

Natuzzi Company Profile

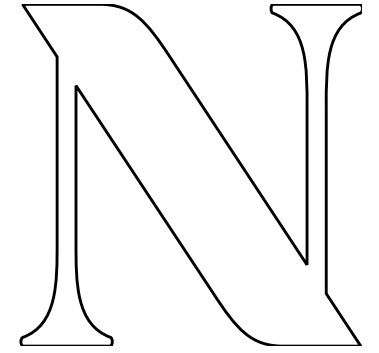
NYSE:NTZ

NATUZZI

November 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” and, together with its subsidiaries, the “Group”) actual results to differ materially from those stated or implied by such forward-looking statements, including, among others, the current geopolitical instability, general economic conditions, the competitive environment, as well as many other risks specifically related to the Group and its operations. 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 years of heritage. 4 main evolution phases

2



Internationalization and NYSE listing

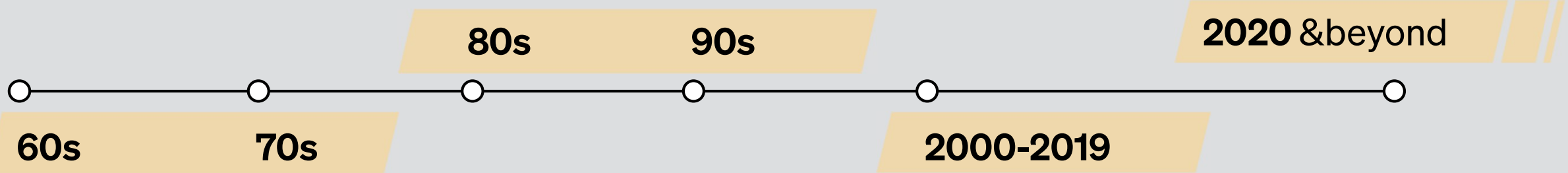
Natuzzi achieves extraordinary growth (CAGR +44.2% in the 1980-1990 period), with U.S. being the largest market. In 1993 Natuzzi gets listed on the NYSE as the only non-American furniture company. Product offering starts to be enriched with new home-furnishings products and accessories.

4



Acceleration of the transition into Retail and Lifestyle Brand

Natuzzi continues strengthening its Brands. As of September 30, 2022, the Retail network accounts for 708 mono-brand stores worldwide.



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 by the end of the '70s.

3



Transformation and foundation of the Retail & Branded business model

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

In 1997 Natuzzi reached a market value of \$1.6 bn

Natuzzi today: heart and roots in Italy, with global reach

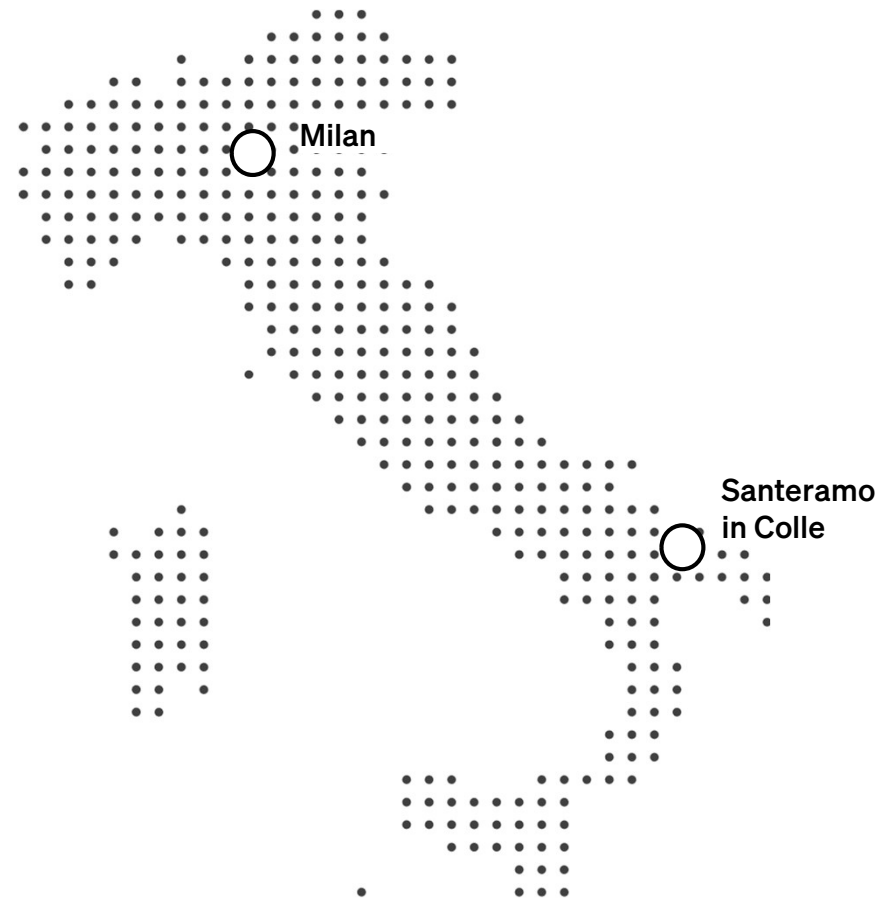
Apulia is the beating heart of the company, where the value chain begins to make the excellence of Italian design happen.

Italy represents 49% of our production and 10% of our sales.

Global distribution in 101 countries through

1,229⁽¹⁾ POS :

- **708** monobrand stores, including 51 DOS
- **521** galleries



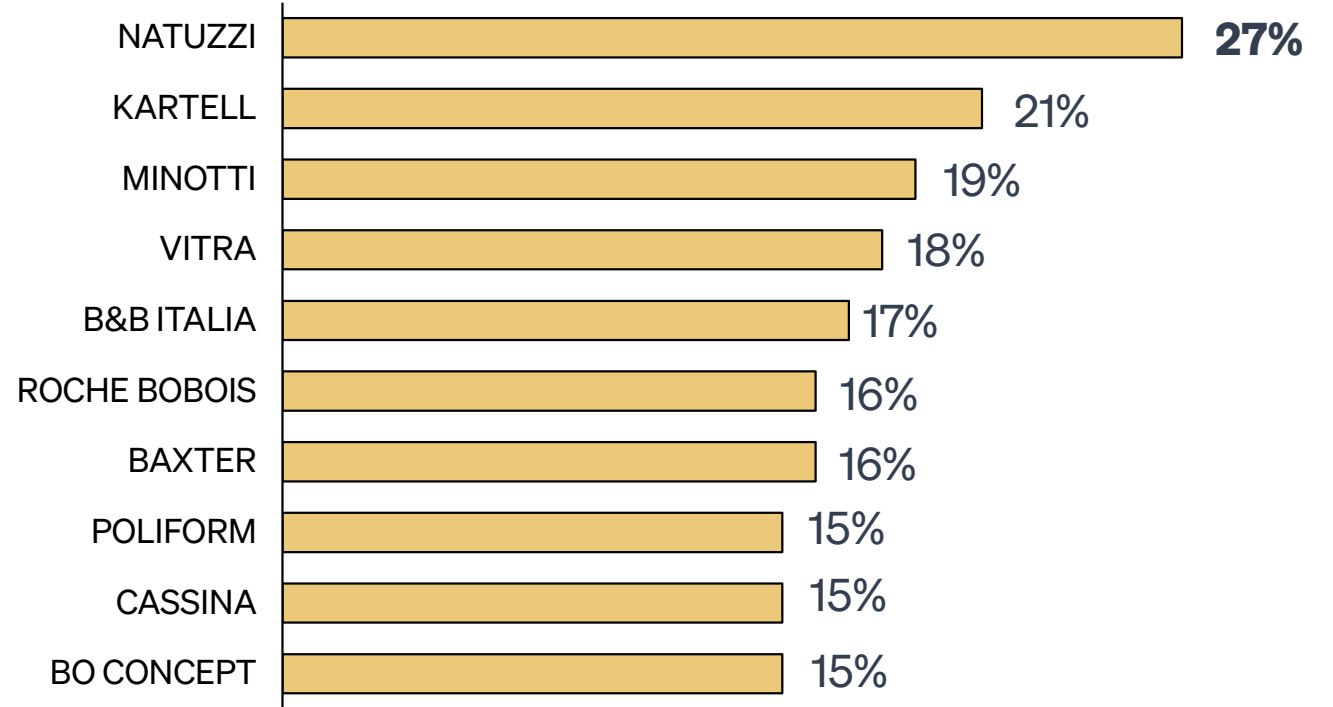
Global manufacturing footprint



Worldwide sales network



Natuzzi is the world's best known European brand of high-end furniture, according to independent surveys



Focus on key countries



27%

of potential furniture buyers interviewed know the Natuzzi Brand

Source: Lexis 2021 (except Italy: IPSOS 2019).
Aided brand awareness, among premium EU brands

Dual brand strategy, catering distinctive segments of the market

NATUZZI ITALIA

Positioning

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

Distribution

Total POS: **394**
(258 Stores & 136 Galleries)
EMEA: 197 POS
AMERICAS: 66 POS
APAC: 131 POS

% Retail business

P9_2022: 85%

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: **835**
(450 Stores & 385 Galleries)
EMEA: 285 POS
AMERICAS: 235 POS
APAC: 315 POS

% Retail business

P9_2022: 49%

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.

BRANDED SALES REPRESENT ALMOST 90% OF TOTAL REVENUES ⁽¹⁾ VS 77% IN 2018

7 ⁽¹⁾ sales of upholstered and other home furnishings products for the first nine months of 2022 (P9_2022)

NATUZZI ITALIA

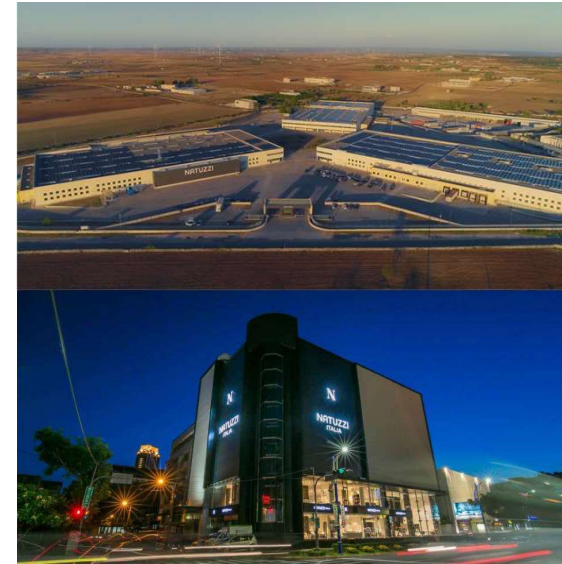
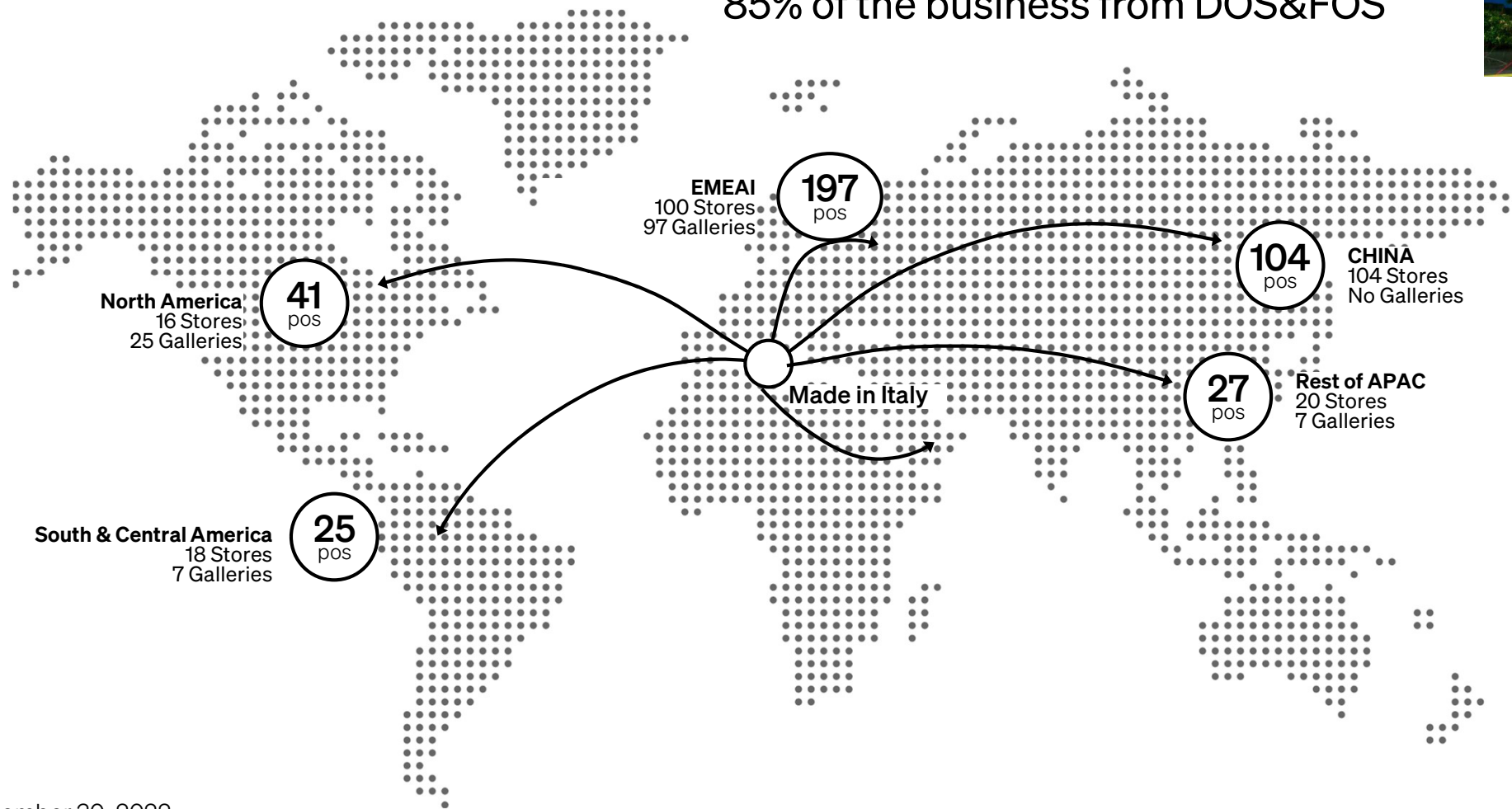
Average order size in the U.S.
is ~\$8,000



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

Production and distribution

100% Made in Italy, distributed through 394 POS ⁽¹⁾
(258 Stores & 136 Galleries)
85% of the business from DOS&FOS



NATUZZI EDITIONS

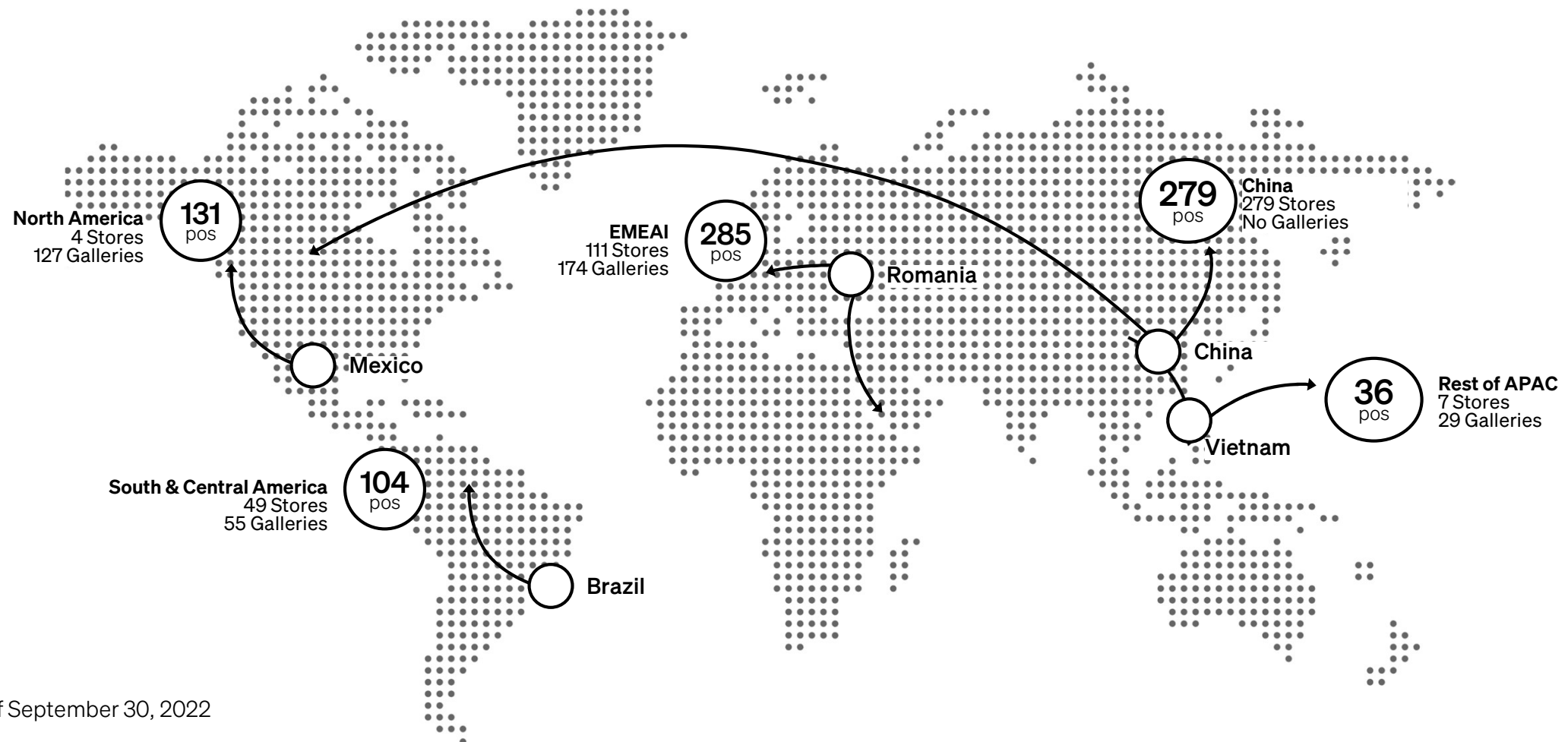
Average order size in the
U.S. is ~\$5,500



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 through 835 POS ⁽¹⁾
49% of the business from DOS&FOS





Competitive Advantage: *Entire control over 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



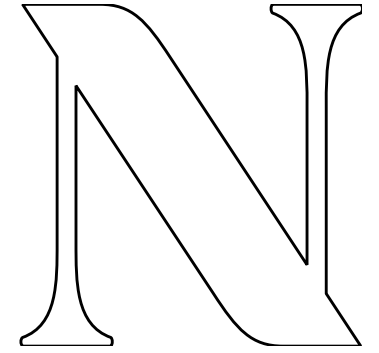
Our DNA: Innovation, Design and Function

- Our collections blend design, function, colors and materials to create harmony for our customers
- We conceive and develop a new product only if it brings a clear technical and emotional benefit to consumer
- More than 50% of our sales are from functional products

Brand elevation:



- Through our Brand and Retail Journey we continue elevating our collections price point
- For instance, the price of our best seller product of NI in US in 1998 was of 2.500\$ vs 13.000\$ in 2021
- Best seller products represent the best of our DNA and typically embed several technical features (e.g., motion, batteries,..) that make them distinctive



agenda

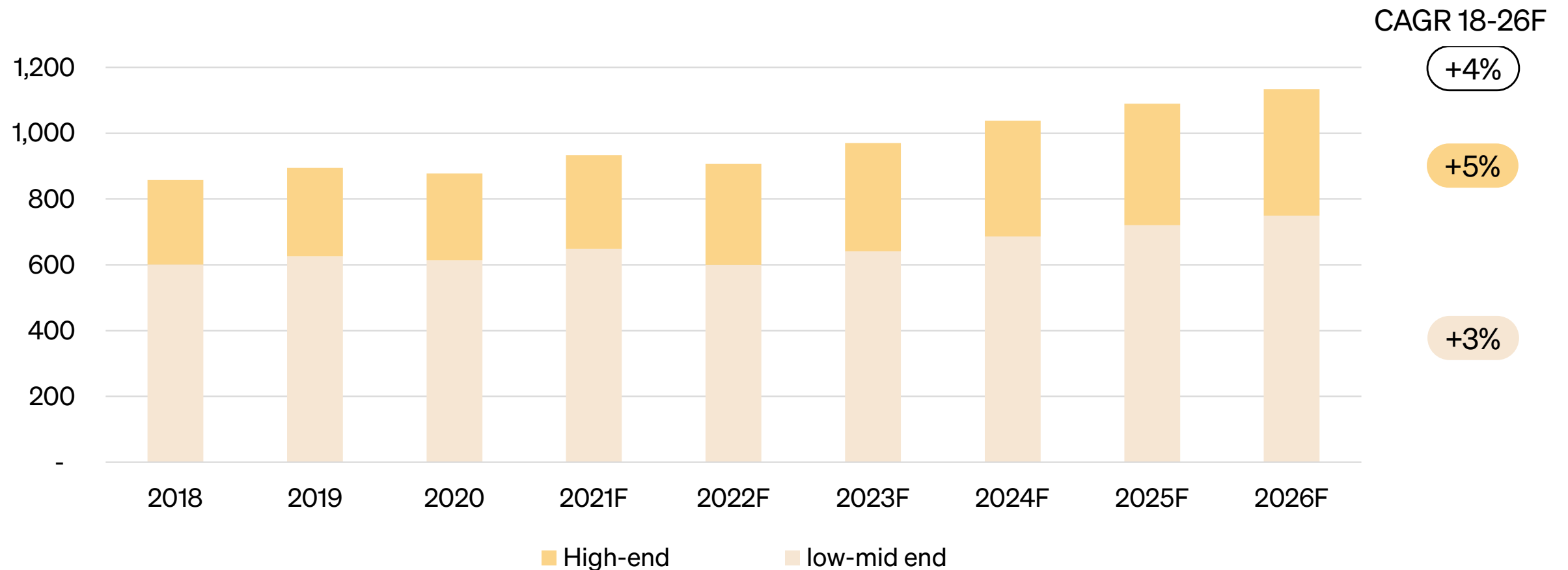
Heritage, brands and distinctive assets

Reference market

Key numbers and strategic pillars for our Value Creation Plan

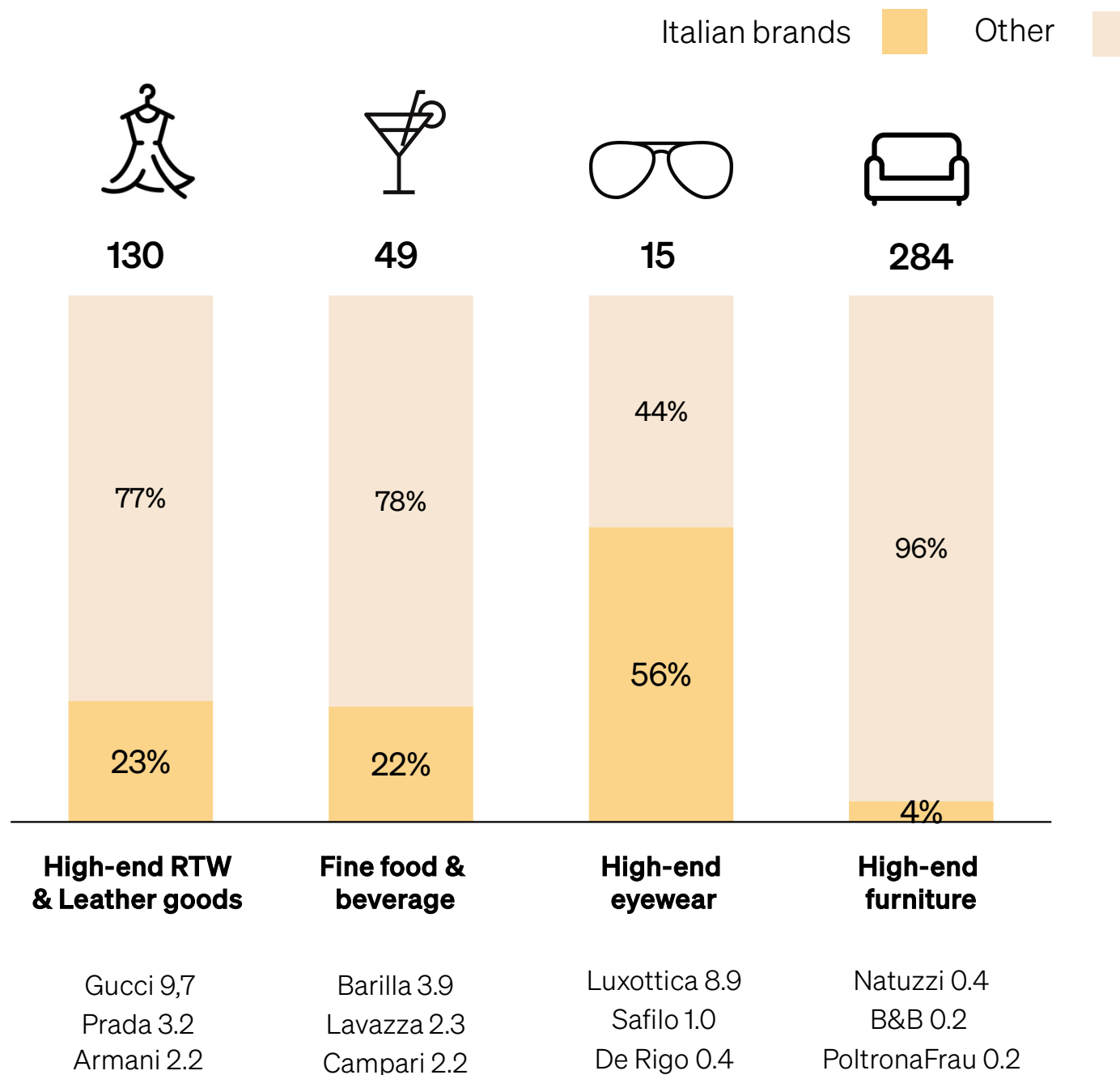
Furniture market approx. €900 bn. High-end segment worth €300 bn and growing at 5% p.a.

SIZE OF THE MARKET (BN €; %)











High-end furniture: an opportunity for Italian brands

SIZE OF THE MARKET & ITALIAN BRANDS' SHARES, 2021 (BN €; %)



Largest Italian companies, 2021 (BN €)

Natuzzi well positioned to capitalize on the Italian brand's natural leadership in the life-style industry

ITALIAN BRAND	Country	Revenues 2021; €/Million	# Countries	Key markets	Retail Stores (DOS+FOS)	Price position	Listed	EV*/Sales multiple
Natuzzi		427	110		700	Mid-high	Yes	0,3x
B&B Italia		261	80		48	High	No	n/a
PoltronaFrau		184	100		54	High	No	n/a
Calligaris		194	100		87	Mid	No	n/a

Source: Annual reports

* Source: Bloomberg. November 2022. EV includes Lease liability

New dynamics shaping the market in the short- and mid-term

Short-term challenges



Energy cost

Emerging from the pandemic, international economic activity has ramped up demands on energy, further affected by the war Ukraine.



Supply chain disruption

The COVID-19 pandemic has affected companies' ability to maintain normal operations at manufacturing facilities and retail stores.



Perduring inflation

Rising cost of raw materials resulting from a strong global demand in the post-pandemic months has received further boost from energy-driven inflation.



High interest rates

Central banks have embarked on the highest round of interest rate hikes in decades to tackle rising inflation, spurring fears of an imminent global slowdown.



Geopolitical instability

The war in Ukraine has further increased the current global uncertainty prompting concerns for a global slowdown.

Mid-term trends



Private living

Home is becoming an office to work in, a sociable space to live convivial moments and a shelter to feel safe(r).



Middle-Class

The growing size of the middle class is expanding the potential of markets, while pushing them toward higher quality standards.



Company's DNA

Higher-end consumers are increasingly driven by a deeper attention to elements such as the history of the company, its mission and core values.



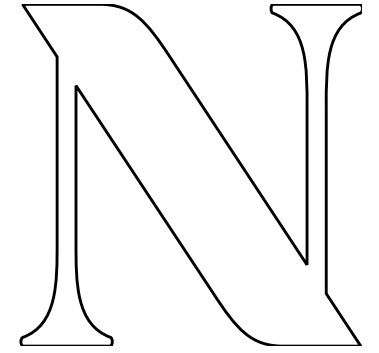
Sustainability

Sustainability can be a source of competitive advantages by rethinking production processes and qualifying the supplier base in a sustainable way.



Digitalization

Purchasing habits are fundamentally changing, as over half of the world's population is shopping online regularly.



agenda

Heritage, brands and distinctive assets

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Key numbers and strategic pillars for our Value Creation Plan

2021 results: +30% revenues; +50% Gross profit and €25 mln Adjusted Ebitda

IFRS	2021	2020	Chg. (€/mln)	Chg. %
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%

Figures in €/mln, except percentage data

Adjusted EBITDA: please refer to our most recent 20-F

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

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

*A solid base for future deliveries.

2021 revenue and points of sales by main area

	REVENUE ⁽¹⁾ FY2021 (€/million)				POINTS OF SALE as of Dec. 31, 2021 (Units)		
	Retail	Wholesale Branded	Wholesale Unbranded	Total	Retail	Wholesale	Total
North America	€ 30.3	€ 83.8	€ 16.1	€ 130.1	18	184	202
West & South Europe	€ 74.0	€ 36.0	€ 20.2	€ 130.2	134	135	269
China	€ 48.4	€ 0.0	€ 0.0	€ 48.4	340**	—	340
Emerging Markets	€ 22.2	€ 22.5	€ 9.1	€ 53.8	72	142	214
South & Central America*	€ 10.3	€ 11.9	€ 5.0	€ 27.2	62	71*	133
Rest of APAC	€ 14.3	€ 7.2	€ 2.6	€ 24.1	25	31	56
Total	€ 199.5	€ 161.3	€ 52.9	€ 413.7	651	563	1,214

⁽¹⁾ **Revenue:** sales from upholstered and other home furnishings products

Retail = Direct Retail (DOS) + Franchise stores (FOS).

* South & Central America figures include 11 Natuzzi Concessions (store-in-store points of sale), directly managed by the Mexican subsidiary of the Group, and are included among Galleries.

** It includes 25 stores directly operated by our Joint Venture in China. As the Natuzzi Group owns a 49% stake in the Joint Venture and does not control it, we consolidate only the sell-in from such DOS.

A perspective on our multi-year transformation journey

<u>Consolidated P&L figures for the years:</u> <i>(millions of euro, except for percentages)</i>	<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%
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</u>
<u>Group's cash and cash equivalents (as of Dec. 31)</u>	53.5	48.2	39.8	26.6 ⁽¹⁾

⁽¹⁾ As of December 31, 2018, the Group's cash and cash equivalents amounted to €62.1 million, as a result of the €35.5 million received by the Company as net proceeds following the finalization of the Joint Venture in China, signed on July 27, 2018, with KUKA.

* Sales of upholstered and other home furnishings products

** Please, refer to our most recent 20-F

Consolidated Balance Sheet as of December 31, 2021 (condensed)

ASSETS		EQUITY & LIABILITIES	
Net property, plant and equipment, of which	83.1	TOTAL EQUITY	83.8
- Italy (land & buildings)	33.1	Liabilities:	
- Romania (land & buildings)	17.7	Long-term borrowings	13.6
- USA (land & buildings)	10.3	Long-term lease liability	46.6
Investments in JV	44.5	Other non-current liabilities	47.3
Right of use rental asset	50.8	Total non-current liabilities	107.5
Other non-current assets	11.3	Bank overdraft and short-term borrowings	36.1
Total non-current Assets	189.6	Current portion of long-term borrowings	3.9
Cash and cash equivalents	53.5	Current portion of lease liability	10.5
Inventories	80.2	Trade payables	82.2
Trade receivables	41.3	Other current liabilities	65.9
Other current Assets	25.5	Total current liabilities	198.7
Total current Assets	200.4	TOTAL LIABILITIES	306.2
TOTAL ASSETS	390.0	TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	390.0

€/million

23 Please, refer to our most recent 20-F

P9_2022 results: +12.9% revenues and €22.1 mln Adjusted Ebitda

IFRS	P9_2022	P9_2021	Chg. (€/mln)	Chg. %
Total revenue	352.0	311.8	40.3	12.9%
Gross profit	121.2	112.6	8.6	7.7%
<i>Gross margin</i>	34.4%	36.1%		
Operating result	6.7	4.3	2.4	
<i>Operating margin</i>	1.9%	1.4%		
Adjusted EBITDA	22.1	19.3	2.8	14.3%
Cash and cash equivalents	53.0	54.4	(1.4)	-2.6%

Figures in €/mln, except percentage data

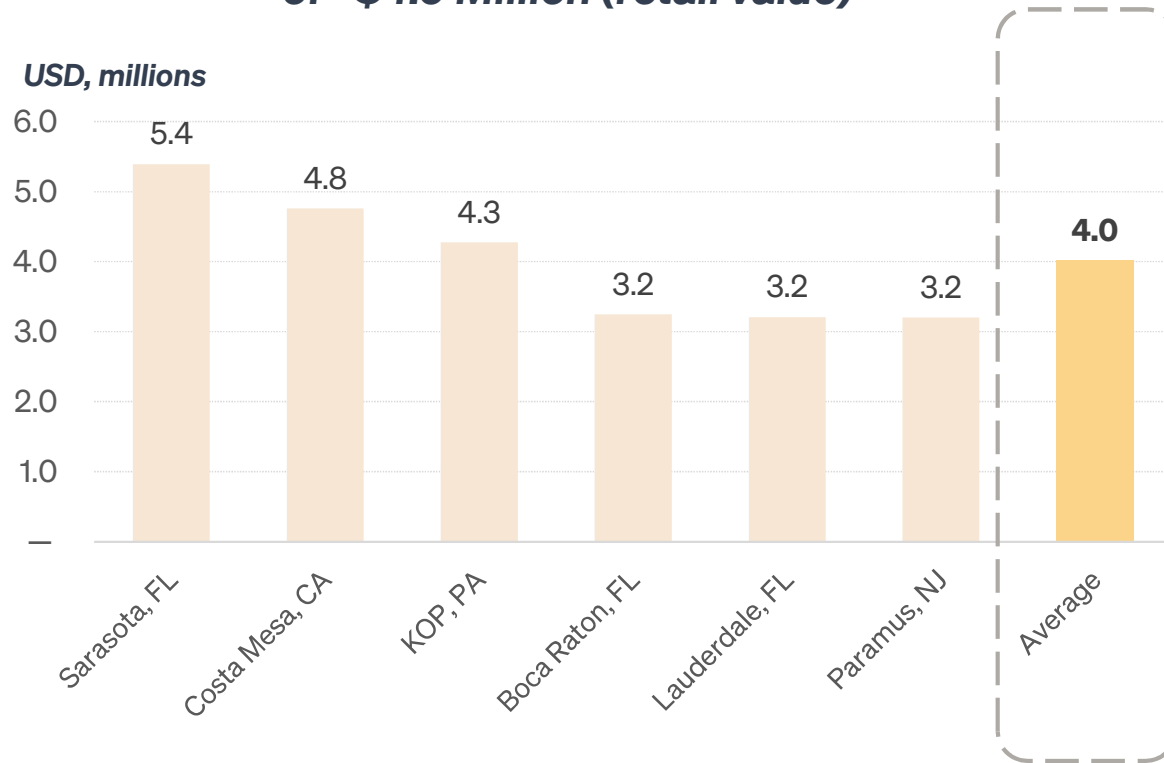
P9: first nine months of the year

Adjusted EBITDA: please refer to our most recent 20-F



P9_2022 U.S. Direct retail performance

Top six DOS are trending at an average yearly pace of ~\$4.0 Million (retail value)



- **+37%** P9_2022 LFL Order Flow vs P9_2019
- **+31%** P9_2022 AOV (\$8.2k) vs 2019
- **>70% Integrated margin**

Challenges we are facing along the way

Challenges

- Perduring COVID, especially in Asia
- More prudent consumers
- Large distributors destocking

- Cost of raw materials/inflation
- Energy cost

- Tightening of monetary policy by central banks to tackle inflation

- Geopolitical instability



Impact on business

Revenue

COGS and other operating expenses

Slowing down in global demand

Further uncertainty in the business environment

New Organization & Team



Pasquale Natuzzi
Executive President

Founder of the company in 1959.



Antonio Achille
Chief Executive Officer

Joined in June 2021. Previously, Senior Partner and Global Head for the Luxury Sector at McKinsey. 25 years in supporting Brands and Retailers to accelerate their growth.

markets



Jason Camp
CCO North America

Joined in 2019. More than 20 years within the furnishing sector in the USA, previously at Bassett Furniture and Restoration Hardware.



Emanuele Cheli
South-West Europe & Emerging Market Director

Joined in September 2022. Previously, Global Retail Director at Versace and for more than 15 years at PRADA.



Rita Valerio
Country Manager Iberica

Joined in September 2022. Previously, 15+ years of experience in Retail and Marketing at Louis Vuitton

contract



Raimondo Volpe
Contract Manager

Joined in October 2022. 15+ years experience in the contract industry

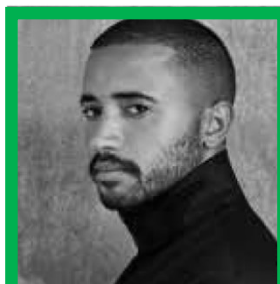
customer exp.



Michele Ciani
Retail Customer Experience Manager

Joined in Dec. 2022. Almost 10 years of experience at IKEA

brands



Pasquale Junior Natuzzi
Chief Brand Officer Natuzzi Italia

Son of Pasquale Natuzzi. Since 2012 within the marketing department.



Cosimo Bardi
Chief Brand Officer Natuzzi Editions

15+ years of experience in the Group within the product and sale department

operations and HQ



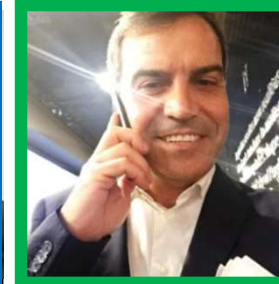
Domenico Ricchiuti
Chief Operations Officer

Joined in 2009 and since then within the Group's industrial operations department



Mario De Gennaro
Chief HR Officer

30 years of international experience at multinational manufacturing and service companies



Fabrizio Semeraro
Global Procurement Director

Joined in 2016 as Global Sourcing Manager. Previously, over 10 years of experience in the leather furniture industry



CFO Group

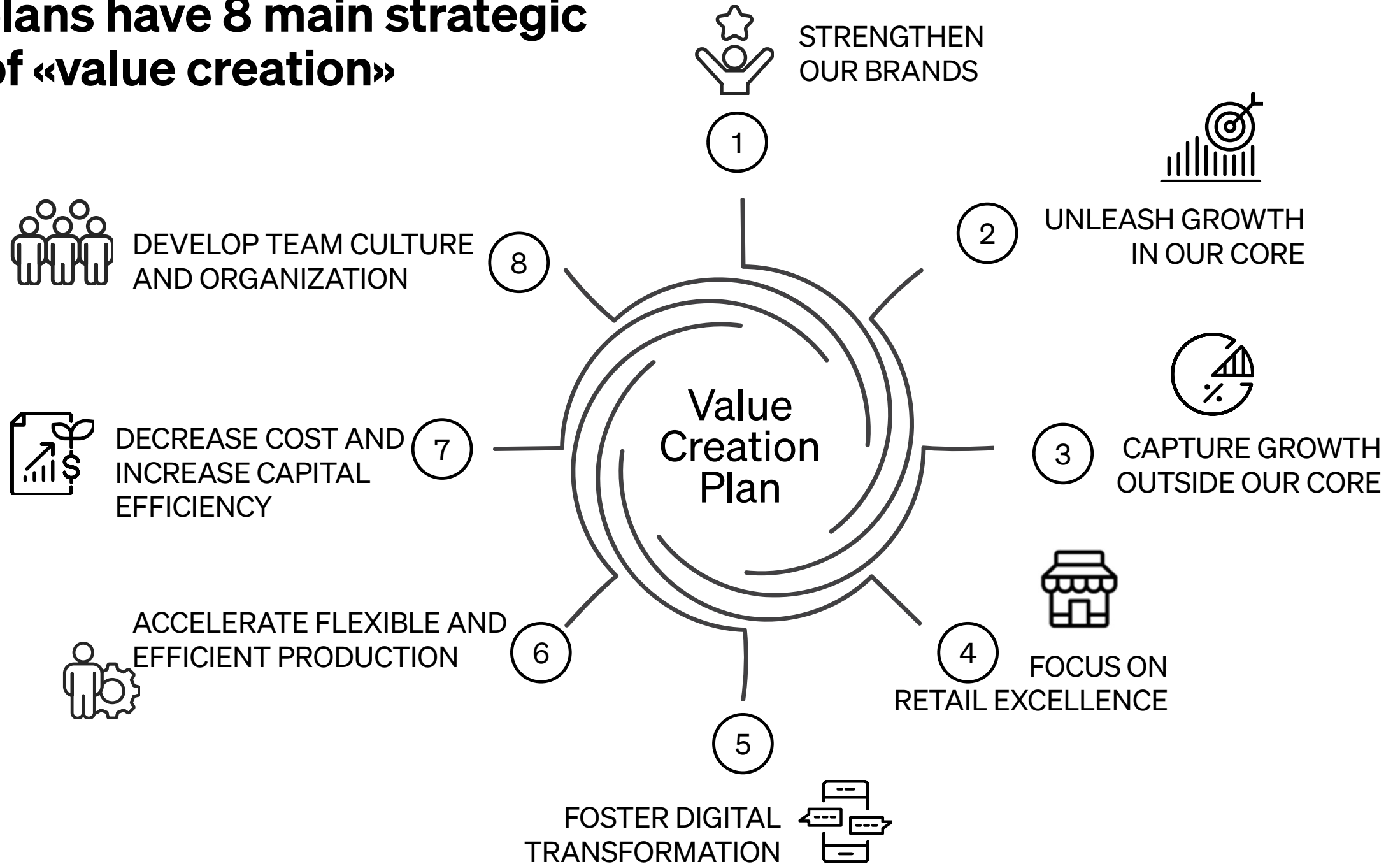
Joined in December 2022. Previously, 15 years in Salvatore Ferragamo as CFO Asia and General Manager for Retail HK&Macao. He also worked for Dolce & Gabbana and Pirelli.

**New Organization:
from Functional to
Brand Centric with two
Chief Brand Officers**

New Hiring

New Role

'22-'26 plans have 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**
JV in China with KUKA (July 2018)
JV in Singapore for the Rest of APAC (March 2022)
- ✓ **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

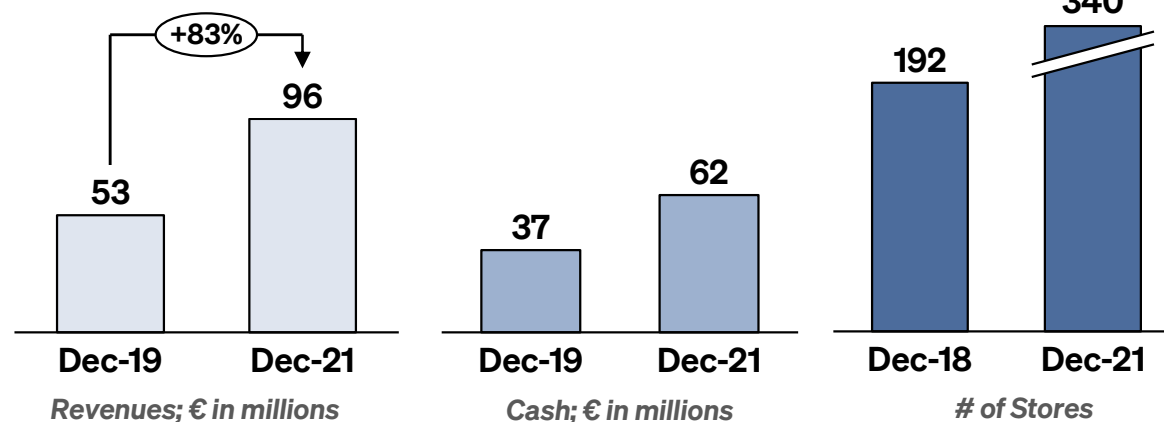
Structure

- 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
 - 43 stores added during the first nine months of 2022, despite the perduring COVID in China

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... 700 mono-brand stores in > 100 countries

An Attractive Market

€300 Billion



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

Our Priorities

Three primary levers to unlock value

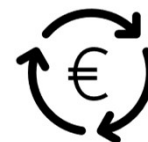
Growth



Margin Expansion

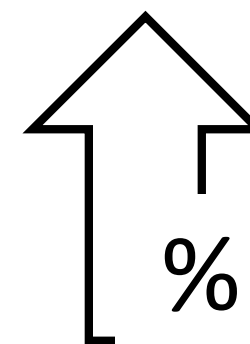


Capital Efficiency



- 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