

Investor presentation

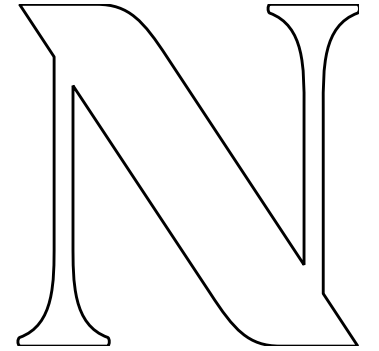
NYSE: NTZ

NATUZZI

May 2022

Forward-looking disclaimer

Certain statements set forth in this document constitute forward-looking statements within the meaning of the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements involve risks and uncertainties that could cause Natuzzi S.p.A. (“Natuzzi”, “we”, “us” or the “Company”) actual results to differ materially from those stated or implied by such forward-looking statements. More information about the potential factors that could affect the Company’s business and financial results is included in the Company’s filings with the Securities and Exchange Commission, including the Company’s most recent Annual Report on Form 20-F. The Company undertakes no obligation to update any of the forward-looking statements included in this document.



agenda

Heritage, brands and distinctive assets

Reference market

Key numbers and strategic pillars for our Value Creation Plan

60 yrs heritage. 4 main evolution phases

2



Internationalization and NYSE listing

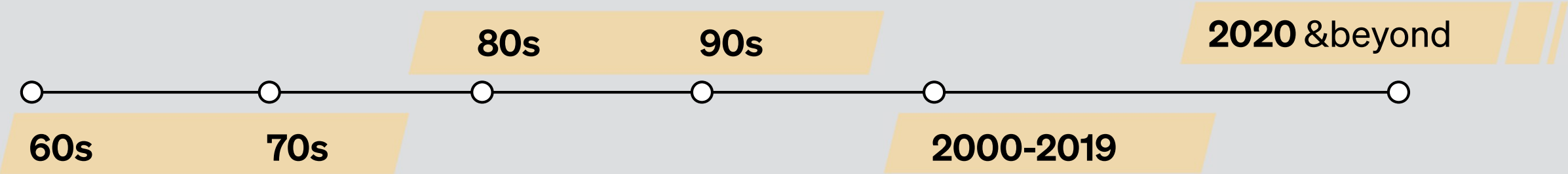
Natuzzi achieves extraordinary growth (CAGR +44.2% in the 1980-1990 period), with US being the largest market. In 1993 Natuzzi lists at NYSE as the only non-American furniture company. Product offering starts to be enriched with new home-furnishings products and accessories.

4



Acceleration of the transition into Retail and Lifestyle Brand

As one of the most renowned brands in the home furnishing sector, Natuzzi continues strengthening its Brands. The Retail network accounts for 651 mono-brand stores worldwide (December 2021)



1



The craftsmanship origin

In 1959, the first workshop was opened. Based on manufacturing excellence and cost competitiveness Natuzzi achieves significant international growth, exporting 60% of total sales at the end of the '70s

3



Transformation and foundation of the Retail & Branded business model

Natuzzi invested €1 bln to strengthen the brand to face globalization and price-based competition
Natuzzi accelerates the retail expansion worldwide leveraging on a global manufacturing footprint in Italy, China, Romania, Brazil to strategically support Brand evolution.

In 1997 Natuzzi reached market value of \$1.6 bn

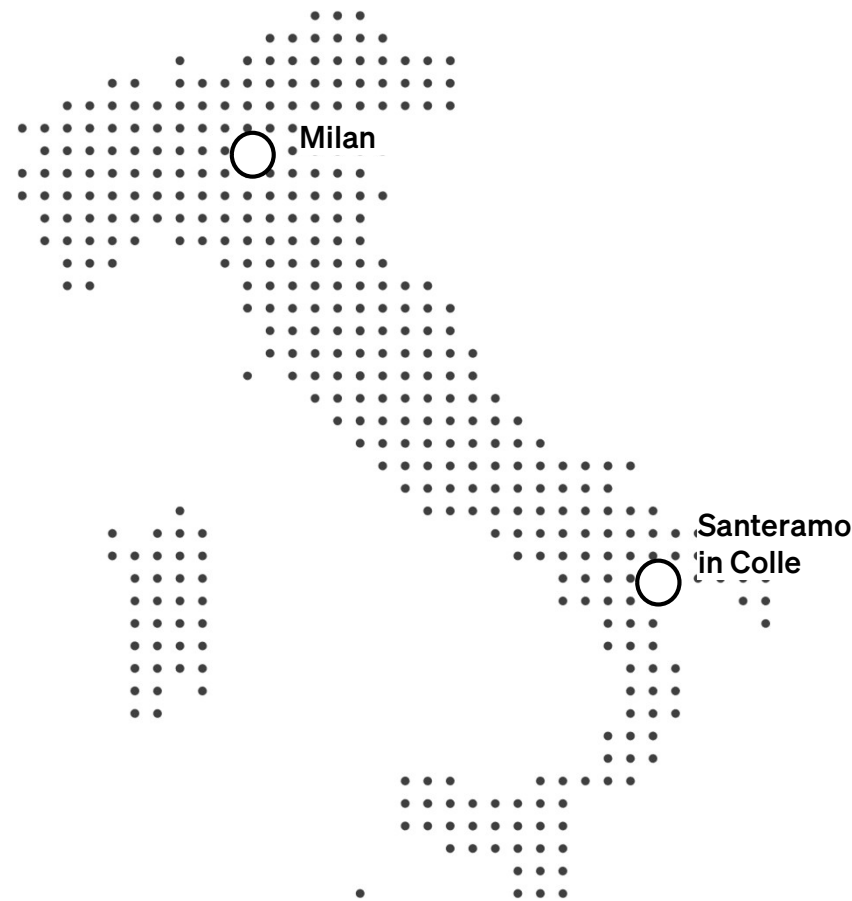
Natuzzi today: HQ in Italy with a global reach

The beating heart of the company, where the value chain begins to make the excellence of Italian design happen.

Reaching a distribution of **1,214 POS** all over the world:

- **651** monobrand stores, including 54 DOS
- **563** galleries

Planned to open to ~100 DOS by the end of 2026 (of which 50+ in the US)



Global manufacturing footprint



Worldwide sales network



Today's presenters



Antonio Achille
Chief Executive Officer

Chief Executive Officer of Natuzzi, responsible for driving the company's strategic growth agenda and for managing its daily operations. Deep industry, financial, and operations expertise, having spent over 25 years supporting Brands and Retailers on strategy, digital, retail, organization, supply chain, growth acceleration and operational improvement.

Antonio joined Natuzzi as CEO in May 2021, from McKinsey & Co where he was Senior Partner. In McKinsey he led globally McKinsey's Luxury practice and the Consumer & Retail team for South Europe. Prior to that, Antonio has been Managing Director at the Boston Consulting Group, where he created and led the Luxury Practice Globally.

As advisor he supported the CEO, the Executive team and the Board on competitive game-changing moves that included performance acceleration programs, cross borders acquisition and post-merger integrations, digital transformation and corporate strategies to maximize shareholder's value.

Jason Camp joined the Natuzzi leadership team in September of 2019 as President and Chief Commercial Officer - North America.

With 20+ years combined at RH and Bassett, he brings deep category experience in both turnarounds + rapid growth. His background has been focused on store operations, E-commerce, Merchandising, Marketing + Strategy.

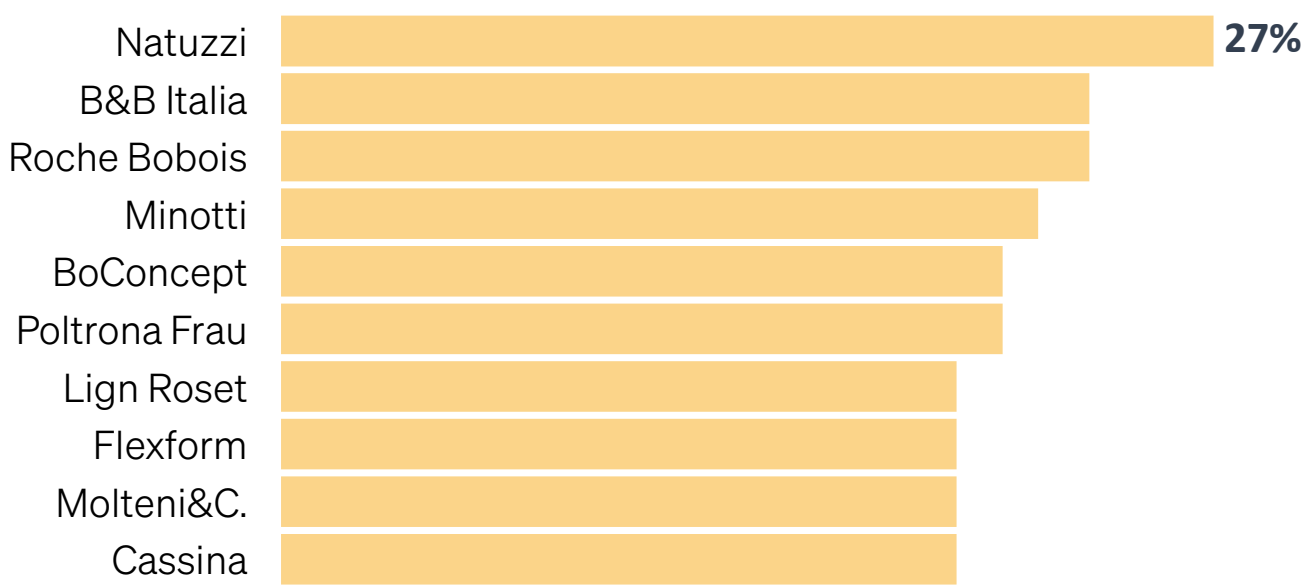
Jason invested 13 years at RH. He spent 8 of those years on the senior leadership both as SVP of Retail and Chief Merchandising officer. He also led Bassett's retail transformation as SVP of Retail during his 9-year tenure there.



Jason Camp
CCO North
& Central America

Natuzzi is the most known European premium furniture brand worldwide

27% of potential sofa buyers interviewed know of the Natuzzi Brand



Source: Ipsos 2019. Aided brand awareness, among premium European brands

FOCUS ON KEY COUNTRIES



Dual brand strategy, catering distinctive segments of the market

NATUZZI ITALIA

Positioning

Luxury furniture brand, entirely designed and manufactured in Italy which targets an affluent and more sophisticated global consumer.

Distribution

Total POS: **389**
(253 Stores & 136 Galleries)
EMEAI: 200 POS
AMERICAS: 66 POS
APAC: 123 POS

% Retail business

2021: 81%

Production

100% Made in Italy.

NATUZZI EDITIONS

Positioning

Affordable luxury brand, entirely designed in Italy, with production from different districts strategically located to best serve individual markets.

Distribution

Total POS: **825**
(398 Stores & 427 Galleries)
EMEAI: 283 POS
AMERICAS: 269 POS
APAC: 273 POS

% Retail business

2021: 41%

Production

100% Designed in Italy, produced within a global manufacturing network of 3 plants (Romania, China and Brazil) to increase efficiency and time-to-market.

NATUZZI ITALIA

Average order size in U.S. is
~\$8,000

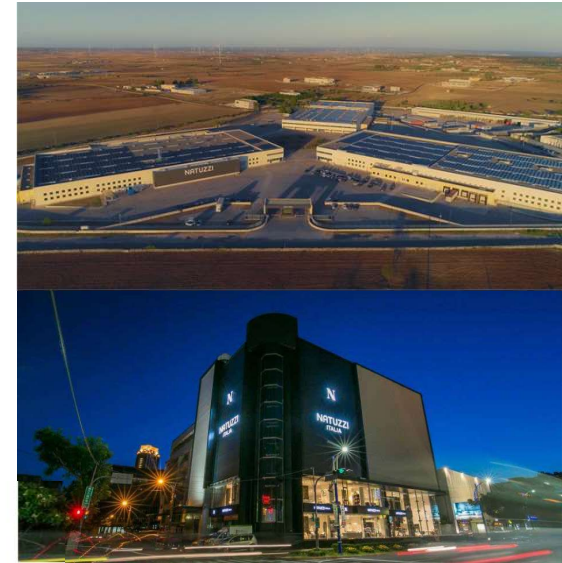
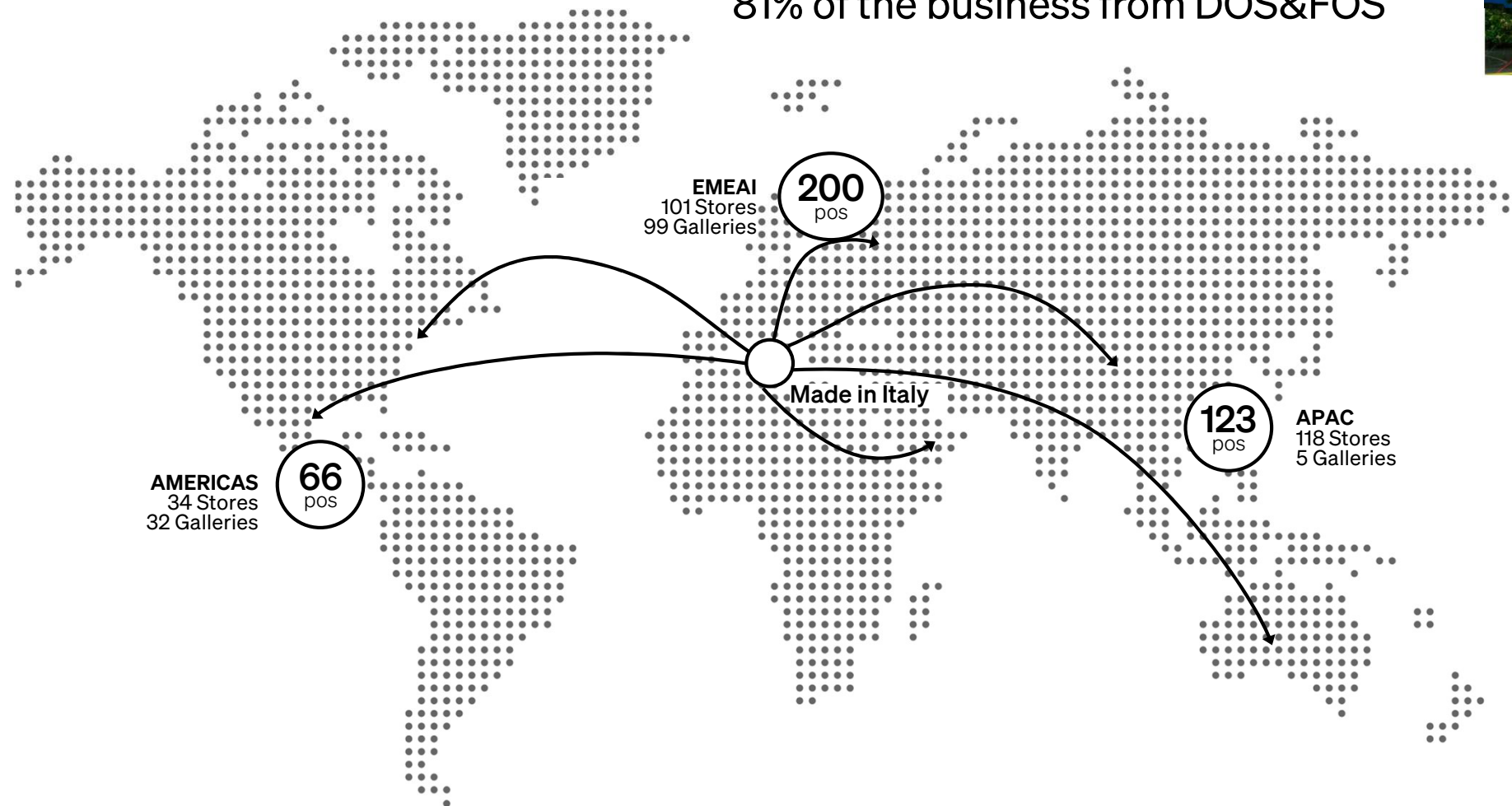


Living, dining, bedroom and home accessories,
for a total living harmonious expression of the Mediterranean lifestyle.

NATUZZI
ITALIA

Production and distribution

100% Made in Italy, distributed in 389 POS
(253 Stores & 136 Galleries)
81% of the business from DOS&FOS



NATUZZI

EDITIONS

Average order size in
U.S. is ~\$5,500

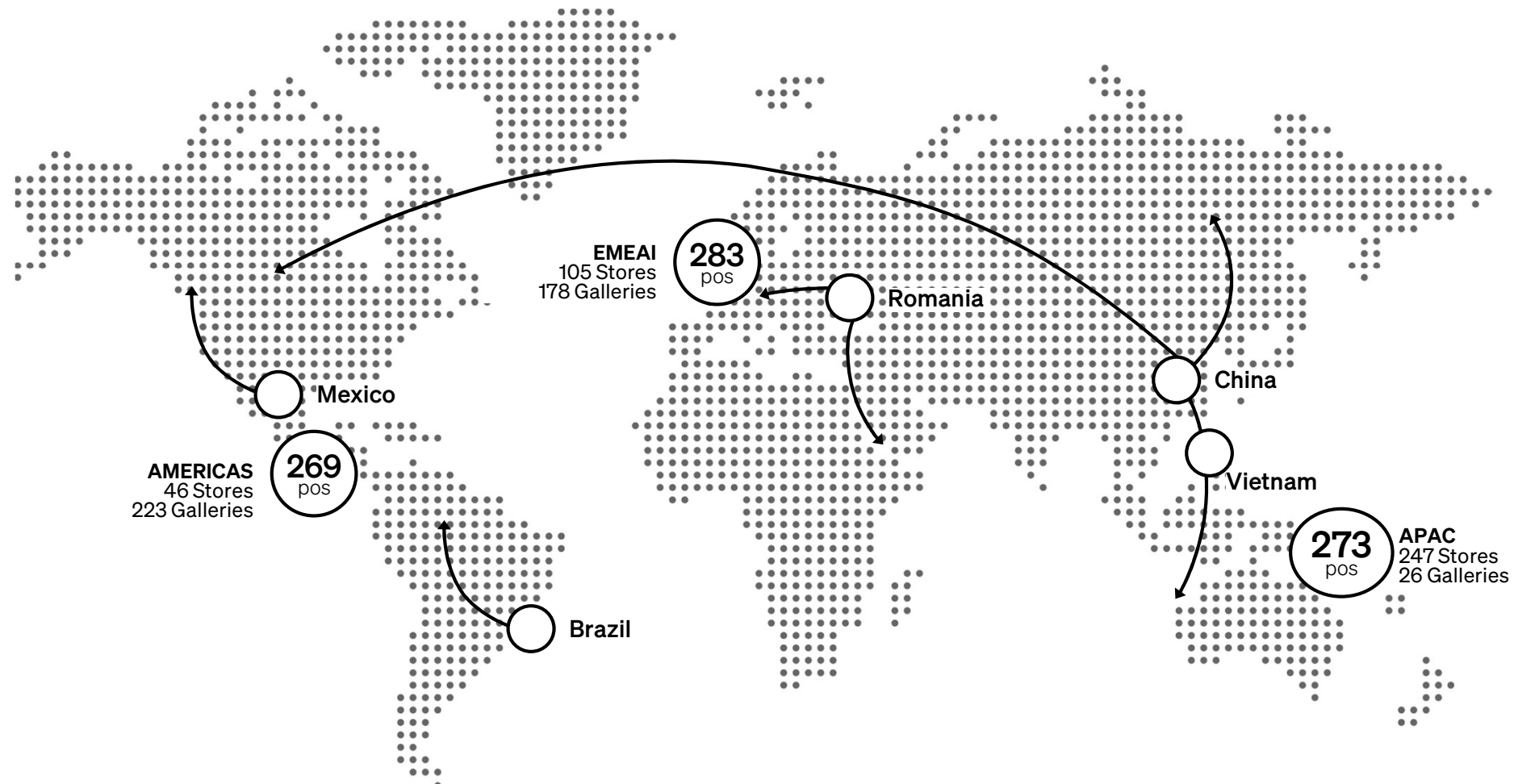


Upholstery and furnishings collections to
meet a wider target needs of versatility,
quality and comfort



Production and distribution

100% Designed in Italy, produced within a global
manufacturing network, distributed in 825 POS
41% of the business from DOS&FOS



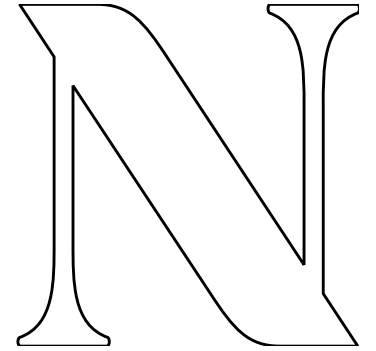


Competitive Advantage: ***Entire control of the Supply Chain***

Natuzzi represents a unique reality, *controlling the end-to-end supply chain:*

From the search for trends to the procurement of materials...

From factory production to delivery to customers, completing the experience with a wide service and support network



agenda

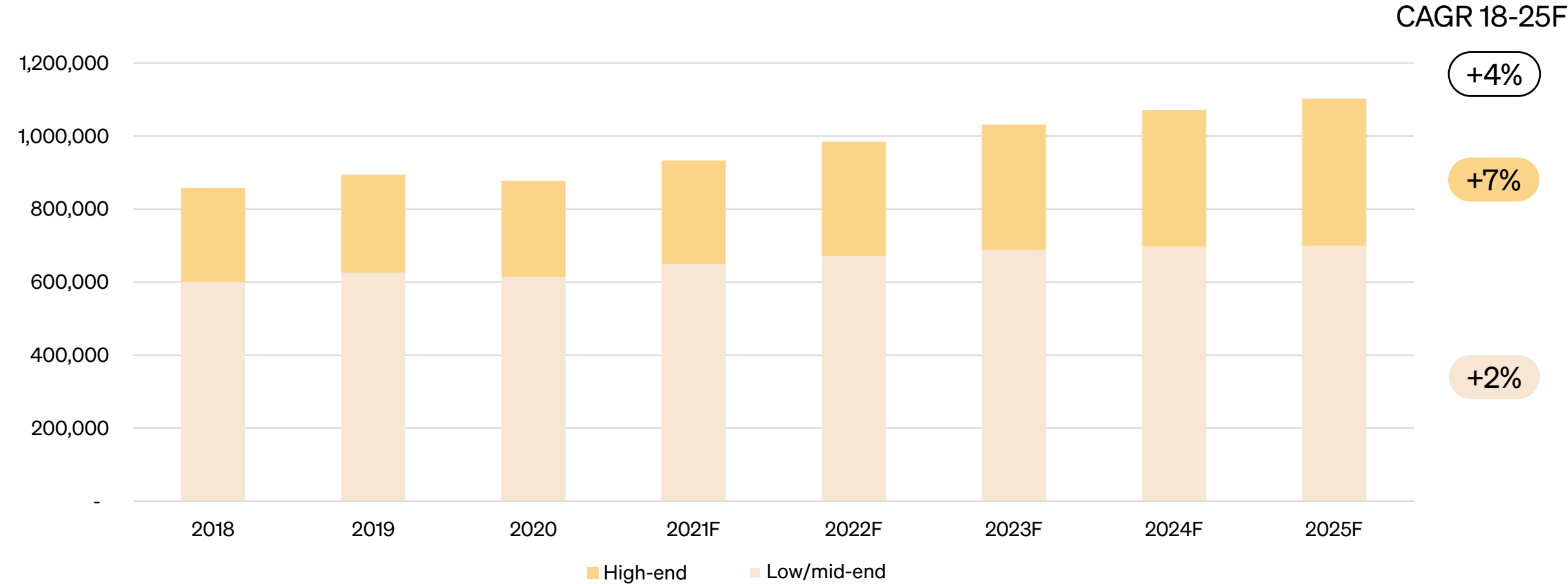
Heritage, brands and distinctive assets

Reference market

Key numbers and strategic pillars for our Value Creation Plan

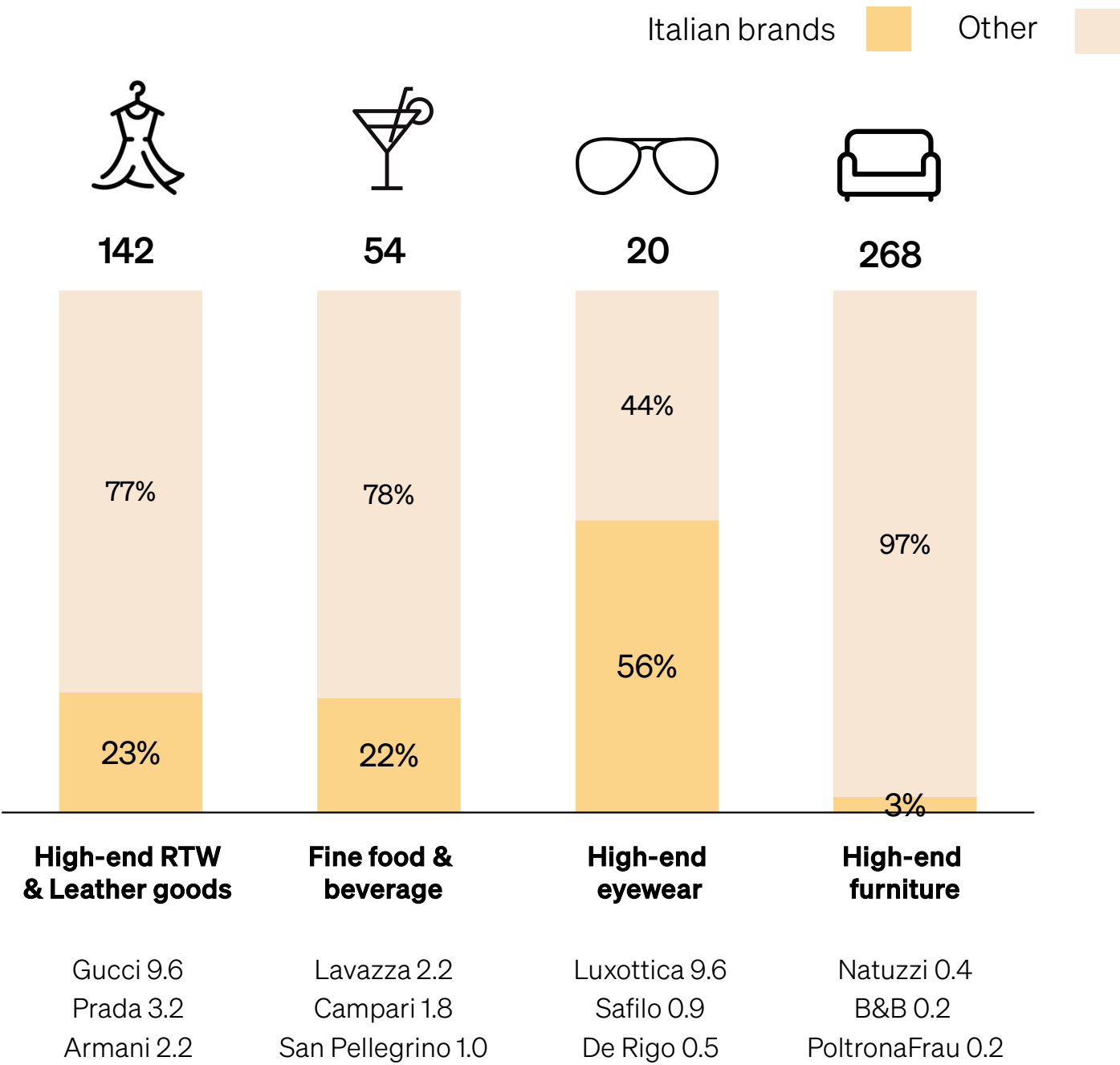
**Furniture market approx. €900 bn.
High-end segment worth €270 bn and
growing at 7% p.a.**

SIZE OF THE MARKET (BN €; %)











High-end furniture: an opportunity for Italian brands

SIZE OF THE MARKET &
ITALIAN BRANDS' SHARES, 2019 (BN €; %)



Natuzzi well positioned to capitalize the natural leadership of Italian brand in the life-style industry (2020)

ITALIAN BRAND	Country	Revenues 2020, M€	# Countries	Key market	Retail, % (Incl. Online)	Price position	Listed	EV/Sales multiple
Natuzzi		328	110		50%	Mid-high	Yes	0,5x
B&B Italia		151	70		10%	High	No	n/a
PoltronaFrau		143	60		10%	High	No	n/a
Calligaris		99	68		25%	Mid	No	n/a



Home elevates its role

The private living spaces conquer a multi-faceted role: home is becoming an office to work in, a sociable space to live convivial moments and a shelter to feel safe(r). Functionality and versatility are the main concepts leading this wave



Real Estate development supports rising demand

People's increasing attention to improve the "quality of life" (e.g. by relocating into smaller communities) and economic policies - in the public and private sectors - aiming at stimulating the revival of property investments are leading to a long-standing phase of construction and renovation projects



Emerging Middle-Class boosts the consumer base

The increasing size of the middle class is expanding markets potential, pushing them at the same time towards higher quality standards. The global middle class is expected to grow and reach 5.5 billion by 2030 with ≈90% of the additional middle-class population coming from Asian countries



Company's DNA becomes an essential consumers' purchasing criteria

The higher-end consumers' sensitivity is increasingly driven by a deeper attention to elements such as the history of the company, its mission and core values

new dynamics are favorably shaping the market



Sustainability plays a key role in achieving a competitive advantage

Companies are taking more and more the opportunities deriving from the concept of Sustainability. Competitive advantages might come from rethinking production processes in a sustainable way, qualifying the entire supplier base and/or equipping products with accredited environmental certifications



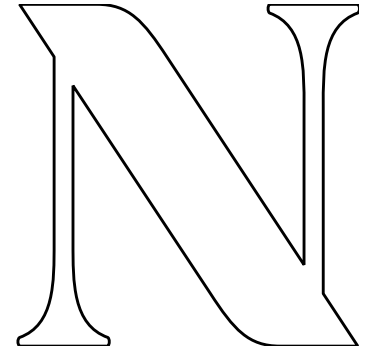
Digitalization unlocks new opportunities

With over half of the world's population shopping online regularly, purchasing habits are fundamentally changing. The online sales of furniture are expected to keep growing fast, with a CAGR of 10% in the period 2019-2023



Macroeconomic volatility shapes market dynamics

Abrupt shocks to the global supply of commodities and raw materials, unpredictable shipping charges and unbearable duty policies are reshaping the trading market and force companies to timely adapt to a fluid context



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We closed 2021 strongly

IFRS (€m)	2021	2020	Chg. (€m) 2021/2020	Chg. % 2021/2020
Total revenue	427.4	328.3	99.0	30.2%
Gross profit	153.8	103.2	50.6	49.0%
<i>Gross margin</i>	36.0%	31.4%		
Operating results	4.9	(10.6)	15.5	
<i>Operating margin</i>	1.1%	-3.2%		
Adjusted EBITDA	24.9	12.3	12.6	102.5%
Cash and cash equivalents	53.5	48.2	5.3	11.0%

Backlog*: ~ €114 million as of December 31, 2021

*Compared to pre-pandemic, normally ~ €60 million

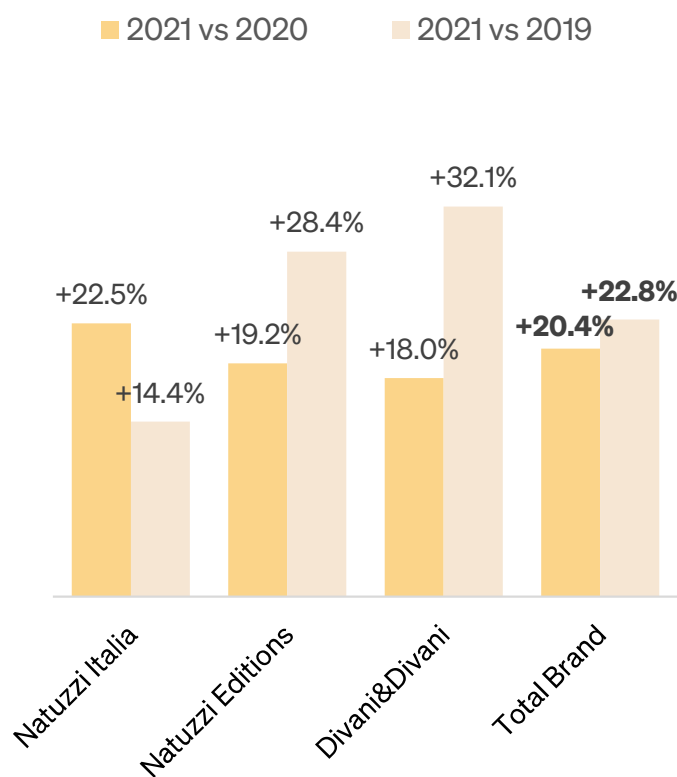
*A solid base for future deliveries.

A perspective on our multi-year transformation journey

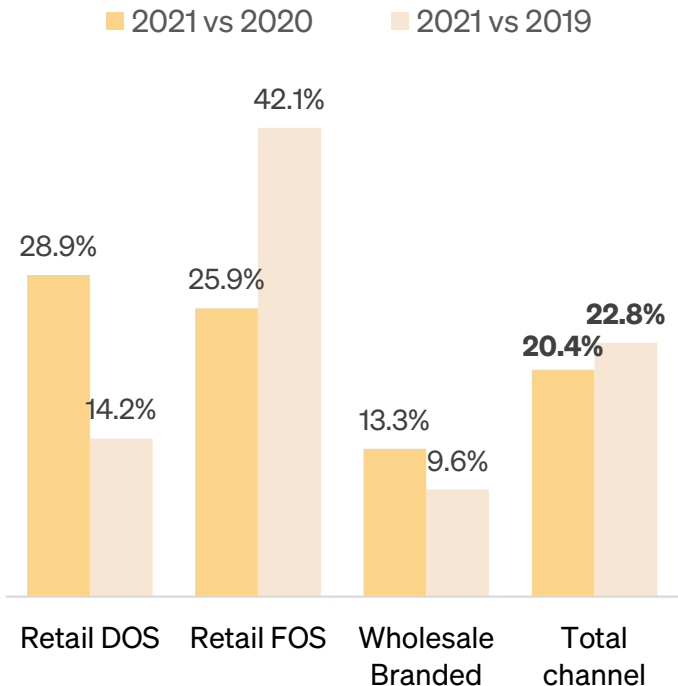
<u>Consolidated figures for the years:</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenue	427.4	328.3	387.0	428.5
YoY % change in Revenue	30.2%	(15.1)%	(9.7)%	(4.5)%
Branded sales on main business*	87.2%	85.4%	80.2%	76.9%
<i>* Sales of upholstered and other home furnishings products</i>				
Gross Profit	153.8	103.2	115.0	120.3
Gross Margin	36.0%	31.4%	29.7%	28.1%
Operating Profit/(Loss)	4.9	(10.6)	(22.5)	(25.5)
Operating Margin	1.1%	(3.2)%	(5.8)%	(5.9)%
Adjusted EBITDA	24.9	12.3	1.0	(15.5)
Adjusted EBITDA margin	5.8%	3.8%	0.3%	(3.6)%
<u>Direct Retail</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total USA Direct Retail Revenue	26.9	16.6	20.0	14.6
Total USA Direct Retail Operating Result	3.1	(1.0)	1.0	(1.0)
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018⁽¹⁾</u>
<u>Group's Cash and cash equivalents (as at Dec. 31)</u>	53.5	48.2	39.8	26.6

2021: Double digit growth on all business dimensions also compared vs 2019 Pre – Covid

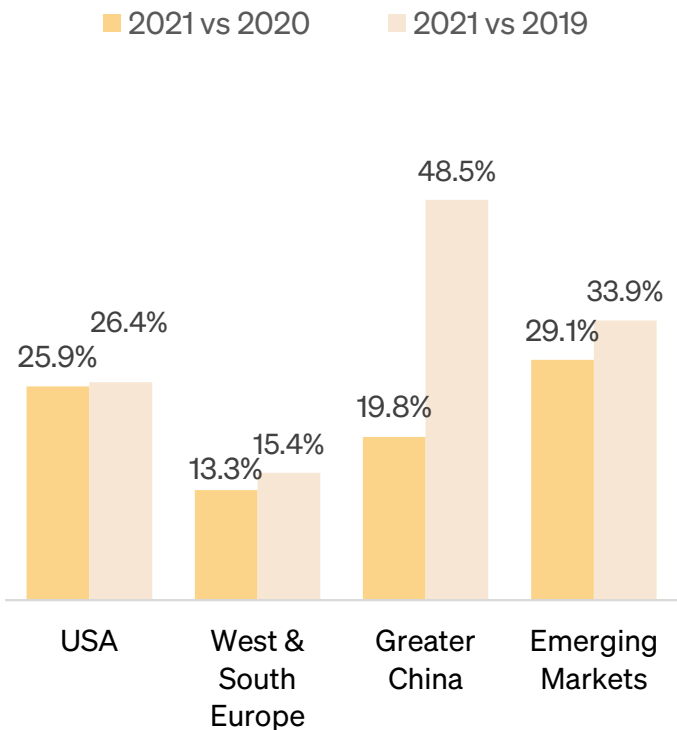
Order flow per brand



Order flow per channel



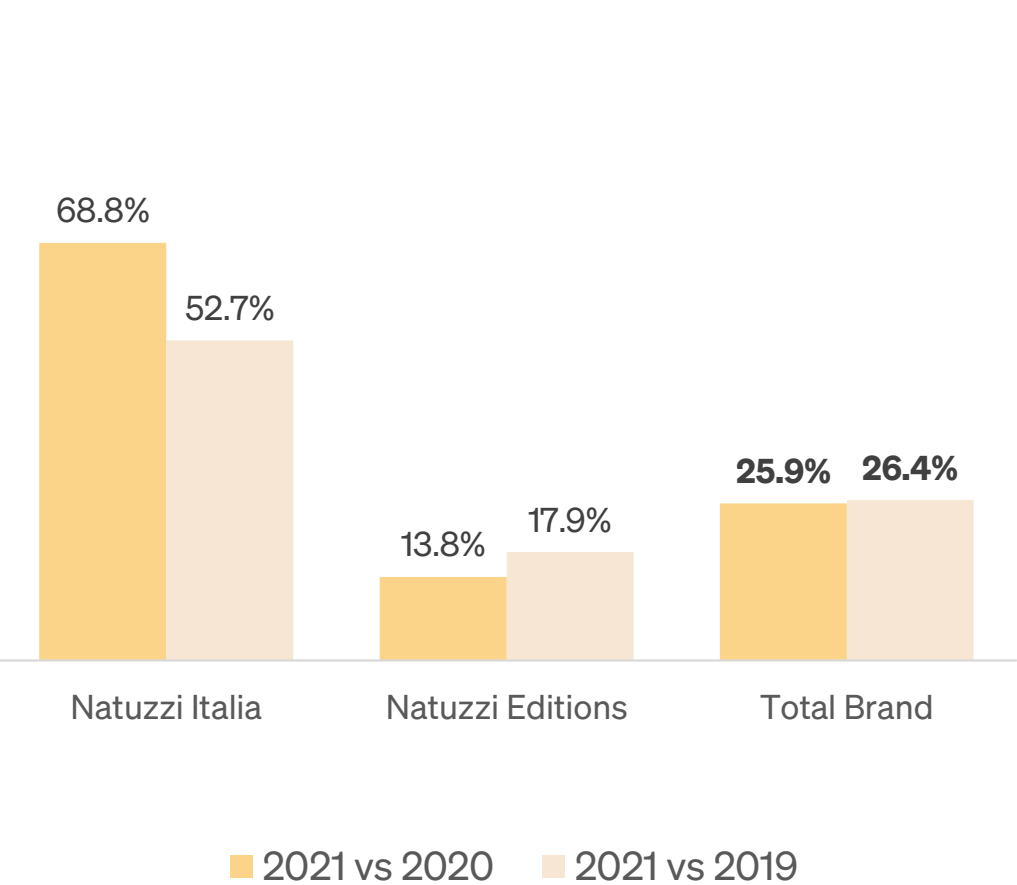
Order flow per main area





USA market: A business snapshot

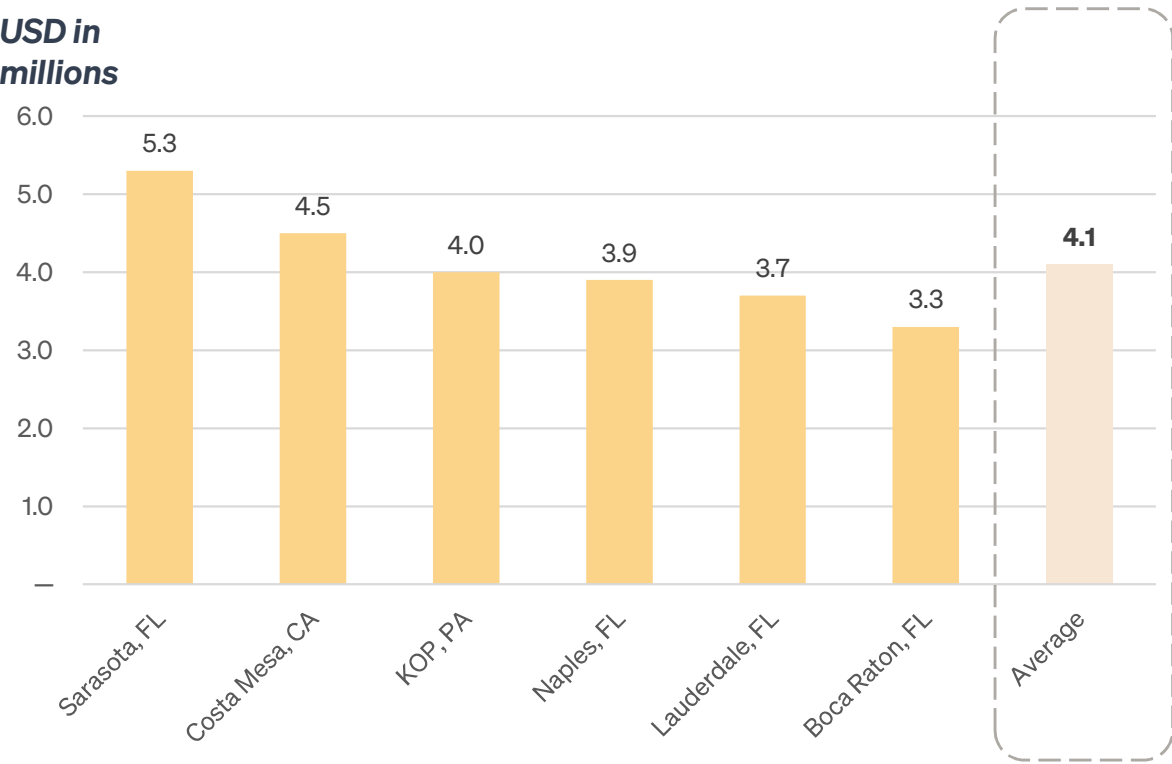
Written Orders by Brand (Sell-in)



USA REPRESENTS ALMOST **30%** OF THE
GLOBAL BRANDED BUSINESS

U.S. Retail Performance

Top six DOS average sales (retail value) of ~\$4.1 Million



+50%

2021 LFL Order Flow
vs 2019

74%

Integrated
margin

+20%

2021 AOV (\$7.4k)
vs 2019

2021 impacted by the supply chain disruption

RAW MATERIAL	PRICE INCREASE (AVG) 2021 VS 2020
LEATHER	+80%
CHEMICALS	+57%
WOOD	+80%
CHIPBOARD	+67%
PLYWOOD	+91%

TRANSPORTATION

PRICE INCREASE
ON THE CHINA > ITALY ROUTE
2021 vs 2020

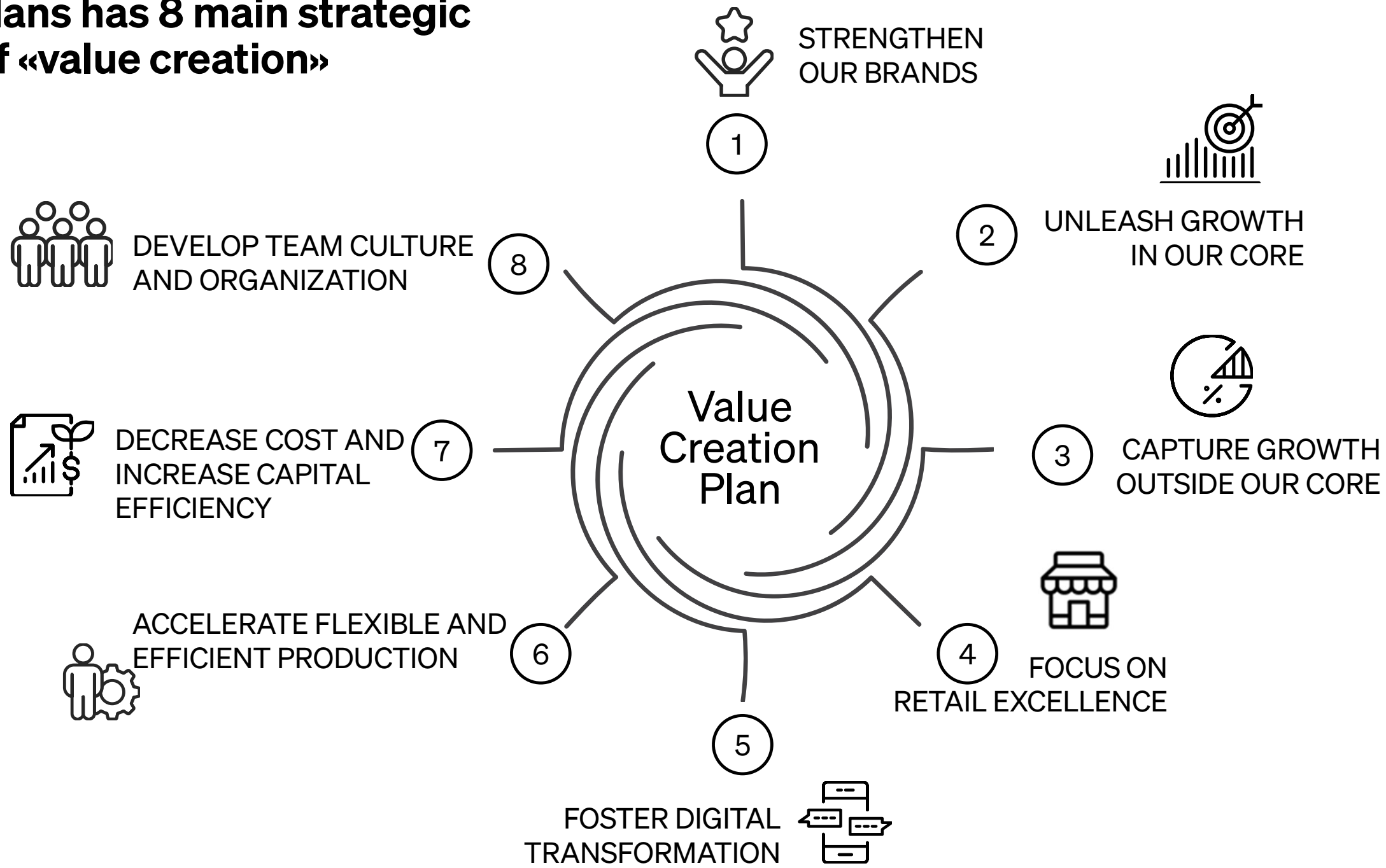
+550%

(2.500 to 14.000 USD per CTR)

EXTRA LEAD TIME

8 weeks

'22-'26 plans has 8 main strategic drivers of «value creation»



Value creation is at the core of our management plan

3 main levers for accelerating value creation and increasing shareholder return on investment

Exceeding Market Rates of Growth *by leveraging the strength of our Brands*

- ✓ **Scale in key geographic regions**
U.S., China, U.K. and Italy
- ✓ **Leverage JVs to accelerate growth in high potential geographies**
APAC JV
- ✓ **Drive increased volume at existing stores**
Replicate proven, efficient U.S. retail model to improve productivity
- ✓ **Expand retail network**
Continue and accelerate the transition towards retail (DOS and Franchising)

Accelerating Margin Expansion *via proven programs underway*

- ✓ **Increase quality of sales**
Continue to shift mix of sales to higher-margin branded products
- ✓ **Continue the transition to retail so to expand margin**
- ✓ **Focus on production efficiencies**
Prune complexity; outsourcing of production in Vietnam; Launch of improvement programs across all plants (factory 4.0)
- ✓ **Disciplined rationalization of overhead in HQ and plant rationalization**

Increasing Capital Efficiency *with disciplined allocation of capital*

- ✓ **Rigorous approach to working capital management**
- ✓ **Adopt “asset light” model**
- ✓ **Dispose of non-core assets and redeploy cash (e.g. High Point)**
- ✓ **Increased focus (KPI, MBO) on margin and cash metrics**



Empower the Brand through Retail to create Value in the Core markets.

China JV: an upside only partially reflected in our value

China represents a massive opportunity for growth

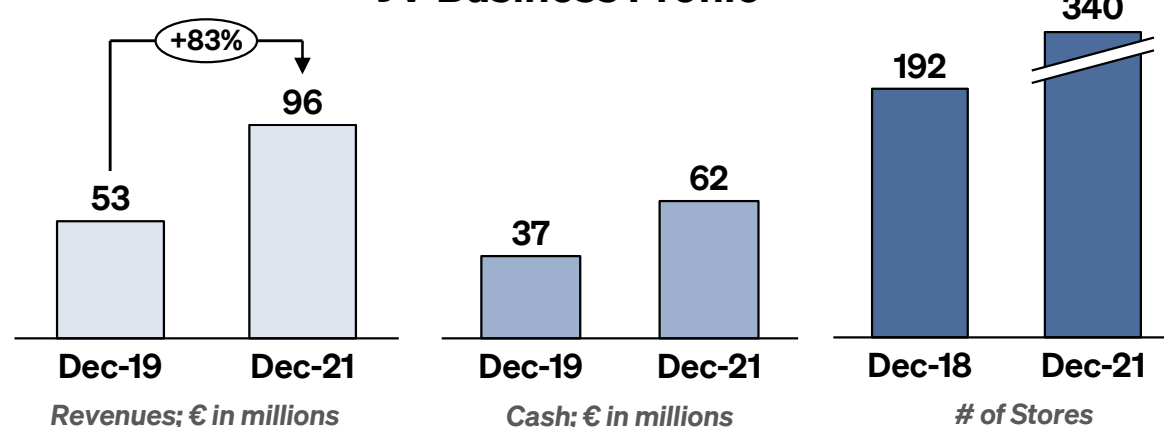
Structure

- JV agreement with KUKA Group, a leading listed player in the furnishings industry in China
- Established in 2018, Natuzzi holds a 49% equity stake in the JV
- Provides exclusive distribution of Natuzzi branded products through a network of directly operated and franchised stores in Greater China

Upsides

- Access to massive market
- Delivering strong revenue growth in high-teens
- Significant and growing cash position available to fuel local growth and for potential distribution to partners
- Track record and ambition to extend store footprint at fast pace
 - More than 100 stores opened in 2021
 - 100+ store openings planned in 2022

JV Business Profile



Accelerating Our Transformation to Unlock Long-term Shareholder Value

A Portfolio of Distinctive Assets

60 Year Heritage



Rich heritage rooted in luxury and excellence

2 Brands

NATUZZI

Strong brands awareness with distinctive and complementary identities

Controlled Supply Chain



Control of the entire supply chain

~1,200 Points of Sale



Global distribution... 651 mono-brand in > 100 countries

An Attractive Market

€270 Billion



High-end furniture... a steadily growing market where Natuzzi can play a leadership role

Our Priorities

Three primary levers to unlock value

Growth



Margin Expansion



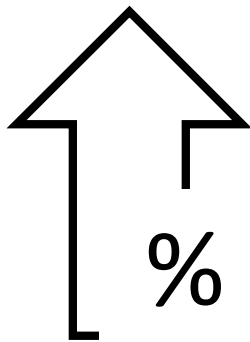
Capital Efficiency



Leverage China JV

Dispose of non-strategic assets

Delivering Results



Our transformation is showing initial signs of our ability to execute and the opportunity for additional improvement