



Moleskine

Contributing to the development and sharing
of human knowledge and culture



What we do

Moleskine is an aspirational global brand, synonymous with the lifestyle-of-the-creative-class, with core values rooted in culture, travel, memory, creativity and personal identity. A symbol of contemporary nomadism, Moleskine connects with contemporary creativity and is present across a network of websites, blogs, online groups and virtual archives, not least within the brand's own online community, myMoleskine, which has circa 300,000 members.

With headquarters in Milan and offices in Cologne, New York, Hong Kong, Shanghai and Tokyo, the company sells its products through a multichannel distribution platform (Wholesale, Retail, E-commerce and B2B) in more than 100 countries and more than 29,000 outlets.

The portfolio goes beyond the iconic paper-based product categories (notebooks, diaries and journals) to encompass bags, writing instruments, reading accessories, digital apps and hybrid products such as the Smart Writing System, designed to simplify the creative and productive process, allowing an idea to evolve naturally on paper before being edited and shared digitally. In this context, the Moleskine Flow App won the 2019 Apple Design Award for Excellence in Design and Innovation.



“Moleskine is a global brand characterized by a distinctive cultural positioning.”

In 2019 Moleskine has faced several challenges. First and foremost, Lorenzo Viglione resigned from his position as CEO of Moleskine following a common agreement between him and our shareholder D'Ieteren Group regarding the future development of Moleskine. Daniela Riccardi has been appointed as Moleskine's new CEO. Ms Riccardi, who is Italian of birth, has built an extensive international career during which she successfully led and turned around businesses and brands around the world.

The historical trend of growth at Moleskine has seen a setback in 2019. Our sales decreased versus prior year by 6% and closed at EUR 164 million with an EBITDA margin of 16%. All this led the entire Leadership Team to work out and agree on the list of priorities in order to make sure that the right profitability level is restored. With the continuous support of our shareholder, we identified the critical areas to be quickly addressed.

Moleskine is a global brand characterized by a distinctive cultural positioning. Over the years, we have continued to innovate our core product portfolio and extended the brand

into adjacent categories, such as bags. At the same time, we have changed the organization to empower regional teams to achieve better and faster results. In addition, we have strengthened certain group functions, namely marketing, to ensure we have a consistent brand proposition across the globe. While this has brought us closer to customers and increased our ability to deliver the brand proposition locally, it has also created some inefficiencies and increased our cost structure that have not been offset by adequate growth in the top line.

In the period prior to the arrival of the new CEO, the Leadership Team focused on the basics while simplifying where possible, prioritizing a limited number of important projects, setting and enforcing policies and procedures while improving and measuring processes in all regions and functions. In other words, putting in place a lean and efficient organization.

Wholesale revenues were flat in 2019 versus prior year following a number of strategic decisions affecting our distribution strategy and local partners in certain countries.

Message from the leadership team



B2B sales, which are strongly influenced by large orders and their timing, decreased as a result of the non-renewal of certain EMEA deals. B2B is strategically important for Moleskine and we are working to build a global pipeline of strong relationships to funnel the growth in this channel.

Retail has suffered both in terms of sales and margins. Although we recognize the importance of the direct channel to maintain visibility of our brand, we continue the rationalization of the retail network worldwide by focusing on the most profitable locations with higher quality traffic.

Sales of Digital Apps more than doubled in 2019 as a result of a dedicated strategy and team. The latest one, Flow, was awarded with the prestigious Apple Award for Design and Innovation as well as with the Apple Best App for iPad. We are very proud of this achievement that represents a tangible result of the efforts and investment in this business.

The entire Leadership Team believes that our product proposition must continue to evolve through the development of an integrated ecosystem between digital and

analog products. We see the need to accompany our offer of products with new ways of storing, organizing and sharing ideas digitally.

From an organizational standpoint, we strongly believe that our people should feel more connected to our purpose and values. For this reason, the Leadership Team has embraced and actively participated in the roll out of the Moleskine People and Culture Project which aims to reconnect all employees to the company's core purpose, while bringing greater meaning and pride to our professional lives.

> Overview of 2019

In general, 2019 has seen the retail environment slow down, as consumers shifted their purchasing habits towards E-Commerce; an area that continues to gain importance and relevance.

In the direct Retail channel, the company closed a number of under-performing stores and focused efforts and resources on the ones delivering the best Moleskine brand experience and awareness.

In the direct E-Commerce business, the company looked to take full control of all strategic levers. As such, Moleskine took over a number of activities including customer service, logistic partners and web marketing in order to guarantee a superior customer experience.

For Wholesale, 2019 represented a transition year. The company continued to develop direct relationships with key retailers in order to establish dedicated spaces able to deliver its brand messages.

The decrease in B2B sales reflects very large orders in 2018 that were not repeated in 2019. The company distribution capabilities in the channel are still strong, as it represents the company's second most important channel in terms of sales and is expected to make a significant contribution to future growth.

In the US, the US-China trade war impacted the business quite significantly, as most of Moleskine products are sourced in China.

Highlights:

- In 2019, Moleskine acquired 55.13% of EDO.IO, an App services development company.
- APP business & Flow Awards: "Flow" was awarded the 2019 Apple Award for Design and Innovation as well as winning Apple's Best App for iPad.
- Moleskine launched a successful project of inventory reduction which led to a 28% reduction of inventories compared to the end of 2018.
- Through the People & Culture Project, Moleskine reconnected the organization to the company's core purpose summarized in five key pillars: Excellence, Learning, Care, Resourcefulness, Passion.
- An extensive international research study was led across 7 markets to understand how Moleskine is perceived as a brand and learn more about our target audience, the Movers.



The acceleration of our digital ecosystem strategy

Peter Jensen — Digital Innovation Director, Moleskine

What are the main innovations Moleskine launched within Digital in 2019?

In 2019 we expanded the Moleskine+ collection with a range of objects compatible with Pen +, the smart pen that tracks and digitizes your writing. This is in-line with our strategy to support an expanding product range to be used in combination with the Pen+ range.

An important novelty was the launch of Adobe Creative Cloud connected Paper Tablet that allows the user to digitize freehand drawings and sketches in real time. In addition to the creative audience the introduction of Journals was also important to address the requirements of a student audience.

Moleskine's partnership with Dropbox, led to the launch of the Dropbox Smart Notebook. The Dropbox project is a further evolution of Moleskine's existing smart notebooks concept, adding Dropbox to Adobe Creative Cloud as your digital work repository.

Moleskine is expanding its offerings within apps. What are the main achievements?

Flow, our third app was launched in 2019. This completes our ambition to support creative people in three fundamental activities: planning their time in 'Timepage', managing tasks in 'Actions' and now creating in 'Flow' by Moleskine. Flow is a digital notebook that removes all the clutter and long list of choices, enabling the individual to stay in their creative flow.

Consumer research study around the world

We conducted an extensive international research into the lives of 10,200 customers across 7 markets (Italy, United Kingdom, Germany, United States, China, Japan and South Korea.)

We found there is an ever-evolving definition of what defines creative minds; indeed this generation's idea of creativity is expanding beyond the most obvious definitions. Essentially, they see creativity as deeply linked to the imagination and emotional connections. Furthermore they are also socially responsible, always looking for creative solutions to social problems. We call them the 'Mover' Generation, as they have a strong sense of community and actively seek opportunities to improve themselves and to achieve their potential in life.

We further explored the role Moleskine plays with different audience segments to identify the strategic direction in terms of offer evolution, brand positioning and communication. Our brand is recognized as the perfect space for movers to express emotions and to allow ideas to grow. It is promising to see that Moleskine's brand awareness shows consistent growth: moving from 45% in 2010 to 65% in 2019, across all geographies; and is particularly strong with our core target. Even better, one out of three of our customers see themselves as Brand Ambassadors, whose main drivers are culture and creative thinking, crucial to reinforce the engagement with the brand.





“We are committed to providing youth with educational tools and experiences that help foster critical thinking, creative doing, and life-long learning so that they can become agents of change in their communities.”

Adama Saneh - Co-Founder and CEO of the Moleskine Foundation.
For more information about Moleskine's community engagement, please go to the Non-financial Disclosure, page 157 of the Financial and Directors' Report

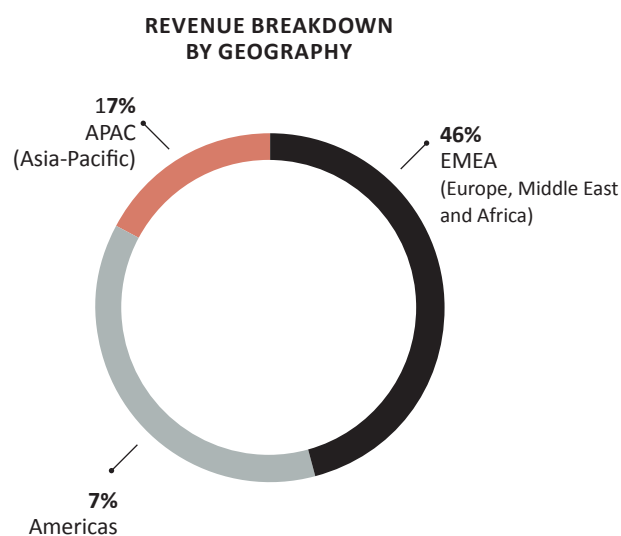
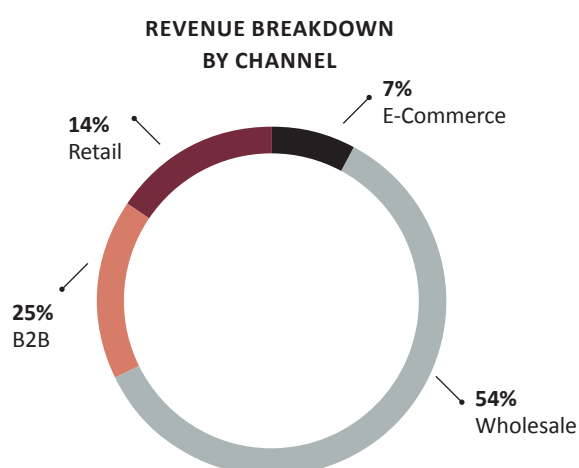
> Strategy for 2020 and beyond

- **Responsible consumption and production**
Moleskine will put greater emphasis on and dedicate specific resources to the development of a full set of eco-sustainable products. The company embraces the UN's Sustainable Development Goals and will embed them in its strategic plan going forward.
- **Streamlining the organization, the product proposition, and the end-to-end processes.**
The company has already started changing the organization and making it leaner and more collaborative will reduce inefficiencies and avoid redundancies. This lean organization will support a more focused and coherent product offering in line with the brand values and innovation ambitions. The same lean organization and product rationalization will also facilitate the automation and simplification of internal processes.
- **Paper innovation**
Moleskine will continue innovation in its core category: Paper. Innovation will include the Studio collection: a platform for the talent and vision of artists and a new way of seeing the Brand's iconic notebook, providing a window into the world's most passionate thinkers.
- **Accelerate development of digital products**
The Moleskine Digital Apps ecosystem is designed to support people who organize their days with different media content (image, text, link, videos, ...) to achieve their personal and professional goals. With more than 2 million downloads to date, the Digital Apps business represents a valuable touch point with consumers, and adds value to the consumers brand experience. The App business will continue to expand its portfolio and will launch a new application each year.
- **Relaunching E-Commerce activities and CRM**
As digital is a natural destination for the Movers Generation both to find information and to buy, Moleskine is focusing on delivering a brand new digital experience that promises to improve customer satisfaction, engagement and business performance. Starting from 2020 Moleskine will improve customer data collection to feed its CRM with an omnichannel approach, thereby improving customer relations.

Moleskine Key Figures

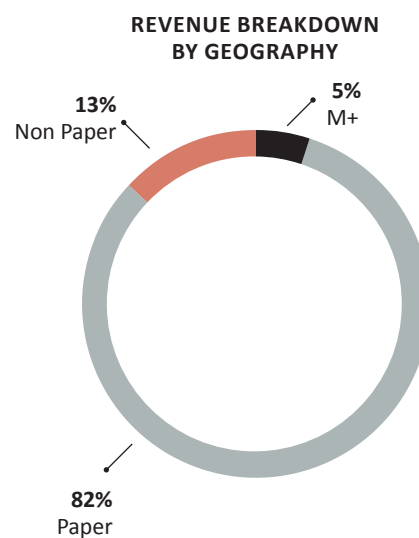
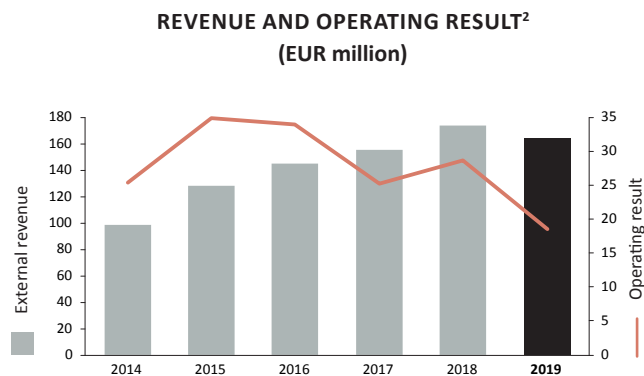
(EUR million)	2014	2015	2016	2017	2018	2019 ¹
External revenue	98.8	128.2	145.2	155.4	174.1	163.9
Operating result ²	25.3	34.8	34.0	25.2	28.6	18.6
Operating margin ²	25.6%	27.2%	23.4%	16.2%	16.4%	11.3%
Result before tax	24.1	34.6	32.9	15.2	18.9	9.8
Result after tax	16.5	27.1	23.3	10.1	22.8	5.0
Number of stores	41	58	79	87	80	77
Number of employees (year-end)	278	359	401	468	491	551

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



CO₂ EMISSIONS (FIRST MEASUREMENT PERFORMED IN 2019)

Direct CO ₂ emissions	tCO ₂ e	
Scope 1	183,82	32%
Scope 2 (market based)	394,02	68%
	577,84	



¹ Pre - IFRS 16

² Before goodwill impairment in 2019