Flos B&B Italia
WITH A SOLE SHAREHOLDER

Company subject to the direction and coordination of Flos B&B Italia Group S.p.A.
Registered Office: Via dei Mercanti 12 – 20121 Milan, Italy
Registered in the Milan Company Register - Taxpayer ID and registration no. 10462810960

Interim Financial Report
H1 2024
June 30, 2024
(unaudited)

FINANCIAL REVIEW

Introduction

Dear Shareholder,

The audited Consolidated Financial Statements as of June 30, 2024 of Flos B&B Italia (hereafter also as "Group") show an Operating result adjusted of Euro 68.4 million and a net loss of Euro 3 million.

Accounting standards

The unaudited Consolidated Financial Statements of the Group have been prepared in accordance with International Financial Reporting 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.

The unaudited Consolidated Financial statement should be read together with the Annual Report 2023, where the consolidation principles have been reported in detail.

For more details on the accounting standards used to prepare this document, please refer to the Notes to the Consolidated Financial Statements.

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.

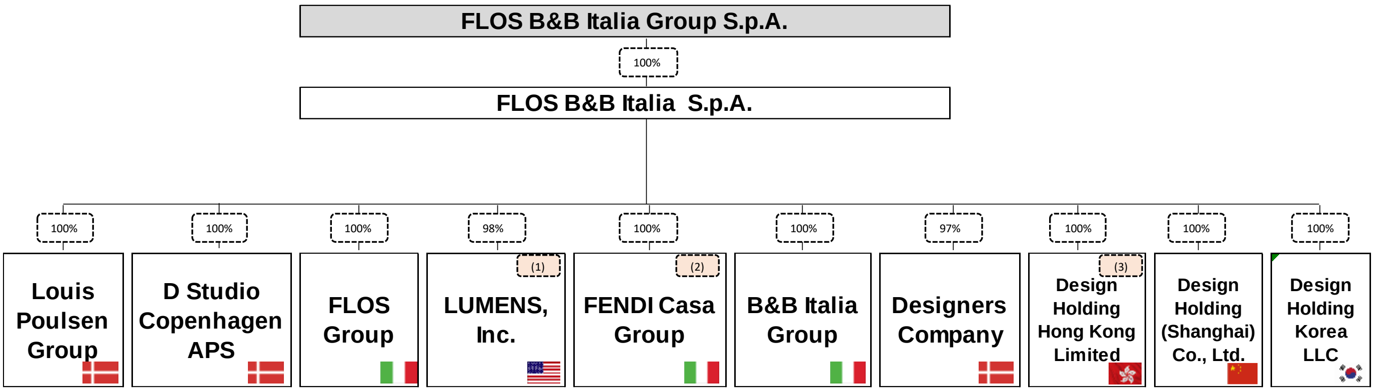
The exchange rates applied in the conversion of the asset and liability balances in currencies other than the Euro at June 30, 2024 and the average rates of the period from January 1, 2024 - June 30, 2024 are as follows:

			June 30, 2024	
Country	**Currency code**	**Currency description**	**Average Exchange rate**	**Exchange rate at the end of the month**
Sweden	SEK	Swedish Krone	11.285	11.360
Norway	NOK	Norwish Krone	11.418	11.397
United Kingdom	GBP	GB Pound	0.846	0.846
USA	USD	US Dollar	1.076	1.071
Canada	CAD	Canadian Dollar	1.475	1.467
Japan	JPY	Japanise Yen	169.813	171.940
Switzerland	CHF	Swiss Franc	0.962	0.963
Hong Kong	HKD	Hong Kong Dollar	8.402	8.359
Rep. Of China	CNY	Chinese Renminbi (Yuan)	7.805	7.775
Denmark	DKK	Danish Krone	7.459	7.458
Singapore	SGD	Singapore Dollar	1.455	1.451
South Korea	KRW	Korean Won	1,485.376	1,474.860

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

The group structure and includes the following consolidated subgroups:

GROUP STRUCTURE



*(1) **Lumens Inc.**: on Jan 1, 2023 Lumens LLC was merged into YDesign Group which in turn merged into IDG Apollo Parent Inc. and at the same time was renamed in LUMENS Inc.*

*(2) **Fendi Casa Group** is composed of several legal entities. Flos B&B Italia owns 100% of DQM (the ownership percentage above reported), while DQM owns 80% of FFD. 20% of FFD is held by Fendi S.r.l.*

*(3) **Design Holding Hong Kong**: company previously included under B&B Italia Group, transferred to Internation Design Group S.p.A. in 2023 (now "FLOS B&B Italia S.p.A."), with direct control (100%).*

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 analyze the results of its operations and its financial position. Although they are used by the Group's management, such measures are not universally or legally defined and are not regulated by the IFRS adopted to prepare these audited Consolidated Financial Statements.

Other companies operating in the same business sector might use the same measures, but with different calculation criteria. For this reason, non-IFRS measures should always be read in conjunction with the related notes, and may not be directly comparable with those used by other companies.

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

CORE BRANDS: are the historical brands of the Group and part of the Group's perimeter since the establishment of the Group in 2018: FLOS, Louis Poulsen and B&B Italia.

EMERGING BRANDS: these are the brands included in the scope of consolidation after the Group was established in 2018 and, at the date of this reporting, are Lumens, FENDI Casa and AUDO (Designers Company).

LIGHTING: all the brands that sell lighting products: FLOS, Louis Poulsen, as well as the sales generated by Lumens, the e-commerce platform whose revenues are mainly represented by lighting products.

FURNITURE: all the brands that sell furniture products: B&B Italia Group (that also includes the Maxalto, Arclinea and Azucena brands), Fendi Casa and AUDO (Designers Company).

NON-RECURRING COSTS AND REVENUES: positive or negative components connected to transactions whose occurrence is non-recurring 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 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, adding back the non-cash items.

Key financials and ratios

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

	June 30 2024	June 30 2023	Change %
Total REVENUES of the Group	**385.214**	**411.313**	**-6,3%**
Adjusted EBITDA	**95.567**	**101.303**	**-5,7%**
OPERATING RESULT - Adjusted EBIT	**68.413**	**75.552**	**-9,4%**
Profit/(loss) of the period	**(3.001)**	**20.215**	**-114,8%**
Profit on total revenues %	*-0,8%*	*4,9%*	
AVERAGE EMPLOYEES (FTE's)	**2.104**	**2.171**	**-3,1%**

	June 30 2024	December 31 2023	Change %
NET OPERATING WORKING CAPITAL	**46.798**	**43.584**	**7,4%**
NET INVESTED CAPITAL	**2.273.812**	**2.273.811**	**0,0%**
NET FINANCIAL DEBT	**(958.700)**	**(959.625)**	**0,1%**
GROUP SHAREHOLDERS EQUITY	**1.126.377**	**1.124.408**	**0,2%**

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.

<u>**Reclassified Income Statement of the Group**</u>	**June 30 2024**	**June 30 2023**
Revenues from contracts with customers	383.439	410.246
Other revenues and income	1.775	1.067
Total Revenues	**385.214**	**411.313**
Purchases of raw materials, semifinished goods, finished products and changes in inventories	(97.852)	(110.536)
Personnel costs	(83.309)	(83.018)
Service costs	(101.394)	(108.553)
Provisions	(242)	(279)
Other costs and charges	(6.850)	(7.624)
Total Costs	**(289.647)**	**(310.011)**
Non-recurring (costs) / revenues impacting EBITDA	(12.250)	(9.956)
EBITDA	**83.317**	**91.347**
Depreciation, amortization and impairment on tangible and intangible fixed assets	(18.583)	(17.582)
Depreciation and write-downs of the Right of Use assets	(8.964)	(8.169)
Amortization depreciation and impairment	**(27.547)**	**(25.751)**
Operating result - EBIT	**55.770**	**65.596**
Financial income	3.423	3.816
Financial charges	(49.851)	(40.759)
Total Financial Expenses	**(46.428)**	**(36.944)**
Profit/(loss) before taxes	**9.342**	**28.652**
Income Taxes	(12.343)	(8.438)
Profit/(loss) of the period	**(3.001)**	**20.215**
Profit/(Loss) for the period, attributable to the Group	(2.773)	21.249
Profit/(Loss) for the period, attributable to minority interest	(228)	(1.034)

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 2024	June 30 2023	Change %
EBITDA	**83.317**	**91.347**	**-8,8%**
Non-recurring costs impacting EBITDA - (1)	**12.250**	**9.956**	**23,0%**
Adjusted EBITDA	**95.567**	**101.303**	**-5,7%**

	June 30 2024	June 30 2023	Change %
Operating result - EBIT	**55.770**	**65.596**	**-15,0%**
Total Non-recurring costs/(revenues) - (1)+(2)	**12.643**	**9.956**	**27,0%**
Operating result - ADJUSTED EBIT	**68.413**	**75.552**	**-9,4%**

	June 30 2024	June 30 2023
Total Non-recurring costs/(revenues) - (1)+(2)	**12.643**	**9.956**
Non-recurring costs impacting EBITDA - (1)	**12.250**	**9.956**
Management fees vs the parent company	5.039	4.812
Group enhancement projects	1.386	2.099
Rebranding	-	287
Severance, termination and recruiting one-off	3.295	3.007
Start up and Ramp-up cost - Dos openings and new business	369	(1.180)
Provision for Inventory, Trade receivables, risks	383	
Reversal of PPA inventories	-	1.013
Other extraordinary expenses	1.777	(81)
Non-recurring costs impacting EBIT - (2)	**393**	**-**
Write-off assets	123	-
Start-up & Ramp-up cost - DOS (Direct Operated stores) openings and new business	270	-

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 are recurring costs, however eliminated to report the real business performance of the brands).

Group enhancement projects are one-off costs to strengthen the Group's organization and system of procedures.

Severance, termination and recruiting one-off costs relate to some exceptional expenses, such as the payment of staff reorganizations, C-Level executives dismissals and related indemnities and other legal costs.

Start-up, ramp-up costs refer to some expenses related to the new openings (i.e. a new DOS in USA).

Provisions for Inventory, trade receivable, risks and other extraordinary expenses refer to a few inventory adjustments due to the new ERP implementation (in FLOS) and other costs non-recurring.

Start-up & Ramp-up cost - DOS (Direct Operated stores) openings and new business mainly refer to rental costs of non-operational stores.

Highlights H1 2024

The Group closed the half of 2024 with a positive order progression versus the same period of last year, while sales are still depressed due to low order collection in H2 2023.

Below is the table of the revenues from contracts with customers by group of companies, geographic areas and sales channels:

	June 30 2024	Inc % on sales	June 30 2023	Inc % on sales	Change	Change %
Revenues by group of companies						
Core brands	302,018	78.8%	331,533	80.8%	(29,515)	-8.9%
Emerging brands	81,421	21.2%	78,713	19.2%	2,708	3.4%
Total	**383,439**	**100%**	**410,246**	**100%**	**(26,807)**	**-6.5%**

	June 30 2024	Inc % on sales	June 30 2023	Inc % on sales	Change	Change %
Revenues by geographical area						
EMEA	234,199	61.1%	253,903	61.9%	(19,704)	-7.8%
AMERICAS	92,547	24.1%	99,753	24.3%	(7,206)	-7.2%
APAC	56,693	14.8%	56,590	13.8%	103	0.2%
Total	**383,439**	**100%**	**410,246**	**100%**	**(26,807)**	**-6.5%**

	June 30 2024	Inc % on sales	June 30 2023	Inc % on sales	Change	Change %
Revenues by channel						
Wholesale	196,532	51.3%	207,820	50.7%	(11,287)	-5.4%
Contract	111,261	29.0%	126,270	30.8%	(15,009)	-11.9%
DOS - Directed Operated Stores	28,571	7.5%	28,371	6.9%	200	0.7%
E-commerce	47,074	12.3%	47,785	11.6%	(711)	-1.5%
Total	**383,439**	**100%**	**410,246**	**100%**	**(26,807)**	**-6.5%**

	June 30 2024	Inc % on sales	June 30 2023	Inc % on sales	Change	Change %
Revenues by Type of goods service						
Lighting	208,481	54.4%	222,789	54.3%	(14,307)	-6.4%
Furniture	174,958	45.6%	187,457	45.7%	(12,499)	-6.7%
Total	**383,439**	**100%**	**410,246**	**100%**	**(26,807)**	**-6.5%**

In H1 2024 the Group reported revenues (revenues from contracts with customers, excluding other income) for Euro 383.4m million, -6.5% versus the same period of 2023. In constant currency and considering Lumens GMV sales the revenues of the Group would contract 4.4%.

Core brands are still reporting an high single digit contraction in sales (-8.9%), however, as said before, the progress in the order trend is visible, especially in Louis Poulsen, the brand that suffered the most in 2023 (despite low single digit down in sales versus the half year 2022). Emerging brands are up versus last year (+3.4%), however benefitting by good progresses of Fendi Casa, while Lumens and Audo are still behind.

In terms of geographical areas EMEA and AMERICAS have struggled due to inflation and interest rates increase that are still negatively influencing the consumer spending. EMEA is negative (-7.8%), while Middle East is performing a strong double digit up vs previous year; all the other main Group's countries suffered, however, the Nordics are less negative compared to last year; AMERICAS contracted as well (-7.2%), while APAC, thanks to a good performance in Q2, is flat vs H1 2023; in APAC China continue to be impacted by-macroeconomic condition, while Japan, Korea and Hong Kong and other few APAC countries are performing well. In term of Orders, the performances are encouraging, with an improving trend in the main regions, including Nordics and Americas, also thanks to a few big contract projects in the North and South America.

Among channels only DOS, benefitting from the new openings and renovation/restyling of 2023, shows a result in line with last year in term of sales, with encouraging order trend that should positively impact H2. E-commerce in H1 was slightly below H1 2023. Lumens is still impacted by the effect of the currency translation and the mix between dropship and stock sales in the Agent view: at GMV, in Usd, Lumens is progressing +4% vs H1 2023; excluding Lumens, the other brand's ecommerce platforms are reporting a double digiti growth (+12%). Wholesale, that still represents half of the Group's turnover, had a contraction of 5.4%, with a positive trend in Q2 2024; in H1 the Contract channel suffered too, reporting a contraction of 11.9%; this was strongly influenced by the timing of some projects, that have slipped to H2: in terms of orders, the contract channel was mid-single digit up versus the same period of last year.

Under these tough market conditions and the consequential decrease in sales, the Group remained focused on its strategy: be the global leader in high-end design. The Group continues to enhance the desirability of its brands, by partnering with world class designers and constantly investing in R&D in order to create durable, beautiful and sustainable products. Moreover the Group continues to pursue the direct-to-consumer journey, placing consumers at the center of all our touchpoints, including DOS, Monobrand, e-commerce websites, expanding our international reach with a focus on North America, China and the Middle East.

Moreover, the Group is managing its financial resources cautiously, limiting all discretionary costs, prioritizing resources allocation to its growth areas. As a consequence of the sales contraction, the H1 2024 adjusted EBITDA was Euro 95,6 million, down 5,7% versus the same period of last year, however with a better adjusted EBITDA margin on revenues from contracts with customers (24,9% vs 24,7%).

The management continues to closely monitor the evolution of the macroeconomic scenario. Over the last few months we have observed a stabilization of the order-in-take trend. The Group, thanks to the strong order backlog, the positive development of the Contract business whose pipeline and related conversion remain strong, is confident on a progressive positive development of the top line in 2024.

Net invested Capital

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

Net Invested Capital	**Notes**	**June 30 2024**	**December 31 2023**
Goodwill		1.310.363	1.307.172
Other intangible fixed assets		667.563	666.825
Property, plant and machinery		118.929	119.462
Right of use assets		74.875	77.495
Net Technical Fixed Assets	**1)**	**2.171.730**	**2.170.953**
Deferred tax assets		27.789	27.753
Investments in parent company		42.593	42.593
Other non-current assets		10.850	8.782
Net Financial Fixed Assets	**2)**	**81.232**	**79.128**
Total non current assets	**3) = (1+2)**	**2.252.962**	**2.250.081**
Trade Receivable		88.490	79.113
Inventories		153.902	148.199
Trade Payables and advance from customers		(195.593)	(183.728)
Net operating working capital	**4)**	**46.798**	**43.584**
Other current assets (excluding items of financial position)		34.406	30.479
Other current liabilities (excluding items of financial position)		(60.354)	(50.333)
Total current assets / liabilites	**5)**	**(25.948)**	**(19.854)**
Operating Working Capital	**6) = (4+5)**	**20.850**	**23.730**
Net Invested Capital	**7) = (3+6)**	**2.273.812**	**2.273.811**
Total Shareholders equity	**8)**	**(1.127.717)**	**(1.126.214)**
Total non-current liabilities (excluding items of NFP)	**9)**	**(187.395)**	**(187.972)**
Cash and cash equivalents		71.912	75.952
Current and non-current financial liabilities		(944.483)	(947.698)
Current and non-current lease liabilities		(86.130)	(87.880)
Total Net Financial deficit	**10)**	**(958.700)**	**(959.625)**
Total Medium/Long Term Finance Sources	**11) = (8+9+10)**	**(2.273.812)**	**(2.273.811)**

Main Investments of the period

As of June 30, 2024, investments amounted to approximately Euro 17 million.

Below is a list of the main investments of the period:

- FLOS Group invested approximately Euro 6 million in the period: Investments in tangible assets refer to the opening of the Flos USA Showroom in Madison, the Flos Japan Showroom and, residually, molds and investments in Flos Design Space Projects. Investments in intangible assets mainly relate to the new ERP (SAP), capitalization of R&D and other IT applications (Microsoft Power BI, and Cyber Security platform).
- B&B Italia Group invested approximately Euro 6 million mainly dedicated to the plants of Novedrate, Misinto and Caldogno, as well as to the development of new products (new moulds) and leasehold improvements for the DOS, especially in US. The intangible assets refer to software (ERP) and R&D capitalization.
- Louis Poulsen Group invested approximately Euro 2 million, mainly research and development activities, dedicated to the development of new products, the extension of shop-in-shop that support the sale of products in the most qualified distribution; the remaining part was also dedicated to the new digital Brand, software&hardware and E-commerce platform.
- The other investment of the emerging brands were mainly related to the development and major enhancement of Lumens websites (front end and back end system), new ERP (SAP) implementation in AUDO, as well as a few other R&D costs capitalized.

Net Financial Position

	June 30 2024	December 31 2023
Cash and short term deposit	**(71.912)**	**(75.952)**
Short-Term bank loan	30.407	35.579
Interest on financial liabilities	10.435	11.200
Other Current financial liabilities	18.057	4
Short-term amortized costs	(3.474)	(3.328)
Current financial liabilities	**55.425**	**43.455**
Long-Term Bond	895.000	895.000
Long-Term bank loan	1.200	-
Long-Term payables to other lenders	1.200	19.335
Long-term amortized costs	(8.342)	(10.092)
Non-current financial liabilities	**889.058**	**904.243**
Net financial debt, excluding lease liabilities	**872.571**	**871.745**
Current lease liabilities	16.362	16.075
Non Current lease liabilities	69.768	71.805
Total lease liabilities	**86.130**	**87.880**
Net financial debt	**958.700**	**959.625**

The net financial debt slightly decrease from Euro 959.6 million at December 31, 2023 to Euro 958.7 million at June 30, 2024. During the H1 2024 the Group paid interests on loans, mainly related to the bonds, for approximately Euro 42 million, while in the corresponding period paid approximately Euro 30 million.

The other current financial liabilities increased to Euro 18.1 million due to the reclassification to short term of the second (and last) deferred payment of the AUDO acquisition, due in January 2025.

For more details on current and non-current liabilities refer to the related paragraph in the notes.

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, 2024, the average Group's staff (full time equivalent) for the period amounted to 2.104 units, of which 611 in Flos, 405 in Louis Poulsen, 690 in B&B Italia Group, 191 in Lumens, 112 in Designers Company Group (AUDO), 64 in Fendi Casa Group and 31 in the DH Shanghai (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, 2024, 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, 2024 to approximately Euro 42,6 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 and events occurred after the reporting period

The complex and uncertain macroeconomic scenario could continue to impact the global economy in 2024. In such an uncertain situation, the management is not in a position to issue a guidance for the coming months.

Flos B&B Italia
WITH A SOLE SHAREHOLDER

Company subject to the direction and coordination of Flos B&B Italia Group S.p.A.
Registered Office: Via dei Mercanti 12 – 20121 Milan, Italy
Registered in the Milan Company Register - Taxpayer ID and registration no. 10462810960

Consolidated Financial Statements

H1 - 2024

June 30, 2024

Consolidated Financial Statements

Consolidated Statement of Financial Position

Balance Sheet	Notes	June 30 2024	December 31 2023
Cash and Short-Term deposits	7	71.912	75.952
Trade Receivables	8	88.490	79.113
Inventories	9	153.902	148.199
Tax current asset	10	19.781	17.139
Other current assets	11	12.613	11.329
Current Assets		**346.698**	**331.732**
Goodwill	12	1.310.363	1.307.172
Brands and other intangible assets	13	667.563	666.825
Property, plant and equipment	14	118.929	119.462
Right-of-use assets	15	74.875	77.495
Investments in parent company	16	42.593	42.593
Deferred tax assets	17	27.789	27.753
Other non-current assets	18	10.850	8.782
Non-Current Assets		**2.252.962**	**2.250.081**
Assets held for disposal	19	2.011	2.011
Total Assets		**2.601.671**	**2.583.824**
Share capital		5.102	5.102
Share premium reserve and other reserves		1.124.048	1.104.096
Profit/(loss) of the period		(2.773)	15.210
Group Shareholders' Equity		**1.126.377**	**1.124.408**
Minority shareholders' equity		1.568	2.963
Profit/(loss) of the period attributable to minority interests		(228)	(1.157)
Equity attributable to non-controlling interests		**1.340**	**1.805**
Total Equity	20	**1.127.717**	**1.126.214**
Current financial liabilities	21	55.425	43.455
Current lease liabilities	21	16.362	16.075
Trade payables	22	136.881	128.106
Advance from Customers	22	58.712	55.622
Current Tax liabilities	23	22.946	12.857
Other Current Liabilities	24	37.408	37.476
Current Liabilities		**327.734**	**293.590**
Non-current financial liabilities	21	889.058	904.243
Non-current lease liabilities	21	69.768	71.805
Defined benefit plans	25	6.287	6.554
Provisions for risks and charges	26	12.020	11.376
Deferred tax liabilities	27	163.549	164.336
Other non-current liabilities	28	5.538	5.707
Non-Current Liabilities		**1.146.220**	**1.164.020**
Total Liabilities		**1.473.954**	**1.457.611**
Liabilities and Shareholders' Equity		**2.601.671**	**2.583.824**

Net Current Assets		**18.964**	**38.142**
Total Assets less current Liabilities		**2.273.937**	**2.290.234**

Consolidated statement of profit or Loss of the period

Profit & Loss	Notes	June 30 2024	June 30 2023
Revenues from contracts with customers		383.494	410.248
Other revenues and income		2.107	3.986
Total revenues	30	**385.601**	**414.235**
Purchases of raw materials, semifinished goods, finished products and changes in inventories	31	(97.977)	(112.072)
Personnel costs	32	(85.716)	(85.260)
Service costs	33	(110.531)	(116.327)
Provisions - (accruals)/reversal	34	(809)	597
Other costs and charges	35	(7.252)	(9.826)
Total Cost		**(302.284)**	**(322.888)**
EBITDA		**83.317**	**91.347**
Amortization depreciation and impairment	36	**(27.547)**	**(25.751)**
Operating result - EBIT		**55.770**	**65.596**
Financial income		3.423	3.816
Financial charges		(49.851)	(40.759)
Total Financial Expenses	37	**(46.428)**	**(36.944)**
Profit/(loss) before taxes		**9.342**	**28.652**
Income Taxes	38	(12.343)	(8.438)
Profit/(loss) of the period		**(3.001)**	**20.215**
Profit/(Loss) for the period, attributable to the Group		(2.773)	21.249
Profit/(Loss) for the period, attributable to minority interest		(228)	(1.034)

Consolidated statement of other comprehensive income (OCI)

	June 30 2024	June 30 2023
Profit/(Loss) of the period	**(3.001)**	**20.215**
A) Items recyclable to P&L:		
Exchange difference on translating foreign currency financial statements	4.599	(6.021)
Total recyclable items	**4.599**	**(6.021)**
B) Items not recyclable to P&L:		
Gain/(Loss) from revaluation on defined benefit plans	-	-
Total not recyclable items	**-**	**-**
TOTAL COMPREHENSIVE INCOME/(EXPENSE), NET OF TAX	**1.598**	**14.193**
Profit/(loss) of the period, attributable to the Group	1.826	15.228
Profit/(loss) of the period, attributable to minority interest	(228)	(1.034)

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, 2022	**5.102**	**1.005.411**	**60.542**	**48.860**	**1.119.916**	**4.109**	**(1.043)**	**3.066**	**1.122.982**
Allocation of previous period result			48.860	(48.860)	-	(1.043)	1.043	-	-
Result for the period				15.210	15.210		(1.157)	(1.157)	**14.053**
Fair value through OCI of investments in equity instruments			2.065		2.065			-	**2.065**
Translation gains/(losses) and other income/(expenses)			(12.966)		(12.966)			-	**(12.966)**
Actual gain & losses			32		32			-	**32**
Total comprehensive profit for the period			**37.991**	**(33.650)**	**4.341**	**(1.043)**	**(114)**	**(1.157)**	**3.184**
Dividends					-	(869)		(869)	**(869)**
Business combination			**194**		194	(153)		(153)	**41**
Share Capital Increase					-	1.120		1.120	**1.120**
Stock option reserve			30		30			-	**30**
Other movements			(73)		(73)	(201)		(201)	**(274)**
Total variations for the period			**151**		**151**	**(103)**		**(103)**	**48**
December 31, 2023	**5.102**	**1.005.411**	**98.685**	**15.210**	**1.124.408**	**2.963**	**(1.157)**	**1.805**	**1.126.214**
Allocation of previous period result			15.210	(15.210)	-	(1.157)	1.157	-	-
Result for the period				(2.773)	(2.773)		(228)	(228)	**(3.001)**
Translation gains/(losses) and other income/(expenses)			4.599		4.599			-	**4.599**
Total comprehensive profit for the period			**19.809**	**(17.983)**	**1.826**	**(1.157)**	**930**	**(228)**	**1.598**
Other movements			143		143	(238)		(238)	**(95)**
Total variations for the period			**143**		**143**	**(238)**		**(238)**	**(95)**
June 30, 2024	**5.102**	**1.005.411**	**118.636**	**(2.773)**	**1.126.377**	**1.568**	**(228)**	**1.340**	**1.127.717**

Consolidated Statement of Cash Flows

	June 30 2024	June 30 2023
Profit/(Loss) of the period	**(3.001)**	**20.215**
Depreciation and impairment of property plant and equipment	8.675	8.744
Amortisation and impairment of intangible assets	9.908	8.838
Depreciation and impairment of right of use assets	8.964	8.169
Financial income	(3.423)	(3.816)
Financial charges	49.851	40.759
Income taxes	12.343	8.438
EBITDA	**83.317**	**91.347**
Financial interests paid	(45.108)	(33.319)
Income taxes paid	(3.271)	(4.876)
Net change in employee severance indemnities and pension funds	-	(214)
Net change in provisions for risks and other charges	622	(1.466)
Net foreign exchange differences and other non cash items	(2.566)	(2.280)
Change in other assets / liabilities current and non-current	**(5.870)**	**(9.277)**
(Increase)/decrease in other non-financial assets	(2.348)	1.885
Increase/(decrease) in tax payables	(3.056)	(2.284)
Increase/(decrease) in other non financial liabilities	(466)	(8.878)
Changes in net working capital:	**(1.730)**	**(22.439)**
(Increase)/decrease in inventories	(2.896)	(10.028)
(Increase)/decrease in trade receivables	(9.754)	971
Increase/(decrease) in trade payables	10.920	(13.381)
NET CASH FLOWS FROM OPERATIONS	**25.393**	**17.476**
Investing activities:		
Acquisition of tangible assets net of disposals	(9.202)	(7.015)
Net investments in intangible assets	(8.030)	(10.794)
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(17.232)**	**(17.809)**
Financing activities:		
Increase/(decrease) in financial payables	(3.972)	(3.450)
Payment of principal portion of lease liability	(8.230)	(6.821)
Share capital increase	-	1.000
Dividends paid to minority interests	-	(708)
CASH FLOW FROM FINANCING ACTIVITIES	**(12.202)**	**(9.979)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(4.040)**	**(10.312)**
Net cash and cash equivalents at the beginning of the period	75.952	88.328
Net cash and cash equivalents at the end of the period	71.912	78.016

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

1 CORPORATE INFORMATION

The Consolidated Financial Statements of Flos B&B Italia (hereafter also as "Group") for the period ended June 30, 2024 has been approved by the Board of Directors on July 31, 2024.

FLOS B&B Italia is a joint stock company, registered and headquartered in Italy, with its registered office in Milan, Via dei Mercanti 12.

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.

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 products 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 exclusive 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.

B&B Italia

Founded in 1966 by Piero Ambrogio Busnelli, B&B Italia stands out for its representation of contemporary culture and for its research and innovation, 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.

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 specializing 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. 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 founded in 1947 by architects Luigi Caccia Dominioni, Ignazio Gardella and Corrado Corradi Dell'Acqua.

The Azucena brand produces and markets a collection that reissues more than 20 iconic products designed by Luigi Caccia Dominioni including the Catilina chair, the ABCD and Toro chairs, the Monachella lamp and the Cavalletto table which 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.

FENDI Casa

In May 2021 the Group and FENDI announced the launch of the partnership Fashion Furniture Design (FF Design) to develop the FENDI Casa business.

This new strategic venture enables FENDI to collaborate with a trusted, skilled partner, to jointly manage its home segment, designing, producing, and distributing collections that reflect the most authentic spirit of the Luxury Maison, as well as the Group's know-how, in a proud celebration of the Made in Italy craftsmanship.

AUDO

(Designers Company)

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

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 dei Mercandi 12, Taxpayer ID and registration n. 10446470964, Chamber of Commerce ID. MI-2532182, incorporated on August 1st, 2018.

In the following table are provided the salient 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 thousand of euro

Balance Sheet	**December 31 2022**	**December 31 2021**
Fixed assets	1.016.024	1.015.506
Working capital	22.889	18.622
Other assets	372	359
Total Assets	**1.039.285**	**1.034.487**
Share Capital	5.152	5.152
Reserves	1.011.355	1.012.299
Profit/(loss) of the period	(1.193)	(944)
Total Shareholders' equity	**1.015.314**	**1.016.507**
Provision for risk and charges	12.947	8.010
Defined benefit plans	134	54
Payables	10.888	9.915
Other liabilities	1	1
Total Liabilities	**23.971**	**17.980**
Total Shareholders' equity and liabilities	**1.039.285**	**1.034.487**

Profit or Loss statement	**December 31 2022**	**December 31 2021**
Total revenues	20.676	17.752
Cost of good sold	(21.792)	(18.854)
Financial income/(charges)	(58)	-
Taxation	(19)	157
Profit/(loss) of the period	**(1.193)**	**(944)**

1.4 SIGNIFICANT EVENTS OCCURRED DURING THE PERIOD

No significant events were reported in the period.

2 ACCOUNTING POLICIES

The Consolidated Financial Statements of the Group were prepared in accordance with the International Financial Reporting Standards (IFRS) 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 by recognized at the 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 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, 2024.

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.

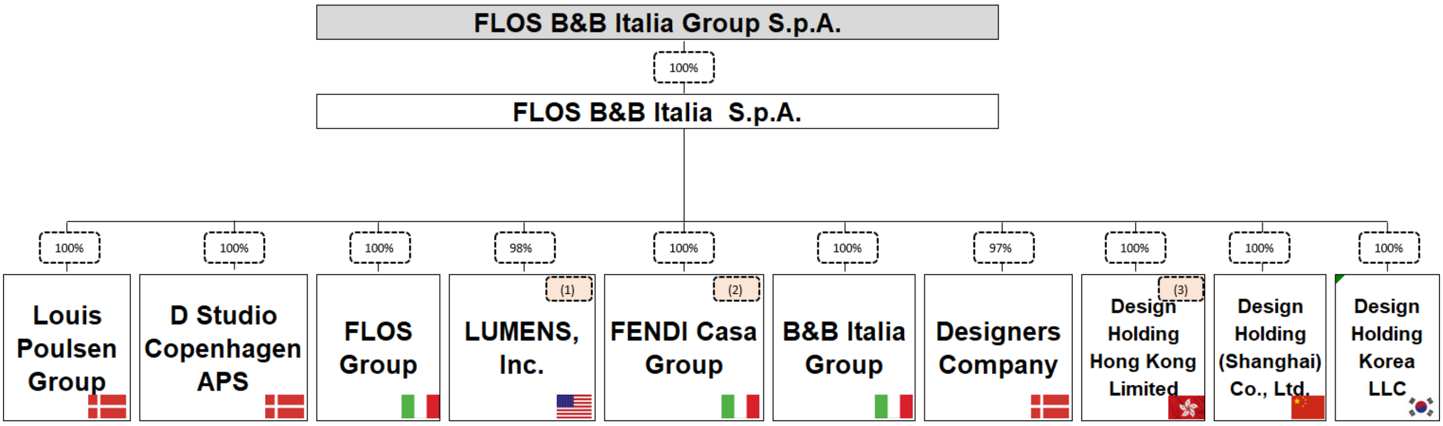
The Group reconsiders whether or not it has control of an investee if the facts and circumstances indicate that changes have occurred in one or more of the three elements with relevance for the purposes of the definition of control. The consolidation of a subsidiary starts when the Group obtains control 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 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



*(1) **Lumens Inc.**: on Jan 1, 2023 Lumens LLC was merged into YDesign Group which in turn merged into IDG Apollo Parent Inc. and at the same time was renamed in LUMENS Inc.*

*(2) **Fendi Casa Group** is composed of several legal entities. FLOS B&B Italia S.p.A. owns 100% of DQM (the ownership percentage above reported), while DQM owns 80% of FFD. 20% of FFD is held by Fendi S.r.l.*

*(3) **Design Holding Hong Kong**: company previously included under B&B Italia Group, transferred to Internation Design Group S.p.A. in 2023 (now "FLOS B&B Italia S.p.A."), with direct control (100%).*

Group's companies included in the scope of consolidation are as follows:

Group	Group's Company	Company Currency	Share capital December 31 2023 (local currency)	Shareholding December 31 2023
Parent company	FLOS B&B Italia Group S.p.A.	EUR	5,152,321	100.0%
FBB	FLOS B&B Italia S.p.A.	EUR	5,102,321	100.0%
D Studio Cop.	D-Studio Copenaghen A/S	DKK	40,000	100.0%
Louis Poulsen Group	Luminous Design Investment 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 Lighting LLC	CNY	149,870	100.0%
FLOS Group	FLOS S.p.A.	EUR	1,875,000	100.0%
	Antares Iluminacion S.A.U.	EUR	400,687	100.0%
	Flos Illuminacion Shanghai Co. Ltd	CNY	4,000,000	100.0%
	Antares Iluminacion Pte Ltd	SGD	100	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 Co. Ltd	JPY	40,000,000	100.0%
	Flos Norge AS	NOK	1,500,000	100.0%
	Flos France S.a.s	EUR	61,062	100.0%
	FLOS Scandinavia A/S	DKK	1,428,500	65.0%
	Flos Sverige AB	SEK	100,000	65.0%
	Flos Usa Inc.	USD	389,847	100.0%
	Flos UK Ltd	GBP	136,400	100.0%

Group	Group's Company	Company Currency	Share capital December 31 2023 (local currency)	Shareholding December 31 2023
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%
	Arclinea Spa	EUR	240,000	100.0%
	B&B Furniture (Shanghai) Co., Ltd	CNY	999,631	100.0%
Lumens	Lumens, Inc.	USD	1,344,740	98.4%
FENDI Casa Group (*)	Design Quality Manufacturing S.p.A.	EUR	50,000	100.0%
	Fashion Forniture Design S.p.A.	EUR	50,000	80.0%
	FF Design USA Inc.	USD	2,000	80.0%
	Fashion Furniture Design (Shanghai) Co., Lt	CNY	22,101,006	80.0%
	Fashion Furniture Design UK Limited	GBP	20,000	80.0%
Designers Company Group	Designers Company A/S	DKK	2,127,236	97.0%
	Audo A/S	DKK	2,628,000	100.0%
	DC Trading	CNY	299,090	100.0%
	Audo North America Inc.	USD	10,000	100.0%
DH China	Design Holding (Shanghai) Co.,Ltd.	CNY	4,830,205	100.0%
DH Hong Kong	Design Holding Hong Kong	HKD	100	100.0%
DH Korea	Design Holding Korea LLC	KRW	100,000,000	100.0%

*(*) **Fendi Casa Group** is composed of several legal entities:*

- *FLOS B&B Italia Group S.p.A. owns 100% of Design Quality Manufacturing S.p.A..*
- *Design Quality Manufacturing S.p.A. owns 80% of Fashion Furniture Design S.p.A., 20% of this company is held by Fendi S.r.l..*
- *Fashion Furniture Design S.p.A. owns 100% of FF Design USA Inc., Fashion Furniture Design (Shanghai) Co., Ltd. and Fashion Furniture Design UK Limited: above we reported "80%" considering the indirect investment of Design Quality Manufacturing.*

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4 SUMMARY OF THE MAIN ACCOUNTING POLICIES

NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting standards adopted for the preparation of the interim consolidated financial statements are in line with those used for the preparation of the consolidated financial statements as at December 31, 2023, with the exception of the adoption of the new standards and amendments effective as of January 1, 2024. The Group has no early adoption of any new standard, interpretation or amendment issued but not yet effective.

Several amendments apply for the first time in 2024 but have had no impact on the interim consolidated financial statements of the Group.

Below are the new standards and amendments in force from 1 January 2024, adopted by the Group for the preparation of the consolidated financial statements.

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023)

On 23 May 2023, the IASB published an amendment called "Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules" to clarify the application of IAS 12 Income Taxes to income taxes arising from tax laws enacted or enacted in substantive way to implement the *Pillar Two Model Rules* of the inclusive OECD/G20 Framework on *Base Erosion and Profit Shifting* according to which large multinationals (with turnover greater than €750 million) pay a global minimum tax rate of 15% in each jurisdiction in which they operate.

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of 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, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The GloBe - Pillar II rules, according to which large multinationals (with turnover greater than €750 million) pay a global minimum tax rate of 15% in each jurisdiction in which they operate, will become effective from 1 January 2024. Pillar Two Model Rules legislation has been promulgated in some jurisdictions in which the Group operates.

Presentation of Financial Statements: Non-current Liabilities with Covenants - Amendments to IAS 1
On 31 October 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 by the balance sheet date, will influence the classification of that liability as current or non-current.

The new amendment applies from 1 January 2024 and it will need to be applied retroactively. The amendments are not expected to have a material impact on the Group's financial statements.

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.

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 (June 30);
- 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, 2024 and the average rates of the period from January 1, 2024 - June 30, 2024 are as follows:

			June 30, 2024	
Country	Currency code	Currency description	Average Exchange rate	Exchange rate at the end of the month
Sweden	SEK	Swedish Krone	11.285	11.360
Norway	NOK	Norwish Krone	11.418	11.397
United Kingdom	GBP	GB Pound	0.846	0.846
USA	USD	US Dollar	1.076	1.071
Canada	CAD	Canadian Dollar	1.475	1.467
Japan	JPY	Japanise Yen	169.813	171.940
Switzerland	CHF	Swiss Franc	0.962	0.963
Hong Kong	HKD	Hong Kong Dollar	8.402	8.359
Rep. Of China	CNY	Chinese Renminbi (Yuan)	7.805	7.775
Denmark	DKK	Danish Krone	7.459	7.458
Singapore	SGD	Singapore Dollar	1.455	1.451
South Korea	KRW	Korean Won	1,485.376	1,474.860

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”.

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).

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.

<u>Investments in equity instruments</u>

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.

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 December 31, 2023, 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", “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 an 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, 2023, except for the adoption of new standards effective as of January 1, 2024, described at chapter 4. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2023, but do not have an impact on the consolidated financial statements of the Group.

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.

Lease Liability in a Sale and Leaseback – AMENDMENTS TO IFRS 16

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. The amendment will be effective for financial years starting on 1 January 2024, early application is permitted. The amendments did not have a material impact on the interim Group's financial statements.

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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

In June 2021, the IASB decided to postpone the first effective date of the amendment but not before 1 January 2024, postponing the determination of the transition requirements for this amendment to a subsequent meeting. The amendments did not have a material impact on the interim Group's financial statements.

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.
The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.
The amendments did not have a material impact on the interim Group's financial statements.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023)

The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is
lacking.

A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.
If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed.
When applying the amendments, an entity cannot restate comparative information.

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 values of revenues, costs, assets and liabilities and the related disclosure, as well as the indication 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 for 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 assesment 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 values 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 a free transaction between informed and willing parties, minus the costs of the disposal. The calculation of the value in use is based on a cash flow discounting 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 cash flow discounting 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 that entities 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. The Covid-19 pandemic is likely to be a triggering event that requires an entity to carry out an impairment test in accordance with IAS 36. Entities will need to assess 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 will have to be reviewed to determine any impact.

Following the impairment test carried out, as per paragraph “Other Intangible asset” no trigger event has been recognized for the Group

6.3.2 PROVISION FOR EXPECTED CREDIT LOSSES OF 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 meaningful 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 Shareholder Loan (Euro 470 million) would lead to a change in the pre-tax result not exceeding Euro 4.7 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.

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 credit notes) 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:

		maturity		
June 30, 2024	**Carrying amount**	**Within 1 year**	**From 1 to 2 years**	**From 3 to 5 years**
Short-Term bank loan	**30.407**	30.407	-	-
Interest on financial liabilities	**10.435**	82.980	79.750	146.672
Current payables to other lenders	**18.057**	18.057	-	-
Bond payable (notional)	**895.000**	-	-	895.000
Non-current payables to other lenders	**1.200**	-	1.200	-
Total lease liability	**86.130**	16.362	16.362	49.086
Interest on lease liability	**-**	2.767	2.767	8.301
TOTAL	**1.042.429**	**150.573**	**101.279**	**1.099.059**

		maturity		
December 31, 2023	**Carrying amount**	**Within 1 year**	**From 1 to 2 years**	**From 3 to 5 years**
Short-Term bank loan	**35.579**	35.579	-	-
Interest on financial liabilities	**11.200**	82.980	79.750	146.672
Current payables to other lenders	**4**	4	-	-
Bond payable (notional)	**895.000**	-	-	895.000
Long-term bank loan	**19.335**	-	19.335	-
Total lease liability	**87.880**	16.075	16.075	48.224
Interest on lease liability	**-**	5.693	5.693	17.079
TOTAL	**1.048.997**	**140.331**	**120.853**	**1.106.975**

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 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, and on November 20, 2023, a pledge on certain current accounts constituted by International Design Group S.p.A., as security, inter alia, for the loan agreement of Euro 140 million signed on November 9, 2018 (as subsequently modified, supplemented, and extended most recently on October 31, 2023), for the bond loan of International Design Group S.p.A. of Euro 470 million issued on May 19, 2021, and for the bond loan of International Design Group S.p.A. of Euro 425 million issued on November 16, 2023, in favor of, among others, UniCredit S.p.A., acting as agent with representation of the secured creditors therein specified;
- Pursuant to a deed of assignment in pledge of intragroup receivables arising from, inter alia, Proceeds Loan Agreements held by International Design Group S.p.A. against Flos S.p.A., B&B Italia S.p.A., and Luminous Designs Investments ApS, originally signed on December 17, 2018, as confirmed and extended pursuant to certain confirmatory and extending acts signed on May 19, 2021, on July 12, 2023, and on November 20, 2023, an assignment in pledge of receivables made by International Design Group S.p.A. as security, inter alia, for the loan agreement of Euro 140 million signed on November 9, 2018 (as subsequently modified, supplemented, and extended most recently on October 31, 2023), for the bond loan of International Design Group S.p.A. of Euro 470 million issued on May 19, 2021, and for the bond loan of International Design Group S.p.A. of Euro 425 million issued on November 16, 2023, in favor of, among others, UniCredit S.p.A., acting as agent with representation of the secured creditors therein specified;
- Pursuant to a deed of assignment in pledge of intragroup receivables arising from, inter alia, Proceeds Loan Agreements held by International Design Group S.p.A. against Lumens, Inc., originally signed on June 17, 2021, as confirmed and extended pursuant to certain confirmatory and extending acts signed on July 12, 2023, and on November 20, 2023, an assignment in pledge of receivables made by International Design Group S.p.A. as security, inter alia, for the loan agreement of Euro 140 million signed on November 9, 2018 (as subsequently modified, supplemented, and extended most recently on October 31, 2023), for the bond loan of International Design Group S.p.A. of Euro 470 million issued on May 19, 2021, and for the bond loan of International Design Group S.p.A. of Euro 425 million issued on November 16, 2023, in favor of, among others, UniCredit S.p.A., acting as agent with representation of the secured creditors therein specified;
- Pursuant to a pledge agreement on shares of Flos S.p.A., originally signed on December 17, 2018, as confirmed and extended pursuant to certain confirmatory and extending acts signed on June 5, 2019, on June 17, 2021, on July 12, 2023, and on December 14, 2023, a pledge on shares of Flos S.p.A. constituted by International Design Group S.p.A., as security, inter alia, for the loan agreement of Euro 140 million signed on November 9, 2018 (as subsequently modified, supplemented, and extended most recently on October 31, 2023), for the bond loan of International Design Group S.p.A. of Euro 470 million issued on May 19, 2021, and for the bond loan of International Design Group S.p.A. of Euro 425 million issued on November 16, 2023, in favor of, among others, UniCredit S.p.A., acting as agent with representation of the secured creditors therein specified;
- Pledge agreement on shares of B&B Italia S.p.A., originally signed on December 17, 2018, as confirmed and extended pursuant to certain confirmatory and extending acts signed on June 17, 2021, on July 12, 2023, and on December 14, 2023, a pledge on shares of B&B Italia S.p.A. constituted by International Design Group S.p.A., as security, inter alia, for the loan agreement of Euro 140 million signed on November 9, 2018 (as subsequently modified, supplemented, and extended most recently on October 31, 2023), for the bond loan of International Design Group S.p.A. of Euro 470 million issued on May 19 In favor of, inter alia, UniCredit S.p.A., as agent with representation of the guaranteed creditors therein provided;
- Pursuant to an original pledge on the share capital of IDG Apollo Parent Inc. (now following the merger between the same company and YDesign Group, LLC, Lumens Inc.), subscribed on August 5, 2021, as amended by an amending agreement signed on December 14, 2023, a pledge on the share capital of Lumens Inc., constituted by, inter alia, International Design Group S.p.A., as security for the loan agreement of Euro 140 million subscribed on November 9, 2018 (as subsequently modified,

supplemented and last extended on October 31, 2023), the bond loan issued by International Design Group S.p.A. for Euro 470 million on May 19, 2021, and the bond loan issued by International Design Group S.p.A. for Euro 425 million on November 16, 2023, in favor of, inter alia, UniCredit S.p.A., as agent with representation of the guaranteed creditors therein provided;

- Pursuant to a pledge on shares of the indirect subsidiary Louis Poulsen A/S, originally subscribed on February 19, 2019, as amended and ratified on June 17, 2021, and on December 14, 2023, a pledge on the shares of Louis Poulsen A/S, constituted by, inter alia, Luminous Designs Investments ApS (formerly Luminous Designs Denmark ApS), as security for the loan agreement of Euro 140 million subscribed on November 9, 2018 (as subsequently modified, supplemented and last extended on October 31, 2023), the bond loan issued by International Design Group S.p.A. for Euro 470 million on May 19, 2021, and the bond loan issued by International Design Group S.p.A. for Euro 425 million on November 16, 2023, in favor of, inter alia, UniCredit S.p.A., as agent with representation of the guaranteed creditors therein provided;
- Pursuant to a pledge on shares of the indirect subsidiary Antares Iluminacion S.A.U., originally subscribed on February 19, 2019, as extended and ratified on June 17, 2021, and on December 14, 2023, a pledge on the shares of Antares Iluminacion S.A.U., constituted by, inter alia, Flos S.p.A., as security for the loan agreement of Euro 140 million subscribed on November 9, 2018 (as subsequently modified, supplemented and last extended on October 31, 2023), the bond loan issued by International Design Group S.p.A. for Euro 470 million on May 19, 2021, and the bond loan issued by International Design Group S.p.A. for Euro 425 million on November 16, 2023, in favor of, inter alia, UniCredit S.p.A., as agent with representation of the guaranteed creditors therein provided.

It is also noted that the shares of International Design Group S.p.A. are pledged, pursuant to a pledge agreement signed on November 22, 2018, (as confirmed and extended under certain confirmatory and extensive pledge agreements on shares of International Design Group S.p.A., signed on December 17, 2018, on May 19, 2021, on July 12, 2023, and on November 20, 2023), a pledge on the shares of International Design Group S.p.A., constituted by the sole shareholder Design Holding S.p.A., as security, inter alia, for the loan agreement of Euro 140 million signed on November 9, 2018 (as subsequently modified, supplemented and last extended on October 31, 2023), the bond loan issued by International Design Group S.p.A. for Euro 470 million on May 19, 2021, and the bond loan issued by International Design Group S.p.A. for Euro 425 million on November 16, 2023, in favor of, inter alia, UniCredit S.p.A., as agent with representation of the guaranteed creditors therein provided. It is also clarified that the loan agreement of Euro 140 million signed on November 9, 2018 (as subsequently modified, supplemented and last extended on October 31, 2023), and the bond loan issued by International Design Group S.p.A. for Euro 470 million on May 19, 2021, and the bond loan issued by International Design Group S.p.A. for Euro 425 million on November 16, 2023 are also guaranteed by certain corporate personal guarantees, under the terms and conditions provided in the loan agreement and in the documents relating to the Bond Issues

Licenses

The Group has entered into a licensing agreement with FENDI for the production, design, and distribution of furniture. The duration of this agreement starts from January 1, 2022, and will last for thirteen years. Under this licensing agreement, the Group will pay royalties on the net sales of the respective collection. The agreement includes, among other things, the payment of a guaranteed minimum annual fee and a mandatory marketing contribution. These agreements can generally be terminated early by either party for various reasons, including, for example, but not limited to, non-payment of royalties, failure to meet minimum sales thresholds, and unauthorized product modifications.

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 the shareholder value.

The Group manages its capital structure and makes adjustments due to changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 40% and 60%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits, excluding discontinued operations.

	June 30 2024	**December 31 2023**
Cash and short term deposit	**(71.912)**	**(75.952)**
Current financial liabilities	**55.425**	**43.455**
Long-Term Bond	895.000	895.000
Long-Term bank loan	1.200	-
Long-Term payables to other lenders	1.200	19.335
Ammortized costs	(8.342)	(10.092)
Non-current financial liabilities	**889.058**	**904.243**
Net Debt excluding lease liabilities	**872.571**	**871.745**
Total lease liabilities	**86.130**	**87.880**
Trade payables and other debts	**255.947**	**234.061**
Net Debt	**1.214.648**	**1.193.686**
Total Equity	1.127.717	1.126.214
Total equity and net debt	**2.342.364**	**2.319.899**
Gearing ratio	***52%***	***51%***

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, 2024	**Total**	**Fair value level 1**	**Fair value level 2**	**Fair value level 3**
Financial assets	**114.505**	**71.912**	**-**	**42.593**
Investments in joint ventures and associates	42.593	-	-	42.593
Cash and cash equivalents	71.912	71.912	-	-
Loans and receivables	**111.953**	**-**	**-**	**10.850**
Trade and other receivables	101.103	-	-	-
Non current financial assets and other non current assets	10.850	-	-	10.850
Asset held for sale	2.011	-	-	-
Assets held for sale	2.011	-	-	-
Financial liabilities	**1.231.744**	**889.058**	**-**	**86.130**
Trade payables and advance from customers	195.593	-	-	-
Short-term financial debt	55.425	-	-	-
Current lease financial liabilities	16.362	-	-	16.362
Non-current lease financial liabilities	69.768	-	-	69.768
Other non current liabilities	5.538	-	-	-
Non-current financial payables	889.058	889.058	-	-

Carrying amount and the fair value hierarchy December 31, 2023	**Total**	**Fair value level 1**	**Fair value level 2**	**Fair value level 3**
Financial assets	**118.546**	**75.952**	**-**	**42.593**
Investments in joint ventures and associates	42.593	-	-	42.593
Cash and cash equivalents	75.952	75.952	-	-
Loans and receivables	**99.223**	**-**	**-**	**8.782**
Trade and other receivables	90.441	-	-	-
Non current financial assets and other non current assets	8.782	-	-	8.782
Asset held for sale	2.011	-	-	-
Assets held for sale	2.011	-	-	-
Financial liabilities	**1.225.012**	**904.243**	**-**	**87.880**
Trade payables and advance from customers	183.728	-	-	-
Short-term financial debt	43.455	-	-	-
Current lease financial liabilities	16.075	-	-	16.075
Non-current lease financial liabilities	71.805	-	-	71.805
Other non current liabilities	5.707	-	-	-
Non-current financial payables	904.243	904.243	-	-

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 in order 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 2024	December 31 2023
Bank and postal accounts	69.596	74.490
Cash and cash equivalents in hand	844	58
Restricted bank deposits	1.472	1.405
Total	**71.912**	**75.952**

For a detailed breakdown of the Group's cash and cash equivalents, please refer to Consolidated Cash Flow statement.

8 TRADE RECEIVABLES

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

Trade Receivables	June 30 2024	December 31 2023
Trade receivables - Third parties	93.685	84.283
Trade receivables - Related parties	628	292
Allowance for bad and doubtful debts	(5.824)	(5.462)
Total	**88.490**	**79.113**

Allowance for bad and doubtful debts	June 30 2024
Opening balance	**(5.462)**
Utilized	(52)
Reversal	537
Increases	(831)
Exchange differences	(15)
Closing balance	**(5.824)**

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 2024	Current	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue 90-120	Past due more than 120 days
Italy	26.653	22.845	943	35	229	54	2.548
EEC	32.165	22.307	4.858	1.381	1.506	1.060	1.052
Non-EEC	34.867	21.467	4.716	2.734	1.011	935	4.002
Total	**93.685**	**66.619**	**10.517**	**4.150**	**2.747**	**2.050**	**7.602**

	December 31 2023	Current	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue 90-120	Past due more than 120 days
Italy	19.925	17.256	933	487	200	138	910
EEC	30.738	22.200	4.298	2.097	341	436	1.366
Non-EEC	33.621	19.891	5.882	3.031	1.327	770	2.721
Total	**84.283**	**59.348**	**11.112**	**5.615**	**1.869**	**1.344**	**4.996**

At the date of this reporting, the trade receivables overdue more than 365 days are approximately Euro 2 million, however fully covered by the allowance for bad and doubtful debts.

9 INVENTORIES

Inventories can be broken down as follows:

Inventories	June 30 2024	December 31 2023
Materials, auxiliaries and consumables	66.978	69.477
Work in progress and semi-finished goods	36.240	32.397
Finished products	72.641	70.751
Allowance for obsolete and slow-moving inventories	(21.957)	(24.427)
Total	**153.902**	**148.199**

Allowance for obsolete and slow-moving inventories	June 30 2024
Opening balance	**(24.427)**
Utilization	1.961
Increase, net reversal	503
Exchange rate difference	6
Closing balance	**(21.957)**

10 TAX CURRENT ASSETS

Tax current assets	June 30 2024	December 31 2023
Receivables for paid tax advances	2.995	2.478
VAT receivable	9.893	10.210
Receivables for withholding taxes	81	69
Tax receivables for fiscal consolidation and other	6.812	4.381
Total	**19.781**	**17.139**

The VAT receivable is mainly related to Fendi Casa, whose business is predominantly export, as such not generating VAT payable balances to offset VAT receivables in this start-up phase.

11 OTHER CURRENT ASSETS

The other current assets amount to Euro 12.6 million compared to Euro 11.3 million at December 31, 2023 and the increase is mainly related to the increase in the advances payments to suppliers and other prepayments (maintenance fees, software's utilization, services for IP deposit).

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	**478.247**	**375.273**	**202.087**	**111.381**	**140.185**	**1.307.172**
Exchange differences	-	-	(125)	3.609	(293)	**3.191**
Closing Balance	**478.247**	**375.273**	**201.962**	**114.990**	**139.892**	**1.310.363**

No additional goodwill has been allocated in the period. The changes compared to December 31, 2023 are only related to the exchange rates since the goodwill on Louis Poulsen, Designers Company (AUDO) and Lumens (YDesign Group, now LUMENS) were recognized, for the purposes of the PPA, in their local currency and this implies that goodwill fluctuates based on exchange rates with Euro.

In accordance with IAS 36, Goodwill is not subject to amortization and it's tested for impairment at least once a year and the last impairment test was made on December 31, 2023. Following the results of the last Impairment test (December 31, 2023), the estimated recoverable amount of the Group's goodwill were higher than the related carrying values, therefore no write-off were necessary. No trigger events have been identified in the period.

13 BRANDS AND OTHER INTANGIBLE ASSETS

Brands and other intangible assets are breakdown as follows:

	TRADEMARK	DEVELOPMENT COSTS	PATENTS AND INTELLECTUAL PROPERTY RIGHTS	CONCESSIONS, LICENSES AND OTHER INTANGIBLE ASSETS	**TOTAL BRANDS AND OTHER INTANGIBLE ASSETS**
Historical costs	617.711	56.331	44.550	65.532	**784.124**
Accumulated depreciation	(314)	(43.921)	(27.136)	(45.929)	**(117.299)**
Net book value December 31 2023	**617.398**	**12.410**	**17.414**	**19.603**	**666.825**
Historical costs	619.380	59.035	46.561	69.210	**794.186**
Accumulated depreciation	(645)	(47.234)	(29.575)	(49.169)	**(126.623)**
Net book value June 30 2024	**618.735**	**11.801**	**16.986**	**20.041**	**667.563**

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	**617.398**	**12.410**	**17.414**	**19.603**	**666.825**
Additions	13	2.683	2.177	3.157	**8.030**
Depreciations	(331)	(3.495)	(2.900)	(3.182)	**(9.908)**
Exchange differences	1.491	(4)	(2)	230	**1.714**
Other movements	165	207	297	233	**901**
Closing Balance	**618.735**	**11.801**	**16.986**	**20.041**	**667.563**

Trademark refers to the following brands:

- “FLOS”, equal to approximately Euro 244 million;
- “B&B”, "Maxalto” and “Arclinea” equal to approximately Euro 201 million;
- “Louis Poulsen”, equal to approximately Euro 123 million;
- “Lumens” (YDesign Group) equal to approximately Euro 50 million.

Trademarks are considered with an indefinite useful life and therefore subject to annual (or less) impairment test. Following the results of the last Impairment test (December 31, 2023), the estimated Recoverable amount of the Group's brands were higher than the related carrying values, therefore no write-off were necessary and no trigger events have been identified in the period.

Development costs includes the costs for the personnel dedicated to product development work carried out within the Group. These costs are amortised in three years. The investments of the period were related to the reinforcement of IT and digital channel (e-commerce platform).

Industrial patent and intellectual property rights comprises mainly costs incurred for depositing patents, producing software and build e-commerce websites.

Concessions, licences and trademarks and other intangible assets comprises mainly investments made by FLOS Group and B&B Italia Group (mainly Arclinea) for changing in their ERP systems.

14 PROPERTY, PLANT AND EQUIPMENT

Property, Plant and equipment are breakdown 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	120.877	78.917	37.513	74.293	25.290	2.528	**339.417**
Accumulated depreciation	(48.765)	(64.556)	(20.394)	(65.840)	(20.401)	-	**(219.955)**
Net book value December 31 2023	**72.112**	**14.361**	**17.119**	**8.452**	**4.889**	**2.528**	**119.462**
Historical costs	116.801	78.947	42.828	75.076	26.835	6.187	**346.673**
Accumulated depreciation	(45.631)	(65.965)	(26.818)	(67.957)	(21.373)	-	**(227.744)**
Net book value June 30 2024	**71.170**	**12.982**	**16.010**	**7.119**	**5.462**	**6.187**	**118.929**

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	**72.112**	**14.361**	**17.119**	**8.452**	**4.889**	**2.528**	**119.462**
Additions	453	465	1.672	689	1.611	4.312	**9.202**
Depreciations	(1.404)	(1.911)	(2.372)	(2.146)	(842)	-	**(8.675)**
Exchange differences	(3)	0	184	(8)	76	84	**334**
Other movements	12	66	(593)	132	(273)	(737)	**(1.393)**
Closing Balance	**71.170**	**12.982**	**16.010**	**7.119**	**5.462**	**6.187**	**118.929**

The main investments of the period were related to the leasehold improvements of the DOS and showrooms.

Investments in the plant and machinery and for the industrial equipment (moulds and other industrial equipments) were related to B&B Italia Group for the activities in the Novedrate, Carugo and Misinto plants, as well as to Arclinea.

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	129.300	3.422	1.089	4.525	**138.337**
Accumulated depreciation	(54.727)	(2.699)	(1.023)	(2.393)	**(60.842)**
Net book value December 31 2023	**74.573**	**723**	**66**	**2.133**	**77.495**
Historical costs	135.519	3.569	1.275	4.746	**145.109**
Accumulated depreciation	(63.503)	(2.886)	(1.090)	(2.754)	**(70.234)**
Net book value June 30 2024	**72.016**	**682**	**185**	**1.992**	**74.875**

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	**74.573**	**723**	**66**	**2.133**	**77.495**
Additions	4.800	148	244	307	**5.501**
Depreciations	(8.195)	(189)	(126)	(454)	**(8.964)**
Exchange differences	837	(0)	1	7	**844**
Other movements	-	-	(0)	(0)	**(1)**
Closing Balance	**72.016**	**682**	**185**	**1.992**	**74.875**

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 2024**
Opening balance	**87.880**
Increase, net	5.501
Interests	2.767
Payments	(10.997)
Exchange rate difference	980
Closing balance	**86.130**
Current Lease Liability	16.362
Non-current Lease Liability	69.768

16 INVESTMENTS IN PARENT COMPANY

As at June 30, 2024, 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 March 31, 2024 to approximately Euro 42,6 million.

17 DEFERRED TAX ASSETS

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

	June 30 2024	**Taxes to Income Statement**	**Exchange rates differences and other minor movements**	**December 31 2023**
Reversal of related expenses for the purchase of equity investments	6.266	1	63	6.203
Inventory margin	3.625	(285)	(0)	3.910
Tax losses carried forward	1.986	(2)	60	1.928
Non-deductible financial charges	5.089	24	107	4.957
Depreciation of tangible assets and amortization of intangible assets	2.058	158	26	1.874
Provisions for stock obsolescence	3.409	(303)	(10)	3.721
Allowance for doubtful debts	815	20	1	794
Provisions for employee severance indemnities	1.524	33	(2)	1.493
Allocations to risk provision	1.540	62	6	1.472
Remuneration not yet paid	84	(25)	-	109
Other changes	1.393	128	(27)	1.292
Total	**27.789**	**(189)**	**225**	**27.753**

18 OTHER NON-CURRENT ASSETS

The other non-current assets amount to Euro 10.8 million at June 30, 2024 (Euro 8.8 million at December 2023) and mainly include Euro 6.5 million of deposits on rents paid by the Group companies and Euro 3 million as non-current prepayments.

19 ASSETS HELD FOR DISPOSAL

The caption “Assets held for disposal”, amounting to Euro 2 million, includes the buildings and land with the related generic facilities relevant to the Ascoli plant of the B&B Group, currently unused.

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 2024	December 31 2023
Share capital	**5.102**	**5.102**
Share premium reserve	978.848	978.848
Legal reserve IDG	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	16.986	16.986
Translation reserve	13.252	8.653
Cash Flow Hedge Reserve	472	(120)
Actuarial gain/(loss) reserve	(1.331)	(1.333)
Other reserves	89.258	74.500
Total Other reserves	**118.636**	**98.685**
Profit/(Loss) of the period	**(2.773)**	**15.210**
Group shareholders' equity	**1.126.377**	**1.124.408**
Equity reserves of non-controlling interests	1.568	2.963
Minority Interest Income	(228)	(1.157)
Equity attributable to non-controlling interests	**1.340**	**1.805**
Total Shareholders' equity	**1.127.717**	**1.126.214**

CURRENT AND NON CURRENT LIABILITIES

21 CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Current and non-current financial liabilities are as follows:

	June 30 2024	December 31 2023
Short-Term bank loan	30.407	35.579
Interests on financial liabilities	10.435	11.200
Other Current financial liabilities	18.057	4
Short-term amortized costs	(3.474)	(3.328)
Current financial liabilities	**55.425**	**43.455**
Long-Term Bond	895.000	895.000
Long-Term bank loan - notional	1.200	-
Non-current payables to other lenders	1.200	19.335
Long-term amortized costs	(8.342)	(10.092)
Non-current financial liabilities	**889.058**	**904.243**
Financial liabilities, excluding lease liabilities	**944.483**	**947.698**
Current lease liabilities	16.362	16.075
Non-current lease liabilities	69.768	71.805
Lease liabilities	**86.130**	**87.880**
Total financial liabilities	**1.030.613**	**1.035.577**

The total financial liabilities reduced from Euro 1,035.6 million at December 31, 2023 to 1,030.6 million at June 30, 2024. During the H1 2024 the Group paid interests on loans, mainly related to the bonds, for approximately Euro 42 million, while in the corresponding period paid approximately Euro 30 million.

The other current financial liabilities increased to Euro 18.1 million due to the reclassification to short term of the second (and last) deferred payment of the AUDO acquisition, due in January 2025.

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.	Expiry Date	Interest rate
Louis Poulsen A/S	6.334	-	6.334	term loan	DKK	09/2024	6,2%
Audo A/S	2.000	-	2.000	term loan	DKK	na	6,1%
Flos SpA	4.000	-	4.000	term loan	Eur	07/2024	Eur. 3m+0,3%
Flos SpA	1.500	-	1.500	term loan	Eur	07/2024	Eur. 3m+0,25%
ARCLINEA	-	1.200	1.200	term loan	Eur	07/2029	5,0%
ARCLINEA	1.167	-	1.167	term loan	Eur	na	6,3%
ARCLINEA	700	-	700	term loan	Eur	na	6,4%
ARCLINEA	362	-	362	term loan	Eur	na	6,0%
B&B	1.000	-	1.000	term loan	Eur	na	6,0%
FLOS B&B Italia S.p.A.	5.356	425.000	430.356	bond (fixed)	Eur	11/2028	10,0%
FLOS B&B Italia S.p.A.	4.785	470.000	474.785	bond (floating)	Eur	05/2026	Eur. 3m+4,25%
FLOS B&B Italia S.p.A.	13.593	-	13.593	RCF (*)	DKK	05/2028	Cib.3m+3%
FLOS B&B Italia S.p.A.	(3.474)	(8.342)	(11.816)	Amortized costs	-	-	-
Payables to banks and bonds	**37.323**	**887.858**	**925.180**				
FLOS B&B Italia S.p.A.	18.103	-	18.103	Def. price (DC)	DKK	01/2025	na
FLOS B&B Italia S.p.A.	-	1.200	1.200	Other lenders	Eur	na	na
Payables to other lenders	**18.103**	**1.200**	**19.303**				
Financial liabilities, excl. lease liabilities	**55.425**	**889.058**	**944.483**				
Lease liabilities	**16.362**	**69.768**	**86.130**				
Total Financial Payables	**71.787**	**958.826**	**1.030.613**				

(*) = RCF Revolving Credit Facilities available for Euro 140m, drawdown for approx. Euro 13.5 m at June 30, 2024

22 TRADE PAYABLES AND ADVANCES FROM CUSTOMERS

Trade payables and advance from customers	June 30 2024	December 31 2023
Trade payables - third parties	126.527	117.239
Trade payables - related	10.354	10.867
Total Trade payables	**136.881**	**128.106**
Advances from customers	58.712	55.622
Total	**195.593**	**183.728**

The item includes both trade payables to suppliers (including allocations for invoices to be received), advances from customers and trade payables toward the ultimate parent company.

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

	June 30 2024	Current	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue 90-120	Past due more than 120 days
Italy	84.170	80.695	2.562	52	582	83	196
EEC	31.040	28.967	1.271	203	404	8	187
Non-EEC	21.671	17.556	3.155	51	308	506	94
Total	**136.881**	**127.219**	**6.988**	**306**	**1.294**	**597**	**477**

	December 31 2023	Current	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue 90-120	Past due more than 120 days
Italy	54.131	49.743	2.544	1.012	218	326	288
EEC	33.536	30.353	2.541	309	127	43	163
Non-EEC	40.439	33.146	5.245	863	381	24	780
Total	**128.106**	**113.243**	**10.330**	**2.184**	**725**	**393**	**1.230**

23 CURRENT TAX LIABILITIES

The current tax liabilities have the following composition:

Current Tax liabilities	June 30 2024	December 31 2023
Corporate Taxes Payables	8.021	3.207
VAT and indirect taxes	1.522	2.761
Withholding tax	109	455
Tax payables for fiscal consolidation	10.740	3.880
Other taxes	2.555	2.555
Total	**22.946**	**12.857**

24 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 2024	December 31 2023
Payables to social security agency	5.658	5.749
Payables to Employees and Directors	18.094	18.268
Payables for royalties	1.919	2.085
Other payables	11.736	11.374
TOTAL	**37.408**	**37.476**

25 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 xthe Complementary Treasury Provision. The changes are as follows:

	Defined benefit plans
Opening balance	**6.554**
Allocations to Provision	486
Usage of Provision	(576)
Actuarial effect	(151)
Exchange rate difference	(25)
Closing balance	**6.287**

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.

26 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	**5.999**	**4.095**	**1.281**	**11.376**
Usage	(2)	3	(38)	(37)
Increases, net of reversal	115	(7)	407	515
Reclassification	70	(20)	94	144
Exchange rate difference	6	16	-	22
Closing balance	**6.188**	**4.088**	**1.744**	**12.020**

The provisions for pension liabilities is subject to annual actuarial calculation and amounted to Euro 6.2 million at June 30, 2024. It includes the supplementary customer indemnity accrued towards agents, in accordance with the current agents' national collective agreement. The amount reflects the prudent appreciation of the risk connected with any interruption of the mandate conferred to agents in the cases prescribed by law.

The other provision for risk and charges represent the best estimate of the maximum outflow of resources needed to settle liabilities deemed to be probable. Based on the information available at the reporting date, the management accrued the costs considered adequate in respect of the liabilities that could arise from them.

27 DEFERRED TAX LIABILITIES

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

Deferred Taxes on:	June 30 2024	Change in consolidation area	Taxes to Income Statement	Exchange rate	other movements	December 31 2023
Business combination	95.972	-	(65)	299	-	95.737
Trademark	63.992	-	(33)	(61)	-	64.086
R&D	2.280	-	28	(1)	-	2.253
Other	1.305	-	(932)	(23)	-	2.260
Total	**163.549**	**-**	**(1.001)**	**214**	**-**	**164.336**

28 OTHER NON-CURRENT LIABILITIES

Other non-current liabilities are equal to Euro 5.5 million at June 30, 2024 (Euro 5.7 million at December 31, 2023). This amount is for the main part related to the signing of a license agreement to develop the FENDI Casa business.

Consolidated Profit or Loss statement

29 REVENUES

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

	June 30 2024	June 30 2023
Revenues from contracts with customers	383.494	410.248
Other revenues	2.107	3.986
Total revenues	**385.601**	**414.235**

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

The other revenues includes also a few insurance reimbursements following the weather events that hit some factories in the summer of 2023.

30 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 2024	June 30 2023
Purchases of raw materials, semifinished goods, finished products	(103.453)	(115.375)
Purchase of various other materials	(2.329)	(3.559)
Variation in stocks	7.302	9.341
Write-down/Reversal of inventories	503	(2.480)
Total	**(97.977)**	**(112.072)**

31 PERSONNEL COSTS

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

	June 30 2024	June 30 2023
Salaries and wages	(66.956)	(70.392)
Stock options plans	(51)	(0)
Social security contributions	(10.112)	(8.001)
Employee severance indemnities and pension charges	(3.965)	(3.640)
Other personnel costs	(4.632)	(3.227)
Total	**(85.716)**	**(85.260)**

	June 30 2024	June 30 2023
Executives	70	77
White-collar	1.403	1.421
Blue-collar	631	673
Total	**2.104**	**2.171**

32 SERVICE COSTS

The details of Service costs are as follows:

	June 30 2024	June 30 2023
Contractor work and outsourced production work	(19.007)	(22.511)
Fees, royalties, expenses for advertiving and communication	(39.456)	(39.875)
Transport and customs expenses	(16.914)	(19.700)
Utilities, Maintenance and IT expenses	(10.452)	(10.907)
Advisory services	(4.311)	(6.672)
Statutory Auditors & External Auditors	(1.509)	(1.389)
Travel and lodging expenses	(4.318)	(4.198)
Exp. for training, 3rd party personnel, banking and sundry admin. services	(5.016)	(4.161)
Insurances, patents and trademark, telephone and mail expenses	(2.218)	(2.153)
Consultant costs related to business combination	(1.190)	(39)
Management Fees	(6.139)	(4.723)
Total	**(110.531)**	**(116.327)**

33 PROVISIONS

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

	June 30 2024	June 30 2023
Provisions for pension liabilities and the like	(115)	(143)
Provision for product warranty	7	(59)
Provision for risk and charges	(407)	962
Allowance for bad and doubtful debt	(294)	(163)
Total	**(809)**	**597**

34 OTHER COSTS AND CHARGES

The Other costs and charges comprise the following:

	June 30 2024	June 30 2023
Property services	(2.012)	(3.015)
Other services and EDP licence fees	(475)	(1.349)
Other taxes and duties	(1.148)	(1.234)
Membership and subscriptions included internet	(390)	(368)
Gifts and charitable donations	(246)	(216)
Purchase of office supplies and consumables	(507)	(433)
Other income / expenses	(1.530)	(2.080)
Cleaning, security and other operating costs	(945)	(1.131)
Total	**(7.252)**	**(9.826)**

35 AMORTIZATION, DEPRECIATION AND IMPAIRMENT

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

	June 30 2024	June 30 2023
Amortization of intangible assets	(9.908)	(8.838)
Depreciation of tangible assets	(8.597)	(8.362)
Write-down of fixed assets	(78)	(382)
Depreciation of right of use (IFRS 16)	(8.964)	(8.169)
Total	**(27.547)**	**(25.751)**

36 FINANCIAL INCOME AND EXPENSES

	June 30 2024	June 30 2023
Interest income	1.146	1.253
Exchange gains realized and unrealized	2.277	2.563
Financial income	**3.423**	**3.816**
Interest Expense	(44.841)	(35.603)
Interest Expense on lease Liabilities (IFRS16)	(2.767)	(2.452)
Exchange loss realized and unrealized	(2.243)	(2.703)
Financial expenses	**(49.851)**	**(40.759)**
Total Financial income/(expenses)	**(46.428)**	**(36.944)**

Financial income amount to Euro 3.4 million below last year of approximately Euro 0.4m, mainly due to a different contribution of the exchange gains, realized and unrealized.

Financial expenses amount to Euro 49.8 million, higher compared the same period of 2023 (Euro 40.8 million) due to the interest rate increase. Below the detail of the financial expenses:

- interest expenses, equal to Euro 44.8 million, include:
  - the accrued interest charges on bonds (fixed and floating) for Euro 40.2 million,
  - interest expense on revolving credit facilities and other loans for Euro 3 Million,
  - release of amortized costs on bonds for Euro 1.6 million;
- interest expenses on lease liabilities (for the application of IFRS 16) of Euro 2.8 million.
- Exchange loss realized and unrealized of Euro 2.2 million;

37 TAXATION

	June 30 2024	June 30 2023
Current Taxes	(13.797)	(10.536)
Deferred Taxes	1.454	2.098
Total	**(12.343)**	**(8.438)**

The tax rate for the period is particularly high due to the growing non-deductibility of the interest expense: the increase in the absolute value of interests and a reduction in the gross operating income of Italian companies in 2023, determined a lower deductibility with consequent increase of the taxation.

38 EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	June 30 2024	June 30 2023
Group net income / (loss) in Euro	(2.773)	21.249
Weighted average number of ordinary shares for basic EPS*	5.102	5.102
Basic and diluted earnings / (losses) per share in Euro, calculated on weighted average number of shares	**(0,5)**	**4,2**

39 EVENTS AFTER THE REPORTING PERIOD

Please refer to the Financial review.

The complex and uncertain macroeconomic scenario could continue to impact the global economy in 2024. In such an uncertain situation, the management is not in a position to issue a guidance for the coming months.

These Consolidated Financial Statements, consisting of the Statement of Financial Position, Statement of Profit/Loss for the period, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Explanatory Notes, provide a true and fair representation of the Group's financial position and the income for the period, in accordance with the results of the accounting records.

Milan, July 31, 2024

On behalf of the Board of Directors

The Chairman
Piero Canzani