



Unleash the human genius through hands on paper to empower creativity and knowledge in each individual and the entire world



WHAT WE DO

Moleskine is an iconic, inspirational brand born from the heritage of a legendary notebook. Its purpose is to unleash the human genius through hands on paper, to empower creativity and knowledge in each individual and the entire world.

Moleskine is based in Italy, Milano, and has offices in Köln, New York, Hong Kong, Shanghai and Tokyo. The company sells its products globally through a multichannel strategy (Wholesale, Retail, E-commerce and strategic partnerships – former B2B).

The product portfolio goes beyond the original notebooks to encompass planners, writing instruments, bags, reading accessories, etc. Moleskine has recently brought the Smart Writing System to the market, a hybrid, digital notetaking device and manages a digital ecosystem of apps, digital platform, and online publications.



Message from Daniela Riccardi, CEO of Moleskine

2020 has been a very productive year for Moleskine, marked by a new energy in our business and organisation despite the challenges of a year dominated by Covid-19, and the disruption caused to people's lives and to the business.

Since my appointment as CEO on April 1st, we have made, together with the different regions and functions, an extensive review of the past years, with particular attention to the powerful DNA of Moleskine and its timeless values. By doing this, we rediscovered the origins of the brand and the roots of its success. The main conclusions were that Moleskine remains an iconic and unique brand and that **handwriting (or the power of pen to paper) has never been more relevant and meaningful to all generations, including Gen Z.**

We also learnt that, overtime, the business model of the company and its organisation have become too complex and that a major simplification effort was needed to improve efficiency, speed to market and most importantly to regain the profitability standards of the past.

These insights inspired our new roadmap as well as our new mission: **"Unleash the human genius through hands on paper to empower creativity and knowledge in each individual and the entire world."**

Moleskine is a brand built to last, it is viewed as a standard of excellence by trade customers and clients and still has significant untapped potential in many strategic growth areas. Therefore, we have spent the past year

organising and preparing for future growth. In particular, the challenging and fast evolving market environment inspired us to empower our business and organisation with a state-of-the-art digital transformation in:

- **product and innovations:** with a renewed Moleskine Smart Writing System and Moleskine Apps, both being a natural extension of our core paper business.
- **go-to-market strategy:** preparing a new e-commerce front-end and fulfilment platform, capable of reaching end customers, as well as trade clients and B2B strategic partners. All powered by a top-notch CRM program.
- **organisations all over the world:** after being forced to work remotely in the past months, we are preparing to implement a "smart working environment" for the longer term and in line with the needs and aspirations of the workforce.
- **supply chain:** we have launched a program to move to systems and platforms capable of managing more accurate forecasting, demand planning, buying, inventory levels and automatic replenishment of best seller/high velocity products.

In terms of our societal approach, we are working on elevating our sustainability roadmap "from compliance to strategy", embedding care for the environment and society, as well as responsible governance, in everything we do.

After many years of experience in different regions of the world and in diverse businesses, I am delighted to be back in my own country and to contribute to the development of one of the most iconic Italian brands.

> Overview of 2020

Business environment

The economic and social environment in 2020 has been influenced by both uncertainties and unrest especially in Hong Kong and in the US because of the presidential elections, and, of course due to the outbreak of Covid-19. While the supply chain has shown resilience and manufacturing in China has resumed quickly, it is a fact that the commercial landscape has been greatly affected by the pandemic, with shoppers switching in large numbers to e-commerce. The strong growth of both direct and indirect online sales has partly countered the decline in the other, offline channels. Lastly, the health crisis led business clients to freeze corporate gifting budgets. This impacted Moleskine Strategic Partnership channel (formerly called B2B), requiring a shift in strategy. Looking ahead, the 4th quarter of 2020 came with encouraging signals from retail, with growth picking up as shoppers returned to stores with solid spending, while e-commerce continued to post double-digit growth.

Covid-crisis management

The Chinese team was the first to be impacted by the pandemic in January 2020. Since then, the company has constantly monitored the situation and encouraged people to follow local health & safety guidelines and remote-work as much as possible.

From the end of February 2020, Moleskine was quick to allow its office staff in Europe to work from home, closing all stores in high-risk areas. A month later the same approach was applied in USA and further extended in Asia (mostly in Japan and in Hong Kong).

Moleskine has put in place several initiatives with 2 main aims: keeping alive the “sense of community” that is threatened by remote working and measuring the pulse of people to maximise organisation effectiveness. The main initiatives include: “Inspiring Mornings” – a series of virtual talks on creativity led by MSK Foundation and external artists; periodic people surveys; and regular CEO talks.

A “Covid Committee” has been set up, to check and monitor the health and safety measures applied in all countries. Moreover, to ensure fair treatment for all, the Covid Committee has also set internal health & safety standards.

To manage Moleskine’s economic sustainability, the company has made use of available government-backed labour support instruments in all countries (Cassa Integrazione, Furlough, Short Time Work, etc).

Moleskine has established a Solidarity Committee that reviews all applications to the D’Ieteren Group Solidarity program.

Commercial performance

During 2020, we kept a particularly cautious approach in the purchasing strategy. To avoid spending cash on unsold inventory, we carefully followed up on sales forecasts and actively moved inventory between storage locations worldwide.

The top line has suffered, undoubtedly, but we have been able to keep costs under control. Rents of both stores and offices have been renegotiated, variable costs postponed or cancelled to the maximum extent possible, and all government support options available to mitigate the cost of personnel have been applied. Overall, we have been able to reduce operating costs (both sales, general expenditures and personnel) by -30% versus -37% reduction in sales.

The same attention we put on costs, we also applied to cash management. We ended the year with € 30m liquidity at banks thanks to an attentive working capital management (trade working capital -8% versus PY) and reduced capital expenditure (-60% versus PY).

> Projects in 2020

The year 2020 has been a busy year with 3 main areas of focus:

1. Maximise sales where possible to sustain consumption and sell-out.
We concentrated efforts on offline retailers that continued to enjoy solid business conditions, online players that posted strong growth due to acceleration of the ecommerce channel, and directly operated e-commerce. In these segments results were better than the rest of the business.
2. Strengthen Brand visibility with 360° activation plans for all market initiatives during the year. This included a thematic deployment of each activity, with a unified look and feel for retail windows, coordinated with ecommerce, social content and digital media.
3. Getting ready for 2021 projects including the following top priorities.

BRANDING & CONSUMERS: we started with an upgraded mission statement and a fully revisited Brand Book. Moreover, we implemented a new digital media platform; a 12-month marketing and communication program in support of equity and innovation. We also put in place a full-fledged global CRM platform to learn more about clients, serve them better and improve direct communication messages.

SIMPLIFICATION: under the motto “Fewer, bigger, better” and across all areas of business we optimised: the number of SKUs (Stock Keeping Units), the number of initiatives marketed every year, the number of direct and indirect trading doors and the number of roles and accounts in the organisation.

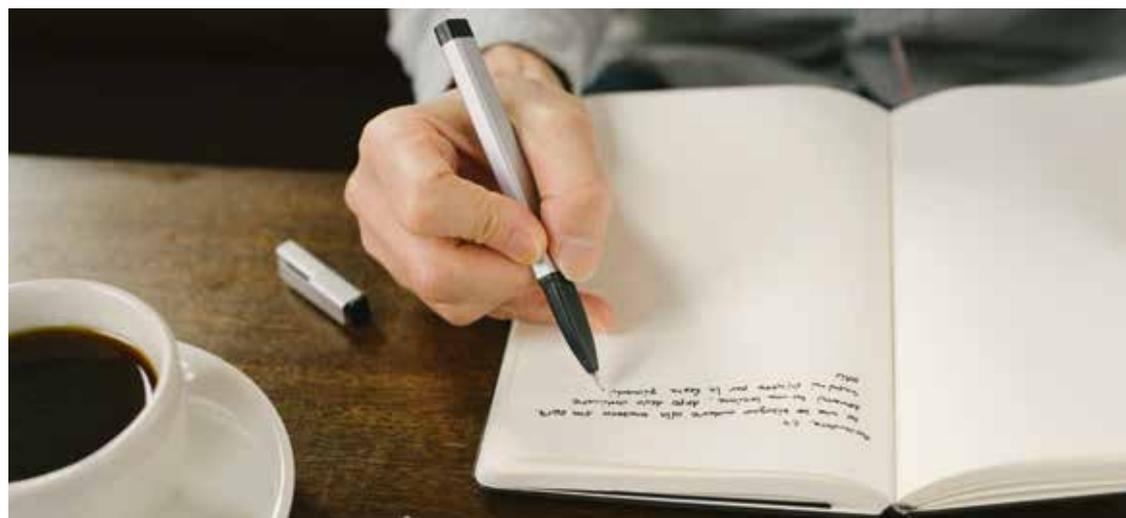
COMMERCIAL POLICIES & GO-TO-MARKET: we restructured the existing complex distribution network to serve the top accounts through EDI (Electronic Data Interface) and created a special ecommerce platform to simplify and accelerate trading with all other clients.

For direct retail we finalised, with the support of the consultancy Advancy, the first category management and assortment study to learn how to increase sales and profit per square meter and better serve clients. Pilot tests are today in place before a global expansion in 2021.

Finally, we started to redesign the direct ecommerce website, with a world class front-end and the most advanced platforms and systems, all powered by globally experienced partners.

INNOVATION: we have streamlined the program and refocused on the core, both paper and its digital extension Moleskine Smart, while scouting for opportunities to upgrade the writing tools category and new strategic licenses.

ORGANISATION: we have strengthened the global teams with the required competence to win in a more demanding market environment, and brand presence in top markets with dedicated Moleskine teams. All this, with a leaner and more agile organisation empowered with bigger roles and responsibilities, better training and rewarded with best-in-class compensation programs.



Moving towards a gifting brand

The Moleskine brand enjoys a very rich and genuine heritage. The Moleskine notebook is the heir of the legendary notebook, that the artistic and literary avant-garde have used over the past two centuries from Van Gogh to Picasso, from Hemingway to Chatwin. The new purpose is to reconnect the brand with its heritage, to make the “petit carnet noir” a loyal companion in which today’s consumers can record their ideas, drawings and thoughts. As the brand and objects are increasingly appreciated, it is also an important strategy to include gifting in the line-up and communication to reflect the large proportion of consumers who gift Moleskine to their relatives, friends or business associates.

Reinforce the direct channels

Reinforcing the direct channels is an essential pillar of the corporate strategy as more and more consumers, especially Gen Z, value brands where they can have direct interactions with them. The action plan is relying on three major activities:

- The complete redesign of the **e-commerce ecosystem** with world class players, for both the consumer front end and the operational back end.
- This comes together with the launch of a **new CRM**, that will allow the Moleskine brand to have direct and tailored communication with consumers.
- As the company evolves towards omni-channel, the redesign of e-commerce goes hand in hand with the implementation of **category management** in retail (assortment, selling ceremony, visual merchandising and in-store navigation) including a complete rethinking of the store formats and store opening strategy.



Products : Fewer Bigger Better

Simplification of the product offering has been necessary as the inflation of categories and variants has diluted the brand image and the effectiveness of the plans. This has required a drastic reduction in the number of SKUs, refocusing the company on Paper, its core category, its raison d’être and its main contributor to sales and profit. In order to maximise top and bottom-line growth, this has been complemented by a Never Out Of Stock program (NOOS) that guarantees to clients the availability of best-selling SKUs. Finally, to drive ROI, the “Fewer Bigger Better” mantra has been applied to the master plan initiatives. The company is now focusing on fewer, but larger, product initiatives, handled by a leaner organisation to drive better return on the money invested.





Maura Gallotti, People & Purpose Director

One of the main achievements of 2020 has definitely been the new organisation set up, which Moleskiners call “Org 2.0”. The Org 2.0 is an essential “tool” to enable and boost a durable evolution in Moleskine: a new people mindset and a business transformation. It has been designed to place the brand at the centre, allowing us to come back to Moleskine DNA and to nurture our mission. Internally the Org 2.0 has been perceived as a return to the original values and it also represents a tangible element of the “Moleskine way of working”. Almost all new positions of the Org 2.0 have been assigned to internal people, boosting national and international mobility and allowing our talents to blossom.

We are also working hard to let Moleskine become a better place to work. In order to support our managers, we have developed a “People System” that will allow our company to step up in people management.

All in all, this is a journey we are living together with the Executive Team. Many actions have been taken in 2020 and many more will follow.

“We are also working hard to let Moleskine become a better place to work.”

**Alessandra Piccinino,
Chief Finance and Operations Officer**

Moleskine has been working, in the past year and half, on putting in place a solid system to ensure that the company always applies operational excellence and financial discipline in taking all business decisions, at all levels.

The Finance & Audit team has reviewed or written more than 15 policies and procedures to be applied worldwide with the aim of providing Moleskine with a global, shared, transparent set of rules in managing risks, operating the company, engaging suppliers, and dealing with customers. All policies are published on an internal portal to be always visible to the entire company and thus more enforceable. An internal delegation of authority grid has been implemented to clearly allocate powers among executive leaders, making sure at the same time that there is always a high level of involvement in decisions with a significant financial or strategic business impact. Reinforcing messages have been sent periodically to raise attention for financial and operational discipline.

The response has been extremely good: the entire company has shown a high sense of responsibility in keeping all costs under control in this difficult year. People demonstrated care for the company and its long-term sustainability. Sales and general expenditures on one side, and cost of labour on the other, generated in 2020 versus prior year savings of € 28.3m, partially compensating for the decrease in sales.

We still have to complete the journey and actions are in place, as we speak, to organise online focus sessions on most relevant policies and to issue more of them. A solid basis though has been established and we will continuously build on it.



“People demonstrated care for the company and its long-term sustainability.”



> Sustainability approach

Monica Del Grosso, Head of Global ESG & Audit

Sustainability has always been part of Moleskine’s DNA. With a mission statement dedicated to empowering creativity and knowledge in each individual and the entire world, Moleskine creates objects that are platforms for self-expression, and believes that community engagement can create opportunities to involve creative people and bring positive changes to society.

To pursue its sustainability journey, Moleskine decided to elevate its significance across the enterprise, and to move forward from a “compliance” approach to a “strategic” one, embedding sustainability in the organisation’s fabric.

Each component of the ESG strategy has a key role among the strategic drivers for growth and in the implementation of the brand mission:

Environment: Reduce Moleskine’s footprint, through environmentally friendly solutions, including eliminating waste generated from the commercialisation of products, and giving a second life to unsold products by allocating them to a social impact program, in partnership with the Moleskine Foundation.

Social: Nurture critical thinking and creativity

- through engagement with the forefront of contemporary culture in various quality formats of brand events and initiatives.
- by partnering with the Moleskine Foundation. A long-term program was launched to support creative communities world-wide, in the firm belief and knowledge that creativity and imagination are key drivers for producing positive social change.

Governance: Set a long-term governance approach of integrity, transparency and ethical behaviour throughout the value chain.

For more information on Moleskine’s sustainability approach, please refer to the Non-Financial Disclosure (pg 164-173 of the Financial and Directors’ report).

Sustainability has always been part of Moleskine’s DNA.



> Strategy 2021 and beyond

The overall goal is to implement strategies and insights for a more efficient and streamlined path to profitability by staying true to the core of the brand.

Continued improvement of cost structure

Financial and operational discipline are key factors for Moleskine's long-term success. All employees and leaders must operate in a lean and agile way. Moleskine is engaged in a major change management effort in this respect. We started the journey at the end of 2019, which was given a strong boost in 2020, and we will continue to put a high focus on operational and spending discipline in the years ahead.

A new CRM system

With the new CRM in place, the focus of 2021 will be to fully leverage it in order to know Moleskine's consumers better, engage in a valuable dialogue with them and reach them with targeted messages and adequate product offerings. In 2021, this digital transformation will also be extended to wholesale and corporate clients through the launch of the new digital platform with an improved customer experience.

New e-commerce platform

Launch of the new e-commerce ecosystem offering a better customer experience to the Moleskine buyers. The design is being completed and the impact of collaborating with world class players are already tangible, with a double-digit growth of transactions in the past quarter. The priority now will be to relaunch the newly redesigned website, complete the implementation of the ecosystem and expand the roll out.

New retail model

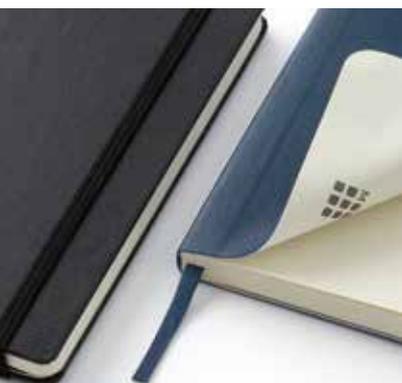
The launch of the new retail model is a fundamental component of the corporate plan that covers category management, retail format and opening strategy. The category management project aims to implement across the network, a revised assortment supported by new visual merchandising guidelines, a new selling ceremony adjusted to consumer clusters and purchasing habits, and new in-store navigation. The new model also comes with revised corporate guidelines on store format, with size and assortment adjusted to the various purchase occasions. Lastly, the new store opening strategy will combine superior consumer understanding and retail guidelines to optimise the network by country.

Focus on core categories

Paper is the core business of Moleskine and the plan for next year is to regain a strong lead on paper. This will come from a more focused initiative calendar with 360° marketing plans, supported by corporate toolsets that will guarantee a consistent activation across channels and markets. This plan covers the paper of today as we know it, but also the digital paper of tomorrow. The objective will be to make strong in-roads with the relaunch of the Smart Writing System. Patenting it is a top priority as it would give the company a very strong competitive edge, while reinforcing its leadership position on paper.

Focus on high-potential countries

While Italy is the home and one of the largest markets for Moleskine, the growth will come from accelerating development in large markets where the brand is currently under-represented. These top priority markets are USA, China & Japan for Asia, and France & UK for Europe. Each of these markets will have a dedicated multi-functional "turbo" plan to grow both the sales and the brand image with specific marketing plans, retail expansion and an organisational set-up where required.



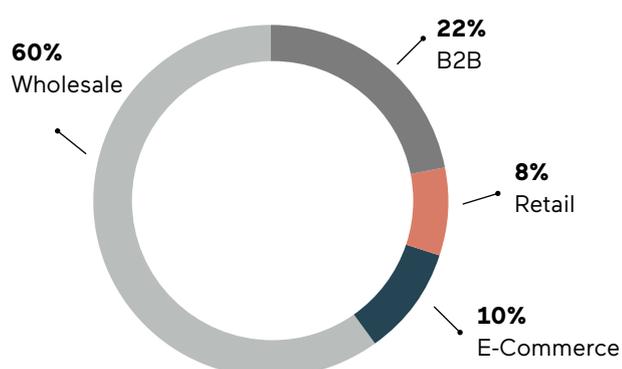
Moleskine

Key Figures

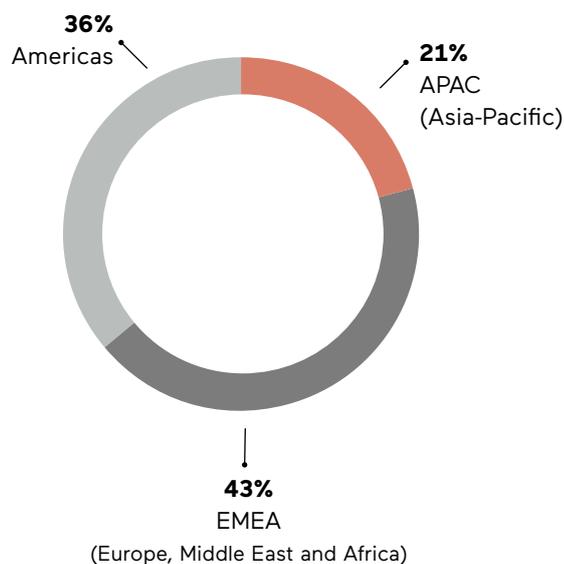
(EUR million)	2014	2015	2016	2017	2018	2019 ¹	2020 ¹
External revenue	98.8	128.2	145.2	155.4	174.1	163.9	102.3
Operating result ²	25.3	34.8	34.0	25.2	28.6	18.9	-1.5
Operating margin ²	25.6%	27.2%	23.4%	16.2%	16.4%	11.5%	-
Result before tax ²	24.1	34.6	32.9	15.2	18.9	9.5	-13.5
Result after tax ²	16.5	27.1	23.3	10.1	22.8	4.7	-14.1
Number of stores	41	58	79	87	80	77	59
Number of employees (year-end)	278	359	401	468	491	551	393

Note: Moleskine's results are fully consolidated in D'leteren's accounts as from 1 October 2016.

REVENUE BREAKDOWN BY CHANNEL



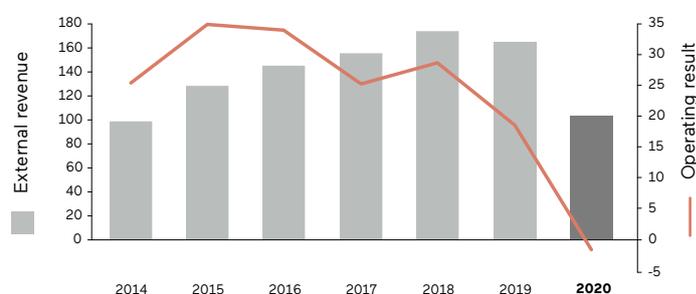
REVENUE BREAKDOWN BY GEOGRAPHY



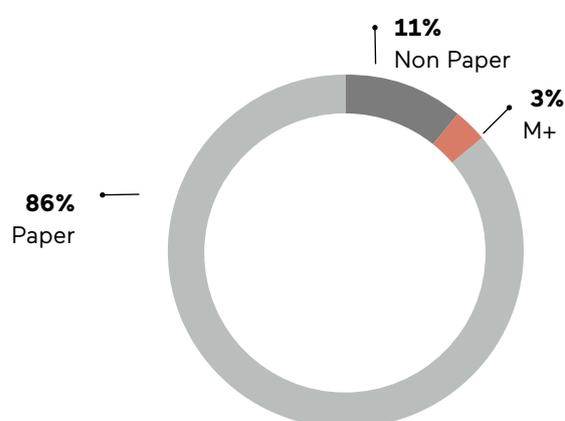
CO₂ EMISSIONS*

Direct CO ₂ emissions (tons)	2019	2020
Scope 1	184	73
Scope 2 (market-based)	394	415
	578	488

REVENUE AND OPERATING RESULT² (EUR million)



REVENUE BREAKDOWN BY PRODUCT



* Part of the CO₂ emissions (concerning 16% of gas consumption and 28% of electricity consumption) is based on extrapolations since the energy consumption of some rented retail stores are not available (shared with the other occupants of the building and landlord). Further details are given in the ESG statement section (p. 185 of the Financial and Directors' report).

1) Post-IFRS16

2) Excluding adjusting items (APMs - see glossary on page 84)