11,855	4,288	7,567
Bank financial interests	(248,913)	(217,460)	(31,453)
Other financial interests	(241,219)	(201,176)	(40,043)
Financial interests for leasing IFRS16	(815,908)	(842,583)	26,675
Exchange losses	(910,760)	(564,926)	(345,834)
Exchange gains	862,475	1,233,058	(370,583)
Total	**(1,342,470)**	**(588,799)**	**(753,671)**

Bank financial interests mainly include the interest on short-term bank loans and on medium/long-term bank loans of the parent company.
The financial charges on employee benefits recognised with regards to the measurement as per IAS 19 of defined benefit plans are recognised to "Other financial interests" for Euro 48,357.
Interest for leasing amounted to Euro 816 thousand in 2022 (Euro 843 thousand in 2021).
The net unrealised component of currency management resulted in a net loss of Euro 48 thousand, compared to a net gain in the previous year of Euro 688 thousand

12. INCOME TAXES

Income taxes have been calculated on the basis of taxable profit taking account of the changes in the tax code applied by current legislation, applicable in the various countries in which the companies within the consolidation scope operate.
The breakdown is as follows:

Description	31/12/2022	31/12/2021	Changes
Current taxes	2,941	36,440	(33,499)
Deferred tax charges/(income)	(148,936)	(1,260,656)	1,111,720
Total	**(145,995)**	**(1,224,216)**	**1,078,221**

Deferred tax income/charges
Deferred taxes are calculated based on the global allocation criteria, taking into account the cumulative amount of all of the temporary differences, based on the average expected rates in force when these temporary differences reverse. Deferred taxes derive from the accrual in the year to the deferred tax liability provision.
Deferred tax assets are recorded if there is reasonable certainty that the temporary differences will reverse in future periods against assessable income not lower than the differences that will be reversed, particularly with regard to tax losses that may be carried forward indefinitely.
The breakdowns of the account is as follows:

Description	Deferred tax assets 2022	Deferred tax liabilities 2022
Tangible and intangible fixed assets	0	(273,964)
Inventories	382,620	0
Trade receivables	382,984	0
Trade receivables exchange effect	0	(49,753)
Receivables - IFRS 15	29,869	0
Liabilities for IFRS 2	8,562	0
Risks stores provision IFRS 16	19,530	0
Returns on sales provision	82,977	0
Service cost and interest cost of defined-benefit plans for employees	80,691	0
Valuation derivatives to OCI	0	0
Fiscal losses Monnalisa S.p.A.	2,060,631	0
Fiscal losses subsidiaries	279,956	0
IFRS 16 effects for subsidiaries	137,875	0
Intercompany margin on inventory	482,974	0
Other	380,853	(171,960)
Total	**4,329,522**	**(495,678)**

Regarding temporary differences and related deferred tax assets/liabilities impacting OCI, please refer to the table below:

Description	Amount	Deferred tax liabilities IRES	Deferred tax liabilities IRAP	Total Deferred tax liabilities 2022
Other comprehensive income/(loss) from recognition of defined-benefit plans for employees	262.164	62,919		62,919
Other comprehensive income/(loss) from hedging derivatives	290.054	69,613		69,613
Total	**555.218**	**132,532**		**132,532**

At December 31, 2022, the Company determined that the aforementioned deferred tax asset was reasonably certain to be recovered on the basis of a projection of future taxable profit according to its business plans and an estimate of the amount of the deferred tax assets reasonably recoverable.
At December 31, 2022, in view of the significant uncertainty on the overseas markets and with regards to the subsidiaries, the Group did not recognise deferred tax assets on the prior year losses of the subsidiaries, both with regards to the losses in the present year and in terms of prior year losses. The deferred tax assets on prior year losses therefore exclusively concern the parent company Monnalisa S.p.A.

EXPLANATORY NOTES ON THE MAIN BALANCE SHEET ACCOUNTS
(assets, shareholders' equity and liabilities)

13. PROPERTY, PLANT AND EQUIPMENT

The following table presents the movements in property, plant and equipment for the year ended December 31, 2022:

Description	31/12/2021	Increases	Decreases	Exc. diffs.	Other movements	Depreciation	31/12/2022
Land and buildings	11.635.620					(323.118)	11.312.501
Plant and machinery	2.411.592	105.095	0	(3.089)	0	(500.564)	2.013.034
Industrial and commercial equipment	298.141	4.501	(901)	20.758	0	(95.188)	227.311
Other assets	2.267.621	203.006	(2.408)	(332)	(4.958)	(615.885)	1.847.043
Assets in progress and advances	64.404	22.650	0	1.034	(64.404)	0	22.650
Migliorie su beni di terzi	871.821	226.060		22.337	21.729	(471.438)	670.509
Total	**17,549,199**	**561,313**	**(3,309)**	**40,708**	**(47,633)**	**(2,006,193)**	**16,094,084**

The increases in 2022 of Euro 561,313 mainly concern the purchase of equipment for the operational headquarters of Monnalisa S.p.A., improvements/restyling of existing stores and the capex to open the new Chengdu SKP sales point in China.

For all of the assets recognised to this category:
- The directors, also considering the extraordinary nature of the impacts from the continued consequences in a number of countries from the COVID-19 outbreak, consider that there are no impairments to property, plant and equipment.
- There are no commitments to purchase other assets;
- There are no capitalised borrowing costs.

As of December 31, 2022, any indicators of impairment, traceable through internal or external sources of information, were assessed. The analyses carried out did not reveal the need to carry out specific impairment tests targeting the carrying amounts expressed by the Group as of December 31, 2022 with respect to the right-of-use assets in question. As a reminder, assets obtained through a lease agreement are classified in the "Right of use assets" section that follows below.

14. RIGHT OF USE ASSETS

The breakdown of "Right of use assets" at December 31, 2022 are presented below:

Description	31/12/2021	Increases	Decreases	Exc. diffs.	Depreciation	31/12/2022
Buildings	20,553,289	5,234,398	(801,298)	202,419	(5,346,659)	19,842,149
Vehicles	235,097	116,187			(121,249)	230,035
Office equipments	175,733	0			(25,105)	150,628
Total	**20,964,119**	**5,350,585**	**(801,298)**	**202,419**	**(5,493,013)**	**20,222,812**

Buildings relates entirely to store leases and only residually to leases of other spaces.
The main increases recorded in 2022 refer to amendments and/or extensions of existing contracts for existing stores; while decreases mainly relate to the lease of a store of the subsidiary Monnalisa China, which was terminated early. The item includes costs for the restoration of premises leased from third parties on the basis of lease agreements that fall within the scope of IFRS16, which are set aside in the provisions for future risks and charges in compliance with the provisions of the standard.

As of December 31, 2022, any indicators of impairment, traceable through internal or external sources of information, were assessed. The analyses carried out did not reveal the need to carry out specific impairment tests targeting the carrying amounts expressed by the Group as of December 31, 2022 with respect to the right-of-use assets in question

15. INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

The following table outlines the composition and movement in the account for the year ended December 31, 2022:

Description	31/12/2021	Increases	Decre-ases	Exc. diffs.	Other mo-vements	Amortiza-tion	31/12/2022
Industrial patents	412,558	152,276	(3,880)	33,654	25,868	(223,371)	397,105
Key money	508,573	0	0	0	0	(118,134)	390,439
Intangible assets in progress	25,459	22,200	0	12	(25,868)	0	21,803
Total	**946,590**	**174,476**	**(3,880)**	**33,666**	**0**	**(341,504)**	**809,347**

The costs recorded are reasonably correlated to their future use, and are amortised on a straight-line basis in relation to their future residual utility. At each reporting date, the Company reviews the carrying value of its intangible and tangible assets to determine if there are indications that these assets have incurred a loss in value. When it is determined that a potential loss exists, the directors make valuations on the recoverable amount of those assets in order to identify the potential amount of the loss. If the recoverable amount of an asset (or a CGU) is lower than its carrying amount, it is impaired to that recoverable amount. An impairment is recognised to the income statement immediately. If there is an indication that an impairment loss recognised on an asset other than goodwill may no longer exist or may have decreased, the carrying amount of the asset shall be increased to its recoverable amount, but shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. The restated values are recognised immediately in the income statement. The directors, also considering the extraordinary nature of the impacts from the continued consequences in a number of countries from the COVID-19 outbreak, consider that there are no impairments to intangible assets.
During the year no financial charges were expensed to fixed assets.

16. OTHER NON CURRENT FINANCIAL ASSETS

The account includes a policy for Director severance pay in the amount of Euro 57 thousand and financial receivables for security deposits in the amount of Euro 825 thousand.
The account includes minor investments in other companies, as specified below. The account amounts to Euro 8,624 and does not report any changes compared to 31.12.2021:

Description	Book value	Fair value
CONSORZIO BIMBO ITALIA	1,291	1,291
POLO UNIVERSITARIO ARETINO	510	510
CONAI	23	23
CONSORZIO SVILUPPO PRATACC	500	500
CONSORZIO TOSCANA LOFT	1,300	1,300
FONDAZIONE MADE IN RUSSEL	5,000	5,000
Total	**8,624**	**8,624**

Financial assets were not recognised at amounts above fair value.

17. DEFERRED TAX ASSETS

With regards to the comments on deferred tax assets reference should be made to the deferred tax assets and liabilities reported in the income statement section above.
In accordance with IAS 12, the Group determined that the aforementioned deferred tax asset was reasonably certain to be recovered on the basis of a projection of future taxable profit according to its business plans and an estimate of the amount of the deferred tax assets reasonably recoverable.

18. INVENTORIES

At December 31, 2022, inventories amounted to Euro 14,538 thousand. They are broken down as follows:

Description	31/12/2022	31/12/2021	Changes
Raw materials, supplies and consumables	2,816,554	1,887,649	928,905
Work in progress and semi-finished products	713,926	1,176,661	(462,735)
Finished products and goods	10,907,143	12,140,895	(1,233,752)
Advances	100,390	104,498	(4,108)
Total	**14,538,012**	**15,309,703**	**(771,691)**

The change in finished product inventories and raw materials reflects the expected value estimates, based on the sales capacity through the usual distribution channels. Specifically, the value of finished products and work in progress inventory in the first half of each year is generally higher than in December. The finished product obsolescence provision and the raw material obsolescence provision reflect management's best estimate based on the allocation of inventory by year and season, on past experience and on future sales prospects. The two obsolescence provisions total Euro 1.4 million (Euro 1.6 million at December 31, 2021).

19. TOTAL RECEIVABLES

The account is broken down as follows:

Description	31/12/2022	31/12/2021	Changes
Trade receivables	9,543,769	9,254,642	(10,873)
Allowance for doubtful accounts	(1.684.815)	(1.618.180)	(66.635)
Total	**7,858,954**	**76,462**	**(77,508)**

Trade receivables essentially concern wholesale sales and increased slightly on December 31, 2021, in line with the increase in revenues in the year. The relative allowance for doubtful accounts is considered adequate to deal with any insolvencies. The movement in the allowance for the doubtful accounts in 2022 was as follows:

Description	Total
Balance at 31/12/2021	**1,618,180**
Utilisation in the period	(197,756)
Provision in the period	264,391
Balance at 31/12/2022	**1,684,815**

The doubtful debt provision was calculated considering the amount of doubtful receivables, analysing the specific conditions of the individual Group clients, any guarantees provided to the Group and appropriately assessing disputes and progress and the possibility of recovering overdue receivables. The Group has, in addition, analysed the average rate of customer default and loss on accounts receivable reported in recent years, in order to assess the consistency of the findings of the analyses conducted on the expected loss on accounts receivable of each customer with the historical loss rate.

20. TAX RECEIVABLES

"Tax receivables" mainly include:
- VAT receivables for approx. Euro 430,029,
- IRES and IRAP advances for Euro 652,678,
- Research and Development credit for Euro 235,901

21. OTHER CURRENT ASSETS

At December 31, 2022, Other current assets amounted to Euro 1,245,169 and mainly included prepaid expenses of Euro 363,466 (Euro 540,000 at December 31, 2021) and the parent company's receivable from Jafin S.r.l. in the amount of Euro 360,000, following the early repayment of the bond loan by the latter through partial offsetting against some of the future rents for the use of the properties located in Milan, also providing for a reduction in the rent in favour of Monnalisa S.p.A.

Description	31/12/2021	Changes	31/12/2022
Financial Derivatives	19,436	270,622	290,058
Other financial receivables	380,402	(160,452)	219,951
Total	**399,838**	**110,171**	**510,009**

The account mainly includes the fair value measurement of the existing derivative contracts, undertaken by the parent company Monnalisa S.p.A. For further details, reference should be made to the "Information on the fair value of derivative financial instruments" paragraph.

23. CASH AND CASH EQUIVALENTS

The balance concerns cash and cash equivalents and cash on hand at December 31, 2022:

Description	31/12/2022	31/12/2021	Changes
Bank & postal deposits	3,313,629	4,492,979	(1,179,350)
Cash & cash equivalents on hand	94,534	67,090	27,444
Total	**3,408,163**	**4,560,070**	**(1,151,906)**

The account reflects the balance of cash and cash equivalents on hand at year-end. Bank and postal deposits and cheques are valued at realisable value, while cash is valued at nominal value. There are no restricted accounts.
Monetary amounts in foreign currencies are recognised at the exchange rate at the reporting date.

24. SHAREHOLDER'S EQUITY

Statement of changes in Group Shareholders' equity

Descrizione	Share capital	Legal Reserve	Reva-luation reserve	Cash flow hedge reserve	Other reserves	Effect IAS 19 Equityy	Retained earnings	Net profit/ (loss) for the period	Group shareholders' equity
As at 01/01/2022	**10,000,000**	**1,108,276**	**3,969,584**	**11,727**	**6,775,672**	**(99,113)**	**6,956,478**	**(2,110,890)**	**26,611,734**
Allocation of result		34,930			352,053		(2,497,873)	2,110,890	-
Other movements IAS 29			60,989						60,989
Net profit/(loss) for the period								(3,248,398)	(3,248,398)
Other comprehensive								(3.248.398)	(3.248.398)
income/(loss)				208,104	86,276	298,358			592,738
As at 31/12/2022	**10,000,000**	**1,143,206**	**4,030,573**	**219,831**	**7,214,001**	**199,245**	**4,458,605**	**(3,248,398)**	**24,017,063**

At the reporting date, securities in circulation concerned only 5,236,300 ordinary shares of a nominal value of Euro 10,000,000.
Other reserves mainly comprise:
- the share premium reserve of the parent company for Euro 9,063,125, recognised on the share capital increase following the listing,
- the non-distributable reserve for currency differences of Euro 352,053,
- the treasury shares in portfolio reserve of the parent company, for a negative Euro 149,915,
- the translation reserve, for Euro 28,445, which reflects the changes in the value of the share of the equity of the subsidiaries, due to movements in the exchange rates of the functional currencies of the companies, against the Group's functional currency,
- the negative FTA reserve for Euro 2,764 thousand.

The "IAS 19 equity effect" account includes the amounts recognised against the measurement differences required by IFRS in comparison to the local GAAP of the parent company, and concern the actuarial valuation of the employee benefit plans, calculated in accordance with that outlined at note 26 below. No convertible bonds have been issued. No "stock-option" plans have been approved. Amounts shown are net of tax effects where applicable

25. PROVISIONS FOR RISKS AND CHARGES

They are broken down in the following table:

Description	31/12/2022	31/12/2021	Changes
Provisions for pension and similar	49,022	65,195	(16,173)
Product returns charges provision	297,407	255,229	42,178
Other	382,555	390,000	(7,445)
Total	**728,984**	**710,424**	**18,560**

Provisions for risks and charges are recorded in respect of certain or probable losses or payables, the amount or due date of which could not be determined at the reporting date.
These provisions have been measured in accordance with the prudence and accruals concepts and no provision has been made for matters without any economic justification. The contingent liabilities reflected in these provisions are probable and may be estimated with reasonable accuracy.
This account mainly comprises:
- Agents indemnity provision of Euro 49,022,
- The product returns charges provision for Euro 297 thousand, which is estimated on the basis of future forecasts and taking into account historical trends, given that the goods are in any case returned by the preparation date of the financial statements and that the return results in a contraction in period revenues,
- Provision for restoration of space used for retail activities of Euro 375 thousand

26. EMPLOYEE BENEFIT LIABILITIES

The account includes the amount due to employees at the reporting date, calculated in accordance with Article 2120 of the Italian Civil Code and any national and supplementary contracts in effect. The liability mainly relates to the post-employment severance for employees of the parent company Monnalisa S.p.A., adjusted in accordance with IAS 19.
Changes in employee benefit liabilities are shown below:

In thousand of Euro	31.12.2022
Defined benefit obligation 01.01.2022	2,493
Service Cost	288
Interest Cost	48
Benefits Paid	(109)
Payments to Funds	(24)
Expected DBO 31.12.2022	2,696
Actuarial (Gains)/Losses for experience	83
Actuarial (Gains)/Losses for assumptions	(475)
Defined benefit obligation 31.12.2022	**2,304**

The main demographic and economic assumptions used are as follows:

	31.12.2022	31.12.2021
Annual discount rate	3.22%	0.98%
Annual inflation rate	2.10%	1.75%
Annual increase rate severance pay	3.075%	2.813%
Annual wage increase rate	0.50%	0.50%

Specifically, the annual discount rate used to determine the present value of the bond was derived, consistent with para. 83 of IAS 19, from the Iboxx Corporate AA index with duration 10+ recognised at the valuation date. For these purposes, the yield with a comparable duration to the duration of company employees subject to valuation was chosen.
The annual rate of increase of severance pay, as stipulated in Article 2120 of the Civil Code, is 75% of inflation plus 1.5 percentage points.
The technical demographic bases used at December 31, 2022 are shown below:

Technical bases	31.12.2022
Death	RG48 mortality tables produced by the General State Accounting Body
Inability	INPS tables different according to age and sex
Retirement	100% to the achievement of the requirements AGO appropriate to Decree-Law n.4/2019AGO in accordance with D.L: n.4/2019

Annual turnover and severance pay advance frequencies are assumed to be 3.00% and 5.00%, respectively, and are inferred based on historical experience.

27. OTHER NON CURRENT LIABILITIES

The account mainly includes Euro 103,173 (193,122 at 31/12/2021) of the outstanding liability for the long-term incentive plan, before tax effect, illustrated above.

28. CURRENT AND NON CURRENT LEASE LIABILITIES

Changes in the lease liability in 2022 are shown below:

Lease liabilities	
As at 01.01.2022	**20,825,308**
Exchange difference	(657,239)
Increase	5,942,111
Decrease	(806,988)
Lease Payments	(5,857,104)
Interests on lease liabilities	815,908
As at 31.12.2022	**20,261,996**

The average IBR applied to existing contracts when IFRS 16 was first applied was 3.5%; for contractual changes made in the second half of 2022, the rate was revised, in line with the standard's requirements, and an average IBR rate of 5.9% was applied.

29. NON FINANCIAL CURRENT LIABILITIES

The account is broken down as follows:

Description	31/12/2022	31/12/2021	Changes
Trade payables	8,291,096	7,289,430	1,001,666
Tax payables	487,587	429,106	58,481
Other current payables	2,542,405	2,428,685	113,720
Total	11,321,088	10,147,221	1,173,867

The account comprises:

- "Trade payables": recorded net of commercial discounts; "cash" discounts are recorded on payment;
- "Tax payables": includes only definite tax liabilities, net of the relative advances, as the liabilities for probable income taxes or where the amount or the date of payment is uncertain, in relation to deferred tax liabilities, are recorded in the account "Deferred tax liabilities". The account amounted to Euro 487,587 (Euro 429,196 at December 31, 2021) and includes, in particular, sums withheld from employees and self-employed workers and duly paid in 2023;
- "Other current liabilities" mostly concern accrued commissions payable to agents of Euro 187,697 thousand, deferred amounts and additional months payable to employees of Euro 1,518,618, duly settled in 2023, and advances from customers for Euro 519 thousand.

No transactions giving rise to the obligation to return goods were undertaken, nor do payables to shareholders for loans to be settled according to set maturities and subordination clauses exist.

30. FINANCIAL PAYABLES

A breakdown of current and non current loans and borrowings is given below

Description	31/12/2022	31/12/2021	Changes
Financial current liabilities	6,135,390	8,007,615	(1,872,225)
Financial non current liabilities	6,083,387	5,504,377	579,010

During 2022, the parent company Monnalisa S.p.A. repaid long-term loans through cash flow generated from operations.
No new loan agreements were signed in 2022, except for the disbursement of the second tranche of a SIMEST loan; existing loans do not have covenant clauses.

31. OTHER INFORMATION

Information on the fair value of the financial derivative instruments
Derivative financial instruments are only used for the hedging of financial risks related to exchange rate fluctuations on commercial transactions in foreign currency.
The fair value and information on the entity and nature of each category of derivative financial instruments issued by the company are detailed below. These are sub-divided by class taking into account the characteristics of the instruments and their purpose.
The hedging operations at December 31, 2022 with financial counterparties comprise:

Interest Rate Cap (1)

Contract ID	23950927
Date of the operation	27/12/2018
Counterparty	Unicredit S.p.A.
Maturity Date	31/12/2026
Notional Amount	3,157,895 euro
Premium	Euribor 6 months
Bank Parameter Rate	Euribor 6 months
Client Parameter Rate	1%

At 31/12/2022, the mark to market of the transaction was Euro +169,224.

Interest Rate Swap

Contract ID	26966309
Date of the operation	22/09/2020
Counterparty	Unicredit S.p.A.
Maturity Date	30/09/2025
Notional Amount	2,909,534 euro
Premium	Euribor 3 months
Bank Parameter Rate	Euribor 3 months
Client Parameter Rate	-0.2%

At 31/12/2022, the mark to market of the transaction was Euro +120,834.

Information on loans for specific business purposes
In accordance with Article 2427, No. 21), no loans for specific business purposes exist.

Related party transactions
The amounts, nature of the amount and any additional information considered necessary with regards to these transactions, where considered significant and not at market conditions, is provided below.
Information upon the individual transactions is categorised by nature, except where separate indication is considered necessary to understand the effects of the transactions on the balance sheet, financial position and consolidated result of the company.

Description	Trade receivables	Financial receivables	Other receivables	Trade payables	Other payables	Revenues	Costs
Jafin S.r.l.	12,200		360,000			10,000	410,208
Fondazione Monnalisa	194,193					52,913	
Hermes & Athena Consulting Srl				120,000			200,000
Barbara Bertocci							127,500
Diletta Iacomoni							227,272

Off-balance sheet agreements
There are no off-balance sheet agreements.

Information on the remuneration of the Independent Audit Firm, directors and the statutory auditors
In accordance with law, we report:

- the consideration in the year for the services provided by the Independent Audit Firm and the entities within its network to the Group for the audit of the parent company for Euro 63,000, of Euro 42,300 for the audit of the statutory and consolidated financial statements and Euro 12,700 for the limited audit of the interim consolidated half-year financial statements at June 30, 2022. Euro 8,000 for other work is in addition considered.
- the remuneration paid to parent company Directors and Statutory Auditors follows, including that for the performance of functions in other companies included in the consolidation:

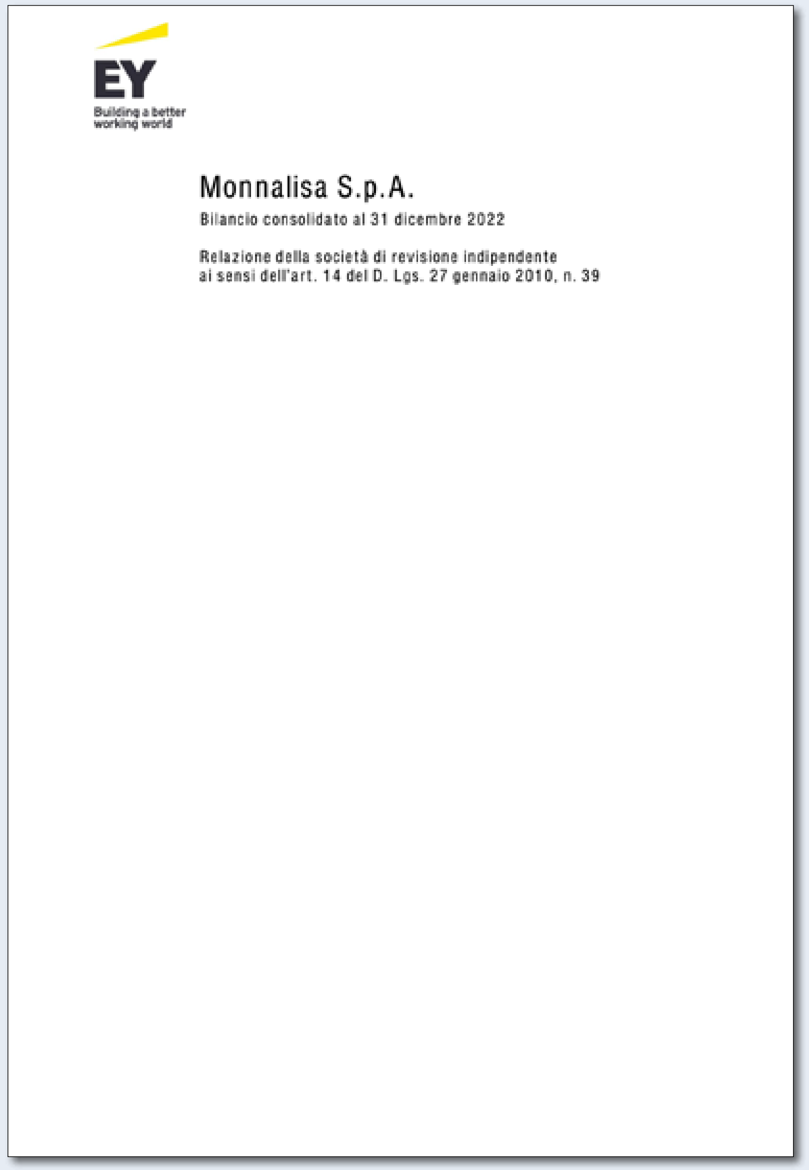
Category	Fee 2022
Directors	320,000
Board of Statutory Auditors	49,000
Total	369,000

The Chairman and Chief Executive Officer announced the partial waiver of their remuneration for the current year, with a total reduction of Euro 175,000.

Significant non-recurring and/or atypical events and transactions
No significant non-recurring events or transactions were undertaken by the Monnalisa Group in 2022.
The Group did not carry out atypical and/or unusual transactions whose nature or purpose may compromise the completeness and accuracy of the financial statement disclosure provided.

32. SIGNIFICANT EVENTS IN THE YEAR

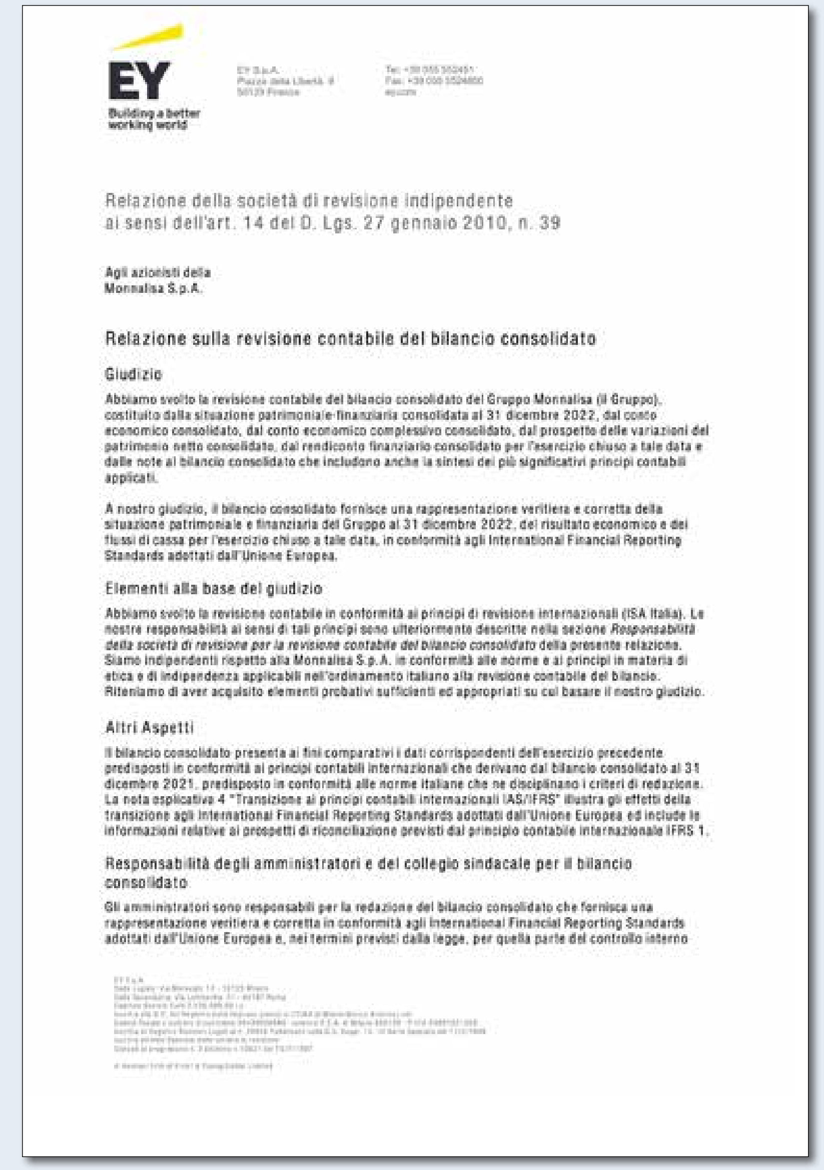
2022 featured the outbreak of the conflict between Russia and Ukraine and the ensuing consequences for the global economy. The year was significantly impacted also by the continued pandemic crises, particularly in China, with effects also on the eastern market in general. The post-pandemic situation in China, Hong Kong and Taiwan has seriously challenged an economic recovery, with such expected signs of recovery therefore not yet materialising for the Group's operating and financial performance.
The Group adopted from January 1, 2022, for the preparation of the consolidated financial statements, the version of IFRS adopted by the European Union (hereafter also "IFRS"). Reference should be made to paragraph 4 above for further information.


Building a better working world

Monnalisa S.p.A.

Bilancio consolidato al 31 dicembre 2022

Relazione della società di revisione indipendente
ai sensi dell'art. 14 del D. Lgs. 27 gennaio 2010, n. 39


Building a better working world

Relazione della società di revisione indipendente
ai sensi dell'art. 14 del D. Lgs. 27 gennaio 2010, n. 39

Agli azionisti della
Monnalisa S.p.A.

Relazione sulla revisione contabile del bilancio consolidato

Giudizio

Abbiamo svolto la revisione contabile del bilancio consolidato del Gruppo Monnalisa (il Gruppo), costituito dalla situazione patrimoniale-finanziaria consolidata al 31 dicembre 2022, dal conto economico consolidato, dal conto economico complessivo consolidato, dal prospetto delle variazioni del patrimonio netto consolidato, dal rendiconto finanziario consolidato per l'esercizio chiuso a tale data e dalle note al bilancio consolidato che includono anche la sintesi dei più significativi principi contabili applicati.

A nostro giudizio, il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo al 31 dicembre 2022, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data, in conformità agli International Financial Reporting Standards adottati dall'Unione Europea.

Elementi alla base del giudizio

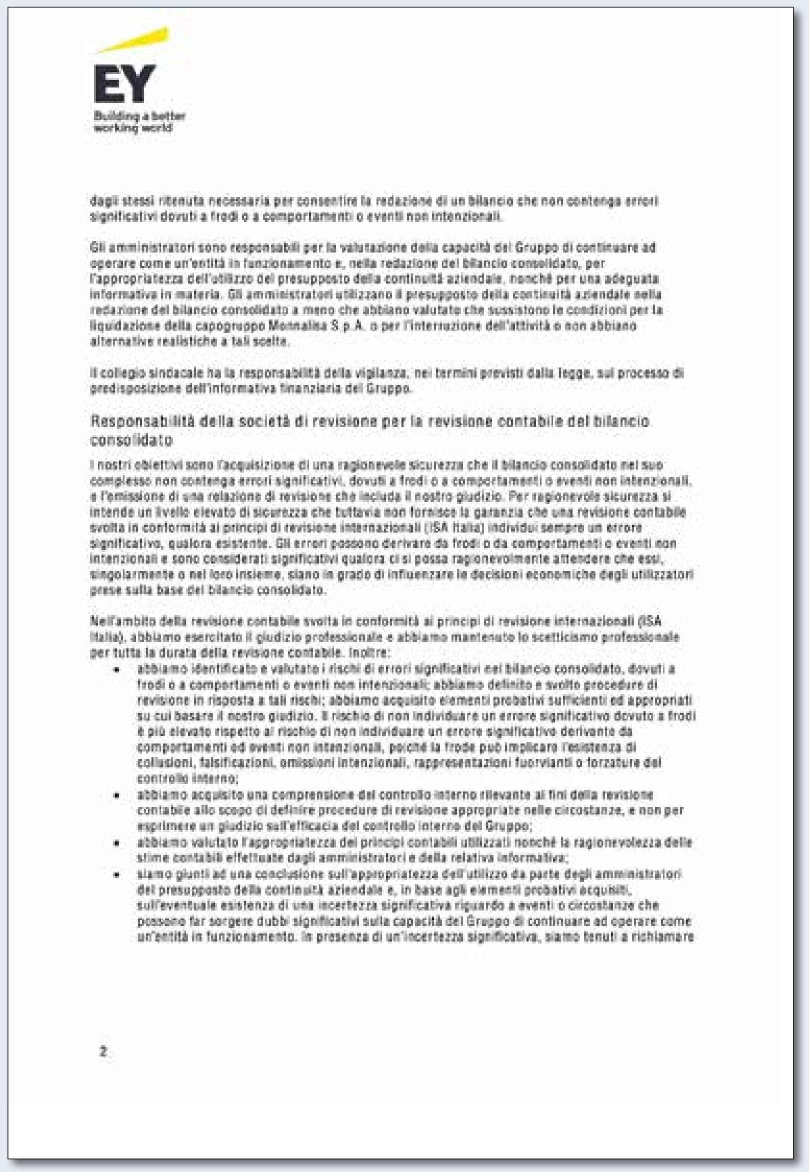
Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio consolidato* della presente relazione. Siamo indipendenti rispetto alla Monnalisa S.p.A. in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Altri Aspetti

Il bilancio consolidato presenta ai fini comparativi i dati corrispondenti dell'esercizio precedente predisposti in conformità ai principi contabili internazionali che derivano dal bilancio consolidato al 31 dicembre 2021, predisposto in conformità alle norme italiane che ne disciplinano i criteri di redazione. La nota esplicativa 4 "Transizione ai principi contabili internazionali IAS/IFRS" illustra gli effetti della transizione agli International Financial Reporting Standards adottati dall'Unione Europea ed include le informazioni relative ai prospetti di riconciliazione previsti dal principio contabile internazionale IFRS 1.

Responsabilità degli amministratori e del collegio sindacale per il bilancio consolidato

Gli amministratori sono responsabili per la redazione del bilancio consolidato che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea e, nei termini previsti dalla legge, per quella parte del controllo interno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dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili per la valutazione della capacità del Gruppo di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio consolidato, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio consolidato a meno che abbiano valutato che sussistono le condizioni per la liquidazione della capogruppo Monnalisa S.p.A. o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria del Gruppo.

Responsabilità della società di revisione per la revisione contabile del bilancio consolidato

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio consolidato nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che tuttavia non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche degli utilizzatori prese sulla base del bilancio consolidato.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio consolidato, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti od eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze, e non per esprimere un giudizio sull'efficacia del controllo interno del Gruppo;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli amministratori e della relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità del Gruppo di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare

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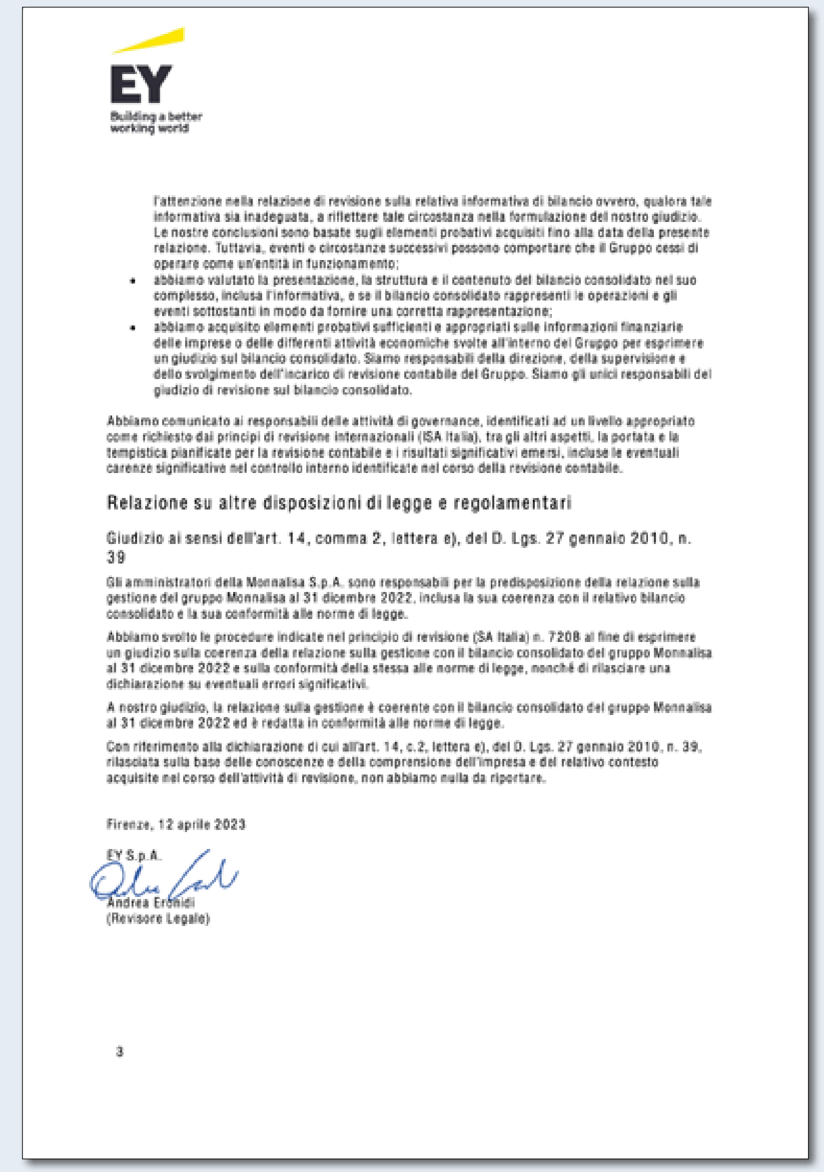
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l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che il Gruppo cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio consolidato nel suo complesso, inclusa l'informativa, e se il bilancio consolidato rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione;
- abbiamo acquisito elementi probativi sufficienti e appropriati sulle informazioni finanziarie delle imprese o delle differenti attività economiche svolte all'interno del Gruppo per esprimere un giudizio sul bilancio consolidato. Siamo responsabili della direzione, della supervisione e dello svolgimento dell'incarico di revisione contabile del Gruppo. Siamo gli unici responsabili del giudizio di revisione sul bilancio consolidato.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dai principi di revisione internazionali (ISA Italia), tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Relazione su altre disposizioni di legge e regolamentari

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39

Gli amministratori della Monnalisa S.p.A. sono responsabili per la predisposizione della relazione sulla gestione del gruppo Monnalisa al 31 dicembre 2022, inclusa la sua coerenza con il relativo bilancio consolidato e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio consolidato del gruppo Monnalisa al 31 dicembre 2022 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio consolidato del gruppo Monnalisa al 31 dicembre 2022 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, c.2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Firenze, 12 aprile 2023

EY S.p.A.

Andrea Eronidi
(Revisore Legale)

3

SEPARATE FINANCIAL STATEMENTS

AT 31/12/2022

FINANCIAL STATEMENTS

Statutory Income Statement

(Euro)	Notes	31/12/2022	of which with related parties	31/12/2021	of which with related parties
Revenues from contracts with customers	5	39,689,167	3,728,025	36,919,266	2,973,357
Other income and revenues	6	1,297,480	327,072	1,413,938	340,477
Revenues		**40,986,647**		**38,333,205**	
Changes in inventories of work in progress, semi-finished goods and finished products	7	(1,807,183)		(320,249)	
Raw materials, finished products and consumables used	7	(11.584.294)		(11,334,873)	
Costs for services	8	(13,328,077)	(1,004,750)	(12,723,819)	(1,253,754)
Personnel costs	9	(9,258,148)	(227,272)	(8,223,943)	
Amortization, depreciation and write-downs	10	(4,498,977)		(5,136,310)	
Other operating costs		(278,937)		(342,391)	
Operating profit/(loss)		**231,030**		**251,618**	
Financial charges	11	(894,895)		(875,556)	
Financial income	11	60,751	50,044	44,332	41,591
Gains/(losses) on exchange rate differences	11	400,724		262,825	
Profit before taxes		**(202,390)**		**(316,781)**	
Income Taxes	12	7,373		1,099,528	
Net profit/(loss) for the period		**(195,016)**		**782,747**	

Statutory Comprehensive Income Statement

(Euro)	Note	31/12/2022	31/12/2021
Net profit/(loss) for the period		**(195,017)**	**782,747**
Net gain/(Loss) from hedging derivatives	25	208,105	32,971
Total other income/(losses) that will be subsequently reclassified to net profit/(loss) for the period, net of taxes		**208,105**	**32,971**
Net gain/(loss) from recognition of defined-benefit plans for employees	25	298,358	(99,113)
Total other gains / (losses) that will not be subsequently reclassified to net profit/(loss) for the period, net of taxes		**298,358**	**(99,113)**
Total other gains / (losses) net of taxes		**506,463**	**(66,142)**
Total comprehensive income for the period, net of taxes		**311,446**	**716,605**

Statutory Balance Sheet

(Euro)	Note	31/12/2022	of which with related parties	31/12/2021	of which with related parties	31/12/2020	of which with related parties
NON CURRENT ASSETS							
Property, plant and equipment	13	14,868,601		16,005,341		17,662,108	
Right of use assets	14	11,403,587		13,463,036		15,802,108	
Intangible assets with a finite useful life	15	746,644		906,870		1,127,873	
Equity investments in subsidiaries	16	9,780,502		9,765,502		9,765,502	
Other non current financial assets	17	3,075,344	2,802,655	2,988,750	2,743,754	4,140,942	3,901,939
Deferred tax assets	18	2,841,432		3,943,166		2,924,098	
TOTAL NON CURRENT ASSETS		**42,716,109**	**2,802,655**	**47,072,665**	**2,743,754**	**51,422,631**	**3,901,939**
CURRENT ASSETS							
Inventories	19	11,904,557		12,782,300		13,465,606	
Trade Receivables	20	17,466,616	9,868,668	15,901,358	8,918,190	12,936,356	6,385,676
Tax Receivables	21	1,407,514		1,048,308		1,519,121	
Other current assets	22	928,866	360,000	962,448	540,000	405,883	
Other current financial assets	23	2,726,509	2,436,451	2,294,780	2,275,344	625,533	621,700
Cash and cash equivalents	24	1,903,949		2,797,458		2,612,791	
TOTAL CURRENT ASSETS		**36,338,012**	**12,665,119**	**35,786,653**	**11,733,534**	**31,565,291**	**7,007,376**
TOTAL ASSETS		**79,054,121**	**15,467,775**	**82,859,318**	**14,477,288**	**82,987,922**	**10,909,315**
SHAREHOLDERS' EQUITY							
Share capital	25	10,000,000		10,000,000		10,000,000	
Reserves	25	31,178,372		29,889,162		34,499,511	
Net profit/(loss)		(195,016)		782,747		(4,544,205)	
TOTAL SHAREHOLDERS' EQUITY		**40,983,356**		**40,671,909**		**39,955,306**	
NON CURRENT LIABILITIES							
Non current financial liabilities	26	6,135,390		8,007,615		10,140,004	
Provisions for risk and charges	27	416,429		405,425		703,643	
Employee benefit liabilities	28	2,303,543		2,560,948		2,254,651	
Other non current liabilities	29	142,977		218,926		293,256	
Non current lease liabilities	30	9,234,336		10,779,514		13,058,559	
Deferred tax liabilities	32	132,533		1,084,140		1,214,793	
TOTAL NON CURRENT LIABILITIES		**18,365,208**	**0**	**23,056,569**	**0**	**27,664,906**	
CURRENT LIABILITIES							
Trade payables	31	8,961,680	1,175,468	8,638,276	1,853,274	6,804,282	1,008,222
Current financial liabilities	26	6,083,387		5,504,377		4,204,347	
Tax payables	31	443,279		374,622		417,411	
Other current liabilities	31	2,319,952		2,178,871	16,640	1,908,719	139,088
Current lease liabilities	30	1,897,259		2,431,495		2,001,971	
Other current financial liabilities		0		3,199		30,978	
TOTAL CURRENT LIABILITIES		**19,705,557**	**1,175,468**	**19,130,841**	**1,869,914**	**15,367,709**	**1,147,310**
TOTAL LIABILITIES		**38,070,765**	**1,175,468**	**42,187,410**	**1,869,914**	**43,032,615**	**1,147,310**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**79,054,121**	**1,175,468**	**82,859,318**	**1,869,914**	**82,987,922**	**1,147,310**

Statutory Statement of changes in Shareholders' Equity

(Euro) Note 25	Share	Riserva legale	Riserva di rivalutazione	Riserva per copertura di flussi finanz. attesi	Altre riserve	Effetto IAS 19 Equity	Utile (perdita) portato a nuovo	Utile (perdita) del periodo	Totale patrimonio netto
As at 01.01.2021	10,000,000	1,108,276	3,969,582	(21,243)	8,049,453	0	21,393,442	(4,544,205)	39,955,306
Allocation of result							(4,544,205)	4,544,205	**0**
Net profit/(loss) for the period								782,747	**782,747**
Other comprehensive income/(loss)				32,968		(99,113)		-	**(66,145)**
As at 31.12.2021	10,000,000	1,108,276	3,969,582	11,725	8,049,453	(99,113)	16,849,237	782,747	40,671,909
	equity								
As at 01.01.2022	10,000,000	1,108,276	3,969,582	11,727	8,049,453	(99,113)	16,849,238	782,747	40,671,909
Allocation of result		34,930			352,053		395,765	(782,747)	**0**
Net profit/(loss) for the period								(195,016)	**(195,016)**
Other comprehensive income/(loss)				208,105		298,358			**506,463**
As at 31.12.2022	10,000,000	1,143,206	3,969,582	219,832	8,401,506	199,245	17,245,003	(195,016)	40,983,356

STATUTORY CASH FLOW STATEMENT

(Euro)	31.12.2022	of which with related parties	31.12.2022	of which with related parties
Net Profit/(loss) for the period	**(195,016)**		**782,747**	
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	4.225.128		4.740.415	
Income taxes	(7,373)		(1,099,528)	
Provision for employee benefit plans	325,279		298,632	
Allocation to/(use of) the provision for obsolete inventory	0		0	
Losses and provision for bad debt	264,031		197,000	
Losses/(gains) on disposal of tangible/intangible assets	0		0	
Interest expense and interest expense on lease liabilities	894,895		875,557	
Interest income	(60,751)		(44,332)	
Other non-monetary items	(37,953)		198,895	
Changes in operating assets and liabilities				
Inventories	877,743		683,306	
Trade receivables	(1,565,258)	(1,547,417)	(351,894)	(134,275)
Trade payables	323,404	91,648	636,528	(390,046)
Other receivables and tax payables	35,006		78,125	
Other assets and liabilities	676,820		(846,249)	
Employee benefits payments	(133,026)		(117,137)	
Income taxes paid	(1,003,927)		0	
Interest expense and interest expense on lease liabilities paid	(834,144)		(875,557)	
Interest income received	11,851		0	
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**3,796,708**	**(1,455,769)**	**5,156,508**	**(524,321)**
Cash flow from investing activities				
Purchase of tangible assets	(324,782)		(326,409)	
Purchase of intangible assets	(169,115)		(205,038)	
Proceeds from the sale of tangible and intangible assets	0		0	
NET CAS FROM (USED IN) INVESTING ACTIVITIES	**(493,897)**	**0**	**(531,447)**	**0**
Cash flow from financing activities				
Net change in financial receivables	(159,385)		(1,041,451)	
Net change in financial payables	(1,293,256)		(832,359)	
Repayment of lease liabilities	(2,743,679)		(2,566,584)	
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**(4,196,320)**	**0**	**(4,440,394)**	**0**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(893,509)**	**(1,455,769)**	**184,667**	**(524,321)**
-				
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**2.797.458**		**2.612.791**	
Increase (decrease) of net cash and cash equivalents	(893.509)		184.667	
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**1.903.949**		**2.797.458**	

EXPLANATORY NOTES
to the Separate Financial Statements
AT 31/12/2022

1. GENERAL INFORMATION

Monnalisa S.p.A. (hereafter "the Company") is a company incorporated under the laws of the Italian Republic and domiciled in Italy, with its registered office in Arezzo at Via Madame Curie No. 7.
The financial statements for the year ended December 31, 2022, presented for your examination and approval, report a net loss of Euro 195,016.

2. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS IAS/IFRS

From January 1, 2022, the company adopted for the preparation of the financial statements the IFRS accounting standards in the version adopted by the European Union (hereinafter also "IFRS") designating January 1, 2021 as the transition date to the new accounting standards. The last financial statements prepared in accordance with Italian GAAP (OIC) refer to the year ended December 31, 2021.
The present attachment discloses the information required by IFRS 1 and, in particular, the description of the impacts from the transition to IFRS on the balance sheet and income statement of the company. For this purpose, the following were drawn up:

- una descrizione dei criteri di valutazione riguardanti le regole di a description of the accounting policies regarding the application rules of IAS/IFRS and the accounting treatments chosen under the accounting options permitted by those standards;
- the reconciliation between the balance sheets of the Company (i) at January 1, 2021 (Transition Date), (ii) at December 31, 2021 (date of the last financial statements prepared in accordance with Italian GAAP), drawn up in accordance with Italian GAAP and with IFRS;
- the reconciliation of the income statement and the comprehensive income statement for the year ended December 31, 2021 prepared in accordance with Italian GAAP and with IFRS;
- the reconciliation between the shareholders' equity and net result at January 1, 2021 and December 31, 2021 prepared in accordance with Italian GAAP and with IFRS;
- the reconciliation of the cash flow statement at December 31, 2021 prepared in accordance with Italian GAAP and reclassified in accordance with the classification criteria chosen by the Company for IFRS financial statements and the cash flow statement prepared in accordance with IFRS;
- the explanatory notes relating to the adjustments and reclassifications included in the above-mentioned reconciliation statements, which describe the significant effects of the transition, with regard to the classification of the various accounts in the financial statements and in relation to their measurement and, therefore, to the consequent effects on the balance sheet, financial position and income statement..

Basis of presentation of reconciliation statements
The reconciliation statements show the IFRS adjustments and reclassifications made to reflect changes in the presentation, recognition and measurement criteria required by IFRS compared to the Company's historical data prepared in accordance with Italian GAAP.
It should also be noted that the reconciliation statements have been prepared in accordance with IFRSs in effect at the date of their preparation, including: the IFRSs recently adopted by the International Accounting Standards Board ("IASB"), International Accounting Standards (IAS), and interpretations by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC).

The effects of the transition to IFRS derive from changes in accounting policies and, consequently, as required by IFRS 1 are reflected in the opening equity at the transition date (January 1, 2021) in a specific "FTA Reserve".
The transition to IFRS has required maintaining the estimates previously made as per Italian GAAP ("OIC"), unless the adoption of IFRS has required the drafting of estimates using different methods.
No exceptions to the application of IFRS were applied in the preparation of these reconciliation statements.

Application rules and accounting options on adoption of IFRS and selected policies
The balance sheet as of January 1, 2021 reflects the following differences in treatment compared to the balance sheet values measured in accordance with Italian GAAP on the same date:

- all and only assets and liabilities recognisable under IFRS were recognised; including those not provided for in application of the OICs;
- all assets and liabilities whose recognition is required by the OICs but not permitted by IAS/IFRS have been eliminated;
- the accounts previously indicated in a manner differing from that established under IFRS were reclassified;
- assets and liabilities were recognised at the values that would have been determined had the new standards always been applied except for the exemptions/options allowed under IFRS 1;
- all adjustments resulting from the first-time application of IFRS were recognised with a balancing entry in shareholders' equity net of the tax effect from time to time recognised in the deferred tax provision or in deferred tax assets; the latter were recognised to the extent that it was considered probable that future taxable income would be available against which they could be recovered.

IFRS 1 provides a retrospective approach to the application of IFRS, however permitting some "exemptions": optional and mandatory, the latter are called "exceptions."
The Company has applied the provisions of IFRS 1. The main choices made, including exemptions under IFRS 1, are shown below, indicating those used in the preparation of the opening balance sheet as of January 1, 2021 and the financial statements as of December 31, 2021:

- *presentation of the financial statements:* the "current/non-current" presentation and classification has been adopted for the balance sheet. For the Income Statement, the format of classifying costs according to their nature was adopted. For the Income Statement, the Group has, in addition, decided to present two separate statements: the income statement and the other items of the comprehensive income statement;

- *choosing to use the following exemptions provided by IFRS 1, paragraph 13, when first applying IFRS (January 1, 2021)::*
  - *Valuation estimates:* IFRS 1 establishes that the estimates utilised in the restatement at the Transition Date shall be consistent with estimates made for the financial statements under the previous GAAP (after adjustments to reflect any difference in accounting policies);
  - *business combinations:* IFRS 3 was not applied retrospectively to business combination transactions that occurred before the IFRS Transition Date. Therefore, business combinations that occurred until January 1, 2021 remain accounted for based on the Previous GAAP;
  - *employee benefits:* all cumulative actuarial gains and losses existing as of January 1, 2021 were fully recognised in Equity as of the IFRS Transition Date, specifically in the FTA Reserve. Subsequent actuarial gains and losses will be recognised in a specific reserve, called the IAS 19 Reserve;

- *accounting treatments chosen under the accounting options provided by IFRSs endorsed by the European Union:*
  - *valuation of property, plant and equipment and intangible assets:* subsequent to the initial recognition at cost, IAS 16 - Property, plant and equipment and IAS 38 - Intangible assets provide that property, plant and equipment and intangible assets, which have an active market value, may be measured at cost net of accumulated amortisation and depreciation and impairments, or periodically by determining the market value and adjusting the carrying amount to this value ("Revaluation Model"). The Company chose to maintain the cost as the measurement criterion of property, plant and equipment and intangible assets.
  - *inventories:* according to IAS 2, the cost of inventories should be stated according to the FIFO method or the weighted average cost method. The Company has adopted the weighted average cost method.

Main impacts of applying IFRS on the balance sheet as of January 1, 2021 and December 31, 2021, and on the income statement for the year ended December 31, 2021

The differences arising from the application of IFRS versus Italian GAAP, as well as the choices made by the Company in the accounting options under IFRS illustrated above, entail the restating of the financial statements prepared under Italian GAAP, indicating the effects on shareholders' equity and result for the year which are summarised in the statements below. The adjustments required by IFRS are described in detail in the explanatory notes presented below. Presented below are the balance sheets as of January 1, 2021, and December 31, 2021, and the income statement for the year ended December 31, 2021, showing each item in the individual columns:

- the carrying amounts according to Italian GAAP ("ITA GAAP") reclassified as per IFRS;
- the adjustments for compliance with IFRS;
- the values according to IFRS.

Reconciliation statement of the balance sheet at January 1, 2021

The reconciliation is presented below between the balance sheet at January 1, 2021 prepared in accordance with Italian GAAP and reclassified based on the criteria chosen by the Company for the IFRS financial statements and the balance sheet prepared in accordance with IFRS.

(Euro)	01/01/2021 OIC	Changes	Notes	01/01/2021 IFRS
NON CURRENT ASSETS				
Property, plant and equipment	17,964,657	(302,549)	a)	17,662,108
Right of use assets	0	15,802,108	b)	15,802,108
Intangible assets with a finite useful life	2,473,995	(1,346,122)	c)	1,127,873
Equity investments in subsidiaries	9,765,502	0		9,765,502
Other non current financial assets	4,140,942	0		4,140,942
Deferred tax assets	1,866,166	1,057,932	e)	2,924,098
TOTAL NON CURRENT ASSETS	**36,211,262**	**15,211,369**		**51,422,631**
CURRENT ASSETS				
Inventories	13,465,606	0		13,465,606
Trade Receivables	13,338,745	(402,389)	d)	12,936,356
Tax Receivables	1,519,121	0		1,519,121
Other current assets	1,077,461	(671,578)	b)	405,883
Other current financial assets	625,533	0		625,533
Cash and cash equivalents	2,612,791	0		2,612,791
TOTAL CURRENT ASSETS	**32,639,258**	**(1,073,967)**		**31,565,291**
TOTAL ASSETS	**68,850,523**	**14,137,402**		**82,987,922**
SHAREHOLDERS' EQUITY	10,000,000	0		10,000,000
Share capital	36,104,985	(1,605,474)	f)	34,499,511
Reserves	(4,544,205)	0		(4,544,205)
Net profit/(loss)	41,560,780	(1,605,474)		39,955,306
TOTAL SHAREHOLDERS' EQUITY				
NON CURRENT LIABILITIES				
Non current financial liabilities	10,140,004			10,140,004
Provisions for risk and charges	633,643	70,000	b)	703,643
Employee benefit liabilities	2,020,841	233,810	g)	2,254,651
Other non current liabilities	87,804	205,452	h)	293,256
Non current lease liabilities	0	13,058,559	i)	13,058,559
Deferred tax liabilities	741,709	473,084	j)	1,214,793
TOTAL NON CURRENT LIABILITIES	**13,624,001**	**14,040,905**		**27,664,906**
CURRENT LIABILITIES				
Trade payables	6,804,282			6,804,282
Current financial liabilities	4,204,347			4,204,347
Tax payables	417,411			417,411
Other current liabilities	2,208,719	(300,000)	c)	1,908,719
Current lease liabilities	0	2,001,971	i)	2,001,971
Other current financial liabilities	30,978			30,978
TOTAL CURRENT LIABILITIES	**13,665,738**	**1,701,971**		**15,367,709**
TOTAL LIABILITIES	**27,289,739**	**15,742,876**		**43,032,615**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**68,850,523**	**14,137,402**		**82,987,922**

Reconciliation statement of the balance sheet at December 31, 2021

The reconciliation is presented below between the balance sheet at December 31, 2021 prepared in accordance with Italian GAAP and reclassified based on the criteria chosen by the Company for the IFRS financial statements and the balance sheet prepared in accordance with IFRS.

(Euro)	01/01/2021 OIC	Changes	Notes	01/01/2021 IFRS
NON CURRENT ASSETS				
Property, plant and equipment	17,708,912	(1,703,571)	a)	16,005,341
Right of use assets	0	13,463,036	b)	13,463,036
Intangible assets with a finite useful life	1,780,053	(873,183)	c)	906,870
Equity investments in subsidiaries	9,765,502	0		9,765,502
Other non current financial assets	2,988,750	0		2,988,750
Deferred tax assets	2,854,001	1,089,164	e)	3,943,166
TOTAL NON CURRENT ASSETS	**35,097,218**	**11,975,446**		**47,072,665**
CURRENT ASSETS				
Inventories	12,747,917	34,384		12,782,300
Trade Receivables	16,325,814	(424,456)	d)	15,901,358
Tax Receivables	1,048,308	0		1,048,308
Other current assets	1,566,869	(604,421)	b)	962,448
Other current financial assets	2,294,780	0		2,294,780
Cash and cash equivalents	2,797,458	0		2,797,458
TOTAL CURRENT ASSETS	**36,781,146**	**(994,493)**		**35,786,653**
TOTAL ASSETS	**71,878,365**	**10,980,953**		**82,859,318**
SHAREHOLDERS' EQUITY				
Share capital	10,000,000	0		10,000,000
Reserves	32,603,887	(2,714,725)	f)	29,889,162
Net profit/(loss)	698,602	84,145		782,747
TOTAL SHAREHOLDERS' EQUITY	**43,302,489**	**(2,630,580)**		**40,671,909**
NON CURRENT LIABILITIES				
Non current financial liabilities	8,007,615	0		8,007,615
Provisions for risk and charges	335,425	70,000	b)	405,425
Employee benefit liabilities	2,234,548	326,400	g)	2,560,948
Other non current liabilities	93,304	125,622	h)	218,926
Non current lease liabilities	0	10,779,514	i)	10,779,514
Deferred tax liabilities	1,055,638	28,502	j)	1,084,140
TOTAL NON CURRENT LIABILITIES	**11,726,531**	**11,330,038**		**23,056,569**
CURRENT LIABILITIES				
Trade payables	8,638,276	0		8,638,276
Current financial liabilities	5,504,377	0		5,504,377
Tax payables	374,622	0		374,622
Other current liabilities	2,328,871	(150,000)	c)	2,178,871
Current lease liabilities	0	2,431,495	i)	2,431,495
Other current financial liabilities	3,199	0		3,199
TOTAL CURRENT LIABILITIES	**16,849,346**	**2,281,495**		**19,130,841**
TOTAL LIABILITIES	**28,575,877**	**13,611,533**		**42,187,410**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**71,878,365**	**10,980,953**		**82,859,318**

Reconciliation statement of the income statement for the year ended December 31, 2021

Below shows the reconciliation between the income statement for the year ended December 31, 2021 prepared in accordance with Italian GAAP and reclassified based on the criteria chosen by the Company for the IFRS financial statements and the income statement prepared in accordance with IFRS.

(Euro)	31/12/2021 OIC	Changes	31/12/2021 IFRS
Revenues from contracts with customers	36,941,333	(22,067)	36,919,266
Other income and revenues	1,563,938	(150,000)	1,413,938
Revenues	**38,505,272**	**(172,067)**	**38,333,205**
Changes in inventories of work in progress, semi-finished goods and finished products	(354,633)	34,384	(320,249)
Raw materials, finished products and consumables used	(11,334,873)	0	(11,334,873)
Costs for services	(15,290,403)	2,566,584	(12,723,819)
Personnel costs	(8,350,422)	126,479	(8,223,943)
Amortization, depreciation and write-downs	(3,101,195)	(2,035,115)	(5,136,310)
Other operating costs	(342,391)	(0)	(342,391)
Operating profit/(loss)	**(268,646)**	**520,265**	**251,618**
Financial charges	(570,574)	(489,751)	(1,060,325)
Financial income	491,926	0	491,926
Profit before taxes	**(347,294)**	**30,514**	**(316,781)**
Income Taxes	1,045,897	53,631	1,099,528
Net profit/(loss) for the period	**698,602**	**84,145**	**782,747**

Reconciliation statement of the comprehensive income statement for the year ended December 31, 2021

Below shows the reconciliation between the comprehensive income statement for the year ended December 31, 2021 prepared in accordance with Italian GAAP and reclassified based on the criteria chosen by the Company for the IFRS financial statements and the comprehensive income statement prepared in accordance with IFRS.

(Euro)	31/12/2021 OIC	Changes	31/12/2021 IFRS
Risultato netto	**698,602**	**84,145**	**782,747**
Net gain/(Loss) from hedging derivatives		(32,971)	(32,971)
Total other income/(losses) that will be subsequently reclassified to net profit/(loss) for the period, net of taxes		**(32,971)**	**(32,971)**
Net gain/(loss) from recognition of defined-benefit plans for employees		(99,113)	(99,113)
Total other gains / (losses) that will not be subsequently reclassified to net profit/(loss) for the period, net of taxes		**(99,113)**	**(99,113)**
Total other gains / (losses) net of taxes		(132,084)	(132,084)
Total comprehensive income for the period, net of taxes	698.602	(132,084)	566,518

Reconciliation statement of shareholders' equity at January 1, 2021 restated in accordance with IFRS

Below is a reconciliation between the shareholders' equity at January 1, 2021 prepared in accordance with Italian GAAP and the shareholders' equity as of that date prepared in accordance with IFRS.

(Euro)	Share capital	Legal reserve	Revaluation reserve	Cash flow hedge reserve.	Other reserves	Reserve FTA	Retained earning	Net profit/ (loss) for the period	Total Shareholders' equity
As at 01/01/21 OIC	10,000,000	1,108,276	2,959,446	(21,243)	10,665,068	0	21,393,442	(4,544,205)	41,560,784
Adjustment IFRS 15/IFRS9						(301,822)			**(301,822)**
Adjustment IAS 19						(177,696)			**(177,696)**
Adjustment IFRS 2						(156,144)			**(156,144)**
Adjustment IAS 38						(288,173)			**(288,173)**
Restoration depreciation 2020						(1,691,778)			**(1,691,778)**
Revaluation fixed assets						1,010,138			**1,010,138**
As at 01/01/21 IFRS	10,000,000	1,108,276	2,959,446	(21,243)	10,665,068	(1,605,475)	21,393,442	(4,544,205)	39,955,306

Reconciliation statement of shareholders' equity at December 31, 2021 restated in accordance with IFRS

Below is a reconciliation between the shareholders' equity at December 31, 2021 prepared in accordance with Italian GAAP and the shareholders' equity as of that date prepared in accordance with IFRS

(Euro)	Share capital	Legal reserve	Revaluation reserve	Cash flow hedge reserve.	Other reserves	Reserve FTA	Retained earning	Net profit/ (loss) for the period	Total Shareholders' equity
As at 01/01/21 OIC	10,000,000	1,108,276	2,959,446	(21,243)	10,665,068	0	21,393,442	(4,544,205)	41,560,784
Riserva FTA						(2,615,613)			**(2.615.613)**
Impatto IFRS 16								(287,528)	**(287,528)**
Impatto IFRS 15								53,408	**53,408**
Impatto IAS19					(99,113)			28,745	**(70,368)**
Adeguamento IFRS 2								56,680	**56,680**
Adeguamento IAS 38								340,989	**340,989**
Storno contributo quotazione AIM								(108,150)	**(108,150)**
As at 31/12/21 IFRS	10,000,000	1,108,276	3,969,582	11,727	10,565,950	(2,615,613)	16,849,238	782,747	40,671,909

Reconciliation statement of the cash flow statement for the year ended December 31, 2021
Below shows the reconciliation between the cash flow statement for the year ended December 31, 2021 prepared in accordance with Italian GAAP and reclassified based on the criteria chosen by the Company for the IFRS financial statements and the cash flow statement prepared in accordance with IFRS.

Cash flow statement	31.12.2021 OIC	Changes	31.12.2021 IFRS
Net cash from (used in) operating activities (A)	2,589,923	2,566,584	5,156,507
Net cas from (used in) investing activities (B)	(1,572,898)	-	(1,572,898)
Net cash from (used in) financing activities (C)	(832,359)	(2,566,584)	(3,398,943)
Net increase (decrease) in cash and cash equivalents (a ± b ± c)	**184,666**	**-**	**184,666**
Cash and cash equivalents at the beginning of the year	**2,612,791**	**2,612,791**	**2,612,791**
Increase /(decrease) in cash and cash equivalents	184,666		184,666
Cash and cash equivalents at the end of the year	**2,797,458**	**2,612,792**	**2,797,458**

Explanatory notes to the reconciliation statements of the balance sheet at January 1, 2021 and at December 31, 2021, the consolidated income statement, the consolidated comprehensive income statement, and the consolidated cash flow statement for the year ended December 31, 2021

For the main adjustments, explanatory notes and references to the adjustments included in the reconciliations of equity and net income shown above are provided below

Balance sheet at January 1, 2021 and December 31, 2021

a) Property, plant and equipment
During fiscal year 2020, also in light of the provisions of Interpretative Document OIC 9, the Company availed of the option not to carry out the annual depreciation of the cost of tangible fixed assets provided by Article 60, paragraphs 7-bis to 7-quinquies of Decree Law 104 of 2020 (converted by Law 126 of 2020). The transition to international accounting standards resulted in the reinstatement of depreciation not carried out in 2020 in the amount of Euro 1,592 thousand, before the tax effect.
At January 1, 2021, the cost of the industrial building located in the municipality of Civitella Valdichiana, where the Group's cutting centre is located, was aligned with the "deemed cost" values, as required by IFRS 1, based on an independent appraisal report. The alignment value is Euro 1,401 thousand before the tax effect (calculated as Euro 391 thousand). The effects of the related depreciation are reflected in the depreciation schedules at December 31, 2021.

b) Right-of-use assets
Right of use assets in the balance sheet at January 1, 2021 and December 31, 2021 increased by Euro 15,802 thousand and Euro 13,463 thousand, respectively, due to the application of IFRS 16 on leases, mainly related to the leased stores managed by the Company. Included within the item Right of use Assets was an estimate of the cost of restoring premises used primarily for retail outlets whose payment was deemed probable, with an offset to a provision for future charges.
For each lease, with the exception of low-value and short-term contracts, the Company has applied IFRS 16 as of the Transition Date according to the following approach:
- the lease liability was measured as the present value of the remaining lease payments as of the Transition Date, discounted using the IBR as of that date;
- the value of the related right-of-use asset was determined taking account of the lease liability, adjusted for the amount of any accruals related to the lease recognised in the balance sheet immediately prior to the transition to IFRS and the initial costs incurred for these assets.

Sections 3.3.3 and 4 below explain the criteria adopted and the significant estimates made in accounting for leases.

c) Intangible Assets
During fiscal year 2020, also in light of the provisions of Interpretative Document OIC 9, Monnalisa S.p.A. availed of the option not to carry out the annual amortisation of the cost of intangible assets provided by Article 60, paragraphs 7-bis to 7-quinquies of Decree Law 104 of 2020 (converted by Law 126 of 2020). The transition to international accounting standards resulted in the reinstatement of depreciation not carried out in 2020 in the amount of Euro 754 thousand, before the tax effect.
Intangible Assets with a finite useful life at January 1, 2021 and at December 31, 2021, decreased by Euro 1,346 thousand and Euro 873 thousand, respectively, due to the derecognition of start-up and expansion costs and deferred charges, which do not meet the capitalisation requirements of IAS 38. The change in the accounting treatment of start-up and expansion costs also resulted in the direct allocation to the periods concerned of the related grants, which were previously charged to the income statement in proportion to amortisation, with a negative impact at January 1, 2021 and at December 31, 2021 of Euro 300 thousand and Euro 150 thousand, respectively.

d) Trade receivables and revenue from contracts with customers
Trade receivables related to revenues from contracts with customers were adjusted in application of IFRS15, decreasing by Euro 402 thousand at January 1, 2021 and by Euro 424 thousand at December 31, 2021, before tax effect. As a result of this adjustment, revenues decreased by Euro 22,067 for the year ended December 31, 2021; consequently, the related stock increased by Euro 34,383.

e) Deferred tax assets
Deferred tax assets at January 1, 2021 and December 31, 2021 increased by Euro 1,056 thousand and Euro 1,089 thousand respectively due to the recognition of the tax effects related to other adjustments made in the transition to international accounting standards as detailed below:

Standard	01.01.2021	31.12.2021
IFRS 15/IFRS 9	100,567	141,658
IAS 19	56,114	87,413
IFRS 2	49,308	26,158
IAS 16 / IAS 38	851,943	719,993
IFRS 16	-	113,942
Total	**1,057,932**	**1,089,164**

f) Patrimonio netto
f) Shareholders' Equity
The "FTA reserve" at January 1, 2021 reports a negative balance of Euro 1,605 thousand, as a result of IFRS adjustments, including positive and negative tax effects, made to the items recorded under Italian GAAP. The table in Section 2.3.8 above details the adjustments resulting from the application of IFRS and recognised to the FTA reserve as of the Transition Date.

g) Post-employment benefit liabilities
Employee benefit liabilities relates to the liabilities connected with severance pay to employees. This balance sheet item at January 1, 2021 and at December 31, 2021 increased by Euro 234 thousand and Euro 326 thousand, respectively. This adjustment refers to the application of actuarial methods adopted in the valuation of post-employment benefits in accordance with IAS 19.

h) Long Term Incentive Plan
In application of IFRS2, a liability was recorded for the long-term incentive plan in the amount of Euro 205 thousand, gross of the tax effect.
For more information regarding the incentive plan, please refer to paragraph 3.3.21.

i) Finance lease liabilities (current and non current)
Current and non current financial liabilities related to lease agreements, mainly of rented premises used for retail outlets, recorded as a result of the application of IFRS 16, amounted to Euro 15,060 at January 1, 2021 and Euro 13,211 thousand at December 31, 2021.
For each lease, with the exception of low-value and short-term contracts, the Company has applied IFRS 16 as of the Transition Date according to the following approach:
- the lease liability was measured as the present value of the remaining lease payments as of the Transition Date, discounted using the IBR as of that date;
- the value of the related right-of-use asset was determined to be equal to the lease liability, adjusted for the amount of any accruals related to the lease recognised in the balance sheet immediately prior to the transition to IFRS.
Sections 3.3.3 and 4 below explain the criteria adopted and the significant estimates made in accounting for leases.

j) Deferred tax liabilities
Deferred tax liabilities at January 1, 2021 and December 31, 2021 increased by Euro 473 thousand and Euro 419 thousand respectively due to the recognition of the tax effects related to other adjustments made in the transition to international accounting standards as detailed below:

Standard	01.01.2021	31.12.2021
IAS 16 / IAS 38	473,084	40,350
IAS 19	0	9,077
IFRS 16	0	(20,925)
Total	**473,084**	**28,502**

Consolidated income statement for the year ended December 31, 2021
The most significant effects on the income statement concern the items "Costs for services and rental expenses", "Amortisation, depreciation and write-downs" and "Financial charges", which include adjustments related to the application of IFRS 16 on leases that resulted in the reversal of leases and the charging of amortisation, depreciation and interest to the income statement.

3. ACCOUNTING POLICIES

Content and form of the operating financial statements

As stated above, the financial statements at December 31, 2022 are the first consolidated financial statements of the company prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), endorsed by the European Union and in force at the reporting date.
Therefore, it was necessary to carry out a transition process from these accounting standards to IFRS; the description of the impacts of the transition to IFRS on the Company's balance sheet and income statement, required by IFRS 1, is provided in the preceding paragraph.
The financial statements comprise the balance sheet, the income statement, the comprehensive income statement, the cash flow statement, the statement of changes in shareholders' equity and the relative notes.
The financial statements and the relative classification criteria adopted by the company, within the options permitted by IAS 1 "Presentation of financial statements" are illustrated below:

Balance Sheet: presents a distinction between current and non-current assets and liabilities, where non-current assets include asset balances with a realisable cycle beyond twelve months and include intangible assets, property, plant and equipment and financial assets and deferred tax assets; current assets include asset balances with a realisable cycle within twelve months; non-current liabilities include payables due beyond twelve months, including financial payables, provisions for risks and charges and employee benefit liabilities and deferred tax liabilities; current liabilities include payables due within twelve months, including the short-term portion of medium- to long-term loans, provisions for risks and charges and employee benefit liabilities;

Income Statement: is presented, according to a classification of costs by nature, which is considered the most representative and reliable form of presentation of expenses and charges incurred by the Company during the period. The "Operating Income" intermediary result (defined as the difference between operating revenues and operating costs) is presented as an essential margin to understand the Company's ordinary earning capacity, before remuneration of third-party investors, the State and shareholders;

Comprehensive Income Statement: the Company has decided to present the income statement and the comprehensive income statement in two separate statements. The latter accommodates other income statement components, which may be reversed to the income statement in later periods or which will not be reversed to the income statement in later periods;

Cash Flow Statement: the cash flow statement presents cash flows from operating, investing and financing activities and is presented in accordance with IAS 7. The cash flow statement is presented in accordance with the indirect method, whereby net income is adjusted for the effects of non-cash transactions, any deferrals or provisions for previous or future operating cash receipts or payments, and items of income or expense associated with cash flows from investing or financing activities;

Statement of changes in shareholders' equity: the statement of changes in shareholders' equity shows the comprehensive income for the year and the effect, for each equity item, of changes in accounting policies and correction of errors as required by International Accounting Standard No. 8. In addition, the statement presents the balance of accumulated gains or losses at the beginning of the year, movements during the year and the balance at the end of the year.
The financial statements are presented in Euro.
The main accounting policies adopted in the preparation of the financial statements are described below. In accordance with IAS 24, the following paragraphs highlight related party transactions with the Company and their impact, if significant, on the financial position, results of operations, and cash flows.

Directors' assessment of the going concern assumption

The Directors are responsible for assessing the capacity of the Group to pursue operating activities and, in preparing the consolidated financial statements, the appropriateness of applying the going concern principle, in addition to the provision of adequate disclosure. The Directors apply the going concern principle in preparing the consolidated financial statements unless they have assessed that the conditions for the winding up of the parent company Monnalisa S.p.A. or for the interruption of operations exist or that they have no realistic alternatives to these options.
These financial statements have been prepared on the going concern basis, as the Directors consider, based on the company's operating performance and sound financial position, that there is no doubt regarding the company's ability to continue as a going concern for a period of at least 12 months from the reporting date.

Accounting policies used to draw up the financial statements

IThe financial statements have been prepared on a historical cost basis, except for derivative instruments and financial assets held for sale (if any), which are recorded at fair value, and on a going concern basis.
The main policies adopted to prepare the financial statements are presented in the following points:

Plant, property and equipment
Property, plant and equipment are recorded at historical cost, net of the related provision for
depreciation and accumulated impairment losses, including directly attributable accessory expenses necessary to make assets ready for use.
The carrying value of property, plant and equipment is subsequently adjusted by depreciation calculated on a straight-line basis from the time the asset is available and ready for use, based on the estimated useful life, defined as the estimated period over which the asset will be used by the enterprise, and any accumulated impairment loss. the useful life is re-examined annually and any changes are applied prospectively.
Costs for improvements, modernisation and transformation that are incremental in nature to property, plant and equipment are charged to capital assets when they are likely to increase the expected future economic benefits from the use or sale of the asset.
The expense incurred for maintenance and repairs is directly charged to profit or loss in the year in which it is incurred.
The annual depreciation rates used are as follows:

Category	%
Industrial Buildings	3%
Machines,tools,equipments	12,50%
Cutting Machines and Automatic Machines	17,50%
Furniture and office equipments	12%
Electro-mechanical and electronic office machines	20%
Goods transportation vehicles	20%
Vehicles	25%
Cars	25%
Photovoltaic System	9%
Leasehold improvements	Lower between the useful life of the asset and the residual duration of the contract

It should be noted that in accordance with the provisions of Accounting Standard IAS 16, leasehold improvements previously recorded under intangible assets were reclassified to the category of relevant assets in the item under analysis here.
The carrying amount of property, plant and equipment is reviewed for impairment when events or changes in economic situations indicate that the carrying amount cannot be recovered. If there is such an indication and where the carrying amount exceeds the recoverable amount, assets are written down accordingly by aligning the carrying amount with the recoverable or realisable amount. The realisable value of the property, plant and equipment is the higher between the net sales price and the value in use. In defining the value in use, the expected future cash flows are discounted using a discount rate that reflects the current market assessment of the value of money and the risks specific to the asset. For assets that do not generate independent cash flows, realisable value is calculated in relation to the cash-generating unit to which the entity belongs. Impairment losses are shown in the income statement under depreciation, amortisation and write-downs. Such losses are restated when the reasons for their write-down no longer exist.

Intangible assets
Intangible assets acquired separately are initially recognized at cost, while those acquired through business combinations are recognized at fair value on the acquisition date. After initial recognition, intangible assets are recognised at cost, net of accumulated amortisation and accumulated impairment, if any. Intangible assets internally generated, with the exception of development costs, are not capitalised and are recorded in the income statement of the year in which they were incurred. The useful life of the intangible assets is measured as finite or indefinite. Intangible assets with a finite useful life are amortised over their useful life and tested for impairment whenever there is evidence of an impairment loss. The amortisation period and the amortisation method of an intangible asset with finite useful life are reviewed at least at each year-end. Changes in the expected useful life or in the manner in which the future economic benefits related to the asset will be realised are recognised through the change in the period or amortisation method, as the case may be, and are considered changes in accounting estimates. The amortisation rates applied to the Company's intangible assets with a finite useful life are as follows:

Category	%
Software	Duration of the contract
Key money	Residual duration of the related contract

Intangible assets with indefinite useful life are not amortised but are subject to an annual impairment test at an individual level or at cash-generating unit level. We report that as of December 31, 2022, there are no intangible assets with indefinite useful lives.
Intangible assets related to charges incurred upon entering into new lease agreements, hereafter also referred to as "key money" paid for the opening of direct DOS stores, are considered to be severance costs related to a real estate lease agreement and are generally assets with a finite useful life determined over the period of the underlying agreement. The Company verifies at least once a year whether there is any indication that intangible assets with finite useful lives may be impaired. Where there are indications of impairment, the carrying amount of the asset is reduced to its recoverable amount. Where it is not possible to estimate the recoverable value of an asset individually, the Company estimates the recoverable value of the cash-generating unit to which the asset belongs. The recoverable value of an asset is the higher between the fair value less costs to sell and its value in use. The value in use of a Company asset is calculated on the basis of the present value of the estimated future cash flows, gross of taxes, applying a discount rate which reflects the current market assessment of the time value of money and the risks specific to the asset. An impairment loss is recognised when the recoverable amount is less than the carrying amount. Research and development costs are recognised to the income statement in the year in which they are incurred

Leased assets
The Company assesses, at the time of signing, whether the contract is, or contains, a lease. As required by IFRS 16, the determining element is to identify whether through the contract, the risks and benefits associated with ownership are substantially transferred to the Company or whether it confers the right to control the use of an identified asset for a period of time in exchange for consideration.
The Company adopts a single recognition and measurement model for all leases, except for short-term leases and leases of low-value assets, by recognising, at the effective date of the lease, the right-of-use asset representing the right to use the asset underlying the contract and the liabilities related to lease payments. The right-of-use asset is initially measured at cost, including the amount of the initial valuation of the lease liability, adjusted for payments due for leases undertaken at the commencement date or before, plus initial direct costs incurred and an estimate of the costs which the lessee is expected to incur for the dismantling or removal of the underlying asset or for the refurbishment of the underlying asset or of the site at which it is located, net of the leasing incentives received. The right-of-use asset is depreciated successively on a straight-line basis from the effective date to the end of the lease term, unless the estimated useful life of the asset is shorter. In addition, the right-of-use asset is regularly reduced by any impairment losses and adjusted to reflect any changes arising from subsequent valuations of the lease liability.
The Company measures the lease liability at the present value of unpaid lease payments due on the effective date, discounting them using the lease's implicit interest rate or, when the implicit interest rate is not easily determinable, using the incremental borrowing rate ("Incremental borrowing rate" or "IBR"). The IBR is determined by identifying each country in which the Company operates as a portfolio of contracts with similar characteristics, and is calculated as the rate of a risk-free instrument of the country in which the lease was entered into, plus the average spread recognized by the Company to its lenders. Lease payments due included in the measurement of the lease liability include: fixed payments (including payments that are substantially fixed); payments due for leases that depend on an index or rate, measured initially using an index or rate on the effective date; amounts expected to be paid as security over the residual value; and payments due for leases in an optional renewal period if the Company has reasonable certainty of exercising the renewal option, and early lease termination penalties, unless the Company has reasonable certainty not to terminate the lease early. The lease liability is measured at amortised cost using the effective interest method and is remeasured in the event of a change in the future lease payments resulting from a change in the index or rate, in the event of a change in the amount that the Company expects to have to pay as a guarantee on the residual value or when the Company changes its valuation with reference to the exercise or not of an option to purchase, extend or terminate, or in the event of a revision of the payments due for the lease which are fixed in substance. When the lease liabilities are remeasured, the lessee correspondingly alters the right-of-use asset. In the balance sheet, the Company presents assets for the right-of-use that do not meet the definition of investment property under "Property, plant and equipment" and lease liabilities under "Financial payables". Concessions obtained from lessors as a result of the COVID-19 pandemic ("rent concessions") are accounted for as negative variable fees and recognized in the income statement when they meet the following conditions: - they relate to reductions in only the payments due by June 30, 2022; - the total contractual payments after the rent concession are substantially equal to or less than the payments that were provided for in the original contract; - no other substantial contractual changes have been agreed with the lessor.
As illustrated, the Company applies the exemption for the recognition of short-term leases (leases term of 12 months or less from the inception date and do not contain a purchase option) and leases related to low-value assets. The short-term lease instalments and those for low value assets are recognised as costs on a straight-line basis over the lease duration.
When acting in the capacity of lessor, the Company recognizes the related lease payments due as an expense on a straight-line basis over the lease term, and they are included as revenue in the income statement given their operational nature.

Equity investments in subsidiaries
Investments in subsidiaries are measured at acquisition cost, in accordance with IAS 27. Where there are indications that the costs will not be recovered, in whole or in part, the carrying amount is reduced to the recoverable amount, in accordance with IAS 36. Where such loss becomes recoverable or is reduced, the carrying amount is increased up to the new estimate of the recoverable value, which cannot exceed the original cost

Inventories
Inventories of raw materials, semi-finished and finished goods are valued at the lower of cost of production or purchase and net realisable value represented by the amount the enterprise expects to obtain from their sale in the normal course of business. The cost of production includes the purchase cost of materials used, the cost of internal and external processing and other accessory charges reasonably attributable to the product with the exclusion of financial charges and general, administrative and commercial expenses.
The Company's valuation criterion for inventories of finished goods, semi-finished goods and raw materials is the weighted average cost.
For such values, it was verified that they were not higher than market values and where necessary making corresponding adjustments.
Obsolete and slow-moving stocks are written down in relation to their possible utility or realisable value.
The raw materials and finished products obsolescence provision is calculated to return cost to net realisable value based on estimates that take into account the length of the production season and the possibility of using the raw materials in production and selling finished products through the various distribution channels (outlets and stocks).

Derivative financial instruments
The Company uses derivative financial instruments only to (i) hedge financial risks related to changes in exchange rates on foreign currency commercial transactions and (ii) hedge risks of changes in interest rates in the case of medium- and long-term financing.
They have been accounted for according to the hedge accounting approach inasmuch as:

- the hedging instrument is formally designated and documented at the start of hedging;
- the hedge is expected to be highly effective;
- such efficacy can be reliably measured;
- the hedge is highly effective during the various accounting periods for which it is designated.

These derivative financial instruments are initially recognized at fair value at the date on which they are underwritten, and this fair value is periodically remeasured.
As permitted by IFRS 9 paragraph 7.2.21, the Company has opted to apply IAS 39 regarding hedge accounting. Consistent with IAS 39, paragraph 88 and taken up by IFRS 9, paragraph 6.4.1, when derivative instruments qualify for hedge accounting, the following accounting treatments apply:

- Fair value hedge – if a derivative financial instrument is designated as a hedge to the exposure of changes in the fair value of an asset or liability which can have effects on the income statement, the change in the fair value of the hedge instrument is recognised through profit or loss, and the change in the fair value of the hedged item, attributable to the risk hedged, is recognised as part of the carrying value of that item and recognised through profit or loss,
- Cash flow hedge – If a derivative financial instrument is designated as a hedge to the exposure of the changes in the cash flows of an asset or liability or of an operation considered highly probable and which may have effects on the income statement, the effective portion of the profits or of the losses of the financial instrument is recognised under equity and shown in the comprehensive income statement. The cumulative profits or losses are reversed from net equity and recognised to the income statement in the same period in which the operation subject to hedging influences the income statement; the profit or loss related to a hedge or the part of the hedge becoming ineffective is recognised to the income statement when such inefficacy is recognised.

If hedge accounting cannot be applied, gains or losses deriving from the fair value of the financial derivative instrument are recognised directly in the income statement.

Trade, financial and other receivables (current and non-current)
Trade receivables and other receivables arising from the provision of financial assets, goods or services by the Company to third parties are classified as current assets except when they mature more than twelve months after the reporting date with reference to non-trade receivables. Current and non-current financial receivables, other current and non-current receivables and trade receivables, with the exception of assets deriving from derivative financial instruments, are measured, if they have a fixed maturity, at amortised cost calculated using the effective interest method. When the financial assets do not have a fixed maturity they are measured at acquisition cost. Receivables due beyond one year, non-interest bearing or which mature interest below market rates are discounted using market rates. The financial assets listed above are measured based on the impairment model introduced by IFRS 9, i.e. adopting an Expected Loss rationale, replacing the IAS 39 framework typically based on the measurement of observed losses (Incurred Loss). For trade receivables the Company adopts a simplified approach to valuation which does not require the recording of periodic changes in credit risk, but rather the estimation of an Expected Credit Loss ("ECL") calculated over the entire life of the receivable (so-called lifetime ECL). Specifically, the policy

implemented by the Company involves stratifying trade receivables based on days past due and an assessment of the counterparty's creditworthiness, and applies different write-down percentages that reflect relative recovery expectations. The Company then applies an analytical assessment based on the customer's reliability and ability to pay the amounts due, for impaired receivables. The value of accounts receivable is shown in the balance sheet net of related allowances for doubtful accounts. Write-downs made in accordance with IFRS 9 are recognised in the consolidated income statement net of any positive effects associated with releases or reversals of impairment.

Cash and cash equivalents
Cash and cash equivalents includes cash, bank deposits and units in money market securities that are readily convertible into cash and for which the risk of changes in value is insignificant. Bank overdrafts are reported as financial liabilities in the Company's balance sheet

Treasury shares
Treasury shares are recorded as a reduction of equity. The original cost of the treasury shares and the income statement effects deriving from any subsequent sale are recognised as equity movements.

Trade payables, financial payables and other current and non-current payables
Trade and other payables that arise upon purchase from a third-party supplier of money, goods or services are classified as current liabilities except when maturity exceeds 12 months from the date of the financial statements with respect to non commercial payables. Current and non-current financial payables, other current and non-current liabilities, and trade payables are recorded, upon initial recognition in the financial statements, at fair value normally represented by the cost of the transaction that originates them, including incidental transaction costs. Subsequently, with the exception of derivative financial instruments, all financial liabilities are recorded at amortised cost using the effective interest method. Financial liabilities hedged by derivative instruments are measured in accordance with the procedures established for hedge accounting.

Post-employment benefit provision
The Company's net obligation deriving from defined benefit plans is calculated separately for each plan by estimating the amount of the future benefit that employees have accrued in exchange for the activity performed in the current year and in previous years; this benefit is discounted to calculate the present value.
Actuarial gains and losses are recognised directly in the comprehensive income statement as required by IAS 19. In Italy, as of January 1, 2007, the 2007 Budget Law and its implementing decrees introduced significant changes in the rules governing post-employment benefits, from which resulted the mandatory allocation of severance pay to supplementary pension forms or to the Treasury Fund managed by INPS, which from that date, pursuant to IAS 19, takes on the nature of "Defined Contribution Plans," while the accrual registered until 31/12/2006 to the Post employment benefit provision maintain the nature of "Defined Benefit Plans". The actuarial valuation of the liability was entrusted to independent actuaries.

Provisions for risks and charges
Provisions for risks and charges are recognised when, at the reporting date, a legal or
implicit obligation exists that derives from a past event and a payment of resources is a probable requirement to satisfy the obligation, and the amount of this payment can be estimated. Where the effect is significant, provisions are determined by discounting the expected future cash flows at a discount rate that reflects the current market valuation of the time value of money and, if applicable, the specific risk referable to the obligation. When the amount is discounted, increases resulting from the passage of time are recognised as financial costs. Where the liability relates to tangible fixed assets, the provision is recorded against the fixed asset to which it relates, and the recognition of the charge in the income statement is achieved through the depreciation process of the tangible fixed asset to which the charge relates.

Revenue recognition
On the basis of the five-stage model introduced by IFRS 15, the Company recognises revenue after identifying the contracts with its customers and the related services to be provided (transfer of goods and/or services), determining the consideration to which it believes it is entitled in exchange for the provision of each of these services, and assessing the way in which these services will be provided (fulfilment generally occurs at a particular time). Sales in the wholesale channel are recognised on the transfer of ownership with its risks and benefits, which normally occurs with delivery or shipment. The provision for returns and discounts is estimated on the basis of forecasts, taking into account historical trends and is accounted for as a variable component of the contractual consideration with the simultaneous presentation of a liability for returns. Sales in the retail channel are recognised on the date of direct sale of the asset to the end customer. Royalty revenues are recognised on an accrual basis based on the terms and amounts stipulated in the license agreement, generally based on sales volumes.

The Company, upon receipt of an advance payment made by the customer, recognises under "Other current liabilities" the amount of the advance payment for the obligation to transfer goods in the future and eliminates this liability by recognising the revenue when it transfers these goods.

Government grants
Public grants are recognised when there is reasonable certainty that they will be received and that all conditions attached to them are met. Grants related to cost components are recognised as revenue, but are allocated systematically between periods so as to be commensurate with the recognition of the costs they are intended to offset. Grants related to an asset are recognised as revenue on a straight-line basis over the expected useful life of the asset to which they refer.

Cost allocation
Costs, where not governed by a specific standard, are recorded when relating to goods and services sold or consumed in the year or when there is no future utility.
The accrual of costs for purchase of goods is determined by reference to the time of transfer of ownership of the goods. Service costs are accounted for when the service is completed.

Financial income/(charges)
Financial charges that are directly attributable to the acquisition, construction or production of an asset which requires a lengthy period before availability for use shall be capitalised as part of the cost of that asset. All other financial charges are recognised as a charge in the period in which they are incurred. Financial charges consist of interest and other costs that an entity incurs in connection with obtaining financing.

Income taxes
Income taxes represent the amount for current and deferred taxes.

Current income taxes
Tax receivables and payables for the year are measured at the amount expected to be paid to / received from the tax authorities. The tax rates and regulations used to calculate such amounts are those issued or substantially in force at the reporting date of the financial statements, in the countries in which the company operates and generates its assessable income.
Current taxes related to items recognised directly in equity or in the comprehensive income statement are also recognised directly in equity or in the comprehensive income statement.
The Company calculates income taxes for the year using the tax rate applicable to total expected annual income.

Deferred taxes
Deferred taxes are calculated based on the temporary differences at the reporting date between the fiscal values of the assets and liabilities and the corresponding values in the financial statements. Deferred tax assets and liabilities are calculated on the basis of the tax rates expected to be applied in the year in which the assets are realised or the amounts are paid, considering the rates in effect and those already issued or substantially issued as of the closing date of the financial statements.
On initial recognition, management considers the existence of positive and negative elements in estimating the probability of sufficient future taxable income. The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent it is unlikely that sufficient future taxable income will be available, so that some or all of the asset may be used. Unrecognised deferred tax assets are reviewed at each reporting date and are recognised to the extent of the probability that the taxable income is sufficient to permit such deferred tax assets to be recovered.
Deferred taxes concerning items recognised outside of the income statement are also recognised outside of the income statement and therefore to equity or to the comprehensive income statement, in line with the item to which they refer.
The company offsets deferred tax assets and deferred tax liabilities if, and only if, there is a legal right to offset current tax assets and current tax liabilities and if deferred tax assets and liabilities relate to income taxes due to the same tax authority by the same taxpayer or other taxpayers who intend to settle the current tax assets and liabilities on a net basis, or realise the asset and settle the liability simultaneously, with reference to each future period in which the assets and liabilities for deferred taxes are expected to be settled or recovered.

Indirect taxes
Costs, revenues, assets and liabilities are recognised net of indirect taxes, such as value added tax, with the following exceptions:
- the tax applied to the purchase of goods or services is non-deductible; in this case, it is recognised as part of the purchase cost of the asset or part of the cost recognised in the income statement,
- trade receivables and payables include the indirect tax applicable.

The net amount of indirect taxes to be recovered or paid to the tax authorities is included in the financial statements as receivables or payables.

Earnings per share
The basic earnings per share is calculated by dividing the profit attributable to the ordinary shareholders of the Company by the average weighted number of ordinary shares outstanding during the year. In order to calculate the diluted earnings per share, the average weighted number of shares outstanding is adjusted assuming the conversion of all shares with potential dilution effect.

Fair Value
IFRS 13 is the only source of reference for fair value measurement and for the relevant information when such a measurement is required or permitted by other accounting standards. The fair value is the price that would be received for the sale of an asset, or that would be paid to transfer a liability in an arm's length transaction at the measurement date. The fair value of an asset or liability is measured adopting the assumptions which market operators would utilise in the determination of the price of the asset or liability, assuming they act to best satisfy their economic interests. The fair value measurement of a non-financial asset considers the capacity of a market operator to generate economic benefits utilising the asset to its maximum and best use or by selling to another market operator that would utilise the asset to its maximum or best use.
IFRS 13 establishes a fair value hierarchy that classifies the valuation technique inputs used to measure fair value in three levels. The levels provided for, in hierarchical order, are as follows:
- Level 1 - listed prices (not adjusted) on active markets for identical assets or liabilities which the entity can access at the measurement date;
- Level 2 - inputs other than listed prices included in Level 1, directly or indirectly observable for the asset or the liability;
- Level 3 - measurement techniques for which the input data are not observable for the asset or for the liability.

At each reporting date, the Company Finance Department analyses the changes in the values of assets and liabilities for which the revaluation or recalculation is required, based on the Company's accounting policies.

Segment disclosure
With reference to the provisions of IFRS 8 "Operating Segments," it should be noted that the Company, as currently constituted, due to the homogeneity of products and services offered and similarity in customer type
and class, operates in a single operating sector identified as the design, production and distribution of high-end childrenswear 0-16 years, with the brand of the same name, through multiple distribution channels.

Share-based payments
The Company grants additional benefits to the Chief Executive Officer through the 2018-2023 Long Term Incentive Plan (the "Plan") approved by the Shareholders' Meeting on June 15, 2018 upon the Board of Directors' proposal. The plan provides an award to the beneficiary in the form of a cash amount. The incentive is awarded free of charge.
In the case of cash-settled share-based payment transactions, the transaction cost is initially measured at fair value. Until the liability is settled, the fair value is recalculated at each reporting date, expensing all changes to the income statement.

Impairment test
The carrying amounts of Property, plant and equipment, Investment property, Intangible assets with a finite useful life, and Right-of-use assets are tested for impairment in cases where there are indicators of impairment (events or changes in circumstances that indicate that the carrying amount cannot be recovered) that require immediate assessment of any impairment, or where events have occurred that otherwise require the procedure to be repeated. An impairment occurs when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of fair value less costs to sell is based on data available from sales transactions between free and independent parties, of similar assets or observable market prices, less the higher costs related to the disposal of the asset. Value in use is calculated through the use of discounted cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and specific risks of the assets. The impairment test is undertaken on individual assets. If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs ("Cash Generating Units" or "CGUs"), i.e. the individual geographic areas in which the Group operates, usually coinciding with the Group's individual legal entities. Cash flows are derived from estimates prepared by company management, which represent the best estimate that can be made of the economic conditions expected over the plan period. The plan projections cover a time span of three fiscal years. Cash flows do not include restructuring activities for which the Company does not already have a present obligation, nor significant future investments that will increase the return on the assets comprising the cash-generating unit being evaluated. The recoverable amount significantly depends on the discount rate used in the discounted cash flow model and the expected future cash flows and the growth rate. Goodwill is tested for impairment at least once a year (with reference to December 31) or more frequently when circumstances suggest that the carrying value may be subject to impairment..

USE OF DISCRETIONARY ESTIMATES AND JUDGMENTS IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of the financial statements requires the directors to apply accounting policies and methods that, in some circumstances, are based on difficulties and subjective valuations and estimates based on the historical experience and assumptions which are from time to time considered reasonable and realistic based on the relative circumstances. The application of these estimates and assumptions impact upon the amounts reported in the financial statements, such as the balance sheet, the income statement and the cash flow statement, and on the disclosures in the notes to the accounts. The final outcome of the accounts in the financial statements, which use the above-mentioned estimates and assumptions, may differ from those reported in the financial statements due to the uncertainty which characterises the assumptions and conditions upon which the estimates are based.
The accounting policies which require greater judgement by the directors in the preparation of the estimates and for which a change in the underlying conditions or the assumptions may have a significant impact on the condensed financial statements are briefly described below.

Estimates:
1. Depreciation and amortisation of property, plant and equipment and intangible assets: the cost of property, plant and equipment and intangible assets is depreciated or amortised on a straight-line basis over the estimated useful life of each asset. The useful life of the tangible and intangible fixed assets is determined by the directors when the fixed assets are purchased. This is based on the historical experiences for similar fixed assets, market conditions and considerations relating to future events which could have an impact, such as changes in technology. The effective useful life may therefore be different from the estimated useful life. The Company annually assesses technological and industry changes, any changes in contractual terms and regulations related to the use of property, plant and equipment and intangible assets, and the recovery value to update the remaining useful life. The result of these analyses can change the depreciation period and thus also the depreciation charge for the year and future years.
2. Measurement of receivables: trade receivables are adjusted by the doubtful debt provision, taking into account the effective recoverable value. The calculation of the impairment losses requires the directors to make judgements based on the documentation and the information available relating to the solvency of the customers, and from market and historical experience.
3. Risk provisions: the identification of the existence of a present obligation (legal or constructive) in some circumstances may be difficult to determine. The directors evaluate these factors case-by-case, together with the estimate of the amount of the economic resources required to fulfil the obligation. When the directors consider that a liability is only possible, the risks are disclosed in the notes under the section on commitments and risks, without any provision.
4. Recovery deferred taxes: these are recognised to the extent where it is likely there will be adequate future taxable income against which temporary differences or any tax losses can be utilised. In this regard, management estimates the probable timing and the amount of the future taxable profits;
5. Employee benefits: the values of which are determined on the basis of actuarial estimates; for the main actuarial assumptions, please refer to that outlined below;
6. Lease discount rate definition: since there is no implicit interest rate in most of the leases the Company has calculated an Incremental Borrowing Rate (IBR). In order to determine the IBR to be used for discounting future lease payments, the Company identified the rates applied on borrowing contracts with similar terms;
7. Inventory obsolescence provisions and estimated net realisable value: the Company estimates the future utilisation capacity of such products and materials by calculating appropriate turnover ratios and/or historical realisable experience based also on the ageing of the collections, to each of which a specific inventory write-down rate is applied;
8. Estimated returns: the provision reflects management's expectations of future merchandise returns and the associated liability for returns;
9. Measurement of derivative financial instruments: the determination of the fair value of unlisted financial assets, such as derivative financial instruments, is undertaken through commonly used financial valuation techniques that require basic assumptions and estimates. Such assumptions may not occur according to the timeframe and manner predicted. Therefore, estimates of these derivative instruments may differ from the actual data;
10. mpairment of Equity Investments: Equity investments are tested for impairment in cases where there are indicators of impairment (events or changes in circumstances that indicate that the carrying amount cannot be recovered) that require immediate assessment of any impairment, or where events have occurred that otherwise require the procedure to be repeated. An impairment occurs when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of fair value less costs to sell is based on data available from sales transactions between free and independent parties, of similar assets or observable market prices, less the higher costs related to the disposal of the asset. Value in use is calculated through the use of discounted cash flow models using a pre-tax discount rate that reflects the current market assessment of the time value of money and specific risks of the assets. With regard to equity investments, the impairment test is conducted by considering as cash generating units ("Cash generating units" or "CGUs") the individual geographic areas in which the subsidiaries operate. Cash flows are derived from estimates prepared by company management, which represent the best estimate that can be made of the economic conditions expected over the plan period.

Discretionary valuations:
(i) Lease term: the identification of lease term is a very relevant issue since the form, legislation and business practices on leases vary significantly from one jurisdiction to another, and the assessment of the effects of renewal options at the end of the non-cancellable period on the lease term estimate involves the use of assumptions. The IFRS Interpretation

Committee has clarified that for the purpose of identifying the period of applicability, a lessee must consider the contractual point in time when both parties involved can exercise their right to terminate the contract without incurring penalties that are not irrelevant; the concept of penalty should not be understood as merely contractual but should be seen by considering all economic aspects of the contract. The Company considered these conclusions when identifying the duration of leasing contracts; for the definition of the duration of the lease term, the Company also considered the presence of renewal and cancellation options, and considered the existence or absence of significant economic disincentives in refusing the renewal request

EXPLANATORY NOTES TO THE MAIN INCOME STATEMENT ACCOUNTS

Notes on the Company's main income statement accounts are presented below. For a better understanding of the performance of the income statement, please also refer to the comments included in the Directors' Report.

5. REVENUES FROM CONTRACTS WITH CUSTOMERS

Revenues in 2022 amounted to Euro 39,689 thousand, compared to Euro 36,919 thousand in 2021 (up 8%). They are broken down by channel in the following table:

In thousand of €	2022	Inc. %	2021	Inc. %	Var	Var %
Retail	8,539	22%	6,187	17%	2,352	38%
Wholesale	28,347	71%	27,867	75%	480	2%
B2C direct	2,803	7%	2,865	8%	(62)	-2%
Total	39,689	100%	36,919	100%	2,770	8%

For greater details on the development of revenues in the year, reference should be made to the preceding section of the Directors' Report. A breakdown by geographical area is provided below:

In thousand of €	2022	Inc. %	2021	Inc. %	Var	Var %
Italy	17,176	43%	15,966	43%	1,210	8%
Europe	12,411	31%	11,189	30%	1,222	11%
Rest of the word	10,102	25%	9,764	26%	338	3%
Total	39,689	100%	36,919	100%	2,770	8%

The Company presents the revenue breakdown disclosure following a quali-quantitative approach. The timing of revenue recognition, for sales of goods, whether through the retail or wholesale channel, occurs when control of the goods has been transferred to the customer, generally at the time of delivery.

6. OTHER INCOME

Other income in 2022 mainly includes:

- income from property leases for Euro 85,100, regarding the subleasing of leased spaces,
- photovoltaic plant contributions of Euro 45,508,
- rebates and discounts of Euro 39,795,
- insurance damage recovery of Euro 50,622,
- operating grants of Euro 241,743, mainly related for Euro 119,993 to the research and development tax credit related to fiscal year 2022.

Pursuant to Article 1, Paragraph 125 of Law No. 124 of August 4, 2017, in compliance with the obligation of transparency, it should be noted that on an accrual basis, the Group received the following contributions during fiscal year 2022:

- contributions for curricular internships amounting to Euro 3,760,
- energy bonus of Euro 39,689,
- tax credit for capital goods investment of Euro 14,714.

7. COST OF SALES AND OPERATING COSTS

Operating costs in 2022 amount to Euro 40,755,616, compared to Euro 38,081,586 in 2021, an increase of 7% on 2021. They are broken down in the following table:

Description	31/12/2022	31/12/2021	Changes
Change in inventories of goods	1,807,183	320,249	1,486,934
Raw materials, consumables and goods	11,584,294	11,334,873	249,421
Cost for services and use of third-party assets	13,328,077	12,723,819	604,258
Personnel costs	9,258,148	8,223,943	1,034,205
Amortisation and Depreciation	4,498,977	5,136,310	(637,333)
Other operating costs	278,937	342,391	(63,454)
Total	40,755,616	38,081,586	2,674,030

Costs of raw materials, goods and consumables are strictly related to that outlined in the Directors' Report and in the revenue performance section, and are recognised in accordance with the principle of correlation with revenues for the period.
This item includes the costs required to produce the goods involved in core business activity. The costs of purchasing goods are taken to the income statement when the goods are delivered. Revenues and income, and costs and charges are recorded net of returns, discounts, rebates and premiums..

8. COSTI PER SERVIZI E GODIMENTO BENI DI TERZI

Services costs in 2022 amount to Euro 13.3 million, increasing 5% on the comparative year and including costs for the acquisition of services for core operations which are recognised to the Income Statement on completion. Specifically, they mainly relate to the following accounts:

- Production services costs (sewing, ironing, embroidery, printing & other services) for Euro 3.1 million, related to the production of finished products,
- technical, industrial, administrative and commercial consultancy for Euro 1.5 million,
- transportation costs (on sales and/or purchases) of Euro 2.5 million,
- national and local advertising for Euro 805 thousand,
- utility expenses amounting to Euro 412 thousand,
- ordinary maintenance expenses of Euro 677 thousand,
- costs for royalties amounting to Euro 904 thousand, among which the license relationship with the Chiara Ferragni brand started in late 2020.

With regard to lease costs, it should be noted that some lease agreements that the Company has in place provide for payments based on turnover volumes achieved during the year (variable payments) that are recorded on an accrual basis and not included in the determination of the financial liability for leases.

9. PERSONNEL COSTS

The personnel costs incurred during the year amounted to Euro 9,258 thousand, an increase of 13% on the comparative year, which were impacted by the lockdown and the use of social security schemes.
This account includes all costs for personnel including raises, promotions, vacation days not taken and provisions in accordance with law and national collective contractual agreements.
Employee termination indemnities, in addition to the portion accrued during the year, include the amount accrued and paid to personnel engaged and dismissed during the period and the amount contributed to external pension funds.

10. AMORTISATION, DEPRECIATION & WRITE-DOWNS

Amortisation and depreciation has been calculated based on the duration of the useful life of the asset or its use in production. They are broken down as follows:

Description	31/12/2022	31/12/2021	Changes
Depreciation of Tangible assets	1.439.832	1.679.860	(240.028)
Amortisation of Intangible assets	328.830	1.025.440	(696.610)
Amortisation of Right of use assets	2.456.466	2.035.115	421.351
Write-off of trade receivables	273.849	395.895	(122.046)
Total	4.498.977	5.136.310	(637.333)

The depreciation and amortisation was calculated considering the measurement criteria outlined in the relative paragraph above of these notes. Reference should be made to paragraphs 6.1, 6.2 and 6.3 for further details on investments in the year. Write-downs include the write-down of trade receivables for Euro 264 thousand (Euro 197 thousand in 2021). In the previous year 2021 it included the write-down of the investment in the company Monnalisa Brazil that was closed in the previous year.

11. FINANCIAL INCOME AND CHARGES

Financial income and charges in 2022 presents a net charge of Euro 433 thousand, compared to a net charge of Euro 568 thousand in the previous year.

Description	31/12/2022	31/12/2021	Changes
Interest income	60,751	44,332	16,419
Bank financial interests	(278,523)	(184,630)	(93,893)
Other financial interests	(191,715)	(201,175)	9,460
Financial interests for leasing IFRS16	(424,657)	(489,751)	65,094
Exchange losses	(326,142)	(184,769)	(141,373)
Exchange gains	726,866	447,594	279,272
Total	**(433,420)**	**(568,399)**	**134,979**

Financial interest mainly include the interest on short-term bank loans and on medium/long-term bank loans.
Interest for leasing amounted to Euro 397 thousand in 2022 (Euro 489 thousand in 2021).
The net unrealised component of currency management resulted in a net gain of Euro 401 thousand, compared to a net gain in the previous year of Euro 263 thousand.

12. INCOME TAXES

Current income taxes
Current income taxes have been calculated on the basis of taxable profit taking account of the changes in the tax code applied by current legislation, applicable in the various countries in which the companies within the consolidation scope operate. The breakdown is as follows:

Description	31/12/2022	31/12/2021	Changes
Current taxes	(2.434)	(29.306)	31.740
Deferred tax charges/(income)	9.808	1.128.834	(1.138.642)
Total	**7.374**	**1.099.528**	**(1.106.902)**

Deferred tax income/charges
Deferred taxes are calculated based on the global allocation criteria, taking into account the cumulative amount of all of the temporary differences, based on the average expected rates in force when these temporary differences reverse. Deferred taxes derive from the accrual in the year to the deferred tax liability provision. Deferred tax assets are recorded if there is reasonable certainty that the temporary differences will reverse in future periods against assessable income not lower than the differences that will be reversed, particularly with regard to tax losses that may be carried forward indefinitely. The account breaks downs as follows:

Description	Temporary differences	Deferred tax liabilities IRES	Deferred tax liabilities IRAP	Deferred tax liabilities IRES	Deferred tax liabilities IRAP	Deferred tax assets 2022	Deferred tax liabilities 2022
Tangible and intangible fixed assets	(981,951)			(235,668)	(38,296)	0	(273,964)
Inventories	1,371,399	329,136	53,485			382,620	0
Trade receivables	1,595,768	382,984	0			382,984	0
Trade receivables exchange effect	(207,305)			(49,753)		0	(49,753)
Receivables - IFRS 15	124,456	29,869				29,869	0
Liabilities for IFRS 2	35,673	8,562	0			8,562	0
Risks stores provision IFRS 16	70,000	16,800	2,730			19,530	0
Returns on sales provision	297,407	71,378	11,599			82,977	0
Service cost e interest cost of defined-benefit plans for employees	336,212	80,691				80,691	0
Fiscal losses	8,585,963	2,060,631				2,060,631	0
Other	488,684	117,284				117,284	0
Total deferred tax assets/liabilities 2022	**11,716,306**	**3,097,335**	**67,813**	**(285,421)**	**(38,296)**	**3,165,148**	**(323,718)**

Changes on profit & loss	31/12/2022
Deferred tax assets/liabilities 2022	2,841,431
Deferred tax assets/liabilities 2021	2,831,623
Effects on profit and loss 2022	**9,808**

Regarding temporary differences and related deferred tax assets/liabilities impacting OCI, please refer to the table below:

Description	Temporary differences	Deferred tax liabilities IRES	Deferred tax liabilities IRAP	Deferred tax liabilities IRES	Deferred tax liabilities IRAP	Deferred tax assets 2022	Deferred tax liabilities 2022
Other comprehensive income/(loss) from recognition of defined-benefit plans for employees	262.164			62.919		0	62.919
Other comprehensive income/(loss) from hedging derivatives	290.054			69.613		0	69.613
Total	**555,218**	**0**	**0**	**132,532**		**0**	**132,532**

At December 31, 2022, the Company determined that the aforementioned deferred tax asset was reasonably certain to be recovered on the basis of a projection of future taxable profit according to its business plans and an estimate of the amount of the deferred tax assets reasonably recoverable.

EXPLANATORY NOTES ON THE MAIN BALANCE SHEET ACCOUNTS (assets, shareholders' equity and liabilities)

13. PROPERTY, PLANT AND EQUIPMENT

The following table presents the movements in property, plant and equipment for the year ended December 31, 2022:

Description	31/12/2021	Increases	Decreases	Other movements	Depreciation	31/12/2022
Land and buildings	11,635,619				(323,118)	11,312,501
Plant and machinery	2,232,079	80,235			(454,514)	1,857,800
Industrial and commercial equipment	17,289	2,116			(12,950)	6,455
Other assets	1,869,844	197,581			(539,806)	1,527,619
Assets in progress and advances		22,650			0	22,650
Leasehold improvements	250,509	22,200		(21,689)	(109,444)	141,576
Total	**16,005,341**	**324,782**		**(21,689)**	**(1,439,832)**	**14,868,601**

Increases in 2022, amounting to Euro 324,782, mainly relate to the purchase of new furniture for the restyling work carried out on the Milan store as well as the purchase of business equipment for the operational headquarters of Monnalisa S.p.A.
For all of the assets recognised to this category:
- The directors consider that the tangible fixed assets do not present impairments.
- There are no commitments to purchase other assets;
- There are no capitalised borrowing costs.

As of December 31, 2022, any indicators of impairment, traceable through internal or external sources of information, were assessed. The analyses carried out did not reveal the need to carry out specific impairment tests targeting the carrying amounts expressed by the Company as of December 31, 2022 with respect to the right-of-use assets in question. As a reminder, assets obtained through a lease agreement are classified in the "Right of use assets" section that follows below.

14. RIGHT OF USE ASSETS

The breakdown of "Right of use assets" at December 31, 2022 are presented below:

Description	31/12/2021	Increases	Decreases	Other movements	Amortization	31/12/2022
Buildings	13,052,207	585,836	(310,698)	5,690	(2,310,109)	11,022,926
Vehicles	235,097	116,187			(121,249)	230,035
Office equipments	175,733				(25,105)	150,628
Total	**13,463,036**	**702,023**	**(310,698)**	**5,690**	**(2,456,466)**	**11,403,587**

Buildings relates entirely to store leases and only residually to leases of other spaces.
The main increases recorded in 2022 refer to changes and/or extensions of existing contracts for existing outlets. The item includes costs for the restoration of premises leased from third parties on the basis of lease agreements that fall within the scope of IFRS16, which are set aside in the provisions for future risks and charges in compliance with the provisions of the standard.
As of December 31, 2022, any indicators of impairment, traceable through internal or external sources of information, were assessed. The analyses carried out did not reveal the need to carry out specific impairment tests targeting the carrying amounts expressed by the Company as of December 31, 2022 with respect to the right-of-use assets in question.

15. INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

The following table outlines the composition and movement in the account for the year ended December 31, 2022:

Description	31/12/2021	Increases	Decreases	Other movements	Amortization	31/12/2022
Industrial patents	419,986	146,915			(210,697)	356,204
Key money and know how	486,884	0		21,689	(118,134)	390,439
Total	**906,870**	**146,915**	**0**	**21,689**	**(328,830)**	**746,643**

The costs recorded are reasonably correlated to their future use, and are amortised on a straight-line basis in relation to their future residual utility. At each reporting date, the Company reviews the carrying value of its intangible and tangible assets to determine if there are indications that these assets have incurred a loss in value. When it is determined that a potential loss exists, the directors make valuations on the recoverable amount of those assets in order to identify the potential amount of the loss. If the recoverable amount of an asset (or a CGU) is lower than its carrying amount, it is impaired to that recoverable amount. An impairment is recognised to the income statement immediately. If there is an indication that an impairment loss recognised on an asset other than goodwill may no longer exist or may have decreased, the carrying amount of the asset shall be increased to its recoverable amount, but shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. The restated values are recognised immediately in the income statement. The directors consider that the intangible assets do not present impairments.
During the year no financial charges were expensed to fixed assets.

16. INVESTMENTS IN SUBSIDIARIES

The non-current investments remain long-term in nature.
The details of the subsidiary companies are set out below:

- **Monnalisa Hong Kong Ltd:** incorporated on August 25, 2015 and based in Hong Kong, it is a fully owned subsidiary of Monnalisa S.p.A. intended to pursue development of the local retail market. At the reporting date, the subsidiary operates one mono-brand store;
- **Monnalisa Russia Llc:** incorporated on January 14, 2016 with the aim of increasing the efficiency of management of the local wholesale market and entry into the retail market through the direct opening of monobrand stores (5 at year-end, 3 DOS and 2 DOO). The subsidiary is held 99.99%;
- **Monnalisa China Ltd:** incorporated on February 17, 2016, with registered office in Shanghai and wholly-owned by Monnalisa S.p.A. The company was established to develop the local retail market through the opening of monobrand stores in the best-known malls in Shanghai, Beijing and other major cities (12 at December 31, 2022). In addition to the retail channel, the company since 2018 has operated also through the B2C distribution channel;
- **ML Retail Usa, Inc.:** incorporated on September 22, 2016, wholly-owned by Monnalisa S.p.A., managing local retail operations. The company has five stores in America (4 DOS and 1 DOO);
- **Monnalisa Korea Ltd:** incorporated in December 2016, wholly-owned by Monnalisa S.p.A. The company is temporarily inactive.
- **Monnalisa Brazil Participasoes Ltda:** incorporated on December 22, 2016 to manage retail market operations in Brazil. The company was permanently closed during the year;
- **Monnalisa Bebek Giyim Sanayi ve Ticaret A.Ş.:** incorporated on December 11, 2018, based in Turkey and fully owned by Monnalisa S.p.A. The company owns a single store at Istinye Park, which opened in January 2021;
- **Monnalisa UK Ltd:** incorporated in January 2019, with registered office in London, the company currently manages a concession outlet at Harrods. The Company is a wholly-owned subsidiary of Monnalisa S.p.A.;
- **Monnalisa International Limited:** incorporated in May 2019, based in Taiwan and wholly-owned by Monnalisa S.p.A., to develop the local retail market, with a store in the city of Taipei opened in September 2020;
- **Monnalisa Japan Co Ltd:** a wholly-owned subsidiary of Monnalisa S.p.A.; The company incorporated in 2019 was set up to develop the local retail market. Following the management of a number of temporary stores in 2020, at the reporting date the company is inactive;
- **Monnalisa Singapore Ltd:** wholly-owned by Monnalisa S.p.A.. The company operates a single outlet at Marina Bay Sands;
- **Monnalisa San Marino S.r.l.:** wholly-owned subsidiary of Monnalisa S.p.A. set up to develop the local retail market. The company has been operating since June 2021 the store opened at The Market outlet in San Marino.

There are no restrictions on availability placed by the holding company on investees, nor options rights or other liens. No significant transactions, with the exception of the increases in the holdings outlined above, regarding normal supplies and related to their funding, however at market conditions, was undertaken with the investees.

The only change during the current year compared to the comparative 2021 concerns the equity investment in the subsidiary Monnalisa San Marino increasing by Euro 15 thousand following the waiver of the financial receivable by the shareholder Monnalisa S.p.A. in favour of the subsidiary in order to provide it with the necessary capital resources.
The following information is provided in relation to investments held either directly or indirectly in subsidiary companies.

Descrizione	City or country	Share capital in EURO	Profit (loss) for the period in EURO	Equity in EURO	Shared owned in EURO	Shared owned in %	Book value
Monnalisa Hong Kong Ltd	HONG KONG	600,000	95,268	(2,228,370)	(2,228,370)	100	600,000
Monnalisa China LLLC	SHANGHAI CHINA	4,800,000	(1,288,269)	(1,637,935)	(1,637,935)	100	3,134,036
Monnalisa Russia LLC	MOSCOW RUSSIA	592,679	(481,174)	764,992	764,992	99,99	592,678
MI Retail USA Inc.	TEXAS USA	591,156	(834,857)	(2,019,242)	(2,019,242)	100	3,982,292
Monnalisa Korea Ltd	SEOUL KOREA	81,000	0	14,175	14,175	100	0
Monnalisa Brasile	SAN PAOLO BRAZIL	505,087	(56,192)	(7,555)	(7,554)	99	0
Monnalisa Turkey	INSTABUL TURKEY	1,215,434	192,953	231,793	231,793	100	571,322
Monnalisa Japan	TOKYO JAPAN	8,189	(12,793)	(80,858)	(80,858)	100	8,189
Monnalisa Taiwan	TAIPEI TAIWAN	202,731	(115,261)	(182,154)	(182,154)	100	202,731
Monnalisa UK Ltd	LONDON UK	235,377	(163,900)	(463,660)	(463,660)	100	235,377
Monnalisa Singapore	SINGAPORE	413,376	(151,643)	(10,911)	(10,911)	100	413,376
Monnalisa San Marino S.r.l.	SAN MARINO	25,500	(152,164)	(188,843)	(188,843)	100	40,500

The company undertook analysis to identify any indicators of impairment and/or permanent losses in value of the subsidiaries. In particular, the recoverability of the residual value in the equity investments was measured to ensure that the carrying amount in the financial statements does not exceed the recoverable value.
The impairment testing were conducted considering the US subsidiary subject to analysis as the CGU. The value configuration used to determine the recoverable value of the CGUs is the value in use, estimated on the basis of expected cash flows and their discounting at an appropriate discount rate (Discounted cash-flow analysis - DCF). In particular, the value in use was estimated by discounting the operating cash flows of the CGUs at a rate equal to the weighted average cost of debt and equity (WACC -Weighted Average Cost of Capital).
For the purpose of calculating the residual value, a normalised cash flow extrapolated from the last explicit forecast year and to which an annual growth rate ('g') was applied was considered.
The Discounted cash-flow analysis was prepared using as a starting point the budget for 2023, prepared and approved by the Board of Directors, and for the following four years (2024 and 2027), drawn up according to management's expectations regarding the performance of the markets in which the investments are located. These plans take account of the impact COVID-19 had in particular on 2022, in a number of countries.
The principal assumptions for the calculation of the recoverable value are as follows:
- Terminal Value: calculated according to the perpetual yield method at a long-term "g" growth rate, which represents the present value, at the final year of projection, of all future expected cash flows.
- Growth rate "g":
- Weighted Average Cost of Capital (WACC).

Specifically:

Company	Growth rate "g"	WACC
Monnalisa China LLC	4.63%	7.98%
ML Retail USA Inc.	2.70%	9.50%

In light of the results of the impairment analysis, it was decided not to make any write-downs in the present year for the investments in Monnalisa China and ML Retail USA. For the other equity investments in subsidiaries, it is not considered that indicators of impairment exist, as the higher carrying amount of the investees against the corresponding share of net equity from the latest financial statements of the investee is due to the start-up phase in which they are currently engaged, in view of the expected results in the 2023-2027 period. Any negative changes to the underlying assumptions may result in further impairments.

17. OTHER NON CURRENT FINANCIAL ASSETS

The account includes:

- a policy for Directors' Post-Employment Benefits for Euro 57 thousand,
- financial receivables for security deposits for Euro 179 thousand,
- minor equity investments as outlined below for Euro 8,624 (no change from 31.12.2021):

Description	Book value	Fair value
CONSORZIO BIMBO ITALIA	1,291	1,291
POLO UNIVERSITARIO ARETINO	510	510
CONAI	23	23
CONSORZIO SVILUPPO PRATACC	500	500
CONSORZIO TOSCANA LOFT	1,300	1,300
FONDAZIONE MADE IN RUSSEL	5,000	5,000
Total	**8,624**	**8,624**

- interest-bearing loans and financial receivables with subsidiaries in the amount of Euro 2.8 million.

Financial assets were not recognised at amounts above fair value.

18. DEFERRED TAX ASSETS

Regarding "deferred tax assets", please refer to the comments above in the section on the income statement.
In accordance with IAS 12, the Company determined that the aforementioned deferred tax asset was reasonably certain to be recovered on the basis of a projection of future taxable profit according to its business plans and an estimate of the amount of the deferred tax assets reasonably recoverable.

19. INVENTORIES

At December 31, 2022, inventories amounted to Euro 11,812 thousand. They are broken down as follows:

Description	31/12/2022	31/12/2021	Changes
Raw material, ancillaries and consumables	2,806,235	1,872,776	933,459
Work-in-progress and semi-finished products	713,926	1,176,661	(462,735)
Finished products and goods	8,284,006	9,628,365	(1,344,359)
Advances	100,390	104,498	(4,108)
Total	**11,904,557**	**12,782,300**	**(877,743)**

The change in finished product inventories and raw materials reflects the expected value estimates, based on the sales capacity through the usual distribution channels. The finished product obsolescence provision and the raw material obsolescence provision reflect management's best estimate based on the allocation of inventory by year and season, on past experience and on future sales prospects. The inventory obsolescence provision amounted to Euro 1.6 million and was in line with December 31, 2021.

20. TRADE RECEIVABLES

The account is broken down as follows:

Description	31/12/2022	31/12/2021	Changes
Trade receivables	19,151,431	17,519,538	1,631,893
Allowance for doubtful accounts	(1.684.815)	(1.618.180)	(66.635)
Total	**17,466,616**	**15,901,358**	**1,565,258**

Trade receivables concern for Euro 9.5 million the receivables from the subsidiaries concerning the supply relationships between Monnalisa S.p.A. and the other companies within the consolidation scope and for Euro 8.3 million third party customers, essentially regarding wholesale sales.
The doubtful debt provision was calculated considering the amount of doubtful receivables, analysing the specific conditions of the individual Company clients, any guarantees provided to the Company and appropriately assessing disputes and progress and the possibility of recovering overdue receivables. The Company has, in addition, analysed the average rate of customer default and loss on accounts receivable reported in recent years, in order to assess the consistency of the findings of the analyses conducted on the expected loss on accounts receivable of each customer with the historical loss rate.
Trade receivables are adjusted through a doubtful debt provision and whose movements were as follows:

Description	Total
Balance at 31/12/2021	**1,618,180**
Utilisation in the period	(197,396)
Provision in the period	264,031
Balance at 31/12/2022	**1,684,815**

21. TAX RECEIVABLES

"Tax receivables" mainly include:

- VAT receivables for approx. Euro 430,029,
- IRES and IRAP advances for Euro 652,678,
- Research and Development credit for Euro 235,901.

22. OTHER CURRENT ASSETS

At December 31, 2022, Other current assets amounted to Euro 928,866 and mainly included prepaid expenses of Euro 258 thousand and, for Euro 360,000 (Euro 540,000 at December 31, 2021) the parent company's receivable from Jafin S.r.l. following the early repayment of the bond loan by the latter through partial offsetting against some of the future rents for the use of the properties located in Milan, also providing for a reduction in the rent in favour of Monnalisa S.p.A.

23. OTHER CURRENT FINANCIAL ASSETS

The account, for Euro 290,058 mainly includes the fair value measurement of the existing derivative contracts, undertaken by the parent company Monnalisa S.p.A. For further details, reference should be made to the "Information on the fair value of derivative financial instruments" paragraph.
Financial receivables from subsidiaries of Euro 2.4 million are also recognized, as detailed below:

- ML Retail for Euro 769 thousand,
- Monnalisa Japan for Euro 80 thousand,
- Monnalisa Hong Kong for Euro 970 thousand,
- Monnalisa Taiwan for Euro 80 thousand,
- Monnalisa UK for Euro 338 thousand,
- Monnalisa San Marino for Euro 199 thousand

24. CASH AND CASH EQUIVALENTS

The balance concerns cash and cash equivalents and cash on hand at December 31, 2022:

Description	31/12/2022	31/12/2021	Changes
Bank & postal deposits	1,849,638	2,411,289	(561,651)
Checks	0	354,666	(354,666)
Cash & cash equivalents on hand	54,311	31,503	22,808
Total	**1,903,949**	**2,797,458**	**(893,509)**

The account reflects the balance of cash and cash equivalents on hand at year-end. Bank and postal deposits and cheques are valued at realisable value, while cash is valued at nominal value. There are no restricted accounts.
Monetary amounts in foreign currencies are recognised at the exchange rate at the reporting date.

25. SHAREHOLDERS' EQUITY

Statement of changes in Shareholders' Equity

Euro) Note 24	Share capital	Legal Reserve	Revaluation reserve	Cash flow hedge reserve	Other reserves	Effect IAS 19 Equity	Retained earnings	Net profit/ (loss) for the period	Shareholders' equity
As at 01.01.2022	**10,000,000**	**1,108,276**	**3,969,582**	**11,727**	**8,273,587**	**(99,113)**	**16,849,238**	**782,747**	**40,896,045**
Allocation of result		34,930			352,053		395,765	(782,747)	**0**
Net profit/ (loss) for the period								(202,390)	**(202,390)**
Other comprehensive				208,105		298,358			**506,463**
income/ (loss)	**10.000.000**	**1.143.206**	**3.969.582**	**219.832**	**8.401.506**	**199.245**	**17.245.003**	**(195.016)**	**40.983.356**

At the reporting date, securities in circulation concerned only 5,236,300 ordinary shares of a nominal value of Euro 10,000,000.
Other reserves mainly comprise:

- the share premium reserve of the parent company for Euro 9,063,125, recognised on the share capital increase following the listing,
- to the negative FTA reserve for Euro 1.6 million,
- the treasury shares in portfolio reserve of the parent company, for a negative Euro 149,915

The "IAS 19 equity effect" account includes the amounts recognised against the measurement differences required by IFRS in comparison to the local GAAP of the parent company, and concern the actuarial valuation of the employee benefit plans, calculated in accordance with that outlined at note 26 below.

No convertible bonds have been issued. No "stock-option" plan has been approved.
For changes during the period in the item under analysis, please refer to the appropriate statement above.
Amounts shown are net of tax effects where applicable.

26. CURRENT AND NON-CURRENT FINANCIAL PAYABLES

The item, amounting to a total of Euro 12,223 thousand at December 31, 2022, includes current and non-current loans from banks; the amount refers, therefore, to loans payable and expresses the actual debt for principal, interest and ancillary charges accrued and due as of 31.12.2022.
A breakdown of current and non current loans and borrowings is given below:

Description	31/12/2022	31/12/2021	Changes
Financial non current liabilities	6,135,390	8,007,615	(1,872,225)
Financial current liabilities	6,087,338	5,504,377	582,961
Total	**12,222,728**	**13,511,992**	**(1,289,264)**

During 2022, Monnalisa S.p.A. repaid long-term loans through cash flow generated from operations.
During the year, new loan agreements were signed for Euro 432,510; existing loans do not have covenant clauses.

27. PROVISIONS FOR RISKS AND CHARGES

They are broken down in the following table:

Description	31/12/2022	31/12/2021	Changes
Provisions for pension and similar	49,022	65,195	(16,173)
Product returns charges provision	297,407	255,230	42,177
Other	70,000	85,000	(15,000)
Total	**416,429**	**405,425**	**11,004**

Provisions for risks and charges are recorded in respect of certain or probable losses or payables, the amount or due date of which could not be determined at the reporting date.
These provisions have been measured in accordance with the prudence and accruals concepts and no provision has been made for matters without any economic justification.
The contingent liabilities reflected in these provisions are probable and may be estimated with reasonable accuracy.
This account mainly comprises:

- Agents indemnity provision of Euro 49,022,
- The product returns charges provision for Euro 297 thousand, which is estimated on the basis of future forecasts and taking into account historical trends, given that the goods are in any case returned by the preparation date of the financial statements and that the return results in a contraction in period revenues,
- Provision for restoration of space used for retail activities of Euro 70 thousand.

28. EMPLOYEE BENEFIT LIABILITIES

The account includes the amount due to employees at the reporting date, calculated in accordance with Article 2120 of the Italian Civil Code and any national and supplementary contracts in effect. The liability mainly relates to the post-employment severance for employees of the parent company Monnalisa S.p.A., adjusted in accordance with IAS 19.
Changes in employee benefit liabilities are shown below:

In thousand of Euro	31.12.2022
Defined benefit obligation 01.01.2022	2,493
Service Cost	288
Interest Cost	48
Benefits Paid	(109)
Payments to Funds	(24)
Expected DBO 31.12.2022	2,696
Actuarial (Gains)/Losses for experience	83
Actuarial (Gains)/Losses for assumptions	(475)
Defined benefit obligation 31.12.2022	2,304

The main demographic and economic assumptions used are as follows:

	31.12.2022	31.12.2021
Annual discount rate	3.22%	0.98%
Annual inflation rate	2.10%	1.75%
Annual increase rate severance pay	3.075%	2.813%
Annual wage increase rate	0.50%	0.50%

Specifically, the annual discount rate used to determine the present value of the bond was derived, consistent with para. 83 of IAS 19, from the Iboxx Corporate AA index with duration 10+ recognised at the valuation date. For these purposes, the yield with a comparable duration to the duration of company employees subject to valuation was chosen.
The annual rate of increase of severance pay, as stipulated in Article 2120 of the Civil Code, is 75% of inflation plus 1.5 percentage points.
The technical demographic bases used at December 31, 2022 are shown below:

Technical bases	31.12.2022
Death	RG48 mortality tables produced by the General State Accounting Body
Inability	INPS tables different according to age and sex
Retirement	100% to the achievement of the requirements AGO appropriate to Decree-Law n.4/2019AGO in accordance with D.L: n.4/2019

Annual turnover and severance pay advance frequencies are assumed to be 3.00% and 5.00%, respectively, and are inferred based on historical experience.

29. OTHER NON CURRENT LIABILITIES

The account mainly includes for Euro 103,173 (Euro 193,122 at 31.12.2021) the outstanding liabilities, gross of the tax effect, concerning the long-term incentive plan outlined previously.

30. CURRENT AND NON CURRENT LEASE LIABILITIES

The movement in lease liabilities in 2022 is reported below:

Lease liabilities	
As at 01.01.2022	**13,211,009**
Increase	707,713
Decrease	(468,106)
Lease Payments	(2,743,679)
Interests on lease liabilities	424,657
As at 31.12.2022	**11,131,594**

The average IBR applied to existing contracts when IFRS 16 was first applied was 3%; for contractual changes made in the second half of 2022, the rate was revised, in line with the standard's requirements, and an IBR rate of 6% was applied.

31. NON FINANCIAL CURRENT LIABILITIES

The account is broken down as follows:

Description	31/12/2022	31/12/2021	Changes
Trade payables	8,961,680	8,638,276	323,405
Tax payables	440,845	374,622	66,222
Other current payables	2,319,952	2,178,871	141,080
Total	**11,722,477**	**11,191,769**	**530,707**

The account comprises:

- "Trade payables": recorded net of commercial discounts; "cash" discounts are recorded on payment;
- "Tax payables": includes only definite tax liabilities, net of the relative advances, as the liabilities for probable income taxes or where the amount or the date of payment is uncertain, in relation to deferred tax liabilities, are recorded in the account "Deferred tax liabilities". The account amounted to Euro 440,845 (Euro 374,622 at December 31, 2021) and includes, in particular, sums withheld from employees and self-employed workers and duly paid in 2023;
- "Other current liabilities" mostly concern accrued commissions payable to agents of Euro 187,697 thousand, deferred amounts and additional months payable to employees of Euro 1,518,618, duly settled in 2023, and advances from customers for Euro 519 thousand

No transactions giving rise to the obligation to return goods were undertaken, nor do payables to shareholders for loans to be settled according to set maturities and subordination clauses exist.

32. Deferred tax liabilities

With regards to "Deferred tax liabilities", please refer to the comments above regarding the income statement.
In accordance with IAS 12, the Company determined that the aforementioned deferred tax asset was reasonably certain to be recovered on the basis of a projection of future taxable profit according to its business plans and an estimate of the amount of the deferred tax assets reasonably recoverable.

33. OTHER INFORMATION

Information on the fair value of the financial derivative instruments
Derivative financial instruments are only used for the hedging of financial risks related to exchange rate fluctuations on commercial transactions in foreign currency.
The fair value and information on the entity and nature of each category of derivative financial instruments issued by the company are detailed below. These are sub-divided by class taking into account the characteristics of the instruments and their purpose. The hedging operations at December 31, 2022 with financial counterparties comprise:

Interest Rate Cap (1)	
Contract ID	23950927
Date of the operation	27/12/2018
Counterparty	Unicredit S.p.A.
Maturity Date	31/12/2026
Notional Amount	3,157,895 euro
Premium	Euribor 6 months
Bank Parameter Rate	Euribor 6 months
Client Parameter Rate	1%

At 30/06/2022, the mark to market of the transaction was +Euro 169,224.

Interest Rate Swap	
Date of the operation	22/09/2020
Counterparty	Unicredit S.p.A.
Maturity Date	30/09/2025
Notional Amount	2,909,534 euro
Premium	Euribor 3 months
Bank Parameter Rate	Euribor 3 months
Client Parameter Rate	-0.2%
Tasso Cap	-0.2%

At 30/06/2022, the mark to market of the transaction was +Euro 120,834.

Information on loans for specific business purposes
In accordance with Article 2427, No. 21), no loans for specific business purposes exist.

Related party transactions
The amounts, nature of the amount and any additional information considered necessary with regards to these transactions, where considered significant and not at market conditions, is provided below.
Information upon the individual transactions is categorised by nature, except where separate indication is considered necessary to understand the effects of the transactions on the balance sheet, financial position and result of the company.

Description	Trade receivables	Financial receivables	Other receivables	Trade payables	Revenues	Costs
Jafin S.r.l.	12,200		360,000		10,000	410,208
Fondazione Monnalisa	194,193				52,913	
Hermes & Athena Consulting S.r.l.				120,000		200,000
Barbara Bertocci						127,500
Diletta Iacomoni						227,272
Monnalisa Hong Kong Ltd	1,641,250	970,000		127,489	58,441	12,902
Monnalisa Brazil Ltda						
Monnalisa China LLC	3,492,714	1,803,264		445,290	811,125	108,057
Monnalisa Rus OOO	595,986				1,545,469	
ML Retail Usa Inc	2,004,246	1,768,273		345,012	635,044	111,106
Monnalisa Bebek Giyim Sanayi ve Ticarted A.Ş.	400,981			137,677	259,791	34,889
Monnalisa UK Ltd	511,561	338,245			383,870	
Monnalisa Korea Ltd						
Monnalisa Taiwan	225,227	80,000			45,061	
Monnalisa Japan	30,215	80,000			800	
Monnalisa Singapore Ltd	460,231				139,118	
Monnalisa San Marino S.r.l.	299,778	199,408			163,509	88
Total	**9,868,583**	**5,239,191**	**360,000**	**1,175,468**	**4,105,141**	**1,232,022**

Off-balance sheet agreements
There are no off-balance sheet agreements.

Independent auditor fees
In accordance with law the fees paid for services provided by the auditor / or by the audit firm or entities belonging to its network are reported below:

- the consideration in the year for the services provided by the Independent Audit Firm and the entities within its network to the Group for the audit of the parent company for Euro 63,000, of Euro 42,300 for the audit of the statutory and consolidated financial statements and Euro 12,700 for the limited audit of the interim consolidated half-year financial statements at June 30, 2022. Euro 8,000 for other work is in addition considered.

Directors and statutory auditors' fees
As required by law, information is given below on the overall remuneration paid to parent company Directors and Statutory Auditors, including that for the performance of functions in other companies included in the consolidation

Category	Fee 2022
Directors	320,000
Board of Statutory Auditors	49,000
Total	**369,000**

The Chairman and Chief Executive Officer announced the partial waiver of their remuneration for the current year, with a total reduction of Euro 175,000.

Management and coordination activity
The Company Monnalisa S.p.A is subject to the management and coordination, in accordance with Article 2497 and subsequent of the Civil Code, of the company Jafin Due S.r.l., with registered office at Via Madame Curie, Arezzo. In accordance with Article 2497-bis, paragraph 4 of the Civil Code, the key financial highlights for 2021 and 2020 of the company Jafin Due S.r.l. are presented below:

(Euro)	31/12/2021	31/12/2020
A) Subscribed capital unpaid		
B) Fixed Assets	6,922,365	6,934,068
C) Current Assets	480,928	521,584
D) Accrued income and prepaid expenses	237	237
TOTAL ASSETS	**7,403,530**	**7,455,889**
Share capital	800,000	800,000
Reserve	6,627,427	6,729,967
Profit (loss) for the period	(57,963)	(102,540)
A) Total Shareholders' equity	**7,369,464**	**7,427,427**
B) Provisions for risks and charges	-	-
C) Employee termination indemnities	-	-
D) Payables	34,066	28,462
E) Accrued liabilities and deferred income	-	-
TOTAL LIABILITIES	**7,403,530**	**7,455,889**

The Chairperson
Piero Iacomoni

RELAZIONE DEL COLLEGIO SINDACALE ALL'ASSEMBLEA DEGLI AZIONISTI DI MONNALISA S.p.A.
CONVOCATA PER L'APPROVAZIONE DEL BILANCIO DI ESERCIZIO 2022
(REDATTA AI SENSI DELL'ART. 2429, CO. 2,C.C.)

All'Assemblea degli Azionisti della Società Monnalisa S.p.A.

PREMESSA
Il Collegio sindacale di MONNALISA S.p.A. (di seguito "Società") presenta la propria relazione ai sensi dell'art. 2429, comma 2, c.c. per dare conto della attività di vigilanza ex art. 2403 c.c. svolta nel corso dell'esercizio 2022 e fino alla data odierna.
Il Collegio sindacale attualmente in carica è stato nominato dall'assemblea degli azionisti del 31 maggio 2021 e terminerà il proprio mandato con l'Assemblea di approvazione del bilancio dell'esercizio chiuso al 31 dicembre 2023.
Il Collegio sindacale è composto da: Prof. Marco Mainardi (Presidente), Dott.ssa Alessandra Pederzoli e Dott. Fabrizio Rossi (sindaci effettivi).
Il Consiglio di amministrazione svoltosi in data 18 giugno 2021 ha attribuito al Collegio sindacale le funzioni di Organismo di Vigilanza ex d.lgs. 231/2021 (di seguito "OdV") fino alla data di approvazione del bilancio al 31 dicembre 2023, ai sensi dell'articolo 6, comma 4-bis D.Lgs 231/2001.
Lo svolgimento dell'attività di revisione legale è stata affidata, con delibera dell'Assemplea degli azionisti del 31 maggio 2021, alla società di revisione E.Y. S.p.A., per il triennio 2021-2023..

Fonti normative e deontologiche di riferimento per l'esercizio della vigilanza ex art. 2403 del codice civile.
Nel corso dell'esercizio chiuso al 31 dicembre 2022 il Collegio Sindacale ha svolto la propria attività in conformità alle disposizioni di legge, ispirandosi alle più recenti norme di comportamento raccomandate dal Consiglio Nazionale dei Dottori commercialisti e degli Esperti contabili applicabili per le società non quotate (versione del 12 gennaio 2021), in quanto, pur essendo la Società quotata su Euronext Growth Milan (già AIM Italia) mercato organizzato e gestito da Borsa Italiana, la stessa non è normativamente qualificabile come soggetto emittente ai sensi del D. Lgs. 58/1998 (TUF).
Il Collegio ha comunque ritenuto opportuno considerare utile punto di riferimento anche le meno recenti norme di comportamento (versione 2018) dettate per le società quotate in quanto applicabili. Il Collegio ha così fatto propria l'indicazione (non vincolante) presente nella premessa delle predette norme di comportamento per le società quotate AIM.
Il Collegio sindacale ha provveduto, sulla base delle dichiarazioni individuali, all'autovalutazione ammuale con esito positivo dell'indipendenza dei propri componenti e a programmare la propria attività di vigilanza.
Ciò detto, viene sottoposto al Vostro esame il bilancio d'esercizio della Monnalisa S.p.A. al 31 dicembre
Come noto, nel corso dell'esercizio 2022, il Gruppo Monnalisa ha adottato i principi contabili IFRS nella versione adottata dall'Unione Europea; pertanto, l'ultimo bilancio redatto secondo i principi contabili italiano (Principi OIC) si riferisce all'esercizio chiuso al 31 dicembre 2021. Il Processo di transizione ai Principi contabili internazionale e i suoi effetti è descritto nella nota esplicativa al bilancio consolidato par. 4 - Transizione ai principi contabili internazionali IAS/FRS e al par. 2 della nota al bilancio d'esercizio al 31 dicembre 2022.
Ciò detto, viene sottoposto al Vostro esame il bilancio d'esercizio della Monnalisa S.p.A. al 31 dicembre 2022, redatto per la prima volta in conformità agli International Financial Reporting standard (IFRS) emessi dall'International Accounting Standards Board (IASB).
Il bilancio della Società evidenzia una perdita di esercizio 2022 di euro 195.016 e un patrimonio netto IFRS di euro 40.983.356 (contro euro 40.671.909 al 31 dicembre 2021 rideterminato IFRS - il patrimonio netto al 31 dicembre 2021, determinato in conformità agli OIC, era pari a euro 43.302.489).
Al riguardo il Collegio dà atto che:

- il bilancio è stato messo a sua disposizione nel termine di legge;
- la società di revisione EY S.p.A. ha consegnato la propria relazione, in data odierna, contenente un giudizio positivo senza rilievi;
- la relazione di revisione attesta che il bilancio d'esercizio al 31 dicembre 2022 rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria, il risultato economico e i flussi di cassa della Vostra Società in conformità agli International Financial Reporting Standards adottati dall'Unione Europea;;
- la verifica della rispondenza ai dati contabili spetta all'incaricato della revisione legale che è responsabile del giudizio professionale sul bilancio di esercizio e sul bilancio consolidato nonché del giudizio di coerenza e conformità della relazione sulla gestione (art. 14 d.lgs del 27 gennaio 2010, n. 39).
- non essendo incaricato della revisione legale, ha svolto sul bilancio le attività di vigilanza previste dalle *Norme di comportamento del collegio sindacale di società non quotate*, così come indicato più avanti nella presente relazione.

Attività di vigilanza ai sensi degli artt. 2403 e ss c.c.
Il Collegio ha vigilato sull'osservanza della legge e dello statuto, sul rispetto dei principi di corretta amministrazione e, in particolare, sull'adeguatezza degli assetti organizzativi, del sistema amministrativo e contabile e sul loro concreto funzionamento.
Dall'inizio dell'esercizio e fino alla data della presente relazione, il Collegio:

- si è riunito quattro volte nel 2022 e 2 due volte dall'inizio del 2023;
- ha partecipato alle riunioni del consiglio di amministrazione (n. 6 nel 2022 e n. 1 dall'inizio del 2023) e, sulla base delle informazioni disponibili, non ha rilievi particolari da segnalare;
- ha partecipato alle Assemblee dei soci (n. 1 nel 2022) e, sulla base delle informazioni disponibili, non ha rilievi particolari da segnalare..

Il Collegio, nel corso dell'esercizio e durante le riunioni periodiche, ha acquisito dall'amministratore delegato e dal Chief Financial Officer informazioni sul generale andamento della gestione e sulla sua prevedibile evoluzione, nonché operazioni di maggiore rilievo, per le loro dimensioni o caratteristiche, effettuate dalla società e dalle sue controllate e, in base alle informazioni acquisite, non ha osservazioni particolari da riferire.
Il Collegio dà inoltre atto che il Consiglio di amministrazione della seduta del 31 marzo 2023 ha approvato il nuovo piano industriale del Grippo per il triennio 2023-2025 nel quale vengono individuate le opportunità di sviluppo della Società, le azioni funzionali al loro raggiungimento unitamente al ripristino dell'equilibrio economico. Al riguardo il Collegio ha richiesto al Consiglio di amministrazione di mantenere il continuo monitoraggio degli obiettivi attesi tenendo informato il Collegio sui risultati delle azioni intraprese e, in particolare, sui loro effetti in termini redditività.
Il Collegio ha acquisito conoscenza e ha vigilato sull'adeguatezza dell'assetto organizzativo, amministrativo e contabile e sul suo concreto funzionamento anche tramite la raccolta di informazioni dai responsabili delle funzioni. In particolare:

- ha acquisito conoscenza e vigilato, per quanto di sua competenza, sull'adeguatezza e sul funzionamento del sistema amministrativo-contabile, nonché sull'affidabilità di quest'ultimo a rappresentare correttamente i fatti di gestione, mediante l'ottenimento di informazioni dai responsabili delle funzioni e l'esame dei documenti aziendali, e a tale riguardo, non ha osservazioni particolari da riferire;
- ha vigilato sull'effettiva attuazione ed il concreto funzionamento della *Procedura con le Operazioni con Parti Correlate (OPC)* adottata dalla Società, inclusa l'informazione periodica da parte del Consiglio di amministrazione in caso di effettuazione di tali operazioni.
- ha monitorato durante l'esercizio le procedure adottate e i presidi posti in essere dalla Societàper fronteggiare l'esigenza sanitaria in corso da COVID 19.

Il Collegio ha mantenuto, anche in qualità di OdV, un costante scambio informativo con il Team compliance della Società e con responsabili degli altri presidi di controllo interno, quali i *Data Protection Officer* e il *Responsabile del Servizio di Prevenzione e Protezione*.
Il Team Compliance, composto dall'Innovation Manager % Compliance Coordinator e da una consulente estrena, è collocato in staff all'amministratore delegato e presidia: l'aggiornamento delle procedure aziendali, la conformità delle attività operative alle norme e i protocolli interni, la corretta adozione dei sistemi di gestione aziendale (SGI) anche in un'ottica di raggiungimento degli obiettivi di sostenibilità. Il team compliance documenta la propria attività attraverso una reportistica semestrale portata all'attenzione dell'amministratore delegato e dell'OdV. Dal 1° gennaio 2023 il team compliance è stato rafforzato con il coinvolgimento della *Group HR Manager*, al fine anche di ottimizzare i processi di monitoraggio sulla comunicazione delle procedure interne e dei loro aggiornamenti in ottica di compliance al Modello di Organizzazione, gestione e controllo ex D.Lgs n. 231/2001 adottato dalla Società (di seguito "Modello 231")
Con riferimento alle tematiche di bilancio, rammenta il Collegio che gli amministratori hanno fornito adeguata informativa nella relazione sulla gestione e nella nota integrativa al bilancio d'esercizio e al bilancio consolidato della Società sulle operazioni di natura ordinaria effettuate nel corso dell'esercizio con parti correlate o società infragruppo. Per quanto concerne la descrizione delle loro caratteristiche e dei relativi effetti economici e patrimoniali si rinvia a tali documenti.
Non sono pervenute denunzie dai soci ex art. 2408 c.c. né esposti di alcun tipo.
In merito alle eventuali segnalazioni ex art. 25 *novies* del codice della crisi di impresa (d.lgs. 14/2019) che i c.d. creditori pubblici qualificati (INPS; INAIL; Agenzia delle Entrate - Riscossione) debbono inviare al Presidente del Collegio sindacale, si dà atto di non aver ricevuto alcuna notifica o segnalazione.
Nel corso dell'esercizio non sono stati rilasciati dal Collegio sindacale pareri e osservazioni previsti dalla legge.
Nel corso dell'attività di vigilanza, come sopra descritta, non sono emersi altri fatti significativi tali da richiederne la menzione nella presente relazione.
Il Collegio sindacale inoltre segnala che:

- è in corso il processo di aggiornamento del Modello 231 adottato dalla Società (ultima revisione approvata dal Consiglio di amministrazione del 19 novembre 2021), il cui completamento è previsto nel primo quadrimestre dell'anno 2023;
- il Collegio ha valutato, in qualità di OdV, i profili di interesse ai sensi del predetto decreto e in proposito non risultano anomalie o fatti significativi censurabili. Con relazioni (datate 25 luglio 2022 e 12 marzo 2023) ha riferito per iscritto al Consiglio di Amministrazione sull'attività svolta, così come previsto dal Modello 231 che, al paragrafo 4.3.1 così recita: *"L'Organismo di Vigilanza predispone le seguenti linee di reporting: la prima, su base continuativa, direttamente verso l'Amministratore Delegato; la seconda, su base periodica almeno semestrale, nei confronti del Consiglio di Amministrazione e del Collegio Sindacale".*

Osservazioni in ordine al bilancio consolidato
Il Collegio prende atto che la Società ha provveduto alla redazione del bilancio consolidato (da cui risulta un patrimonio netto di gruppo di euro 24.017.621 e un risultato negativo di pertinenza del gruppo di euro 3.248.397) che è stato sottoposto alla revisione legale da parte della società di revisione EY S.p.A.
Si segnala che il patrimonio netto rideterminato in conformità agli IFRS al 31 dicembre 2021 ammontava a euro 26.609.372 contro euro 29.537.218 secondo le quantificazioni OIC.
Non essendo domandato al Collegio il controllo analitico di merito sul contenuto del bilancio stesso, il Collegio ha svolto sul bilancio consolidato e sulla relazione consolidata sulla gestione le medesime attività di vigilanza svolte sul bilancio d'esercizio, segnatamente ha vigilato per gli aspetti di propria competenza, sull'osservanza delle norme procedurali inerenti l'impostazione e la sua formazione, tenuto altresì conto delle informazioni acquisite dalla Società di revisione, anche con riferimento alla corretta definizione del perimetro di consolidamento. A tale riguardo il Collegio non ha osservazioni particolari da riferire.
Si segnala, infine, che la società di revisione EY S.p.A. ha espresso sul bilancio consolidato un giudizio di revisione positivo senza rilievi come così ha espresso il giudizio di coerenza della relazione sulla gestione consolidata rispetto al bilancio e la sua conformità alle norme di legge.

Osservazioni in ordine al bilancio d'esercizio
Non essendo domandato al Collegio il controllo analitico di merito sul contenuto del bilancio d'esercizio, il Collegio ha vigilato per gli aspetti di propria competenza, sull'osservanza delle norme procedurali inerenti all'impostazione e la sua formazione, tenuto altresì conto delle informazioni acquisite dalla Società di revisione. Il Collegio ha inoltre verificato la rispondenza dl bilancio ai fatti e alle informazioni si cui ha avuto conoscenza a seguito dell'espletamento dei propri doveri e non ha osservazioni al riguardo.
Si segnala, infine, che la società di revisione EY S.p.A. ha espresso sul bilancio d'esercizio della Società un giudizio di revisione positivo senza rilievi.
Per quanto a conoscenza di questo Collegio, gli amministratori, nella redazione del bilancio, non hanno derogato alle norme di legge ai sensi dell'art. 2423, co. 5, c.c.

Osservazioni e proposte in ordine all'approvazione del bilancio
Signori Azionisti, per quanto di propria competenza, questo Collegio:
- preso atto delle risultanze del bilancio dell'esercizio chiuso al 31 dicembre 2022;
- considerato l'esito degli specifici compiti svolti dalla società di revisione EY S.p.A. in tema di controllo della contabilità e verifica dell'attendibilità del bilancio d'esercizio e consolidato (che risultano confortati da un giudizio positivo senza modifica);
- considerata altresì la rappresentazione dei rischi aziendali e dei relativi presidi di fronteggiamento effettuata dagli amministratori nella relazione sulla gestione;
ritiene di non avere obiezioni da formulare in merito all'approvazione dello stesso e alla proposta formulata dal Consiglio di Amministrazione relativa alla destinazione a nuovo della perdita dell'esercizio 2022 della Societò (euro -195,016), come indicato in dettaglio nella nota integrativa.

Arezzo, 12 aprile 2023
Il Collegio Sindacale
Marco Mainardi (Presidente)
Alessandra Pederzoli (Sindaco effettivo)
Fabrizio Rossi (Sindaco effettivo)

Monnalisa S.p.A.

Bilancio d'esercizio al 31 dicembre 2022

Relazione della società di revisione indipendente
ai sensi dell'art. 14 del D. Lgs. 27 gennaio 2010, n. 39

EY S.p.A.
Piazza della Libertà, 9
50129 Firenze

Tel: +39 055 552451
Fax: +39 055 5524850
ey.com

Relazione della società di revisione indipendente ai sensi dell'art. 14 del D. Lgs. 27 gennaio 2010, n. 39

Agli azionisti della
Monnalisa S.p.A.

Relazione sulla revisione contabile del bilancio d'esercizio

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della Monnalisa S.p.A. (la Società), costituito dalla situazione patrimoniale-finanziaria al 31 dicembre 2022, dal conto economico, dal conto economico complessivo, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalle note al bilancio che includono anche la sintesi dei più significativi principi contabili applicati.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2022, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data, in conformità agli International Financial Reporting Standards adottati dall'Unione Europea.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio* della presente relazione. Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Altri Aspetti

Il bilancio d'esercizio presenta ai fini comparativi i dati corrispondenti dell'esercizio precedente predisposti in conformità ai principi contabili internazionali che derivano dal bilancio d'esercizio al 31 dicembre 2021, predisposto in conformità alle norme italiane che ne disciplinano i criteri di redazione. La nota esplicativa 4 "Transizione ai principi contabili internazionali IAS/IFRS" illustra gli effetti della transizione agli International Financial Reporting Standards adottati dall'Unione Europea ed include le informazioni relative ai prospetti di riconciliazione previsti dal principio contabile internazionale IFRS 1.

Responsabilità degli amministratori e del collegio sindacale per il bilancio d'esercizio

Gli amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili per la valutazione della capacità della Società di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che tuttavia non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche degli utilizzatori prese sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti od eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze, e non per esprimere un giudizio sull'efficacia del controllo interno della Società;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli amministratori e della relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero,

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qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dai principi di revisione internazionali (ISA Italia), tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Relazione su altre disposizioni di legge e regolamentari

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39

Gli amministratori della Monnalisa S.p.A. sono responsabili per la predisposizione della relazione sulla gestione della Monnalisa S.p.A. al 31 dicembre 2022, inclusa la sua coerenza con il relativo bilancio d'esercizio e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio della Monnalisa S.p.A. al 31 dicembre 2022 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio d'esercizio della Monnalisa S.p.A. al 31 dicembre 2022 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, c.2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Firenze, 12 aprile 2023

EY S.p.A.

Andrea Eronidi
(Revisore Legale)

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