

Italy – Fashion

A careful progressive path towards a solid business model

24th October 2024

H1-24 RESULTS RELEASE

RIC: MONNA.MI
BBG: MNL IM

H1-24 results were characterised by a drop in sales mainly because of lower volumes in several countries, such as Russia and Ukraine due to the ongoing conflict, and the US and China due to a declining consumption of luxury goods. Margins and cash generation started to benefit from the first step of the business reorganisation and the streamlining process of the group's retail network.

Rating:

Neutral (U.R.)

Price Target:

€ 1.00 (U.R.)

Upside/(Downside): 14.3%

Last Price: € 0.88

Market Cap.: € 4.6m

1Y High/Low: € 2.22 / € 0.51

Avg. Daily Turn. (3M, 6M): € 20k, € 17k

Free Float: 25.2%

Major shareholders:

Jafin Due 74.5%



Stock price performance

	1M	3M	12M
Absolute	57.7%	-13.4%	-61.6%
Rel.to FTSE IT Growth	56.7%	-13.9%	-66.3%
Rel.to Sector	57.9%	-14.4%	-68.0%

Analysts:

Gianluca Mozzali
+39 02 30343 396
gianluca.mozzali@cfosim.com

Luca Solari
+39 02 30343 397
luca.solari@cfosim.com

Chiara Francomacaro
+39 02 30343 394
chiara.francomacaro@cfosim.com

New DCF-based PT of € 1.00/s (U.R.) due to more conservative forecasts. Neutral

As already announced in July, Monnalisa's new management team is working on a strategic plan to sustain the group's financial stability, which includes i) a cost-cutting plan and ii) a business reorganisation, in discontinuity with the previous management, whose effect will be visible in H2-24 (i) and 2025 (ii), respectively. Following the H1-24 results release, we have updated our estimates by factoring in 1) lower sales growth due to a still weak outlook in the key reference markets, 2) the closing of all the Chinese stores by Q1-25 and six additional closures in FY-25, 3) the termination of the licensing agreement with La Martina, 4) a more conservative assumption concerning new licensing agreements. The combined result is an average 26.9% and 42.2% cut in Net Revenues and EBITDA in 2024-26, respectively, coupled with an average 25.4% reduction in NFP thanks to declining debt about leasing and rental contracts due to lower retail stores. Moreover, CFO SIM has updated the DCF valuation criteria, bringing the risk-free rate up to date. The combined result is a new DCF-based PT of € 1.00/s (U.R.), 14.3% upside. As a consequence of the limited upside to current price levels, we assigned a Neutral recommendation on the stock.

Revenues at € 19.0m, down by 13% YoY, mainly because of the Wholesale business

Revenues declined by 13.3% YoY to € 19.0m (down by 11.5% at constant FX), in particular: 1) Retail sales were down by 6% YoY (3% at constant FX) to € 7.7m, compared to € 8.2m in H1-23, mainly because of the declined volumes in China where Monnalisa closed 4 shops, which now are 6 compared to 10 at Jun-23. By excluding the Chinese market, the Retail channel grew by 2% YoY; 2) the Wholesale channel dropped to € 10.0m, down by ca. 20% YoY (19% at constant FX), and was negatively impacted by the Russia-Ukraine war as Eastern Europe was one of the key geographical markets for Monnalisa, and by the increased inflation which caused a decrease in demand. It is worth noting that, a significant share of lost sales is attributable to brands other than Monnalisa; 3) the e-commerce segment slightly grew by 1.6% to € 1.3m, representing roughly 7% of total revenues.

EBITDA margin up by 150bps thanks to the start of the group's streamlining process

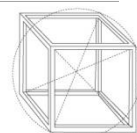
EBITDA was € 1.5m, broadly in line with the previous year, while the EBITDA margin increased by 150bps thanks to the streamlining process of the retail network started at the beginning of 2024, with the closures of some non-performing shops. EBITDA adjusted for non-recurrent expenses totalled € 1.8m, 9.1% margin, compared to € 2.0m, 8.6% margin in H1-23. Net loss was € 2.9m, lower than a net loss of € 3.6m reported in H1-23, thanks to lower D&A and a € 0.2m profit stemming from forex exchange (€ 0.8m loss in H1-23).

NFP declined to € 26.6m from € 28.5m at year-end 2023

Net Financial Position was € 26.6m, slightly lower compared to € 28.4m at year-end 2023, thanks to operating cash flow of € 1.6m and tiny capex (€ 137k). By excluding the financial debt linked to the lease and rental contracts, NFP was € 13.4m (€ 12.2m at year-end 2023).

Monnalisa, key financials and ratios

€ m	2022	2023	2024e	2025e	2026e
Net Revenues	46.4	41.9	36.7	36.1	37.7
Adjusted EBITDA	5.8	4.0	3.2	4.0	4.6
EBITDA	5.8	3.0	2.7	3.7	4.6
EBIT	(2.1)	(4.5)	(3.9)	(2.3)	(0.9)
Adjusted Net Profit	(3.2)	(5.9)	(5.2)	(3.3)	(1.8)
Net profit	(3.2)	(6.7)	(5.6)	(3.5)	(1.8)
NFP (cash)/debt	28.9	28.4	26.5	24.4	21.5
EBITDA margin	12.6%	6.7%	7.1%	9.8%	11.9%
Adjusted EPS FD	(0.61)	(1.13)	(0.99)	(0.62)	(0.35)
Adjusted EPS FD growth	n.m.	n.m.	n.m.	n.m.	n.m.
ROCE	neg.	neg.	neg.	neg.	neg.
NWC/Sales	30.8%	28.3%	28.6%	28.6%	28.6%
EV/Sales x	1.00	0.93	0.82	0.77	0.67
EV/EBITDA x	7.8	10.5	9.8	7.3	5.6
EV/EBIT x	n.m.	n.m.	n.m.	n.m.	n.m.
PER x	n.m.	n.m.	n.m.	n.m.	n.m.



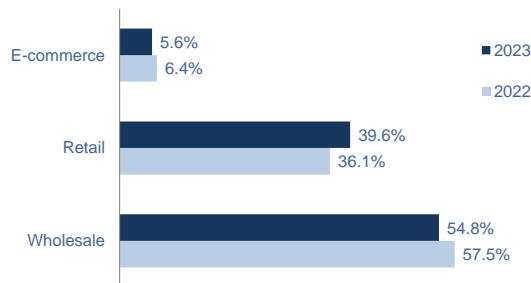


The company at a glance

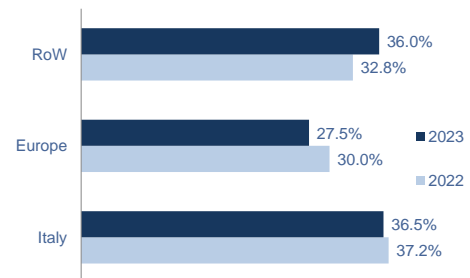
Founded in 1968 by Piero Iacomoni and Barbara Bertocci in the fashion and creative centre of Italy, Monnalisa is specialised in high-end childrenswear (0-16 years) through its own proprietary brands and licenses. The philosophy of Monnalisa is the creation of a lifestyle identity, offering a complete range of products from apparel to footwear, from accessories to cosmetics and furniture. At the end June 2024, Monnalisa operated worldwide in more than 50 countries through 43 direct stores and more than 400 multibrand stores. The company sells via three distribution channels:

- Wholesale, 54.8% of top line in FY-23. 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, 39.6% 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 43 stores at the end of June 2024.
- Direct e-commerce, 5.6% of top line. Monnalisa sells its products online through its own monobrand online boutique.

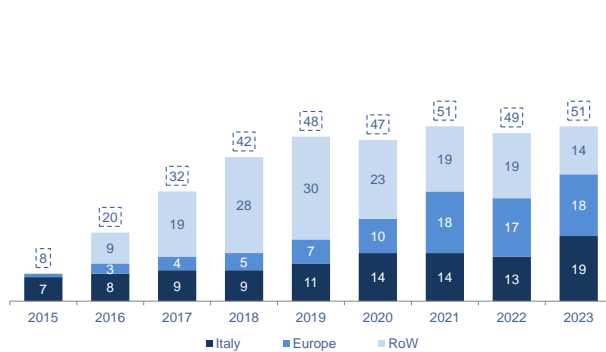
FY-23 vs FY-22 channel contribution...



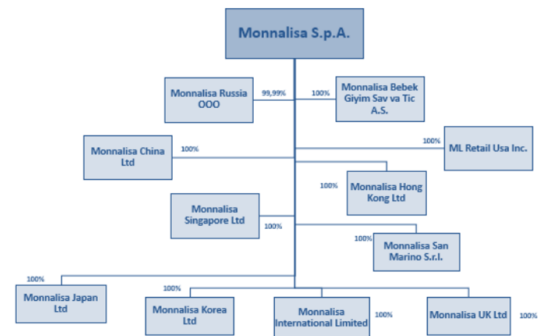
... and revenues by geography



2015-2023 retail evolution



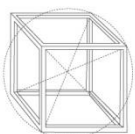
Group structure



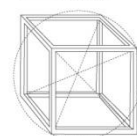
Peers group multiples table

EV multiples x	SALES	SALES	SALES	EBITDA	EBITDA	EBITDA	EBIT	EBIT	EBIT
	FY1	FY2	FY3	FY1	FY2	FY3	FY1	FY2	FY3
Brunello Cucinelli SpA	5.44	4.94	4.46	19.1	17.2	15.6	32.5	29.1	26.1
Burberry Group PLC	0.97	0.97	0.91	6.4	5.1	4.4	34.2	14.1	10.7
Capri Holdings Ltd	1.48	1.34	1.29	12.8	10.7	9.6	22.1	16.5	14.9
Hugo Boss AG	0.89	0.84	0.77	5.3	4.7	4.1	10.3	8.7	7.4
Kering SA	2.28	2.18	2.02	8.9	8.1	7.2	14.0	12.5	10.6
Moncler SpA	4.56	4.12	3.66	11.7	10.6	9.3	15.5	13.9	12.2
Prada SpA	3.10	2.78	2.46	8.5	7.6	6.8	13.3	11.6	10.1
Ralph Lauren Corp	1.73	1.63	1.71	10.3	9.3	9.5	13.0	11.6	11.7
Salvatore Ferragamo SpA	1.61	1.59	1.53	7.8	7.4	6.8	47.6	34.7	26.2
Median	1.73	1.63	1.71	8.9	8.1	7.2	15.5	13.9	11.7
Monnalisa SpA	0.82	0.77	0.67	9.8	7.3	5.6	n.m.	n.m.	n.m.

Source: CFO SIM, Refinitiv Eikon



Income statement (€ m)	2022	2023	2024e	2025e	2026e
Net Revenues	46.4	41.9	36.7	36.1	37.7
Value of Production	45.7	45.1	38.0	37.4	39.0
Raw materials	(12.1)	(13.6)	(10.2)	(10.0)	(10.5)
Services	(15.3)	(16.5)	(13.5)	(12.9)	(13.5)
Personnel expenses	(12.0)	(11.6)	(11.2)	(10.4)	(10.0)
Other opex	(0.7)	(0.5)	(0.4)	(0.4)	(0.4)
EBITDA	5.8	3.0	2.7	3.7	4.6
D&A	(7.8)	(7.5)	(6.6)	(6.0)	(5.5)
EBIT	(2.1)	(4.5)	(3.9)	(2.3)	(0.9)
Financials	(1.3)	(1.7)	(1.7)	(1.2)	(0.9)
Re/(Deval.) of fin. assets	0.0	0.0	0.0	0.0	0.0
FX profit/(loss)	(0.0)	(0.8)	0.0	0.0	0.0
Pre-Tax profit	(3.4)	(7.0)	(5.6)	(3.5)	(1.8)
Income taxes	0.1	0.2	0.0	0.0	0.0
Minorities	0.0	(0.0)	0.0	0.0	0.0
Net Profit	(3.2)	(6.7)	(5.6)	(3.5)	(1.8)
Adjusted EBITDA	5.8	4.0	3.2	4.0	4.6
Adjusted Net Profit	(3.2)	(5.9)	(5.2)	(3.3)	(1.8)
Balance sheet (€ m)	2022	2023	2024e	2025e	2026e
Net Working Capital	14.1	12.8	10.9	10.7	11.2
Net Fixed Assets	37.1	31.5	25.4	19.9	14.9
Equity Investments	0.8	0.8	0.8	0.8	0.8
Other M/L Term A/L	0.8	0.6	1.1	1.2	1.0
Net Invested Capital	52.9	45.6	38.2	32.6	27.9
Net Financial Debt	28.9	28.4	26.5	24.4	21.5
Minorities	0.0	0.0	0.0	0.0	0.0
Group's Shareholders Equity	24.0	17.2	11.7	8.2	6.3
Financial Liabilities & Equity	52.9	45.6	38.2	32.6	27.9
Cash Flow statement (€ m)	2022	2023	2024e	2025e	2026e
Total net income	(3.2)	(6.7)	(5.6)	(3.5)	(1.8)
Depreciation	7.8	7.5	6.6	6.0	5.5
Other non-cash charges	0.8	(0.4)	(0.5)	(0.0)	0.1
Cash Flow from Oper. (CFO)	5.3	0.4	0.5	2.4	3.8
Change in NWC	1.6	1.3	1.9	0.2	(0.5)
FCF from Operations (FCFO)	6.9	1.7	2.4	2.6	3.4
Net Investments (CFI)	(0.7)	(0.1)	(0.5)	(0.5)	(0.5)
Free CF to the Firm (FCFF)	6.2	1.6	1.9	2.1	2.9
CF from financials (CFF)	(7.3)	(0.6)	(5.0)	(1.8)	(2.8)
Free Cash Flow to Equity (FCFE)	(1.2)	1.0	(3.1)	0.3	0.1
Financial ratios	2022	2023	2024e	2025e	2026e
EBITDA margin	12.6%	6.7%	7.1%	9.8%	11.9%
Adj. EBITDA margin	12.8%	8.9%	8.3%	10.7%	11.9%
Net profit margin	-7.1%	-14.9%	-14.6%	-9.4%	-4.7%
Adj. Net Profit margin	-7.0%	-13.1%	-13.7%	-8.7%	-4.7%
Tax rate	n.m.	n.m.	n.m.	n.m.	n.m.
Op NWC/Sales	30.8%	28.3%	28.6%	28.6%	28.6%
Interest coverage x	(0.63)	(0.37)	(0.44)	(0.51)	(1.07)
Net Debt/EBITDA x	5.01	9.45	9.87	6.65	4.63
Net Debt-to-Equity x	1.20	1.64	2.27	2.99	3.39
ROIC	neg.	neg.	neg.	neg.	neg.
ROCE	neg.	neg.	neg.	neg.	neg.
ROACE	neg.	neg.	neg.	neg.	neg.
ROE	neg.	neg.	neg.	neg.	neg.
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Per share figures	2022	2023	2024e	2025e	2026e
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 # m	5.24	5.24	5.24	5.24	5.24
EPS stated FD €	(0.62)	(1.28)	(1.06)	(0.67)	(0.35)
EPS adjusted FD €	(0.61)	(1.13)	(0.99)	(0.62)	(0.35)
EBITDA €	1.10	0.57	0.51	0.70	0.89
EBIT €	(0.39)	(0.85)	(0.74)	(0.44)	(0.17)
BV €	4.59	3.29	2.23	1.56	1.21
FCFO €	1.32	0.32	0.46	0.50	0.64
FCFF €	1.18	0.31	0.36	0.40	0.55
FCFE €	(0.22)	0.19	(0.59)	0.06	0.01
Dividend €	0.00	0.00	0.00	0.00	0.00



H1-24 Results

H1-24 results were characterised by a significant decline YoY mainly because of lower volumes in several countries, such as Russia and Ukraine due to the conflict, the US and China as a consequence of a declining consumption of luxury goods. Margins and cash generation started to benefit from the first step of the business reorganisation and the streamlining process of the group's retail network.

Table 1 – Monnalisa, H1-24 results summary

€ m	H1-24	H1-23	% YoY
Retail	7.7	8.2	(6.0)
Wholesale	10.0	12.4	(19.7)
E-commerce	1.3	1.3	1.6
Net Revenues	19.0	21.9	(13.3)
Increase in finished products	0.4	1.1	
Other revenues	0.4	0.4	
Value of Production	19.8	23.4	(15.2)
Raw materials	(5.2)	(6.6)	
Services	(7.1)	(8.9)	
Use of third-party assets	0.0	0.0	
Personnel expenses	(5.8)	(6.2)	
Other opex	(0.2)	(0.2)	
EBITDA	1.5	1.5	4.4
% margin	7.8	6.3	
D&A	(3.3)	(3.6)	
EBIT	(1.8)	(2.1)	16.4
% margin	(8.9)	(9.1)	
Financials	(0.9)	(0.8)	
Re/(Deval.) of fin. assets	0.0	0.0	
FX profit/(loss)	0.2	(0.8)	
Pre-Tax profit	(2.4)	(3.7)	35.5
% margin	(12.0)	(15.8)	
Income taxes	(0.5)	0.0	
Tax rate	n.m.	n.m.	
Minorities	0.0	0.0	
Net Profit	(2.9)	(3.6)	20.3
% margin	(14.7)	(15.6)	
Total adjustments	(0.3)	(0.5)	
Adjusted EBITDA	1.8	2.0	(10.0)
% margin	9.1	8.6	
NFP debt/(cash) excl. IFRS16 *	13.4	12.2	9.4
NFP debt/(cash) *	26.6	28.4	(6.2)

Source: Company data * compared to FY-23

Revenues declined by 13.3% YoY to € 19.0m (down by 11.5% at constant FX), in particular:

- **Retail sales were down by 6% YoY** (3% at constant FX) to € 7.7m, compared to € 8.2m in H1-23, mainly because of the declined volumes in China where Monnalisa closed 4 shops, which now are 6 compared to 10 at June 2023. By excluding the Chinese market, the Retail channel grew by 2% YoY.
- **The Wholesale channel dropped to € 10.0m**, down by ca. 20% YoY (19% at constant FX), and was negatively impacted by the Russia-Ukraine war as Eastern Europe was one of the key geographical markets for Monnalisa, and by the increased inflation which caused a decrease in demand. It is worth noting that, **a significant share of lost sales is attributable to brands other than Monnalisa** (i.e. Chiara Ferragni).
- **The e-commerce segment slightly grew by 1.6% to € 1.3m**, representing roughly 7% of total revenues.

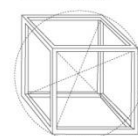


Table 2 – Monnalisa, H1-24 revenues breakdown by sales channel

€ m	H1-24	H1-23	% YoY	% on tot. 24	% on tot. 23
Retail	7.7	8.2	(6.0)	40.7	37.5
Wholesale	10.0	12.4	(19.7)	52.4	56.6
E-commerce	1.3	1.3	1.6	6.9	5.9
Net Revenues	19.0	21.9	(13.3)	100.0	100.0

Source: Company data

From a **geographical perspective**, Net Revenues totalled **€ 6.8m in Italy (35.9% of the total)**, **€ 4.8m in Europe (25.2%)** and **€ 7.4m in the Rest of the World (38.8%)**.

Table 3 – Monnalisa, H1-24 revenues breakdown by geography

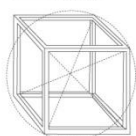
€ m	H1-24	H1-23	% YoY	% on tot. 24	% on tot. 23
Italy	6.8	8.2	(16.5)	35.9	37.3
Europe	4.8	5.3	(10.1)	25.2	24.4
RoW	7.4	8.4	(12.2)	38.8	38.4
Net Revenues	19.0	21.9	(13.3)	100.0	100.0

Source: Company data

EBITDA was € 1.5m, broadly in line with the previous year, while the EBITDA margin increased by 150bps thanks to the streamlining process of the retail network started at the beginning of 2024, with the closures of some non-performing shops. **EBITDA adjusted for non-recurrent expenses totalled € 1.8m, 9.1% margin**, compared to € 2.0m, 8.6% margin in H1-23.

Net loss was € 2.9m, lower than a net loss of € 3.6m reported in H1-23, thanks to lower D&A and a € 0.2m profit stemming from forex exchange (€ 0.8m loss in H1-23).

Net Financial Position was € 26.6m, slightly lower compared to € 28.4m at year-end 2023, thanks to operating cash flow of € 1.6m and tiny capex (€ 137k). By excluding the financial debt linked to the lease and rental contracts, NFP was € 13.4m (€ 12.2m at year-end 2023).



Estimates, Valuation & Risks

As already announced in July, Monnalisa's new management team, who took office in May, is working on a **strategic plan to sustain the group's financial stability in the short term and to achieve a medium-term economic and financial balance**, which includes i) a cost-cutting plan and ii) a business reorganisation, in discontinuity with the previous management, whose effect will be visible in H2-24 (i) and 2025 (ii), respectively. The new management underlined that the uncertainty and weakness of the reference market in recent years and a delay in the realisation of the strategic plan elaborated by the previous management caused financial stress concerning short-term financial exposure.

In greater detail, **the new strategic plan envisages** 1) a strengthening of the Wholesale business through the license agreements already signed (as Philosophy by Lorenzo Serafini), 2) the signing of **additional license agreements** to increase volumes and consequently improve the group's operating efficiency, and 3) the **rationalisation of the Retail segment** by closing the non-performing stores and, in particular, all the Chinese stores by the end of Q1-25. Furthermore, the group carried out **additional cost savings concerning overheads, marketing and non-core expenses**.

In H1-24, margins and cash generation started to benefit from the first step of the business reorganisation and the streamlining process of the group's retail network, although revenues were affected by lowering demand in the US and China and declining volumes in Russia and Ukraine due to the ongoing conflict.

Following the H1-24 results release, **we have updated our estimates** by factoring in: 1) lower sales growth due to a still weak outlook in the key reference markets, 2) the closing of all the Chinese stores by Q1-25 and six additional closures in FY-25 (i.e. overall 12 and 8 closures in 2024-25, respectively), 3) the termination of the licensing agreement with La Martina (announced on 7-Oct), 4) a more conservative assumption concerning new licensing agreements. **The combined result is an average 26.9% and 42.2% cut in Net Revenues and EBITDA in 2024-26, respectively, coupled with an average 25.4% reduction in NFP** thanks to declining debt about leasing and rental contracts due to lower retail stores.

Table 4 – Monnalisa, 2024e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Net Revenues	36.7	44.0	(16.5)	(7.3)
EBITDA	2.7	4.4	(38.2)	(1.7)
% margin	7.3	9.9		
EBIT	(3.9)	(2.6)	(49.9)	(1.3)
% margin	(10.6)	(5.9)		
Net Profit	(5.6)	(4.3)	(28.9)	(1.2)
% margin	(15.2)	(9.8)		
Net debt / (Net cash)	26.5	31.7	(16.4)	(5.2)

Source: CFO SIM

Table 5 – Monnalisa, 2025e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Net Revenues	36.1	51.9	(30.3)	(15.7)
EBITDA	3.7	6.5	(43.5)	(2.8)
% margin	10.2	12.5		
EBIT	(2.3)	(0.1)	n.m.	(2.2)
% margin	(6.4)	(0.3)		
Net Profit	(3.5)	(1.7)	n.m.	(1.8)
% margin	(9.7)	(3.4)		
Net debt / (Net cash)	24.4	33.2	(26.5)	(8.8)

Source: CFO SIM

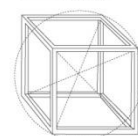


Table 6 – Monnalisa, 2026e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Net Revenues	37.7	57.1	(33.9)	(19.4)
EBITDA	4.6	8.4	(45.0)	(3.8)
% margin	12.3	14.8		
EBIT	(0.9)	2.3	n.m.	(3.1)
% margin	(2.3)	4.0		
Net Profit	(1.8)	0.8	n.m.	(2.6)
% margin	(4.8)	1.4		
Net debt / (Net cash)	21.5	32.3	(33.3)	(10.8)

Source: CFO SIM

Moreover, CFO SIM has updated the DCF valuation criteria, bringing the risk-free rate up to date. The combined result is a **new DCF-based PT of € 1.00/s** (U.R.), 14.3% upside.

As a consequence of the limited upside to current price levels, we assigned a **Neutral recommendation** on the stock.

DCF

In our DCF valuation, we determine the company's value by identifying an explicit forecast period until 2028 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 7 - WACC derived from:

Interest costs, pre-tax	5.0%
Tax rate	26.0%
Int. costs, after taxes	3.7%
Risk premium, incl. small size premium	9.0%
Risk-free (10Y Gov. Bond 200gg mov. av.)	3.80%
Beta levered (x)	1.00
Required ROE	12.8%

Sources: CFO SIM, Refinitiv Eikon

Risk premium at 9.0% factors in the minute size of the company and basically all the concerns that an investor might have with regard to the Euronext Growth Milan market segment. **Beta set at 1.00**. The WACC is computed by using a long-term 40/60% debt/equity balance-sheet structure.

Table 8 - Monnalisa, DCF model

€ m	2024e	2025e	2026e	2027e	2028e	TV
EBIT	(3.9)	(2.3)	(0.9)	2.1	3.2	
Tax rate	26.0%	26.0%	26.0%	26.0%	26.0%	
Operating profit (NOPAT)	(2.9)	(1.7)	(0.7)	1.6	2.3	
Change working capital	1.9	0.2	(0.5)	(0.3)	(0.1)	
Depreciation	6.6	6.0	5.5	3.0	0.5	
Investments	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	
Free Cash Flows	5.1	3.9	3.9	3.9	2.3	28.4
Present value	5.0	3.6	3.2	2.9	1.6	19.7
WACC	9.2%	9.2%	9.2%	9.2%	9.2%	
Long-term growth rate	1.0%					

Source: CFO SIM

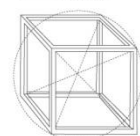


Table 9 – Monnalisa, DCF derived from:

€ m	
Total EV present value € m	36.0
	<i>thereof terminal value</i>
	54.6%
NFP last reported	(28.4)
Pension provision last reported	(2.3)
Equity value € m	5.3
#m shares (excl. treasury shares)	5.22
Equity value €/s	1.00
% upside/(downside)	14.3%

Source: CFO SIM

By applying our DCF model we attained an equity value of Monnalisa of € 5.3m, € 1.00/s.

The following tables illustrate that sensitivity, 1) compared to changes in the terminal growth rate, produces an equity value/s of between € 0.67-1.42 (perpetuity range of between 0.25% and 1.75%), while, 2) if compared to changes in the risk-free rate, it produces an equity value/s of € 0.73-1.32 (risk-free range of between 4.55% and 3.05%), and, 3) if compared to changes in the risk premium, including small size premiums, it results in an equity value/s of € 0.48-1.67 (risk premium range of between 10.50% and 7.50%).

Table 10 – 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	16.3	16.3	16.3	16.3	16.3	16.3	16.3
PV of terminal value	17.9	18.4	19.0	19.7	20.3	21.0	21.8
Total value	34.2	34.7	35.3	36.0	36.6	37.4	38.1
NFP last reported	(28.4)	(28.4)	(28.4)	(28.4)	(28.4)	(28.4)	(28.4)
Pension provision last reported	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)
Equity value	3.5	4.1	4.7	5.3	6.0	6.7	7.4
Equity value/share €	0.67	0.78	0.89	1.00	1.14	1.28	1.42

Source: CFO SIM

Table 11 – Monnalisa, equity value sensitivity to changes in risk-free rate

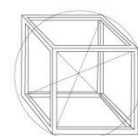
€ m	3.05%	3.30%	3.55%	3.80%	4.05%	4.30%	4.55%
Present value of CF	16.4	16.4	16.4	16.3	16.3	16.2	16.2
PV of terminal value	21.2	20.6	20.1	19.7	19.2	18.7	18.3
Total value	37.6	37.0	36.5	36.0	35.5	35.0	34.5
NFP last reported	(28.4)	(28.4)	(28.4)	(28.4)	(28.4)	(28.4)	(28.4)
Pension provision last reported	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)
Equity value	6.9	6.3	5.8	5.3	4.8	4.3	3.8
Equity value/share €	1.32	1.22	1.11	1.00	0.92	0.82	0.73

Source: CFO SIM

Table 12 – 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	16.6	16.5	16.4	16.3	16.2	16.2	16.1
PV of terminal value	22.9	21.7	20.6	19.7	18.7	17.9	17.1
Total value	39.4	38.2	37.0	36.0	35.0	34.1	33.2
NFP last reported	(28.4)	(28.4)	(28.4)	(28.4)	(28.4)	(28.4)	(28.4)
Pension provision last reported	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)
Equity value	8.7	7.5	6.3	5.3	4.3	3.4	2.5
Equity value/share €	1.67	1.44	1.22	1.00	0.82	0.65	0.48

Source: CFO SIM



Market multiples

We conducted an analysis on nine 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.

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.

Capri Holdings Ltd: Capri Holdings Limited is a holding company, which owns brands that are designers, marketers, distributors and retailers of women's and men's accessories, footwear and ready-to-wear bearing the Versace, Jimmy Choo and Michael Kors tradenames and related trademarks and logos.

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.

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.

Moncler SpA: Moncler SpA designs, produces and distributes clothing and accessories through Moncler brand. Moncler SpA manufactures collections for women, men and children. The Company offers mainly sportswear, outerwear, knitwear and skiwear, including jackets, shoes, sweaters, trousers, bags, shirts, tops, gloves, hats and sunglasses, among others.

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.

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.

Salvatore Ferragamo SpA: Salvatore Ferragamo SpA mainly creates, develops and produces textiles goods and shoes. The company's products categories are responsible for the manufacture and sale of footwear, leather goods, clothing and accessories for men and women. The company's products include also fragrances and eyewear under the Salvatore Ferragamo brand and on license Ungaro brand. The company's products are distributed mainly through network brand stores, managed both directly and by third parties, as well as department stores and multibrand speciality stores.

The size of the listed luxury companies is huge, and the operating profitability is rather diversified because of the different channel mix.

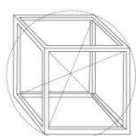


Table 13 - Monnalisa, peer group summary table

€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	EBITDA margin	Sales CAGR ₂₃₋₂₆	EBITDA CAGR ₂₃₋₂₆	EBIT CAGR ₂₃₋₂₆	EPS CAGR ₂₃₋₂₆	NFP /EBITDA
Brunello Cucinelli SpA	IT	6,289	1,265	361	28.5%	10.6%	10.5%	12.0%	9.4%	1.7
Burberry Group PLC	UK	3,075	2,888	442	15.3%	-3.5%	-12.0%	-19.6%	-19.4%	(0.6)
Capri Holdings Ltd	USA	4,568	4,314	500	11.6%	-2.3%	4.0%	2.5%	n.m.	3.7
Hugo Boss AG	DE	2,936	4,251	715	16.8%	3.8%	5.0%	6.2%	4.7%	1.2
Kering SA	FR	28,546	17,573	4,501	25.6%	-0.5%	-6.2%	-7.9%	-8.8%	2.5
Moncler SpA	IT	14,807	3,075	1,193	38.8%	6.7%	6.5%	6.8%	7.0%	(0.7)
Prada SpA	IT	16,804	5,311	1,932	36.4%	9.9%	9.0%	11.9%	14.4%	(0.2)
Ralph Lauren Corp	USA	11,290	6,256	1,050	16.8%	3.4%	7.9%	9.2%	8.9%	(0.5)
Salvatore Ferragamo SpA	IT	1,110	1,035	213	20.6%	-1.0%	0.4%	-6.2%	2.6%	2.6
Median		6,289	4,251	715	20.6%	3.4%	5.0%	6.2%	5.8%	1.2
Monnalisa SpA	IT	5	38	3	8.3%	-4.7%	5.1%	n.m.	n.m.	8.4

Source: CFO SIM, Refinitiv Eikon

Table 14 - Monnalisa, peer group EV multiple table

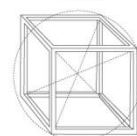
x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
Brunello Cucinelli SpA	5.44	4.94	4.46	19.1	17.2	15.6
Burberry Group PLC	0.97	0.97	0.91	6.4	5.1	4.4
Capri Holdings Ltd	1.48	1.34	1.29	12.8	10.7	9.6
Hugo Boss AG	0.89	0.84	0.77	5.3	4.7	4.1
Kering SA	2.28	2.18	2.02	8.9	8.1	7.2
Moncler SpA	4.56	4.12	3.66	11.7	10.6	9.3
Prada SpA	3.10	2.78	2.46	8.5	7.6	6.8
Ralph Lauren Corp	1.73	1.63	1.71	10.3	9.3	9.5
Salvatore Ferragamo SpA	1.61	1.59	1.53	7.8	7.4	6.8
Median	1.73	1.63	1.71	8.9	8.1	7.2
Monnalisa SpA	0.82	0.77	0.67	9.8	7.3	5.6
% premium/(discount) to median	(52.6)	(52.6)	(61.0)	10.5	(10.8)	(21.9)

Source: CFO SIM, Refinitiv Eikon

Table 15 - Monnalisa, peer group EV & price multiple table

x	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
Brunello Cucinelli SpA	32.5	29.1	26.1	50.6	44.2	38.8
Burberry Group PLC	34.2	14.1	10.7	n.m.	28.7	18.5
Capri Holdings Ltd	22.1	16.5	14.9	18.2	14.5	13.3
Hugo Boss AG	10.3	8.7	7.4	13.2	11.0	9.5
Kering SA	14.0	12.5	10.6	17.5	15.4	12.3
Moncler SpA	15.5	13.9	12.2	23.9	21.9	19.8
Prada SpA	13.3	11.6	10.1	20.9	18.6	16.7
Ralph Lauren Corp	13.0	11.6	11.7	17.0	15.8	14.6
Salvatore Ferragamo SpA	47.6	34.7	26.2	n.m.	66.4	39.2
Median	15.5	13.9	11.7	18.2	18.6	16.7
Monnalisa SpA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
% premium/(discount) to median	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.

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 nine companies operating in the luxury and fashion arena.

Table 16 - Monnalisa, peer group absolute performance

%	1D	1W	1M	3M	6M	YTD	1Y
Brunello Cucinelli SpA	(0.5)	0.2	8.5	7.9	(4.4)	4.2	18.2
Burberry Group PLC	1.3	8.8	16.6	1.1	(37.2)	(49.7)	(58.7)
Capri Holdings Ltd	(0.6)	(2.6)	8.9	26.9	18.1	(16.8)	(18.3)
Hugo Boss AG	(2.2)	0.4	10.0	15.0	(18.1)	(38.3)	(28.8)
Kering SA	(1.5)	1.1	0.9	(23.2)	(29.2)	(42.1)	(43.3)
Moncler SpA	(0.0)	1.9	10.1	(1.1)	(19.5)	(3.4)	(0.1)
Prada SpA	0.0	5.3	3.7	5.8	(10.0)	23.2	19.7
Ralph Lauren Corp	(1.3)	(2.8)	3.8	19.9	16.8	36.3	68.4
Salvatore Ferragamo SpA	0.7	1.2	8.3	(17.8)	(29.5)	(46.2)	(43.9)
Median	(0.5)	1.1	8.5	5.8	(18.1)	(16.8)	(18.3)
Monnalisa SpA	0.6	48.3	57.7	(13.4)	(40.9)	(53.5)	(61.6)

Source: Refinitiv Eikon

Table 17 - Monnalisa, peer group and key indexes absolute performance

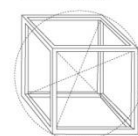
%	1D	1W	1M	3M	6M	YTD	1Y
Monnalisa peer group	(0.5)	1.1	8.5	5.8	(18.1)	(16.8)	(18.3)
S&P Global Luxury	(0.9)	(1.0)	(0.2)	1.0	(5.4)	(5.7)	6.4
MSCI World Index	(0.9)	(1.0)	0.0	5.2	11.3	16.7	32.0
EUROSTOXX	(0.3)	(0.0)	0.1	1.4	(0.6)	7.4	19.8
FTSE Italia All Share	(0.1)	0.0	2.4	0.3	1.1	13.4	25.5
FTSE Italia STAR	(0.8)	(0.5)	1.2	(2.6)	(0.6)	(3.0)	15.5
FTSE Italia Growth	0.1	(1.3)	1.0	0.5	0.1	(2.4)	4.6
Monnalisa SpA	0.6	48.3	57.7	(13.4)	(40.9)	(53.5)	(61.6)

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 development and proper management of possible additional license agreements;
- 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.



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DATE	TARGET PRICE	RATING
24/10/2024	€1.00	NEUTRAL
30/07/2024	U.R.	U.R.
24/04/2024	€2.00	NEUTRAL
27/10/2023	€2.50	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.

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