

Italy – Fashion

Retail growth and cost control led to margins improvement

28th April 2023

FY-22 RESULTS RELEASE

RIC: MONNA.MI
BBG: MNL IM

Monnalisa posted FY-22 results broadly aligned with our estimates, characterised by the robust growth of the Retail channel and an improvement in margins in light of careful cost controls. However, challenging macroeconomic conditions and the uncertainties related to the recovery of key reference markets suggest cautiousness in the short-term.

Rating:
Neutral

Price Target:
€ 3.10 (€ 3.50)

Upside/(Downside): 14.0%

Last Price: € 2.72

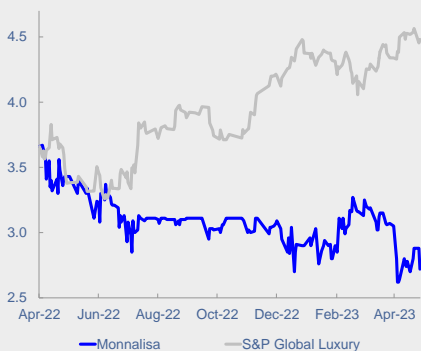
Market Cap.: € 14.3m

1Y High/Low: € 3.44 / € 2.56

Avg. Daily Turn. (3M, 6M): € 5k, € 4k

Free Float: 25.2%

Major shareholders:
Jafin Due 74.5%



Stock price performance

	1M	3M	12M
Absolute	-11.4%	-2.9%	-20.7%
Rel.to FTSE IT Growth	-9.6%	1.0%	-12.4%
Rel.to Sector	-13.6%	-7.1%	-34.3%

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Estimates fine-tuned: new DCF-based PT set at € 3.10/s. Neutral rating confirmed

Monnalisa reported FY-22 results broadly aligned with our estimates in terms of total revenues and EBITDA, led by the positive contribution of the Retail channel, notwithstanding some headwinds concerning certain key reference markets. Following the FY-22 results release, we updated our model by factoring in: 1) a lower than previously expected sales growth given the ongoing effects of the Russia-Ukraine conflict as well as uncertainties regarding the recovery of Asian markets and 2) slightly higher financial charges to reflect current interest rates. The combined result is an average 7.7% and 4.9% decline in revenues and EBITDA in 2023-24. Furthermore, we introduced 2025 projections. Moreover, CFO has also updated the DCF valuation criteria, bringing the Free Risk Rate up-to-date and postponed its first valuation projection to 2023. The combined result is a new DCF-based PT of € 3.10/s (€ 3.50), 14.0% upside. Neutral rating confirmed.

Revenues up by 6% YoY, broadly in line with our forecast. Retail channel up by 19%

Top line reached € 46.4m, up by 6.3% YoY, driven by growing sales volumes and, to a minor extent, price increases. The figure is broadly in line with our forecast of € 48.0m. The retail channel rose by 19.4% YoY to € 16.8m, confirming the soundness of the company's strategy focused on direct-to-consumer sales coupled with a more efficient marketing strategy. Wholesale remained flat YoY at € 26.7m, mainly due to the difficult macroeconomic context in certain key markets, accompanied by the delayed delivery of some orders related to the 2023 spring-summer collection. E-commerce came in broadly unchanged YoY at € 2.9m (vs € 3.0m in 2021), below our estimate of € 3.1m, partially affected by the conflict outbreak and the progressive return to in-store sales.

EBITDA came in at € 5.8m, 12.7% margin. Net loss at € 3.2m

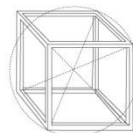
EBITDA increased by 13.7% YoY to € 5.8m, 12.7% margin (€ 5.1m, 11.6% margin, in 2021), bang in line with our forecast, reflecting higher sales coupled with the careful cost control rolled out by management, notwithstanding the inflationary pressures on raw materials and energy costs. After D&A equal to € 8.1m, EBIT was negative for € 2.1m, showing signs of improvement with respect to FY-21 thanks to higher EBITDA. Net loss amounted to € 3.2m, compared to net loss of € 2.1m in FY-21 and our projection of € 3.0m, mainly on the back of lower than forecasted tax benefits.

NFP slightly improving YoY thanks to a good operating cash flow

Net Financial Position (including IFRS-16 effect) reached € 28.9m, slightly declining YoY, although higher than our € 25.1m estimate, resulting from better than expected operating cash flow equal to € 6.9m, thanks to a wise NWC management, partially offset by the substantial cash outlay relative to the reimbursement of financial and lease-related liabilities. NFP excluding IFRS-16 effect stood at € 8.6m.

Monnalisa, key financials and ratios

€ m	2021	2022	2023e	2024e	2025e
Net Revenues	43.6	46.4	48.5	53.6	56.9
EBITDA adj.	5.1	5.9	6.9	8.3	9.2
EBITDA	5.1	5.8	6.8	8.3	9.2
EBIT	(2.7)	(2.1)	(0.7)	1.0	2.1
Net profit	(2.1)	(3.2)	(1.9)	(0.1)	0.6
NFP (cash)/debt	29.4	28.9	29.4	28.9	28.2
EBITDA margin	11.7%	12.6%	14.0%	15.5%	16.0%
EPS adj. FD	(0.40)	(0.61)	(0.35)	(0.02)	0.11
EPS adj. FD growth	51.1%	-50.2%	42.0%	92.9%	n.m.
ROCE	neg.	neg.	neg.	1.8%	3.5%
NWC/Sales	35.6%	30.8%	29.3%	27.8%	27.8%
Free Cash Flow Yield	38.8%	43.2%	34.7%	41.8%	43.7%
PER x	neg.	neg.	neg.	neg.	25.6
EV/Sales x	1.14	0.99	0.90	0.81	0.75
EV/EBITDA x	9.7	8.0	6.4	5.2	4.6
EV/EBIT x	neg.	neg.	neg.	42.2	20.7

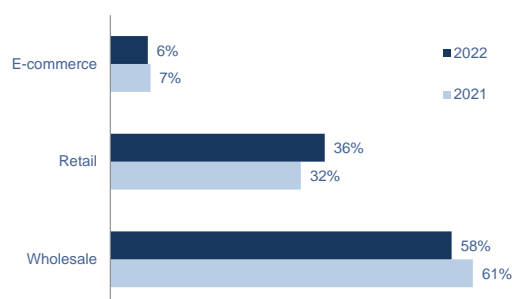


The company at a glance

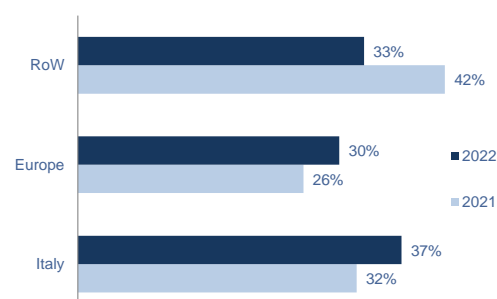
Founded in 1968 by Piero Iacomoni and Barbara Bertocci in the fashion and creative centre of Italy, Monnalisa is specialised in high-end childrenswear (0-16 years) through its own proprietary brands and licenses. The philosophy of Monnalisa is the creation of a lifestyle identity, offering a complete range of products from apparel to footwear, from accessories to cosmetics and furniture. At the end of 2022, Monnalisa operated worldwide in more than 50 countries through 49 direct stores and almost 500 multibrand stores. The company sells via three distribution channels:

- Wholesale, 58% of top line in FY-22. Monnalisa conducts a strict selection of stores considering location, visibility and their consistency with the Monnalisa brand identity. This includes Wholesale retail, namely monobrand stores in partnership (Third Party Operated Stores – TPOS) and those located in top department stores (Third Party Shop In Shop – TPSIS).
- Retail, 36% of top line. Monnalisa sells directly to the end customer through its directly owned stores: Directly Operated Stores (DOS) and Directly Operated Outlets (DOO), totalling 49 stores at year-end 2022.
- Direct e-commerce, 6% of top line. Monnalisa sells its products online through its own monobrand online boutique.

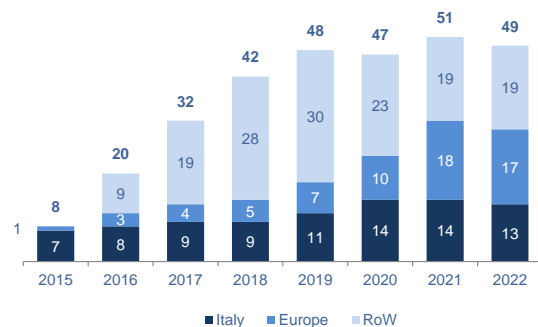
FY-22 vs FY-21 channel contribution...



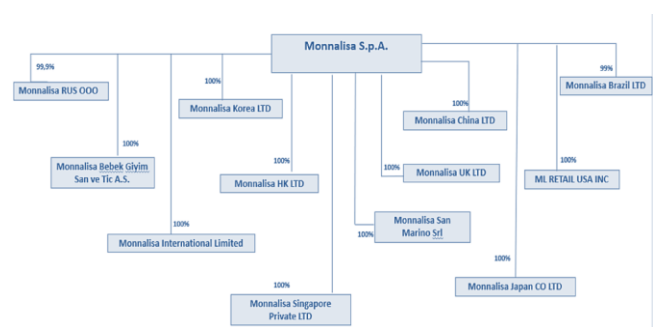
... and revenues by geography



2015-2022 retail evolution



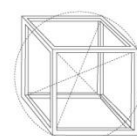
Group structure



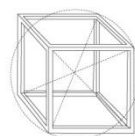
Peers group multiples table

EV multiples x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3	EBIT FY1	EBIT FY2	EBIT FY3
Brunello Cucinelli SpA	6.20	5.59	4.99	21.6	19.6	17.3	40.8	36.2	31.5
Burberry Group PLC	2.94	2.65	2.43	9.9	8.9	8.1	14.7	13.1	11.7
Capri Holdings Ltd	1.15	1.12	0.78	5.9	5.6	3.9	7.0	6.7	4.6
Hugo Boss AG	1.34	1.09	1.19	7.0	5.5	5.9	13.9	10.3	10.2
Kering SA	3.45	3.05	2.76	9.8	8.6	7.6	12.6	10.9	9.7
Moncler SpA	6.00	5.35	4.78	15.1	13.4	12.0	19.8	17.5	15.5
Prada SpA	3.52	3.31	3.07	10.1	9.4	8.5	16.9	15.1	13.0
Ralph Lauren Corp	1.09	1.03	0.98	7.0	6.4	5.9	9.2	8.3	7.6
Salvatore Ferragamo SpA	2.30	2.01	1.86	11.7	9.2	8.1	36.9	22.6	16.9
Tod's SpA	1.64	1.49	1.39	7.8	6.7	6.1	23.4	17.5	14.8
Median	2.62	2.33	2.14	9.9	8.8	7.9	15.8	14.1	12.4
Monnalisa SpA	0.89	0.80	0.74	6.4	5.2	4.6	n.m.	42.2	20.7

Source: CFO Sim, Refinitiv Eikon



Income statement (€ m)	2021	2022	2023e	2024e	2025e
Net Revenues	43.6	46.4	48.5	53.6	56.9
Value of Production	43.9	45.7	48.8	53.9	57.2
Raw materials	(11.7)	(12.1)	(12.7)	(14.0)	(14.9)
Services	(15.4)	(15.3)	(16.1)	(17.8)	(18.9)
Use of third-party assets	0.0	0.0	0.0	0.0	0.0
Personnel expenses	(10.6)	(12.0)	(12.2)	(12.7)	(13.1)
Other opex	(1.1)	(0.7)	(1.0)	(1.1)	(1.1)
EBITDA	5.1	5.8	6.8	8.3	9.2
D&A	(7.9)	(7.8)	(7.5)	(7.3)	(7.1)
EBIT	(2.7)	(2.1)	(0.7)	1.0	2.1
Financials	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)
Re/(Deval.) of fin. assets	0.0	0.0	0.0	0.0	0.0
FX profit/(loss)	0.7	(0.0)	0.0	0.0	0.0
Pre-Tax profit	(3.3)	(3.4)	(2.0)	(0.3)	0.8
Income taxes	1.2	0.1	0.1	0.1	(0.2)
Minorities	0.0	0.0	0.0	0.0	0.0
Net Profit	(2.1)	(3.2)	(1.9)	(0.1)	0.6
EBITDA adj.	5.1	5.9	6.9	8.3	9.2
Net Profit adj.	(2.1)	(3.2)	(1.8)	(0.1)	0.6
Balance sheet (€ m)	2021	2022	2023e	2024e	2025e
Net Working Capital	15.7	14.1	14.3	15.0	15.9
Net Fixed Assets	39.5	37.1	35.8	34.7	33.8
Equity Investments	0.8	0.8	0.8	0.8	0.8
Other M/L Term A/L	0.1	0.8	0.6	0.4	0.2
Net Invested Capital	56.0	52.9	51.5	50.9	50.7
Net Financial Debt	29.4	28.9	29.4	28.9	28.2
Minorities	(0.0)	0.0	0.0	0.0	0.0
Group's Shareholders Equity	26.6	24.0	22.1	22.0	22.6
Financial Liabilities & Equity	56.0	52.9	51.5	50.9	50.7
Cash Flow statement (€ m)	2021	2022	2023e	2024e	2025e
Total net income	(2.1)	(3.2)	(1.9)	(0.1)	0.6
Depreciation	7.9	7.8	7.5	7.3	7.1
Other non-cash charges	(0.4)	0.8	0.2	0.2	0.2
Cash Flow from Oper. (CFO)	5.4	5.3	5.8	7.4	7.9
Change in NWC	1.1	1.6	(0.2)	(0.7)	(0.9)
FCF from Operations (FCFO)	6.5	6.9	5.6	6.7	6.9
Net Investments (CFI)	(1.0)	(0.7)	(0.7)	(0.7)	(0.7)
Free CF to the Firm (FCFF)	5.5	6.2	4.9	6.0	6.2
CF from financials (CFF)	(5.1)	(7.3)	(5.5)	(5.5)	(5.5)
Free Cash Flow to Equity (FCFE)	0.5	(1.2)	(0.6)	0.5	0.7
Financial ratios	2021	2022	2023e	2024e	2025e
EBITDA margin	11.7%	12.6%	14.0%	15.5%	16.0%
EBITDA adj. margin	11.7%	12.8%	14.1%	15.5%	16.0%
EBIT margin	-6.3%	-4.5%	-1.5%	1.9%	3.6%
Net profit margin	-4.8%	-7.1%	-3.9%	-0.2%	1.0%
Net profit adj. margin	-4.8%	-6.9%	-3.8%	-0.2%	1.0%
Tax rate	n.m.	n.m.	n.m.	n.m.	26.0%
Op NWC/Sales	35.6%	30.8%	29.3%	27.8%	27.8%
Interest coverage x	(0.46)	(0.63)	(1.77)	1.27	0.63
Net Debt/EBITDA x	5.74	5.01	4.32	3.47	3.07
Net Debt-to-Equity x	1.10	1.20	1.33	1.31	1.25
ROIC	neg.	neg.	neg.	2.0%	4.0%
ROCE	neg.	neg.	neg.	1.8%	3.5%
ROACE	neg.	neg.	neg.	1.8%	3.5%
ROE	neg.	neg.	neg.	neg.	2.5%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Per share figures	2021	2022	2023e	2024e	2025e
Number of shares # m	5.24	5.24	5.24	5.24	5.24
Number of shares Fully Diluted # m	5.24	5.24	5.24	5.24	5.24
Average Number of shares Fully Diluted #	5.24	5.24	5.24	5.24	5.24
EPS stated FD €	(0.40)	(0.62)	(0.36)	(0.02)	0.11
EPS adjusted FD €	(0.40)	(0.61)	(0.35)	(0.02)	0.11
EBITDA €	0.98	1.10	1.30	1.59	1.75
EBIT €	(0.52)	(0.39)	(0.14)	0.20	0.39
BV €	5.08	4.59	4.23	4.20	4.31
FCFO €	1.24	1.32	1.08	1.27	1.32
FCFF €	1.06	1.18	0.94	1.14	1.19
FCFE €	0.09	(0.22)	(0.11)	0.09	0.14
Dividend €	0.00	0.00	0.00	0.00	0.00



Monnalisa in a nutshell

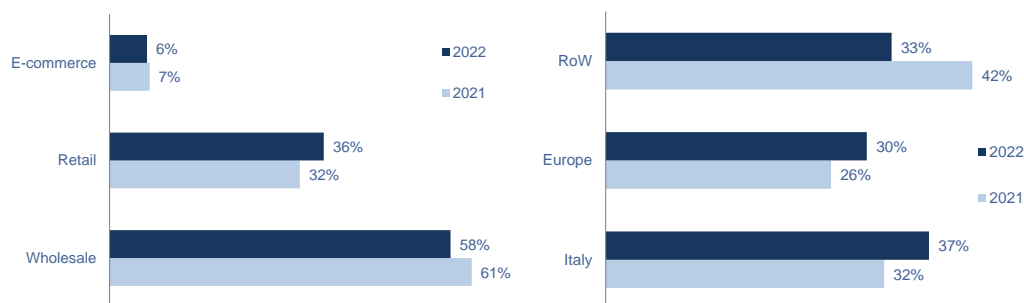
Founded in 1968 by **Piero Iacomoni** and **Barbara Bertocci** in the fashion and creative centre of Italy, **Monnalisa is specialised in high-end childrenswear (0-16 years) through its own proprietary brands and licenses.** The philosophy of Monnalisa is the creation of a lifestyle identity, offering a complete range of products from apparel to footwear, from accessories to cosmetics and furniture.

Monnalisa's core skill is its proven ability to provide quality, fashionable and highly identifiable products to consumers looking for luxury clothes. Monnalisa presents rich and innovative collections every season which are the result of continuous product innovation, excelling in terms of creativity and style content. **Monnalisa has completely insourced every strategic activity**, from design to prototype creation and **outsourced every low value-added non-strategic phase of the production process.** Moreover, in order to guarantee high-quality finished products, Monnalisa pays particular attention to quality control of raw materials and fabric cutting.

Monnalisa operates worldwide in more than 50 countries through 49 direct stores and almost 500 multibrand stores (figures at end-2022). With net revenues at € 46.4m in 2022, **Monnalisa is among the leading Italian childrenswear players operating worldwide in the high-end market segment.** The company sells via three distribution channels:

- **Wholesale, 58% of top line** in FY-22. Monnalisa conducts a strict selection of stores considering location, visibility and their consistency with the Monnalisa brand identity. This includes Wholesale retail, namely monobrand stores in partnership (Third Party Operated Stores – TPOS) and those located in top department stores (Third Party Shop In Shop – TPSIS).
- **Retail, 36% of top line.** Monnalisa sells directly to the end customer through its directly owned stores: Directly Operated Stores (DOS) and Directly Operated Outlets (DOO), totalling 49 stores at year-end 2022.
- **Direct e-commerce, 6% of top line.** Monnalisa sells its products online through its own monobrand online boutique.

Chart 1 – Monnalisa, 2021-22 revenue breakdown by channel and by geography



Source: Company data

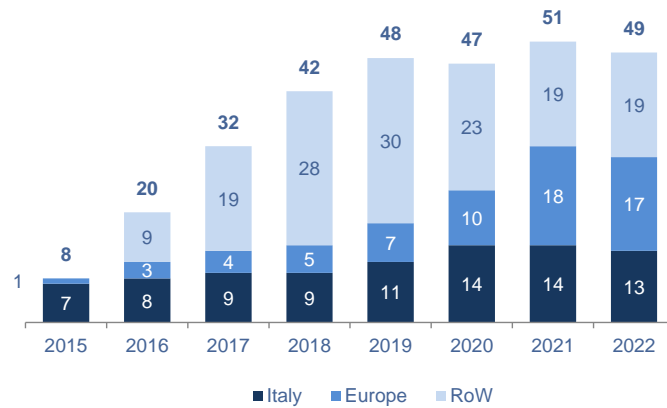
Monnalisa has a wide **global presence**, operating in over 50 countries: **Italy** accounts for **37%** of top line, **Europe 30%** and **Rest of the World 33%**. In particular, in order to boost its internationalisation, **Monnalisa controls 12 foreign subsidiaries in key strategic countries** such as Hong Kong, Russia, USA, Turkey, China, Singapore, Korea, the United Kingdom and Taiwan. The company sells mainly in **three reference markets**:

- **Italy:** Monnalisa products are available throughout Italy, in particular thanks to a large number of DOS and Wholesales stores.
- **Europe:** Monnalisa has a strong presence in the European area. The company sells its clothing in some 'domestic' countries such as: Austria, Belgium, Cyprus, Finland, France, Germany, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the UK.
- **Rest of the World:** the rest of the world is divided into 4 strategic areas: Eastern Europe, Asia Pacific, the Middle East & Africa and America.



The higher return profile of Directly Operated Stores prompted Monnalisa to progressively increase the number of DOS and DOO as in recent years.

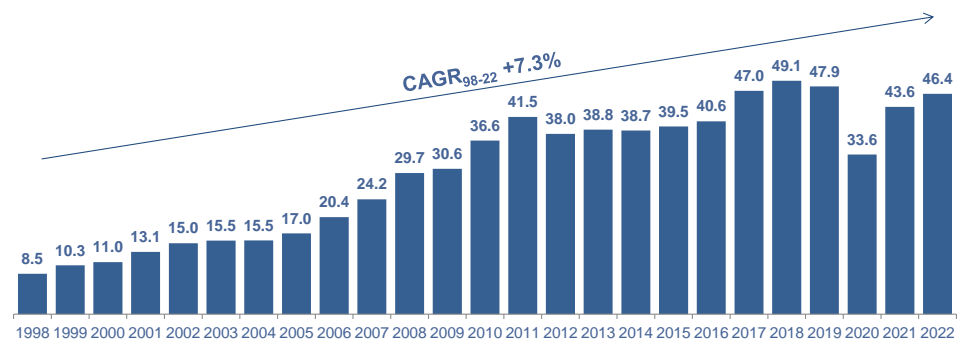
Chart 2 – Monnalisa, recent evolution in retail number of DOS and DOO



Source: Company data

The company has been recording a good growth path since its establishment: Monnalisa has shown **significant stable growth over the last 20 years**, with a **CAGR₉₈₋₂₂ of 7.3%**.

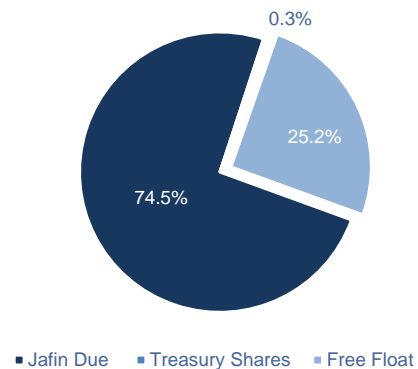
Chart 3 – Monnalisa, 1998-2022 top line evolution



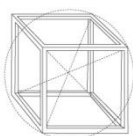
Source: Company data

A successful IPO was completed in July 2018, which mainly consisted of a **primary offering** to professional investors, for some 95% of the total. Jafin Due, a holding company fully owned by the founding family, currently owns 74.5% of Monnalisa.

Chart 4 – Monnalisa, shareholder structure



Source: Company data

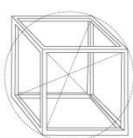


Strategy

In recent years, Monnalisa has started to expand its international presence and consolidation of its core business. This strategy set the groundwork for a continuous growth phase of the company, which operates in a market characterised by high competition and continuous style innovation.

Monnalisa's strategy is chiefly focused on:

- **Consolidating international positioning:** Monnalisa has been increasing its international presence by entering new strategic markets such as Taiwan, Singapore and Turkey, whilst further penetrating already covered areas such as China, where the company boasts 10 directly owned stores, characterised by high growth potential.
- **Focus on the Retail channel:** over the last few years, the company has invested € 8m in new buildings, including an automated warehouse, and reached 49 Direct Stores at the end of 2022. In the medium term, the Retail channel is expected to improve the group's EBITDA margin. Monnalisa is going to continue with this policy in an opportunistic manner, selecting locations coherent with Monnalisa brand identity, in fast-growing regions not yet covered.
- **E-commerce development:** Monnalisa is going to expand online retail e-commerce with a focus on specific boutiques for strategic countries (China and the Far East). Furthermore, the company implemented an Enterprise solution-based platform to better manage merchandising, new collections and semantic research tools. Monnalisa will also continue to invest in technology for data integration and strengthen commercial relationships, especially with 'e-tailers', enhancing inventory management. The company is integrating the online and offline selling process through investment in social platforms and dedicated Shop Assistant Apps in order to increase customer entrenchment and up-selling potential ("showrooming concept").
- **Product portfolio and brand awareness:** through optimised investment in communication, Monnalisa aims to boost brand recognition worldwide and strengthen the company's brand awareness. In particular, the company aims to increase cross-selling opportunities thanks to investments directed at strengthening the product portfolio (*Monnalisa total look* expanding existing lines such as layette, furniture, accessories, cosmetics and footwear). The company is increasing communication effectiveness thanks to the streamlining of the brand portfolio, already effective with the merger of all the product lines into 'Monnalisa', taking advantage of its visibility and awareness.
- **Selective licensing:** as in the case of the recent license agreement signed with Chiara Ferragni Kids and Petit Cherie, the company aims to add other reasonably big brands to its business portfolio. This will allow it to 1) make better use of the current unexpressed capacity and resources (design, development, production, international distribution network, retailing and logistics), 2) increase turnover and profitability, 3) have access to a new customer cluster and 4) make use of and leverage their brand notoriety.



SWOT Analysis

The SWOT analysis, also known as SWOT Matrix, is a structured planning method used to evaluate the strengths, weaknesses, opportunities and threats involved in a project or in a business venture. A SWOT analysis can be carried out for a product, place, industry or person. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favourable and unfavourable to achieving that objective.

- **Strengths:** characteristics of the business or project that give it an advantage over others.
- **Weaknesses:** characteristics that place the business or project at a disadvantage relative to others.
- **Opportunities:** elements that the project could use to its advantage.
- **Threats:** elements in the environment that could cause harm or be detrimental for the business or project.

The technique is credited to Albert Humphrey, who led a research project at Stanford University between the 60s/70ss using Fortune 500 data.

S.W.O.T. ANALYSIS

STRENGTHS

- ❑ One of the few companies **specialising in the high-end childrenswear** niche
- ❑ **Complete strategic autonomy** thanks to the use of proprietary brands and selective licenses
- ❑ Monnalisa operates in the high-end segment as the company with the **best entry price among competitors**

WEAKNESSES

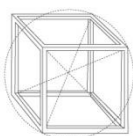
- ❑ **Limited size** in the international competitive arena
- ❑ Decisions are made by **few key figures**
- ❑ Its growth strategy is based on **increasing the retail distribution**, an area where Monnalisa is only gradually gaining experience

OPPORTUNITIES

- ❑ **Consolidation opportunities** in the domestic market and abroad
- ❑ **Foreign market** expansion, especially in the rapidly-expanding Asian region
- ❑ **E-commerce** development and online-offline integration

THREATS

- ❑ **Openings of new DOS** may be difficult and penalised by credit constraints
- ❑ **Change** in customer preferences and **fashion trends**
- ❑ Significant **slowdown in fashion & luxury consumption** generated by geopolitical instability



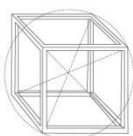
ESG Profile

Monnalisa has always paid close attention to *Corporate Social Responsibility* principles, drawing up sustainability reports since 2001. In addition, the company decided to publish its **Non-Financial Statements (NFS)** pursuant to Legislative Decree no. 254 /2016 on a voluntary basis from 2022, based on FY-21, drafted in accordance with the **GRI** (Global Reporting Initiative) **standards** and the **IIRC** (International Integrated Reported Council) **guidelines**. The **materiality analysis** applied to Monnalisa's business model allowed it to identify some topics to focus on: **Human Resources** (health and safety, working conditions, work-life balance, respect for human rights, diversity and equal opportunities), **Environment** (material sustainability), **Governance** (sustainability strategies) and **Product & Consumer Responsibility** (protection, health and safety, eco-design, product innovation). Moreover, the company's considerable ESG efforts have been confirmed by its decision to present the **2021-23 Sustainability Plan**, with a view to achieving some of the **United Nations' Sustainable Development Goals (SDGs)**.

Chart 5 – Monnalisa, ESG Profile

<p>E Environmental</p>	<ul style="list-style-type: none"> ❑ 77% of the energy consumed stems from renewable sources ❑ ISO 14001-certified environmental management system ❑ 4 photovoltaic systems able to generate more than 15,500 kWh/month ❑ <u>2021-23 Sustainability Plan</u>: <ul style="list-style-type: none"> ✓ increase the use of recyclable materials ✓ halt the use of unnecessary plastic for packaging ✓ map out all the raw materials used in the production process ❑ <u>ESG Rating</u>: EE- (investment grade) assigned by Standard Ethics1
<p>S Social</p>	<ul style="list-style-type: none"> ❑ Monnalisa provides information about the composition of workforce ❑ Compliance with the social standards SA8000 (since 2001) and ISO 26000 ❑ ISO 9001, the international standard for quality management system ❑ Whistleblowing Procedure ❑ <u>2021-23 Sustainability Plan</u>: <ul style="list-style-type: none"> ✓ reintroduce a corporate welfare program ❑ <u>Suppliers' selection policy</u>: specific contract terms to audit the suppliers' effective compliance with certain ethical and environmental standards
<p>G Governance</p>	<ul style="list-style-type: none"> ❑ Sustainability Reports since 2001 and Non-Financial Statement (NFS) pursuant to Legislative Decree no. 254 /2016 since 2022 voluntarily ❑ A dedicated team aimed at supervising the implementation of the 2021-23 Sustainability Plan ❑ <u>Legality Rating</u>: a score of ★★+ out of a maximum of "3 stars" assigned by the AGCM, the Italian Competition Authority ❑ Organisational Model pursuant to Legislative Decree no. 231/2001 ❑ Code of Ethics ❑ List voting: 5% ❑ 5 members in the BoD, 2 Independent Directors

Source: CFO Sim analysis on company data



FY-22 results

Monnalisa reported FY-22 results fairly aligned with our estimates in terms of total revenues and EBITDA. Increasing turnover was driven by a solid growth of the Retail channel, which grew almost 20% YoY, partially offset by lower than expected sales with regard to the Wholesale and E-commerce channels, mostly affected by complex market conditions in certain key markets. The careful cost control strategy rolled out by the management seems to go in the right direction as operating margins exhibited some signs of improvement.

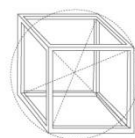
Table 1 – Monnalisa, FY-22 results

€ m	2022	2021	% YoY	2022e	% Diff.
Retail	16.8	14.0	19.4	16.8	(0.2)
Wholesale	26.7	26.7	0.0	28.1	(4.8)
E-commerce	2.9	3.0	(0.9)	3.1	(6.9)
Net Revenues	46.4	43.6	6.3	48.0	(3.4)
Increase in finished products	(1.7)	(1.1)		0.0	
Other revenues	1.1	1.4		0.3	
Value of Production	45.7	43.9	4.1	48.3	(5.3)
Raw materials	(12.1)	(11.7)		(12.6)	
Services	(15.3)	(15.4)		(16.9)	
Use of third-party assets	0.0	0.0		0.0	
Personnel expenses	(12.0)	(10.6)		(12.1)	
Other opex	(0.7)	(1.1)		(1.0)	
EBITDA	5.8	5.1	12.5	5.8	(0.7)
% margin	12.6	11.7		12.0	
D&A	(7.8)	(7.9)		(8.4)	
EBIT	(2.1)	(2.7)	25.3	(2.6)	21.3
% margin	(4.5)	(6.3)		(5.4)	
Financials	(1.3)	(1.3)		(1.2)	
Re/(Deval.) of fin. assets	0.0	0.0		0.0	
FX profit/(loss)	(0.0)	0.7		0.0	
Pre-Tax profit	(3.4)	(3.3)	(1.8)	(3.8)	10.9
% margin	(7.4)	(7.6)		(7.9)	
Income taxes	0.1	1.2		0.8	
Tax rate	n.m.	n.m.		n.m.	
Minorities	0.0	0.0		0.0	
Net Profit	(3.2)	(2.1)	(53.9)	(3.0)	(6.6)
% margin	(7.1)	(4.8)		(6.3)	
Total adjustments	(0.1)	0.0		(0.0)	
EBITDA adj.	5.9	5.1	14.4	5.8	1.1
% margin	12.8	11.7		(12.0)	
NFP debt/(cash)	28.9	29.4	(1.8)	25.1	15.0

Source: Company data, CFO SIM estimates

Net revenues reached € 46.4m, up 6.3% YoY, driven by higher sales volumes and a tiny effect of price increases. The figure is broadly in line with our forecast of € 48.0m. With regards to distribution channels:

- **Retail (36% of Net Revenues) rose by 19.4% YoY to € 16.8m**, confirming the soundness of the company's strategy focused on direct-to-consumer sales coupled with a more efficient and targeted marketing strategy, which, in turn, led to an overall higher conversion ratio.
- **Wholesale (58% of Net Revenues) remained flat YoY at € 26.7m**, mainly due to the difficult macroeconomic and political context in certain key markets. Moreover, the figure is lower compared to our estimate because of the delayed delivery of some orders related to the 2023 spring-summer collection.



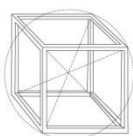
- **E-commerce (6% of Net Revenues) came in broadly unchanged YoY at € 2.9m (vs € 3.0m in 2021)**, and lower than our € 3.1m forecast, partially affected by the Russia-Ukraine conflict and a shift in consumer attitudes in favour of in-store spending.

EBITDA increased by 13.7% YoY to € 5.8m, 12.7% margin, compared to € 5.1m, 11.6% margin in 2021, bang in line with our forecast, reflecting higher sales coupled with the careful cost control strategy rolled out by management, notwithstanding the inflationary pressures on raw materials and energy costs. **EBITDA adjusted** for stores' openings and closure as well as other one-off costs incurred during the year, **stood at € 5.9m**.

After D&A equal to € 8.1m, **EBIT was negative for € 2.1m**, showing signs of improvement with respect to FY-21 thanks to higher EBITDA. The figure was better than expectations due to lower D&A expenses.

Net loss amounted to € 3.2m, compared to net loss of € 2.1m in FY-21 and our projection of € 3.0m, mainly on the back of lower than forecasted tax benefits.

Net Financial Position (including IFRS-16 effect) reached € 28.9m, slightly declining YoY, although higher than our € 25.1m estimate, resulting from better than expected Operating CF equal to € 6.9m, thanks to a wise NWC management, which was partially offset by the substantial cash outlay relative to the reimbursement of financial and lease-related liabilities. **NFP excluding IFRS-16 effect stood at € 8.6m**.



Estimates, Valuation & Risks

Monnalisa reported a set of FY-22 results broadly aligned with our estimates in terms of revenues and EBITDA. The top line mid-single digit growth was led by the positive contribution of the Retail channel (+19.4% YoY), despite some headwinds concerning certain key reference markets in which the company operates, namely the outbreak of the Russia-Ukraine conflict and the continuation of the effects relative to the lockdowns in Asia, particularly in China, Hong Kong and Taiwan.

Notwithstanding the inflationary pressures on raw materials and energy costs, **the tight control of operating costs rolled out by the company seems to be heading in the right direction as operating margins showed signs of improvement**, although the return to positive operating results is still quite far.

In 2023, the management still expects a harsh environment in the Eastern European markets and in China (where more than 20% of the Retail stores are located) in the first half of the year, while the full effects of the normalisation of market conditions should take place only in 2024.

Following the FY-22 results release, we updated our estimates by factoring in: 1) lower than expected sales growth given the continuation of the effects linked to the Russia-Ukraine conflict and uncertainties regarding the degree of recovery in the Asian markets, 2) slightly higher financial charges in order to reflect the current interest rates environment. **The combined result is an average 7.7% and 4.9% decline in Net Revenues and EBITDA in 2023-24.** Furthermore, we introduced 2025 projections.

Table 2 – Monnalisa, 2023e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Net Revenues	48.5	53.5	(9.4)	(5.0)
EBITDA	6.8	7.6	(9.9)	(0.7)
% margin	14.0	14.1		
EBIT	(0.7)	(0.3)	(157.7)	(0.4)
% margin	(1.5)	(0.5)		
Net Profit	(1.9)	(1.2)	(58.6)	(0.7)
% margin	(3.9)	(2.2)		
Y/E net debt (net cash)	29.4	20.5	43.6	8.9

Source: CFO Sim

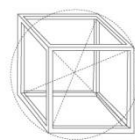
Table 3 – Monnalisa, 2024e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Net Revenues	53.6	57.1	(6.1)	(3.5)
EBITDA	8.3	8.3	0.1	0.0
% margin	15.5	14.6		
EBIT	1.0	0.9	12.4	0.1
% margin	1.9	1.6		
Net Profit	(0.1)	(0.2)	44.4	0.1
% margin	(0.2)	(0.4)		
Y/E net debt (net cash)	28.9	14.7	96.0	14.2

Source: CFO Sim

Moreover, CFO has also updated the DCF valuation criteria, bringing the Free Risk Rate up-to-date and postponed its first valuation projection to 2023. The combined result is a **new DCF-based PT of € 3.10/s** (€ 3.50). **We confirm the Neutral rating on the stock.**

Despite the current market conditions, a possible easing of macroeconomic and geopolitical tensions could offer further upside. In the mid-term, in fact, the company's management is convinced about continuing to expand the Retail channel thanks to new openings in strategic and promising end-markets (Japan for instance). However, new openings in 2024-25 are not included in our estimates, as we prefer to remain on the cautious side in the short-term, also because of the low visibility that currently characterises Monnalisa's competitive landscape.



DCF

In our DCF valuation, we determine the company's value by identifying an explicit forecast period until 2027 and then by cautiously assuming a long-term growth rate of 1.0%. Cash flows are discounted back at a weighted average cost of capital calculated in accordance with the following parameters:

Table 4 - WACC derived from:

Interest costs, pre-tax	3.5%
Tax rate	26.0%
Int. costs, after taxes	2.6%
Risk premium, incl. small size premium	9.0%
Risk-free (10Y Gov. Bond 200gg mov. av.)	4.00%
Beta levered (x)	1.00
Required ROE	13.0%

Sources: CFO Sim, Refinitiv Eikon

Risk premium at 9.0% factors in the minute size of the company and basically all the concerns and disquiet that an investor might have with regard to the Euronext Growth Milan market segment. **Beta at 1.00** is a usual conservative value for a small cap. The WACC is computed by using a long-term 30/70% debt/equity balance-sheet structure (previously set at 20/80%).

Table 5 - Monnalisa, DCF model

€ m	2023e	2024e	2025e	2026e	2027e	Term. Val.
EBIT	(0.7)	1.0	2.1	3.3	4.7	
Tax rate	26.0%	26.0%	26.0%	26.0%	26.0%	
Operating profit (NOPAT)	(0.5)	0.8	1.5	2.4	3.5	
Change working capital	(0.2)	(0.7)	(0.9)	(0.5)	(0.1)	
Depreciation	7.5	7.3	7.1	3.9	0.7	
Investments	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	
Free Cash Flows	6.1	6.6	7.0	5.1	3.4	38.4
Present value	5.8	5.7	5.5	3.6	2.2	24.7
WACC	9.9%	9.9%	9.9%	9.9%	9.9%	
Long-term growth rate	1.0%					

Source: CFO Sim

Table 6 – Monnalisa, DCF derived from:

€ m	
Total EV present value € m	47.4
	<i>thereof terminal value</i>
	52.1%
NFP last reported	(28.9)
Pension provision last reported	(2.3)
Equity value € m	16.2
#m shares	5.24
Equity value €/s	3.10
<i>% upside/(downside)</i>	<i>14.0%</i>

Source: CFO Sim

By applying our DCF model we attained an equity value of Monnalisa of € 16.2m, € 3.10/s (€ 3.50).

The following tables illustrate that sensitivity, 1) compared to changes in the terminal growth rate, produces an equity value/s of between **€ 2.70-3.58 (perpetuity range of between 0.25% and 1.75%)**, while, 2) if compared to changes in the free risk rate, it produces an equity value/s of **€ 2.69-3.56 (free risk range of between 4.75% and 3.25%)**, and, 3) if compared to changes in the risk premium, including small size premiums, it results in an equity value/s of **€ 2.33-4.08 (risk premium range of between 10.50% and 7.50%)**.

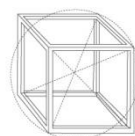


Table 7 – Monnalisa, equity value sensitivity to changes in terminal growth rate

€ m	0.25%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%
Present value of CF	22.7	22.7	22.7	22.7	22.7	22.7	22.7
PV of terminal value	22.6	23.3	24.0	24.7	25.5	26.3	27.2
Total value	45.3	46.0	46.7	47.4	48.2	49.0	49.9
NFP last reported	(28.9)	(28.9)	(28.9)	(28.9)	(28.9)	(28.9)	(28.9)
Pension provision last reported	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)
Equity value	14.2	14.8	15.5	16.2	17.0	17.9	18.7
Equity value/share €	2.70	2.83	2.96	3.10	3.25	3.41	3.58

Source: CFO Sim

Table 8 – Monnalisa, equity value sensitivity to changes in free risk rate

€ m	3.25%	3.50%	3.75%	4.00%	4.25%	4.50%	4.75%
Present value of CF	22.9	22.9	22.8	22.7	22.6	22.5	22.4
PV of terminal value	26.9	26.1	25.4	24.7	24.1	23.4	22.8
Total value	49.8	49.0	48.2	47.4	46.7	46.0	45.3
NFP last reported	(28.9)	(28.9)	(28.9)	(28.9)	(28.9)	(28.9)	(28.9)
Pension provision last reported	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)
Equity value	18.6	17.8	17.0	16.2	15.5	14.8	14.1
Equity value/share €	3.56	3.40	3.25	3.10	2.96	2.83	2.69

Source: CFO Sim

Table 9 – Monnalisa, equity value sensitivity to changes in risk premium

€ m	7.50%	8.00%	8.50%	9.00%	9.50%	10.00%	10.50%
Present value of CF	23.2	23.0	22.9	22.7	22.5	22.4	22.2
PV of terminal value	29.3	27.7	26.1	24.7	23.4	22.2	21.1
Total value	52.5	50.7	49.0	47.4	46.0	44.6	43.3
NFP last reported	(28.9)	(28.9)	(28.9)	(28.9)	(28.9)	(28.9)	(28.9)
Pension provision last reported	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)
Equity value	21.4	19.5	17.8	16.2	14.8	13.4	12.2
Equity value/share €	4.08	3.73	3.40	3.10	2.83	2.57	2.33

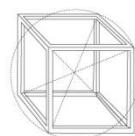
Source: CFO Sim

Market multiples

We conducted an analysis on ten companies operating in the luxury and fashion arena.

Brunello Cucinelli SpA: Brunello Cucinelli SpA is a luxury fashion company, known for its cashmere products as well as exclusive brands. The company designs, manufactures, and distributes clothing and accessories globally for men and women. Brunello Cucinelli sells its products in Europe (40% of top line), America (36%), Asia (24%). Retail and Wholesale represent respectively 62% and 38% of sales.

Burberry Group PLC: Burberry Group PLC is a global luxury brand with British heritage, core outerwear, and large leather goods base. The company designs and sources apparel and accessories. Burberry sells its products worldwide in particular in the Asia Pacific region (45% of top line), the EMEA region (29%) and the Americas region (26%). Retail, Wholesale and Licensing represent respectively 80%, 18% and 2% of its revenues. Children's products account for 6% of top line.



Capri Holdings Ltd: Capri Holdings Limited operates as a holding company. The company, through its brands (such as Versace, Jimmy Choo and Michael Kors), covers the full spectrum of fashion luxury categories including women's and men's accessories, footwear and ready-to-wear as well as wearable technology, watches, jewellery, eyewear and a full line of fragrance products. Capri Holdings serves customers worldwide in particular in America (57% of top line), Europe (26%) and Asia (17%).

Hugo Boss AG: Hugo Boss AG designs, produces, and markets brand name clothing. Hugo Boss licenses its name for eyeglass frames, fragrances, watches, shoes, and leather goods. It sells its products worldwide in particular in EMEA (65% of top line), the Americas (22%) and the Asia Pacific area (13%). Retail, Wholesale and Digital represent 57%, 25% and 18% of its revenues, respectively.

Kering SA: Kering SA is a global Luxury Group. It develops an ensemble of luxury houses in fashion, leather goods, jewellery and watches: Gucci, Saint Laurent, Bottega Veneta, Alexander McQueen, Balenciaga, Ulysse Nardin, etc. The company specialises in ready-to-wear products, sports goods, shoes, jewellery, and watches. Kering serves customers worldwide in particular in Europe (27% of top line), the Asia Pacific area (39%), North America (27%) and RoW (7%). Retail and Wholesale represent respectively 78% and 22% of its revenues.

Moncler SpA: Moncler SpA manufactures apparel products and serves customers internationally, in particular in Asia (47% of top line), EMEA (36%) and the Americas (17%). Retail and Wholesale represent respectively 80% and 20% of its revenues. Moncler Enfant accounts for roughly a mid-single digit percentage of total sales.

Prada SpA: PRADA SpA is an Italian fashion company that designs, manufactures and sells high-end leather goods, ready-to-wear and footwear through various brands. Brand names include Prada, Miu Miu, Church's, Car Shoe and Pasticceria Marchesi. Prada serves customers worldwide in particular in APAC (33% of top line), Europe (32%), the Americas (21%), Japan (10%) and the Middle East (4%). Retail and Wholesale + Royalties represent respectively 89% and 11% of its revenues.

Ralph Lauren Corp: Ralph Lauren Corporation designs, markets, and distributes men's, women's and children's apparel, accessories, fragrances, and home furnishings. The company's products are sold under a wide range of brands. Ralph Lauren's operations include wholesale, retail, and licensing. Ralph Lauren serves customers internationally, in particular in North America (48% of top line), Europe (29%), Asia (21%) and Row (2%). Retail and Wholesale represent respectively 60% and 38% of its revenues.

Salvatore Ferragamo SpA: Salvatore Ferragamo SpA is a clothing and accessories company offering shoes, handbags, belts, luggage, ties, scarves, and watches. The company serves customers worldwide in particular in the Asia Pacific area (33% of top line), Europe (21%), North America (31%), Japan (8%) and Latin America (7%). Retail, Wholesale and Licensing represent 63%, 34% and 3% of its revenues, respectively.

Tod's SpA: Tod's SpA manufactures and retails men's and women's shoes. The company's signature shoe is a loafer with rubber spikes on the sole and heel. Brand names include Tod's, Hogan, and Fay. Tod's serves customers worldwide in particular in Italy (25% of top line), Europe (22%), China (28%), the Americas (8%) and RoW (17%). Retail and Wholesale represent respectively 74% and 26% of its revenues.

Two French companies focus on childrenswear, like Monnalisa: **CWF** (€ 284m sales in 2022, mainly generated under licence as an outsourcer), has a presence in 80 countries and nearly 2,200 points of sale, including 350 department stores, 70 pure players and 65 'Kids around' boutiques; **Bonpoint**, in which Rothschild PE Fund has an investment.

The size of the listed luxury companies is huge, and the operating profitability is rather diversified because of the different channel mix. In the peer group sample, the retail sales of the total business are close to 70%, on average.

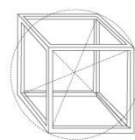


Table 10 - Monnalisa, peer group summary table

€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	EBITDA margin	Sales CAGR ₂₂₋₂₅	EBITDA CAGR ₂₂₋₂₅	EBIT CAGR ₂₂₋₂₅	EPS CAGR ₂₃₋₂₅	NFP /EBITDA
Brunello Cucinelli SpA	ITALY	6,032	1,072	308	28.7%	12.7%	12.7%	15.9%	16.1%	2.0
Burberry Group PLC	UK	11,126	3,512	1,043	29.7%	6.6%	7.1%	10.8%	7.9%	(0.8)
Capri Holdings Ltd	USA	4,720	5,081	987	19.4%	2.6%	1.1%	1.0%	1.8%	1.2
Hugo Boss AG	GERMANY	4,789	3,876	737	19.0%	6.1%	8.8%	13.2%	19.0%	0.5
Kering SA	FRANCE	72,020	21,353	7,472	35.0%	6.6%	7.1%	7.9%	10.3%	0.2
Moncler SpA	ITALY	18,647	2,980	1,186	39.8%	12.3%	12.1%	13.6%	12.2%	(0.6)
Prada SpA	ITALY	17,013	4,631	1,620	35.0%	9.2%	9.9%	16.3%	15.9%	(0.4)
Ralph Lauren Corp	USA	6,865	5,809	900	15.5%	4.5%	4.2%	3.9%	9.0%	(0.6)
Salvatore Ferragamo SpA	ITALY	2,653	1,333	262	19.7%	7.2%	5.9%	8.4%	54.3%	1.6
Tod's SpA	ITALY	1,264	1,104	233	21.1%	6.8%	11.5%	28.3%	n.m.	2.3
Median		6,449	3,694	943	24.9%	6.7%	8.0%	12.0%	12.2%	0.4
Monnalisa SpA	ITALY	14	49	7	14.0%	7.8%	16.8%	n.m.	n.m.	4.3

Source: CFO Sim, Refinitiv Eikon

Table 11 - Monnalisa, peer group EV multiple table

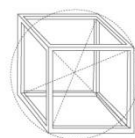
	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
Brunello Cucinelli SpA	6.20	5.59	4.99	21.6	19.6	17.3
Burberry Group PLC	2.94	2.65	2.43	9.9	8.9	8.1
Capri Holdings Ltd	1.15	1.12	0.78	5.9	5.6	3.9
Hugo Boss AG	1.34	1.09	1.19	7.0	5.5	5.9
Kering SA	3.45	3.05	2.76	9.8	8.6	7.6
Moncler SpA	6.00	5.35	4.78	15.1	13.4	12.0
Prada SpA	3.52	3.31	3.07	10.1	9.4	8.5
Ralph Lauren Corp	1.09	1.03	0.98	7.0	6.4	5.9
Salvatore Ferragamo SpA	2.30	2.01	1.86	11.7	9.2	8.1
Tod's SpA	1.64	1.49	1.39	7.8	6.7	6.1
Median	2.62	2.33	2.14	9.9	8.8	7.9
Monnalisa SpA	0.89	0.80	0.74	6.4	5.2	4.6
% premium/(discount) to median	(65.8)	(65.7)	(65.4)	(35.1)	(40.8)	(41.2)

Source: CFO Sim, Refinitiv Eikon

Table 12 - Monnalisa, peer group EV & price multiple table

	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
Brunello Cucinelli SpA	40.8	36.2	31.5	59.7	51.8	44.3
Burberry Group PLC	14.7	13.1	11.7	21.1	19.8	18.2
Capri Holdings Ltd	7.0	6.7	4.6	6.2	6.5	6.0
Hugo Boss AG	13.9	10.3	10.2	20.2	17.0	14.2
Kering SA	12.6	10.9	9.7	18.1	16.4	14.9
Moncler SpA	19.8	17.5	15.5	30.0	26.5	23.8
Prada SpA	16.9	15.1	13.0	27.5	23.7	20.4
Ralph Lauren Corp	9.2	8.3	7.6	13.5	12.4	11.4
Salvatore Ferragamo SpA	36.9	22.6	16.9	62.0	35.1	26.0
Tod's SpA	23.4	17.5	14.8	32.7	22.9	18.9
Median	15.8	14.1	12.4	24.3	21.4	18.5
Monnalisa SpA	n.m.	42.2	20.7	n.m.	n.m.	25.6
% premium/(discount) to median	n.m.	199.6	67.1	n.m.	n.m.	38.2

Source: CFO Sim, Refinitiv Eikon



Peer stock performance

Adopting the same approach used in setting up the peer sample for assessing the value of Monnalisa, we defined a panel of ten companies operating in the luxury and fashion arena.

Table 13 - Monnalisa, peer group absolute performance

	1D	1W	1M	3M	6M	YTD	1Y
Brunello Cucinelli SpA	(1.1)	0.0	(2.1)	18.8	47.5	28.2	87.9
Burberry Group PLC	0.2	(0.5)	2.4	8.7	39.1	28.2	70.0
Capri Holdings Ltd	0.0	(9.4)	(9.7)	(35.5)	(9.2)	(27.8)	(12.7)
Hugo Boss AG	0.0	(0.1)	4.8	12.6	42.6	25.4	31.3
Kering SA	1.4	0.6	(2.5)	5.8	23.1	21.9	14.3
Moncler SpA	1.3	1.3	8.7	20.2	46.3	37.0	38.9
Prada SpA	(2.5)	(4.2)	2.6	12.2	56.0	30.5	23.2
Ralph Lauren Corp	2.5	(0.9)	0.4	(7.6)	25.0	8.6	11.0
Salvatore Ferragamo SpA	(0.8)	(9.7)	(5.9)	(15.0)	4.2	(4.8)	0.3
Tod's SpA	0.5	(1.3)	1.5	12.3	23.3	26.0	3.9
Median	0.1	(0.7)	0.9	10.4	32.0	25.7	18.8
Monnalisa SpA	(5.6)	(2.9)	(11.4)	(2.9)	(12.3)	(6.2)	(20.7)

Source: Refinitiv Eikon

Table 14 - Monnalisa, peer group and key indexes absolute performance

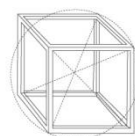
	1D	1W	1M	3M	6M	YTD	1Y
Monnalisa peer group	0.1	(0.7)	0.9	10.4	32.0	25.7	18.8
S&P Global Luxury	0.6	(0.8)	2.2	4.3	30.0	19.2	13.6
MSCI World Index	1.3	(0.2)	2.0	1.4	11.6	8.2	0.3
EUROSTOXX	0.2	(0.7)	1.3	2.7	17.2	12.3	9.8
FTSE Italia All Share	0.2	(1.6)	0.4	3.2	19.5	14.0	12.5
FTSE Italia STAR	0.9	(0.8)	(2.6)	(2.7)	9.0	3.7	(5.6)
FTSE Italia Growth	0.2	0.2	(1.8)	(3.9)	2.9	(0.1)	(8.3)
Monnalisa SpA	(5.6)	(2.9)	(11.4)	(2.9)	(12.3)	(6.2)	(20.7)

Source: Refinitiv Eikon

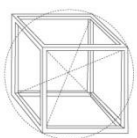
Risks

The principal investment **risks** associated with Monnalisa include:

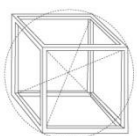
- openings of new DOS may be difficult and penalised by credit constraints;
- wholesale value of production development;
- net working capital management, in particular with regard to inventories;
- competition in mature markets, which might put margins or top line developments under pressure;
- impact on P&L account and balance sheet profiles triggered by a sharp decline in global economic growth;
- change in customer preferences and fashion trends;
- departure of one, or a few, of key people
- proper management of possible additional license agreements.



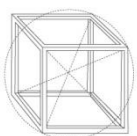
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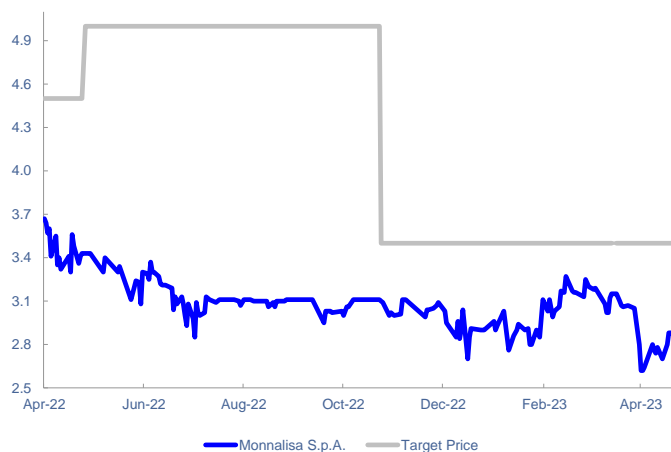
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DATE	TARGET PRICE	RATING
28/04/2023	€3.10	NEUTRAL
27/10/2022	€3.50	NEUTRAL
28/04/2022	€5.00	BUY
11/03/2022	€4.50	NEUTRAL

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- a **SELL** rating is assigned if the target price is at least 15% lower than the market price;
- a **NEUTRAL** rating is assigned if the difference between the current price and target price lies within the +/-15% range identified using the preceding criteria.

The rating is determined on the basis of the **expected absolute return over a 12-month period** and not on the basis of the estimated outperformance or underperformance relative to a market index. Thus, the rating can be directly linked to the estimated percentage difference between current and target prices. The prices of the financial securities mentioned in the report (also used for the calculation of market capitalisation and market multiples) are the reference prices of the stock market trading day preceding the publication date of the report, otherwise stated.

