

PRESS RELEASE

H1 2024 RESULTS APPROVED REVENUES OF EURO 19 MILLION NEW BUSINESS STRATEGY LAUNCHED BY MANAGEMENT

- Consolidated revenues of Euro 19 million (Euro 21.9 million in H1 2023)
- Growth of direct-to-consumer channel share which, considering only the direct physical stores and the direct e-commerce channel, now accounts for 49% of total Group revenues
- EBITDA margin up on H1 2023, despite the revenue contraction
- Adjusted EBITDA of Euro 1.8 million (Euro 2 million in the comparative period in 2023), 9.5% of revenues
- EBIT was a loss of Euro 1.7 million, a 16% improvement over the first half of 2023 (Adjusted EBIT was in line with the comparative period)
- Shareholders' equity of Euro 14.2 million
- The net financial debt including the effects of IFRS 16 was Euro 26.6 million (Euro 28.5 million at the end of the comparative period); adjusted net financial debt¹ of Euro 13.4 million
- Major directional shift set out in the guidelines of new Group Business Plan following entry of new management in May 2024

Arezzo (AR), September 27, 2024

The Board of Directors of Monnalisa S.p.A., the operative holding company of the Monnalisa Group, the high-end childrenswear sector leader and listed on the Euronext Growth Milan market organised and managed by Borsa Italiana, has approved the 2024 Half-Year Financial Report, drawn up as per the Euronext Growth Milan Issuers' Regulation.

Matteo Tugliani, Chief Executive Officer of Monnalisa, stated *"We are whole-heartedly and confidently pursuing our new project launched in May 2024: Monnalisa as a production, commercial distribution and editorial platform for own brands and brands under license within the adult luxury fashion market. The Group's objectives and general focus centres on profitability, margins and positive cash flows rather than revenues. We look with confidence to the medium/long-term, adopting in each area a prudent approach based on the far-reaching analysis carried out by management and the advisors appointed for the restructuring and relaunch of the Monnalisa Group"*.

¹ Net of the effects of applying IFRS 16.

Financial highlights at June 30, 2024

In the first half of 2024, the Company recorded consolidated revenues of 19 million euros, with a decrease of 13.3% at current exchange rates (11.5% at constant exchange rates) compared to 21.9 million euros as of June 30, 2023.

The retail channel contracted 6% at current exchange rates, 3% at constant exchange rates compared to values as of June 30, 2023 with revenues of Euro 7.7 million (Euro 8.2 million in the comparative period).

The contraction stems mainly from the closures on the Chinese market, with the group managing ten sales points at June 30, 2023, compared to six at June 30, 2024. Excluding the impact from the Chinese market contraction, the retail channel grew 2% on the comparative half-year.

The wholesale channel was significantly impacted, contracting 20% at current exchange rates, 19% at constant exchange rates. The channel's results continue to be significantly impacted by the international geopolitical uncertainty, the ongoing conflict between Russia and Ukraine, with consequences for the markets to which the Group is significantly exposed in terms of customers, and the significant inflation which has hit consumer confidence, in addition to a more cautious and conservative approach among multi-brand wholesale customers, and particularly the newer brands. Channel revenues totalled Euro 10 million, compared to Euro 12.4 million in H1 2023.

A significant portion of the reduction in the wholesale channel's revenues is due to the drop in revenues from brands other than Monnalisa.

Direct e-commerce channel revenues of the parent company alone increased 1% in the period compared to the same period of 2023.

The direct online channel continues to account for 7% of total revenues (substantially in line with the previous year).

June 30 at current exchange rates						
Euro thousands	2024	%	2023	%	Change	Change %
Retail	7,730	41%	8,222	38%	(492)	-6%
Wholesale	9,958	52%	12,400	57%	(2,442)	-20%
Direct B2C	1,310	7%	1,290	6%	19	1%
Total	18,998	100%	21,913	100%	(2,915)	-13%

Revenues by region highlight the contraction in Italy and Europe (-16%) and in the Rest of the World (-12%).

The percentage distribution of revenues by zone is in line with the comparative half-year:

June 30 at current exchange rates						
Euro thousands	2024	%	2023	%	Change	Change %
Italy	6,822	36%	8,167	37%	(1,345)	-16%
Europe	4,797	25%	5,337	24%	(540)	-10%
Rest of the World	7,380	39%	8,409	38%	(1,029)	-12%
TOTAL	18,998	100%	21,913	100%	(2,915)	-13%

Adjusted EBITDA was Euro 1.8 million (Euro 2 million in H1 2023). The adjustments are related to extraordinary costs incurred in the first half of the year due to non-recurring events, specifically related to the closure of directly operated stores, which were deemed underperforming in a medium to long-term perspective,

carried out in the first six months of 2024. This is in line with the outlined strategic plan, which aims to rationalize existing retail locations, with subsequent positive effects on overall margins.

EBITDA reported was Euro 1.55 million, 8,2% of total revenues, compared to Euro 1.48 million in H1 2023, 6.8% of total revenues.

After amortisation and depreciation of Euro 3.3 million (Euro 3.6 million in H1 2023), EBIT reported a loss of Euro 1.7 million (loss of Euro 2.1 million in H1 2023).

A Net Loss of Euro 2.9 million was reported (loss of Euro 3.6 million in H1 2023).

The period results, which did not meet expectations, were again impacted by the outside factors indicated above. These concern the inflationary environment - which affected consumer confidence and therefore wholesale customer orders - which had already been a weak link in the chain, the consumer slowdown on a number of key group markets such as the United States and China, but also Europe, and the radical change in the competitive high-end childrenswear fashion market, affected by the wave of men's and womenswear brands which over recent years have launched children's ranges.

Balance sheet highlights at June 30, 2024

The Group reports **Shareholders' Equity** of Euro 14.2 million.

The net financial debt (**Net Financial Position**), including the effects from applying IFRS 16, was Euro 26.6 million (Euro 28.5 million at December 31, 2023). The adjusted financial debt, calculated by excluding current and non-current liabilities regarding leasing contracts, totalled Euro 13.4 million (Euro 12.2 million at December 31, 2023). The improvement in net financial debt is also impacted by the closure of directly operated stores, which were deemed underperforming in a medium to long-term perspective, carried out during the semester in line with the defined strategic plan.

<i>in Euro thousands</i>	30.06.2024	31.12.2023
A. Cash	1,214	4,401
B. Cash equivalents	-	-
C. Other current financial assets	55	251
D. Liquidity A+B+C	1,269	4,652
E. Current financial payables	9,824	11,766
F. Current portion of non-current financial payables	2,733	2,590
G. Current financial debt (E+F)	12,557	14,356
H. Net current financial debt (G-D)	11,288	9,704
I. Non-current financial payables	15,301	18,795
J. Debt instruments	-	-
K. Trade and other current payables	-	-
L. Non-current debt (I+J+K)	15,301	18,795
M. Net financial debt (H+L)	26,589	28,499
Current lease liabilities	3,810	4,067
Non-current lease liabilities	9,429	12,196
Adjusted net financial debt	13,350	12,236

2024 - 2030 Business Plan

As is well known, the Group's results, which have been negative for several years, have been and continue to be impacted by negative exogenous factors such as: i) inflationary dynamics, which have reduced consumer confidence and, consequently, wholesale customer orders; ii) the slowdown in consumption in key markets for the Group, such as the United States and China; iii) increased competition due to the entry of luxury brands, previously focused solely on the adult market, into the high-end children's segment.

In light of all this, the new Management, since taking office, has identified actions and initiatives aimed at reversing the company's results and achieving a return to economic and financial stability within a reasonable timeframe. Based on the needs already identified and communicated on July 26, Management has conducted in-depth analysis across all strategic areas of the Company's business model, with the support of external advisors, and has developed a restructuring and relaunch plan, the guidelines of which were approved by the Board of Directors on September 25 2024. This restructuring and relaunch plan involves changes to the business model as well as measures designed to restore the Group to financial stability by fiscal year 2025.

The main guidelines underpinning the plan are as follows:

- consolidating Wholesale channel revenues, also through new sales from licenses already contracted, with the initial revenues emerging from FY 2025;
- continuation of the strategy of seeking new licensing or production agreements with adult fashion brands, not only to increase volumes - but also the Group's profitability - creating new revenue streams and higher earnings;
- restructuring of the retail channel through the optimised management of existing sales points and the reduction of Chinese market initiatives (whose relaunch is currently experiencing extreme difficulties), and the gradual closure of the six residual sales points managed by the Chinese subsidiary by Q1 2025;
- the launch of new proprietary brands leveraging the industrial creative and distributional expertise of the Group, with a separate target pricing and occasions for use from the Monnalisa brand.

In terms of containing and reducing operating costs:

- reduction of general costs through an ad hoc savings plan;
- the closure of under-performing stores (particularly in China), which the Group expects to fully exit;
- the bringing in-house of a number of marketing/branding activities, previously outsourced, with significant cost savings.

These guidelines have already been initially implemented in the current semester with an overall reduction in operating costs greater than the decrease in turnover. Over the next quarter, further action lines approved by the Board of Directors will be executed; timely communication of the results of this execution will be provided to the market.

The Board has approved and communicated to the market the unaudited consolidated results. As soon as the auditing firm has completed the appropriate checks and issued the relevant report, it will be promptly made available to the public via a press release.

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

Annex 1. - *Consolidated Income Statement*

Annex 2. - *Consolidated Comprehensive Income Statement*

Annex 3. - *Consolidated Balance Sheet*

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

Annex 5. - *Consolidated Cash flow Statement*

The consolidated half-year report at June 30, 2024 shall be made available to the public according to the terms and means established by the Euronext Growth Milan Issuers' Regulation, and also on the website of Monnalisa S.p.A. <https://www.monnalisa.com/> in the "Investor Relations" section.

Monnalisa S.p.A. (Ticker MNL), listed on the Euronext Growth Milan market since July 12, 2018 and engaged in the high-end childrenswear segment for fifty years, was founded in Arezzo in 1968. It distributes **in over 50 countries**, both through direct flagship stores and at the world's best-known Department Stores and over 400 multibrand sales points. Focusing on high-quality and made in Italy style, its research and development investment is matched by a commitment to sustainability. The company complies with the SA8000 regulation and environmental certification ISO 14001.



Annex 1. - Consolidated Income Statement

(Euro)	Notes	30.06.2024	of which with related parties	30.06.2023	of which with related parties
Revenues from contracts with customers	5	18,998,271	78,159	21,912,800	25,206
Other income and revenues	6	409,138		388,354	
Revenues		19,407,409		22,301,154	
Changes in inventories of work in progress, semi-finished goods and finished products	7	411,443		1,078,424	
Raw materials, finished products and consumables used	7	(5,224,789)		(6,614,517)	
Costs for services	8	(7,059,543)	(255,916)	(8,868,231)	(366,557)
Personnel costs	9	(5,771,152)	(120,778)	(6,165,250)	(74,400)
Amortization, depreciation and write-downs	10	(3,320,998)		(3,602,203)	
Other operating costs		(213,650)		(246,614)	
Operating profit/(loss)		(1,771,280)		(2,117,237)	
Financial charges	11	(923,539)		(820,311)	
Financial income	11	69,685		18,281	
Gains/(losses) on exchange rate differences	11	246,037		(769,171)	
Profit before taxes		(2,379,097)		(3,688,438)	
Income Taxes	12	(525,740)		43,901	
Net profit/(loss) for the period		(2,904,838)		(3,644,538)	
Net profit/(loss) – Group		(2,904,838)		(3,644,616)	
Net profit/(loss) – minority interests		0		77	

(Euro)	30.06.2024	30.06.2023
Net profit/(loss) - Group	(2,904,838)	(3,644,616)
# shares	5,236,300	5,236,300
Basic earnings/(loss) per share	(0.60)	(0.70)
Diluted earnings/(loss) per share	(0.60)	(0.70)

Annex 2. - Consolidated Comprehensive Income Statement

(Euro)	Notes	30.06.2024	30.06.2023
Net profit/(loss) for the period		(2,904,838)	(3,644,538)
Net gain/(Loss) from hedging derivatives	25	(20,891)	(25,166)
Currency translation differences of foreign operations	25	(166,402)	109,583
Total other gains/(losses) that will be subsequently reclassified to net profit/(loss) for the period, net of taxes		(187,293)	84,417
Net gain/(loss) from recognition of defined-benefit plans for employees	25	76,148	(38,113)
Total other gains/(losses) that will not be subsequently reclassified to net profit/(loss) for the period, net of taxes		76,148	(38,113)
Total other gains/(losses) net of taxes		(111,145)	46,304
Total comprehensive income for the period, net of taxes		(3,015,983)	(3,598,234)
	Group	(3,015,983)	(3,598,637)
	Minority Interest	0	403

Annex 3. - Consolidated Balance Sheet

(Euro)	Notes	30.06.2024	of which with related parties	31.12.2023	of which with related parties
NON CURRENT ASSETS					
Property, plant and equipment	13	14,651,442		15,105,276	
Right of use assets	15	12,887,298		15,924,133	
Intangible assets with a finite useful life	16	308,378		470,727	
Other non current financial assets	17	742,794		767,022	
Deferred tax assets	12-18	3,600,283		4,125,372	
TOTAL NON CURRENT ASSETS		32,190,195	0	36,392,529	0
CURRENT ASSETS					
Inventories	19	15,695,870		15,669,809	
Trade Receivables	20	6,999,406	189,503	6,530,355	202,589
Tax Receivables	21	0		319,202	
Other current assets	22	1,940,716		2,084,395	180,000
Other current financial assets	23	170,245		390,006	
Cash and cash equivalents	24	1,214,288		4,401,271	
TOTAL CURRENT ASSETS		26,020,525	189,503	29,395,038	382,589
TOTAL ASSETS		58,210,720	189,503	65,787,567	382,589
SHAREHOLDERS' EQUITY					
GROUP SHAREHOLDERS' EQUITY					
Share capital		10,000,000		10,000,000	
Reserves		7,127,648		13,947,765	
Net profit/(loss) - Group		(2,904,838)		(6,706,313)	
TOTAL GROUP SHAREHOLDERS' EQUITY		14,222,810		17,241,452	
Share capital and reserves - minority interests		633		633	
TOTAL SHAREHOLDERS' EQUITY	25	14,223,443	0	17,242,084	0
NON CURRENT LIABILITIES					
Non current financial liabilities	31	5,872,420		6,599,463	
Provisions for risk and charges	26	660,741		752,946	
Employee benefit liabilities	27	2,175,410	9,068	2,324,070	
Other non current liabilities	28	87,804		107,304	
Non current lease liabilities	29	9,428,848		12,195,551	
Deferred tax liabilities	12-18	271,426		276,193	
TOTAL NON CURRENT LIABILITIES		18,496,648	9,068	22,255,527	0
CURRENT LIABILITIES					
Trade payables	30	10,211,256	683,127	9,430,568	432,002
Current financial liabilities	31	8,756,417		10,289,475	
Tax payables	30	422,139		477,109	
Other current liabilities	30	2,290,860		2,025,428	
Current lease liabilities	29	3,809,959		4,067,377	
TOTAL CURRENT LIABILITIES		25,490,630	683,127	26,289,956	432,002
TOTAL LIABILITIES		43,987,278		48,545,483	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		58,210,720		65,787,567	

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

(Euro)	Share capital	Legal reserve	Revaluation reserve	Cash Flow hedge reserve	Other reserves	Effect IAS 19 Equity	Retained earnings	Net profit/(loss) for the period	Group shareholders' equity	Minority interest	Total shareholders' equity
As at 01.01.2024	10,000,000	1,143,206	4,006,874	105,317	6,785,245	155,698	1,751,425	(6,706,313)	17,241,452	633	17,242,084
Allocation of results							(6,706,313)	6,706,313	0		0
Other movements IAS 29			(2,685)						(2,685)		(2,685)
Net profit/(loss) for the period								(2,904,838)	(2,904,838)	0	(2,904,838)
Other comprehensive income/(loss)				(20,891)	(166,375)	76,148			(111,118)		(111,118)
As at 30.06.2024	10,000,000	1,143,206	4,004,189	84,426	6,618,870	231,846	(4,954,888)	(2,904,838)	14,222,810	633	14,223,443

Annex 5. - Consolidated Cash Flow Statement

Consolidated Cash Flow Statement

(Euro)	Notes	30.06.2024	of which with related parties	30.06.2023	of which with related parties
Net Profit/(loss) for the period		(2,904,838)		(3,644,538)	
Adjustments to reconcile net profit (loss) to net cash from (used in) operating activities:					
Amortization, depreciation and write-downs of tangible and intangible assets, investment property and right-of-use assets		3,300,971		3,601,355	
Income taxes		523,000		(43,901)	
Provision for employee benefit plans		124,316		143,438	
Allocation to/(use of) the provision for obsolete inventory		-		-	
Losses and provision for bad debt		-		-	
Losses/(gains) on disposal of tangible/intangible assets		-		-	
Interest expense and interest expense on lease liabilities		940,288		820,311	
Interest income		-		-	
Other non-monetary items		(214,064)		208,406	
Changes in operating assets and liabilities		-		-	
Inventories		(26,061)		(515,581)	
Trade receivables		(469,051)	12,200	958,867	182,067
Trade payables		780,688	251,125	(36,104)	(8,312)
Other receivables and tax payables		421,555		161,732	
Other assets and liabilities		-		24,922	
Employee benefits payments		(203,906)		(90,350)	
Income taxes paid		-		(34,058)	
Interest expense and interest expense on lease liabilities paid		(615,973)		(425,733)	
Interest income received		-		-	
NET CASH FROM (USED IN) OPERATING ACTIVITIES		1,656,925	263,325	1,128,765	173,755
Cash flow from investing activities					
Purchase of tangible assets		(146,350)		(1,332,520)	
Purchase of intangible assets		9,245		(287,061)	
Proceeds from the sale of tangible and intangible assets		-		-	
NET CASH FROM (USED IN) INVESTING ACTIVITIES		(137,105)	0	(1,619,581)	0
Cash flow from financing activities					
Net change in financial receivables		220,100	180,000	-	
Net change in financial payables		(2,260,101)		5,331,678	
Repayment of lease liabilities		(2,666,803)		(2,723,840)	
NET CASH FROM (USED IN) FINANCING ACTIVITIES		(4,706,804)	180,000	2,607,838	0
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(3,186,984)	443,325	2,117,022	173,755
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR					
		4,401,271		3,408,163	
Increase /(decrease) in cash and cash equivalents		(3,186,984)		2,117,022	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,214,288		5,525,185	