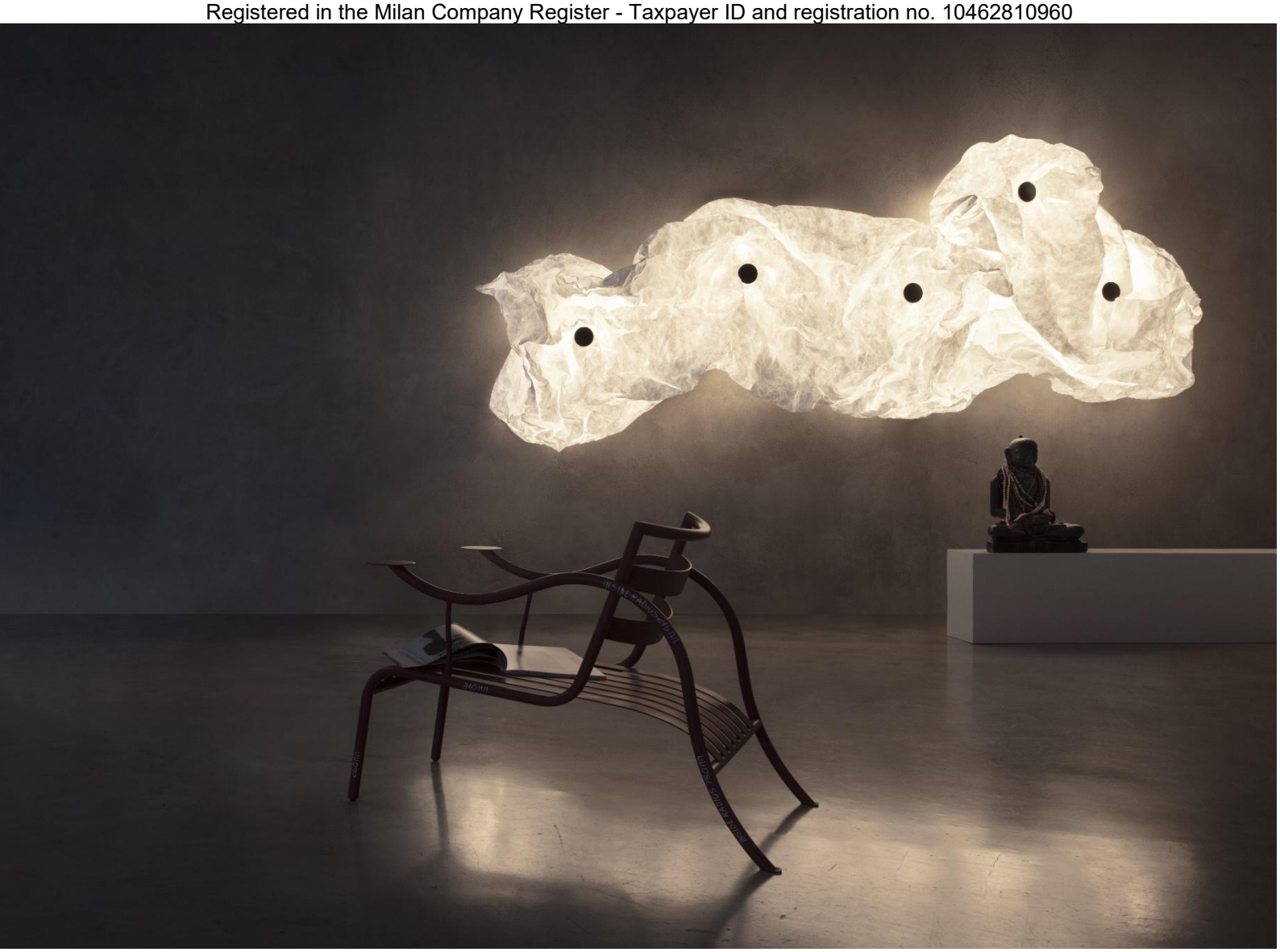
Flos B&B Italia

WITH SOLE SHAREHOLDER

Company subject to the direction and coordination of Flos B&B Italia Group S.p.A.
Registered Office: Via Alessandro Manzoni 38 – 20121 Milan, Italy
Registered in the Milan Company Register - Taxpayer ID and registration no. 10462810960



Group Financial Report

H1 - 2026

June 30, 2026

(unaudited)

Financial review

FINANCIAL REVIEW

Introduction

Dear Shareholder,

The unaudited Consolidated Financial Statements as of June 30, 2026 of Flos B&B Italia S.p.A. (together with its subsidiaries hereafter also as "Group") reported an Operating result adjusted of Euro 31.2 million and a net loss of the period of Euro 10.4 million.

Accounting standards

The unaudited Consolidated Financial Statements of the Group have been prepared in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), adopted by the European Commission in accordance with the procedure of art. 6 of Regulation (EC) n. 1606/2002 of the European Parliament and of the Council of July 19th, 2002, relating to the application of international accounting standards.

Some "non-IFRS measures", explained in the next paragraph, are also used within the Financial Review in order to represent certain economic and financial aspects of the period from a management perspective.

The Consolidated Financial Statements are presented in Euro currency and all values, if not differently indicated, are expressed in thousands of Euro.

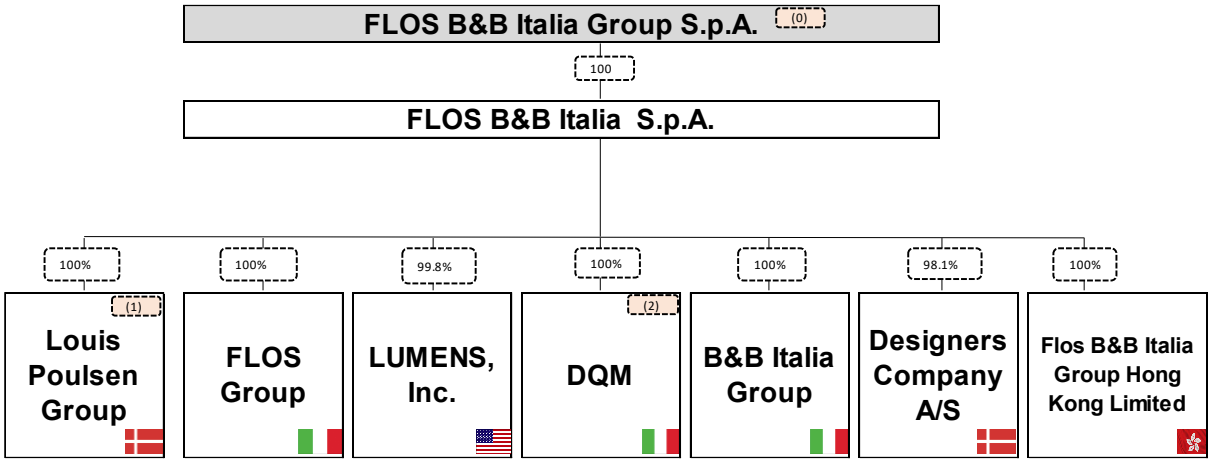
The exchange rates applied in the conversion of the asset and liability balances in currencies other than the Euro at June 30, 2026 and the average exchange rates of the period from January 1, 2026 – June 30, 2026 are as follows:

			June 30, 2026	
Country	**Currency code**	**Currency description**	**Average Exchange rate**	**Exchange rate at the end of the month**
Sweden	SEK	Swedish Krone	10.788	11.094
Norway	NOK	Norwish Krone	11.169	11.311
United Kingdom	GBP	GB Pound	0.867	0.862
USA	USD	US Dollar	1.167	1.139
Canada	CAD	Canadian Dollar	1.608	1.622
Japan	JPY	Japanise Yen	184.470	185.080
Switzerland	CHF	Swiss Franc	0.918	0.922
Hong Kong	HKD	Hong Kong Dollar	9.130	8.935
Rep. Of China	CNY	Chinese Renminbi (Yuan)	8.010	7.731
Denmark	DKK	Danish Krone	7.472	7.474
Singapore	SGD	Singapore Dollar	1.491	1.475
South Korea	KRW	Korean Won	1,730.425	1,767.080

The Group has prepared the financial statements on a going concern basis.

GROUP STRUCTURE

The group structure includes the following consolidated subgroups:



(0) ***Flos B&B Italia Group S.p.A.****: parent company.*

(1) ***Louis Poulsen Group****: on June 11, 2026, the Group announced the sale of its entire stake in Louis Poulsen. As of June 30, 2026, the transaction remained subject to conditions precedent and regulatory approvals, with closing expected in H2 2026. Accordingly, Louis Poulsen continued to be fully consolidated. In accordance with IFRS 5, its assets and liabilities have been classified as held for sale and its results presented as discontinued operations.*

(2) ***DQM****, on June 30, 2025, as part of its strategy to focus on its iconic and historical brands, the Group completed the termination of its partnership with FENDI, transferring DQM's 80% interest in FF Design to Fendi S.r.l. From 1 July 2025, the Group perimeter includes only DQM, which continues to provide limited support services and manufacture existing collections for FF Design during a transitional period.*

NON IFRS MEASURES AND RATIOS

The Group uses certain financial measures ("non-IFRS measures") to assess its business performance and to help readers understand and analyse its operating results and financial position. These measures are used by management but are not defined or regulated by IFRS and should not be considered as an alternative to measures determined in accordance with IFRS.

As these measures are not uniformly defined, they may not be comparable with similarly titled measures presented by other companies. Accordingly, they should be considered only in conjunction with the information contained in these condensed interim consolidated financial statements.

The main non-IFRS measures used in this document are described below:

CONTINUINING OPERATIONS or CONTINUINING ENTITIES: comprise the Group's continuing businesses, including FLOS, B&B Italia Group (comprising B&B Italia, Maxalto, Arclinea and Azucena), Lumens and Audo.

DISCONTINUED OPERATIONS or DISCONTINUED ENTITIES: comprise Louis Poulsen, following the signing of the sale agreement on June 11, 2026, and DQM (Design Quality Manufacturing), following the termination of the Fendi Casa license agreement in June 2025 and the progressive wind-down of its remaining activities.

CORE BRANDS: comprise FLOS and B&B Italia Group (including B&B Italia, Maxalto, Arclinea and Azucena). From H1 2026, Louis Poulsen is excluded, as it is presented as a discontinued operation.

EMERGING BRANDS: comprise the brands included in the scope of consolidation after the establishment of the Group in 2018. As of the reporting date, these brands include Lumens and Audo (formerly Designers Company). DQM is excluded, as it is presented as a discontinued operation.

NON-RECURRING COSTS AND REVENUES: positive or negative components connected to transactions whose occurrence is non-recurring, non-operating in nature or from those transactions or events that do not occur frequently in the normal course of business.

OPERATING RESULT - EBIT: Earnings before Interest and Taxation, defined as the difference between revenues from sales and services and operating costs, including amortization, depreciation and impairment of tangible/intangible assets and right of use assets.

OPERATING RESULT – ADJUSTED EBIT: Operating result (EBIT) as previously defined, adjusted to excludes the non-recurring costs and revenues.

EBITDA: Earnings before interest, taxation, depreciation and impairment. It can also be defined as the operating result (EBIT, as previously defined) excluding the effects of amortization, depreciation and impairment of tangible/Intangible assets and right of use assets.

Adjusted EBITDA: EBITDA as previously defined, adjusted to exclude the non-recurring and non-operating costs and revenues.

Net financial debt/(surplus): Short-term and long-term financial payables due to third parties and related parties, net of cash and cash equivalents and short-term and long-term financial receivables due from third parties and related parties.

Net Cash flows from Operating activities: cash generated by the Group in normal business operations. The change in cash of the period is calculated through the indirect method that begins from the net profit or loss of the period, adjusted for the non-cash items.

Significant events during the period and discontinued operations

On June 11, 2026, the Group signed an agreement for the sale of its entire shareholding in Louis Poulsen to Chr. Augustinus Fabrikker, a Danish foundation-owned investment company. The transaction is consistent with the Group's strategy of optimizing its brand portfolio and reallocating capital to support future growth. Closing remains subject to customary conditions and regulatory approvals and is expected to occur during the second half of 2026. The proceeds from the disposal are expected to be used, among other purposes, to partially repay the Group's outstanding debt.

As the transaction had not been completed as of June 30, 2026, Louis Poulsen continued to be fully consolidated in these interim condensed consolidated financial statements. In accordance with IFRS 5, Louis Poulsen has been classified and presented as a discontinued operation.

In addition, following the termination of the Fendi Casa licence agreement on June 30, 2025, the Group's scope of consolidation includes only DQM (Design Quality Manufacturing), whose remaining activities are expected to be completed during the second half of 2026. Accordingly, DQM has also been classified and presented as a discontinued operation.

As a result, the Group's interim condensed consolidated financial statements include two discontinued operations, Louis Poulsen and DQM, while all remaining businesses are presented as continuing operations.

Further information on the financial results and position of these discontinued operations is provided in Notes 19 and 40 to the interim condensed consolidated financial statements.

Presentation of discontinued operations

In accordance with IFRS 5, the results of discontinued operations are presented separately in the consolidated statement of profit or loss for all periods presented in order to ensure comparability. The related assets and liabilities are classified as held for sale and presented separately in the consolidated statement of financial position only as of June 30, 2026, when the IFRS 5 criteria were met. Accordingly, the statement of financial position as of December 31, 2025 has not been restated.

Key financials and ratios

The following are certain ratios for presenting the performance of the Group:

	June 30 2026	June 30 2025	Change %
Total REVENUES of the Group	**270.829**	**292.124**	-7,3%
Adjusted EBITDA	**50.088**	**60.725**	-17,5%
Adjusted EBITDA on total revenues %	*18,5%*	*20,8%*	
OPERATING RESULT - Adjusted EBIT	**31.163**	**38.846**	-19,8%
Adjusted EBIT on total revenues %	*11,5%*	*13,3%*	
Profit/(loss) of the period from continuing operations	**(21.807)**	**(17.533)**	-24,4%
Profit (loss) on total revenues %	*-8,1%*	*-6,0%*	
Profit/(loss) of the period	**(10.386)**	**(8.339)**	-24,6%
AVERAGE EMPLOYEES (FTE's) of the continuing entities	**1.596**	**1.621**	-1,5%

	June 30 2026	December 31 2025	Change %
NET OPERATING WORKING CAPITAL	**14.056**	**33.028**	-57,4%
NET INVESTED CAPITAL	**2.068.425**	**2.015.853**	2,6%
NET FINANCIAL DEBT	**(912.245)**	**(909.740)**	-0,3%
GROUP SHAREHOLDERS EQUITY	**922.410**	**927.296**	-0,5%

Consolidated statement of Profit or Loss

The following table summarizes the reclassified Group's Income statement, compared with the same period of the prior year and with a separate indication of non-recurring costs and revenues.

In accordance with IFRS 5, the results of discontinued operations are presented separately in the consolidated statement of profit or loss for all periods presented in order to ensure comparability

Reclassified Income Statement of the Group	**June 30 2026**	**June 30 2025**
Continuing operations		
Revenues from contracts with customers	270.559	289.173
Other revenues and income	270	2.950
Total Revenues	**270.829**	**292.124**
Purchases of raw materials, semifinished goods, finished products and changes in inventories	(66.029)	(72.465)
Personnel costs	(64.530)	(65.897)
Service costs	(84.652)	(87.462)
Provisions	(864)	(603)
Other costs and charges	(4.666)	(4.972)
Total Costs	**(220.741)**	**(231.399)**
Non-recurring (costs) / revenues impacting EBITDA	(4.459)	(1.307)
EBITDA	**45.628**	**59.417**
Amortization of intangible assets	(6.045)	(7.634)
Depreciation of tangible assets	(5.791)	(6.885)
Depreciation and impairment of the Right of Use assets	(6.954)	(7.231)
Amortization/Depreciation	**(18.791)**	**(21.749)**
Goodwill impairment	-	-
Intangible assets impairment	-	-
Tangible assets impairment	(149)	(145)
asset impairment	**(149)**	**(145)**
Total Amortization/depreciation and impairment of assets	**(18.940)**	**(21.894)**
Operating result - EBIT	**26.688**	**37.524**
Financial income	707	2.386
Financial charges	(41.774)	(47.552)
Total Financial Expenses	**(41.067)**	**(45.166)**
Profit/(loss) before taxes from continuing operations	**(14.379)**	**(7.642)**
Income Taxes	(7.428)	(9.891)
Profit/(loss) of the period from continuing operations	**(21.807)**	**(17.533)**
Discontinued operations		
Profit/(loss) after tax for the period from discontinued operations	11.421	9.194
Profit/(loss) of the period	**(10.386)**	**(8.339)**
Profit/(loss) of the period attributable to:		
equity holders of the parent	*(10.356)*	*(7.884)*
non-controlling interests	*(30)*	*(235)*

Reported below is the reconciliation between the EBITDA and the Adjusted EBITDA and between EBIT and the Adjusted EBIT, as well as the list of non-recurring items of the two periods:

	June 30 2026	June 30 2025	Change %
EBITDA	**45.628**	**59.417**	-23,2%
Non-recurring costs impacting EBITDA - (1)	**4.459**	**1.307**	241,2%
Adjusted EBITDA	**50.088**	**60.725**	-17,5%

	June 30 2026	June 30 2025	Change %
Operating result - EBIT	**26.688**	**37.524**	-28,9%
Total Non-recurring costs/(revenues) - (1)+(2)	**4.475**	**1.322**	238,4%
Operating result - ADJUSTED EBIT	**31.163**	**38.846**	-19,8%

	June 30 2026	June 30 2025
Total Non-recurring costs/(revenues) - (1)+(2)	**4.475**	**1.322**
Non-recurring costs impacting EBITDA - (1)	**4.459**	**1.307**
Management fees vs the parent company	2.730	3.102
Group enhancement projects	-	210
Rebranding	-	146
Severance, termination and recruiting one-off	372	329
Transaction Costs (M&A, refinancing)	-	106
Start up and Ramp-up cost - Dos openings and new business	98	63
non-recurring expenses/(income), including provision for Inventory, Trade receivables, risks	1.259	(2.649)
Non-recurring costs impacting EBIT - (2)	**16**	**15**
assets impairment and other	16	15

Comments on Non-recurring expenses

The Management fees vs the parent company are mainly related to the service costs of the parent company, FLOS B&B Italia Group S.p.A.; for their nature these are recurring costs, however eliminated to reflect the underlying business performance).

Group enhancement projects generally refer to non-recurring costs incurred to strengthen the Group's organizational structure, processes and operating procedures. No such projects were recorded in H1 2026.

Rebranding costs in 2025 mainly related to advisory services associated with the redesign of the Lumens website.

Severance, termination and recruiting costs relate to non-recurring expenses arising from organizational restructuring initiatives, including the termination of certain senior executives, together with related indemnities, recruitment fees and legal costs.

Start-up and ramp-up costs, including DOS openings, new projects and business initiatives, mainly relate in H1 2026 to the refurbishment of the main B&B Italia showroom located at the Group's headquarters in Italy.

Non-recurring expenses/(income), including provisions for inventories, trade receivables and risks, mainly relate in H1 2026 to one-off costs associated with the outsourcing of the former AUDO warehouse operations in Denmark to an external third-party logistics provider (3PL). These costs primarily include temporary overlapping lease expenses and transition costs incurred during the migration phase. In H1 2025, the item included a significant insurance reimbursement related to the flooding event that occurred in Valencia in October 2024, from which the Group received approximately Euro 3.6 million as compensation for business interruption losses

H1 2026 Highlights

Below is the table of Revenues from contracts with customers by group of companies, geographic areas and sales channels, based on the current Group perimeter. As described in the previous pages, it includes only continuing operations, while Louis Poulsen and DQM are presented as discontinued operations and are therefore excluded from the current period figure.

The following table presents the related pro forma figures:

Sales from continiung business	June 30 2026	Inc % on sales	June 30 2025	Inc % on sales	Change	Change %
Revenues by group of companies						
Core brands	209,565	77.6%	228,170	79.0%	(18,604)	-8.2%
Emerging brands	60,612	22.4%	60,651	21.0%	(39)	-0.1%
Total	**270,177**	**100%**	**288,820**	**100%**	**(18,644)**	**-6.5%**

	June 30 2026	Inc % on sales	June 30 2025	Inc % on sales	Change	Change %
Revenues by geographical area						
EMEA	163,022	60.3%	175,968	60.9%	(12,946)	-7.4%
AMERICAS	73,663	27.3%	79,859	27.6%	(6,195)	-7.8%
APAC	33,491	12.4%	32,993	11.4%	498	1.5%
Total	**270,177**	**100%**	**288,820**	**100%**	**(18,644)**	**-6.5%**

	June 30 2026	Inc % on sales	June 30 2025	Inc % on sales	Change	Change %
Revenues by channel						
B2B (Contract)	82,064	30.4%	94,793	32.8%	(12,729)	-13.4%
B2C	188,113	69.6%	194,027	67.2%	(5,914)	-3.0%
Wholesale	*125,589*	*46.5%*	*129,947*	*45.0%*	*(4,358)*	*-3.4%*
DOS - Directed Operated Stores	*19,263*	*7.1%*	*21,993*	*7.6%*	*(2,730)*	*-12.4%*
E-commerce	*43,261*	*16.0%*	*42,087*	*14.6%*	*1,173*	*2.8%*
Total	**270,177**	**100%**	**288,820**	**100%**	**(18,644)**	**-6.5%**

In the first half of 2026, the Group reported pro forma Revenues from contracts with customers of Euro 270.2 million, excluding Other income, down 6.5% compared to the same period of 2025. At constant exchange rates, the decline would have been approximately 5%.

H1 2026 was characterized by a still cautious demand environment, particularly in the Contract business. B2B revenues declined by 13.4%, mainly due to the timing of project awards and execution rather than underlying demand. Order intake in the first six months of 2026 decreased by 4% compared to the prior year; however, several major contracts were secured during the period and are expected to be delivered in the second half of the year, supporting a gradual recovery. B2C revenues were more resilient, declining by 3%, with Directly Operated Stores affected by lower store traffic, as well as the depreciation of the US dollar.

From a geographical perspective, EMEA and the Americas recorded comparable declines, with revenues down 7.4% and 7.8%, respectively. In EMEA, performance was affected by weaker demand in France, Spain, Uk and in the Nordics. The Americas remained impacted by adverse foreign exchange translation, while revenues in the United States were stable, increasing by 6% at constant exchange rates. The rest of the region declined, mainly due to a challenging comparison base related to a major B&B Italia contract project delivered in Canada last year. APAC proved relatively resilient, with revenues broadly in line with the prior year (-1.2%), supported by strong performance in Japan across both the B2C and B2B channels, as well as in Korea, primarily driven by B2B.

Core Brands (Flos and B&B Italia) reported an overall decline of 8.2% compared to the prior year, reflecting weaker performance across both brands:

- Flos recorded a double-digit decline, mainly due to a challenging comparison base, as H1 2025 benefited from the recovery of orders postponed following the Valencia flooding in 2024. In addition, H1 2026 was affected by the go-live of the new ERP system, with part of the related revenues expected to be recovered in the coming months.
- B&B Italia Group reported a mid-single-digit decline compared to H1 2025, reflecting the continued softness in B2C demand, particularly in the Wholesale and DOS channels. Within the Group, however, Arclinea delivered a strong performance in H1 2026, confirming the positive order momentum recorded throughout 2025 and in the first half of 2026.

Emerging Brands, now comprising Lumens and Audo, reported revenues slightly below the same period of last year, with Audo's weaker performance offsetting Lumens' growth. At constant exchange rates, Emerging Brands grew by 4%, driven by Lumens' solid underlying performance. Reported results were negatively affected by adverse foreign exchange movements and by a favorable comparison effect, as the benefits of the website redesign were realized mainly in H2 2025, while the first half of 2025 remained relatively weak.

Across channels, performance differed between the two main segments:

- B2B (Contract) revenues declined by 13.4% compared to H1 2025, primarily reflecting the timing of project execution and deliveries rather than a deterioration in underlying demand. Several significant projects were secured during the first half and are expected to be delivered in the second half of 2026, supporting a progressive recovery of revenues.
- B2C revenues decreased by 3% year-on-year, demonstrating greater resilience than the Contract business despite a still challenging consumer environment. Performance was mixed across channels: Wholesale revenues declined by 3.4%, mainly reflecting dealers' continued cautious inventory management, while E-commerce grew by 2.8%, supported by ongoing digital initiatives. Directly Operated Stores reported a decline of 12.4%, affected by softer traffic and consumption trends.

As a consequence of the sales contraction in H1 2026, Adjusted EBITDA amounted to Euro 50.1 million, down 17.5% year over year, with a margin of 18.5% on total revenues, compared to 20.8% in H1 2025. Reported EBITDA showed a similar trend, reaching Euro 45.6 million versus Euro 59.4 million in H1 2025, down 23.2% year over year.

Adjusted EBIT for the first half of 2026 amounted to Euro 31.2 million, compared to Euro 38.8 million in the same period of the previous year, representing a decrease of 19.8%.

Despite a still challenging macroeconomic environment and weaker order intake in H1 2026, the Group remains confident about a recovery in the second half of the year, supported by its solid backlog and ongoing commercial initiatives.

Although sales declined, the Group continued to execute its strategy to strengthen its leadership in the high-end design segment, while reported EBITDA and EBIT were supported by the strict cost-control measures implemented. The Group also continues to enhance brand desirability through collaborations with leading designers and ongoing R&D investments focused on durable, high-quality and sustainable products.

While closely monitoring international developments that may affect near-term performance, including persistent macroeconomic pressures, weaker consumer confidence in certain regions such as China, and the ongoing uncertainties related to the US tariff regime, the Group remains committed to expanding in markets with strong long-term potential, including North America, China and the Middle East. However, certain Contract projects in the Middle East may experience delays due to the current geopolitical tensions in the region.

Net invested Capital

The following table summarizes the balance sheet of the Group according to the reclassified balance sheet presentation:

Net Invested Capital	Notes	June 30 2026	December 31 2025
Goodwill		946.321	1.144.742
Brands and other intangible assets		518.747	650.464
Property, plant and machinery		99.070	106.122
Right of use assets		43.784	57.705
Net Technical Fixed Assets	**1)**	**1.607.921**	**1.959.033**
Deferred tax assets		28.414	29.230
Investments in parent company		24.723	24.617
Other non-current assets		3.907	6.227
Net Financial Fixed Assets	**2)**	**57.045**	**60.074**
Total non current assets	**3) = (1+2)**	**1.664.966**	**2.019.107**
Trade Receivables		68.749	82.040
Inventories		122.252	143.710
Trade Payables, advances and supplier finance arrangements		(176.945)	(192.722)
Net operating working capital	**4)**	**14.056**	**33.028**
Other current assets (excluding items of financial position)		18.761	18.544
Other current liabilities (excluding items of financial position)		(48.190)	(54.826)
Total current assets / liabilites	**5)**	**(29.429)**	**(36.282)**
Operating Working Capital	**6) = (4+5)**	**(15.372)**	**(3.254)**
Assets held for sale	**7)**	**418.832**	**0**
Net Invested Capital	**8) = (3+6+7)**	**2.068.425**	**2.015.853**
Total Shareholders equity	**9)**	**(916.108)**	**(922.442)**
Total non-current liabilities (excluding items of NFP)	**10)**	**(153.493)**	**(183.671)**
Cash and cash equivalents		47.218	73.565
Current and non-current financial liabilities		(908.049)	(916.006)
Current and non-current lease liabilities		(51.413)	(67.299)
Total Net Financial deficit	**11)**	**(912.245)**	**(909.740)**
Liabilities held for sale	**12)**	**(86.579)**	**0**
Total Medium/Long Term Finance Sources	**13) = (9+10+11+12)**	**(2.068.425)**	**(2.015.853)**

Main Investments of the period

As of June 30, 2026, investments amounted to Euro 13 million. Below is a list of the main investments of the period:

- The FLOS Group invested approximately Euro 6 million during the first half of 2026. Investments in tangible assets amounted to Euro 1 million and were mainly related to expansion initiatives, including new tooling, vehicles and machinery refurbishment, with a residual portion allocated to Flos Design Space projects. Investments in intangible assets amounted to approximately Euro 5 million and were primarily related to the acquisition and enhancement of key digital tools (mainly e-commerce and CRM, as well as SAP-related developments, primarily driven by the go-live of Antares, the Group's Spain-based company producing architectural lighting), in addition to ongoing investments in R&D activities.
- The B&B Italia Group invested approximately Euro 6 million in the half of 2026. Investments in tangible assets were mainly related to operational upgrades across the production plants and maintenance

activities, as well as to the development of new products. Investments in intangible assets were primarily focused on IT projects, including ERP-related developments, and on the capitalization of R&D activities

- The remaining portion of the Group's investments of the period was mainly absorbed by Lumens, primarily focused on the development and significant enhancement of its digital platforms, including front end and back end systems.

Net Financial Position

	June 30 2026	December 31 2025
Cash and short term deposit	**(47.218)**	**(73.565)**
Short-Term Bond	-	-
Short-Term bank loan	21.351	30.685
Interest on financial liabilities	5.939	5.901
Short-Term payables to other lenders	-	0
Short-term amortized costs	(3.484)	(3.356)
Current financial liabilities	**23.806**	**33.230**
Long-Term Bond	890.000	890.000
Long-Term bank loan	1.049	1.335
Long-Term payables to other lenders	1.200	1.200
Long-term amortized costs	(8.005)	(9.759)
Non-current financial liabilities	**884.244**	**882.776**
Net financial debt, excluding lease liabilities (IFRS16)	**860.832**	**842.441**
Current lease liabilities	16.408	17.579
Non Current lease liabilities	35.005	49.721
Total lease liabilities (IFRS16)	**51.413**	**67.299**
Net Financial Debt, including lease liabilities (IFRS16)	**912.245**	**909.740**

Impact of the discontinued operations on the opening Net Financial Position (December 31, 2025):

Net Financial Debt at December 31, 2025	**909,740**
Cash of discontinued entities	11,176
Loans of discontinued entities	-
Lease liabilities of discontinued entities	(17,172)
Net Financial Debt at December 31, 2025, net of discontinued entities	**903,745**

Excluding discontinued operations from the opening balance of the Net Financial Position, the Group's opening net financial debt as of December 31, 2025 would have amounted to Euro 903.7 million. As of June 30, 2026, the Net Financial Position amounted to Euro 912.2 million. The Net Financial Position recorded a slight increase during the first half of the year, consistent with the typical seasonality of the business and the usual absorption of working capital.

Current financial liabilities decreased from Euro 33.2 million to Euro 23.8 million, mainly due to the repayment of Euro 10 million of Revolving Credit Facility (RCF) drawings. As of the same date, Euro 135 million remained undrawn out of the total available facility of Euro 145 million.

Long-term financial liabilities remained broadly stable compared to December 31, 2025, with changes mainly related to the reversal of amortized costs recognized during the period. The completion of the sale of Louis Poulsen, announced on June 11, 2026, is expected to generate proceeds that will be primarily used to reduce the Group's outstanding Notes, resulting in a reduction of financial indebtedness and an improvement in the Group's financial leverage. The table in the notes provides a breakdown of short-term and long-term loans.

Lease liabilities decreased from Euro 67.3 million as of December 31, 2025 to Euro 51.4 million as of June 30, 2026, mainly reflecting the classification of lease liabilities related to discontinued operations, amounting to Euro 17.2 million, partially offset by the renewal of certain lease agreements, primarily in the EMEA region.

During the period, the Group paid approximately Euro 35 million of interest on borrowings, mainly related to bonds, compared to approximately Euro 38 million in the corresponding period of the prior year.

Main risks and uncertainties

Please refer to the section on risk management in the Notes to the Consolidated Financial Statements.

Human resources

As of June 30, 2026, the average number of Group employees (full time equivalent) for the period amounted to 1.596 units, 599 in Flos, 690 in B&B Italia Group, 181 in Lumens, 96 in Designers Company Group (AUDO), 8 in DQM, and 30 in the Flos B&B Italia Group Hong Kong Group [BU Greater China]).

Transactions with subsidiary and parent companies and companies under the control of the latter

Transactions between the Group companies i) are fully eliminated in the presentation of the consolidated financial statements, ii) mainly concerned financing transactions iii) took place at market conditions.

Number and nominal value of treasury shares and shares or units of controlling companies held by the company also through trusts or nominee with indication of the correspondent capital.

As at June 30, 2026, Flos B&B Italia S.p.A. owns shares in the parent Flos B&B Italia Group S.p.A., representing 2.43% of the share capital, that was purchased in the past years against a consideration which, subject to yearly update of the relevant fair value, corresponds as of June 30, 2026 to approximately Euro 24.7 million.

Number and nominal value of treasury shares and shares or units of parent companies purchased or sold by the company during the year, also through a trust or a nominee indicating the corresponding part of capital.

Please refer to the previous point.

Business Outlook

Following the gradual recovery in order intake experienced during the second half of 2025, trading conditions in the first half of 2026 remained challenging, with demand patterns across several markets continuing to be uneven and visibility on future developments remaining limited.

The Group continues to operate in a highly complex macroeconomic and geopolitical environment, characterized by ongoing geopolitical tensions, persistent volatility in global financial markets, evolving trade policies, and continued uncertainty in certain real estate sectors, which represent important drivers for the high-end design industry. These factors, together with still-cautious consumer and business spending, may continue to affect the pace of market recovery in the near term.

Despite these challenges, the Group remains focused on safeguarding profitability through rigorous cost management, disciplined margin protection initiatives, and continuous operational efficiency improvements. At the same time, it continues to invest selectively in its brands, product innovation, digital capabilities, and distribution network to support sustainable long-term growth and strengthen its competitive positioning.

Given the continuing uncertainty surrounding the global economic outlook and the limited visibility across several key markets, management remains cautious in its assessment of short-term business trends and is not currently in a position to provide reliable forward-looking guidance for the remainder of the year.

Consolidated Financial Statements

Consolidated Statement of Financial Position

Balance Sheet		June 30 2026	December 31 2025
Cash and Short-Term deposits	7	47.218	73.565
Trade Receivables	8	68.749	82.040
Inventories	9	122.252	143.710
Tax current asset	10	7.832	9.317
Other current assets	11	10.929	9.228
Current Assets		**256.980**	**317.859**
Goodwill	12	946.321	1.144.742
Brands and other intangible assets	13	518.747	650.464
Property, plant and equipment	14	99.070	106.122
Right-of-use assets	15	43.784	57.705
Investments in parent company	16	24.723	24.617
Deferred tax assets	17	28.414	29.230
Other non-current assets	18	3.907	6.227
Non-Current Assets		**1.664.966**	**2.019.107**
Assets held for sale	19	418.832	-
Total Assets		**2.340.777**	**2.336.967**
Share capital		5.102	5.102
Share premium reserve and other reserves		927.664	955.021
Profit/(loss) of the period		(10.356)	(32.827)
Group Shareholders' Equity		**922.410**	**927.296**
Minority shareholders' equity		(6.272)	(4.701)
Profit/(loss) of the period attributable to minority interests		(30)	(153)
Equity attributable to non-controlling interests		**(6.301)**	**(4.854)**
Total Equity	20	**916.108**	**922.442**
Current financial liabilities	21	23.806	33.230
Current lease liabilities	21	16.408	17.579
Trade payables	22	105.947	135.622
Advance from Customers	22	62.736	50.473
Supplier Finance Arrangements	23	8.262	6.627
Current Tax liabilities	24	18.840	18.014
Other Current Liabilities	25	29.349	36.812
Current Liabilities		**265.348**	**298.357**
Non-current financial liabilities	21	884.244	882.776
Non-current lease liabilities	21	35.005	49.721
Defined benefit plans	26	3.123	5.375
Provisions for risks and charges	27	9.871	9.647
Deferred tax liabilities	28	140.477	168.425
Other non-current liabilities	29	22	224
Non-Current Liabilities		**1.072.742**	**1.116.168**
Liabilities held for sale	19	86.579	-
Total Liabilities		**1.424.668**	**1.414.524**
Liabilities and Shareholders' Equity		**2.340.777**	**2.336.967**
Net Current Assets		**(8.368)**	**19.503**
Total Assets less current Liabilities		**2.075.429**	**2.038.610**

Consolidated statement of profit or Loss of the period

Profit & Loss Continuing operations	Notes	June 30 2026	June 30 2025
Revenues from contracts with customers		270.179	289.271
Other revenues and income		169	7.426
Total revenues	*31*	**270.348**	**296.697**
Purchases of raw materials, semifinished goods, finished products and changes in inventories	*32*	(66.053)	(72.505)
Personnel costs	*33*	(64.006)	(65.816)
Service costs	*34*	(88.608)	(92.156)
Provisions - (accruals)/reversal	*35*	(864)	(903)
Other costs and charges	*36*	(5.189)	(5.899)
Total costs		**(224.719)**	**(237.280)**
EBITDA		**45.628**	**59.417**
Amortization of intangible assets		(6.045)	(7.634)
Depreciation of tangible assets		(5.791)	(6.885)
Depreciation and impairment of the Right of Use assets		(6.954)	(7.231)
Amortization/Depreciation	*37*	**(18.791)**	**(21.749)**
Goodwill impairment		-	-
Intangible assets impairment		-	-
Tangible assets impairment		(149)	(145)
Asset impairment	*37*	**(149)**	**(145)**
Total Amortization/depreciation and impairment of assets	*37*	**(18.940)**	**(21.894)**
Operating result - EBIT		**26.688**	**37.524**
Financial income		707	2.386
Financial charges		(41.774)	(47.552)
Total Financial Expenses	*38*	**(41.067)**	**(45.166)**
Profit/(loss) before taxes from continuing operations		**(14.379)**	**(7.642)**
Income Taxes	*39*	(7.428)	(9.891)
Profit/(loss) of the period from continuing operations		**(21.807)**	**(17.533)**
Discontinued operations			
Profit/(loss) after tax for the period from discontinued operations	*40*	11.421	9.194
Profit/(loss) of the period		**(10.386)**	**(8.339)**
Profit/(loss) of the period attributable to:			
equity holders of the parent		*(10.356)*	*(7.884)*
non-controlling interests		*(30)*	*(235)*

Consolidated statement of other comprehensive income (OCI)

	June 30 2026	June 30 2025
Profit/(Loss) of the period	**(10.386)**	**(8.339)**
A) Items recyclable to P&L:		
Exchange difference on translating foreign currency financial statements and other income/(expenses)	5.290	(24.153)
Total recyclable items	**5.290**	**(24.153)**
B) Items not recyclable to P&L:		
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	-	-
Gain/(Loss) from revaluation on defined benefit plans	2	(10)
Total not recyclable items	**2**	**(10)**
TOTAL COMPREHENSIVE INCOME/(EXPENSE), NET OF TAX	**(5.095)**	**(32.502)**
Profit/(loss) of the period, attributable to the Group	(5.065)	(32.352)
Profit/(loss) of the period, attributable to minority interest	(30)	(149)

Statement of changes in consolidated shareholders' equity

	Share Capital	Share premium reserve and other reserve of parent company	Other reserves	Profit or (loss) for the period	Total Group share= holders Equity	Minority share= holders equity	Minority Net Profit or (loss) attribut. to minority interests	Total Minority share= holders equity	TOTAL Share= holders' equity
December 31, 2024	**5.102**	**1.005.411**	**110.085**	**(136.881)**	**983.718**	**2.163**	**(3.233)**	**(1.070)**	**982.648**
Allocation of previous period result			(136.881)	136.881	-	(3.233)	3.233	-	-
Result for the period				(32.827)	(32.827)		(153)	(153)	**(32.980)**
Fair value through OCI of investments in equity instruments			(3.131)		(3.131)			-	**(3.131)**
Translation gains/(losses) and other income/(expenses)			(25.873)		(25.873)			-	**(25.873)**
Actuarial gains and losses			27		27				**27**
Total comprehensive profit for the period			**(165.857)**	**104.053**	**(61.804)**	**(3.233)**	**3.080**	**(153)**	**(61.957)**
Share Capital Increase					-			-	-
Stock option reserve			(338)		(338)			-	**(338)**
Changes in ownership interest in subsidiaries			6.161		6.161	(6.161)		(6.161)	-
Change in consolidation area (FFD)			(648)		(648)	2.356		2.356	**1.708**
Other movements			209		209	173		173	**382**
Total variations for the period			**5.383**		**5.383**	**(3.632)**		**(3.632)**	**1.751**
December 31, 2025	**5.102**	**1.005.411**	**(50.390)**	**(32.827)**	**927.296**	**(4.701)**	**(153)**	**(4.854)**	**922.442**
Allocation of previous period result			(32.827)	32.827	-	(153)	153	-	-
Result for the period				(10.356)	(10.356)		(30)	(30)	**(10.386)**
Translation gains/(losses) and other income/(expenses)			5.290		5.290			-	**5.290**
Actuarial gains and losses			2		2				**2**
Total comprehensive profit for the period			**(27.536)**	**22.471**	**(5.065)**	**(153)**	**123**	**(30)**	**(5.095)**
Acquisition of non-controlling interests					-	(1.332)		(1.332)	**(1.332)**
Other movements			179		179	(86)		(86)	**93**
Total variations for the period			**179**		**179**	**(1.418)**		**(1.418)**	**(1.239)**
June 30, 2026	**5.102**	**1.005.411**	**(77.747)**	**(10.356)**	**922.410**	**(6.272)**	**(30)**	**(6.301)**	**916.108**

Consolidated Statement of Cash Flows

	June 30 2026	June 30 2025
Profit/(loss) of the period from continuing operations	(21.807)	(17.533)
Profit/(loss) after tax for the period from discontinued operations	11.421	9.194
Profit/(loss) of the period	**(10.386)**	**(8.339)**
Discontinued operations	(11.421)	-
Depreciation and impairment of property plant and equipment	5.941	8.910
Amortisation and impairment of intangible assets	6.045	10.033
Depreciation and impairment of right of use assets	6.954	9.577
Financial income	(707)	(7.301)
Financial charges	41.774	52.891
Income taxes	7.428	11.628
EBITDA	**45.628**	**77.399**
Financial interests paid	(36.311)	(40.686)
Income taxes paid	(1.507)	(3.558)
Share-based payment expense	-	(210)
Net change in employee severance indemnities and pension funds	-	-
Net change in provisions for risks and other charges	676	(921)
Net foreign exchange differences and other non cash items	1.484	407
Change in other assets / liabilities current and non-current	**(2.971)**	**(6.321)**
(Increase)/decrease in other non-financial assets	(3.511)	(2.228)
Increase/(decrease) in tax payables	602	(3.577)
Increase/(decrease) in other non financial liabilities	(62)	(516)
Changes in net working capital:	**(2.672)**	**(23.831)**
(Increase)/decrease in inventories	(7.956)	(15.717)
(Increase)/decrease in trade receivables	(203)	3.658
Increase/(decrease) in trade payables	3.851	(12.591)
Increase/(decrease) in supplier finance arrangements	1.635	820
NET CASH FLOWS FROM OPERATIONS	**4.328**	**2.279**
Investing activities:		
Acquisition of tangible assets net of disposals	(6.044)	(4.612)
Net investments in intangible assets	(6.984)	(8.769)
Acquisition of non-current financial assets	-	-
Acquisition of a subsidiary, net of cash acquired	-	(9.909)
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(13.028)**	**(23.290)**
Financing activities:		
(Increase)/decrease of financial receivables	-	-
Increase/(decrease) in financial payables	(9.620)	6.871
Payment of principal portion of lease liability	(6.577)	(11.898)
Share capital increase	-	-
Dividends paid to minority interests	(1.332)	-
CASH FLOW FROM FINANCING ACTIVITIES	**(17.530)**	**(5.027)**
Cash flows from Discontinued operations (assets held for sale)	**(119)**	**-**
AGGRETATED CASH FLOWS	**(26.348)**	**(26.038)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(26.348)**	**(26.038)**
Net cash and cash equivalents at the beginning of the period	73.565	98.992
Net cash and cash equivalents at the end of the period	47.218	72.954

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

1 CORPORATE INFORMATION

The Consolidated Financial Statements of Flos B&B Italia S.p.A. (together with its subsidiaries hereafter also as "Group") for the period ended June 30, 2026 has been approved by the Board of Directors on July 30, 2026.

FLOS B&B Italia is a joint stock company, registered and headquartered in Italy, with its registered office in Milan, Via Manzoni 38.

FLOS B&B Italia is controlled by FLOS B&B Italia Group S.p.A. (100%) that exercises management and coordination activities.

1.1 THE GROUP – MISSION AND BRANDS

The Group is a global leader in high-end design, with a cultural heritage of European origin, characterized by an unparalleled portfolio of iconic Brands and a multi-channel distribution approach.

The Group was established on November 22, 2018 and its holding FLOS B&B Italia Group S.p.A. exercises management and coordination activities over Flos B&B Italia S.p.A. and its subsidiaries. Initially the Group consisted of FLOS, B&B Italia (that includes brands as B&B Italia, Maxalto, Arclinea and Azucena) and Louis Poulsen, to which Lumens and FENDI Casa were added in 2021 and Designers Company (Audo) in 2022. Fendi Casa has then been transferred to Fendi S.r.l. on June 30, 2025, terminating the relevant joint venture.

The Groups' mission is to spread the beauty and the design culture around the world. The Group is committed to this objective and pursues this common ethos while preserving each brand's identity and design DNA. While acting in different domains of high-end design, across different geographies, each brand in the Group incorporates this mission with dedication into their operations.

Beauty, craftmanship, quality and sustainability are fundamental to our collective creed. Supporting heritage is another shared priority with each member of our Group nurturing design talent, engaging in scientific research and fostering pioneering partnerships to preserve iconic design legacies for the benefit of future generations.

A brief description of the Groups' brands is here reported.

FLOS

Recognized globally for its iconic design and technological innovation, FLOS is a leading high-end Italian lighting Brand, both in the residential and architectural sectors.

Since its establishment in 1962, FLOS' pieces have received numerous international awards and many of these products are now featured in the permanent collections of leading international art and design museums such as the MoMA in New York, the Victoria & Albert Museum in London and Le Centre Pompidou in Paris. A unique feature of FLOS is its longstanding relationships with world-renowned designers and architects such as Achille & Pier Giacomo Castiglioni, Antonio Citterio, Jasper Morrison, Patricia Urquiola, Vincent Van Duysen, Michael Anastassiades and many others.

With its two main operational headquarters in Brescia (Italy) and Valencia (Spain), the company is comprised of four different business streams and related R&D departments: Decorative, Architectural, Outdoor and Custom. FLOS exports to more than 90 countries worldwide and has a global presence with flagship stores in Europe and US.

Louis Poulsen

Established in 1874, Louis Poulsen is a luxury lighting Brand with an iconic product portfolio covering both indoor and outdoor lighting. Louis Poulsen is founded on a strong Danish design heritage with iconic designs created by names such as Poul Henningsen, Arne Jacobsen, Vilhelm Lauritzen and Verner Panton, and collaborations with leading modern designers such as Christian Flindt, Shoichi Uchiyama, Louise Campell and Anne Boysen. With headquarters in Copenhagen and production

facilities in Vejen (Denmark), the company has dedicated showrooms in Copenhagen, Miami, Oslo, Singapore, Tokyo and Dusseldorf and a global distribution network with more than 50 countries served.

Louis Poulsen has always sought, not only to design lamps, but to shape light and create an atmosphere that makes people feel good, both indoors and outdoors. Their products provide exceptional light, that helps people to thrive in the space.

With headquarters in Copenhagen and production facilities in Vejen, Denmark, Louis Poulsen stay close to their roots in Danish design, while having grown to become an internationally acclaimed luxury lighting Brand, with a global distribution network.

On June 11, 2026, the Group announced the sale of its entire stake in Louis Poulsen. As of June 30, 2026, the transaction remained subject to conditions precedent and regulatory approvals, with closing expected in H2 2026. Accordingly, Louis Poulsen continued to be fully consolidated. In accordance with IFRS 5, its assets and liabilities have been classified as held for sale and its results presented as discontinued operations

B&B Italia

Founded in 1966 by Piero Ambrogio Busnelli, B&B Italia is a leading Italian high-end furniture design Brand and stands out for its representation of contemporary culture through its research and innovation design and the anticipation of trends, constantly seeking to respond to the evolution of people's tastes and living needs, which has allowed the brand to create products with unique style and elegance.

The fruitful partnership between the company's Research & Development Centre, a workshop for ideas and excellence, and the best international design professionals enabled the creation of iconic products which radically mark the history of design: Serie Up, Le Bambole, Charles and Camaleonda are just some of the products originated from the creative union between B&B Italia and the most prestigious design names including Antonio Citterio, Piero Lissoni, Mario Bellini, Gaetano Pesce, Naoto Fukasawa, Patricia Urquiola, Barber & Osgerby, Doshi Levien, Michael Anastassiades, Monica Armani, Vincent Van Duysen, Foster+Partners and many others whose contribution has positioned the company at the forefront of technological innovation and design.

B&B Italia has been honoured numerous awards in its history including the five-time win of the most coveted award in Italian industrial design - the "Compasso d'Oro."

MAXALTO

Founded in 1975 by Afra and Tobia Scarpa, Maxalto is the group brand featuring "modern classic" approach in its collections offering a complete range of sophisticated and elegant furnishings, designed in a tradition of artisanship with a contemporary approach. It combines excellent materials, precise manufacturing and exclusive details. Maxalto uses its artisan skills to offer size and finished product customization, with its Maxalto Atelier service. The Maxalto brand has been entirely designed and coordinated by Antonio Citterio since 1995.

ARCLINEA

Arclinea Arredamenti S.p.A., founded by Silvio Fortuna in Caldogno in 1925, started as an artisanal laboratory specialising in wood-processing and has grown to become an Italian leader in high-end design kitchens. Arclinea grew thanks to its ability to anticipate social change, combining tradition with innovation and excellence in industrial production.

In 1958, the Company launched the first modular kitchen, soon followed by the first kitchen with built-in electrical appliances and a stainless-steel hob. In the '80s, Arclinea started collaborating with famous architects and designers: towards the end of the nineties the relationship with Antonio Citterio strengthened and he became the company's main designer. Antonio Citterio was the one to introduce the characteristics of a professional restaurant kitchen into home kitchens. Since then, several models

have been produced in collaboration with Mr. Citterio, consolidating the Brand's innovative traits and reputation. Arclinea, through the collaboration with Antonio Citterio, confirmed its desire to produce not only equipment and furnishings, but also new architectures for living.

Today Arclinea is a prestigious international brand, the perfect ambassador of Made in Italy in the world and operates in both retail and contract with the divisions: residential, hospitality, marine. Since 2016 Arclinea has been part of B&B Italia Group, a leading group in high-end design furnishings present in over 40 countries around the world.

AZUCENA

In 2018, the B&B Italia Group acquired the classic Italian brand Azucena. Azucena was founded in 1947 by Luigi Caccia Dominioni, Ignazio Gardella and Corrado Corradi Dell'Acqua, three visionary Italian architects of the post-war period. Azucena has been a highly regarded Italian Brand from its creation, with its collections renowned for their elegance, luxury and aesthetical purity; a collection that reissues more than 20 iconic products designed by Luigi Caccia Dominioni's, which include some of the most symbolic examples of Italian design history, including the Catilina chair, the ABCD armchairs, the Toro sofa, chairs and pouf, the Cavalletto table and the Poltrona and Imbuto and Monachella lamps. These can be found in selected stores in Italy and abroad.

LUMENS

In June 2021, Flos B&B Italia acquired YDesign Group, now renamed Lumens, a U.S.-based e-commerce company founded in the San Francisco Bay Area in 2001 and incorporating the heritage of YLighting, a leader in the high-end online lighting market in the United States.

Lumens is North America's premier destination for modern lighting, furniture and décor, serving trade and contract professionals as well as consumers. We travel the world to source from over 350 global brands, curating a product assortment that features iconic designs as well as the latest from emerging studios, including exclusive and custom pieces. Lumens' vision to inspire and connect the world with good design has driven the company to be a leader in innovation, delivering a best-in-class customer experience through our website, brand partnerships, editorial content, and team of design experts and ALA-certified product specialists.

AUDO

(Designers Company)

In May 2022, with the aim of consolidating its market position in the European market and the US, the Group acquired Designers Company, a Danish group that includes Brands such as Menu and by Lassen.

Designers Company incorporates a wide collection including furniture, lighting, and interior accessories. The iconic portfolio brings together heritage and contemporary Nordic designs and serves a broad customer base, including many younger customers.

MENU is a Danish design brand, selling contemporary furniture, lighting, and accessories in the premium segment to professionals and retail customers in more than 50 countries. The headquarters are located at The Audo, in Copenhagen, which is a hybrid of a showroom, a concept store and a boutique hotel – developed by the owners of MENU. The company was founded in 1978 and has around 100 employees who collaborate with talented designers to manufacture quality products rooted in the Scandinavian design tradition.

By Lassen's archive of architecture and furniture design represents the finest qualities of the Danish design tradition. By Lassen pursuits a more classic design profile to target the luxury segment.

Menu - in 2023 by Lassen and The Audo have merged into one united brand, Audo.

1.2 COMPANY THAT EXERCISES MANAGEMENT AND COORDINATION ACTIVITIES

As provided by the article 2497-bis of Italian Civil Code, the Group is subject to management and coordination activities by its parent company Flos B&B Italia Group S.p.A., with its registered office in Milan, Via Manzoni 38, Taxpayer ID and registration n. 10446470964, Chamber of Commerce ID. MI-2532182, incorporated on August 1st, 2018.

The following table provides the key figures of the last approved financial statements of FLOS B&B Italia Group S.p.A., prepared in accordance with the national accounting principles.

It should be noted that the Company whose data is reported prepares the consolidated financial statements.

1.3 STATEMENT OF FINANCIAL POSITION OF THE ULTIMATE PARENT COMPANY THAT EXERCISES MANAGEMENT AND COORDINATION ACTIVITIES

amounts in thousands of euro

Balance Sheet	**December 31 2025**	**December 31 2024**
Fixed assets	1.014.236	1.015.663
Working capital	16.393	21.348
Other assets	209	526
Total Assets	**1.030.837**	**1.037.537**
Share Capital	5.152	5.152
Reserves	1.003.468	1.008.007
Profit/(loss) of the period	2.103	(4.539)
Total Shareholders' equity	**1.010.723**	**1.008.620**
Provision for risk and charges	16.852	20.361
Defined benefit plans	185	234
Payables	3.048	8.292
Other liabilities	30	30
Total Liabilities	**20.115**	**28.917**
Total Shareholders' equity and liabilities	**1.030.837**	**1.037.537**

Profit or Loss statement	**December 31 2025**	**December 31 2024**
Total revenues	12.039	18.564
Cost of good sold	14.742	23.096
Financial income/(charges)	(48)	7
Taxation	(4.854)	13
Profit/(loss) of the period	**2.103**	**(4.539)**

1.4 SIGNIFICANT EVENTS OCCURRED DURING THE PERIOD

On June 11, 2026, the Group signed an agreement for the sale of its entire shareholding in Louis Poulsen to Chr. Augustinus Fabrikker, a Danish foundation-owned investment company. The transaction is consistent with the Group's strategy of optimizing its brand portfolio and reallocating capital to support future growth. Closing remains subject to customary conditions and regulatory approvals and is expected to occur during the second half of 2026. The proceeds from the disposal are expected to be used, among other purposes, to partially repay the Group's outstanding debt.

As the transaction had not been completed as of June 30, 2026, Louis Poulsen continued to be fully consolidated in these interim condensed consolidated financial statements. In accordance with IFRS 5, Louis Poulsen has been classified and presented as a discontinued operation.

In addition, following the termination of the Fendi Casa licence agreement on June 30, 2025, the Group's scope of consolidation includes only DQM (Design Quality Manufacturing), whose remaining activities are expected to be completed during the second half of 2026. Accordingly, DQM has also been classified and presented as a discontinued operation.

As a result, the Group's interim condensed consolidated financial statements include two discontinued operations, Louis Poulsen and DQM, while all remaining businesses are presented as continuing operations.

Further information on the financial results and position of these discontinued operations is provided in Notes 19 and 40 to the interim condensed consolidated financial statements.

Presentation of discontinued operations

In accordance with IFRS 5, the results of discontinued operations are presented separately in the consolidated statement of profit or loss for all periods presented in order to ensure comparability. The related assets and liabilities are classified as held for sale and presented separately in the consolidated statement of financial position only as of June 30, 2026, when the IFRS 5 criteria were met. Accordingly, the statement of financial position as of December 31, 2025 has not been restated.

2 ACCOUNTING POLICIES

The Consolidated Financial Statements of the Group were prepared in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

The Consolidated Financial Statements were prepared according to the historical cost convention, except for the recognition of derivative financial instruments and of certain financial assets, which are recognized at fair value.

The carrying amount of the assets and liabilities subjected to fair value hedging and that would otherwise be recognized at amortized cost, is adjusted to take into account variations in the fair value attributable to the hedged risks.

The Consolidated Financial Statements are presented in Euro currency and all values, if not differently indicated, are expressed in thousands of Euro.

The Group has prepared the consolidated financial statements on a going concern basis.

3 BASIS OF CONSOLIDATION

The Consolidated Financial Statements comprise the financial statements of Flos B&B Italia S.p.A. and of its subsidiaries as of June 30, 2026.

Control is obtained when the Group is exposed or is entitled to variable returns, deriving from its relations with the investee entity and, at the same time, can affect such returns by exercising its power over that entity.

Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee entity (i.e., it owns valid rights that currently entitle it to manage the significant activities of the investee entity);
- exposure or rights to variable returns deriving from the relationships with the investee entity;
- the ability to exercise its own power on the investee entity to affect the amount of its returns.

When the Group holds less than the majority of the voting rights (or similar rights) it must consider all relevant facts and circumstances to establish whether it controls the investee entity, including:

- Contractual agreements with other holders of voting rights;
- Rights deriving from contractual agreements;
- Voting rights and potential voting rights of the Group.

The Group reconsiders whether or not it has control of an investee if the facts and circumstances indicate that changes have occurred in one or more of the three elements with relevance for the purposes of the definition of control. The consolidation of a subsidiary starts when the Group obtains control thereof and ceases when the Group loses control. The assets, liabilities, revenues and costs of the subsidiary acquired or sold during the period are included in the statement of comprehensive income from the date on which the Group obtains control until the date on which the Group no longer exercises control of the company.

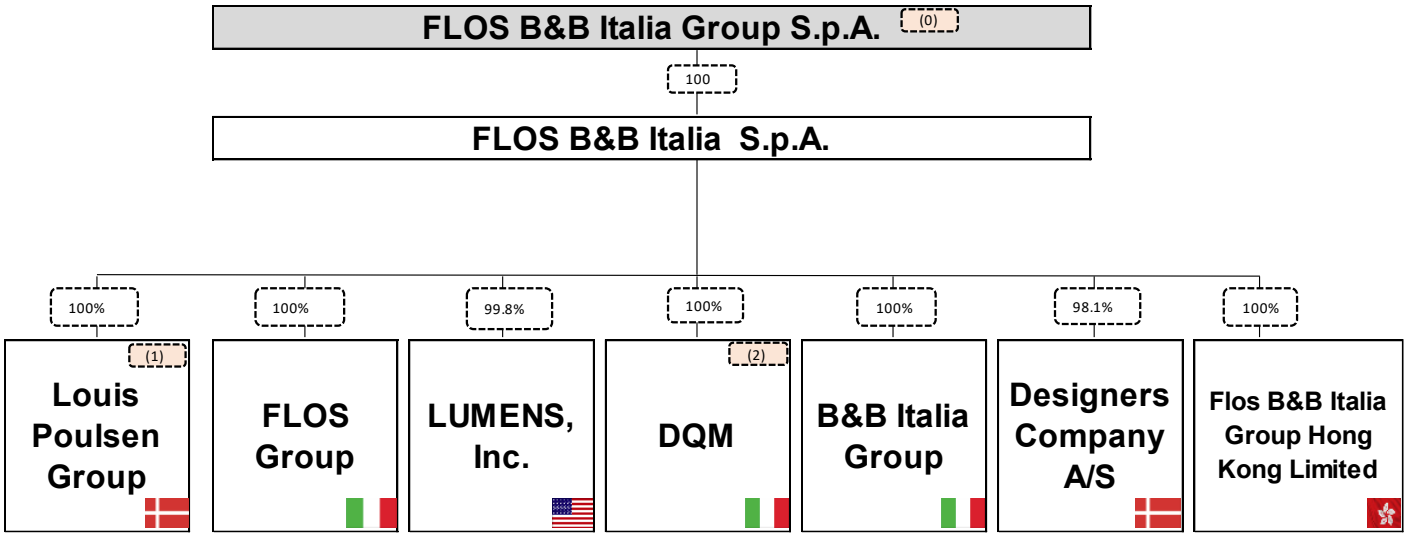
The profit/(loss) for the period and each component of the other comprehensive income are attributed to the shareholders of the parent company and to minority interests, even if this implies that minority interests have a deficit balance. When necessary, the appropriate adjustments are made to the financial statements of the subsidiaries, to ensure compliance with the group's accounting policies. All assets and liabilities, the shareholders' equity, the revenues, costs and intercompany cash flows relating to transactions between the Group's entities are fully eliminated in the consolidation phase.

Changes in the shareholdings in a subsidiary that do not entail a loss of control are recognized in the shareholders' equity.

If the Group loses control of a subsidiary, it must eliminate the related assets (including goodwill), liabilities, minority interests and the other shareholders' equity components, while any profit or loss is recognised in the income statement. Any retained investment shall be recognized at fair value.

GROUP STRUCTURE

The group structure includes the following consolidated subgroups:



*(0) **Flos B&B Italia Group S.p.A.**: parent company.*

*(1) **Louis Poulsen Group**: on June 11, 2026, the Group announced the sale of its entire stake in Louis Poulsen. As of June 30, 2026, the transaction remained subject to conditions precedent and regulatory approvals, with closing expected in H2 2026. Accordingly, Louis Poulsen continued to be fully consolidated. In accordance with IFRS 5, its assets and liabilities have been classified as held for sale and its results presented as discontinued operations.*

*(2) **DQM**, on June 30, 2025, as part of its strategy to focus on its iconic and historical brands, the Group completed the termination of its partnership with FENDI, transferring DQM's 80% interest in FF Design to Fendi S.r.l. From 1 July 2025, the Group perimeter*

includes only DQM, which continues to provide limited support services and manufacture existing collections for FF Design during a transitional period.

The Group companies included in the scope of consolidation, including the discontinued operations (Louis Poulsen Group and DQM), are as follows:

Group	Group's Company	Company Currency	Share capital June 30 2026 (local currency)	Shareholding June 30 2026
Parent company FBB	FLOS B&B Italia Group S.p.A.	EUR	5.152.321	100,0%
	FLOS B&B Italia S.p.A.	EUR	5.102.321	100,0%
Louis Poulsen Group	Luminous Designs Investments Aps	DKK	1.260.101	100,0%
	Louis Poulsen Sweden AB	SEK	500.000	100,0%
	Louis Poulsen Norge AS	NOK	1.500.000	100,0%
	Louis Poulsen Finland OY	EUR	100.000	100,0%
	Louis Poulsen UK Ltd.	GBP	100.000	100,0%
	Louis Poulsen German GmbH	EUR	100.000	100,0%
	Louis Poulsen USA Inc.	USD	1.000	100,0%
	Louis Poulsen Holland BV	EUR	35.394	100,0%
	Louis Poulsen Japan Ltd.	JPY	38.500.000	100,0%
	Louis Poulsen Switzerland AG	CHF	500.000	100,0%
	Louis Poulsen Asia Ltd.	EUR	2.459	100,0%
	Louis Poulsen A/S	DKK	10.000.000	100,0%
	Louis Poulsen Korea LLC	KRW	100.000.000	100,0%
FLOS Group	FLOS S.p.A.	EUR	1.875.000	100,0%
	Antares Illuminacion S.A.U.	EUR	400.687	100,0%
	Flos Illuminacion Shanghai Co. Ltd	CNY	4.000.000	100,0%
	Antares Illuminacion Pte Ltd	SGD	460.061	100,0%
	Flos Benelux NV	EUR	100.000	100,0%
	Flos BV	EUR	931.143	100,0%
	Flos GmbH	EUR	600.000	100,0%
	Flos Japan K.K.	JPY	40.000.000	100,0%
	Flos Norge AS	NOK	33.001.500	100,0%
	Flos France S.a.s	EUR	61.062	100,0%
	FLOS Scandinavia A/S	DKK	1.430.120	100,0%
	Flos Sverige AB	SEK	-	100,0%
	Flos Usa Inc.	USD	389.847	100,0%
	Flos UK Ltd	GBP	136.400	100,0%
B&B Italia Group	B&B Italia S.p.A.	EUR	1.000.000	100,0%
	B&B Italia Usa Inc.- New York	USD	10.000	100,0%
	B&B Italia Munchen Gmbh -Monaco	EUR	150.000	100,0%
	B&B London LTD	GBP	500.000	100,0%
	B&B Italia Paris Sarl	EUR	50.000	100,0%
	Arc Linea Arredamento S.p.A.	EUR	240.000	100,0%
	B&B Furniture (Shanghai) Co., Ltd	CNY	999.631	100,0%
Lumens	Lumens, Inc.	USD	11.302	99,8%
DQM	Design Quality Manufacturing S.p.A.	EUR	50.000	100,0%
Designers Company Group	Designers Company A/S	DKK	2.127.236	98,1%
	Audo A/S	DKK	2.504.000	98,1%
	DC Trading	CNY	-	98,1%
	Audo North America Inc.	USD	10.000	98,1%
	Audo Japan	JPY	5.000.000	98,1%
FBB Hong Kong	Design Holding (Shanghai) Co.,Ltd.	CNY	8.962.755	100,0%
	FLOS B&B Italia Group Hong Kong LTD	HKD	9.568.287	100,0%

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4 SUMMARY OF THE MAIN ACCOUNTING POLICIES

NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting standards applied in the preparation of the consolidated financial statements are consistent with those adopted for the consolidated financial statements as of December 31, 2025, except for the adoption of new standards and amendments that became effective on January 1, 2026. The Group has not early adopted any new standard, interpretation, or amendment that was issued but is not yet effective.

With reference to the amendments that became applicable for the first time in 2026, there was no material impact on the Group's consolidated financial statements.

The new standards and amendments effective as of January 1, 2026, and adopted by the Group in the preparation of these consolidated financial statements are listed below:

Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments

On May 30, 2024, the IASB issued the changes to the classification and measurement of financial instruments and clarifies that a financial liability is derecognized on the "settlement date", i.e. when the related obligation is discharged, cancelled, expires or when the liability is otherwise qualified for derecognition. The amendment also introduces an accounting policy option to eliminate financial liabilities settled through an electronic payment system before the settlement date, if certain conditions are met. Clarifications have been provided on how the contractual characteristics of the cash flows of financial assets are assessed, which include environmental, social and governance (ESG) characteristics and other similar contingent characteristics. In addition, the amendments clarify the treatment of financial assets without the right of recourse and contractually linked instruments.

The amendment to IFRS 7 requires additional disclosure for financial assets and liabilities with contractual terms that refer to a contingent event (including those that are related to ESG factors) and for equity instruments classified at fair value through other comprehensive income.

The amendments had no impact on the Group's consolidated financial statements.

Annual Improvements to IFRS accounting Standards – Volume 11

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows.

The amendments had no impact on the Group's consolidated financial statements.

Amendments to IFRS 9 and IFRS 7: Contracts Referring to Nature-Dependent Electricity

On December 18, 2024, the IASB issued amendments to IFRS 9 and IFRS 7 with reference to contracts relating to nature-dependent electricity. The amendments clarify the application of the requirements for own use and allow for hedge accounting if such contracts are used as hedging instruments.

In addition, new disclosure requirements have been added to allow investors to understand the effect of these contracts on a company's financial performance and cash flows.

Clarifications on "own use" requirements should be applied retroactively, but guidelines allowing for hedge accounting should be applied prospectively to new hedging relationships designated on or after the date of initial application.

The amendments had no impact on Group's condensed financial statements.

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4.1 BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted using the acquisition method. The cost of an acquisition is determined as the sum of the consideration transferred, measured at fair value as at the acquisition date, and of the amount of the minority interest in the acquired entity. For each business combination, the Group defines whether to measure the minority interest in the acquired entity at fair value or proportionally to the minority interest in the identifiable net assets of the acquired entity. The acquisition costs are expensed in the period and classified among administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it classifies or designates the financial assets acquired or the liabilities assumed in accordance with the contractual terms, the economic conditions and the other pertinent conditions existing at the date of acquisition. This includes the check to determine whether an embedded derivative has to be separated from the primary contract.

Any contingent consideration to be paid is recognized by the acquirer at fair value at the date of acquisition. The contingent consideration classified as equity is not subject to remeasurement and its subsequent payment is recognized with the shareholders' equity. The change in the fair value of the contingent consideration classified as asset or liability, as a financial instrument that is in the subject of IFRS 9 Financial Instruments, shall be recognised in the income statement in accordance with IFRS 9. The contingent consideration that is not included in the scope of IFRS 9 is measured at fair value at the date of the financial statements and fair value variations are recognised in the profit and loss.

Goodwill is initially measured at cost represented by the excess of the aggregate consideration transferred and the amount recorded for minority interests with respect to the identifiable assets acquired and the liabilities assumed by the Group. If the fair value of the net assets acquired exceeds the aggregate consideration, the Group verifies again whether it correctly identified all acquired assets and all assumed liabilities and it reviews the procedures used to determine the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of the net assets acquired than the aggregate consideration, then the difference (gain) is recognized in the profit and loss.

After the initial recognition, goodwill is measured at the cost less any accumulated impairment losses. For the purpose of the impairment test, the goodwill acquired in a business combination is allocated, from the date of acquisition, to each cash-generating unit of the Group expected to benefit from the synergies of the aggregation, regardless of whether other assets or liabilities of the acquired entity are assigned to these units.

If goodwill was allocated to a cash-generating unit (CGU) and the entity disposes of some of the operation within this unit, the goodwill associated with the disposed operation is included in the carrying amount of the operation when the gain or the loss of the disposal is determined. The goodwill associated with the disposed operations is determined on the basis of the relative values of the disposed operation and of the retained part of the cash-generating unit.

4.2 CURRENT/NON-CURRENT CLASSIFICATION

The assets and liabilities in the financial statements of the Group are classified according to the current/non-current criterion.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least

twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- it is expected to be extinguished in its normal operating cycle;
- it is held mainly for the purpose of trading;
- it must be extinguished within twelve months after the reporting period; or
- the entity does not have an unconditional right to defer payment of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of

equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Assets and liabilities for deferred tax assets and liabilities are classified among non-current assets and liabilities.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

Presentation of Financial Statements: Non-current Liabilities with Covenants - Amendments to IAS 1

On October 31, 2022, the IASB published amendments concerning non-current liabilities subject to conditions. Only the provisions of a liability deriving from a loan agreement, which an entity must comply with at the balance sheet date, will influence the classification of that liability as current or non-current.

4.3 TRANSLATION OF FINANCIAL STATEMENTS EXPRESSED IN A DIFFERENT CURRENCY FROM THE FUNCTIONAL CURRENCY

The rules for the translation of the financial statements of the subsidiaries expressed in currencies other the Euro, are as follows:

- assets and liabilities are converted using the exchange rates prevailing at the reference date of the Consolidated Financial Statements (December 31);
- costs and revenues are converted at the average exchange rate of the period, which approximates exchange rates prevailing at the dates of the transactions;
- the translation reserve includes both the exchange differences generated by the conversion of the amounts at a different rate from the closing rate and those generated by the translation of the opening shareholders' equity amounts at a different exchange rate from the one prevailing on the closing date of the reporting period;
- upon disposal of a foreign operation, the component of OCI (translation reserve) relating to that particular foreign operation is reclassified to profit or loss;
- upon disposal of a foreign operation, the part of the comprehensive income statement (conversion reserve) referring to this foreign operation is recorded in the income statement;
- the goodwill and adjustments deriving from fair value related to the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate prevailing on the closing date of the period.

The exchange rates applied in the conversion of the asset and liability balances in currencies other than the Euro at June 30, 2026 and the average exchange rates of the period from January 1, 2026 – June 30, 2026 are as follows:

			June 30, 2026	
Country	**Currency code**	**Currency description**	**Average Exchange rate**	**Exchange rate at the end of the month**
Sweden	SEK	Swedish Krone	10.788	11.094
Norway	NOK	Norwish Krone	11.169	11.311
United Kingdom	GBP	GB Pound	0.867	0.862
USA	USD	US Dollar	1.167	1.139
Canada	CAD	Canadian Dollar	1.608	1.622
Japan	JPY	Japanise Yen	184.470	185.080
Switzerland	CHF	Swiss Franc	0.918	0.922
Hong Kong	HKD	Hong Kong Dollar	9.130	8.935
Rep. Of China	CNY	Chinese Renminbi (Yuan)	8.010	7.731
Denmark	DKK	Danish Krone	7.472	7.474
Singapore	SGD	Singapore Dollar	1.491	1.475
South Korea	KRW	Korean Won	1,730.425	1,767.080

4.4 FAIR VALUE MEASUREMENT

The Group measures certain financial assets at fair value at each reporting date.

The fair value is the price that would be collected for the sale of an asset, or that would be paid for the transfer of a liability, in a regular transaction between market operators at the measurement date.

A measurement of the fair value supposes that the sale of the asset or the transfer of the liability takes place:

a) in the main market of the asset or liability; or

b) in the absence of a main market, in the most advantageous market for the asset or liability.

The main market or the most advantageous market must be accessible for the Group.

The fair value of an asset or liability is measured adopting the assumptions that market operators would use in determining the price of the asset or liability, presuming that they act to best satisfy their own economic interest.

A measurement of the fair value of a non-financial asset considers the capability of a market participant to generate economic benefits employing the asset it its highest and best use or selling it to another market participant who would employ it in its highest and best use.

The Group uses valuation techniques that are suitable for the circumstances and for which there are sufficient available to measure fair value, maximizing the use of significant observable inputs and minimizing the use of non-observable inputs.

All assets and liabilities for which the fair value is assessed or exposed in the financial statements are categorized according to the fair value hierarchy, as described below:

- Level 1 - The (unadjusted) listed prices in active markets for identical assets or liabilities which the entity can access at the measurement date;
- Level 2 - Inputs other than the listed prices included in Level 1, observable directly or indirectly for the assets or for the liability;
- Level 3 - Measurement techniques for which the input data are not observable for the asset or for the liability.

The fair value measurement is entirely classified in the same level of the fair value hierarchy in which the lowest input in the hierarchy used for the measurement is classified.

For the assets and liabilities recognised in the financial statements on a recurring basis, the Group determines whether there have been any transfers between the levels of the hierarchy revising the categorization (based on the lowest level input, that is significant for the purposes of the fair value measurement as a whole) at each reporting date.

For the purposes of the information about fair value, the Group determines the classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or of the liability and the level of the fair value hierarchy as illustrated above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair

value or where fair values are disclosed, are summarized in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Investment in non-listed equity shares (discontinued operations)
- Property, plant and equipment under revaluation model
- Investment properties
- Financial instruments (including those carried at amortised cost)
- Contingent consideration

4.5 REVENUE RECOGNITION

Revenue from contracts with customers is recognized when control of the goods and services is transferred to the customer for an amount that reflects the price the Group expects to receive in exchange for such goods or services.

4.5.1 SALE OF GOODS

The revenue from the sale of goods is recognized at a point in time when the company has transferred the control of the goods and services, generally on the date of delivery of the goods. As regards the subsidiary Lumens, the main part of the activity is provided by operating with the dropshipping method

and pursuant to IFRS15 this company operates as an agent, while for a small part of its services it is operated as a principal.

The revenue is measured at the fair value of the consideration received or to be received, net of returns and rebates, commercial discounts and volume reductions. Subsidiaries provide a two-year warranty on repair, in line with industry practice. Customers are not provided with additional guarantees and maintenance contracts.

4.5.2 DIVIDENDS

Dividends are recognized when the right to receive payment is established, which generally corresponds to the time when the Shareholders' Meeting approves their distribution.

4.5.3 RENTAL REVENUES

Rents deriving from property investments are recognized on a straight-line basis over the duration of the existing lease contracts at the balance sheet date and are classified as revenues, taking into account their operational nature.

4.6 INCOME TAXES

4.6.1 CURRENT TAXES

Current taxes of the period are measured for the amount expected to be recovered from or to be paid to the tax authorities. The tax rates and the tax regulations used to calculate the amount are those promulgated, or substantially in force, at the reporting date in the countries where the Group operates and generates its own taxable income.

Current taxes relating to items recognized directly in the shareholders' equity are also recognized in the shareholders' equity and not in the statement of the profit/(loss) for the period. The Management periodically assesses the position assumed in the income tax return in the cases in which the tax rules are subject to interpretation and, when appropriate, it allocates provisions. Please refers to note 38 “Taxation”.

Pillar Two rules

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalisation of the global economy. The Global Anti-Base Erosion Model Rules (Pillar Two model rules) apply to multinational enterprises (MNEs) with annual revenue in excess of EUR 750 million per their consolidated financial statements.

The Pillar Two model rules introduce four new taxing mechanisms under which MNEs would pay a minimum level of tax (the Minimum Tax):

- The Qualified Domestic Minimum Top-up Tax (QDMTT)
- The Income Inclusion Rule (IIR)
- The Under Taxed Payments/Profits Rule (UTPR)

The Subject to Tax Rule is a tax treaty-based rule that generally proposes a Minimum Tax on certain cross-border intercompany transactions that otherwise are not subject to a minimum level of tax. The new taxing mechanisms can impose a minimum tax on the income arising in each jurisdiction in which an MNE operates. The IIR, UTPR and QDMTT do so by imposing a top-up tax in a jurisdiction whenever the effective tax rate (ETR), determined on a jurisdictional basis under the Pillar Two rules, is below a 15% minimum rate.

On 23 May 2023, the International Accounting Standards Board issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12 (the Amendments). The Amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements a QDMTT. The Group has adopted these amendments, which introduce:

- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules;

And

- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation.

The Pillar Two model rules were adopted in Euroland at the end of 2023 and are applicable starting from 1 January 2024. According to these rules, the Group is considered a multinational enterprise to which the Pillar Two rules shall be applied. At the same time, Pillar Two legislation has been enacted or substantively enacted in several other jurisdictions in which the Group operates effective for the financial year beginning 1 January 2024.

Pillar two assessment

The Group, as required by the accounting principle IAS 12 (in particular as a result of the "Amendments to IAS 12 Income Taxes – International Tax Reform- Pillar Two model Rules"), has carried out an analysis, with the support of an external consultant, in order to identify the scope of application and assess the potential exposure to tax integration.

This assessment was carried out on the latest available data (i.e., data derived from the financial statements used in the process of preparing the 2024 consolidated financial statements – so-called financial reporting packages).

Based on the assessment carried out, for all jurisdictions, at least one of the three tests required by the rules was found to be satisfied.

It should be noted that the Group has applied the temporary exception relating to the accounting of deferred taxes connected to the application of the provisions of the Second Pillar of the OECD and the related supplementary information as required by paragraph 4A of the accounting principle IAS 12.

The Group continues to follow Pillar Two legislative developments, as further countries enact the Pillar Two model rules, to evaluate the potential future impact on its consolidated results of operations, financial position and cash flows beginning.

4.6.2 DEFERRED TAX ASSETS AND LIABILITIES

Deferred taxes are calculated applying the "liability method" to temporary differences at the date of the financial statements between the tax values of the assets and liabilities and the corresponding financial statement values.

Deferred tax liabilities are recognised on all taxable temporary differences, with the following exceptions:

- deferred tax liabilities derive from the initial recognition of the goodwill of an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction itself, influences neither the result of the financial statements nor the result for tax purposes;
- the reversal of taxable temporary differences, associated with equity investments in subsidiaries, associates and joint venture, can be controlled, and it is probable that it will not occur in the foreseeable future.

Deferred tax assets are recognised in view of all deductible temporary differences, of tax receivables and of unused tax losses that can be carried forward, to the extent to which it is probable that sufficient future taxable income will be available, which will allow utilisation of deductible temporary differences and of receivables and tax losses carried forward, excepting the cases in which:

- the deferred tax asset connected with deductible temporary differences derive from the initial recognition of an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction itself, influences neither the result of the financial statements nor the result for tax purposes;
- in the case of deductible temporary differences associated with equity investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the

extent to which it is probable that they will be reversed in the foreseeable future and that there will be sufficient taxable income that allows to recover these temporary differences.

The carrying amount of deferred tax assets is re-examined at each reporting date and reduced to the extent to which it is no longer probable that in the future there will be sufficient taxable income to allow the receivable to be used in full or in part. Unrecognised deferred tax assets are re-examined at each reporting date and are recognised to the extent to which it becomes probable that taxable income will be sufficient to allow these taxes to be recovered.

Deferred tax assets and liabilities are measured on the basis of the tax rate expected to be applied during the year in which these assets will be realised or these liabilities will be extinguished, considering the rates in force and the ones already promulgated, or substantially in force, at the reporting date.

Deferred taxes relating to elements recognised outside the income statement are also recognised outside the income statement and, hence, in the shareholders' equity or in the statement of comprehensive income, consistently with the element to which they refer.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4.6.3 INDIRECT TAXES

Expenses, revenues, assets and liabilities are recognised net of indirect taxes, such as the value added tax, with the following exceptions:

- the tax applied to the purchase of goods or services is not deductible; in this case it is recognised as a part of the purchase cost of the asset or part of the cost recognised in the income statement;
- trade receivables and payables include the applicable indirect tax.

The net amount of the indirect taxes to be recovered or to be paid to the Tax Authorities is included in the financial statements among receivables or among payables.

4.7 NON-CURRENT ASSETS HELD FOR DISPOSAL

The Group classifies non-current assets as held for sale/disposal if their carrying amount will be recovered mainly with a sale transaction instead of through their continuous use. These non-current assets classified as held for sale are measured at the lower between the carrying amount and their fair value net of selling costs. Selling costs are additional costs directly attributable to the sale, excluding financial costs and taxes.

The condition for classification as held for sale is considered to be met only when the sale is highly probable and the asset for disposal is available for immediate sale in its current conditions. The actions required to complete the sale should indicate that it is improbable that there may be significant changes in the sale or that the sale may be cancelled. The Management must be committed to the sale, whose completion should be expected within one year from the date of classification.

The assets and the liabilities classified as held for sale are presented separately among the current items in the financial statements.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

An asset for disposal qualifies as a discontinued operation if it is part of an entity that was disposed or is classified as held for sale, and:

- it represents an important autonomous business unit or geographic business area,

- it is part of a single coordinated plan for the disposal of an important business unit or geographic business area,
- it is a subsidiary acquired exclusively in view of a resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional information about the assets for disposal is provided in the Note “Assets held for disposal”. All the other notes to the financial statement include amounts relating to operating assets, unless otherwise indicated.

4.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and machinery are measured at the cost of purchase or of production, net of the accumulated depreciation and of any accumulated impairment losses. The cost includes ever expense directly incurred to prepare the assets for their use, as well as any disposal and removal expenses that will be incurred consequently to contractual obligations that required bringing the asset back to the original conditions. Any interest expenses incurred for the acquisition, production or construction of the property, plant and machinery are capitalised on the value of the related asset until it is available for use.

The expenses incurred for ordinary and/or cyclical maintenance and repairs are charged directly to the income statement in the year incurred. The capitalisation of costs inherent to the expansion, modernization or improvement of the structural elements owned or used by third parties is made solely to the extent that they meet the conditions for being classified separately as an asset or part of an asset under the component approach method. Similarly, the replacement costs of the identifiable components of complex assets are recognised among the assets and amortized according to their estimated useful life; the residual carrying amount of the replaced component is recognised as an expense in the Profit or Loss statement.

The depreciation rates, representative of the estimated useful life for categories of tangible assets, are the follows:

	DEPRECIATION RATE
Land and buildings:	
Buildings	3%
Commercial properties	10%
Light construction	10%
Plant and machinery:	
Automatic operating machines	15.5% - 20%
Generic specific and special plants	10% - 15% - 30%
Industrial & commercial equipment	
Molds and equipment	25%
Furniture for stores and events	12%
Other assets:	
Furniture and fixtures for offices	12% - 20%
Electronic office machines	20%
Vehicles and internal transport means	20%
Motor cars	20% - 25%

During the period no changes occurred in respect of the depreciation rates. The useful life of the tangible assets and the residual value are revised and updated, when applicable, at the closing of each year.

When the depreciable asset is composed of distinctly identifiable elements, the useful life of which differs significantly from that of the other parts which compose the asset, depreciation is taken separately for each of the parts which make up the asset under the “component approach” principle.

The gains and losses deriving from sales or disposals of assets are determined as the difference between the sale revenue and the net book value of the disposed or sold asset and are charged to the income statement of the year of disposal.

Leasehold improvements on third-party assets are classified in tangible assets, consistent with the nature of the cost incurred. The depreciation period corresponds to the lower between the residual useful life of the tangible asset and the residual duration of the lease agreement.

Land is not depreciated.

The Group reviews the estimated residual values and expected useful lives of assets at least annually. In particular, the Group considers the impact of health, safety, and environmental legislation in its assessment of expected useful lives and estimated residual values.

4.9 LEASING

The Group assesses at contract inception whether a contract is, or contains, a lease. The Group assesses at contract inception whether a contract is, or contains, a lease. It is related to a lease contract if the agreement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases

and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying

asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on

a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and Buildings 2 to 24 years
- Plant and machinery 2 to 8 years
- Industrial and commercial equipment 2 to 5 years
- Vehicles and other Assets 2 to 5 years

The item “Land and Buildings” mainly include the lease contracts for the showrooms directly managed by B&B Louis Poulsen, Fashion Design Furniture and FLOS.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the

exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value

of lease payments to be made over the lease term. The lease payments include fixed payments (including in-

substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an

index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also

include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced

for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings (see Notes 11 - 23).

Lease Liability in a Sale and Leaseback

On 22 September 2022, the IASB issued an amendment to this standard specifying the requirements that a seller-lessee uses to measure the lease liability arising from a sale and leaseback transaction, to ensure that the seller-lessee does not recognize any amount in profit or loss relating to the right of use it retains. The amendment aims to improve the requirements for sale and leaseback transactions in IFRS 16 but does not change the accounting of leases not related to sale and leaseback transactions.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4.10 OTHER INTANGIBLE ASSETS

Other intangible assets acquired separately are initially recognised at cost, whereas those acquired through business combinations are recognised at fair value at the date of purchase. After the initial recognition, intangible assets are recognised at cost net of accumulated amortization and of any accumulated impairment losses. Intangible assets produced internally, except for the development costs, are not capitalised and are recognised in the income statement of the year in which they were incurred.

The useful life of intangible assets is assessed as finite or indefinite.

Intangible assets with finite useful life are amortized throughout their useful life and they are subjected to impairment test every time there are indications of a possible impairment loss. The amortization period and the amortization method of an intangible asset with definite useful life is reconsidered at least at the end of each year. Changes in the expected useful life or in the ways with which future economic benefits tied to the asset will be realised are recognised through the change of the period or of the amortization method, depending on the case, and they are considered changes in accounting estimates. The amortization rates of intangible assets with definite useful life are recognised in the statement of profit/(loss) for the year in the cost category consistent with the function of the intangible asset.

Intangible assets with indefinite useful life are not amortized, but are annually subjected to impairment test, both at the individual level and at the level of cash generating unit. The assessment of the indefinite useful life is revised annually to determine whether this attribution continuous to be sustainable, otherwise, the change from indefinite useful life to defined useful life is applied prospectively.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. The gains or losses deriving from the elimination of an intangible asset are measured from the difference between the net revenue of the disposal and the carrying amount of the intangible asset and are recognised in the profit/(loss) of the year in the year when the derecognition takes place.

4.10.1 RESEARCH AND DEVELOPMENT COSTS

Research costs are expensed in the income statement of the year in which they are incurred. The development costs incurred in relation to a determined project are recognised as intangible assets when the Group is able to demonstrate:

- the technical feasibility of completing the intangible asset, so that it is available for use or sale;
- the intention to complete the asset and the Group's ability to use it or sell it;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the ability to measure reliably the cost attributable to the asset during development.
- the ability to use the intangible asset generated.

After the initial recognition, development assets are measured at cost minus amortization or accumulated impairment losses. The amortization of the asset starts when development is completed and the asset is available for use. Development activities are amortized with reference to the period of the expected benefits and the related amortization rates are included in the cost of goods sold.

During the development period the asset is subjected to annual impairment test.

4.10.2 LICENCES AND SIMILAR RIGHTS

Amortization of Licences is calculated on a straight-line basis method so as to allocate the cost incurred for the acquisition of the right along the shorter period from the expected utilisation period and the duration of the related agreement starting from the time when the acquired right becomes exercisable. Software licences are amortized on a straight-line basis over the period deemed representative of the related useful life, i.e. 5 years.

The amortization rates of the intangible assets are summarised below.

	DEPRECIATION RATE
Development costs	20% - 33%
Patent rights and intellectual property	20% - 33%
Software Licenses	20%

4.10.3 TRADEMARK

The brands recognized in the Group Consolidated Financial Statements were obtained through business combination transactions since the Group's establishment in 2018 and are represented mainly by the brands "FLOS", "B&B", Maxalto", "Arclinea", "Louis Poulsen" and "Lumens".

Brands have been assessed as having an indefinite useful life (and, therefore, it is not subject to the depreciation process), as:

- play a priority role in the Group's strategy and are a primary value driver;
- the company structure, in its concept of organized material goods and organization itself in a broad sense, is strongly related and dependent on the diffusion and development of brands in the markets;
- Trademarks are owned and are correctly registered and constantly protected from a regulatory point of view, with options for renewing legal protection when registration periods expire, according to applicable laws;
- the products marketed by the Group under these brands are not subject to particular technological obsolescence, as is also characteristic for the "luxury" market in which the Group operates, and indeed, are perceived by the market as constantly innovative and trendy, so as to become models to imitate or to be inspired;

- the brands are characterized, in the national and/or international context, by a market positioning and notoriety that ensures their pre-eminence in the respective market segments being constantly associated and compared to the brands of absolute reference.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

4.11 FINANCIAL ASSETS

A financial instrument is any contract originating a financial asset for an entity and a financial liability or an equity instrument for another entity.

i) Financial assets

Initial recognition and measurement

At the time of initial recognition, financial assets are classified, according to the case, on the basis of the subsequent measurement procedures, i.e. at amortized cost, at fair value recognised in other comprehensive income OCI and at the fair value recognised in the income statement.

The classification of financial assets at the time of initial recognition depends on the characteristics of the contractual cash flows of the financial assets and on the business model used by the Group for their management. Except for trade receivables that do not contain a significant financing component or for which the Group applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value recognised in the income statement, the transaction costs. Trade receivables that do not contain a significant financing component or for which the Group applied the practical expedient are measured at the price of the transaction determined according to IFRS 15. Please refer to the paragraph of the accounting principles Revenue from contracts with customers.

For a financial asset to be classified and measured at amortized cost or at fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest on the amount of the principal to be repaid ('solely payments of principal and interest (SPPI)'). This assessment is indicated as SPPI test and it is carried out at the instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for the management of financial assets refers to the way in which it manages its own financial assets to generate cash flows. The business model determines whether the cash flows will derive from the collection of contractual cash flows, from the sale of financial assets or from both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

The purchase or the sale of a financial asset that requires its delivery within a time interval generally established by regulation or market convention (standardized or regular way trade) is recognised at the trade date, i.e. the date on which the Group commits to purchase or sell the asset.

Subsequent measurement

For the purposes of the subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value recognised in the statement of comprehensive income with recycling of cumulated gains and losses (debt instruments);
- Financial assets at fair value recognised in the statement of comprehensive income without recycling cumulated gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following requirements are met:

- the financial asset is held within the scope of a business model whose objective is possession of financial assets directed at the collection of contractual cash flows and
- the contractual terms of the financial asset provide at determined dates cash flows represented solely by payments of the principal and of the interest on the amount of the principal to be repaid.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or revalued.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instrument assets at fair value recognised in the statement of comprehensive income if both of the following conditions are met:

- the financial asset is held within the scope of a business model whose objective is achieved both through the collection of contractual cash flows and through the sale of the financial assets and
- the contractual terms of the financial asset provide at determined dates cash flows represented solely by payments of the principal and interest determined on the amount of the principal to be repaid.

For debt instruments measured at fair value through OCI, interest income, changes due to exchange differences and impairment losses, together with reversals, are recognised in the income statement and they are calculated in the same way as the financial assets measured at amortized cost. The remaining changes in fair value are recognised in OCI. At the time of derecognition, the cumulative change in fair value recognised in OCI is reclassified in the income statement.

Debt instruments of the Group measured at fair value through OCI comprise the investments in listed debt instruments included in the other non-current financial assets.

Investments in equity instruments

Upon initial recognition, the Group may irrevocably elect to classify its equity related investments as equity instruments recognised at fair value through OCI when they meet the definition of equity instruments in accordance with IAS 32 "*Financial instruments: Presentation*" and are not held for trading. The classification is determined for each individual instrument.

The gains and losses achieved on these financial assets are never recycled to profit or loss. Dividends are recognised as other revenue in the income statement when the right to payment is established, except when the Group benefits from these proceeds as a recovery of part of the cost of the financial asset, in which case these gains are recognised in OCI. Equity investments recognised at fair value through OCI are not subjected to impairment testing.

The Group elected to classify its unlisted equity investments in this category.

Financial assets at fair value through profit and loss.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category comprises assets held for trading, assets designated upon first recognition as financial assets at fair values with changes recognised in the income statement, or the financial assets that must mandatorily be measured at fair value. Assets held for trading are all assets acquired for their sale or their repurchase in the short term. Derivatives, including non-embedded ones, are classified as financial instruments held for trading, unless they are designated as effective hedging instruments. Financial assets with cash flows not represented solely by payments of principal and interest are classified and measured at fair value recognised in the income statement, regardless of the business model. In spite of the criteria for debt instruments to be classified at amortized cost or at fair value recognised in OCI, as described above, debt instruments can be recorded at fair value recognised in the income statement at the time of initial recognition if this entail the elimination or the significant reduction of an accounting mismatch.

Financial instruments at fair value with changes recognised in the income statement are recorded in the statement of financial position at fair value and net changes in fair value recognised in the statement of profit/(loss) for the year.

This category includes the derivative instruments and the listed equity investments the Group has not chosen to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit/(loss) for the year when the right to the payment has been established. An embedded derivative contained in a hybrid non-derivative contract, in a financial liability or in a non-financial host contract, is separated from the host contract and accounted for as a separate derivative, if: its economic characteristics and the risks associated therewith are not closely related to those of the host contract; a separate instrument with the same terms as the embedded derivative would satisfy the definition as a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value, with changes in fair value recognised in the income statement. A reassessment takes place only if there is a change in the terms of the contract that significantly changes the cash flows otherwise expected or a reclassification of a financial asset to a different category from fair value through profit or loss.

An embedded derivative included in a hybrid contract that contains a financial asset is not separated from the host contract. The financial asset together with the embedded derivative is classified internally as a financial asset at fair value recognised in the income statement.

Derecognition

A financial asset (or, when applicable, part of a financial asset or part of a group of similar financial assets) is derecognized primarily (e.g., removed from the statement of financial position of the Group) when:

- the rights to receive the cash flows from the assets are extinguished, or
- the Group has transferred to a third party the right to receive cash flows from the asset or assumed the contractual obligation to pay them in full and without material delay under a pass-through arrangement and (a) transferred substantially all risks and benefits of the ownership of the financial asset, or (b) did not transfer or retained substantially all the risks and benefits of the asset, but it transferred control thereof.

If the Group transferred the rights to receive cash flows from an asset or executed an agreement whereby it maintains the contractual rights to receive the cash flows of the financial asset, but it assumes a contractual obligation to pay the cash flows to one or more beneficiaries (pass-through), it assesses whether and to which extent it maintained the risks and the benefits inherent to possession. If it did not transfer or retain substantially all risks and benefits or it did not lose control thereon, the asset continues to be recognised in the financial statements of the Group to the extent of its continuing involvement in the asset. In this case, the Group also recognises an associated liability. The transferred asset and the associated liabilities are measured so as to reflect the rights and the obligations that remain with the Group.

When the continuing involvement of the entity is a guarantee on the transferred asset, the involvement is measured on the basis of the lesser between the original carrying amount of the asset and the maximum amount of the consideration received which the entity may have to repay.

Impairment of financial assets

Additional information about the impairment of financial losses is also provided in the note “Discretionary assessments and significant accounting estimates”.

The Group records an allowance for expected credit losses (‘ECL’) for all financial assets represented by debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include the cash flows deriving from the enforcement of the collateral held or of other guarantees on the receivable which are integral to the contractual conditions.

The expected credit losses are recognised in two stages. In relation to the credit exposures for which there was not significant increase of the credit risk from the initial recognition, it is necessary to recognise the losses on receivables that derive from the estimation of default events that are possible within the subsequent 12 months (12-month ECL). For the credit exposures for which there was a

significant increase of the credit risk from initial recognition, it is necessary to fully recognise the expected losses that refer to the residual duration of the exposure, regardless of the time when the default event is forecast to occur ("Lifetime ECL").

For trade receivables and contract assets, the Group applies a simplified approach in the calculation of the expected losses. Therefore, the Group does not monitor changes to the credit risk, but it fully recognises the lifetime expected credit loss at each reporting date. The Group defined a matrix system based on historical information, revised to consider prospective elements with reference to the specific types of debtors and their economic environment, as an instrument for determining the expected losses.

For assets represented by debt instruments measured at fair value through OCI, the Group applies the simplified approach allowed for assets with low credit risk. At each reporting date of the financial statements, the Group assesses whether the debt instrument has a low credit risk using all the available information that can be obtained without excessive costs or efforts. In carrying out the assessment, the Group monitors the credit rating of the debt instrument.

The financial assets represented by debt instruments held by the Group measured at fair value through OCI comprise exclusively listed bonds classified in the best categories of credit rating and, hence, they are considered investments with low credit risk. The Group's policy is to measure the expected losses on a 12-month basis on these instruments. However, when a significant increase of the credit risk occurred, the Group fully recognises the lifetime expected credit losses.

The Group considers a financial asset to be in default when the contractual payments have been past due for 90 days. In some cases, the Group can also consider that a financial asset is in default when internal or external information indicate that it is improbable that the Group will fully recover the contractual amounts before considering the guarantees on the credit held by the Group. A financial asset is written off when there is no reasonable expectation of recovery of the contractual cash flows.

4.12 FINANCIAL LIABILITIES

Recognition and initial measurement

Financial liabilities are classified, at the time of the initial recognition, among financial liabilities at fair value through profit or loss, among mortgages and loans, or among derivatives designated as hedging instruments.

All financial liabilities are initially recognised at fair value to which are added, in the cases of mortgages, loans and payables, the transaction costs directly attributable thereto.

The financial liabilities of the Group comprise trade payables and other payables, borrowings and loans, including current account overdrafts and derivative financial instruments.

Subsequent measurement

The assessment of financial liabilities depends on their classification, as described above:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise liabilities held for trading and financial liabilities initially designated at fair value through profit or loss.

Liabilities held for trading are all those assumed with the intention of extinguishing them or transferring them in the short term. This category also includes the derivative financial instruments entered into by the Group which are not designated as hedging instruments in a hedging relationship defined by IFRS 9. Embedded derivatives, separated from the main contract, are classified as financial instruments held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit/(loss) for the year.

Financial liabilities are designated at fair value with changes recognised in the income statement from the date of initial recognition, only if the criteria of IFRS 9 are met. At the time of the initial recognition, the Group did not designate financial liabilities at fair value through profit or loss.

Financial liabilities at amortised cost (Loans and borrowings)

This category is the most significant for the Group. After the initial recognition, loans are measured with the amortized cost criterion using the effective interest rate method. Gains and losses are recognised in the income statement when the liability is extinguished, as well as through the amortization process.

The amortized cost is calculated taking into account any discount or premium on the acquisition and the fees or costs that are an integral part of the effective interest rate. Amortization at the effective interest rate is included among financial expenses in the statement of profit/(loss). This category generally includes interest-bearing borrowings and loans.

Derecognition

A financial liability is written off when the obligation underlying the liability is discharged or cancelled or expires. If an existing financial liability is replaced by another one of the same lender, at substantially different conditions, or the conditions of an existing liability are substantially modified, this exchange or modification is treated as the derecognition the original liability, accompanied by the recognition of a new liability, with recognition in the statement of profit/(liability) of the year of any differences between the respective carrying amounts.

Offsetting of financial instruments

A financial asset and liability can be offset and the net balance is reported in the consolidated statement of financial position, if there is a current enforceable legal right to offset the amounts recognised in the financial accounts and there is the intention to settle on a net basis, or realising the asset and concurrently extinguishing the liability.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as: forward foreign exchange contracts, interest rate swaps and forward commodity acquisition contracts to cover respectively, its own currency exchange rate risks, the interest rate risks and the commodity price risks. These derivative financial

instruments are initially recognised at fair value at the date on which the derivative contract is entered into and, subsequently, they are again measured at fair value. Derivatives are recorded as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For hedge accounting purposes, there are three types of hedges:

- fair value hedging in case of hedge of the exposure against changes of the fair value of the asset or liability recognised or unrecorded irrevocable commitment;
- cash flow hedging in case of hedge of the exposure against the variability of the cash flows attributable to a particular risk associated with all assets or liabilities recognised or to a highly probable planned transaction or the foreign currency risk on unrecorded irrevocable commitment;
- hedge of a net investment in a foreign management.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023)

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments.:

Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Following the implementation of these changes, the Group has provided additional information on its financing agreements for supplies.

4.13 INVENTORIES

Inventories are measured at the lower amount between the cost and the value of presumable net realisation.

The costs incurred to bring each good to the current place and conditions are recognised as follows:

- the cost of inventories is based on the weighted average cost method, with the exception of the LP Group that measures inventories with the FIFO (first-in/first-out)criteria;
- the cost of production is determined including all costs directly attributable to the products, general production costs, defined on the basis of the normal production capacity, excluding the financial expenses.

The LP method does not generate significant differences with respect to the weighted average cost method.

For the part of inventory deemed no longer usable economically, or with an assumed realisation value that is lower than the cost recognised in the financial statements, a dedicated write-down provision is allocated.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

4.14 IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of each fiscal year, the Group assessed the existence of any indicators of asset impairment losses. In this case, or in cases requiring an annual impairment test, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of the fair value of the asset or cash-generating unit, net of selling costs, and its value in use. The recoverable value is determined by individual asset, except when the asset generates cash flows that are not broadly independent of those generated by other assets or groups of assets. If the carrying amount of an asset is greater than its recoverable amount, the asset has undergone an impairment and it is consequently written down to its recoverable amount.

In assessing the value in use, the Group discounts the estimated future cash flows to their present value using a discount rate before taxes, which reflects current market assessments of the time value of money and the risks specific to the asset. In calculating fair value net of selling costs, recent transactions carried out on the market are taken into account. If these transactions cannot be identified, an adequate valuation model is used. These calculations are supported by appropriate valuation multipliers, prices of listed equities whose securities are traded on the market, and other available fair value indicators.

The Group bases its impairment test on detailed budgets and forecast calculations, prepared separately for each cash-generating unit of the Group to which individual assets are allocated. These budges and forecast calculations cover a period of 6 years, of which 5 characterized by an analytical development of the plan and the remaining "transactional period" year characterized by a synthetic construction based on the application of a year-on-year growth rate. The decision to adopt a plan period of more than 5 years is aimed at representing the development actions implemented by management and their recoverability.

For acquisitions occurred in proximity to the end of the year, the group could determine the recoverable value calculating the fair value of the asset to be valued.

Impairment losses of operating assets, including the impairment losses of inventories, are recognised in the statement of profit/(loss) for the year in the cost categories consistent with the destination of the asset that underwent the impairment loss. Fixed assets previously revalued are an exception, if the revaluation was recognised among the other comprehensive income. In these cases, the impairment loss is in turn recognised among the other comprehensive income up to the previous revaluation.

For assets other than goodwill, at each reporting date the Group assesses the existence of any indications that the previously recognised impairment losses no longer apply (or were reduced) and, if there are such indications, it estimates the recoverable amount of the asset or of the CGU. The value of an asset that was previously written down may be restored only if there were changes in the assumptions on which the calculation of the determined recoverable value was based, subsequent to the recognition of the last impairment loss. The write-back may not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognised in previous years. The reversal is recognised in the statement of profit/(loss) for the year unless the asset is recognised at the revalued amount, in which case the reversale is treated as a revaluation increase.

The following criteria are used to account for impairment losses relating to specific types of assets:

4.14.1 GOODWILL

Goodwill is subjected to impairment test at least annually at December 31.

The impairment of goodwill is determined by evaluating the recoverable value of the cash-generating unit to which the goodwill is attributable. Where the recoverable value of the cash-generating unit is less than the carrying value of the cash-generating unit to which the goodwill has been allocated, an impairment loss is recognized. The reduction in the value of goodwill cannot be reversed in future years.

4.14.2 TRADEMARKS

Intangible assets with an indefinite useful life (in this case, the brands "FLOS", "B&B Italia", “Maxalto","Arclinea","Louis Poulsen" and "Lumens") were subjected to impairment testing annually at December 31.

4.15 CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS

Cash and cash equivalents and short-term deposits comprise cash at hand and short-term deposits on demand with a maturity within three months.

For the purposes of representing the consolidated statement of cash flows, cash and cash equivalents are represented by cash as defined above, net of bank overdrafts.

4.16 TREASURY SHARES

Treasury shares repurchased are recognised at cost and deducted from shareholders' equity. The purchase, the sale or sale or cancellation of treasury shares does not give rise to any profit or loss in the income statement. The difference between the acquisition value and the consideration, in case of

reissue, is recognised in the share premium reserve. If options on shares were exercised in the period, they are settled with treasury shares.

4.17 PROVISIONS FOR RISKS AND CHARGES

The Group recognises provisions for risks and charges when:

- it has a legal or implied obligation to third parties, resulting from a past event;
- it is probable that it will become necessary to use the Group's resources to fulfil the obligation;
- a reliable estimate of the amount of the obligation can be obtained.

Provisions are recognised at the present value, if the financial element (or time value) is significantly appreciable, using a discount rate that reflects the specific risks of the liabilities. When discounting is carried out, the increase in the provision due to the passage of time is recognised as a financial expense. Changes in estimates are reflected in the income statement of the period in which the change took place.

4.18 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

The Group operates various defined benefit pension plans, in line with the conditions and practices commonly applied in the countries in which activities are carried out.

Defined benefit pension plans, which also include the "TFR" ("*Trattamento di Fine Rapporto"*) due in Italy to employees pursuant to Article 2120 of the Italian Civil Code, are based on the working life of the employees and on the remuneration received by the employee during a predetermined service period. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

In particular, the liability representing the obligation of the Group companies to their employees is recorded in the financial statements based on the actuarial value of the same, as it qualifies as a defined benefit plan. Recognition of defined benefit plans in the financial statements requires the estimate using actuarial techniques of the amount of benefits accrued by employees in exchange for services performed in the current and previous years and the discounting of these benefits in order to determine the present value of the commitments of the Group companies. The present value of these commitments is determined using the "Projected Unit Credit Method". This method, which falls within the more general ambit of the techniques relating to the so-called "accrued benefits", considers each period of service provided by the workers at the company as a right to an additional unit: the actuarial liability must therefore be quantified on the basis of the only on the basis of the past service period at the valuation date; therefore, the total liability is usually re-proportioned based on the ratio between the years of service accrued at the reference date of the valuations and the total length of service estimated at the time envisaged for the payment of the benefit. Furthermore, the aforementioned method provides for the consideration of future salary increases, due to any cause (inflation, career, contractual renewals, etc.), up to the time of termination of the employment relationship.

The cost accrued during the year in relation to defined benefit plans and recorded in the income statement under personnel expenses is equal to the sum of the average present value of the rights accrued by workers present for the services performed during the year and the annual interest accrued on the present value of the Group companies' obligations at the beginning of the year, calculated using the discount rate of future payments used to estimate the liability at the end of the previous year. The actuarial gains and losses express the effects of the differences between the previous actuarial assumptions and what actually occurred and the effects of the changes in the actuarial assumptions. These actuarial gains and losses are recognized in the statement of comprehensive income.

In Italy, following the Complementary Pension Reform, as amended by the 2007 Finance Law and subsequent Decrees and Regulations issued in the first months of 2007, starting from 1 January 2007, the maturing TFR will be allocated to pension funds, the treasury fund set up at INPS or, in the case of

companies with fewer than 50 employees, may remain in the company in the same way as in previous periods. Employees had the right to choose the destination of their severance pay up to June 30, 2007.

In this regard, the effects deriving from the new provisions were taken into account, for the purposes of IAS 19 only the liability relating to the accrued severance indemnities remaining in the company is recognized, since the portion accruing, from 2007, is destinated to alternative pension schemes or is paid to a treasury account set up at INPS, depending on the choice made by each individual employee.

In relation to this, the destination of the accruing portions of the severance indemnity to pension funds or INPS means that a portion of the accruing severance indemnity is classified as a defined-contribution plan since the company's obligation is represented exclusively by the payment of contributions to the pension fund or INPS. The liability relating to previous severance indemnities continues to represent a defined benefit plan to be measured in accordance with the actuarial assumptions.

4.19 SHARE-BASED PAYMENTS

Certain employees of the Group, including senior executives, receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognized in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not considered when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement is non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

5 CHANGES IN ACCOUNTING POLICIES AND DISCOSURES

5.1 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2024, except for the adoption of new standards effective as of January 1, 2025, described at chapter 4. The Group has not early adopted any new standard, interpretation or amendment that has been issued but is not yet effective.

5.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after January 1, 2027, with early application permitted.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

Amendments to IFRS 9 and FRS 7: Classification and Measurement of Financial Instruments
On May 30, 2024, the IASB issued the changes to the classification and measurement of financial instruments and clarifies that a financial liability is derecognized on the "settlement date", i.e. when the related obligation is discharged, cancelled, expires or when the liability is otherwise qualified for derecognition. The amendment also introduces an accounting policy option to eliminate financial liabilities settled through an electronic payment system before the settlement date, if certain conditions are met. Clarifications have been provided on how the contractual characteristics of the cash flows of financial assets are assessed, which include environmental, social and governance (ESG)

characteristics and other similar contingent characteristics. In addition, the amendments clarify the treatment of financial assets without the right of recourse and contractually linked instruments.

The amendment to IFRS 7 requires additional disclosure for financial assets and liabilities with contractual terms that refer to a contingent event (including those that are related to ESG factors) and for equity instruments classified at fair value through other comprehensive income.

The changes will come into force starting from the financial years starting from 1 January 2026 or later. Entities may adopt changes to the classification of financial assets and related disclosures in advance and apply other changes at a later date.

The new requirements will be applied retroactively with an adjustment to opening retained earnings. Prior periods are not required to be restated and can only be restated without using hindsight. An entity is required to disclose information about financial The Group is required to disclose information about financial assets that change their measurement category as a result of such changes.

Enhancements to IFRS

On July 18, 2024, the IASB published the Annual Improvements to IFRS – Volume 11, a process that deals with non-urgent, but necessary, clarifications and amendments to IFRSs.

- ***IFRS 1 first time adoption of the International Financial Reporting Standards***
  Hedge Accounting by an entity adopting it for the first time
  Paragraphs B5 and B6 of IFRS 1 have been amended to include cross-references to the qualifying criteria for hedge accounting in paragraphs 6.4.1(a), (b) and (c) of IFRS 9. These amendments are intended to address potential confusion arising from an inconsistency between the wording of IFRS 1 and the requirements for hedge accounting in IFRS 9. The Group will apply the changes for annual periods beginning on or after January 1, 2026. Early application is allowed.

- ***IFRS 7 Financial Instruments: Disclosures***
  Gain or loss in the event of derecognition
  The amendments update the wording for unobservable inputs in paragraph B38 of IFRS 7 and include a cross-reference to paragraphs 72 and 73 of IFRS 13 Fair Value Measurement.
  The Group will apply the changes for annual periods beginning on or after January 1, 2026. Early application is allowed.

- ***Guidelines for the implementation of IFRS 7 Financial instruments: disclosures***
  Introduction
  The amendments to paragraph IG1 of the IFRS 7 Implementation Guidelines clarify that the guidelines do not necessarily explain all the requirements in the referred paragraphs of IFRS 7, nor do they create additional requirements.

  Information on the deferred difference between fair value and transaction price
  Paragraph IG14 of the IFRS 7 Implementation Guidelines has been amended primarily to make the wording consistent with the requirements of paragraph 28 of IFRS 7 and the concepts and terminology used in IFRS 9 and IFRS 13.

  Credit Risk Disclosure
  Paragraph IG20B of the IFRS 7 Implementation Guidelines has been amended to simplify the explanation of which aspects of the IFRS requirements are not shown in the example.

- ***IFRS 9 Financial Instruments***
  Accounting derecognition of lease liabilities by the lessee
  Paragraph 2.1 of IFRS 9 has been amended to clarify that, when the lessee has determined that a lease liability has been settled in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 and recognise any resulting gain or loss in profit or loss. However, the amendment does not address how a lessee distinguishes between a lease change as defined in IFRS 16 and a lease liability extinguishment in accordance with IFRS 9.
  The Group will apply the changes for annual periods beginning on or after January 1, 2026. Early application is allowed.

  Transaction price
  Paragraph 5.1.3 of IFRS 9 has been amended to replace the reference to "transaction price as defined in IFRS 15 Revenue from customer contracts" with "the amount determined by applying IFRS 15". The use of the term "transaction price" in relation to IFRS 15 was potentially confusing and therefore was removed. The term has also been deleted from Appendix A of IFRS 9.
  The Group will apply the changes for annual periods beginning on or after anuary 1, 2026. Early application is allowed.

- ***IFRS 10 Consolidated Financial Statements***
  Determination of a "de facto agent"
  Paragraph B74 of IFRS 10 has been amended to clarify that the relationship described in paragraph B74 is only one example of the various relationships that may exist between the investor and other parties acting as the investor's de facto agents. The amendments are intended to remove the inconsistency with the requirement in paragraph B73 for the entity to use the judgment to determine whether other parties are acting as de facto agents.
  The Group will apply the changes for annual periods beginning on or after January 1, 2026. Early application is allowed.

- ***IAS 7 Cash Flow Statement***
  Cost method
  Paragraph 37 of IAS 7 has been amended to replace the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.
  The Group will apply the changes for annual periods beginning on or after January 1, 2026. Early application is allowed.

Amendments to IFRS 9 and FRS 7: Contracts Referring to Nature-Dependent Electricity

On December 18, 2024, the IASB issued amendments to IFRS 9 and IFRS 7 with reference to contracts relating to nature-dependent electricity. The amendments clarify the application of the requirements for own use and allow for hedge accounting if such contracts are used as hedging instruments.

In addition, new disclosure requirements have been added to allow investors to understand the effect of these contracts on a company's financial performance and cash flows.

Clarifications on "own use" requirements should be applied retroactively, but guidelines allowing for hedge accounting should be applied prospectively to new hedging relationships designated on or after the date of initial application.

The changes will come into force starting from the financial years starting from January 1, 2026 or later. Early adoption is allowed, but it must be indicated.

6 DISCRETIONARY VALUTATIONS AND SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's consolidated financial statements requires directors to make discretionary valuations, estimates and assumptions that influence the reported amounts of revenues, expenses, assets and liabilities and the related disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

6.1 SIGNIFICANT JUDGMENT IN DETERMINING THE DURATION OF THE LEASING OF CONTRACTS THAT CONTAIN AN EXTENSION OPTION

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period (i.e., three to five years). The Group typically exercises its option to renew these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Furthermore, Management considers all the facts and circumstances that create an economic incentive to exercise the renewal options. The renewal options are in fact included in the overall duration of the leasing contract only if it is reasonably certain that the option itself will be exercised. The assessment made regarding renewal options is reviewed only if a material event occurs that affects that valuation and is within the control of the lessee.

6.2 JUDGMENETS

In applying Group accounting standards, the directors made decisions based on the following discretionary valuations (excluding those entailing estimates) with a significant effect on the amounts recorded in the financial statements.

6.3 ESTIMATES AND ASSUMPTIONS

Illustrated below are the assumptions pertaining to the future and the other main causes of uncertainty in the estimates that, as at the end of the financial year, present the relevant risk of giving rise to significant adjustments of the accounting values of the assets and liabilities within the following year. The Group based its estimates and assumptions on parameters available at the time of preparation of the consolidated financial statements. However, the current circumstances and assumptions on the future development could be modified because of changes in the market or of events outside the Group's control. If these changes take place, they will be reflected in the assumptions.

6.3.1 IMPAIRMENT OF NON-FINANCIAL ASSETS

An impairment occurs when the carrying amount of an asset or of a cash-generating unit exceeds its recoverable value, which is the higher amount between the fair value net of selling costs and its value

in use. Fair value net of selling costs is the amount obtainable from the sale of an asset or of a cash-generating unit in an orderly transaction between informed and willing parties, minus the costs of the disposal. The calculation of the value in use is based on a discounted cash flow model. Cash flows are derived from the budget of the four subsequent years and do not include restructuring activities for which the Group has not yet committed or significant future investments that will increase the results of the assets comprising the cash-generating unit being measured. The recoverable value depends markedly on the discount rate used in the discounted cash flow model, as well as on cash flows expected in the future and on the growth-rate used for extrapolation.

Given the uncertainties in place, it is important to provide detailed information on the assumptions made, the evidence on which they are based and the impact of changing key assumptions (sensitivity analysis). Given the level of intrinsic risk and the variability of judgments and estimates, the disclosure on the key assumptions used and the assessments made to estimate the recoverable value plays a fundamental role. Management assesses the key assumptions used to determine the recoverable amount for the different CGUs. The key inputs used in the models with reference to the determination of value in use and fair value less cost to sell are reviewed to determine any impact.

Following the impairment test carried out, as per paragraph “Other Intangible asset” impairments been recognized by the Group.

6.3.2 PROVISION FOR EXPECTED CREDIT LOSSES (ECL) OF TRADE RECEIVABLES AND CONTRACT ASSETS

The Group uses a provision matrix to calculate ECLs for trade receivables and contractual assets. The allocation rates are based on the days overdue for each class of customers grouped in the various segments that have similar historical loss patterns (e.g., by geographic area, type of product, type of customer, rating and guarantees). The Group calibrates the matrix to refine the historical data on credit losses with forecast elements.

Evaluating the correlation between historical default rates, expected economic conditions and ECLs is a significant estimate. The amount of ECL is sensitive to changes in circumstances and anticipated economic conditions. The historical experience on the trend of the Group's credit losses and the forecast of future economic conditions may not be representative of the actual insolvency of the customer in the future.

6.3.3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND CRITERIA

The Group’s main financial liabilities comprise borrowings, loans and other payables. The main objective of these financial liabilities is financing the operational activities of the Group. The Group’s principal financial assets include trade and non-trade receivables, other receivables, cash and cash equivalents and short-term deposits that originate directly from the operating activities.

The Group is exposed to market risk (interest and exchange rate risk), to credit risk and to liquidity risk. Group management is tasked with managing these risks. The Board of Directors reviews and approves the management policies of each of the risks summarized below.

6.3.4 INTEREST RATE RISK

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will be changed because of changes in market interest rates. The Group’s exposure to the risk of changes in market interest rates is related firstly to long-term debt with variable interest rate. The sensitivity analysis shows how a change in interest rates equal to +100bps and -100 bps on the portion of the variable interest rate of the Senior Secured Floating Rate Notes (Euro 550 million) would lead to a change in the pre-tax result not exceeding Euro 5.5 million.

6.3.5 EXCHANGE RATE RISK

The exchange rate risk is the risk that the fair value or the future cash flows of an exposure will be changed because of changes in exchange rates. The Group’s exposure to the risk of changes in the exchange rates refer mainly to the operating activities of the Group (when the revenue or costs are denominated in a foreign currency) and to the Group’s net investments in foreign subsidiaries.

Although the Group has a strong international connotation, use of the Euro as a transactional currency for most transactions almost eliminates the risk tied to exchange rate changes. The Group is mainly

exposed for positions denominated Euro, Danish Krone, Yen and US Dollar; The sensitivity analysis on exchange rates did not lead to any effects deemed significant on the Group's economic and financial values.

The Group is also exposed to exchange risk due to the translation into euros of its foreign operations.

6.3.6 CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations tied to a financial instrument or to a commercial agreement, thus leading to a financial loss. The Group is exposed to the credit risk deriving from its operating activities (mostly for trade receivables) and including deposits with banks and financial institutions.

The credit risk correlated to commercial counterparties is managed by the individual subsidiaries and monitored by the relative Group Administrative Offices. The Group has no significant credit risk concentrations. However, procedures are in place to ensure that sales of products and services are carried out to customers with high reliability, taking into account their financial position, past experience and other factors. Credit limits on main customers are based on internal and external valuations on the basis of thresholds approved by the head offices of the individual countries. Use of credit limits is monitored periodically.

The currently existing customer list comprises the main market players, with maximum reliability credit ratings. Therefore, no actions to hedge this risk were planned beyond the normal procedures and controls used for credit risk management. The trade receivables overdue beyond 12 months is negligible.

6.3.7 FINANCIAL INSTRUMENTS AND BANK DEPOSITS

Concerning the credit risk relating to the management of financial resources and cash, the risk is monitored by the Group Administrative Office, which implements procedures directed at ensuring the Group companies have dealings with high, safe profile independent counterparties.

6.3.8 LIQUIDITY RISK

The Group monitors the risk of a lack of liquidity using a liquidity planning tool.

The tables below summarises the maturities of the Group's financial commitments:

June 30, 2026	maturity			
	Carrying amount	**Within 1 year**	**From 1 to 2 years**	**From 3 to 5 years**
Short-Term Bond	**-**	-		
Short-Term bank loan	**21.351**	21.351	-	-
Interest on financial liabilities	**5.939**	71.000	71.000	213.000
Short-Term payables to other lenders	**0**	0	-	-
Long-Term Bond	**890.000**	-	-	890.000
Long-Term bank loan	**1.049**	-	-	1.049
Long-Term payables to other lenders	**1.200**	-	-	1.200
Total lease liability	**51.413**	16.408	16.408	18.597
Interest on lease liability (IFRS16)	**-**	2.309	2.309	6.927
Total Group's financial commitments 2026	**970.952**	**111.068**	**89.717**	**1.130.773**

December 31, 2025	maturity			
	Carrying amount	**Within 1 year**	**From 1 to 2 years**	**From 3 to 5 years**
Short-Term Bond	**-**	-	-	-
Short-Term bank loan	**30.685**	30.685	-	-
Interest on financial liabilities	**5.901**	75.000	75.000	225.000
Short-Term payables to other lenders	**0**	0	-	-
Long-Term Bond	**890.000**	-	-	890.000
Long-Term bank loan	**1.335**	-	-	1.335
Long-Term payables to other lenders	**1.200**	-	-	1.200
Total lease liability	**67.299**	17.579	17.579	32.142
Interest on lease liability (IFRS16)	**-**	5.386	5.386	16.159
Total Group's financial commitments 2025	**996.421**	**128.650**	**97.965**	**1.165.836**

6.4 COMMITMENTS AND RISKS

6.4.1 GUARANTEES AND COMMITMENTS

Following the subscription of the Bonds, the following real guarantees summarized below have been subscribed:

- Pursuant to a pledge agreement on current accounts of Flos B&B Italia S.p.A. (formerly International Design Group S.p.A.), originally signed on November 22, 2018, as confirmed and extended pursuant to certain confirmatory and extending acts signed on May 19, 2021, on July 12, 2023, on November 20, 2023 and December 17, 2024, a pledge on certain current accounts constituted by Flos B&B Italia S.p.A., as security, inter alia, for the loan agreement of Euro 145 million signed on November 9, 2018 (as subsequently amended and supplemented from time to time, most recently amended pursuant to an additional facility notice executed on December 17, 2024), the bond loan of Flos B&B Italia S.p.A. of an original amount of Euro 425,000,000 issued on November 16, 2023 (now reduced to Euro 340,000,000 as a result of the partial repayments made on December 17, 2024 and February 18, 2025, respectively), and of the bond loan of Flos B&B Italia S.p.A. of Euro 550,000,000 issued on December 17, 2024, in favour of, inter alios, UniCredit S.p.A., as agent representing the secured creditors provided for therein;
- Pursuant to a deed of assignment as security of the inter-group receivables arising from, inter alia, the inter-group financings entered into by Flos B&B Italia S.p.A., as financing company, and, respectively, Flos S.p.A., B&B Italia S.p.A. and Luminous Designs Investments ApS, each as a borrower, originally entered into on December 17, 2018, as confirmed and extended pursuant to certain confirmatory and extended deeds executed on May 19, 2021, July 12, 2023, November 20, 2023 and December 17, 2024, an assignment of receivables made by Flos B&B Italia S.p.A. to secure, inter alia, the Euro 145,000,000 financing agreement originally entered into on November 9, 2018 (as subsequently amended and supplemented from time to time, most recently amended pursuant to an additional facility notice executed on December 17, 2024), the Flos B&B Italia S.p.A. bond loan of an original amount of Euro 425,000,000 issued on November 16, 2023 (now reduced to Euro 340,000,000 as a result of the partial repayments which occurred, respectively, on December 17, 2024 and February 18, 2025), and of the bond loan of Flos B&B Italia S.p.A. of Euro 550,000,000 issued on December 17, 2024, in favour of, inter alios, UniCredit S.p.A., as agent with representation of the secured creditors provided for therein;
- Pursuant to a deed of assignment of intercompany receivables arising from, inter alia, intercompany financing agreements entered into by Flos B&B Italia S.p.A., as lender, and Lumens, Inc., as borrower, originally entered into on June 17, 2021, as confirmed and extended pursuant to certain confirmatory and extended deeds executed on July 12, 2023, November 20, 2023 and December 17, 2024, an assignment of intercompany receivables effected by Flos B&B Italia S.p.A. to secure, inter alia, the Euro 145,000,000 financing agreement originally entered into on November 9, 2018 (as subsequently amended and supplemented from time to time, most recently amended pursuant to an additional facility notice entered into on December 17, 2024), the Flos B&B Italia S.p.A. bond originally in the amount of Euro 425,000,000 issued on November 16, 2023 (now reduced to Euro 340,000,000 as a result of the partial repayments made on December 17, 2024 and February 18, 2025, respectively), and the Flos B&B Italia S.p.A. bond. of Euro 550,000,000 issued on December 17, 2024 in favour of, inter alios, UniCredit S.p.A., as agent representing the secured creditors provided for therein;
- Pursuant to a deed of pledge on shares of Flos S.p.A., originally executed on December 17, 2018, as confirmed and extended pursuant to certain confirmatory and extended deeds executed on June 5, 2019, June 17, 2021, July 12, 2023, December 14, 2023 and January 15, 2025, a pledge on shares of Flos S.p.A. constituted by Flos B&B Italia S.p.A, as security for, inter alia, the Euro 145,000,000 financing agreement originally executed on November 9, 2018 (as subsequently amended and supplemented from time to time, most recently amended pursuant to an additional facility notice executed on December 17, 2024), the bond loan of Flos B&B Italia S.p.A. of an original amount of Euro 425,000,000 issued on November 16, 2023 (now reduced to Euro 340,000,000 as a result of the partial repayments which occurred, respectively, on December 17, 2024 and February 18, 2025) and of the bond loan of Flos B&B

Italia S.p.A. of Euro 550,000,000 issued on December 17, 2024, in favour of, inter alios, UniCredit S.p.A., as agent with representation of the secured creditors provided for therein;

- Pursuant to a deed of pledge on shares of B&B Italia S.p.A., originally executed on December 17, 2018, as confirmed and extended pursuant to certain confirmatory and extended deeds executed on June 17, 2021, July 12, 2023, December 14, 2023 and January 15, 2025, a pledge on shares of B&B Italia S.p.A., constituted by Flos B&B Italia S.p.A., to secure, inter alia, the Euro 145,000,000 financing agreement originally executed on November 9, 2018 (as subsequently amended and supplemented from time to time, most recently amended pursuant to an additional facility notice executed on December 17, 2024), the Flos B&B Italia S.p.A. bond loan of an original amount of Euro 425,000,000 issued on November 16, 2023 (now reduced to Euro 340,000,000 as a result of the partial repayments which occurred, respectively, on December 17, 2024 and February 18, 2025), and of the bond loan of Flos B&B Italia S.p.A. of Euro 550,000,000 issued on December 17, 2024 in favour of, inter alios, UniCredit S.p.A., as agent with representation of the secured creditors provided for therein;
- Pursuant to a deed of pledge on shares of Luminous Designs Investments ApS originally executed on December 17, 2018, as amended pursuant to certain amending deeds executed on June 17, 2021, December 14, 2023 and January 15, 2025, a pledge on the share capital of Luminous Designs Investments ApS, constituted by Flos B&B Italia S.p.A., to secure, inter alia, the Euro 145,000,000 financing agreement originally executed on November 9, 2018 (as subsequently amended and supplemented from time to time, most recently amended pursuant to an additional facility notice executed on December 17, 2025), the bond loan of Flos B&B Italia S.p.A. of an original amount of Euro 425,000,000 issued on November 16, 2023 (now reduced to Euro 340,000,000 as a result of the partial repayments which occurred, respectively, on December 17, 2024 and February 18, 2025), and of the bond loan of Flos B&B Italia S.p.A. of Euro 550,000,000 issued on December 17, 2024 in favour of, inter alios, UniCredit S.p.A., as agent with representation of the secured creditors provided for therein; Pursuant to a deed of pledge on the share capital of Lumens Inc., originally executed on August 5, 2021, as amended pursuant to an amending deed executed on December 14, 2023, December 17, 2024 and January 15, 2025, a pledge on the share capital of Lumens Inc., constituted by Flos B&B Italia S.p.A., to secure the Euro 145,000,000 financing agreement originally executed on November 9, 2018 (as subsequently amended and supplemented from time to time, most recently amended pursuant to an additional facility notice executed on December 17, 2024), the Flos B&B Italia S.p.A. bond loan. of an original amount of Euro 425,000,000 issued on November 16, 2023 (now reduced to Euro 340,000,000 as a result of the partial repayments which occurred, respectively, on December 17, 2024 and February 18, 2025), and of the bond loan of Flos B&B Italia S.p.A. of Euro 550,000,000 issued on December 17, 2024 in favour of, inter alios, UniCredit S.p.A., as agent with representation of the secured creditors provided for therein;
- Pursuant to a deed of pledge on shares of the indirect investee Louis Poulsen A/S, originally executed on February 19, 2019, as amended and ratified on June 17, 2021, on December 14, 2023, on December 17, 2024 and on January 15, 2025, a pledge on shares of Louis Poulsen A/S, consisting of, inter alios, Luminous Designs Investments ApS (formerly Luminous Designs Denmark ApS), as security for the Euro 145,000,000 financing agreement originally executed on November 9, 2018 (as subsequently amended and supplemented from time to time, most recently amended pursuant to an additional facility notice executed on December 17, 2024), of the bond loan of Flos B&B Italia S.p.A. of an original amount of Euro 425,000,000 issued on November 16, 2023 (now reduced to Euro 340,000,000 as a result of the partial repayments which occurred, respectively, on December 17, 2024 and February 18, 2025), and of the bond loan of Flos B&B Italia S.p.A. of Euro 550,000,000 issued on December 17, 2024 in favour of, inter alios, UniCredit S.p.A., as agent with representation of the secured creditors provided for therein; - Pursuant to a deed of pledge on shares of the indirect investee Antares Iluminacion S.A.U., originally executed on February 19, 2019, as extended and ratified on June 17, 2021, on December 14, 2023, on December 17, 2024 and on January 15, 2025, a pledge on the shares of Antares Iluminacion S.A.U., constituted by Flos S.p.A., as security for the Euro 145,000,000 financing agreement originally executed on November 9, 2018 (as subsequently amended and supplemented from time to time, most recently amended pursuant to an additional facility notice executed on December 17, 2024), of the bond loan of Flos B&B Italia S.p.A. of an original amount of Euro 425,000,000 issued on November 16, 2023 (now reduced to Euro 340,000,000 as a result of the partial repayments which occurred, respectively, on

December 17, 2024 and February 18, 2025), and of the bond loan of Flos B&B Italia S.p.A. of Euro 550,000,000 issued on December 17, 2024 in favour of, inter alios, UniCredit S.p.A., as agent with representation of the secured creditors provided for therein.

It should also be noted that the shares of Flos B&B Italia S.p.A. are also pledged, pursuant to a deed of pledge signed on November 22, 2018 (as confirmed and extended by virtue of certain confirmatory and extensive deeds of pledge on shares of Flos B&B Italia S.p.A., signed on December 17, 2018, on May 19, 2021, on July 12, 2023, on November 20, 2023 and on December 17, 2024), a pledge on the shares of Flos B&B Italia S.p.A., constituted by the sole shareholder Flos B&B Italia Group S.p.A., to guarantee, inter alia, the financing agreement of Euro 145,000,000.00 signed on 9 November 2018 (as subsequently amended and supplemented from time to time, most recently amended under pursuant to an additional facility notice executed on December 17, 2024), the bond loan of Flos B&B Italia S.p.A. of an original amount of Euro 425,000,000 issued on November 16, 2023 (now reduced to Euro 340,000,000 as a result of the partial repayments made on December 17, 2024 and February 18, 2025, respectively) and the bond loan of Flos B&B Italia S.p.A. of Euro 550,000,000 issued on December 17, 2024 and, in favour of, inter alios, UniCredit S.p.A., as agent representing the secured creditors provided for therein.

Furthermore, it is specified that the Euro 145,000,000 financing agreement signed on November 9, 2018 (as subsequently amended and supplemented from time to time, most recently amended pursuant to an additional facility notice signed on December 17, 2024) and the Flos B&B Italia S.p.A. bond loan originally for Euro 425,000,000 issued on November 16, 2023 (now reduced to Euro 340,000,000 as a result of the partial repayments which occurred, respectively, on December 17, 2024 and February 18, 2025) and the Flos B&B Italia S.p.A. bond loan of Euro 550,000,000 issued on December 17, 2024 are also guaranteed by certain corporate personal guarantees (guarantees), under the terms and conditions set out in the financing agreement and in the documents relating to the Bond Issues.

6.5 CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to maximize shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. The Group's long-term bonds and bank loans do not include financial covenants entailing direct events of default.

To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, defined as net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 40% and 60%.

Net debt includes interest-bearing loans and borrowings and trade and other payables, less cash and short-term deposits, excluding discontinued operations.

	June 30 2026	December 31 2025
Cash and short term deposit	**(47.218)**	**(73.565)**
Current financial liabilities	**23.806**	**33.230**
Long-Term Bond	890.000	890.000
Long-Term bank loan	1.049	1.335
Long-Term payables to other lenders	1.200	1.200
Amortized costs	(8.005)	(9.759)
Non-current financial liabilities	**884.244**	**882.776**
Net Debt excluding lease liabilities	**860.832**	**842.441**
Total lease liabilities	**51.413**	**67.299**
Trade payables	105.947	135.622
Advance from Customers	62.736	50.473
Supplier Finance Arrangements	8.262	6.627
Current Tax liabilities	18.840	18.014
Other Current Liabilities	29.349	36.812
Trade payables and other debts	**225.134**	**247.548**
Net Debt	**1.137.379**	**1.157.288**
Total Equity	916.108	922.442
Total equity and net debt	**2.053.487**	**2.079.731**
Gearing ratio	***55%***	***56%***

6.6 FAIR VALUE MEASUREMENT

The following table provides the hierarchy of fair value measurement for the Group's assets and liabilities:

Carrying amount and the fair value hierarchy June 30, 2026	Total 2026	*Fair value* level 1	*Fair value* level 2	*Fair value* level 3
Financial assets	**71.941**	**47.218**	**-**	**24.723**
Investments in joint ventures and associates	24.723	-	-	24.723
Cash and Short-Term deposits	47.218	47.218	-	-
Loans and receivables	**83.585**	**-**	**-**	**83.585**
Trade and other receivables	79.678	-	-	79.678
Non current financial assets and other non current assets	3.907	-	-	3.907
Assets held for disposal	418.832	-	-	418.832
Assets held for disposal	418.832	-	-	418.832
Liabilities held for disposal	86.579	-	-	86.579
Liabilities held for disposal	86.579	-	-	86.579
Financial liabilities	**1.136.428**	**884.244**	**-**	**252.185**
Trade Payables, advances and supplier finance arr.	176.945	-	-	176.945
Current financial liabilities	23.806	-	-	23.806
Current lease liabilities	16.408	-	-	16.408
Non-current lease liabilities	35.005	-	-	35.005
Other non current liabilities	22	-	-	22
Non-current financial liabilities	884.244	884.244	-	-

Carrying amount and the fair value hierarchy December 31, 2025	Total 2025	*Fair value* level 1	*Fair value* level 2	*Fair value* level 3
Financial assets	**98.183**	**73.565**	**-**	**24.617**
Investments in joint ventures and associates	24.617	-	-	24.617
Cash and Short-Term deposits	73.565	73.565	-	-
Loans and receivables	**97.495**	**-**	**-**	**97.495**
Trade and other receivables	91.267	-	-	91.267
Non current financial assets and other non current assets	6.227	-	-	6.227
Assets held for disposal	-	-	-	-
Assets held for disposal	-	-	-	-
Liabilities held for disposal	-	-	-	-
Liabilities held for disposal	-	-	-	-
Financial liabilities	**1.176.251**	**882.776**	**-**	**293.475**
Trade Payables, advances and supplier finance arr.	192.722	-	-	192.722
Current financial liabilities	33.230	-	-	33.230
Current lease liabilities	17.579	-	-	17.579
Non-current lease liabilities	49.721	-	-	49.721
Other non-current liabilities	224	-	-	224
Non-current financial liabilities	882.776	882.776	-	-

The Management verified that the fair value of cash and cash and cash equivalents and short-term deposits, of trade receivables and payables, of bank overdrafts and of other current liabilities approximates the carrying amount because of the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is reported in the amount for which the instrument could be traded in a current transaction between willing parties, instead of in a forced sale or in a liquidation. To estimate fair value, the following methods and the following assumptions were used:

- Long-term receivables and loans, both fixed rate and floating rate, are measured by the Group on the basis of parameters such as interest rates, specific risk factors for each Country, the individual credit rating of each customer and the risk characteristics of the financial project. Based on this evaluation, the provisions for the expected losses on these receivables are recognised in the accounting records.
- The fair value of listed securities and bonds is based on the quoted price at the date of the financial statements. The fair value of unlisted instruments, such as loans from banks or other financial liabilities, obligations deriving from financial leases or as other non-current financial liabilities, is estimated through the discounting of future cash flows applying the current rates available for payables with similar terms, such as the credit risk and the remaining maturities. In addition to being sensitive to reasonably possible changes of the expected cash flows or of the discount rate, the fair value of equity instruments is also sensitive to reasonably possible changes of the growth rates. The valuation requires the use, by the Management of non-observable input data, illustrated previously. The Management regularly defines a range of reasonably possible alternatives for these significant non observable input data and it determines their impact on total fair value.

6.7 SEGMENT INFORMATION

IFRS 8, “Operating Segments”, requires detailed information to be provided for each operating segment that makes up the business. An operating segment is defined as a business division whose operating results are regularly reviewed by top management to adopt decisions to allocate appropriate resources to the segment and assess its performance.

The Group has the following operating segments: B&B Italia, Maxalto, Arclinea, FLOS, Louis Poulsen, Fendi Casa, Lumens and AUDO which have similar characteristics and strategy, allow them to be aggregated, with similar-medium-long term financial performance. In addition, the Group's strategy was more focused on seeking commercial synergies between brands (eg “shop-in-shop”) and on strengthening distribution based on single-channel, rather than on single-brand development.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CURRENT ASSETS

7 CASH AND SHORT-TERM DEPOSITS

Cash and Short-Term deposits are detailed as follow:

Cash and cash equivalents	June 30 2026	December 31 2025
Bank and postal accounts	45.308	71.728
Cheques	-	-
Cash and cash equivalents in hand	95	87
Restricted bank deposits	1.815	1.751
Total	**47.218**	**73.565**

For a comprehensive overview of the Group's cash inflows and outflows during the period, please refer to the Consolidated Cash Flow Statement.

8 TRADE RECEIVABLES

Trade receivables, net and the breakdown by geographic areas are reported below:

Trade Receivables	June 30 2026	December 31 2025
Trade receivables - Third parties	75,160	87,708
Trade receivables - Related parties	(276)	149
Allowance for bad and doubtful debts	(6,135)	(5,817)
Total	**68,749**	**82,040**

Allowance for bad and doubtful debts	June 30 2026
Opening balance	**(5,817)**
Change in consolidation area	165
Utilized	(137)
Reversal	155
Increases	(485)
Exchange differences	(16)
Closing balance	**(6,135)**

Third parties trade receivables are broken down by maturity (this amount does not consider the allowance for bad and doubtful debts):

Trade receivables broken down by maturity

	June 30 2026	Current	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue 90-120	Past due more than 120 days
Italy	20.838	19.949	87	357	113	(92)	424
EEC	29.495	22.017	2.505	821	381	329	3.441
Non-EEC	24.827	17.541	1.871	486	234	859	3.835
Total	**75.160**	**59.506**	**4.464**	**1.663**	**728**	**1.097**	**7.700**

	December 31 2025	Current	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue 90-120	Past due more than 120 days
Italy	22.421	20.858	868	433	22	19	221
EEC	27.035	20.849	3.588	743	564	167	1.125
Non-EEC	38.251	23.814	5.923	1.171	550	1.365	5.428
Total	**87.708**	**65.521**	**10.379**	**2.347**	**1.136**	**1.551**	**6.773**

Overdue trade receivables are regularly monitored. The Group considers the allowance for bad and doubtful debts, amounting to approximately Euro 6.1 million as of June 30, 2026, adequate to cover potential losses on overdue receivables in the foreseeable future. Receivables overdue by more than 60 days amounted to approximately Euro 9.5 million, in line with December 31, 2026, confirming a stable overall risk profile.

9 INVENTORIES

Inventories can be broken down as follows:

Inventories	**June 30 2026**	**December 31 2025**
Materials, auxiliaries and consumables	54,990	62,876
Work in progress and semi-finished goods	30,453	37,019
Finished products	56,487	67,619
Allowance for obsolete and slow-moving inventories	(19,678)	(23,804)
Total	**122,252**	**143,710**

Allowance for obsolete and slow-moving inventories	**June 30 2026**
Opening balance	**(23,804)**
Change in consolidation area	4,485
Utilization	129
Increase, net reversal	(405)
Exchange rate difference	(82)
Closing balance	**(19,678)**

Inventories related to the discontinued entities amounted to Euro 31.2 million, mainly attributable to Louis Poulsen. On a continuing operations basis, the inventory balance at June 30, 2026 mainly reflects normal seasonal patterns and the phasing of contract project deliveries. Inventory associated with signed contract projects remained on hand at the reporting date and is expected to be delivered and shipped during the second half of the year.

10 TAX CURRENT ASSETS

Tax current assets	June 30 2026	December 31 2025
Receivables for paid tax advances	2.122	1.496
VAT receivable	3.159	3.794
Receivables for withholding taxes	15	(0)
Tax receivables for fiscal consolidation and other	2.536	4.027
Total	**7.832**	**9.317**

11 OTHER CURRENT ASSETS

Other current assets amounted to Euro 10.9 million, compared to Euro 9.2 million as of December 31, 2025. This item primarily includes advance payments to suppliers and other prepayments, such as maintenance fees, software usage fees, and services related to intellectual property registrations.

NON-CURRENT ASSETS

12 GOODWILL

The breakdown of goodwill is shown below:

	FLOS Group	B&B Italia Group	Louis Poulsen Group	LUMENS	Designers Company Group	**Total**
Opening Balance	**369.641**	**374.981**	**201.654**	**104.745**	**93.722**	**1.144.742**
Change in consolidation area	-	-	(201.505)	-	-	**(201.505)**
Impairment	0	-	-	-	(8)	**(8)**
Exchange differences	(0)	0	(148)	3.352	(112)	**3.091**
Other Increase/decrease/reclass	-	-	-	-	-	**-**
Closing Balance	**369.641**	**374.981**	**(0)**	**108.097**	**93.602**	**946.321**

Following the signing of the agreement for the sale of Louis Poulsen on June 11, 2026, the related goodwill has been reclassified as part of the disposal group held for sale in accordance with IFRS 5 and is therefore presented in the "Changes in consolidation area" row of the table above. No additional goodwill has been allocated during the period.

Changes compared to December 31, 2025 are solely related to exchange rate movements, as goodwill relating to Louis Poulsen, Designers Company (AUDO), and Lumens was recognized, for PPA purposes, in their respective local currencies (DKK and USD). As a result, goodwill fluctuates in line with exchange rate variations against the Euro.

In accordance with IAS 36, goodwill is not amortized and is tested for impairment at least annually. The most recent impairment test was performed as of December 31, 2025. During the period, FLOS experienced a revenues' reduction compared to the expected performance. Management is closely monitoring the evolution of the business and the related future performance assumptions. In light of the ongoing review of the business plan, which will incorporate the latest developments and updated market expectations, management will perform the impairment assessment of the relevant cash-generating unit, including goodwill and trademarks, as part of the annual impairment test as of December 31, 2026. Any potential impairment adjustment resulting from the updated assessment will be recognized in the annual financial statements, if required.

13 BRANDS AND OTHER INTANGIBLE ASSETS

Brands and other intangible assets are broken down as follows:

	TRADEMARK	DEVELOPMENT COSTS	PATENTS AND INTELLECTUAL PROPERTY RIGHTS	CONCESSIONS, LICENSES AND OTHER INTANGIBLE ASSETS	**TOTAL BRANDS AND OTHER INTANGIBLE ASSETS**
Historical costs	630.995	68.260	55.655	68.880	**823.789**
Accumulated depreciation	(27.175)	(52.743)	(41.444)	(51.963)	**(173.325)**
Net book value December 31 2025	**603.820**	**15.516**	**14.211**	**16.917**	**650.464**
Historical costs	509.279	46.015	62.285	47.916	**665.495**
Accumulated depreciation	(27.421)	(36.358)	(45.548)	(37.420)	**(146.748)**
Net book value June 30 2026	**481.857**	**9.657**	**16.737**	**10.496**	**518.747**

Changes in Net Book value for the year are as follows:

	TRADEMARK	DEVELOPMENT COSTS	PATENTS AND INTELLECTUAL PROPERTY RIGHTS	CONCESSIONS, LICENSES AND OTHER INTANGIBLE ASSETS	**TOTAL BRANDS AND OTHER INTANGIBLE ASSETS**
Opening balance	**603.820**	**15.516**	**14.211**	**16.917**	**650.464**
Change in consolidation area	(122.529)	(5.808)	-	(4.190)	**(132.527)**
Additions	69	2.372	2.586	1.897	**6.925**
Disposal	-	(136)	(3)	138	**(0)**
Depreciations & write-off	(309)	(2.011)	(1.911)	(1.815)	**(6.045)**
Exchange differences	1.339	(5)	23	263	**1.619**
Other movements	(534)	(272)	1.830	(2.714)	**(1.689)**
Closing Balance	**481.857**	**9.657**	**16.737**	**10.496**	**518.747**

Following the signing of the agreement for the sale of Louis Poulsen on June 11, 2026, the related trademark has been reclassified as part of the disposal group held for sale in accordance with IFRS 5 and is therefore presented in the "Changes in the scope of consolidation" row of the table above. Consequently, the remaining trademarks refer to:

- “FLOS”, equal to approximately Euro 234 million (Euro 234 million at December 31, 2025);
- “B&B”, "Maxalto” and “Arclinea” equal to approximately Euro 201 million (Euro 201 million at December 31, 2025);
- “Lumens” (YDesign Group) equal to approximately Euro 47 million (Euro 46 million at December 31, 2025).

Trademarks are considered to have an indefinite useful life and are therefore not amortized but tested for impairment at least annually, or whenever impairment indicators arise. The considerations described above in relation to FLOS also apply to the related trademark. The impairment assessment will be updated as part of the annual impairment test as of December 31, 2026, based on the revised business plan and the latest available assumptions.

Other intangible assets

Development costs mainly include personnel expenses related to product development activities carried out within the Group. These costs are amortized over three years. Investments in the period were

primarily related to the enhancement of IT systems and digital channels, including the e-commerce platform.

Patents and intellectual property rights mainly comprise costs incurred for patent registrations, software development, and the creation of e-commerce websites.

Concessions, licenses, trademarks and other intangible assets mainly include investments made by the FLOS Group and the B&B Italia Group (primarily Arclinea) in the upgrade and implementation of their ERP systems.

14 PROPERTY, PLANT AND EQUIPMENT

Property, Plant and equipment are broken down as follows:

	LAND AND BUILDINGS	PLANT AND MACHINERY	LEASEHOLD IMPROVEMENTS	INDUSTRIAL AND COMMERCIAL EQUIPMENT	OTHER ASSETS	WORK IN PROGRESS AND ADVANCES	**TOTAL PROPERTY, PLANT AND EQUIP.**
Historical costs	117.548	78.934	41.572	73.944	21.780	1.796	**335.574**
Accumulated depreciation	(49.597)	(66.785)	(27.807)	(67.491)	(17.774)	-	**(229.453)**
Net book value December 31 2025	**67.951**	**12.149**	**13.765**	**6.453**	**4.007**	**1.796**	**106.122**
Historical costs	117.373	49.549	37.999	73.925	23.079	3.567	**305.491**
Accumulated depreciation	(50.406)	(42.582)	(26.193)	(68.899)	(18.341)	-	**(206.422)**
Net book value June 30 2026	**66.967**	**6.967**	**11.806**	**5.026**	**4.737**	**3.567**	**99.070**

Changes in Net Book value for the year are as follows:

	LAND AND BUILDINGS	PLANT AND MACHINERY	LEASEHOLD IMPROVEMENTS	INDUSTRIAL AND COMMERCIAL EQUIPMENT	OTHER ASSETS	WORK IN PROGRESS AND ADVANCES	**TOTAL PROPERTY, PLANT AND EQUIP.**
Opening balance	**67.951**	**12.149**	**13.765**	**6.453**	**4.007**	**1.796**	**106.122**
Change in consolidation area	68	(3.859)	(1.662)	(1.338)	(23)	(153)	**(6.967)**
Additions	279	923	1.051	894	968	2.009	**6.123**
Disposal	-	-	-	-	-	-	**-**
Depreciations & write-off	(1.071)	(1.571)	(1.455)	(1.078)	(766)	-	**(5.941)**
Exchange differences	23	5	235	6	71	(0)	**340**
Other movements	(282)	(681)	(128)	88	481	(86)	**(607)**
Closing Balance	**66.967**	**6.967**	**11.806**	**5.026**	**4.737**	**3.567**	**99.070**

For the main investments of the period please refer to the financial review, that reports a split by groups.

The other movements relate to a reclassification between intangible and tangible assets, in order to properly report the classification of the assets.

15 RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group has existing leases covering land and buildings, plants and machinery, vehicles and other equipment that are used in operational activities. Land and construction leases generally last between 2 and 24 years, plant and machinery leases generally last between 2 and 8 years, while those for vehicles and other equipment generally last between 2 and 5 years.

The Group's liabilities relating to these leasing agreements are guaranteed by the title of the landlord's property on the leased assets. Generally, the Group may not in turn lease the leased assets to third parties and certain contracts require the group to comply with certain liquidity indices. There are many leasing agreements that include options for renewal and cancellation and variable payments that are best described below.

The Group also has certain leases for machinery whose lifespan is 12 months or less and office equipment whose value is modest. The group has chosen for these contracts to apply the exemptions provided by IFRS16 for short-term or low-value assets.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL & COMMERCIAL EQUIPEMENT	OTHER ASSETS	**TOTAL RIGHT OF USE ASSET**
Historical costs	127.592	5.434	2.296	6.375	**141.697**
Accumulated depreciation	(74.289)	(3.787)	(1.739)	(4.177)	**(83.992)**
Net book value December 31 2025	**53.302**	**1.647**	**558**	**2.198**	**57.705**
Historical costs	100.341	877	(0)	6.174	**107.392**
Accumulated depreciation	(59.040)	(93)	(0)	(4.475)	**(63.608)**
Net book value June 30 2026	**41.301**	**784**	**(0)**	**1.699**	**43.784**

Changes in Net Book value for the year are as follows:

	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL & COMMERCIAL EQUIPEMENT	OTHER ASSETS	**TOTAL RIGHT OF USE ASSET**
Opening balance	**53.302**	**1.647**	**558**	**2.198**	**57.705**
Change in consolidation area	(16.232)	(884)	-	(50)	**(17.166)**
Additions	9.325	348	0	(0)	**9.674**
Decreases (terminated contracts)	-	-	-	-	**-**
Depreciations	(6.628)	(326)	(0)	0	**(6.954)**
Exchange differences	533	(1)	(2)	(5)	**526**
Other movements	1.000	0	(556)	(443)	**0**
Closing Balance	**41.301**	**784**	**(0)**	**1.699**	**43.784**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

Current and Non-current Lease Liability	June 30 2026
Opening balance	**67.299**
Change in consolidated area	(19.731)
Increases, including renewals (leases modification)	9.674
Decreases (terminated contracts)	-
Interests	1.732
Payments	(8.249)
Exchange rate difference	688
Closing balance	**51.413**
Current Lease Liability	16.408
Non-current Lease Liability	35.005

Lease liabilities decreased from Euro 67.3 million as of December 31, 2025 to Euro 51.4 million as of June 30, 2026, mainly reflecting the deconsolidation of discontinued operations, partially offset by the renewal of certain lease agreements, primarily in the EMEA region.

16 INVESTMENTS IN PARENT COMPANY

As of June 30, 2026, Flos B&B Italia S.p.A. owns shares in the parent Flos B&B Italia Group S.p.A., representing 2.43% of the share capital, purchased in the past years against a consideration which, subject to yearly update of the relevant fair value amounting to approximately Euro 24.7 million.

17 DEFERRED TAX ASSETS

The breakdown and related changes in deferred tax assets are as follows:

	June 30 2026	Taxes to Income Statement	Exchange rates differences and other minor movements	December 31 2025
Reversal of related expenses for the purchase of equity investments	6.145	2	58	6.084
Inventory margin	2.268	(193)	(0)	2.461
Tax losses carried forward	2.032	(502)	73	2.461
Non-deductible financial charges	4.258	-	78	4.180
Depreciation of tangible assets and amortization of intangible assets	1.636	(198)	29	1.805
Provisions for stock obsolescence	3.516	(225)	4	3.737
Allowance for doubtful debts	1.007	62	1	945
Provisions for employee severance indemnities	1.086	(121)	8	1.199
Allocations to risk provision	2.427	(0)	44	2.382
Remuneration not yet paid	154	(49)	-	203
Other changes	3.885	57	57	3.771
Total	**28.414**	**(1.167)**	**351**	**29.230**

18 OTHER NON-CURRENT ASSETS

Other non-current assets amounted to Euro 3.9 million as of June 30, 2026 (compared to Euro 6.2 million as of December 31, 2025) and mainly comprise approximately Euro 3.5 million of rental deposits paid by Group companies. The decrease compared to December 31, 2025 is primarily attributable to the disposal of the discontinued entities, mainly reflecting rental deposits previously related to Louis Poulsen.

19 ASSETS AND LIABILITIES HELD FOR DISPOSAL

During the first half of 2026, two separate transactions impacted the Group's scope of consolidation and the presentation of these condensed interim consolidated financial statements, both of which have been presented as discontinued operations:

1. on June 11, 2026, the Group announced the sale of its entire shareholding in **Louis Poulsen** to Chr. Augustinus Fabrikker. As the transaction had not yet completed as of June 30, 2026, Louis Poulsen continued to be fully consolidated. In accordance with IFRS 5, its assets and liabilities have been classified as held for sale, while its results for the period have been presented as discontinued operations
2. in addition, following the termination of the **FF Design joint venture with Fendi** on June 30, 2025, the Group's scope of consolidation includes only DQM (Design Quality Manufacturing), an Italy-based company operating exclusively through the wholesale channel, with its remaining activities expected to be completed during the second half of 2026. Accordingly, DQM has also been presented as a discontinued operation.

The main classes of assets and liabilities classified as held for sale, primarily relating to Louis Poulsen and, to a lesser extent, to DQM, are reported below:

Balance Sheet IFRS 5 (Louis Poulsen and DQM)	**June 30 2026**
Cash and Short-Term deposits	7,666
Trade Receivables	14,058
Inventories	31,236
Goodwill	201,505
Brands and other intangible assets	132,527
Property, plant and equipment	6,967
Right-of-use assets	17,166
Other current/non-current assets	7,707
Total Assets	**418,833**
Current/non-current financial liabilities	5,173
Current/non-current liabilities	19,731
Trade payables & Advance from Customers	17,194
Other current/non-current liabilities	44,481
Total Liabilities	**86,579**

SHAREHOLDERS' EQUITY

20 TOTAL SHAREHOLDERS' EQUITY

The equity attributable to the owners of the Group and to non-controlling interests is set forth below:

Equity	June 30 2026	December 31 2025
Share capital	**5.102**	**5.102**
Share premium reserve	978.848	978.848
Legal reserve Flos B&B Italia S.p.A	1.020	1.020
Reserve for shares of the parent company	25.543	25.543
Share premium reserve and other reserve of parent company	**1.005.411**	**1.005.411**
Fair value reserve	(990)	(990)
Translation reserve	326	(4.964)
Cash Flow Hedge Reserve	509	331
Actuarial gain/(loss) reserve	(1.279)	(1.281)
Other reserves	(76.313)	(43.486)
Total Other reserves	**(77.747)**	**(50.390)**
Profit/(Loss) of the period	**(10.356)**	**(32.827)**
Group shareholders' equity	**922.410**	**927.296**
Equity reserves of non-controlling interests	(6.272)	(4.701)
Minority Interest Income/(loss)	(30)	(153)
Equity attributable to non-controlling interests	**(6.301)**	**(4.854)**
Total Shareholders' equity	**916.108**	**922.442**

For further details on the equity flow, please refer to the aforementioned statement.

CURRENT AND NON CURRENT LIABILITIES

21 CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Current and non-current financial liabilities are as follows:

	June 30 2026	December 31 2025
Short-Term Bond	-	-
Short-Term bank loan	21.351	30.685
Interest on financial liabilities	5.939	5.901
Short-Term payables to other lenders	0	0
Short-term amortized costs	(3.484)	(3.356)
Current financial liabilities	**23.806**	**33.230**
Long-Term Bond	890.000	890.000
Long-Term bank loan	1.049	1.335
Long-Term payables to other lenders	1.200	1.200
Long-term amortized costs	(8.005)	(9.759)
Non-current financial liabilities	**884.244**	**882.776**
Financial liabilities, excluding lease liabilities	**908.049**	**916.006**
Current lease liabilities	16.408	17.579
Non-current lease liabilities	35.005	49.721
Lease liabilities (IFRS16)	**51.413**	**67.299**
Total financial liabilities, including lease liabilities	**959.462**	**983.305**

As of June 30, 2026, the Group's total financial liabilities, including IFRS 16 lease liabilities, amounted to Euro 959.5 million, compared to Euro 983.3 million as of December 31, 2025. The net financial position is also impacted by discontinued operations, mainly relating to Louis Poulsen, whose current and non-current lease liabilities amounted to approximately Euro 17 million.

Current financial liabilities decreased from Euro 33.2 million to Euro 23.8 million, mainly due to the repayment of Euro 10 million of Revolving Credit Facility (RCF) drawings. As of the same date, Euro 135 million remained undrawn out of the total available facility of Euro 145 million.

Long-term financial liabilities remained broadly stable compared to December 31, 2025, with the only changes mainly related to the reversal of amortized costs recognized during the period. The completion of the sale of Louis Poulsen, announced on June 11, 2026, is expected to generate proceeds that will be primarily used to reduce the Group's outstanding Notes, resulting in a reduction of financial indebtedness and an improvement in the Group's financial leverage.

The table on the following page provides a breakdown of short-term and long-term loans.

During the period, the Group paid approximately Euro 35 million in interest on loans, mainly related to bonds, compared to Euro 38 million in the corresponding period.

The composition of the financial liabilities is here reported:

Group's company	Current financial Liabilities	Non-current financial Liabilities	Total financial debt	Type of Loan	Cur-rency	Exipiry Date	Interest rate (Euribor + spread)
Arclinea S.p.A.	1.401	-	1.401	term loan	Eur	09/26	Eur. 3m + 4%
Arclinea S.p.A.	400	-	400	term loan	Eur	09/26	Eur. 3m + 2.25%
Arclinea S.p.A.	238	537	775	term loan	Eur	07/29	Eur. 3m + 1.3%
Arclinea S.p.A.	328	512	840	term loan	Eur	12/28	Eur. 3m + 1.25%
Arclinea S.p.A.	500	-	500	term loan	Eur	07/26	3,6%
Arclinea S.p.A.	700	-	700	term loan	Eur	07/26	Eur. 3m + 2.55%
B&B Italia S.p.A.	3.500	-	3.500	term loan	Eur	08/26	2,9%
B&B Italia S.p.A.	500	-	500	term loan	Eur	08/26	3,4%
B&B Italia S.p.A.	500	-	500	term loan	Eur	9/26	3,4%
Designers Company A/S	3.283	-	3.283	term loan	DKK	12/26	4,8%
Flos B&B Italia S.p.A.	4.285	340.000	344.285	Fixed Notes	Eur	11/28	10,0%
Flos B&B Italia S.p.A.	1.419	550.000	551.419	Floating Notes	Eur	12/29	Eur. 3m+3,875%
Flos B&B Italia S.p.A.	10.236	-	10.236	RCF, interests (*)	Eur	05/28	Eur. 3m+3,00%
Flos B&B Italia S.p.A.	(3.484)	(8.005)	(11.489)	Amortized costs	Eur	-	-
Payables to banks and bonds	**23.806**	**883.044**	**906.849**				
Flos B&B Italia S.p.A.	-	1.200	1.200	Other lenders	Eur	na	na
Payables to other lenders	**-**	**1.200**	**1.200**				
Financial liabilities, excl. lease liabilities	**23.806**	**884.244**	**908.049**				
Lease liabilities	**16.408**	**35.005**	**51.413**				
Total Financial Payables, including lease liabilities	**40.214**	**919.249**	**959.462**				

(*) = as of June 30, 2026, the Revolving Credit Facility (RCF) was drawn for €10 million. As of the same date, €135 million remained undrawn out of the total available facility of €145 million.

22 TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

Trade payables and advance from customers	June 30 2026	December 31 2025
Trade payables - third parties	98.279	129.014
Trade payables - related	7.668	6.608
Total Trade payables	**105.947**	**135.622**
Advances from customers	62.736	50.473
Total	**168.683**	**186.095**

The item includes trade payables to suppliers (including accruals for invoices to be received), advances from customers and trade payables to the ultimate parent company. Approximately Euro 17 million of the decrease compared to December 31, 2025 is attributable to the discontinued operation, while the remaining variation mainly reflects normal business seasonality. Advances from customers increased during the period, primarily driven by significant contract projects that are expected to be executed and invoiced during the second half of the year.

The breakdown by maturity of trade payables is detailed as follows (these details below do not include advances from customers):

	June 30 2026	Current	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue 90-120	Past due more than 120 days
Italy	70.909	67.730	993	579	680	216	712
EEC	11.606	11.216	255	70	20	12	33
Non-EEC	23.432	19.856	2.636	169	120	23	628
Total	**105.947**	**98.802**	**3.885**	**817**	**820**	**251**	**1.373**

	December 31 2025	Current	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue 90-120	Past due more than 120 days
Italy	67.383	64.645	1.500	643	75	24	496
EEC	41.468	40.394	525	142	232	7	168
Non-EEC	26.770	19.759	5.504	317	278	277	635
Total	**135.622**	**124.798**	**7.529**	**1.103**	**585**	**307**	**1.299**

23 SUPPLIER FINANCE ARRANGEMENTS

As of June 30, 2026, supplier finance arrangements totaled Euro 8.3 million, representing an increase from Euro 6.6 million as of December 31, 2025. These arrangements encompass both reverse factoring and confirming instruments, reflecting the Group's ongoing efforts to optimize working capital management and strengthen supplier relationships through diversified financing solutions.

24 CURRENT TAX LIABILITIES

The current tax liabilities have the following composition:

Current Tax liabilities	June 30 2026	December 31 2025
Corporate Taxes Payables	5.780	6.598
VAT and indirect taxes	2.098	3.143
Withholding tax	269	56
Tax payables for fiscal consolidation	8.315	6.089
Other taxes	2.379	2.128
Total	**18.840**	**18.014**

25 OTHER CURRENT LIABILITIES

Other current liabilities are mainly related to payables to social security agency and other payables to personnel:

Other current liabilities	June 30 2026	December 31 2025
Payables to social security agency	4.602	5.915
Payables to Employees and Directors	12.291	19.636
Payables for royalties	135	1.966
Other payables	12.321	9.295
TOTAL	**29.349**	**36.812**

26 DEFINED BENEFIT PLANS

Defined benefit plans represent the use and allocations within the year for the Parent Company and by the Italian subsidiaries. The amount of the provision for Employee severance indemnities is net of the amounts allocated to the Complementary Treasury Provision. The changes are as follows:

	Defined benefit plans
Opening balance	**5.375**
Change in consolidation area	(1.938)
Increase	785
Reversal	-
Utilization	(1.098)
Actuarial effect	-
Exchange rate difference	(2)
Closing balance	**3.123**

The measurement of the employee severance indemnity for IAS purposes follows the method of the projection of the present value of the defined benefits obligation with the estimate of the benefits accrued by employees.

27 PROVISIONS FOR RISKS AND CHARGES

The changes in the Provisions for risks and charges are detailed as follows:

	Provisions for pension liabilities and the like	Provision for products warranty	Other provision for risk and charges	Total provisions for risks and charges
Opening balance	**4.848**	**4.149**	**649**	**9.647**
Change in consolidation area	-	(67)	(400)	(467)
Usage	(4)	(67)	492	420
Increases, net of reversal	124	-	55	179
Reclassification	-	77	-	77
Exchange rate difference	-	10	5	15
Closing balance	**4.968**	**4.102**	**801**	**9.871**

The provision for pension liabilities is determined based on an annual actuarial assessment and amounted to Euro 5 million as of June 30, 2026. This includes the supplementary customer indemnity accrued for agents, in accordance with the applicable national collective bargaining agreements. The provision reflects a prudent evaluation of the potential risk related to the termination of agents' mandates as prescribed by law.

The other provisions for risks and charges represent management's best estimate of the maximum expected outflow required to settle liabilities considered probable. Based on all available information at the reporting date, the Group has recognized provisions deemed sufficient to cover potential costs arising from these obligations.

28 DEFERRED TAX LIABILITIES

The breakdown and related changes in deferred tax liabilities are as follows:

Deferred Taxes on:	June 30 2026	Change in consolidation area	Taxes to Income Statement	Exchange rate	other movements	December 31 2025
trademark for PPA	138.545	(26.058)	(38)	383	-	164.258
R&D	844	(1.613)	55	(1)	-	2.402
Other	1.088	(758)	82	1	-	1.764
Total	**140.477**	**(28.429)**	**99**	**383**	**-**	**168.425**

The decrease in deferred tax liabilities during the period is mainly attributable to the discontinued operation and relates primarily to the deferred tax liabilities recognized on the Louis Poulsen PPA following the 2018 acquisition.

29 OTHER NON-CURRENT LIABILITIES

Other non-current liabilities amounted to Euro 22 thousand as of June 30, 2026, compared to Euro 224 thousand as of December 31, 2025. The balance mainly relates to residual non-recurring liabilities.

30 RELATED PARTY DISCOUSURE

Flos B&B Italia S.p.A. and its subsidiaries have joined to the national tax consolidation regime with the ultimate parent company, Flos B&B Italia Group S.p.A. as explained in the paragraph related to Taxation.

Receivables and payables, revenues and expenses between the groups entities and the parent company have been recognized in individual line items in the financial statements schemes.

	Balance sheet								*Profit and loss*		
Jun 30, 2026	Current Assets	Non-current Assets	Investments in Parent Company	**TOTAL ASSETS**	Trade payables	Current Tax liabilities	Non-current liabilities	**TOTAL LIABILITIES**	Revenues	Other costs and charges	Taxation
Flos B&B Italia Group	1.627	-	24.617	**27.691**	7.300	8.315	-	**15.615**	-	**(3.519)**	**(933)**
Related Parties	1.627	-	24.617	**27.691**	7.300	8.315	-	**15.615**	-	**(3.519)**	**(933)**
Dec 31, 2025	Current Assets	Non-current Assets	Investments in Parent Company	**TOTAL ASSETS**	Trade payables	Current Tax liabilities	Non-current liabilities	**TOTAL LIABILITIES**	Revenues	Other costs and charges	Taxation
Flos B&B Italia Group	2.028	2.166	24.617	**28.811**	7.052	6.089	-	**13.141**	-	**(9.982)**	**(1.876)**
Related Parties	2.028	2.166	24.617	**28.811**	7.052	6.089	-	**13.141**	-	**(9.982)**	**(1.876)**

Consolidated Profit or Loss statement

31 REVENUES

Details about Other revenues and income are provided in the following table.

	June 30 2026	June 30 2025
Revenues from contracts with customers	270.179	289.271
Other revenues	169	7.426
Total revenues	**270.348**	**296.697**

The Financial Review describes the Revenues from contracts with customers by group of companies, by brand, geographical area and distribution channel.

32 PURCHASES OF RAW MATERIALS AND CHANGES IN INVENTORIES

The details of Purchases of raw materials and changes in inventories are as follows:

Cost of Sales	June 30 2026	June 30 2025
Purchases of raw materials, semifinished goods, finished products	(73.138)	(82.877)
Purchase of various other materials	(922)	(2.118)
Variation in stocks	8.413	13.511
Write-down/Reversal of inventories	(406)	(1.020)
Total	**(66.053)**	**(72.505)**

33 PERSONNEL COSTS

Details about Personnel costs and the average number of Group employees (FTE – full time equivalent) are broken down as follows:

	June 30 2026	June 30 2025
Salaries and wages	(46.908)	(50.652)
Stock options plans	86	259
Social security contributions	(9.630)	(8.498)
Employee severance indemnities and pension charges	(2.589)	(2.280)
Other personnel costs, including bonus & sales commission	(4.964)	(4.644)
Total	**(64.006)**	**(65.816)**

	June 30 2026	June 30 2025
Executives	64	58
White-collar	1.078	1.107
Blue-collar	454	456
Total	**1.596**	**1.621**

34 SERVICE COSTS

The details of Service costs are as follows:

	June 30 2026	June 30 2025
Contractor work and outsourced production work	(16.534)	(17.495)
Fees, royalties, expenses for advertiving and communication	(30.649)	(31.517)
Transport and customs expenses	(15.236)	(16.256)
Utilities, Maintenance and IT expenses	(8.775)	(8.901)
Advisory services	(4.729)	(4.177)
Statutory Auditors & External Auditors	(643)	(919)
Travel and lodging expenses	(3.119)	(3.523)
Exp. for training, 3rd party personnel, banking and sundry admin. services	(3.926)	(4.009)
Insurances, patents and trademark, telephone and mail expenses	(2.266)	(2.245)
Consultant costs related to business combination	0	(12)
Management Fees	(2.730)	(3.102)
Total	**(88.608)**	**(92.156)**

35 PROVISIONS

The (Accruals)/reversals for the period are below reported:

	June 30 2026	June 30 2025
Provisions for pension liabilities and the like	(124)	(126)
Provision for product warranty	-	(54)
Provision for risk and charges	(55)	(81)
Allowance for bad and doubtful debt	(685)	(643)
Total	**(864)**	**(903)**

36 OTHER COSTS AND CHARGES

The Other costs and charges comprise the following:

	June 30 2026	June 30 2025
Property services	(1.212)	(1.005)
Other services and EDP licence fees	(58)	(233)
Other taxes and duties	(1.242)	(1.335)
Membership and subscriptions included internet	(302)	(317)
Gifts and charitable donations	(255)	(291)
Purchase of office supplies and consumables	(185)	(288)
Other income / expenses	(756)	(1.198)
Cleaning, security and other operating costs	(1.178)	(1.232)
Total	**(5.189)**	**(5.899)**

37 AMORTIZATION, DEPRECIATION AND IMPAIRMENT

The details of Amortization, depreciation and impairment are provided in the following table:

	June 30 2026	June 30 2025
Amortization of intangible assets	(6.045)	(7.634)
Depreciation of tangible assets	(5.791)	(6.885)
Depreciation and impairment of the Right of Use assets	(6.954)	(7.231)
Amortization/Depreciation	**(18.791)**	**(21.749)**
Goodwill impairment	-	-
Intangible assets impairment	-	-
Tangible assets impairment	(149)	(145)
Asset impairment	**(149)**	**(145)**
Total Amortization, depreciation and impairment	**(18.940)**	**(21.894)**

Amortization/depreciation

Amortization and depreciation amounted to Euro 18.8 million, compared to Euro 21.7 million in the same period of the previous year. The decrease is mainly attributable to the revision of the useful lives of tangible and intangible assets carried out by the Group in H2 2025, aimed at harmonizing the approach across all brands in line with the Group's accounting policies.

38 FINANCIAL INCOME AND EXPENSES

	June 30 2026	June 30 2025
Interest income	119	145
Exchange gains realized and unrealized	589	2.035
Financial income	**707**	**2.180**
Interest Expense	(37.101)	(41.024)
Interest Expense on lease Liabilities (IFRS16)	(1.732)	(1.847)
Exchange loss realized and unrealized	(2.736)	(4.706)
Financial expenses	**(41.568)**	**(47.577)**
Total Financial income/(expenses)	**(41.067)**	**(45.166)**

Financial income amounts to Euro 0.7 million, down compared to Euro 2.2 million of the same period of last year that benefitted from the positive contribution of the exchange exchange gains.

Financial expenses amount to Euro 41.6 million, lower than in the same period last year (Euro 47.6 million), and the main components are detailed below:

- Euro 37.1 million of interest expenses (Euro 41 million in the same period of 2025), including:
  - Euro 33.3 million related to accrued interest on both fixed and floating rate bonds (Euro 35.1 million in H1 2025)
  - Euro 2.2 million in interest on revolving credit facilities and other loans, (Euro 6.5 million in H1 2025)
  - Euro 1.6 million related to the amortization of bond issuance costs
- Euro 1.7 million of interest expenses on lease liabilities (IFRS 16 application; Euro 1.8 million in H1 2025)
- Euro 2.7 million of realized and unrealized exchange losses (Euro 4.7 million in H1 2025).

39 TAXATION

	June 30 2026	June 30 2025
Current Taxes	(7.472)	(9.534)
Deferred Taxes	44	(357)
Total	**(7.428)**	**(9.891)**

Income tax expense amounted to Euro 7.4 million for the period, despite the loss before income taxes reported by the Group's continuing operations. This mainly reflects the non-deductibility of interest expenses, the reduced taxable income generated by certain Italian entities and the prudent non-recognition of deferred tax assets on tax loss carry-forwards of certain foreign subsidiaries.

40 DISCONTINUED OPERATIONS

As described in Note 19, during the period the Group reported two discontinued operations: Louis Poulsen, following the signing of the sale agreement on June 11, 2026 (with the transaction still pending completion as of June 30, 2026), and DQM, following the termination of the Fendi Casa license agreement on June 30, 2025, with its remaining activities expected to be completed by the end of 2026.

The main profit or loss figures relating to these discontinued operations are reported below:

Profit and Loss IFRS 5 (Louis Poulsen + DQM)	June 30 2026	June 30 2025
Total revenues	74,291	76,233
Total costs	(54,570)	(58,252)
EBITDA	**19,721**	**17,981**
Total Amortization/depreciation and impairment of assets	(4,377)	(6,626)
Operating result - EBIT	**15,344**	**11,355**
Total Financial Expenses	(907)	(425)
Profit/(loss) before taxes	**14,437**	**10,930**
Income Taxes	(3,016)	(1,737)
Profit/(loss) of the period	**11,421**	**9,194**

41 EVENTS AFTER THE REPORTING PERIOD AND BUSINESS OUTLOOK

As described in the Financial Review, the most significant transaction during the period was the signing of the agreement for the sale of the Group's entire shareholding in Louis Poulsen. As of the date of approval of these condensed interim consolidated financial statements, no material developments have occurred in relation to the transaction compared with those previously described. The completion of the disposal remains subject to customary closing conditions and regulatory approvals and is expected to occur during the second half of 2026.

Other than the above, no events have occurred after June 30, 2026 that would require adjustment to, or disclosure in, these condensed interim consolidated financial statements.

Business Outlook

Following the gradual recovery in order intake experienced during the second half of 2025, trading conditions in the first half of 2026 remained challenging, with demand patterns across several markets continuing to be uneven and visibility on future developments remaining limited.

The Group continues to operate in a highly complex macroeconomic and geopolitical environment, characterized by ongoing geopolitical tensions, persistent volatility in global financial markets, evolving trade policies, and continued uncertainty in certain real estate sectors, which represent important drivers for the high-end design industry. These factors, together with still-cautious consumer and business spending, may continue to affect the pace of market recovery in the near term.

Despite these challenges, the Group remains focused on safeguarding profitability through rigorous cost management, disciplined margin protection initiatives, and continuous operational efficiency improvements. At the same time, it continues to invest selectively in its brands, product innovation, digital capabilities, and distribution network to support sustainable long-term growth and strengthen its competitive positioning.

Given the continuing uncertainty surrounding the global economic outlook and the limited visibility across several key markets, management remains cautious in its assessment of short-term business trends and is not currently in a position to provide reliable forward-looking guidance for the remainder of the year.

Milan, July 30, 2026

On behalf of the Board of Directors

The Chairman of the Board of Directors

Piero Canzani